

**SILVER DOLLAR RESOURCES INC.**  
and  
**SILVER DOLLAR RESOURCES (IDAHO), INC.**  
and  
**SILVER VALLEY METALS CORP.**  
and  
**NORTH IDAHO METALS CORPORATION**

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**ASSET PURCHASE AGREEMENT**

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**JULY 12, 2024**

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## ASSET PURCHASE AGREEMENT

THIS AGREEMENT is made as of the 12th day of July, 2024.

### BETWEEN:

**SILVER DOLLAR RESOURCES INC.**, a corporation existing under the laws of the Province of British Columbia

("Parent")

### AND:

**SILVER DOLLAR RESOURCES (IDAHO), INC.**, a company incorporated pursuant to the laws of Idaho, a subsidiary entity of SILVER DOLLAR RESOURCES INC.

("Purchaser")

### AND:

**SILVER VALLEY METALS CORP.**, a corporation existing under the laws of the Province of British Columbia

("Vendor Parent")

### AND:

**NORTH IDAHO METALS CORPORATION**, a company incorporated pursuant to the laws of Delaware, a subsidiary entity of SILVER VALLEY METALS CORP.

("Vendor Subsidiary")

(Vendor Parent and Vendor Subsidiary may sometimes both be referred to jointly as "**Vendor**" and both entities shall be bound by the terms and provisions referring to the "**Vendor**")

### WHEREAS:

- A. Vendor Subsidiary owns a 100% interest in the Assets (as defined herein) and is a wholly owned subsidiary of Vendor Parent;
- B. Vendor wishes to sell, and Purchaser wishes to purchase, all of Vendor's interest in the Assets, including the Projects (as defined herein) on the terms and conditions set forth herein (the "**Transaction**").

**NOW THEREFORE THIS AGREEMENT WITNESSES** that in consideration of the premises and mutual agreements and covenants herein contained, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties covenant and agree as follows:

## PART 1 INTERPRETATION

### 1.1 Definitions

In this Agreement, the words defined above have the meanings ascribed thereto and the following words and phrases shall have the following meanings:

- (a) **"Aboriginal Claims"** means, in respect of the Projects, any and all claims to aboriginal rights or title or interest or treaty rights, and any and all Proceedings in relation thereto whether or not they are: (A) made before, at or after the Closing Date; (B) proven in a court of law; or (C) made in Proceedings; and any duty or obligation to share information with, consult or accommodate or receive consent from any Aboriginal Group;
- (b) **"Aboriginal Group"** means any Indian band, first nation or aboriginal group, house, tribal council or other aboriginal organization;
- (c) **"Affiliate"** has the meaning ascribed thereto under the *Securities Act* (British Columbia);
- (d) **"Agreement"** shall mean this Asset Purchase Agreement, together with the recitals above and the Schedules hereto, as amended, supplemented or otherwise modified from time to time;
- (e) **"Allocation Methodology"** has the meaning ascribed to it in Section 2.4(a) of this Agreement;
- (f) **"Alternative Transaction"** means, other than the transactions contemplated in this Agreement, any offer, proposal or inquiry relating to, or any Person's indication of interest in: (i) the sale, license, disposition, or acquisition of all or a material portion of Assets; (ii) the issuance, disposition, or acquisition of (A) any capital stock or other equity security of the Vendor, (B) any subscription, option, call, warrant, pre-emptive rights, right of first refusal, or any other right (whether or not exercisable) to acquire any capital stock of other equity security of the Vendor, or (C) any security, instrument or obligation that is or may become convertible into or exchangeable for any capital stock or other equity security of the Vendor; or (iii) any merger, consolidation, business combination, reorganization, or similar transaction involving the Vendor;
- (g) **"Assets"** means the:
  - (i) Contracts;
  - (ii) Books and Records;
  - (iii) Business and Technical Information;
  - (iv) Buildings and Equipment; and
  - (v) intangibles, licenses and permits used in connection with the Projects and all other legal rights associated with the Projects;

- (h) **"Authorization"** means, with respect to any Person, any authorization, order, permit, approval, grant, licence, consent, right, franchise, privilege, certificate, judgment, award, determination, direction or decree of any Government Authority, whether or not having the force of law, having jurisdiction over such Person;
- (i) **"BLM"** means the United States Bureau of Land Management;
- (j) **"Books and Records"** means all books, accounts, records, files, documents and other written information relating to the Assets;
- (k) **"Buildings"** means the storage facilities, offices and other buildings, structures and infrastructure situated at the Projects, including all fixtures and improvements forming part thereof, if any;
- (l) **"Business Day"** means any day, other than a Saturday, Sunday or any statutory holiday, when banks are open for business in the cities of Vancouver, British Columbia, Canada and Coeur d'Alene, Idaho, USA;
- (m) **"Business and Technical Information"** means all financial, operating, technical and other information and data in whatever form and however communicated, developed, conceived, originated or obtained in connection with the Projects, including exploration results, drill core and logs, metallurgical samples and test results, engineering studies, mine plans, digital data files, feasibility reports and calculations of mineral reserves and resources, in the possession of, or owned by, the Vendor, but expressly excludes any such information pertaining to any other project or business of the Vendor;
- (n) **"Cash Consideration"** has the meaning ascribed to it in Section 2.2(a) of this Agreement;
- (o) **"Closing"** means the completion of the transactions of purchase and sale contemplated in this Agreement;
- (p) **"Closing Date"** means such date as may be agreed to in writing by the Parties as the date on which the Closing shall take place, but in any event not later than the Termination Date;
- (q) **"Closing Time"** means 10:00 a.m. (Vancouver time) on the Closing Date or such other time as may be agreed to in writing by the Parties;
- (r) **"Code"** means the United States Internal Revenue Code of 1986, as amended.
- (s) **"Consents and Notices"** means:
  - (i) all requirements of any Government Authorities;
  - (ii) any approvals by any stock exchange, or other regulatory authority including the CSE and TSXV;
  - (iii) all consents, approvals or notices required to be given to or received from any Person pursuant to a Contract;
  - (iv) all filings, registrations or notices to any Government Authority required under Law; and

- (v) the expiration of all notice periods established under Law, established by any Government Authority or established pursuant to any Contract,
- necessary to permit the consummation of the transactions contemplated by this Agreement;
- (t) **"Consideration"** means the Cash Consideration and the Payment Shares;
- (u) **"Contaminants"** means any hazardous, toxic, deleterious, polluting or contaminating substance, product, material or waste which alone or in combination are defined, listed, prohibited, controlled or otherwise regulated by Government Authorities or under Environmental Laws, or which could cause harm, adverse effects or impacts, degradation, impairment or damage to the environment or any of its constituent components, or to human health or safety, and includes Hazardous Substances;
- (v) **"Contracts"** means those subsisting agreements, contracts, memorandum of understandings, instruments, leases, permits, licenses (including mining licenses) and other commitments, oral or written, entered into by the Vendor or by which the Vendor is bound, relating to the Projects, as set out in Schedule "B", including, but not limited to, the Purchased Option Agreements;
- (w) **"Contractual Escrow"** has the meaning ascribed to such term in Section 2.2(b)(ii) hereof;
- (x) **"CSE"** means the Canadian Securities Exchange;
- (y) **"Encumbrance"** means any mortgage, easement, right-of-way, encroachment, covenant, condition, right of re-entry, right of possession, lease, license, lien, charge, pledge, assignment, option, claim, title defect, hypothecation, security interest, title retention right, including any agreement to give any of the foregoing, or other encumbrance of any nature or kind whatsoever;
- (z) **"Environmental Laws"** means all Laws relating to health, safety, protection or preservation of the environment or the manufacture, processing, distribution, use, treatment, storage, disposal, discharge, release, transport, sale or handling of Contaminants;
- (aa) **"Environmental Liabilities"** means any and all liabilities in respect of environmental damage, contamination or other environmental problems pertaining to, situated in or on, or caused by or on the Assets or migrating from the Assets to other lands, or that arises from or exists or accrues from or as a result of any activity or operations thereon or related thereto, however and by whomsoever caused, and whether caused by a breach of the applicable Environmental Laws or otherwise, or which occur or arise in whole or in part as a result of events, activities, operations, negligence or any other acts whatsoever, whether arising or incurred before, at or after the Closing. Without limiting the generality of the foregoing, such liabilities shall include those arising from or related to:
- (i) surface, underground, air, ground water, surface water or marine environment contamination;
- (ii) abandonment and reclamation obligations;



- (iii) the restoration, cleanup or reclamation of or failure to restore, cleanup or reclaim any part of the Assets;
  - (iv) the breach of applicable Environmental Laws in effect at any time;
  - (v) the removal of or failure to remove foundations, structures or Equipment;
  - (vi) the release, spill, escape or emission of Contaminants on the Projects or off the Projects; and
  - (vii) damages and losses suffered by third parties as a result of any of the occurrences in subclauses (i) through (vi) of this definition;
- (bb) **"Equipment"** means all equipment, machinery or other personal property located at the Projects or being used or purchased for the Projects;
- (cc) **"Government Authority"** means:
- (i) any domestic or foreign, national, federal, provincial, state, regional, municipal, county or other local government;
  - (ii) any body exercising any statutory, regulatory, expropriation or taxing authority on behalf or under the authority of any of the governments described in (i) above or any Laws, including any ministry, directorate, department, commission, bureau, board, administrative or other agency, regulatory body or instrumentality thereof, including, without limitation, the BLM;
  - (iii) any quasi-governmental or private body exercising any statutory, regulatory, expropriation or taxing authority operating under the authority of any of the governments described in (i) above or any Laws; and
  - (iv) any domestic or foreign judicial, quasi-judicial or administrative court, tribunal, commission, board or panel acting under the authority of any of the governments described in (i) above or any Laws;
- (dd) **"Government Gulch Agreement"** means the option and joint venture agreement dated July 20, 2021 between Blackhawk Exploration, LLC, the Vendor Subsidiary and the Vendor Parent, as amended on July 20, 2022 and May 22, 2024;
- (ee) **"Government Gulch Option Assignment Agreement"** means the option assignment agreement in the form attached hereto as Schedule "D" that assigns the Vendor's interest in the Government Gulch Agreement to the Purchaser;
- (ff) **"Government Gulch Property"** means the mineral interests optioned under the Government Gulch Agreement and described under "Government Gulch" of Schedule "A" hereof;
- (gg) **"Hazardous Substance"** means any substance, pollutant or contaminant, that is considered hazardous, deleterious, toxic, noxious, harmful or dangerous, that is defined, referred to in or regulated pursuant to any Environmental Laws;

- (hh) **"Judgment"** means, any judgment, decree, order, decision, injunction, award or ruling of any Government Authority;
- (ii) **"Laws"** means all domestic or foreign federal, national, provincial, state, regional, municipal, local or other constitutions, treaties, laws, statutes, codes, ordinances, decrees, rules, regulations, by-laws, communiqués, policies, voluntary restraints, guidelines, requirements, directives and any Judgments, including general principles of civil or common law, binding on or affecting the Person referred to in the context in which such word is used;
- (jj) **"Letter of Direction"** has the meaning ascribed to it in Section 2.1 of this Agreement;
- (kk) **"Materially Adverse Effect"** means any state of facts which, either individually or in the aggregate, is, or would reasonably be expected to be, material and adverse to the business, operations, results of operations, prospects, properties, assets, liabilities, obligations or condition (financial or otherwise);
- (ll) **"Non-Paying Party"** has the meaning ascribed to it in Section 5.6(a)(iii) of this Agreement;
- (mm) **"Option Assignment Agreements"** means the Government Gulch Option Assignment Agreement and the Page Mine Option Assignment Agreement;
- (nn) **"Page Mine Agreement"** means the mineral rights lease and option agreement dated November 18, 2021 between Deadwood Land, LLC, the Vendor Subsidiary and the Vendor Parent;
- (oo) **"Page Mine Option Assignment Agreement"** means the option assignment agreement in the form attached hereto as Schedule "E" that assigns the Vendors' interest in the Page Mine Agreement to the Purchaser;
- (pp) **"Page Mine Property"** means the mineral interests optioned under the Page Mine Agreement and described under "Page Mine" of Schedule "A" hereof;
- (qq) **"Parties"** means the Vendor Parent, the Vendor Subsidiary, the Parent and the Purchaser, and **"Party"** means any of them;
- (rr) **"Paying Party"** has the meaning ascribed to it in Section 5.6(a)(iii) of this Agreement;
- (ss) **"Payment Shares"** has the meaning ascribed to it in Section 2.2(b) of this Agreement;
- (tt) **"Permitted Encumbrance"** means:
  - (i) any Encumbrance granted under any Contract listed in Schedule "B"; and
  - (ii) the Encumbrances listed in Schedule "C";
- (uu) **"Person"** includes an individual, corporation, body corporate, partnership, joint venture, association, trust or unincorporated organization or any trustee, executor, administrator or other legal representative thereof or heirs, successors and assigns of such persons as the context may require;

- (vv) **"Pre-Closing Tax Period"** means any taxable period ending on or before the Closing Date and, with respect to any taxable period beginning before and ending after the Closing Date, the portion of such taxable period ending on and including the Closing Date;
- (ww) **"Price Allocation"** has the meaning ascribed to it in Section 2.4(a) of this Agreement;
- (xx) **"Proceeding"** means any action, cause of action, suit or proceeding, including appeals or applications for review, before or by any Government Authority, arbitrator or arbitration board or any investigation or inquiry by any Government Authority;
- (yy) **"Projects"** means the mineral titles and interest in the lands and premises described as such in Schedule "A";
- (zz) **"Purchased Option Agreements"** means the Government Gulch Option Agreement and the Page Mine Option Agreement;
- (aaa) **"Representative"** means, as to any Person, such Person's affiliates and its affiliates' respective agents, directors, officers, employees, consultants, advisors (including, without limitation, financial, legal and accounting advisors) and representatives;
- (bbb) **"Royalty"** has the meaning ascribed to such term in Section 5.2(g);
- (ccc) **"Securities Laws"** means the securities legislation and regulations of, and the instruments, policies, rules, orders, codes, notices and interpretation notes of the applicable securities regulatory authority or applicable securities regulatory authorities of, the applicable jurisdiction or jurisdictions collectively;
- (ddd) **"Silver Dollar Common Shares"** means the common shares in the capital of the Parent;
- (eee) **"Straddle Period"** means any taxable year or period beginning before and ending after the Closing Date;
- (fff) **"Straddle Period Tax"** has the meaning ascribed to it in Section 5.6(a)(iii) of this Agreement;
- (ggg) **"Tax"** means all forms of direct or indirect taxation, duties, levies, charges, fees, withholding (including but not limited to health, welfare, social security, employment and similar payments) and imposts, whether payable directly or indirectly, including Idaho net proceeds of minerals tax, corporate tax, partnership tax (or any other business tax), income tax, value added tax, stamp tax, banking and insurance transactions tax, municipality taxes, social security taxes, customs and other import duties, capital gains tax, withholding tax on securities trading transactions and service arrangements with foreign counterparts, expenses, whether disputed or not and including any obligation to indemnify or otherwise assume or succeed to the tax liability of any other Person, and including penalties and interest relating to the foregoing or resulting from a failure to comply with any provisions of any enactment relating to any of the foregoing;
- (hhh) **"Tax Return"** means any return, declaration, report, claim for refund, information return or statement or other document relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof;

- (iii) **"Termination Date"** means July 31, 2024;
- (jjj) **"Transaction Documents"** means this Agreement, the Government Gulch Option Assignment Agreement, the Page Mine Option Assignment Agreement, the Voting Support Agreement and any other documents or certificates delivered in connection therewith;
- (kkk) **"Transfer Taxes"** has the meaning ascribed to it in Section 5.6(c) of this Agreement;
- (lll) **"Treasury Regulations"** means the United States Treasury Regulations promulgated under the Code;
- (mmm) **"TSXV"** means the TSX Venture Exchange;
- (nnn) **"Vendor's Authorizations"** means the authorizations, approvals and consents which are required by the Vendor to complete the transactions contemplated under this Agreement; and
- (ooo) **"Voting Support Agreement"** means the voting support agreement to be entered into between Vendor Parent and the Parent as of the Closing Date and substantially in the form attached as Schedule "F" hereof.

## 1.2 Schedules

The following are the Schedules to this Agreement and are incorporated into and form an integral part of this Agreement:

Schedule "A"	Description of Project Properties
Schedule "B"	Contracts
Schedule "C"	Permitted Encumbrances
Schedule "D"	Form of Government Gulch Option Assignment Agreement
Schedule "E"	Form of Page Mine Option Assignment Agreement
Schedule "F"	Form of Voting Support Agreement
Schedule "G"	Terms and Conditions of Royalty
Schedule "H"	Letter of Direction

## 1.3 Interpretation

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

- (a) **"this Agreement"** means this Agreement, including the recitals and Schedules hereto, as it may from time to time be supplemented or amended;
- (b) all references in this Agreement to a designated **"Part"**, **"Section"**, **"Subsection"**, or other subdivision, or to a **"Schedule"**, is to the designated Part, Section, Subsection or other subdivision of or Schedule to this Agreement unless otherwise specifically stated;
- (c) 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, Section, Subsection or other subdivision or Schedule;

- (d) the singular of any term includes the plural and vice versa and the use of any term is equally applicable to any gender;
- (e) the word "**or**" is not exclusive and the word "**including**" is not limiting (whether or not non-limiting language such as "without limitation" or "but not limited to" or other words of similar import are used with reference thereto);
- (f) all accounting terms not otherwise defined in this Agreement have the meanings assigned to them in accordance with generally accepted accounting principles applicable in Idaho and/or the United States, applied on a consistent basis with prior years;
- (g) except as otherwise provided, any reference to a statute includes and is a reference to such statute and to the regulations made pursuant thereto with all amendments made thereto and in force from time to time, and to any statute or regulations that may be passed which have the effect of supplementing or superseding such statute or regulations;
- (h) where the phrase "**to the best of the knowledge of**" or phrases of similar import are used in this Agreement, it shall be a requirement that the Person in respect of whom the phrase is used shall have made such due enquiries as are reasonably necessary to enable such Person to make the statement or disclosure;
- (i) the headings to the Parts, Sections and Subsections of this Agreement are inserted for convenience only and 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 provision hereof;
- (j) any reference to a corporate entity includes and is also a reference to any corporate entity that is a successor to such entity;
- (k) the representations, warranties, covenants and agreements contained in this Agreement shall not merge at Closing and shall continue in full force and effect from and after the Closing Date for the applicable period set out in this Agreement;
- (l) unless otherwise specifically noted, all references to money in this Agreement are or shall be to money in lawful money of Canada; and
- (m) if any action is required to be taken under this Agreement on a day that is not a Business Day, such action shall be required to be taken on the next succeeding day which is a Business Day.

#### **1.4 Governing Law**

This Agreement shall be construed both in accordance with the laws of British Columbia without regard to conflicts of law principles and with the laws of the United States with respect to unpatented mining claims on public land, as administered by the BLM.

#### **1.5 Severability**

If an arbitrator, court or other tribunal of competent jurisdiction determines that any one or more of the provisions contained in this Agreement is invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of such provision or provisions shall not in any way be

affected or impaired thereby in any other jurisdiction and the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby, unless in either case as a result of such determination this Agreement would fail in its essential purpose.

### **1.6 Entire Agreement**

This Agreement constitutes the entire agreement between the Parties and supersedes all prior agreements and understandings, oral or written, by and between any of the Parties with respect to the subject matter hereof, including the letter of intent between the Parties dated May 8, 2024 and the confidentiality agreement between the Parties dated March 12, 2024.

### **1.7 Waiver**

If any Party breaches any provision of this Agreement, the failure of any other Party to require strict performance shall not constitute a waiver of such breach or otherwise prejudice the other Party from subsequently enforcing the provisions hereof as they relate to the breach in question or any similar or other breach. No waiver of any of the provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) of this Agreement, nor shall such waiver constitute a continuing waiver unless otherwise expressly provided in writing duly executed by the Party to be bound thereby.

## **PART 2 PURCHASE AND SALE**

### **2.1 Purchase**

On and subject to the terms and conditions of this Agreement, including the representations, warranties and covenants contained herein, and consistent with the "**Letter of Direction**" attached as Schedule "H" hereof, the Vendor agrees to sell, assign, transfer and convey unto the Purchaser and the Purchaser agrees to purchase from the Vendor all of the Vendor's interest in the Assets free and clear of all Encumbrances, other than Permitted Encumbrances.

### **2.2 Consideration**

As consideration for the sale, assignment, transfer and conveyance by the Vendor to the Purchaser of the Assets pursuant to this Agreement, the Purchaser will (subject to standard adjustments at Closing related to, among other things, property taxes) at Closing:

- (a) pay, pursuant to the Letter of Direction, an amount of \$300,000 in readily available funds to the Vendor Parent (the "**Cash Consideration**"), of which the Vendor Parent acknowledges receipt of \$25,000 as of the date hereof;
- (b) cause the Parent to issue, pursuant to the Letter of Direction, 6,000,000 Silver Dollar Common Shares to the Vendor Parent on a prospectus and registration exempt basis at a deemed price per share of \$0.30 (the "**Payment Shares**") as validly issued and fully paid and non-assessable shares, free and clear of any Encumbrances (other than pursuant to applicable statutory, CSE or Contractual Escrow), and shall deliver or cause to be delivered to the Vendor Parent share certificates and/or direct registration statements as directed by the Vendor Parent, representing the Payment Shares;

- (i) the Vendor, the Purchaser and the Parent hereby agree and acknowledge that the Payment Shares shall only be issued pursuant to available exemptions under applicable Securities Laws on a prospectus exempt basis, including, without limitation, exemptions available under National Instrument 45-106 - *Prospectus Exemptions*. Accordingly, the Payment Shares will be subject to a four-month hold period and will bear the following legend:

“UNLESS PERMITTED UNDER APPLICABLE SECURITIES LEGISLATION, THE HOLDER OF THESE SECURITIES MUST NOT TRADE THE SECURITIES BEFORE THE DATE THAT IS FOUR (4) MONTHS AND A DAY AFTER [THE CLOSING DATE]”

- (ii) The Vendor, the Parent and the Purchaser agree and acknowledge that the Payment Shares shall be subject to contractual escrow in accordance with the following release schedule (“**Contractual Escrow**”) and may bear such legends as the Purchaser may deem prudent or necessary in order to comply with such Contractual Escrow:

Release Date	Payment Shares Release to Vendor Parent from Contractual Escrow
Closing Date	1,000,000 Payment Shares
6 month anniversary of Closing Date	1,250,000 Payment Shares
12 month anniversary of Closing Date	1,250,000 Payment Shares
18 month anniversary of Closing Date	1,250,000 Payment Shares
24 month anniversary of Closing Date	1,250,000 Payment Shares

### 2.3 Assignment of Rights to the Assets

Upon receipt by the Vendor Parent of the Consideration as required by Section 2.2 and receipt by the Purchaser of duly executed copies of the Page Mine Option Assignment Agreement and the Government Gulch Option Assignment Agreement in accordance with Section 6.4, all right, title and interest in and to the Assets shall, as between the Parties, be deemed to be transferred to, and held by, the Purchaser notwithstanding any further actions which must be taken by the Parties to effectively transfer title to the Purchaser after Closing.

### 2.4 Allocation of Purchase Price

- (a) For all Tax purposes, the Cash Consideration and the value of the Payment Shares shall be allocated among the Assets in a manner consistent with Section 1060 of the Code and the Treasury regulations promulgated thereunder (the “**Allocation Methodology**”). The Purchaser shall be responsible for preparing a schedule allocating the Cash Consideration and the value of the Payment Shares in accordance with the Allocation Methodology (the “**Price Allocation**”). Consistent with the Letter of Direction, the Price Allocation shall be an allocation of the value of the Consideration among the Assets sold by Vendor Subsidiary, as the sole seller and beneficial owner of all the Assets, and for which Vendor Subsidiary is deemed to receive the Consideration in exchange therefor. Within ninety (90) days after the Closing Date, the Purchaser shall forward the proposed Price Allocation to the Vendor for its review and comment. Vendor shall provide any comments on the Allocation to Purchaser within thirty (30) days thereafter, which Purchaser shall consider in good faith.

- (b) Each party agrees to timely file any form required to be filed by applicable Tax Law reflecting the Price Allocation. Neither the Purchaser nor the Vendor shall take any position inconsistent with the Price Allocation in connection with any Tax proceeding, except to the extent that (i) the Purchaser's cost for the Assets may differ from the amount so allocated to the extent necessary to reflect its capitalized acquisition costs not included in the amount realized by the Vendor or (ii) the amount treated as purchase price for the Assets under applicable Law has changed by reason of payments of amounts between Purchaser and Vendor subsequent to the Closing Date that were not previously reflected in the Price Allocation. If any Government Authority disputes the Price Allocation, the Party receiving notice of the dispute shall promptly notify the other Party hereto, and the Parties shall cooperate in good faith in responding to such dispute in order to preserve the effectiveness of the Price Allocation.
- (c) Any indemnification or other payment treated as an adjustment to the Consideration shall be treated as an adjustment to the purchase price for the Assets under applicable Law shall be reflected as an adjustment to the price allocated to a specific asset, if any, giving rise to the adjustment and if any such adjustment does not relate to a specific asset, such adjustment shall be allocated among the Assets in accordance with this Section 2.4.

## **2.5 Withholding**

Notwithstanding anything to the contrary hereunder, Purchaser and each of its agents shall be entitled to deduct and withhold, or cause to be deducted and withheld, from any portion of any payment payable by or as contemplated by this Agreement such Taxes or other amounts as it is required to deduct and withhold with respect to the making of such payment under applicable Laws. To the extent any such amounts are so deducted and withheld, such amounts shall be timely remitted to the appropriate Government Authority and shall be treated for all purposes of this Agreement as having been paid to the applicable Vendor in respect of which such deduction and withholding was made.

## **PART 3 REPRESENTATIONS AND WARRANTIES OF THE VENDOR**

### **3.1 Representations and Warranties of the Vendor**

To induce the Purchaser and the Parent to enter into and complete the transactions contemplated by this Agreement, each of the Vendor Parent and the Vendor Subsidiary represents and warrants to the Purchaser and the Parent as representations and warranties that are true and correct as at the date of this Agreement and that shall be true and correct on the date of this Agreement and the Closing Date as if such representations and warranties were made on each of the date of this Agreement and the Closing Date (except insofar as such representations and warranties are stated to be given as of a particular date or for a particular period and relate solely to such date or period), as follows:

- (a) **Incorporation and Status of the Vendor** – Each of the Vendor Parent and the Vendor Subsidiary is a body corporate duly formed, organized and validly subsisting under the laws of the jurisdiction of its incorporation or organization and is duly qualified to carry on business in the jurisdictions in which it carries on business or owns the Assets;



- (b) **Power and Authority** – Each of the Vendor Parent and the Vendor Subsidiary has all necessary corporate power and capacity to enter into this Agreement and all documents and agreements contemplated herein to which each of the Vendor Parent and the Vendor Subsidiary is or becomes a party, to perform its obligations hereunder and thereunder, and to transfer the legal and beneficial title to and ownership of the Assets to the Purchaser, free and clear of all Encumbrances except Permitted Encumbrances. The execution and delivery of this Agreement and the Transaction Documents and the consummation of the Transaction contemplated hereby and thereby, by each of the Vendor Parent and the Vendor Subsidiary has been duly authorized by all necessary corporate action on the part of each of the Vendor Parent and Vendor Subsidiary and no other corporate proceedings on the part of each of the Vendor Parent and the Vendor Subsidiary are necessary to authorize this Agreement and the transactions contemplated hereunder;
- (c) **Agreement Valid** – This Agreement and each Transaction Document has been duly executed and delivered by each of the Vendor Parent and Vendor Subsidiary and constitutes a legal, valid and binding obligation of each of the Vendor Parent and Vendor Subsidiary, enforceable against each of the Vendor Parent and Vendor Subsidiary in accordance with its terms, subject to such limitations and prohibitions as may exist or may be enacted in applicable laws relating to bankruptcy, insolvency, liquidation, moratorium, reorganization, arrangement or winding-up and other laws, rules and regulations of general application affecting the rights, powers, privileges, remedies and/or interests of creditors generally;
- (d) **No Violation** – The execution and delivery by each of the Vendor Parent and the Vendor Subsidiary of this Agreement and each Transaction Document and performance by each of the Vendor Parent and Vendor Subsidiary of its obligations hereunder and the transactions contemplated hereby, including, but not limited to transferring the legal and beneficial title to and ownership of the Assets to the Purchaser, will not result in:
- (i) a violation or breach of any provision of or constitute a default (or an event that with notice or lapse of time or both would become a default) under, or give to others any rights of termination, amendment, shot-gun, acceleration or cancellation of or under:
    - (A) the Vendor Parent's and the Vendor Subsidiary's constating documents or any resolution of its directors, shareholders, managers and members, as applicable;
    - (B) to the best of the knowledge of the Vendor Parent and the Vendor Subsidiary, any Judgment;
    - (C) the Purchased Option Agreements; or
    - (D) any agreement, arrangement or understanding to which the Vendor Parent and the Vendor Subsidiary is a party or by which it is bound or affected that could reasonably be expected to have a Materially Adverse Effect on the Assets taken as a whole;
  - (ii) a material breach of any applicable corporate law or Securities Law; or

- (iii) the creation or imposition of any Encumbrance other than a Permitted Encumbrance;
- (e) **Consents and Approval** – Other than the approval of the TSXV (if applicable) or as required under the Purchased Option Agreements, there is no requirement for the Vendor Parent or the Vendor Subsidiary to give or receive any Consents and Notices or obtain any Authorization in order for the Vendor Parent or the Vendor Subsidiary, as applicable:
  - (i) to consummate the transactions contemplated by this Agreement;
  - (ii) to execute and deliver this Agreement and all of the documents and instruments to be delivered by the Vendor Parent and the Vendor Subsidiary under this Agreement; or
  - (iii) to render this Agreement legal, valid, binding and enforceable against either;
- (f) **Acts of Bankruptcy** – Neither the Vendor Parent nor the Vendor Subsidiary has proposed a compromise or arrangement to its creditors generally, has taken any proceeding with respect to such 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 in respect of any part of the Assets and, at present, no encumbrancer or receiver has taken possession of any of its property and no execution or distress is enforceable or levied upon any of its property that is material to the Vendor Parent or the Vendor Subsidiary and no petition for a receiving order in bankruptcy is filed against either;
- (g) **Litigation** – Neither the Vendor nor the Vendor Subsidiary is a party to any Proceedings that could materially affect its business, operations, financial condition, the Assets or the Equipment and, to the best of the knowledge of the Vendor Parent and the Vendor Subsidiary or the Assets, no such Proceedings are contemplated or have been threatened;
- (h) **Judgments** – To the best of the knowledge of the Vendor Parent and the Vendor Subsidiary, there are no Judgments against the Vendor Subsidiary that are unsatisfied;
- (i) **Compliance with Laws** – The Vendor Subsidiary is not in breach of any Laws which may have a Materially Adverse Effect on the business and operations concerning the Assets and has not received any notice or claim of any alleged breach or violation of any Laws;
- (j) **Accuracy of Books and Records** – All material transactions of the Vendor Parent and the Vendor Subsidiary related to the Assets have been properly recorded in the Books and Records in all material respects;
- (k) **Assets** – The Vendor Subsidiary directly owns all interest in and to and has good and marketable title to the Assets, free and clear of all Encumbrances, adverse claims, interests of others and demands of any nature or kind whatsoever recorded or unrecorded other than Permitted Encumbrances, and the Assets are sufficient for the continued operation of the Projects in substantially the same manner as conducted prior to the Closing and constitute all of the rights, property and assets necessary to continue the Projects;

- (l) **Rights of Assets** – The Vendor has the exclusive right to possess, use, occupy and dispose of the Assets, subject only to the rights of other parties to the Contracts and the rights of Government Authorities pursuant to any lease, registration permit or license listed in Schedule "A" of this Agreement;
- (m) **Mineral Rights** – Schedule "A" contains accurate descriptions of all real property, surface rights, mineral rights, mineral claims, mining leases, real property, easements, rights-of-way and other mineral or property interests of the Projects in respect of which the Vendor Subsidiary is the beneficial, legal and/or registered owner or has an ownership, leasehold or other interest. The Vendor Subsidiary has good and marketable title to its interest in the Projects free and clear of all Encumbrances, adverse claims, interests of others and demands of any nature or kind whatsoever recorded or unrecorded, except for the Permitted Encumbrances;
- (n) **Water Rights** - The Vendor Subsidiary does not hold any water rights on or in respect of the Projects and, to the best of the knowledge of the Vendor Parent and the Vendor Subsidiary, except for water sources that have been designated by applicable governmental authorities for domestic supply, no third parties have acquired any surface or underground water and water rights or ditch and ditch rights, well and well rights, reservoir and reservoir rights, stock or interests in irrigation or ditch companies appurtenant to the Projects, and no rights to water for use at or in connection with the Projects or the mining of minerals from the Projects have been leased, transferred or disposed of to any party by the Vendor Subsidiary and no party has provided notice to the Vendor Parent or the Vendor Subsidiary that they have or are entitled to any such water rights from the Projects;
- (o) **Surface Rights** – The Vendor Subsidiary is the legal or beneficial owner of the surface rights in the Projects set out in Schedule "A," subject to the paramount authority of the United States of America;
- (p) **Leases** – Neither the Vendor Parent nor the Vendor Subsidiary is party to nor bound by any leases of real property or mineral rights connected with the Projects other than those described in Schedule "B", and all such leases (x) are in good standing, (y) are valid and effective in accordance with their respective terms, and (z) have had all material payments required to be paid by the Vendor Parent or the Vendor Subsidiary under such leases duly paid. Further, there is not, under any of the leases listed in Schedule "B", any existing material default or event of default (or event which with notice or lapse of time, or both would constitute a material default; or would constitute a basis of force majeure or other claim of excusable delay or non-performance) of the Vendor Parent and the Vendor Subsidiary and, to the best of the knowledge of the Vendor Parent and the Vendor Subsidiary, no other Person is in default thereunder and no event has occurred that is reasonably likely to result in the revocation or withdrawal of any such rights;
- (q) **Status of the Projects** –
  - (i) All interests comprising the Projects that are required to be recorded under applicable Law have been duly and validly issued and recorded, and the Projects are presently in good standing under applicable Law, and, there is no pending or threatened claim in respect of the Projects or the Vendor Subsidiary's interest in or to the Projects.

- (ii) The Purchased Option Agreements are presently in good standing and the Vendor has not received any notice of default thereunder, and to the best knowledge of Vendor, no default exists that would constitute an event of default with notice and/or the passage of time;
  - (iii) Other than as disclosed in Schedule "B", neither the Vendor Parent nor the Vendor Subsidiary is obligated under any forward sale contract with respect to minerals produced or producible from the Projects under which sales proceeds are paid by the purchaser in advance of delivery;
  - (iv) All filings and Tax or other payments required to maintain the Projects are in good standing and have been properly and timely recorded, paid and filed with the appropriate Government Authorities; and
  - (v) There has been no act or omission by the Vendor Parent or the Vendor Subsidiary which could result, whether by notice or lapse of time or both, in the breach, termination, abandonment, forfeiture, relinquishment or other premature termination of the Vendor Subsidiary's interest in the Projects or its ownership interest in and to the Projects or any rights of the Vendor Subsidiary with respect thereto;
- (r) **No Adverse Claims** – Except for Permitted Encumbrances, there are no adverse claims or challenges to or against the Vendor Subsidiary's ownership of interest in or title to the Assets or the validity thereof, nor, to the best of the knowledge of the Vendor Parent and the Vendor Subsidiary, is there any basis therefor. Neither the Vendor Parent nor the Vendor Subsidiary has received notice from any Person claiming rights on interests in or to the Assets or an Encumbrance on the Assets and there are no outstanding agreements or rights or options to acquire or purchase the Assets or any portion thereof and no Person, firm or corporation has any proprietary or possessory interest in the Assets other than the Vendor Subsidiary, and no Person is entitled to any royalty or other payment in the nature of rent or royalty on any mineral products therefrom other than the Permitted Encumbrances;
- (s) **Possession** – No Person, other than the Vendor Subsidiary or the parties to the Purchased Option Agreements, is entitled to be in possession, including any mortgagee, of the whole or any part of the Assets as contemplated under applicable Laws;
- (t) **Encroachments** – The Vendor Subsidiary has not received any notices from any Person that the Buildings or Equipment infringe or encroach upon the rights of such Person or that such Person has any rights to any concessions lying within the concession boundaries of the Projects and they are not aware of any such infringements or encroachments or rights to such concessions;
- (u) **Contracts** –
- (i) **Contracts** – Except for the contracts described in Schedule "B," the Vendor Parent and the Vendor Subsidiary are not parties to any Contract related to the Projects;
  - (ii) **Contracts Assignable** – Other than the Purchased Option Agreements, all of the Contracts are assignable to the Purchaser. Upon due execution of the Option

Assignment Agreements, the Purchased Option Agreements will be assignable to the Purchaser; and

- (iii) **Copies of Agreements** – True, correct and complete copies of all Contracts and assignments with respect to same have been delivered to the Purchaser;
- (v) **Insurance** –
  - (i) **Insurance** – All policies of insurance related to the Projects maintained by the Vendor Parent and the Vendor Subsidiary are in good standing; and
  - (ii) **Outstanding Claims** – To the best of the knowledge of the Vendor Parent and the Vendor Subsidiary, no threatened or actual material claims against or under any insurance policies of the Vendor Parent or the Vendor Subsidiary providing coverage of the Projects have been made, except for claims that have been settled, satisfied or otherwise terminated, with no remaining liability to the Vendor Parent or the Vendor Subsidiary;
- (w) **Environmental Laws** – The Vendor Subsidiary is, with respect to the Projects and the Assets, in material compliance with all Environmental Laws relating to the protection of the environment, occupational health and safety and the processing, use, treatment, storage, disposal, discharge, transport or handling of any Contaminants;
- (x) **Environmental Compliance Notice** – The Vendor Subsidiary has not at any time, with respect to the Projects or the Assets:
  - (i) received any written notice, written notice of default, order, summons, or notice of Judgment or commencement of Proceedings related to any material violation, breach, liability or remedial action (or alleged material breach, liability or remedial action) arising under Environmental Laws that could reasonably be expected to have, individually or in the aggregate, a Materially Adverse Effect on the Assets; or
  - (ii) given any written undertakings with respect to remedying any known breach of, or liability under, Environmental Laws that have not been duly performed that could reasonably be expected to have, individually or in the aggregate, a Materially Adverse Effect on the Assets; and
- (y) **No Option** – There is no written or oral agreement, option, understanding or commitment or any right or privilege capable of becoming an agreement, for the purchase of the Assets, other than this Agreement.
- (z) **Tax Matters** –
  - (i) **General** – Vendor has filed (taking into account any valid extensions) all Tax Returns with respect to the Assets required to be filed by Vendor for any Tax periods prior to Closing, which such Tax Returns are true, correct and complete in all respects, and has paid all Taxes that are due and payable irrespective of whether or not shown as owing on the relevant Tax Return. Vendor is not currently the beneficiary of any extension of time within which to file any Tax Return with respect to the Assets other than automatic, six-month extensions. Vendor has

withheld and paid all Taxes with respect to the Assets that are required to have been withheld and paid in connection with any amounts paid or owing to any employee, independent contractor, stockholder, or other third party.

- (ii) **Encumbrances** – There are no Encumbrances for Taxes upon any of the Assets nor is any taxing authority in the process of imposing any Encumbrances for Taxes on any of the Assets (other than Encumbrances for current Taxes not yet due and payable).
- (iii) **Not a Foreign Person** – The Vendor Subsidiary is not a "foreign person" as that term is used in Treasury Regulations Section 1.1445-2. The Vendor Subsidiary is the sole seller and beneficial owner of all the Assets, and Purchaser will not be required to withhold from the Consideration payable pursuant to this Agreement by reason of Section 1445 of the Code.
- (iv) **Classification** – The Vendor Subsidiary is classified as an association taxable as a corporation for U.S. federal and state income tax purposes.
- (v) **No Waivers** – Vendor has not executed any outstanding waiver of any statute of limitations on or extension of the period for the assessment or collection of any Tax with respect to the Assets.
- (vi) **No Audit or Proceeding** – There is: (i) no audit or other examination of any Tax Return of Vendor in progress, pending or threatened in writing, nor has Vendor been notified of any request for such an audit or other examination; (ii) no written claim that has ever been made by a Tax authority in a jurisdiction where Vendor does not file Tax Returns that it is or may be subject to taxation by that jurisdiction, and (iii) no written claim that has ever been made for the assessment or collection of Taxes that has been asserted against Vendor that has not been resolved in full, in each case of clauses (i), (ii) and (iii), with respect to the Assets.
- (vii) **Tax Assessments** – All deficiencies asserted, or assessments made, against the Vendor as a result of any examinations by any taxing authority with respect to the Assets have been fully paid.
- (viii) **Reportable Transactions** – The Vendor is not, and has not been, a party to, or a promoter of, a "reportable transaction" within the meaning of Section 6707A(c)(1) of the Code and Treasury Regulations Section 1.6011-4(b).
- (ix) **No Private Letter Ruling** – Vendor has not requested a private letter ruling, administrative relief, technical advice, or other request from a Government Authority that relates to Taxes or Tax Returns with respect to the Assets.

### 3.2 Other Representations

All statements contained in any certificate or other instrument delivered by or on behalf of Vendor Parent and Vendor Subsidiary pursuant hereto or in connection with the transactions contemplated by this Agreement shall be deemed to be representations and warranties by the Vendor Parent and Vendor Subsidiary hereunder.

### **3.3 Survival of Representations and Warranties of the Vendor**

The representations and warranties of the Vendor Parent and the Vendor Subsidiary set out in Section 3.1 shall survive the Closing and the payment of the Consideration and shall continue in full force and effect indefinitely for all matters, subject only to applicable limitation periods imposed by Law.

### **3.4 Reliance**

The Vendor Parent and the Vendor Subsidiary acknowledge and agree that the Purchaser and the Parent have entered into this Agreement relying on the warranties and representations, covenants and other terms and conditions of this Agreement, notwithstanding any independent searches or investigations that have been or may be undertaken by or on behalf of the Purchaser or the Parent and that no information which is now known or should be known or which may hereafter become known to the Purchaser or the Parent or each of their respective officers, directors, members, managers or professional advisers shall limit or extinguish the right to indemnification hereunder.

## **PART 4 REPRESENTATIONS AND WARRANTIES OF THE PURCHASER AND THE PARENT**

### **4.1 Representations and Warranties of the Purchaser and the Parent**

In order to induce the Vendor Parent and the Vendor Subsidiary to enter into and to consummate the transactions contemplated by this Agreement, each of the Purchaser and the Parent represents and warrants to the Vendor Parent and the Vendor Subsidiary as representations and warranties that are true and correct as at the date of this Agreement and that will be true and correct on each of the date of this Agreement and the Closing Date as if such representations and warranties were made on each of the date of this Agreement and the Closing Date (except insofar as such representations and warranties are stated to be given as of a particular date or for a particular period and relate solely to such date or period), as follows:

- (a) **Incorporation and Status** – Each of the Purchaser and the Parent is a body corporate duly formed, organized and validly subsisting under the laws of the jurisdiction of its incorporation or organization and is duly qualified to carry on business in the jurisdictions in which it carries on business;
- (b) **Power and Authority** – Each of the Purchaser and the Parent has all necessary corporate power and capacity to enter into this Agreement and all documents and agreements contemplated herein to which it is or becomes a party, to perform its obligations hereunder and thereunder, and for the Purchaser to acquire legal and beneficial title to and ownership of the Assets from the Vendor Subsidiary. The execution and delivery of this Agreement by the Purchaser and the Parent has been duly authorized by all necessary corporate action on the part of the Purchaser and the Parent and no other corporate proceedings on the part of the Purchaser or the Parent is necessary to authorize this Agreement and the transactions contemplated hereunder;
- (c) **Agreement Valid** – This Agreement and the Transaction Documents have been duly executed and delivered by the Purchaser and the Parent and constitute the legal, valid and binding obligation of the Purchaser and the Parent, enforceable against the Purchaser and the Parent in accordance with their terms, subject to such limitations and prohibitions

as may exist or may be enacted in applicable laws relating to bankruptcy, insolvency, liquidation, moratorium, reorganization, arrangement or winding-up and other laws, rules and regulations of general application affecting the rights, powers, privileges, remedies and/or interests of creditors generally;

- (d) **No Violation** – The execution and delivery by the Purchaser and the Parent of this Agreement and the Transaction Documents and performance by the Purchaser and the Parent of their obligations hereunder and the transactions contemplated hereby, including, but not limited to, acquiring the legal and beneficial title to and ownership of the Assets from the Vendor Subsidiary, will not result in:
  - (i) a violation or breach of any provision of, constitute a default (or an event that with notice or lapse of time or both would become a default) under, or give to others any rights of termination, amendment, shot-gun, acceleration or cancellation of or under:
    - (A) the Purchaser's or the Parent's constating documents or any resolution of its directors, shareholders, managers and members, as applicable; or
    - (B) any agreement, arrangement or understanding to which the Purchaser or the Parent is a party or by which it or its properties is bound or affected that, individually or in the aggregate, could reasonably be expected to have a Materially Adverse Effect on the Purchaser's and Parent's ability to consummate the Transaction; or
  - (ii) a material breach of any applicable corporate or Securities Law;
- (e) **Consents and Approval** – Other than the approval of the CSE, there is no requirement for the Purchaser or the Parent to give or receive any Consents and Notices or obtain any Authorization in order for the Purchaser and the Parent:
  - (i) to consummate the transactions contemplated by this Agreement;
  - (ii) to execute and deliver this Agreement and all of the documents and instruments to be delivered by either the Purchaser or the Parent under this Agreement; or
  - (iii) to render this Agreement legal, valid, binding and enforceable against it;
- (f) **Acts of Bankruptcy** – Each of the Purchaser and the Parent has not proposed a compromise or arrangement to its creditors generally, has not taken any proceeding with respect to such a compromise or arrangement, has not taken any proceeding to have itself declared bankrupt or wound-up, has not taken any proceeding to have a receiver appointed of any part of its assets and, at present, no encumbrancer or receiver has taken possession of any of its property and no execution or distress is enforceable or levied upon any of its property that is material to the Purchaser or the Parent and no petition for a receiving order in bankruptcy is filed against either;
- (g) **Litigation** – Each of the Purchaser and the Parent is not a party to any Proceedings that could materially affect its ability to consummate the Transaction, and, to the best of the knowledge of the Purchaser and the Parent, no such Proceedings are contemplated or have been threatened;



- (h) **Judgments** – To the best of the knowledge of the Purchaser and the Parent, there are no Judgments against the Purchaser or the Parent that are unsatisfied;
- (i) **Compliance with Laws** – Each of the Purchaser and the Parent is in material compliance with all applicable Laws and has not received any notice of any alleged breach or violation of any such Laws;
- (j) **Listing of Payment Shares** - The Silver Dollar Common Shares are listed and posted for trading on the CSE and no order ceasing or suspending trading in any securities of the Parent or prohibiting the sale or issuance of the Payment Shares or the trading of any of the Parent's issued securities has been issued and no (formal or informal) proceedings for such purposes have been threatened or, to the knowledge of the Parent, are pending.
- (k) **Regulatory Matters** – The Parent is a “reporting issuer” under the securities laws of each of the provinces of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario and is not noted as being in default on the list of reporting issuers maintained under the securities legislation in such provinces, and in particular, without limiting the foregoing, the Parent is in material compliance with its disclosure obligations under Securities Laws and, except with respect to this Agreement and the transactions contemplated herein, there is no material change relating to the Parent which has occurred and with respect to which the requisite material change report has not been filed with the applicable securities regulators. All material filings and fees due and payable by the Parent pursuant to securities laws and general corporate law have been made and paid. The Parent has not taken any action to cease to be a reporting issuer in any jurisdiction in which it is a reporting issuer, and has not received any notification from a securities regulator seeking to revoke the reporting issuer status of the Parent.
- (l) **Resale of Shares** – The Payment Shares will be subject to Contractual Escrow and a statutory hold period in accordance with Section 2.2(b) hereof and will bear legends accordingly.
- (m) **Issue of Payment Shares** – The execution of this Agreement and the issue, pursuant to the Letter of Direction, by the Parent to the Vendor Parent of the Payment Shares will be exempt from the registration and prospectus requirements of Securities Laws;
- (n) **Issue of Payment Shares is Valid** – All necessary corporate action has been taken or will have been taken prior to Closing to authorize the issue and the delivery of the Payment Shares at Closing and the Payment Shares will be validly issued as fully paid and non-assessable shares. As of the date hereof, there are 44,102,355 Silver Dollar Common Shares issued and outstanding, and options to purchase an aggregate of 2,750,000 Silver Dollar Common Shares. At the Closing Time, all conditions required for the conditional listing of the Payment Shares on the CSE will have been fulfilled (subject to standard post-Closing filings with the CSE); and
- (o) **No Cease Trade Order** – No order ceasing or suspending trading in the securities of the Parent nor prohibiting the sale of such securities has been issued to or in respect of the Parent or its directors, officers or promoters and to the best of the knowledge of the Parent, no investigations or proceeding for such purposes are pending or threatened.

## 4.2 Other Representations

All statements contained in any certificate or other instrument delivered by or on behalf of the Purchaser or the Parent pursuant hereto or in connection with the transactions contemplated by this Agreement shall be deemed to be representations and warranties by the Purchaser and the Parent hereunder.

## 4.3 Survival

The representations and warranties of the Purchaser and the Parent hereunder shall survive the Closing and the purchase of the Assets, and, notwithstanding the Closing and the purchase of the Assets, the representations and warranties of the Purchaser and the Parent shall continue in full force and effect for the benefit of the Vendor Parent and the Vendor Subsidiary for an indefinite period.

## 4.4 Reliance

The Purchaser and the Parent acknowledge and agree that the Vendor Parent and the Vendor Subsidiary have entered into this Agreement relying on the warranties and representations, covenants and other terms and conditions of this Agreement notwithstanding any independent searches or investigations that have been or may be undertaken by or on behalf of the Vendor Parent or the Vendor Subsidiary and that no information which is now known or should be known or which may hereafter become known to the Vendor Parent or the Vendor Subsidiary or their professional advisers shall limit or extinguish the right to indemnification hereunder.

# PART 5 COVENANTS

## 5.1 Covenants of the Vendor

Each of Vendor Subsidiary and Vendor Parent hereby covenants and agrees that, during the period from the date of this Agreement to the Closing Time, the Vendor shall do the following:

- (a) **Access** – Permit the Purchaser and the Parent and each of their employees, agents, technical and professional advisors and other representatives, between the date hereof and the Closing Date, upon reasonable advance notice to the Vendor of such proposed access, to have reasonable access during normal business hours, without interruption to any business being carried out by the Vendor on the premises, to the premises and such employees, for the purposes of accessing and reviewing the Books and Records, Business and Technical Information and the Assets of the Vendor, and shall furnish, and require that the Vendor's principal bankers, independent auditors, counsel, technical advisors and other advisors furnish, to the Purchaser and the Parent, such financial, technical and operating data and other information with respect to the Assets, as the Purchaser and Parent shall from time to time reasonably request to enable confirmation of the matters represented and warranted in Part 3 and to keep generally informed as to the Projects;
- (b) **Confer** – Confer on a regular basis with the Purchaser and the Parent with respect to operational matters concerning the Projects and promptly advise the Purchaser and the Parent, orally and in writing, of any materially adverse change in respect of the Assets and

- of any material Proceedings (or communications indicating that Proceedings may be contemplated);
- (c) **Conduct Business in Ordinary and Usual Course** – Except as otherwise provided in this Agreement:
- (i) conduct its business relating to the Projects in the ordinary and usual course consistent with past practices and in conformance with good mining practices standard in the mining industry; and
  - (ii) not, without the prior written consent of the Purchaser and the Parent:
    - (A) transfer, sell, consume or otherwise dispose of the Assets;
    - (B) enter into, modify, amend or terminate any Contracts or Authorizations related to the Projects or incur any liability, except in the ordinary course of business and which is not material;
    - (C) appoint or permit the appointment of a liquidator, receiver, trustee in bankruptcy, or similar official in respect of any of the Assets; or
    - (D) request an order by a Government Authority for the winding-up or dissolution of the Vendor;
- (d) **Continue Insurance** – Use its commercially reasonable efforts to maintain all existing policies of insurance on the Assets;
- (e) **Comply with Laws** – Comply with all Laws, including Environmental Laws, and all Authorizations, governing or affecting the Assets;
- (f) **Pay Liabilities** – Pay and discharge all liabilities or obligations of the Vendor related to the Projects in the ordinary and usual course of business consistent with past business practice, except for such liabilities or obligations as may be contested in good faith;
- (g) **No Breach** – Not take any action or omit to take any action which would, or would reasonably be expected to, result in a breach of or render untrue any representation, warranty, covenant, agreement, term or other obligation of the Vendor contained herein;
- (h) **Consents, Notices and Authorizations** – Use commercially reasonable efforts to ensure that all Consents and Notices have been received or given; and those Consents and Notices which have already been received or given be maintained effective, as the case may be, prior to the Closing Date and that all Authorizations required to permit the Purchaser to carry on the Projects as currently carried on have been obtained prior to the Closing Date, all in form and substance satisfactory to the Purchaser, acting reasonably;
- (i) **Preserve Business** – Use commercially reasonable efforts to preserve intact the Assets, and carry on the business and the affairs of the Projects as currently conducted, in each case in all material respects;
- (j) **Maintenance of Books and Records** – Maintain the Books and Records in the usual, regular and ordinary manner, consistent with accepted accounting practices;

- (k) **Notice of Material Developments** – Notify the Purchaser and the Parent as soon as the Vendor Parent and the Vendor Subsidiary have determined that a state of facts exists which results in, or can reasonably be expected to result in:
- (i) any representation or warranty of the Vendor Parent and the Vendor Subsidiary set forth in this Agreement being untrue or incorrect in any material respect;
  - (ii) the breach of any covenant of the Vendor Parent and the Vendor Subsidiary set forth in this Agreement;
  - (iii) the non-fulfillment of any condition for the benefit of the Purchaser and the Parent set forth in this Agreement; or
  - (iv) any material change in the business, operations, Assets, Equipment, liabilities, ownership, capital or financial position or condition of the Vendor related to the Assets, or change in a material fact that has a Materially Adverse Effect on, or would reasonably be expected to have a Materially Adverse Effect on, the Assets, except for the transactions contemplated by this Agreement;
  - (v) any notice or other communication from any Person alleging that the Consent (or waiver, permit, exemption, order, approval, agreement, amendment or confirmation) of such Person is required in connection with this Agreement or the Transaction (and contemporaneously provide a copy of any such notice or communication to the other Party);
  - (vi) any notice or other communication from any Government Authority in connection with this Agreement, the Assets, the Projects, or the Transaction (and contemporaneously provide a copy of any such notice or communication to the Purchaser and the Parent); or
  - (vii) any legal or regulatory proceedings commenced or, to its knowledge, threatened against, relating to or involving or otherwise affecting such Party or that relate to this Agreement, the Assets, the Projects, or the Transaction;
- (l) **Necessary Steps** – Take all actions, steps and proceedings that are necessary or desirable to approve or authorize, or to validly and effectively undertake, the execution and delivery of this Agreement and the completion of the transactions contemplated by this Agreement;
- (m) **Regulatory Approvals** – Use commercially reasonable efforts to execute all undertakings and comply with all requirements of the applicable Securities Laws, the CSE, the TSXV, the BLM, the county and state in which the Projects are located, and any other Persons or Government Authority, which may be necessary or reasonable to obtain the necessary approvals under applicable laws and stock exchange requirements to the transactions contemplated hereunder;
- (n) **Representations and Warranties** – Use commercially reasonable efforts to ensure that, immediately prior to the Closing Time, the representations and warranties of the Vendor Parent and the Vendor Subsidiary set out in this Agreement will be true and correct in all material respects; and

- (o) **Correspondence with Government Authorities** – Provide the Purchaser and the Parent, as soon as practicable after receipt or delivery of same, with copies of all written correspondence to and received from any Government Authority with respect to the Projects.

Notwithstanding anything set out in this Section 5.1, the Vendor may refrain from taking any action required to be taken by, or take any action restricted by, this Section 5.1 with the prior written consent of the Purchaser and the Parent.

## **5.2 Covenants of the Purchaser and the Parent**

Each of the Purchaser and the Parent covenants and agrees with the Vendor Parent and the Vendor Subsidiary that during the period from the date of this Agreement to the Closing Time, the Purchaser and the Parent shall do the following:

- (a) **Notice of Material Developments** – Notify the Vendor Parent and the Vendor Subsidiary as soon as the Purchaser or the Parent or any of their directors, officers, employees, agents or technical and professional advisors have determined that a state of facts exist which results in, or will result in:
  - (i) any representation or warranty of the Purchaser or the Parent set forth in this Agreement being untrue or incorrect in any material respect;
  - (ii) the breach of any covenant of the Purchaser or the Parent set forth in this Agreement;
  - (iii) the non-fulfillment of any conditions for the benefit of the Vendor set forth in this Agreement; or
  - (iv) any material change in the business, operations, assets, liabilities, ownership, capital or financial position of the Purchaser or the Parent, or change in a material fact that has a Materially Adverse Effect on, or would reasonably be expected to have a Materially Adverse Effect on, the Purchaser's or Parent's ability to consummate the Transaction;
- (b) **Necessary Steps** – Take all necessary actions, steps and proceedings to approve or authorize, or to validly and effectively undertake, the execution and delivery of this Agreement and the completion of the transactions contemplated by this Agreement;
- (c) **No Breach** – Not take any action or omit to take any action which would, or would reasonably be expected to, result in a breach of or render untrue any representation, warranty, covenant, agreement, term or other obligation of the Purchaser or the Parent contained herein;
- (d) **Consents, Notices and Authorizations** – Use commercially reasonable efforts to ensure that all Consents and Notices have been received or given; and those Consents and Notices which have already been received or given to be maintained effective, as the case may be, prior to the Closing Date;
- (e) **Preserve Business** – Use commercially reasonable efforts to carry on the business and operations of the Purchaser and the Parent as currently conducted;

- (f) **Regulatory Approvals** – Use commercially reasonable efforts to assist the Vendor to obtain and comply with all requirements of any Persons or Government Authority, which may be necessary or reasonable to obtain the necessary approvals under applicable Laws to the transactions contemplated hereunder;
- (g) **Grant of Royalty** – Subject to and in accordance with the terms set out in Schedule “G”, upon exercise of the Purchaser’s acquired option under a Purchased Option Agreement, the Purchaser shall pay, pursuant to the Letter of Direction, to the Vendor Parent a Net Smelter Returns (as defined in Schedule “G”) royalty (the “**Royalty**”), hereof as follows:
  - (i) Upon exercise of the Government Gulch Option Agreement, pay, pursuant to the Letter of Direction, to the Vendor Parent a 0.5% Royalty on any Net Smelter Returns from the Government Gulch Property; and
  - (ii) Upon exercise of the Page Mine Option Agreement, pay, pursuant to the Letter of direction, to the Vendor Parent a 1.0% Royalty on any Net Smelter Returns from the Page Mine Property, subject to the Purchaser’s ability to repurchase 50% of such Royalty at any time for \$500,000;
- (h) **Representations and Warranties** – Use commercially reasonable efforts to ensure that, immediately prior to Closing Time, the representations and warranties of the Purchaser and the Parent set forth in this Agreement will be true and correct in all material respects; and
- (i) **Reversion Right** – If the Purchaser decides it will not:
  - (i) satisfy its obligations under Section 5.1 of the Government Gulch Agreement prior to defaulting on such obligations; or
  - (ii) satisfy its obligations or exercise the option under the Page Mine Agreement prior to such default or expiration of such option thereunder, as the case may be,

(in each case, an “**Abandoned Option Agreement**”)

then the Purchaser will notify the Vendor Parent within 90 days’ notice of such intended default or option expiration, as the case may be, and use commercially reasonable efforts to negotiate an assignment of such Abandoned Option Agreement back to the Vendor Parent or an affiliate thereof, subject to the consent of Blackhawk Exploration LLC or Deadwood Land, LLC, as the case may be.

### 5.3 Mutual Covenants

Each of the Parties covenants and agrees that, as applicable, during the period from the date of this Agreement to Closing Time, such Party shall:

- (a) **Satisfy Conditions** – Use all commercially reasonable efforts to satisfy or cause the satisfaction of the mutual conditions precedent that are set out in Part 7 (and in the case of the Vendor Parent and the Vendor Subsidiary, the conditions precedent that are set out in Part 8, and in the case of the Purchaser and the Parent, the conditions precedent that are set out in Part 9) and to take, or cause to be taken, all other actions and do, or cause to be done, all other things necessary, proper or advisable under applicable Laws to

consummate the transactions contemplated by this Agreement, including using commercially reasonable efforts to:

- (i) ensure that all Consents and Notices are given or received; and those Consents and Notices which have already been received or given be maintained effective, as the case may be;
  - (ii) there shall have been no action taken under any Law or by any government or Government Authority which makes it illegal or otherwise directly or indirectly restrains, enjoins or prohibits the completion of the transactions contemplated in this Agreement;
- (b) **Cooperation** – Use all commercially reasonable efforts to cooperate with each other Party in connection with the performance by the other Party of its obligations under this Part 5; and
- (c) **Other Actions** – Use all commercially reasonable efforts to ensure compliance with all the conditions in Parts 7, 8 and 9.

The foregoing conditions are for the mutual benefit of the Parties hereto and may be waived by mutual consent of the Vendor Parent, the Vendor Subsidiary, the Parent and the Purchaser in writing at any time. If any of such conditions shall not be complied with or waived as aforesaid on or before the Closing Date or, if earlier, the date required for the performance thereof, then, subject to Section 13.3, any Party hereto may terminate this Agreement by written notice to the other in circumstances where the failure to satisfy any such condition is not the result, directly or indirectly, of a breach of this Agreement by such rescinding Party hereto.

#### **5.4 Alternative Transaction**

The Vendor hereby covenants that, from the date hereof until the earlier of: (i) the Closing Time; (ii) this Agreement having been terminated pursuant to and in accordance with Part 12; and (iii) the Termination Date, it will:

- (a) not directly or indirectly through any Representative take any action of any kind which could reasonably be construed to reduce the likelihood of success of consummating the Transaction, including but not limited to any action to continue, solicit, initiate, assist or encourage enquiries, submissions, proposals or offers from any other Person, entity or group relating to, and will not participate in any discussions or negotiations regarding or furnish to any other Person, entity or group any information with respect to, or otherwise cooperate in any way with or assist or participate in, or facilitate or encourage any effort or attempt with respect to an Alternative Transaction;
- (b) promptly notify the Purchaser and the Parent if it becomes aware that any proposal in respect of any Alternative Transaction has been made, or it or any of its Representatives has received any inquiry from or contact with any Person with respect thereto, and advise the Purchaser and the Parent of the content of any such proposal and, if written, provide the Purchaser and the Parent with copies; and
- (c) cease any and all negotiations with any third party in respect of any Alternative Transaction, and not release any such third party from its obligations under any confidentiality agreement or other similar agreement.

## 5.5 Facilitation of Transaction

Without limiting Section 5.4, each of the Vendor, the Purchaser and the Parent will use commercially reasonable efforts to satisfy each of the conditions precedent to be satisfied by it and to take, or cause to be taken, all other actions and to do, or cause to be done, all other things necessary, proper or advisable under applicable Laws, including applicable Securities Laws, to permit the completion of the Transaction in accordance with the provisions of this Agreement, the Purchased Option Agreements and other applicable agreements and instruments, and to consummate and make effective all other transactions contemplated in and by this Agreement, Purchased Option Agreements and other applicable agreements and instruments, and each will cooperate with each other, to the extent applicable, in connection with the foregoing, including:

- (a) executing and delivering the applicable Transaction Documents on or before the first business day preceding the Closing Date;
- (b) using commercially reasonable efforts to provide notice to, and obtain all necessary Consents and Authorizations, the failure of which to obtain would prevent the Parties from effecting the Transaction or would result in a Material Adverse Change to the Vendor, the Purchaser or the Parent;
- (c) using commercially reasonable efforts to effect or cause to be effected all necessary registrations and filings and submissions of information requested of it by any Government Authority, the failure of which to obtain would prevent the Parties hereto from effecting the Transaction or would result in a Material Adverse Change to the Vendor, the Purchaser or the Parent;
- (d) using commercially reasonable efforts to lift or rescind any injunction or restraining order or other order which may be entered against it, which injunction or order would prevent the Parties hereto, as applicable, from completing the Transaction;
- (e) cooperating with each other in connection with any lawsuits or legal proceedings brought against any party or any affiliate thereof challenging this Agreement, the completion of the Transaction and keeping each other informed of any material information that becomes known to them in connection therewith;
- (f) complying promptly with all requirements imposed by Law on its or its subsidiaries with respect to this Agreement and the Purchased Option Agreements, as applicable; and
- (g) not taking any action, or refraining from taking any commercially reasonable action, or permitting any action to be taken or not taken, which is inconsistent with this Agreement or which would reasonably be expected to prevent, delay or otherwise impede the consummation of the Transaction, as applicable.

## 5.6 Tax Matters

- (a) **Tax Returns** –
  - (i) Subject to Section 5.6(a)(iii) below, Vendor shall be responsible for the preparation and filing of all Tax Returns of Vendor (including Tax Returns required to be filed after the Closing), including any Tax Returns that include or relate to Vendor's use or ownership of the Assets for any Pre-Closing Tax Period.



- (ii) Purchaser shall be responsible for the preparation and filing of all Tax Returns it is required to file with respect to its ownership or use of the Assets attributable to taxable periods (or portions thereof) commencing after the Closing.
  - (iii) In the case of any real or personal property taxes (or other similar Taxes) attributable to the Assets for a Straddle Period (a “**Straddle Period Tax**”), the amount of such Straddle Period Taxes allocated to the Pre-Closing Tax Period for which Vendor shall have sole responsibility shall, for Taxes based upon income, receipts, payroll or the sale or transfer of property, be determined as if a closing of the books were to occur as of the end of the Closing Date, and for all other Taxes, be the amount of such Taxes for the relevant period multiplied by a fraction the numerator of which shall be the number of calendar days from the beginning of the period up to and including the Closing and the denominator of which shall be the number of calendar days in the entire period. The party required by law to pay any such Straddle Period Tax (the “**Paying Party**”) shall file the Tax Return related to such Straddle Period Tax within the time period prescribed by law and shall timely pay such Straddle Period Tax. The Paying Party shall provide the other party (the “**Non-Paying Party**”) with written notice and proof of payment, and within ten (10) Business Days of receipt of such notice and proof of payment, the Non-Paying Party shall reimburse the Paying Party for the Non-Paying Party’s share of such Straddle Period Taxes.
- (b) **Cooperation** – Purchaser and Vendor agree to furnish or cause to be furnished to the other, upon request, as promptly as practicable, such information and assistance relating to the Assets, including access to books and records, as is reasonably necessary for the filing of all Tax Returns by Purchaser or Vendor, the making of any election relating to Taxes, the preparation for any audit by any Tax authority, and the prosecution or defense of any claim, suit or proceeding relating to any Tax.
  - (c) **Transfer Taxes** – Vendor shall be responsible for, and shall pay when due, 100% of any sales, use, value-added, gross receipts, excise, registration, stamp duty, transfer or other similar taxes or governmental fees (including any interest or penalties related thereto) that may be payable in connection with the sale or purchase of the Assets (the “**Transfer Taxes**”). The Parties shall cooperate, to the extent reasonably requested and permitted by Law, in minimizing any such Transfer Taxes, including but not limited to the transfer by remote electronic transmission of all Assets capable of being so transmitted. The party required by law to file a Tax Return with respect to such Transfer Taxes shall do so within the time period prescribed by law and shall pay the Transfer Taxes due therewith; provided that, to the extent such party is the Purchaser, the Vendor shall promptly reimburse the Purchaser for the Transfer Taxes so paid by Purchaser upon receipt of notice that such Transfer Taxes have been paid, consistent with this Section 5.6(c).

## 5.7 Confidentiality

- (a) The Purchaser and the Parent covenant and agree with the Vendor Parent and the Vendor Subsidiary that the Purchaser and the Parent shall hold in confidence, up to the Closing Time, all Business and Technical Information which is disclosed by the Vendor Parent or the Vendor Subsidiary to the Purchaser or the Parent, their representatives or their technical or professional advisors, but excluding information which:

- (i) is generally available to the public at the time it is disclosed to the Purchaser or the Parent;
  - (ii) is made known to the Purchaser or the Parent without an obligation of confidentiality by an independent third party who, to the best of the knowledge of the Purchaser and the Parent, did not acquire the Business and Technical Information, either directly or indirectly, under an obligation of confidentiality to the Vendor Parent or the Vendor Subsidiary;
  - (iii) after it is disclosed to the Purchaser or the Parent, becomes generally available to the public through no fault of the Purchaser or the Parent or any Person to which the Purchaser or the Parent has disclosed the Business and Technical Information, but only after it has become generally available to the public;
  - (iv) is in the Purchaser's or Parent's possession prior to the date of disclosure of the Business and Technical Information to the Purchaser or the Parent by the Vendor Parent or the Vendor Subsidiary; or
  - (v) is required by Law or any Government Authority or the policies of the CSE or TSXV to be disclosed;
- (b) In the event Closing does not occur, then the confidentiality obligations of the Purchaser and the Parent set out in (a) above shall continue with respect to the Business and Technical Information and the Purchaser and the Parent shall treat such information as confidential in the same manner and with the same degree of care that the Purchaser and the Parent uses for its own confidential information for a term of two years from the date hereof;
- (c) Each of the Vendor Parent, the Vendor Subsidiary, the Parent and the Purchaser covenants and agrees with the other that such Party shall hold in confidence the terms and conditions of this Agreement until Closing Time and, if Closing does not occur, thereafter in the manner and exercising the same degree of care that the Vendor Parent and the Vendor Subsidiary, or the Purchaser and the Parent, as applicable, uses for its own confidential information, except to the extent that the disclosure of such terms and conditions are required by Securities Law or by any Government Authority or is otherwise expressly provided for in this Agreement;
- (d) Each of the Parties shall ensure that any individual, technical or professional advisor that it employs, engages or otherwise uses in connection with the transactions contemplated by this Agreement will comply with the terms and conditions of this Section 5.7; and
- (e) This Section 5.7 constitutes the Parties' entire understanding relating to the subject matter hereof and supersedes any obligations of confidentiality and/or use that a Party would otherwise have to any other Party in law or equity with respect to Business and Technical Information and any rights that a Party would otherwise have against a disclosing Party in law or equity with respect to the disclosure and use of the Business and Technical Information, except to the extent such disclosure relates to the obligation under Securities Law for each Party to publicly disclose "Material Facts", "Material Changes" or "Material Information" (as each term is defined under Securities Law).

## **PART 6 CLOSING**

### **6.1 Closing Date and Location**

The transactions contemplated by this Agreement shall be completed at Closing Time on the Closing Date at the offices of MLT Aikins LLP, counsel to the Purchaser and the Parent, at its offices located in Vancouver, British Columbia, or at such other time or at such other location as may be mutually agreed upon in writing by the Parties. In this regard the Parties shall use their commercially reasonable efforts to cause the Closing Date to occur on or before July 31, 2024.

### **6.2 Closing**

At the Closing:

- (a) the Purchaser shall, pursuant to the Letter of Direction, forthwith pay the Cash Consideration and issue the Payment Shares to the Vendor Parent;
- (b) the Parent shall, pursuant to the Letter of Direction, forthwith issue the Payment Shares to the Vendor Parent;
- (c) the Vendor Subsidiary shall deliver, or cause to be delivered, to the Purchaser and the Parent the documents set forth in Subsection 6.4; and
- (d) the Purchaser and the Parent shall deliver to, or cause to be delivered to, the Vendor Subsidiary the documents set forth in Subsection 6.3.

### **6.3 Deliveries by Purchaser and Parent at Closing**

At or before Closing Time, the Vendor Subsidiary and/or the Vendor's counsel shall have received from the Purchaser or the Parent, as the case may be, the following:

- (a) copies of the resolutions of the directors of the Purchaser and the Parent evidencing the approval of this Agreement and all of the transactions of the Purchaser and the Parent contemplated hereunder;
- (b) the Government Gulch Option Assignment Agreement duly executed by the Purchaser;
- (c) the Page Mine Option Assignment Agreement duly executed by the Purchaser;
- (d) the Voting Support Agreement duly executed by the Parent;
- (e) a copy of the share certificates or direct registration statements representing the Payment Shares registered in the name of the Vendor Parent;
- (f) all necessary Consents and Notices and Authorizations, including, if applicable, the approval of the CSE, as the case may be, required to enable the transfer of the Assets to the Purchaser as provided for in this Agreement and to permit the Purchaser to carry on the Projects as currently conducted, all in form and substance satisfactory to the Purchaser, acting reasonably;

- (g) a certificate of Purchaser and the Parent, duly executed by a senior officer of the Purchaser and the Parent, on behalf of Purchaser and the Parent and not in such officer's personal capacity, stating that, except as disclosed in such certificate,
  - (i) the representations and warranties of Purchaser and the Parent contained in this Agreement are true, accurate and complete in all material respects as at Closing Time,
  - (ii) the Purchaser's and Parent's covenants and obligations hereunder has been satisfied and performed, and
  - (iii) each of the conditions for the benefit of Purchaser and the Parent set forth in Section 8.1 has been satisfied or waived; and
- (h) the Letter of Direction, as provided and executed by Vendor and Vendor Parent pursuant to Section 6.4(n), duly acknowledged and agreed to by the Purchaser and the Parent;
- (i) such other materials that are, in the opinion of the Vendor acting reasonably, required to be delivered by the Purchaser or the Parent in order for it to meet its obligations under this Agreement.

#### **6.4 Deliveries by Vendor at Closing**

At or before Closing Time, the Purchaser and/or the Parent, and the Purchaser's and Parent's counsel, shall have received from the Vendor the following:

- (a) copies of the resolutions of the directors of the Vendor Parent and the Vendor Subsidiary evidencing that the Vendor Parent and the Vendor Subsidiary have approved this Agreement and all of the transactions of the Vendor Parent and the Vendor Subsidiary contemplated hereunder including the sale and transfer of the Assets to the Purchaser as provided for herein;
- (b) copies of the resolutions of the directors of Vendor Subsidiary evidencing the distributions to be made by Vendor Subsidiary to Vendor Parent pursuant to the terms of the Letter of Direction attached as Schedule "H" hereof;
- (c) all necessary Consents and Notices and Authorizations, including, if applicable, the approval of the TSXV or the BLM, as the case may be, required to enable the transfer of the Assets to the Purchaser as provided for in this Agreement and to permit the Purchaser to carry on the Projects as currently conducted, all in form and substance satisfactory to the Purchaser, acting reasonably;
- (d) a certificate of the Vendor Parent and the Vendor Subsidiary, duly executed by a senior officer of the Vendor Parent and the Vendor Subsidiary, on behalf of the Vendor and the Vendor Subsidiary and not in such officer's personal capacity, stating that, except as disclosed in such certificate,
  - (i) the representations and warranties of each of the Vendor Parent and the Vendor Subsidiary contained in this Agreement are true, accurate and complete in all material respects as at Closing Time,

- (ii) each of the Vendor Parent's and the Vendor Subsidiary's covenants and obligations hereunder has been satisfied and performed, and
- (iii) each of the conditions for the benefit of the Vendor Parent and the Vendor Subsidiary set forth in Section 9.1 has been satisfied or waived;
- (e) evidence of the discharge and release of any Encumbrances, other than Permitted Encumbrances, on the Assets;
- (f) documents for the deed, assignment, transfer and conveyance to Purchaser of the Projects;
- (g) a properly completed and executed IRS Form W-9 for Vendor Subsidiary;
- (h) a properly completed and executed IRS Form W-8BEN-E for Vendor Parent;
- (i) a Bill of Sale duly executed by the Vendor Subsidiary for the transfer of the tangible personal property included in the Assets to Purchaser, if any;
- (j) an agreement for the assignment and transfer by the Vendor Subsidiary to Purchaser of all intangible assets of the Vendor Subsidiary included in the Assets, including the Contracts (other than the Purchased Option Agreements), and for the assumption by Purchaser of all future liabilities related thereto, duly executed by the Vendor Subsidiary;
- (k) the Government Gulch Option Assignment Agreement duly executed by the Vendor Subsidiary, the Vendor Parent and Blackhawk Exploration LLC;
- (l) the Page Mine Option Assignment Agreement duly executed by the Vendor Subsidiary, the Vendor Parent and Deadwood Land, LLC;
- (m) the Voting Support Agreement duly executed by the Vendor Parent;
- (n) the Letter of Direction duly executed by the Vendor Subsidiary and the Vendor Parent, in the form substantially similar to Schedule "H" attached hereof;
- (o) the Books and Records in the possession of the Vendor;
- (p) such other agreements and documents as Purchaser and the Parent may reasonably require to give effect to the assignment and transfer to Purchaser of the Assets; and
- (q) such other materials that are, in the opinion of the Purchaser and the Parent, acting reasonably, required to be delivered by the Vendor Parent and the Vendor Subsidiary in order for them to meet their obligations under this Agreement.

**PART 7  
MUTUAL CONDITIONS PRECEDENT**

**7.1 Mutual Conditions Precedent**

The obligations of the Parties to complete the purchase and sale of the Assets and the other transactions contemplated by this Agreement shall be subject to the satisfaction of, or compliance with, at or before Closing Time, each of the following conditions precedent:

- (a) **No Prohibitions** – No Law or Judgment will have been enacted, entered, promulgated or enforced by any Government Authority which enjoins or prohibits the sale and purchase of the Assets or the consummation of any of the other transactions contemplated by this Agreement;
- (b) **No Proceedings** – No Proceeding will have been instituted or be pending for an injunction to restrain, or a declaratory judgment in respect of damages on account of or relating to, the sale and purchase of the Assets or any of the other transactions contemplated by this Agreement and, to the best of the knowledge of the Parties, no such Proceeding will have been threatened or announced; and
- (c) **No Termination** – This Agreement will not have been terminated pursuant to Part 12.

**PART 8  
PURCHASER'S AND PARENT'S CONDITIONS PRECEDENT**

**8.1 Purchaser's and Parent's Conditions**

The obligations of the Purchaser and the Parent to complete the purchase of the Assets and the other transactions contemplated by this Agreement shall be subject to the satisfaction of, or compliance with, at or before Closing Time, each of the following conditions precedent:

- (a) **Truth and Accuracy of Representations of the Vendor at Closing** – The representations and warranties of the Vendor Parent and the Vendor Subsidiary made in Part 3 shall be true, correct and not misleading at Closing and with the same effect as if made at and as of Closing;
- (b) **Performance of Obligations** – The Vendor Parent and the Vendor Subsidiary shall have performed and complied with all of their respective obligations, covenants and agreements to be performed and complied with by it pursuant to this Agreement;
- (c) **Absence of Materially Adverse Change** – No event shall have occurred or condition or situation shall have arisen or Law shall have been introduced which might reasonably be expected to have a Materially Adverse Effect upon the Vendor Parent, the Vendor Subsidiary or the Assets or the Projects;
- (d) **Consents and Notices** – All Consents and Notices, including the Vendor Authorizations and any such Authorizations necessary for the assignment of the Vendor Subsidiary's interest in the Assets, have been received or given, as the case may be, in form and substance satisfactory to the Purchaser and the Parent, acting reasonably, other than Consents and Notices which are routinely delivered post-Closing; and

- (e) **Authorizations** – All Authorizations required to permit the Purchaser to carry on the business of the Projects and maintaining the Projects as currently conducted after Closing Time have been obtained, all in form and substance satisfactory to the Purchaser and the Parent, acting reasonably.

## 8.2 Waiver

The conditions set forth in this Part 8 are for the exclusive benefit of the Purchaser and the Parent and may be waived by the Purchaser or the Parent in writing, in whole or in part, on or before the Closing Date. Notwithstanding any such waiver, the completion of the purchase and sale contemplated by this Agreement by the Purchaser shall not prejudice or affect in any way the rights of the Purchaser or the Parent in respect of the warranties and representations of the Vendor in this Agreement.

## PART 9 VENDOR'S CONDITIONS PRECEDENT

### 9.1 Vendor Subsidiary's and Vendor Parent's Conditions

The obligations of the Vendor Parent and the Vendor Subsidiary to complete the sale of the Assets and the other transactions contemplated by this Agreement shall be subject to the satisfaction of, or compliance with, at or before Closing Time, each of the following conditions precedent:

- (a) **Truth and Accuracy of Representations of the Purchaser and the Parent at Closing** – The representations and warranties of the Purchaser and the Parent made in Part 4 shall be true, correct and not misleading at Closing and with the same effect as if made at and as of Closing;
- (b) **Performance of Agreements** – The Purchaser and the Parent shall have performed and complied with all of the obligations, covenants and agreements to be performed and complied with by it pursuant to this Agreement;
- (c) **Absence of Materially Adverse Change** - No event shall have occurred or condition or situation shall have arisen or Law shall have been introduced which might reasonably be expected to have a Materially Adverse Effect upon the Purchaser or the Parent; and
- (d) **Consents and Notices** – All Consents and Notices have been received or given, as the case may be, in form and substance satisfactory to the Vendor Parent and the Vendor Subsidiary, acting reasonably.

### 9.2 Waiver

The conditions set forth in this Part 9 are for the exclusive benefit of the Vendor Parent and the Vendor Subsidiary and may be waived by the Vendor Parent and the Vendor Subsidiary in writing, in whole or in part, on or before the Closing Date. Notwithstanding any such waiver, completion of the purchase and sale contemplated by this Agreement by the Vendor Parent and the Vendor Subsidiary shall not prejudice or affect in any way the rights of the Vendor Parent or the Vendor Subsidiary in respect of the warranties and representations of the Purchaser and the Parent set forth in this Agreement.

**PART 10**  
**FURTHER ASSURANCES AND RELATED INDEMNIFICATION**

**10.1 Further Assurances**

The Vendor Parent and the Vendor Subsidiary will from time to time upon reasonable notice after the Closing execute and deliver to the Purchaser and the Parent all such conveyances, transfers, assignments and other instruments in writing and further assurances as the Purchaser and the Parent may reasonably require from the Vendor, and the Purchaser and the Parent will execute and deliver to the Vendor all such agreements of assumption and other instruments in writing and further assurances as the Vendor may reasonably require from the Purchaser and the Parent, in order to give effect to the provisions hereof. All costs and expenses incurred by a Party at the request of the other in providing such conveyances, assignments, assumptions and other instruments and further assurances shall be for the account of the requesting Party.

**10.2 Vendor to Hold Project Interests in Trust and Facilitate Access**

From and after Closing, and pending the recording of the mining interests comprising the Projects in the name of the Purchaser, the Vendor Subsidiary agrees, subject to Section 10.3, that it will:

- (a) to the extent permitted by applicable laws, hold all rights and benefits thereof that may accrue to or vest in the Vendor Subsidiary in respect of such mining interests as bare trustee and nominee in trust for and on behalf of the Purchaser, provided that all fees, costs, liabilities, damages or expense of any nature or kind whatsoever incurred or sustained by or on behalf of the Vendor Subsidiary in so acting shall be for the sole account (without any premium) of the Purchaser and the Vendor Subsidiary's responsibility as bare trustee and nominee shall be limited to taking such lawful action as may reasonably be requested by the Purchaser after having received adequate and reasonable notice in writing and advance payment for any costs that the Vendor Subsidiary reasonably expects to incur in acting on any such request; and
- (b) use commercially reasonable efforts to facilitate and assist the Purchaser in obtaining and maintaining access to the areas covered by the mining interests, to the extent permitted by the mining interests; provided that the Vendor Subsidiary shall not be obliged to pay or incur any expenses or costs in connection therewith, including to holders of surface rights.

**10.3 Indemnification of the Vendor**

The Purchaser and its Affiliates shall indemnify and save harmless the Vendor Parent and the Vendor Subsidiary and its directors, officers, managers, members, employees and agents (each, an "**Indemnified Party**") from and against all liabilities, claims, actions, suits, proceedings, losses, costs, damages and expenses to which such Indemnified Party may become subject or suffer in any way caused by, or arising directly or indirectly from, or in consequence or as a result of any act or omission of or by any of the Purchaser or its Affiliates or their respective directors, officers, employees and agents on or in respect of the mining interests and the areas covered thereby during the period referred to in Section 10.2, including, but not limited to, a breach of any laws, regulations, or contractual obligations, a violation by the Purchaser of any present or future applicable environmental laws, statutes, rules, regulations, permits, ordinances, certificates, licenses and other regulatory requirements, policies or guidelines, any loss of life, injury to persons or property damage and any clean up and remediation obligations.



## **PART 11 INDEMNITIES**

### **11.1 Indemnification of Purchaser and Parent by Vendor Parent and Vendor Subsidiary**

The Vendor Parent and the Vendor Subsidiary covenant and agree with the Purchaser and Parent to indemnify the Purchaser and Parent and each of their respective officers, directors, managers, members, employees, agents, successors and assigns against all Proceedings, liabilities, obligations, claims, demands, damages, losses, costs and expenses (including legal fees on a solicitor and own client basis) suffered or incurred by the Purchaser or the Parent, directly or indirectly (the "**Purchaser's Losses**"), by reason of or arising out of any of the following:

- (a) any warranties or representations on the part of the Vendor hereunder being untrue;
- (b) a breach of any agreement, term or covenant on the part of the Vendor made or to be observed or performed under this Agreement;
- (c) all Taxes of Vendor, all Taxes imposed with respect to the Assets prior to the end of the Closing Date, all Taxes of any Affiliate of Vendor or of a consolidated, combined, unitary, or affiliated group of which Vendor is or has been a part, all Taxes imposed on Purchaser or the Parent, or the Assets as transferee, successor, by contract or pursuant to any law, rule or regulation, which Taxes relate to an event, transaction or relationship occurring on or before the Closing Date, any lost Tax attributes or benefits resulting from a breach of the representations and warranties contained in Section 3.1(z) herein, and all penalties or interest related to the foregoing; or
- (d) any Purchaser's Losses, legal causes of which arose before the Closing Date and arising from:
  - (i) any Environmental Liabilities caused by the activities of the Vendor with respect to the Projects;
  - (ii) all Taxes of the Vendor and all interest and penalties thereon due and payable to all applicable Government Authorities (other than Taxes allocated to the Purchaser pursuant to Section 5.6); or
  - (iii) any Proceedings pending or, to the best of the knowledge of the Vendor, threatened against, or relating to the Vendor and Judgments outstanding against the Vendor.

### **11.2 Claims Under Vendor's Indemnities**

If any claim is made by any Person against the Purchaser or the Parent in respect of which the Purchaser or the Parent may incur or suffer damages, losses, costs or expenses, directly or indirectly, that might reasonably be considered to be subject to the indemnification obligations of the Vendor in Section 11.1, the Purchaser or the Parent, as the case may be, shall notify the Vendor where indemnification is sought under Section 11.1 (in this Section 11.2, as applicable, the "**Indemnitor**") as soon as reasonably practicable of the nature of such claim and the Indemnitor shall be entitled (but not required) to assume the defense of any suit brought to enforce such claim. The Purchaser's or Parent's omission to so notify the Indemnitor shall not relieve the Indemnitor of any liability which the Indemnitor may have under the indemnity in Section 11.1,

except only to the extent that any such delay in, or failure to give, notice as herein required prejudices the defense, settlement or mitigation of a claim or results in any material increase in the Purchaser's Losses. The defense of any such claim (whether assumed by the Indemnitor or not) shall be through experienced and competent legal counsel, and shall be conducted in a manner acceptable to the Purchaser or the Parent, and the Indemnitor, acting reasonably, and no settlement may be made or permitted to be made, as applicable, by the Indemnitor or the Purchaser or the Parent without the prior written consent of the other. If the Indemnitor assumes the defense of any claim then:

- (a) the Purchaser or the Parent and their counsel shall cooperate with the Indemnitor and its counsel in the course of the defense, such cooperation to include providing or making available to the Indemnitor and its counsel documents and information and witnesses for attendance at examinations for discovery and trials;
- (b) the reasonable legal fees and disbursements and other costs of such defense shall, from and after such assumption, be borne by the Indemnitor on a solicitor and own client basis; and
- (c) if the Purchaser or the Parent retains additional counsel to act on its behalf, the Indemnitor and its counsel shall cooperate with the Purchaser or the Parent and their counsel, such cooperation to include providing or making available to the Purchaser or the Parent and their counsel documents and information and witnesses for attendance at examinations for discovery and trials; provided that all fees and disbursements of such additional counsel shall be paid by the Purchaser or the Parent, as the case may be, on a solicitor and own client basis, unless:
  - (i) the Indemnitor consents to the retention of such counsel by the Purchaser or the Parent at the Indemnitor's expense; or
  - (ii) the Indemnitor and the Purchaser or the Parent are or become parties to the same action, and the representation of all parties by the same counsel would be inappropriate due to a conflict of interest,

in which case all fees and disbursements of the Purchaser's or the Parent's counsel shall be paid by the Indemnitor on a solicitor and own client basis.

If the Indemnitor has not assumed the defense of a claim and employed counsel therefor within 30 days of receiving notice of such claim, all fees and disbursements of the Purchaser's or the Parent's counsel in respect of such claim shall be paid by the Indemnitor on a solicitor and own client basis. If the Indemnitor, having elected to assume the defense of any claim, thereafter fails to defend such claim within a reasonable time and with reasonable diligence, the Purchaser or the Parent shall be entitled to assume the defense of the claim and the Indemnitor shall be bound by the results obtained by the Purchaser or the Parent with respect to such claim.

In the event that any claim is of a nature such that the Purchaser or the Parent is required by applicable Law or any Judgment to make payment to any Person or Government Authority with respect to such claim before the completion of settlement negotiations or legal proceedings, the Purchaser or the Parent may make such payment and the Indemnitor shall, forthwith after demand by the Purchaser or the Parent reimburse the Purchaser or the Parent for any such claim, as the case may be. If the amount of any liability of the Purchaser or the Parent under the claim in respect of which such a payment was made, as finally determined, is less than the amount which was

paid by the Indemnitor to the Purchaser or the Parent, the Purchaser or the Parent shall promptly pay the amount of such difference to the Indemnitor. The Purchaser or the Parent, as applicable, shall not knowingly permit any right of appeal in respect of any claim to terminate without giving the Indemnitor reasonable notice thereof and a reasonable opportunity to contest such claim.

For avoidance of doubt, references in this Section 11.2 to the Purchaser and the Parent shall also include each of its respective officers, directors, managers, members, employees, agents, successors and assigns.

### **11.3 Indemnification of Vendor by Purchaser and Parent**

The Purchaser and the Parent covenant and agree with the Vendor Parent and the Vendor Subsidiary to indemnify the Vendor Parent and Vendor Subsidiary and their respective officers, directors, managers, members, employees, agents, successors and assigns against all Proceedings, liabilities, obligations, claims, demands, damages, losses, costs and expenses (including legal fees on a solicitor and own client basis) suffered or incurred by the Vendor, directly or indirectly (the "**Vendor's Losses**"), by reason of or arising out of any of the following:

- (a) any warranties or representations on the part of the Purchaser or the Parent hereunder being untrue;
- (b) a breach of any agreement, term or covenant on the part of the Purchaser or the Parent made or to be observed or performed under this Agreement; or
- (c) any Vendor's Losses, legal causes of which arise prior to the Closing Date and arising from any Proceedings pending or threatened against, or relating to the Purchaser or the Parent and Judgments outstanding against the Purchaser or the Parent.

### **11.4 Claims Under Purchaser's and Parent's Indemnities**

If any claim is made by any Person against the Vendor Parent or the Vendor Subsidiary in respect of which the Vendor Parent or the Vendor Subsidiary may incur or suffer damages, losses, costs or expenses, directly or indirectly, that might reasonably be considered to be subject to the indemnification obligations of the Purchaser and the Parent in Section 11.3, the Vendor Parent or the Vendor Subsidiary shall notify the Purchaser and the Parent, where indemnification is sought under Section 11.3 (in this Section 11.4, as applicable, the "**Indemnitor**") as soon as reasonably practicable of the nature of such claim and the Indemnitor shall be entitled (but not required) to assume the defense of any suit brought to enforce such claim. The Vendor's omission to so notify the Indemnitor shall not relieve the Indemnitor of any liability which the Indemnitor may have under the indemnity in Section 11.1, except only to the extent that any such delay in, or failure to give, notice as herein required prejudices the defense, settlement or mitigation of a claim or results in any material increase in the Vendor's Losses. The defense of any such claim (whether assumed by the Indemnitor or not) shall be through experienced and competent legal counsel, and shall be conducted in a manner, acceptable to the Vendor Parent, the Vendor Subsidiary and the Indemnitor, acting reasonably, and no settlement may be made or permitted to be made, as applicable, by the Indemnitor or the Vendor Parent or the Vendor Subsidiary, as applicable, without the prior written consent of the other. If the Indemnitor assumes the defense of any claim then:

- (a) the Vendor Parent or the Vendor Subsidiary, as applicable, and their counsel shall cooperate with the Indemnitor and its counsel in the course of the defense, such

cooperation to include providing or making available to the Indemnitor and their counsel documents and information and witnesses for attendance at examinations for discovery and trials;

- (b) the reasonable legal fees and disbursements and other costs of such defense shall, from and after such assumption, be borne by the Indemnitor on a solicitor and own client basis; and
- (c) if the Vendor Parent or the Vendor Subsidiary retains additional counsel to act on its behalf, the Indemnitor and its counsel shall cooperate with the Vendor Parent or the Vendor Subsidiary, as applicable, and its counsel, such cooperation to include providing or making available to the Vendor Parent or the Vendor Subsidiary, as applicable, and its counsel documents and information and witnesses for attendance at examinations for discovery and trials; provided that all fees and disbursements of such additional counsel shall be paid by the Vendor Parent or the Vendor Subsidiary, as applicable, on a solicitor and own client basis, unless:
  - (i) the Indemnitor consents to the retention of such counsel by the Vendor Parent or the Vendor Subsidiary, as applicable, at the Purchaser's and Parent's expense; or
  - (ii) the Indemnitor and the Vendor Parent or the Vendor Subsidiary, as applicable, are or become parties to the same action, and the representation of all parties by the same counsel would be inappropriate due to a conflict of interest,

in which case all fees and disbursements of the Vendor Parent's and the Vendor Subsidiary's counsel shall be paid by the Indemnitor on a solicitor and own client basis.

If the Indemnitor has not assumed the defense of a claim and employed counsel therefor within 30 days of receiving notice of such claim, all fees and disbursements of the Vendor's counsel in respect of such claim shall be paid by the Indemnitor on a solicitor and own client basis. If the Indemnitor, having elected to assume the defense of any claim, thereafter fails to defend such claim within a reasonable time and with reasonable diligence, the Vendor Parent or the Vendor Subsidiary, as applicable, shall be entitled to assume the defense of the claim and the Indemnitor shall be bound by the results obtained by the Vendor Parent or the Vendor Subsidiary, as applicable, with respect to such claim.

In the event that any claim is of a nature such that the Vendor Parent or the Vendor Subsidiary, as applicable, is required by applicable Law or any Judgment to make payment to any Person or Government Authority with respect to such claim before the completion of settlement negotiations or legal proceedings, the Vendor Parent or the Vendor Subsidiary, as applicable, may make such payment and the Indemnitor shall, forthwith after demand by the Vendor Parent or the Vendor Subsidiary, as applicable, reimburse the Vendor Parent or the Vendor Subsidiary, as applicable, for any such claim. If the amount of any liability of the Vendor Parent or the Vendor Subsidiary, as applicable, under the claim in respect of which such a payment was made, as finally determined, is less than the amount which was paid by the Indemnitor to the Vendor Parent or the Vendor Subsidiary, as applicable, the Vendor Parent or the Vendor Subsidiary, as applicable, shall promptly pay the amount of such difference to the Indemnitor. The Vendor Parent or the Vendor Subsidiary, as applicable, shall not knowingly permit any right of appeal in respect of any claim to terminate without giving the Indemnitor reasonable notice thereof and a reasonable opportunity to contest such claim.

For avoidance of doubt, references in this Section 11.4 to the Vendor Parent or the Vendor Subsidiary shall also include each of their respective officers, directors, managers, members, employees, agents, successors and assigns.

### **11.5 Survival of Indemnities**

The indemnities provided in this Part 11 will survive the Closing and shall continue in full force and effect for the benefit of the applicable Parties, subject to the following provisions:

- (a) Except as provided in paragraph (b) of this Section 11.5, no claim may be made or brought by a Party pursuant to this Part 11 after the date that is 2 years following the Closing Date, except a claim for breach of any of the representations and warranties by the Vendor Parent, the Vendor Subsidiary, the Parent or the Purchaser in or pursuant to this Agreement involving fraud or fraudulent misrepresentation, subject only to applicable limitation periods imposed by applicable Law; and
- (b) A claim which is based upon the indemnity provided by Section 11.3 or 11.4 may be brought by the applicable Party entitled to indemnification at any time following the Closing Date, and notwithstanding any other provision contained herein, such right to bring an indemnification claim pursuant to Section 11.3 or 11.4 will survive the Closing and the transfers of the Assets to the Purchaser pursuant hereto.

**11.6 Tax Consequences.** The Parties agree to treat any indemnity payment pursuant to this Agreement as an adjustment to the purchase price for all tax purposes unless otherwise required by Law.

## **PART 12 TERMINATION, AMENDMENT AND WAIVER**

### **12.1 Termination**

This Agreement may be terminated at any time prior to Closing Time:

- (a) by written agreement between the Parties;
- (b) by either of the Parties, if the transactions contemplated by this Agreement have not been consummated by the Termination Date;
- (c) by either of the Parties (provided that the terminating Party is not then in material breach of any representation, warranty, agreement, term or covenant contained in this Agreement) if there has been a material breach of any representation, warranty, agreement, term or covenant contained in this Agreement on the part of the other Party and:
  - (i) such breach has not been cured by Closing Time; or
  - (ii) such breach has not been cured or best efforts are not being employed to cure such breach, within ten days after notice is given to the Party committing such breach;

- (d) by either of the Parties, if the mutual conditions precedent set forth in Part 7 have not been satisfied on or before the Termination Date (other than as a result of a breach of this Agreement by the terminating Party); or
- (e) by either of the Parties, if any of the conditions precedent for Closing for such Party's benefit have not been satisfied or waived on or before the Termination Date.

## **12.2 Notice of Termination**

Subject to Section 13.4, any termination of this Agreement pursuant to Section 12.1 shall be effective upon the delivery of notice by the terminating Party to the other Party.

## **12.3 Effect of Termination**

In the event of termination of this Agreement by either Party pursuant to Section 12.1, this Agreement shall forthwith become void and have no effect, with the exception of the confidentiality provisions of Section 5.7 as applicable, and there shall be no liability or obligation on the part of any Party to proceed with the transactions contemplated by this Agreement, except that none of the Purchaser, the Parent, the Vendor Parent or the Vendor Subsidiary shall be released or relieved from any liability arising from the breach by such Party of any of its representations, warranties, agreements, terms or covenants under this Agreement and Part 11 shall continue to apply to any such liability.

## **12.4 Amendment**

The Agreement may not be modified or amended except by an instrument in writing duly executed by or on behalf of all of the Parties.

## **12.5 Extension and Waiver**

At or any time prior to Closing Time, the Purchaser, the Parent, the Vendor Parent or the Vendor Subsidiary may to the extent legally allowed:

- (a) extend the time for the performance of any of the obligations or other acts of the other Parties;
- (b) waive any inaccuracies in the representations and warranties made by the other Parties; and/or
- (c) waive compliance with any of the agreements, covenants or conditions for the benefit of such Party contained herein.

Any agreement on the part of the Purchaser, the Parent, the Vendor Parent or the Vendor Subsidiary to any such extension or waiver shall be valid only if set forth in an instrument in writing signed on their behalf.

## **PART 13 GENERAL**

### **13.1 Expenses**

All costs and expenses incurred in connection with the preparation, negotiation, implementation and execution of this Agreement and the transactions contemplated by this Agreement and in obtaining any necessary Consents and Notices, shall be paid by the party incurring such expenses or required to obtain such Consents and Notices, as applicable.

### **13.2 Arbitration**

Any disagreement among the parties as to the interpretation or enforcement of this Agreement shall be resolved, failing agreement, by binding arbitration in accordance with the provisions of the *Arbitration Act* (British Columbia). The subject of all such arbitrations will be subject to any statutes of limitation applicable that would be applicable if the claims were litigated. All arbitration hearings will be conducted in Vancouver, British Columbia by an arbitrator agreed upon by the parties to the arbitration or, failing agreement, an arbitrator appointed under the *Arbitration Act* (British Columbia) upon application by any party for that purpose. In addition to all other powers, the arbitrator shall have the exclusive right to determine all issues of arbitrability. Judgment on any arbitration award may be entered in any court with jurisdiction. The cost of arbitration (other than a party's own costs) shall be borne equally by the parties.

### **13.3 Time**

Time shall be of the essence hereof.

### **13.4 Notices**

Any notice or other writing required or permitted to be given hereunder or for the purposes hereof shall be sufficiently given if delivered by courier or electronic transmission to the Party to whom it is given addressed to such Party at:

If to the Purchaser or the Parent:

Silver Dollar Resources Inc.  
179 – 2945 Jacklin Rd., Suite 416  
Victoria, British Columbia V9B 6J9

Attention: Michael Romanik, President and CEO  
Email: [romanikm@mymts.net](mailto:romanikm@mymts.net)

with a copy (not to constitute notice) at:

MLT Aikins LLP  
360 Main Street, 30<sup>th</sup> Floor  
Winnipeg, Manitoba R3C 4G1

Attention: W. Douglas Stewart  
Email: [dstewart@mltaikins.com](mailto:dstewart@mltaikins.com)

If to the Vendor Parent or the Vendor Subsidiary at:

Silver Valley Metals Corp.  
2110 – 650 West Georgia Street  
Vancouver, British Columbia V6B 4N8

Attention: Brandon Rook, CEO  
Email: [brandon@silvervalleymetals.com](mailto:brandon@silvervalleymetals.com)

or at such other address as the Party to whom such writing is to be given shall have last notified to the Party giving the same in the manner provided in this clause. Any notice delivered by courier or facsimile to the Party to whom it is addressed shall be deemed to have been given and received on the Business Day next following the day it was delivered or telecopied.

### **13.5 Further Assurances**

The Parties shall with reasonable diligence, do all such things and provide all such reasonable assurances as may be required to consummate the transactions contemplated by this Agreement, and each Party shall provide such further documents or instruments required by the other Party as may be reasonably necessary or desirable to give effect to the purpose of this Agreement and carry out its provisions whether before or after the Closing Date.

### **13.6 Enurement**

This Agreement and each of the terms and provisions hereof shall inure to the benefit of and be binding upon the Parties and their respective heirs, executors, administrators, personal representatives, successors and permitted assigns.

### **13.7 Assignment**

This Agreement and the rights, duties and obligations of any Party hereunder are not assignable without the prior written consent of the other Party hereto.

### **13.8 Counterparts**

This Agreement may be executed in any number of counterparts and may be signed and delivered by facsimile or other means of electronic communication producing a printed copy, each of which so signed shall be deemed to be an original. Such counterparts shall together constitute one and the same instrument and, notwithstanding the date of execution, shall be deemed to bear the date first written above.

### **13.9 Language**

This Agreement has been negotiated and executed in the English language. The Parties agree and acknowledge that the English version of this Agreement shall prevail over any translation of the Agreement to the extent permitted by applicable law.

***[Remainder of page intentionally left blank. Signature page to follow.]***



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

**SILVER DOLLAR RESOURCES INC.**

Per: /s/ Michael Romanik  
Authorized Signatory

**SILVER DOLLAR RESOURCES (IDAHO), INC.**

Per: /s/ Michael Romanik  
Authorized Signatory

**SILVER VALLEY METALS CORP.**

Per: /s/ Brandon Rook  
Authorized Signatory

**NORTH IDAHO MINING CORPORATION**

Per: /s/ Brandon Rook  
Authorized Signatory

**SCHEDULE "A"**  
**DESCRIPTION OF THE PROJECT LANDS**

**GOVERNMENT GULCH**

See Appendix 1.

**PAGE MINE**

See Appendix 2.

**SCHEDULE "B"**  
**CONTRACTS**

Government Gulch Agreement

Page Mine Agreement

**GOVERNMENT GULCH OPTION AND JOINT VENTURE AGREEMENT**

**AMONG**

**ORGANIMAX NUTRIENT CORP.**

**AND**

**NORTH IDAHO METALS INC.**

**AND**

**BLACKHAWK EXPLORATION LLC**

**JULY 20, 2021**

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## OPTION AND JOINT VENTURE AGREEMENT

THIS AGREEMENT made effective as of the 20<sup>th</sup> day of July, 2021

AMONG:

**ORGANIMAX NUTRIENT CORP.**, a company having its office at 14<sup>th</sup> Floor – 1040 West Georgia Street, Vancouver, British Columbia, V6E 4H1

(hereinafter referred to as “Organimax”)

OF THE FIRST PART

AND:

**NORTH IDAHO METALS INC.** a company incorporated pursuant to the laws of Delaware having an address at 750-1095 West Pender Street, Vancouver, B.C. V6E 2M6

(hereinafter referred to as the “Optionee”)

OF THE SECOND PART

AND:

**BLACKHAWK EXPLORATION LLC** an Idaho limited liability company having an address at P.O. Box 694, Hayden, Idaho, USA 83835

(hereinafter referred to as “Blackhawk”)

OF THE THIRD PART

WHEREAS:

A. Blackhawk is the legal and beneficial owner of an undivided 100% interest in the Property (as defined herein) located in the Silver Valley, Coeur d’Alene Mining District, Idaho, USA, as more particularly described in Schedule “A” hereto;

B. Blackhawk has agreed to grant to the Optionee the right and option to earn up to an undivided 75% right, title and interest in and to the Property (the “**Option**”) and that upon exercise of the Option, Blackhawk and the Optionee will either: a) form a joint venture (the “**Joint Venture**”) with respect to their interests in the Property, or b) the Optionee will purchase Blackhawk’s 25% interest in the Property, on the terms and conditions herein set out; and

C. This Agreement shall replace and supersede the letter of intent dated January 29, 2021 between Blackhawk and Organimax (the “LOI”).

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the mutual covenants and agreements herein contained the parties hereto mutually agree as follows:

1. **DEFINITIONS**

- (a) **"Accounting Procedure"** means the accounting procedure prescribed from time to time by the Management Committee;
- (b) **"Affiliate"** means any person controlled, directly or indirectly, by a party hereto;
- (c) **"Applicable Law"** means any domestic or foreign statute, law (including the common law), ordinance, rule, regulation, restriction, regulatory policy or guideline, by-law (zoning or otherwise), order, decree or proclamation, or any consent, exemption, approval or license, of any Governmental Authority, that applies, in whole or in part, to the parties, the Participants or the Property, or that applies to the acquisition, maintenance or exploration of mineral tenures and the land subject thereto, or to the exploitation, extraction, processing, transportation, sale or export of minerals, Ore or Products in Ontario;
- (d) **"Assets"** means the Property, Other Tenements, Facilities, Mineral Products and Supplies and all other assets acquired or held by the Participants with respect thereto or pursuant to this Agreement as the same may exist from time to time;
- (e) **"Associated Company"** means:
  - (i) any corporation which owns directly or through any other means more than 30% of the outstanding capital stock of a party hereto,
  - (ii) any corporation of which a party hereto owns directly or through any other means more than 30% of the outstanding capital stock, and
  - (iii) any corporation of which either of the corporations referred to in paragraphs (i) and (ii) owns directly or through any other means more than 30% of the outstanding capital stock;
- (f) **"Commercial Production"** means the commercial exploitation of Mineral Products from the Property or any part thereof as a mine subsequent to a Production Program but does not include milling for the purpose of testing or milling by a pilot plant. Commercial Production shall be deemed to have commenced:
  - (i) if a plant is located on the Property, on the first day following the first period of 45 consecutive days during which Mineral Products

have been produced from the Property at an average rate not less than 80% of the initial design rated capacity of the Facilities, or

- (ii) if no plant is located on the Property, on the first day of the month following the first period of 45 consecutive days during which Mineral Products have been shipped from the Property on a reasonably regular basis for the purpose of earning revenue;
- (g) **“Cost Share”** means the respective share of Costs and other liabilities to be borne by each Participant under this Agreement, and will be pro rata to the respective Interests of each Participant as determined from time to time;
- (h) **“Costs”** means Expenditures, Program Overruns, Production Program Costs, Production Program Overruns and Operating Costs, as applicable;
- (i) **“Creditors”** means the creditors of the Company with registered encumbrances against the Property listed on Schedule “C”
- (i) **“Earn-in Period”** means the period commencing the Effective Date and ending on the Participation Date;
- (j) **“Effective Date”** means the date on which this agreement is fully executed being July 20, 2021;
- (k) **“Environmental Laws”** means any Applicable Law with respect to environmental protection or regulating Hazardous Materials or which regulates or provides for liabilities with respect to pollution, the release into the environment of, or the exposure to, Hazardous Materials as such Applicable Laws existed from time to time up to the date of this Agreement;
- (l) **“Expenditures”** means, without duplication, all costs, expenses, obligations and liabilities of whatever kind or nature actually and directly or indirectly incurred by the Optionee relating directly or indirectly to the Property and the exploration or development thereof from the date of the LOI up to the Participation Date, and thereafter by a Participant up to the implementation of the Production Program, in connection with the acquisition, exploration and development of the Property, including without limiting the generality of the foregoing, monies expended on government fees, taxes and charges for licenses with respect to the Property, maintaining the Property in good standing by doing and filing assessment work, in doing geophysical, geochemical and geological surveys, drilling, drifting and other underground work, assaying and metallurgical testing and engineering, due diligence expenses incurred by Organimax, phase 1 environmental assessment expenses, expenses associated with building a 3\_D model and website, corporate branding expenses, expenses associated with integrating geological models into presentations, expenses associated with preparatory work conducted by Organimax’s General Manger, marketing and public relations work, monies expended in acquiring





Facilities, in paying the fees, wages, salaries, travelling expenses, and fringe benefits (whether or not required by law) of all persons engaged in work with respect to and for the benefit of the Property, in paying for the food, lodging and other reasonable needs of such persons and including all costs at prevailing charge out rates for any personnel or officers of the Operator who from time to time are engaged directly in work on the Property, such rates to be in accordance with industry standards, and a charge made by the Operator as described in subparagraph 12.1;

- (m) **“Facilities”** means all mines, plants and facilities including without limitation, all pits, shafts, haulage ways, and other underground workings, and all buildings, plants, facilities and other structures, fixtures and improvements, and all other property, whether fixed or moveable, as the same may exist at any time, in or on the Property and relating to the operation of the Property as a mine, or outside the Property if for the exclusive benefit of the Property only;
- (n) **“Feasibility Report”** means a detailed report prepared in compliance with National Instrument 43-101 as amended from time to time or any successors thereto, showing the feasibility of placing all or any part of the Property into Commercial Production at an acceptable rate of return on capital, in such form and detail as is customarily required by institutional lenders of major financing for mining projects, and shall include a reasonable assessment of the mineable ore reserves and their amenability to metallurgical treatment, a complete description of the work, equipment and supplies required to bring the Property into Commercial Production and the estimated cost thereof, a description of the mining methods to be employed and a financial appraisal of the proposed operations supported by detailed explanations of the information set out in subsection 14.1;
- (o) **“Governmental Authority”** means any domestic or foreign government, whether federal, provincial, state or municipal, and any branch, department or ministry thereof, or any governmental agency, governmental authority, governmental tribunal, board or commission of any kind whatever;
- (p) **“Hazardous Materials”** means any explosive, radioactive materials, asbestos material, urea formaldehyde, hydrocarbon contaminants, underground tanks, pollutants, contaminants, hazardous, corrosive or toxic substance or special waste of any kind, including without limitation, compounds known as chlorobiphenyls, and any substance the storage, manufacture, disposal, treatment, generation, use, transport, remediation or release into the environment of which is prohibited, regulated or licensed under any Environmental Laws;
- (q) **“Interest”** means the undivided beneficial percentage interest of the Optionee prior to the Participation Date or a Participant in the Assets and

shall be equal to its beneficial interest in the Property as determined pursuant to this Agreement;

- (r) **“Joint Venture”** means the Joint Venture created by this Agreement on the Participation Date among the Participants with respect to the Property;
- (s) **“Letter Agreement”** means the Letter Agreement between Blackhawk and Organimax dated January 31, 2021;
- (t) **“Management Committee”** means a committee formed pursuant to Section 15 of this Agreement;
- (u) **“Mineral Products”** means minerals derived for the account of the individual Participants from operating the Property as a mine to which has been applied the least number of treatments or processes necessary to render the minerals into a substance or state for which there is a commercially significant market involving arm’s length sales or purchases between unrelated parties;
- (v) **“Net Smelter Returns Royalty”** means the royalty which may be payable to a party to the Joint Venture whose interest is diluted to less than a 10% interest pursuant to subsection 10.5 calculated and paid in accordance with Schedule “B” hereof;
- (w) **“Operating Costs”** means, for any period after commencement of Commercial Production in respect of the Property, all costs, expenses, obligations, liabilities and charges of whatsoever kind or nature actually incurred or chargeable, directly by the Operator in connection with the operation of the Property as a mine during such period, which costs, expenses, obligations, liabilities and charges include, without duplication and without limiting the generality of the foregoing, the following:
  - (i) all costs of or related to the mining and concentrating of ores or other products and the operation of the Facilities and all costs of or related to marketing of Mineral Products including transportation, commissions and/or discounts,
  - (ii) such amount of cash for working capital as, in the opinion of the Operator, is required for the operation of the Property as a mine,
  - (iii) all costs of or related to operating employee facilities, including housing,
  - (iv) all duties, charges, levies, royalties, taxes (excluding taxes levied on the income of the Participants) and other payments imposed by any government or municipality or department or agency thereof upon or in connection with operating the Property as a mine,

- (v) fees, wages, salaries, travelling expenses and fringe benefits (whether or not required by law) of all persons directly engaged in respect of and for the benefit of the Property and all costs involved in paying for the food, lodging and other reasonable needs of such persons,
- (vi) a fee made by the Operator in accordance with subparagraph 12.1(e) for unallocable overhead costs,
- (vii) all costs of consulting, legal, accounting, insurance and other services,
- (viii) all exploration expenditures incurred after commencement of Commercial Production,
- (ix) all capital costs of operating the Property as a mine including all costs of construction, equipment and mine development including maintenance, repairs and replacements, and any capital expenditures relating to an improvement, expansion, modernization or replacement of the Facilities,
- (x) all costs for pollution control, reclamation costs and any other related costs incurred or to be incurred in connection with the operation of the Property as a mine including bonds or deposits for such costs required by any governmental authority or agency,
- (xi) any costs or expenses incurred or to be incurred relating to the termination of the operation of the Property as a mine,
- (xii) uninsured losses on the Facilities,
- (xiii) all costs of maintaining in good standing or renewing from time to time the Property and Assets or any interest therein, including payment of all government royalties and taxes of any nature whatsoever in connection therewith,

less the amount of all insurance recoveries and settlements received during such period to the extent such recoveries and settlements were not deducted in any previous period and, except where specific provision is made otherwise, all Operating Costs will be determined in accordance with generally accepted accounting principles applied consistently from year to year but such costs will not include any amount in respect of amortization of the Costs, depletion or depreciation;

- (x) **“Operating Plan”** means a plan presented by the Operator pursuant to subsection 18.2;

- (y) **“operating the Property as a mine”** or **“operation of the Property as a mine”** means any or all of the mining, milling, leaching, smelting, and refining of ores, minerals, metals or concentrates derived from the Property after commencement of Commercial Production;
- (z) **“Operator”** means the Participant acting as operator pursuant to this Agreement after the Participation Date subject to the authority of the Management Committee and the provisions of Section 11;
- (aa) **“Option”** means the option granted to the Optionee by Blackhawk pursuant to this Agreement;
- (bb) **“Ore”** means all materials from the Property, the nature and composition of which, in the sole judgment of the Operator, justifies either:
  - (i) mining or removing from place and shipping and selling such material, or delivering such material to a processing plant for physical or chemical treatment, or
  - (ii) leaching such material in place;
- (cc) **“Other Tenements”** means all surface water, access and other non-mineral rights of and to any lands within or outside the Property including surface rights held in fee or under lease, licence, easement, right of way or other rights of any kind (and all renewals, extensions and amendments thereof or substitutions therefor) acquired by or on behalf of the Participants with respect to the Parties;
- (dd) **“Participant”** means, after the Participation Date, either the Optionee or Blackhawk, as the context requires, and its successors and permitted assigns and **“Participants”** means collectively the Optionee and Blackhawk and their successors and permitted assigns;
- (ee) **“Participation Date”** means the date upon which the Optionee, subsequent to having exercised the Option, elects to cause the Optionee and Blackhawk to enter into the Joint Venture;
- (ff) **“Person”** means an individual, corporation, partnership, body corporate, trust, joint venture or any other form of enterprise or legal entity or Governmental Authority;
- (gg) **“Prime Rate”** means at any particular time the annual rate of interest announced from time to time by Royal Bank of Canada, main branch, Vancouver, British Columbia as a reference rate then in effect for determining floating rates of interest on Canadian dollar loans made in Canada and as to which from time to time a certificate of an officer of Royal Bank of Canada shall be conclusive evidence.

- (hh) **Product** means:
- (i) all Ore shipped and sold prior to treatment, and
  - (ii) all concentrates, precipitates and products produced by or for the Operator from Ore;
- (ii) **“Production Program”** means any Program contemplating achievement of Commercial Production pursuant to a Feasibility Report;
- (jj) **“Production Program Costs”** means all cash, outlays and expenses, obligations and liabilities of whatever kind or nature spent or incurred directly or indirectly by the Participants in connection with a Production Program in order to equip the Property for and to commence Commercial Production including working capital required for the initial four month operation of the Property as a mine or such longer period as may be reasonably justified in the circumstances, and including the unallocable overhead charge made by the Operator under subparagraph 12.1(e);
- (kk) **“Production Program Overruns”** means all Production Program Costs which exceed those estimated under a Production Program;
- (ll) **“Program”** means, as the context requires:
- (i) any program and budget to carry out work and incur Expenditures on the Property in an amount at least sufficient to satisfy the requirements of the licenses or permits issued in connection with the Property;
  - (ii) with respect to the Joint Venture, any program and budget to carry out work and incur Expenditures within the Property;
  - (iii) the preparation of any Feasibility Report and the preparation of any Production Program;
- (mm) **“Program Overruns”** means all Expenditures which exceed those estimated under a Program;
- (nn) **“Property”** means the mineral properties located in the Silver Valley, Idaho as more particularly described in Schedule “A” hereto, together with the Other Tenements, surface rights, mineral rights, personal property and permits associated therewith and shall include any renewal thereof and any other form of successor or substitute title thereto or tenure derived from such licenses, surface rights, mineral rights and Other Tenements;
- (oo) **“Supplies”** means all tangible personal property of a non-capital nature (other than Mineral Products or Facilities) acquired or held by the Participants with respect to the Property;



2. **REPRESENTATIONS, WARRANTIES AND COVENANTS**

2.1 Each of Blackhawk, Organimax and the Optionee hereby severally represents and warrants to the other that:

- (a) it is a company duly incorporated, organized and validly subsisting in good standing under the laws of its incorporating jurisdiction and, if so required, is or will be qualified either directly or through a subsidiary to carry on business in the jurisdiction in which the Property is situated;
- (b) it has full power and authority to carry on its business and to enter into and perform its obligations under this Agreement and any agreement or instrument referred to or contemplated by this Agreement;
- (c) all necessary corporate and shareholder approvals have been obtained and are in effect with respect to the transaction contemplated hereby, and no further action on the part of the directors or shareholders is necessary or desirable to make this agreement valid and binding on it;
- (d) neither the execution and delivery of this Agreement nor any of the agreements referred to herein or contemplated hereby, nor the consummation of the transactions hereby contemplated conflict with, result in the breach of or accelerate the performance required by, any agreement to which it is a party;
- (e) the execution and delivery of this Agreement and the agreements contemplated hereby will not violate or result in the breach of the laws of any jurisdiction applicable or pertaining thereto or of its constating documents; and
- (f) there are no consents, approvals or conditions precedent to its performance under this Agreement which have not been obtained.

2.2 Blackhawk hereby represents, warrants and covenants with the Optionee and Organimax that:

- (a) Blackhawk is qualified to hold and dispose of interests in, and to explore, develop and exploit, mining properties in Idaho;
- (b) the Property is accurately described in Schedule "A" attached hereto, is in good standing under Applicable Laws, is free and clear of all liens, charges, options, leases, contractual commitments and encumbrances and is not subject to any claims against its validity by any Person;
- (c) Blackhawk is the registered owner of the Property and holds a one hundred percent (100%) beneficial right, title and interest in and to the Property, subject only to the Applicable Laws and holds all permits, licenses, registrations and applications required to hold the Property;



- (d) Blackhawk has the exclusive right to enter into this Agreement and, subject to Applicable Law, all necessary authority to dispose of an interest in and to the Property in accordance with the terms of this Agreement;
- (e) no Person has any proprietary or possessory interest in the Property other than the applicable Governmental Authorities in Idaho and the Optionee hereunder, and no Person is entitled to any royalty or other payment in the nature of rent or royalty on any ore or product;
- (f) the interest of Blackhawk is free and clear of any mortgages, liens, charges, pledges, security interests, encumbrances or other claims of any description and no Person has any right, agreement, option or understanding, commitment or privilege capable of becoming an agreement for the purchase from Blackhawk of any interest in or to the Property;
- (g) there is no public or private litigation, arbitration, proceeding or other governmental investigation pending or threatened involving any of the Property, or Blackhawk which may materially and adversely affect the Property or the interests of Blackhawk therein or which seeks to or would, if successful, prevent, restrain or prohibit any of the transactions contemplated herein;
- (h) except as to matters otherwise disclosed in writing to the Optionee and Organimax prior to the date of this Agreement:
  - (i) to the best of Blackhawk's knowledge, the conditions existing on or related to the Property and its ownership of and operations in respect of the Property are in compliance with, and are not in violation of, any Applicable Laws (including without limitation any Environmental Laws), nor are they causing or permitting any damage (including Environmental Damage, as defined below) or impairment to the health, safety, or enjoyment of any person at or on the Property or in the general vicinity of the Property;
  - (ii) to the best of Blackhawk's knowledge, and except as disclosed in writing to Organimax and Optionee in writing prior to the Effective Date, there have been no past violations by it or by any of its predecessors in title of any Environmental Laws or other Applicable Laws affecting or pertaining to the Property, nor any past creation of damage or threatened damage to the air, soil, surface waters, ground water, flora, fauna, or other natural resources on, about or in the general vicinity of the Property ("**Environmental Damage**");
  - (iii) to the best of Blackhawk's knowledge, no Hazardous Materials or other materials used in or generated by the use of the Property have been or are currently placed, used, stored, treated, manufactured,

- disposed of, released discharged, spilled or emitted in material violation of any Environmental Laws;
- (iv) there is no agreement or consent order to which Blackhawk is a party relating to any environmental matter relating to any of the Property and to the best of Blackhawk's knowledge (after due enquiry), no such agreement is necessary for the continued compliance with Environmental Laws;
  - (v) there have been no orders issued or threatened and no investigations conducted, taken or threatened under or pursuant to Environmental Laws with respect to any of the Property of which Blackhawk is aware. Blackhawk is not aware of any circumstances or events that have any reasonable prospect of resulting in any claim, action or other proceeding with respect to Environmental Damage or in an order or investigation under any Environmental Laws; and
  - (vi) Blackhawk has not received inquiry from or notice of a pending investigation from any governmental agency or of any administrative or judicial proceeding concerning the violation of any Applicable Laws or Environmental Laws;
- (i) there are no outstanding orders or directions relating to environmental matters requiring any work, repairs, construction or capital expenditures with respect to the Property and the conduct of the operations related thereto, it has not received any notice of the same and it is not aware of any basis on which any such orders or direction could be made;
  - (j) To the best of Blackhawk's knowledge all previous work done by it or any Associated Companies or affiliates and any parties authorized by it or its Associated Companies or affiliates has been in accordance with Applicable Laws and Environmental Laws and sound mining, environmental and business practices;
  - (k) all filings, payments and recordings required to be made with any Governmental Authority to maintain the Property in good standing have been made and all work requirements to be met to maintain the Property in good standing have been met and, to the best of Blackhawk's knowledge, no default has been alleged in respect thereto; and
  - (l) Blackhawk has delivered or made available to the Optionee and Organimax all material information concerning the Property in its possession or control and it is not aware of any material fact or circumstance which has not been disclosed to the Optionee or Organimax which should be disclosed in order to prevent the representations and warranties in this section from being misleading or which may be material in the Optionee's and Organimax's decision to enter into this agreement and acquire an interest in the Property.





2.3 The representations and warranties hereinbefore set out are conditions on which the Participants have relied in entering into this Agreement and each of the Participants will indemnify and save the other harmless from all loss, damage, costs, actions and suits arising out of or in connection with any breach of any representation, warranty, covenant, agreement or condition made by it and contained in this Agreement.

3. **COVENANTS OF BLACKHAWK**

3.1 During the Earn in Period, Blackhawk covenants and agrees with the Optionee and Organimax to:

- (a) not do any act or thing which would in any way adversely affect the rights of the Optionee hereunder;
- (b) make available to the Optionee and its representatives all records and files in its possession relating to the Property and permit the Optionee and its representatives, at their own expense, to take abstracts therefrom and make copies thereof;
- (c) cooperate as reasonably necessary with the Optionee to assist the Optionee in obtaining any surface, water or other rights on or related to the Property as the Optionee deems desirable;
- (d) promptly provide the Optionee with any and all notices and correspondence received by Blackhawk from Governmental Authorities in respect of the Property;
- (e) to the extent possible under Applicable Law, record or otherwise give notice of this Agreement as necessary to protect the rights of the Optionee hereunder from third parties;
- (f) execute and deliver to the Optionee or its Affiliates such powers of attorney, consents and authorizations as are, in the opinion of counsel to the Optionee, necessary or desirable to permit the Optionee to carry out activities on or with respect to the Property as contemplated hereunder; and
- (g) discharge the Mortgage in full forthwith and in any event within 3 days of receiving the cash payment referred to in paragraph 5.1(a)(i) of this Agreement.

4. **PRE-PARTICIPATION PROGRAMS**

4.1 In carrying out work on the Property and incurring Expenditures during the Earn in Period the Optionee will:

- (a) make all payments, pay all taxes and complete all necessary assessment and other work obligations and take such other steps as may be required to

maintain the Property in good standing under Applicable Laws and prepare and file, in a timely manner, all necessary reports concerning the Property and work thereon as required by the applicable Governmental Authorities;

- (b) keep the Property free and clear of all liens, charges and encumbrances of every character arising from its operations hereunder (except for liens for taxes not yet due, other inchoate liens and liens contested in good faith by the Optionee) and proceed with all reasonable diligence to contest or discharge any lien that is filed;
- (c) permit representatives of Blackhawk or its affiliates duly authorized in writing, at their own risk and expense, upon 24 hours written notice, access to the Property and to all data prepared by the Optionee in connection with work done on or with respect to the Property and to all drill core produced by or on behalf of the Optionee from the Property, provided that in exercising such right such representatives will not unreasonably interfere with the activities of the Optionee and that Blackhawk will indemnify and save harmless the Optionee and its Affiliates and their respective directors, officers, employees and agents from and against all and any costs, losses, damages, expenses, claims, suits, actions and demands of any kind or nature whatsoever in any way referable to or arising out of the entry, presence or activities of such representatives in connection with their access to the Property and the records of the Optionee under this paragraph (c), including, without limitation, bodily injuries or death or damage to property at any time resulting therefrom;
- (d) maintain records and accounts in respect of Expenditures in accordance with generally accepted accounting principles;
- (e) prepare and deliver to Blackhawk during periods of active field work, timely current reports and information on any material results obtained, accompanied by copies of all relevant data, reports and other information concerning such results;
- (f) conduct all work on or with respect to the Property in a careful and workmanlike manner in accordance with Applicable Law, including, without limitation, all Environmental Laws;
- (g) pay, when due and payable, all wages or salaries for services rendered in connection with the Property and all accounts for materials supplied on or in respect of any work or operations performed in connection therewith; and
- (h) to the extent reasonably obtainable, obtain and maintain, and cause any contractor or subcontractor to obtain and maintain, for the benefit of Blackhawk and the Optionee, during any period in which active work is carried out on the Property, adequate insurance.



4.2 During the Earn in Period, Organimax and the Optionee and their directors, officers, employees, agents and independent contractors, and those of its affiliates, will, subject to Applicable Law, have the sole, exclusive right to:

- (a) enter upon the Property;
- (b) have exclusive and quiet possession thereof;
- (c) do such prospecting and exploration work thereon and thereunder as the Optionee in its sole discretion may deem advisable;
- (d) bring and erect upon the Property such Facilities as the Optionee deems advisable;
- (e) remove from the Property and sell or otherwise dispose of reasonable amounts of Product, but only for the purpose of bulk sampling or other testing; and
- (f) surrender such portions of the concession(s) comprised in the Property as it in its sole discretion may deem appropriate as and when required, or to the extent permitted by, Applicable Law in accordance with subsection 4.3.

4.3 The Optionee will, subject to any restrictions contained in Applicable Law, have the unfettered right at any time and from time to time prior to the Participation Date to surrender all or a portion of the ground comprised within the Property (the "**Surrendered Ground**") by delivering a notice of its intention to do so to Blackhawk, accompanied by copies of all relevant information not previously delivered to Blackhawk with respect to such Surrendered Ground, at least sixty (60) days prior to the proposed surrender, such notice to list the proposed Surrendered Ground. If, within thirty (30) days of receipt of such notice, Blackhawk delivers to the Optionee a notice (the "**Reacquisition Notice**") stating Blackhawk's desire to reacquire all or part of the Surrendered Ground, the Optionee will deliver to Blackhawk, to the extent such parts are transferable tenures, duly executed and recordable quitclaims in favour of Blackhawk of such part of the Surrendered Ground as Blackhawk has set forth in the Reacquisition Notice. Upon delivery of such quitclaims, and upon surrender of any of the Surrendered Ground not quitclaimed to Blackhawk, the Optionee will have no further obligations in respect of the Surrendered Ground, save and except:

- (a) as set forth in subparagraphs 6.1(a), 6.1(b) and 6.1(c) with respect to the Surrendered Ground quitclaimed to Blackhawk; and
- (b) as set forth in subparagraphs 6.1(a)(iii) and 6.1(a)(iv) and subparagraphs 6.1(b) and 6.1(c) with respect to Surrendered Ground not quitclaimed to Blackhawk;

unless all the ground comprised in the Property is surrendered, in which case the Option will terminate and all obligations of the Optionee hereunder will be terminated and the provisions of subsection 6.1 will apply. To the extent that it is necessary to modify or



amend the title documents with respect to the Property, or to surrender existing or to locate new concessions in order to give effect to such surrenders, the parties will, at the expense of the Optionee, co-operate and take the necessary steps to do so.

4.4 Upon the Creditors discharging their encumbrances against the Property Blackhawk shall deliver to the Optionee duly executed transfers of all interest in the Property in favour of the Optionee which transfers may be recorded by the Optionee in its sole discretion, it being understood that such transfers of legal and recorded title to the Property will be for administrative convenience only, and that a beneficial interest in the Property will only pass to the Optionee on the Participation Date in accordance with the terms of this Agreement.

5. **OPTION**

5.1 Blackhawk hereby grants to the Optionee the sole and irrevocable right and option (the "**Option**") to earn a seventy-five percent (75%) Interest by paying to Blackhawk a non-refundable deposit of \$20,000, the previous receipt of which is acknowledged by Blackhawk, and by :

- (a) the Optionee paying to Blackhawk \$630,000 as follows:
  - (i) the sum of two hundred and thirty thousand dollars (\$230,000) on or before three (3) days after the Effective Date;
  - (ii) subject to paragraph 5.2, an additional one hundred and fifty thousand dollars (\$150,000) on or before the first anniversary of the Effective Date; and
  - (iii) an additional two hundred and fifty thousand dollars (\$250,000) on or before the second anniversary of the Effective Date.
- (b) the Optionee incurring an aggregate of three million (\$3,000,000) in Expenditures, as follows:
  - (i) six hundred thousand dollars (\$600,000) on or before the first anniversary of the Effective Date;
  - (ii) an additional six hundred thousand dollars (\$600,000) on or before the second anniversary of the Effective Date;
  - (iii) an additional one million two hundred thousand (\$1,200,000) on or before the third anniversary of the Effective Date; and
  - (iv) an additional six hundred thousand dollars (\$600,000) on or before the fourth anniversary of the Effective Date.

Any excess in Expenditures incurred in any period may be carried forward against Expenditures due to be incurred in the next period and accordingly at the Optionee's election the Option may be exercised on an accelerated basis. If, in a given period in section 5.1(b), the Optionee fails to incur sufficient Expenditures, the Optionee will nevertheless be deemed to have satisfied section 5.1(b) if the Optionee pays to Blackhawk an amount which is equal to the difference between the Optionee's actual Expenditures and the amount set out in the applicable section relating to such given period in section 5.1(b). Expenditures that are incurred in Canadian funds shall be converted into United States currency at the rate prescribed by the Bank of Canada on the date such Expenditures were incurred.

5.2 If the Optionee fails to comply in full with any of the provisions in subsection 5.1, then Blackhawk may give notice of default to the Optionee. If the Optionee does not cure such default within thirty (30) days of receipt of such notice, then Blackhawk may terminate the Option.

5.3 Upon the Optionee having complied in full with the provisions of subsection 5.1, the Option will have been exercised and the Optionee will have earned an undivided seventy-five percent (75%) Interest and Blackhawk will take the necessary actions to transfer to the Optionee, or register the assignment to the Optionee of an undivided seventy-five percent (75%) legal and beneficial right, title and interest in and to the Property..

## 6. OBLIGATIONS AFTER TERMINATION OF THE OPTION

6.1 If this Agreement is terminated for any reason whatsoever prior to the exercise of the Option, this Agreement, including the Option, but excluding this Section 6 (which will continue in full force and effect for so long as is required to give full effect to the same) will be of no further force and effect except that the Optionee will:

- (a) leave the Property:
  - (i) in good standing under Applicable Law as at the effective date of termination,
  - (ii) free and clear of all liens, charges and encumbrances arising from this agreement or its operations hereunder,
  - (iii) in a safe and orderly condition, and
  - (iv) in a condition which is in compliance with all Applicable Laws with respect to the reclamation and restoration of the Property required as a result of the work by the Optionee thereon;
- (b) deliver to Blackhawk, within sixty (60) days of termination, a report on all work carried out by the Optionee on the Property (limited to factual matters only) together with copies of all sample location maps, drillhole assay logs,

assay results and other technical data compiled by the Optionee with respect to work on the Property not previously delivered to Blackhawk and make available to Blackhawk, at the place of storage, all drill core produced by the Optionee from the Property;

- (c) have the right to remove from the Property, within six (6) months of the effective date of termination, all Supplies and Facilities erected, installed or brought upon the Property by or at the instance of the Optionee or its affiliates, provided that any such Supplies and Facilities not removed by the Optionee will thereupon become the property of Blackhawk; and
- (d) deliver to Blackhawk a duly executed quitclaim (or other applicable document under Idaho law) of all right, title and interest of the Optionee in and to the Property in favour of Blackhawk.

7. **OPTION ONLY**

7.1 The Optionee's payment of money under subparagraph 5.1(a) and competing the Expenditures under subparagraph 5.1 (b), all in respect of the Option (collectively, the "**Option Requirements**") are each optional at the Optionee's sole discretion, and the Optionee is not obligated to complete the Option Requirements. However, if the Optionee fails to complete any of the Option Requirements within the time limits specified herein, then Blackhawk may terminate the Option. in accordance with subsection 5.3 and the Optionee will thereupon have no further right to earn any Interest therein.

7.2 At any time prior to the exercise of the Option, the Optionee will have the right to terminate this Agreement and the Option by giving written notice prior to the Effective Date or sixty (60) days' written notice after the Effective Date to that effect to Blackhawk.

7.3 A notice to Blackhawk accompanied by:

- (a) a certificate of a senior officer of the Optionee certifying that the amount of Expenditures for a period specified in subsection 4.1 has been made; and
- (b) a reasonably itemized statement of such Expenditures;

will be conclusive evidence of the making thereof unless Blackhawk delivers to the Optionee a notice reasonably questioning the accuracy of such statement within sixty (60) days of the receipt by Blackhawk thereof. The certificate, notice and itemized statement of Expenditures will be delivered to Blackhawk by the Optionee not later than thirty (30) days from the expiration of each period set out in subsection 5.1. Upon delivery by Blackhawk of a notice reasonably questioning the accuracy of any such certificate, the matter will be referred to the auditor of the Optionee (or, if the Optionee then has no auditor, to the auditor of Blackhawk or an auditor mutually agreeable to the parties) for final determination. If such auditor determines that the Optionee has not spent the required

Expenditures within the particular time specified in subsection 5.1 the Optionee will not lose any of its rights hereunder and the Option will not terminate if the Optionee pays to Blackhawk, within thirty (30) days of receipt of the auditor's determination, one hundred percent (100%) of the deficiency in such Expenditures (all of which, if paid in a timely manner, will be deemed to be Expenditures). The costs of such audit will be for the account of Blackhawk unless such auditor determines that the Optionee has not spent the required Expenditures, in which case the costs of such audit will be for the account of the Optionee.

**8. ELECTION TO PURCHASE OR JOINT VENTURE**

8.1. The Optionee shall have 60 days from the date that the Option is exercised to elect by notice in writing to Blackhawk to either: a) purchase Blackhawk's 25% interest in accordance with the provisions of subsection 8.2 below, or b) cause Blackhawk and the Optionee to enter into the Joint Venture on the terms and conditions provided for in Section 9 and subsequent sections of this Agreement. In the event that the Optionee fails to make the election in accordance with the aforementioned written notice the parties will enter into the Joint Venture.

8.2 Within 30 days of the Optionee exercising the Option the Optionee shall have the right, subject to subsection 8.1 above, to elect to purchase Blackhawk's 25% interest in the Property at a price to be negotiated between the Optionee and Blackhawk with both parties acting diligently and in good faith to arrive at a mutually acceptable purchase price within 30 days of such notice to purchase Blackhawk's 25% interest in the Property. In the event that the Optionee and Blackhawk cannot come to agreement on the purchase price the Optionee may, at its option, do one of the following: (i) pay Blackhawk \$2,250,000, (ii) pay \$1,000,000 and cause to be issued to Blackhawk \$1,250,000 worth of shares of the Optionee, such shares to be priced at the 20-day volume weighted average price (the "VWAP") of the Optionee's shares trading on the TSX Venture Exchange or such other public stock exchange on which the Optionee's shares trade following the date that the Optionee elects to cause shares of the Optionee to be issued to purchase Blackhawk's 25% interest; or (iii) if Blackhawk so requests, cause to be issued to Blackhawk \$2,250,000 worth of shares of the Optionee, such shares to be priced at the 20-day volume weighted average price (the "VWAP") of the Optionee's shares trading on the TSX Venture Exchange or such other public stock exchange on which the Optionee's shares trade following the date that the Optionee causes such shares of the Optionee to be issued to purchase Blackhawk's 25% interest. Shares of the Optionee issued under this paragraph will have a four-month Canadian restrictive legend and a U.S. regulatory restrictive legend. The Optionee will assist Blackhawk in establishing a brokerage account in Canada to facilitate Blackhawk's ability to remove the U.S. legend to enable Blackhawk to sell shares of the Optionee that Blackhawk receives.

**9. FORMATION OF JOINT VENTURE**

9.1 In the event that the Optionee elects in accordance with subsection 8.1 to cause Blackhawk and the Optionee to enter into the Joint Venture, the Joint Venture will be formed and Blackhawk and the Optionee will become associated as joint venturers under



this Agreement for the following limited functions and purposes to carry out work on the Property in accordance with the terms of this Agreement:

- (a) to further explore and, if deemed warranted, to develop the Property, to obtain one or more exploration concessions, mining or exploitation leases or licences in respect thereof and equip all or part thereof for Commercial Production;
- (b) to operate the Property or any portion thereof as a mine; and
- (c) to engage in such other activity as may be considered by the Participants to be necessary or desirable in connection with the foregoing.

9.2 After the Participation Date, all transactions, contracts, employments, purchases, operations, negotiations with third parties and any other matter or act undertaken on behalf of the Participants in connection with the Assets shall be done, transacted, undertaken or performed in the name of the Operator only, and no Participant shall do, transact, perform or undertake anything in the name of the other Participants or in the joint names of the Participants.

9.3 After the Participation Date, the rights and obligations of the Participants shall be, in each case, several, and shall not be or be construed to be either joint or joint and several. Nothing contained in this Agreement shall, except to the extent specifically authorized hereunder, be deemed to constitute a Participant, a partner, an agent or legal representative of any other Participant. It is intended that this Agreement shall not create the relationship of a partnership between the Participants and that no act done by any Participant pursuant to the provisions hereof shall operate to create such a relationship.

9.4 Except as otherwise expressly set out herein, after the Participation Date, each Participant shall be solely liable for its Cost Share of Costs and any other costs associated with the exploration, development or operation of the Property at such time as the liability is incurred by the Operator. Each Participant shall be solely liable for its Cost Share of any debts, liabilities or obligations arising from operations hereunder if approved by the Management Committee or otherwise authorized hereunder.

9.5 Each Participant, in proportion to its Interest, shall indemnify and hold harmless the other Participant from any claim of or liability to any third person asserted upon the ground that any action taken under this Agreement has resulted in or will result in any loss or damage to such third person, to the extent, but only to the extent, that such claim or liability is paid by such other Participant in an amount in excess of such other Participant's Interests.

9.6 Each Participant shall devote such time as may be required to fulfil any obligation assumed by it hereunder but, except for the Participants' respective obligations hereunder in relation to the Property in connection with the Joint Venture affecting the Property:



- (a) each Participant shall be at liberty to engage in any other business or activity outside the Joint Venture constituted hereby, including the ownership and operation of any other mining permits, licenses, claims and leases;
- (b) no Participant shall be under any fiduciary or other obligation to any other Participant which shall prevent or impede such Participant from participating in, or enjoying the benefits of, competing endeavours of a nature similar to the business or activity undertaken by the Participants hereunder; and
- (c) the legal doctrines of "corporate opportunity" or "business opportunity" sometimes applied to persons occupying a relationship similar to that of the Participants shall not apply with respect to participation by any Participant in any business activity or endeavour outside the Joint Venture constituted hereby, and, without implied limitation, a Participant shall not be accountable to any other Participant for participation in any such business activity or endeavour outside the Joint Venture constituted hereby which is in direct competition with the business or activity undertaken by the Joint Venture.

**10. INTEREST OF PARTICIPANTS**

10.1 The Participants shall have such Interest as is determined from time to time in accordance with subsections 10.3 and 10.4.

10.2 The Participants will, on the Participation Date, be deemed to have the following respective Interests in the Property and initial deemed Expenditures as at the Participation Date:

<b>Participant</b>	<b>Interest</b>	<b>Deemed Expenditures</b>
Optionee	75%	\$3,000,000
Blackhawk	25%	\$1,000,000

10.3 For the purposes of subsections 14.4, 14.8, 15.25.2, 15.7 and 15.8 the percentage level of each Participant's Interest in the Property shall be adjusted from time to time as being equal to the product obtained by multiplying 100% by a fraction of which the numerator is the amount of such Participant's contributions or deemed contributions to Costs on the Property since the Participation Date, plus the deemed Expenditures calculated pursuant to subsection 10.2 for such Participant and the denominator of which is the amount of all contributions or deemed contributions to the Costs by all Participants since the Participation Date plus the aggregate deemed Expenditures calculated pursuant to subsection 10.2 for all Participants.

10.4 Subject to subsection 10.2, the percentage level of the respective Interests of the Participants in the Property shall not change so long as each Participant contributes

its respective Cost Share of every Program and any Production Program as set out in Sections 14 and 15. At any time and from time to time after a Participant has first elected or is deemed to have elected not to contribute its Cost Share to a Program or Production Program or loses its right to contribute to Programs or any Production Program, the percentage level of such Participant's Interest in the Property shall be adjusted in accordance with the formula set out in subsection 10.3.

10.5 If as a result of an adjustment pursuant to subsections 10.3 and 10.4 a Participant's Interest in the Property is reduced to less than a 10% Interest, the Interest of such Participant (the "**Diluted Participant**") in the Property shall be deemed to be transferred to the other Participant (the "**Remaining Participant**") and thereafter the Diluted Participant shall be deemed not to be a Participant but in consideration of such transfer shall be entitled to receive, and the Remaining Participant shall pay to it, a Net Smelter Returns Royalty determined and paid in accordance with the provisions of Schedule "B" hereto. Upon such transfer the Diluted Participant will forthwith execute and deliver to the Remaining Participant all such documents as may, in the opinion of legal counsel for the Remaining Participant, be necessary to transfer to the Remaining Participant all Interest of the Diluted Participant, subject to the right of the Diluted Participant to receive a Net Smelter Returns Royalty. The remaining Participant shall not transfer any of its interest in the Property without first causing the transferee to assume the obligation of the Net Smelter Returns Royalty.

10.6 If the Interest of any Participant in the Property is converted to a Net Smelter Returns Royalty pursuant to subsection 10.5, any decision thereafter to place the Property into Commercial Production shall be at the sole discretion of the Remaining Participant and the Remaining Participant shall be under no obligation and nothing in this Agreement shall be construed as creating an obligation upon the Remaining Participant to place the Property into Commercial Production and if the Remaining Participant commences the operation of the Property as a mine, the Remaining Participant shall have the unfettered right to suspend or curtail any such operation from time to time as it, in its sole discretion, may deem advisable.

10.7 In the event that Blackhawk's Interest is converted to a 2% Net Smelter Returns Royalty in accordance with section 10.5 and Schedule "B" to this Agreement, the Optionee shall have the right, at any time, to purchase one-half of such 2% Net Smelter Returns Royalty (ie.1% of the 2%) for \$1,000,000.

In addition to the right to purchase one-half of Blackhawk's Net Smelter Returns Royalty referred to in section 10.8 above, the Optionee shall have the right of first refusal to purchase the remaining 1% Net Smelter Returns Royalty from Blackhawk. If Blackhawk wishes to sell, or receives any good faith offer which Blackhawk is prepared to accept to purchase, all or any part of such remaining 1% Net Smelter Returns Royalty (the "**Offered Interest**"), Blackhawk shall give written notice to the Optionee of all the material terms of such proposed sale (the "**Sale Terms**"). The Sale Terms must contain a sale price stated in cash. The Optionee shall then have 30 days, calculated from the date of receipt of the notice by Blackhawk, within which to elect to purchase the Offered Interest on terms not less favourable to the Optionee than the terms contained in the Sale Terms. If the Optionee

does not make an election within such 30-day period, the Optionee shall be deemed to have elected not to purchase the Offered Interest. If the Optionee does not elect to purchase the Offered Interest, then Blackhawk may sell the Offered Interest to any good faith third party on terms no more favourable to such third party than the terms contained in the Sale Terms within the 45-day period immediately following the Optionee's 30-day election period. If Blackhawk does not complete the sale of the Offered Interest within such 45-day sale period, then the Optionee shall once again have the right of first refusal to purchase all or any part of the Offered Interest not sold by Blackhawk.

## 11. OPERATOR

11.1 Subject to the right of the Management Committee to change or appoint the Operator under subsection 17.1 and to the Management Committee's general direction and control, after the Participation Date the Optionee will act as the initial Operator under this Agreement with respect to the Property.

11.2 The Participant acting as Operator may resign as Operator at any time by giving 120 days' prior written notice to the other Participant and within such 120day period the Management Committee shall appoint the other Participant to act as the Operator upon the terms set out in this Agreement.

11.3 After the Participation Date, title to any of the Assets held by the Operator, or a Participant, shall be held by the Operator, or such Participant in trust for the Participants in accordance with their respective Interests, subject to the terms of this Agreement.

11.4 The Operator will be deemed to have offered to resign, which offer shall be accepted, if at all, within 30 days following such deemed offer upon the occurrence of any of the following events:

- (a) if an attachment in respect to any material liability of the Operator is made on the Property which is not related to the business of the Joint Venture,
- (b) if the Operator:
  - (i) admits in writing its inability to pay its debts as they become due other than indebtedness ("**nonrecourse financing**") for money borrowed or guaranteed where the recourse of the holder thereof is restricted to realization upon specific assets none of which consist of any Interest, and where failure to pay the indebtedness does not result in the creation of an unsecured obligation of the Operator,
  - (ii) makes an assignment for the benefit of creditors,

- (iii) consents to the appointment of a receiver (other than a receiver appointed under nonrecourse financing) for all or a substantial part of its assets,
  - (iv) files a petition in bankruptcy or for a reorganization or an arrangement under applicable bankruptcy, insolvency or creditors' relief laws, or otherwise seeks the relief therein provided, or
  - (v) is adjudicated bankrupt or insolvent, or
- (c) if a Court order is pronounced in respect of the Operator, appointing a receiver or trustee for all or a substantial part of its property (except for property, other than the Property, securing nonrecourse financing), or approving a petition in bankruptcy or for a reorganization under applicable bankruptcy, insolvency or creditors' relief laws or for any judicial modification or alteration of the rights of creditors; or
- (d) the Operator materially defaults in any of its obligation under this Agreement and fails to cure or dispute such default after having been given 30 days' notice in writing to do so by a Participant stipulating the default and the steps required to cure such default.

11.5 Upon ceasing to be Operator, the former Operator shall forthwith deliver to its successor all Assets, books, records and other property both real and personal relating to this Agreement or its role as Operator under this Agreement. The former Operator shall use its best efforts to transfer to its successor, as of the effective date of the former Operator's resignation or removal, its rights and obligations, if any, as Operator under all contracts relating to the Assets, and pending such transfer and in relations to all other contracts relating to the Assets, the former Operator shall hold its right and interest as Operator from the date of resignation or removal for the account and to the order of the new Operator.

11.6 As soon as practicable after the effective date of resignation or removal of the Operator the Management Committee shall have the accounts of the Operator relating to the Assets audited by an independent auditor (who may be the auditor of a Participant) and shall conduct an inventory of all Assets and such inventory shall be used in the return of and the accounting for the Assets by the Operator who has resigned or has been removed. All costs and expenses incurred in connection with such audit and inventory shall be deemed to be Costs.

11.7 The Operator shall not act or hold itself out as agent for any of the Participants nor make any commitments on their individual behalf unless specifically permitted by this Agreement or directed in writing by a Participant.

12.

**POWER AND AUTHORITY OF OPERATOR**

12.1 After the Participation Date, and subject to the control and direction of the Management Committee, the Operator shall have full right, power and authority to do everything necessary or desirable in accordance with good mining practice in connection with the exploration and development of the Property and to determine the manner of operation of the Property as a mine, including and without limiting the generality of the foregoing, the right, power and authority to:

- (a) prepare and present to the Management Committee for approval Programs, Production Programs, any Feasibility Report and Operating Plans in respect of the Property, as applicable;
- (b) implement any Program in accordance with Section 14 and any Production Program in accordance with a Feasibility Report approved by the Participants in accordance with Section 15 and any Operating Plan in accordance with Section 188;
- (c) regulate access to the Property subject to the right of the Participants to have reasonable access to the Property at all times;
- (d) employ and engage such employees, agents, and independent contractors as it may consider necessary or advisable to carry out its duties and obligations hereunder and in this connection to delegate any of its powers and rights to perform its duties and obligations hereunder, but the Operator shall not enter into contractual relationships with an Associated Company except on terms which are commercially competitive;
- (e) charge the Participants a reasonable fee for unallocable overhead costs which will cover all costs of the Operator other than the direct chargeout rates for any personnel or officers of the Operator who from time to time are engaged directly in work on the Property and charged to the Joint Venture, which fee for unallocable costs will initially be equal to the aggregate of:
  - (i) 10% of all other Expenditures,
  - (ii) 1% of all other Production Program Costs, and
  - (iii) 2% of all other Operating Costs,

on the basis that such fee will be reviewed annually by the Management Committee to ensure that the Operator is reimbursed its actual costs for acting as such but neither profits nor losses as a result of charging such fee.



13. **DUTIES AND OBLIGATIONS OF THE OPERATOR**

13.1 The Operator shall, subject always to the receipt of funds from the Participants, have such duties and obligations as the Management Committee may from time to time determine including, without limiting the generality of the foregoing, the following duties and obligations:

- (a) to propose to the Management Committee and, if approved, to implement Programs, the Production Program and Operating Plans;
- (b) to manage, direct and control all exploration, development and producing operations in and under the Property, in a careful, prudent and workmanlike manner, and in compliance with all applicable laws, rules, orders and regulations including, without limitation, those relating to reclamation and environmental protection;
- (c) to prepare and deliver to the Participants during periods of active field work monthly progress reports of the work in progress in such form as the Management Committee may direct which include statements of Costs and comparisons of such Costs to the approved Programs or Production Program and comprehensive annual reports on or before February 28 of each year covering the activities hereunder and results obtained during the calendar year ending on December 31 immediately preceding and timely current reports and information on any material results obtained together with such other reports as any Participant may reasonably request;
- (d) to account to the Participants for all contributions to Costs and to use all reasonable efforts to limit or curtail Program Overruns or Production Program Overruns;
- (e) to maintain true and correct books, accounts and records of operations hereunder in accordance with generally accepted accounting standards, applied consistently from year to year;
- (f) to permit the Participants, at their own expense, to inspect, have access to, take abstracts from or audit all maps, drill logs, core tests, reports, surveys, assays, analyses, production reports, operations, technical, accounting and financial records, including any or all of the records and accounts referred to in subparagraph 13.1(e) that have been prepared exclusively in respect of operations hereunder, during normal business hours;
- (g) to obtain and maintain, or cause any contractor engaged hereunder to obtain and maintain, during any period in which active work is carried out hereunder, adequate insurance coverage with a bodily injury, death and property damage limit of not less than \$5,000,000 per occurrence;



- (h) to permit the Participants or their representatives so appointed, at their own expense and risk, access to the Property and all data derived exclusively from carrying out work thereon;
- (i) to arrange for and maintain Workers' Compensation or equivalent coverage for all eligible employees engaged by the Operator in accordance with local statutory requirements;
- (j) to perform its duties and obligations in a manner consistent with good exploration and mining practices; and
- (k) to transact, undertake and perform all transactions, contracts, employments, purchases, operations, negotiations with third parties and any other matter or thing undertaken on behalf of the Participants in the Operator's name.

#### 14. PROGRAMS

14.1 After the Participation Date, Expenditures shall only be incurred under and pursuant to Programs prepared by the Operator and approved by the Management Committee as provided in this section. Any Feasibility Report, other than pursuant to subsection 10.7, shall be prepared pursuant to a separate Program.

14.2 Forthwith after the Participation Date and within 90 days after the completion of a previous Program or, subject to the rights of the Participant other than the Operator (the "**nonOperator**") to present a Program as set out below, on or before November 15 each year if no Program has been approved or completed in that year, the Operator shall prepare and submit to the Management Committee a Program proposed by the Operator for the following year. If in any year the Operator fails to submit a Program in accordance with this subsection, the nonOperator will have the right to prepare and submit a Program in its stead and the provisions of this section will apply, mutatis mutandis, to such Program. If the Participant acting as Operator elects or is deemed to have elected not to contribute to the Program presented by the nonOperator in accordance with this section, the Management Committee shall be deemed to have approved such Program and to have appointed the nonOperator who presented such Program as Operator.

14.3 Within 30 days of the approval of a Program by the Management Committee, each Participant shall give written notice to the Operator stating whether or not it elects to contribute its Cost Share of such Program. Failure to give notice pursuant to this subsection within such 30day period will be deemed to be an election by a Participant not to contribute its Cost Share of such Program.

14.4 If a Participant (the "**NonContributing Participant**") elects or is deemed to have elected not to contribute its Cost Share of a Program approved by the Management Committee pursuant to subsection 14.3 the remaining Participant (the "**Contributing Participant**") may give notice in writing to the Operator that such Contributing Participant will contribute all Expenditures to be incurred under or pursuant to such Program. If at least 80% of the budgeted Expenditures in respect of such Program are incurred, the

Participants' respective Interests shall thereafter be adjusted in accordance with subsection 10.3. If less than 80% of the budgeted Expenditures in respect of such Program are incurred, the Interests of the Participants will not be adjusted unless notice is first given by the Operator to the NonContributing Participant that the Program was abated together with notice of the amount of the actual Expenditures incurred, and the NonContributing Participant does not within 30 days thereafter reimburse the Contributing Participant to the extent of the NonContributing Participant's Cost Share of such Program (being the amount which the Contributing Participant elected to and did contribute instead of the NonContributing Participant) together with interest thereon from the date contributed at a per annum rate of the Prime Rate plus 3%. If the NonContributing Participant so reimburses the Contributing Participant within such 30day period it shall be deemed to have contributed its Cost Share of such Program and the Participants' respective Interests shall not be adjusted in accordance with subsection 10.3. The Operator will not proceed with any Program unless an election to fully fund it has been made by at least one of the Participants.

14.5 An election to fund a Program shall make a Participant liable to pay its Cost Share of all of the Expenditures actually incurred under or pursuant to such Program, including Program Overruns up to but not exceeding 15% of estimated Expenditures.

14.6 After having elected to fund a Program which is proceeded with, each Participant shall, within 30 days after being requested in writing to do so by the Operator, pay such amount of Expenditures incurred or to be incurred under or pursuant to such Program as the Operator may require, but the Operator shall not require payment of any funds more than one month in advance of the period during which the same are to be expended. Monthly Expenditure projections will be delivered by the Operator to the Participants once each calendar quarter for the next succeeding three months.

14.7 If it appears that Expenditures will exceed by greater than 15% those estimated under a Program, the Operator shall immediately give written notice to the Participants outlining the nature and extent of the Program Overruns. If such Program Overruns are accepted by the Participants then, within 30 days after the receipt of a written request from the Operator, each Participant shall pay to the Operator its Cost Share of such Program Overruns. If any Participant does not accept such Program Overruns, or fails to pay the same, the Operator shall be entitled to curtail or abandon such Program, failing which it will be solely responsible for the amounts in excess of 15%, which will be deemed not to be Costs under this Agreement.

14.8 If a Participant at any time fails to pay such amount of Expenditures as is requested by the Operator in accordance with subsection 14.6 after having elected to do so or accepted Program Overruns in accordance with subsection 14.7 the Operator may give written notice to such Participant demanding payment, and if such Participant has not paid such amount within 30 days after receipt of such notice, such Participant shall be deemed to:

- (a) be in default under subsection 14.6 or 14.7, as applicable; and



- (b) have lost its right to contribute to such Program,

and the other Participant shall have the right to contribute all Costs to be incurred under or pursuant to that Program and the Participants' respective Interests in the Property shall be adjusted in accordance with subsection 10.3 at which point such default shall be deemed to have been cured. The Operator shall have the right to curtail or abandon any Program if an election to fully fund it has not been made by either of the Participants.

## 15. PRODUCTION PROGRAMS

15.1 Notwithstanding the Optionee's right to complete a Feasibility Report under subsection 10.7 on its own, if the Operator determines that the economic potential of any part of the Property warrants the preparation of a Feasibility Report the Operator will present a Program in accordance with Section 14 contemplating the preparation of a Feasibility Report. The Operator will forthwith deliver to the Management Committee any internal or draft report or reports on the economics of Commercial Production and on completion of the Feasibility Report pursuant to such Program or by the Optionee pursuant to subsection 10.7 the Operator shall forthwith deliver to the Participants a Feasibility Report and if in the opinion of the Management Committee it is warranted based on the conclusions reached in the Feasibility Report, the Operator shall prepare a Production Program in respect to such part of the Property which shall include at least the following:

- (a) a description of that part of the Property to be covered by the proposed mine;
- (b) the estimated recoverable reserves of minerals and the estimated composition and content thereof;
- (c) the costs and time estimate for permitting and the proposed procedure for development, mining and production;
- (d) results of ore amenability tests (if any);
- (e) the nature and extent of the Facilities proposed to be acquired which may include mill facilities, if the size, extent and location of the ore body makes such mill facilities feasible, in which event the study shall also include a preliminary design for such mill;
- (f) the total costs, including capital budget, which are reasonably required to obtain permitting for and to purchase, construct and install all structures, machinery and equipment required for the proposed mine, including a schedule of timing of such requirements;
- (g) all environmental, socioeconomic and heritage baseline impact studies and costs;
- (h) the period in which it is proposed the Property shall be brought to Commercial Production;

- (i) such other data and information as are reasonably necessary to substantiate the existence of an ore deposit of sufficient size and grade to justify development of a mine, taking into account all relevant business, tax and other economic consideration; and
- (j) working capital requirements for the initial four-month operation as a mine or such longer period as may be reasonably justified in the circumstances.

15.2 So long as it has not lost its right to contribute to Programs and to Production Programs, any Participant (the "nonOperator" for the purpose of this subsection) may at any time request the Operator to present a Program contemplating the preparation of a Feasibility Report with respect to the Property and if the Operator fails to do so within 180 days of such request, such Participant shall have the right to become Operator for the purpose of completing such a Program at its own cost and expense but the Participant's respective Interests in that Property will not be adjusted under subsection 10.3 during the course of such Program. Upon completion of a Feasibility Report, the nonOperator shall forthwith deliver a copy to the Management Committee together with a Production Program and the nonOperator's election to fund its Cost Share of such Production Program if, in the opinion of nonOperator, it is warranted based on the conclusions reached in the Feasibility Report. If the Participant who did not contribute to the preparation of the Feasibility Report and Production Program elects pursuant to subsection 15.3 to participate in a Production Program based on the Feasibility Report prepared by the nonOperator, the Participant who did not contribute shall reimburse the nonOperator its respective Cost Share of an amount equal to 150% of such Participant's Cost Share of the Feasibility Report in order to maintain their respective Interest in the Property, failing which its Interest will be adjusted in accordance with subsection 10.3. If the Participant who did not contribute to the Feasibility Report does not elect to contribute its respective Cost Share pursuant to subsection 15.3 the nonOperator may contribute all Costs relating thereto, and, as a result, the Participants' respective Interests in the Property shall thereafter be adjusted in accordance with subsection 10.3 including the cost of Feasibility Report. If the nonOperator does not elect to contribute to the Production Program, the cost of the Feasibility Report will not result in the adjustment of the Participants' Interest in the Property pursuant to subsection 10.3.

15.3 Subject to subsection 15.2, within six months of the delivery to the Participants of a Production Program and Feasibility Report delivered pursuant to either subsection 15.1 or 15.2 each Participant shall give written notice to the Operator stating whether it elects to contribute its Cost Share of the Production Program. Failure to give such notice within such sixmonth period shall be deemed to be an election not to contribute to such Production Program and the provisions of subsection 15.7 shall apply. If all Participants elect to contribute their respective Cost Shares of the Production Program the Operator shall implement the Production Program. The Operator will not proceed with any Production Program unless an election to fully fund it has been made by at least one of the Participants.

15.4 An election to fund a Production Program shall make a Participant liable to pay its Cost Share of:



- (a) all of the Production Program Costs actually incurred under or pursuant to such Production Program, including Production Program Overruns up to but not exceeding 10% of estimated Production Program Costs,
- (b) Operating Costs and any other costs associated with establishing and operating the Property as a mine at such time as the liability is incurred by the Operator; and
- (c) any debts, liabilities or obligations arising from operations hereunder in respect of the Property, except financing costs incurred by the other Participant in connection with such other Participants' contributions to the Production Program.

15.5 Commencing 90 days after having elected to fund a Production Program which is proceeded with, each Participant shall, within 30 days after being requested in writing to do so by the Operator, pay such amount of Production Program Costs incurred or to be incurred under or pursuant to such Production Program as the Operator may require, but the Operator shall not require payment of any funds more than one month in advance of the period during which the same are to be expended.

15.6 If it appears that Production Program Costs will exceed by greater than 10% those estimated under a Production Program, the Operator shall immediately give written notice to the Participants outlining the nature and extent of the Production Program Overruns. If such Production Program Overruns are accepted by the Participants then, within 30 days after the receipt of a written request from the Operator, each Participant shall pay to the Operator its Cost Share of such Production Program Overruns. If any Participant does not accept such Production Program Overruns, or fails to pay the same, the Operator shall be entitled to curtail or abandon such Program, failing which it will be responsible for the amounts in excess of 10%, which will be deemed not to be Costs under this Agreement.

15.7 If a Participant elects or is deemed to have elected not to contribute its Cost Share of a Production Program pursuant to subsection 15.3, such Participant will be deemed to have lost its right to contribute to the Production Program and the other Participants will have the right, pro rata in accordance with their respective Interests in the Property, to contribute all Production Program Costs to be incurred under or pursuant to the Production Program and the Operator will proceed with the Production Program and the Participants' respective Interests in the Property will thereafter be adjusted in accordance with subsection 10.3.

15.8 If a Participant:

- (a) at any time fails to pay such amount of Production Program Costs as is requested by the Operator in accordance with subsection 15.5; or
- (b) at any time fails to pay such amount of Production Program Overruns as was accepted by such Participant in accordance with subsection 15.6, the Operator may give written notice to such Participant demanding payment,



and if such Participant has not paid such amount within 30 days after receipt of such notice, such Participant shall be deemed to be in default under subsection 15.5 or 15.6 and have lost its right to contribute to the Production Program in respect of the Property and the remaining Participant shall have the right to contribute all Production Program Costs to be incurred under or pursuant to the Production Program in respect of the Property and the Operator will proceed with the Production Program and the Participants' respective Interests in respect of the Property shall thereafter be adjusted in accordance with subsection 10.3.

16. MANAGEMENT COMMITTEE

16.1 The Participants will, as soon as practicable after the Participation Date, establish a Management Committee consisting of a member and an alternate member of each Participant. Each Participant shall designate in writing to the other the names of its member and alternate member of the Management Committee.

16.2 A Participant may from time-to-time revoke in writing the appointment of its member to the Management Committee and appoint in writing another in his place. A Participant may from time to time in writing appoint one alternate member for any member theretofore appointed by such Participant to the Management Committee. Alternate members may attend meetings of the Management Committee, and in the absence of the member, his alternate may vote and otherwise act in the place and stead of a member. Whenever any member or alternate member votes or acts, his votes or actions shall for all purposes of this Agreement be considered the actions of the Participant whom he represents. The Participants shall give written notice to each other from time to time as to names, addresses, telephone numbers and facsimile numbers of their respective members and alternates on the Management Committee.

16.3 Meetings of the Management Committee may take place by means of counterpart resolutions delivered by facsimile, mail or courier or by means of conference telephones or other communication facilities by which means all Participants or their alternates participating in the meeting can hear each other. The persons participating in a meeting in accordance with this subsection shall be deemed to be present at the meeting and to have so agreed and shall be counted in the quorum therefor and be entitled to speak and vote thereat.

16.4 Meetings of the Management Committee may be called by the Operator or any Participant by giving ten days' notice in writing to the others except that 60 days' notice shall be given in respect of a meeting to consider a pre-Feasibility Report or Feasibility Report and Production Program, unless otherwise agreed to by the Participants.

16.5 The initial chairman of the Management Committee (the "**Chairman**") shall be determined by the Optionee and thereafter designated by the Participant with the greatest Interest in the Property.

16.6 The Operator shall consult freely with the Management Committee and the members thereof and keep them fully advised of the present and prospective operations and plans and shall furnish the Management Committee with quarterly financial statements and reports relating to the status of the Property together with timely current reports and information on any material results relating to the Property.

16.7 Voting by the Management Committee may be conducted by verbal, written, facsimile or electronic ballot.

16.8 Except as hereinafter provided, a quorum of any meeting of the Management Committee shall consist of any combination consisting of one member or one alternate of each Participant. If a quorum is not present within thirty minutes after the time fixed for holding any such meeting, the meeting shall be adjourned to the same day in the next week (unless such day is a nonbusiness day in which case it shall be adjourned to the next following business day thereafter) at the same time and place. At the adjourned meeting the members or alternate members present in person (which may include only one person) shall form a quorum and may transact the business for which the meeting was originally convened.

16.9 One member of the two members appointed by each Participant will be designated as the voting member. The voting member (or alternate member in the absence of the member) of the Management Committee shall have a number of votes equal to the Interest held by the Participant such member or alternate member represents.

16.10 Except as provided in subsections 16.11 and 16.12, all decisions of the Management Committee shall be by the affirmative vote of a majority of the votes entitled to be cast by members. The member or members representing a Participant which is in default as set out in subsection 14.8 or 15.8 shall be entitled to attend meetings of the Management Committee but shall not be entitled to vote.

16.11 In the case of an equality of votes on any matter which cannot be resolved, the Optionee shall have a casting vote in respect of all matters related to Programs, Production Programs, or otherwise incurring Expenditures on the Property as well as on any matter related to a proposed joint venture or similar agreement with any third party in respect of the Property, and if the Optionee exercises such vote it will be deemed to be a resolution approved by a majority of the votes of the Participants, and in all other cases, the matter shall be referred to arbitration pursuant to Section 41.1

16.12 The following matters shall require the unanimous approval of the Management Committee:

- (a) the acquisition or disposition of an Asset or series of Assets with a fair market value in excess of \$1,000,000 or an Asset that the acquisition or disposition of which would substantially change the nature of the business ordinarily conducted by the Joint Venture;
- (b) the borrowing of any funds in an amount greater than \$100,000, on behalf of the Joint Venture or the incurrence, assumption or guarantee of any debt

by the Joint Venture in an amount greater than \$100,000, except as incurred in the ordinary course of business;

- (c) the commencement of any litigation on behalf of the Joint Venture seeking damages in excess of \$100,000 or the settlement of any litigation or other dispute involving the Joint Venture for an amount in excess of \$100,000; and
- (d) the disposition of all or any material portion of the Property.

16.13 All meetings shall be held at such place in Vancouver, British Columbia, as shall be designated by the Operator unless otherwise agreed to by the Participants.

16.14 There shall be included with a notice of meeting such material and data as may be reasonably required to enable the members of the Management Committee to determine the position they should take in respect of any vote or election to be made at such meeting.

16.15 The Operator shall have the responsibility of preparing and distributing notices and agendas of meetings and keeping records of the proceedings at such meetings and distributing same to the Participants. Unless any Participant whose representative was present at the relevant meeting objects by notice in writing delivered to the Operator within 30 days of receipt of minutes of meetings, detailing the basis for such objection, the minutes so distributed shall be deemed a conclusive record of the proceedings of such meetings. The Participants shall not effect any action based on minutes which are in dispute and, in the event of any dispute in respect of the minutes, the Participants shall reconvene a Management Committee meeting within seven days to resolve such dispute.

## 17. POWERS OF MANAGEMENT COMMITTEE

17.1 The Management Committee shall, without limiting any of its powers as specified elsewhere in this Agreement, have the exclusive right, power and authority separately with respect to the Property to:

- (a) approve, modify, or reject any Program, Feasibility Report, Production Program or Operating Plan proposed by the Operator or any Program, Feasibility Report or Production Program proposed by a Participant;
- (b) remove the Operator of the Property;
- (c) appoint a new Operator if the Operator resigns pursuant to subsection 11.2 or is deemed to have resigned pursuant to subsection 11.4 or subsection 14.2;
- (d) determine the terms of engagement of the Operator, including any remuneration payable to the Operator on the basis that the Operator should neither profit nor lose for acting as such;

- (e) approve or reject the sale, abandonment or disposition of any part of the Assets (other than the Property), which, in the case of any asset or series of related assets having a value in excess of \$200,000; and
- (f) establish accounting procedures from time to time for the Operator.

18.

**OPERATING PROGRAMS, BUDGETS AND PAYMENTS**

18.1 After the commencement of Commercial Production, all mining operations on the Property will be planned and conducted and all estimates, reports and statements will be prepared and made on the basis of an operating year and in accordance with the Accounting Procedure. The first operating year for the Property will be the period from the commencement of Commercial Production to December 31<sup>st</sup> of the same calendar year and thereafter each operating year will coincide with the calendar year (an "Operating Year").

18.2 Prior to the beginning of each Operating Year the Operator will prepare and deliver to the Participants an operating plan for the ensuing Operating Year (an "Operating Plan"). The Operating Plan applicable to the first Operating Year will be submitted not later than three months prior to the date estimated by the Operator as the date of commencement of Commercial Production, and the Operating Plan for each subsequent operating year will be submitted not later than November 15 in the year immediately preceding the Operating Year to which such Operating Plan relates. Each Operating Plan will contain, with reference to the Operating Year to which it relates, the following:

- (a) a plan of proposed mining operations including, without limiting the generality of the foregoing, particulars of any special items such as:
  - (i) an increase of 20% or more in the capacity or through put of the concentrating mill or mining capacity,
  - (ii) additional general exploration of the Property outside the mine,
  - (iii) opening and equipping an additional mine or mines on the Property,
  - (iv) any departure from development or mining plans previously followed by the Operator,
  - (v) any plans for stockpiling of Mineral Products, or
  - (vi) any development work to be completed in any Operating Year if such work is not required in the ordinary course to continue mining as contemplated by the approved Operating Plan and Costs therefore are reasonably estimated by the Operator to exceed \$1,000,000;
- (b) a detailed estimate of all Operating Costs plus a reasonable allowance for contingencies;

- (c) an estimate of the quantity of Mineral Products to be produced from the Property; and
- (d) such other facts and figures as may be necessary to give the other parties a reasonably complete picture of the results the Operator plans to achieve;

and the Operator shall promptly supply to each Participant any additional or supplemental information which that Participant may reasonably require in respect to the Operating Plan.

18.3 Each Participant will have 60 days from receipt of any annual Operating Plan within which to consider such Operating Plan following which a meeting of the Management Committee will be called to deal with any objections and alternative proposals. The proposed Operating Plan will then be voted on by the Management Committee. If the proposed Operating Plan is approved but any Participant objects to the approved Operating Plan on the basis of any of the items as set out in subparagraphs 18.2(a)(i) to 18.2(a)(vi) the Operator will either modify the Operating Plan or may elect to bear the Operating Costs of such Participant relating to such item, in which event it will be entitled to recoup such amount together with interest at the Prime Rate plus two percent pursuant to Section 25.

18.4 Based upon the budgets submitted to and approved by the Management Committee as the same may be revised from time to time the Operator shall submit to each Participant on or before the 15<sup>th</sup> day of each month an estimate of the cash requirements for the next month which shall show:

- (a) separately the estimated cash disbursements which the Operator will be required to make for Operating Costs and any other expenditures approved by the Participants;
- (b) the extent if any to which such disbursements will be satisfied out of cash in the Operating Fund (as hereinafter defined) after allowing for the cash balance to be maintained in the Operating Fund as approved by the Management Committee;
- (c) the amounts, if any, which are credited to each Participant in the immediately preceding month;
- (d) the Cost Share which each Participant will be required to furnish to the Operator for such disbursements net of and indicating the amount of Operating Costs, if any, to be advanced by the Operator on behalf of that Participant pursuant to subsection 18.3; and
- (e) the account into which the required funds are to be deposited.

18.5 Within 30 days after receipt of each such cash estimate, the Participants will remit to the Operator their respective Cost Shares required under subparagraph 18.4(d) and if any Participant fails to pay all or any part of its Cost Share pursuant to subparagraph 18.4(d) the Operator shall be entitled to pay the unpaid share of that



Participant. If the Operator pays such unpaid share, it will have a lien in respect of 150% of such amount pursuant to Section 25 and the provisions of Section 26 will apply.

18.6 Prior to incurring any Operating Cost hereunder or as soon as reasonably practicable thereafter, the Operator will open an account or accounts in bank(s) approved by the Participants for the purpose of establishing and maintaining therein at all times a cash fund (the "**Operating Fund**") from which Operating Costs will be paid by the Operator or from which the Operator may be reimbursed for Operating Costs spent by it.

18.7 All money received by the Operator from the Participants and the payment of the Operator's invoices for accrued Operating Costs shall be deposited in the Operating Fund and, in addition, each Participant shall deposit or cause to be deposited in the Operating Fund at the times and in the manner provided in subsection 18.4 the sums provided for therein. The total amount of deposits in the Operating Fund, regardless of the source thereof, shall at no time exceed the gross Operating Costs of the Operator for the then current and next succeeding month as estimated in the Operating Plan then in effect.

18.8 On commencement of the Production Program or on such earlier date as the Operator considers it necessary based on the work being carried out on the Property, the Operator shall establish and administer a contingency fund (the "**Contingency Fund**"), in addition to all required statutory funds, to be maintained as a separate account for the purpose of paying all costs, outlays, expenses, obligations, liabilities and charges of whatever kind or nature incurred or chargeable, directly or indirectly, by the Participants for environmental protection, reclamation, pollution control, testing, monitoring, cleanup, containment and removal of hazardous substances from the Property in which such Participants have an Interest, remediation, decommissioning, shutdown and other similar matters ("**Reclamation and Remediation Costs**"), severance pay and pensions for employees arising as a result of operations and in connection with the permanent or temporary shutdown in whole or in part of any mine on the Property. At the time such Contingency Fund is established the Operator will estimate the amount required throughout the life of the mine and, based upon the estimated mine life, the amount required to be contributed by each Participant in accordance with its Interest in the Property on an annual basis or from time to time in the case of special or unexpected Reclamation and Remediation Costs. Such Contingency Fund shall be held in trust on behalf of the Participants and invested and reinvested by the Operator in Government of Canada treasury bills or similar liquid investments as the Management Committee may from time to time authorize acting prudently on behalf of the Participants. To the extent that additional funds are required to fund Costs once the Contingency Fund is in place and the Management Committee is of the view that there will be sufficient future Mineral Products produced from the Property to replenish any moneys borrowed from the Contingency Fund the Operator will distribute such funds to the Participants in accordance with their respective Interests in the Property. In the event of any subsequent shortfall in the Contingency Fund, each Participant will within 30 days of being requested to do so in writing by the Operator, repay its Cost Share of such funds.

18.9 If the Interest of a Participant in the Property is converted to a Net Smelter Returns Royalty pursuant to subsection 10.5, the Participant whose Interest in the Property

was converted shall remain liable for its Cost Share of all amounts chargeable to it in respect of the Property as of the date of such conversion as well as all liabilities and obligations relating to the Assets in an amount equal to its Interest in respect of the Property at the time such liabilities and obligations arose. If the Remaining Participant requires it to do so, the Participant whose Interest in respect of the Property was so converted shall secure to the satisfaction of the Remaining Participant its Cost Share of the costs of reclamation of the surface lands to the Property and other environmental rehabilitation as may be required, such Cost Share to be determined on the basis of the Interest of such Remaining Participant in respect of the Property at the time the events giving rise to such liabilities occurred.

**19.            DISPOSITION OF PRODUCTION**

19.1            Subject to the provisions of subsection 19.3, for any period after the commencement of Commercial Production on the Property and provided that each Participant has paid to the Operator its respective Cost Share of Operating Costs for that period, the Participants shall take in kind and separately dispose of Mineral Products in the ratio of their respective Interests in the Property.

19.2            For purposes of determining the value of Mineral Products taken in kind pursuant to subsection 19.1, each Participant's share of Mineral Products shall be valued at the time of delivery to the Participants (or purchase or sale by the Operator pursuant to subsection 19.5) and at a value equal to that received by the Participant acting as Operator for its share of such Mineral Products after deduction of:

- (a)            all costs of transporting Mineral Products, including insurance, from the Property to the place of delivery designated by the purchaser of such Mineral Products,
- (b)            such reasonable charge for marketing Mineral Products as is consistent with generally accepted industry marketing practices, and
- (c)            all taxes (other than income taxes), royalties or other charges or imposts provided for pursuant to any law or legal obligation imposed by any government if paid by such Participant in connection with the disposition of Mineral Products taken in kind.

19.3            If the Operator makes any payment on behalf of a Participant pursuant to subsection 18.5, it shall have the prior and preferred right pursuant to Section 25 to receive that Participant's share of Mineral Products under subsection 19.1 until the Operator has received Mineral Products in kind of a value equal to 150% of the actual payment made as provided in subsection 18.5. If the Operator makes any payment on behalf of a Participant pursuant to subsection 18.3 it shall have the prior and preferred right pursuant to Section 25 to receive that Participant's share of Mineral Products under subsection 19.1 until the Operator has received Mineral Products in kind of a value equal to the actual payment made by the Operator pursuant to subsection 18.3 together with interest at the Prime Rate plus

two percent, calculated on the outstanding balance from time to time from the date of advance of such funds.

19.4 Any extra expenditure incurred by reason of the taking in kind or separate disposition by a Participant of its proportionate share of Mineral Products shall be borne by that Participant and that Participant shall be required to construct, operate and maintain, at its own expense, any and all facilities which may be necessary to receive, store and dispose of its share of Mineral Products.

19.5 If either Participant fails to make the necessary arrangements to take in kind or separately dispose of its proportionate share of Mineral Products, the Operator as agent may purchase for its own account or sell such share, subject to the right of the Participant owning such share to revoke at will the Operator's authority under this subsection in respect of Mineral Products not then purchased by the Operator or committed for sale to others, and the Operator shall be entitled to deduct from the sale proceeds all costs of or related to marketing such Mineral Products including, without limitation, transportation, storage, commissions, and discounts but all contracts of sale executed by the Operator for a Participant's share of Mineral Products shall be only for such reasonable periods of time as are consistent with the minimum needs of the industry under the circumstances and in no event shall any such contract be for a period in excess of one year.

19.6 Proceeds, if any, from the sale by the Operator of Mineral Products pursuant to subsection 19.5 shall be calculated by the Operator separately for each Participant at the end of each calendar month and shall be paid monthly within 20 days after the end of each such calendar month following payment to the Operator by each Participant of its respective Cost Share of Operating Costs outstanding as at the end of that calendar month.

19.7 If a Participant, any Associated Company of a Participant or any person with whom a Participant is not dealing at arm's length is a purchaser of Mineral Products from a Participant, and if the value of such Mineral Products is to be used to determine any matter arising under this section, such Participant shall be deemed to receive prevailing market prices for all Mineral Products so sold.

## 20. AUDIT

20.1 The records relating to the Property including all Costs and Mineral Products taken in kind or to the calculation of proceeds from the sale thereof shall be audited annually at the end of each fiscal year of the Operator and:

- (a) any adjustments required by such audit shall be made forthwith;
- (b) a copy of the audited statements shall be delivered to the Participants within six months of the end of such fiscal year; and
- (c) the expenses of any such audit will be deemed to be Costs;

and all such accounts and records shall be deemed to be correct and accurate unless questioned by a Participant within 12 months following the end of the calendar year to which the accounts relate.

20.2 Each Participant at reasonable times and upon notice in writing to the Operator, shall have the right to inspect, audit and copy the Operator's accounts and records relating exclusively to the operations of the Joint Venture for any calendar year within 12 months following the end of such calendar year. The Participants shall make all reasonable efforts to conduct audits in a manner which will result in a minimum of inconvenience to the Operator and the expenses of any such audit will be borne by the Participant which implemented it.

21. **SHARING OF AND CONFIDENTIAL NATURE OF INFORMATION**

21.1 Subject to subsection 21.2, each party agrees that all material technical or scientific information regarding the Joint Venture and the Property obtained hereunder will be the exclusive property of the parties and not publicly disclosed or used other than for the activities contemplated hereunder except as required by Applicable Law or by the rules and regulations of any stock exchange having jurisdiction or with the written consent of the other party, such consent not to be unreasonably withheld.

21.2 Consent to disclosure of information pursuant to subsection 21.1 will not be withheld where a party wishes to disclose any such information to a third party for the purpose of arranging financing for its contributions hereunder or for the purpose of selling its Interest as permitted by Section 23 or in connection with a proposed corporate reorganization, merger or take over bid, provided that such third party first enters into a written agreement with the party wishing to disclose such information that any such information not theretofore publicly disclosed will be kept confidential and not disclosed to others. If a response to a request for consent to disclosure made to a Participant is not received by the Participant making the request for disclosure within five (5) Business Days of the making thereof, the consent of the Participant to whom the request is made will be deemed to have been granted (subject to compliance by such Participant with the other provisions of this subsection 21.2).

21.3 Each party will, prior to making any press release or other written public disclosure, provide to the other a draft not less than twentyfour (24) hours prior to the proposed release thereof and will, prior to making such disclosure, consider the comments of the other party with respect to such draft in finalizing the disclosure.

21.4 No party will be liable to any other for the fraudulent or negligent disclosure of information by any of its employees, servants or agents, provided that such Participant has taken reasonable steps to ensure the preservation of the confidential nature of such information.



22. **LIMITED CHARGING**

22.1 Each Participant hereby covenants and agrees with the other to cooperate fully in connection with any project financing for the Property which is presented on reasonable commercial terms for projects of a similar nature, size and financial risk and to hold its Interest free and clear of all liens, charges and encumbrances including any floating charge (except liens for taxes not yet due and other inchoate liens and arising from operations on the Property being contested in good faith) and each Participant shall, if so required by the terms of such project financing, issue to any lender providing such financing, bonds, debentures or other security instruments charging its Interest in the Property, inter alia, by way of a specific first mortgage and charge limited to its Interest in the Property. No such project financing shall require either Participant to give any guarantee to any third party on behalf of the other Participant, to be jointly and severally liable for the repayment of such financing or to give security to any lenders in respect of such financing in an amount greater than its Interest in the Property.

22.2 If a joint financing for the Production Program is not arranged as contemplated in subsection 22.1, then notwithstanding the provisions of Section 26, for the purpose of financing its share of the Production Program a Participant may, at any time, mortgage, charge or otherwise encumber the whole or any part of its Interest in the Property but only upon the condition that the holder of such encumbrance, (hereinafter called the "Chargee"), first enters into a written agreement with the other Participant in form satisfactory to counsel for such other Participant, binding upon the Chargee, to the effect that:

- (a) the Chargee will not enter into possession or institute any proceedings for foreclosure or partition of the encumbering Participant's Interest in the Property and that such encumbrance shall be subject to the provisions of this Agreement;
- (b) the Chargee's remedies under the encumbrance shall be limited to the sale of the whole, (but only of the whole), of the encumbering Participant's Interest in the Property to the other Participant in accordance with Section 23, or failing such disposition, at a public auction to be held after 90 days' prior notice to the other Participant, such sale to be subject to the purchaser entering into a written agreement with the other Participant whereby such purchaser assumes all obligations of the encumbering Participant under the terms of this Agreement; and
- (c) if the Interest of a Participant in the Property is forfeited, the right of such Participant to act as Operator for the Property will cease.

23. **RESTRICTIONS ON ALIENATION**

23.1 Except in accordance with this Agreement neither Participant shall transfer, convey, assign, mortgage or grant an option in respect of or grant a right to purchase or in



any manner transfer or alienate any or all of its Interest in the Property or transfer or assign any of its rights under this Agreement or Net Smelter Return Royalty.

23.2 Neither Participant shall sell any of its Interest in the Property or otherwise transfer or assign any of its rights under this Agreement except:

- (a) in its entirety, unless specifically provided otherwise hereunder;
- (b) pursuant to an agreement in writing;
- (c) as a single transaction not directly or indirectly part of some other sale or purchase or agreement for any additional consideration of any nature whatsoever; and
- (d) when there is no default of any of the covenants and agreements herein contained by such Participant.

23.3 Nothing in this section shall prevent:

- (a) a sale by either Participant of all of its Interest in the Property or an assignment of all its rights under this Agreement to an Associated Company provided that such Associated Company first complies with the provisions of subsection 23.11 and agrees with the other parties in writing to retransfer such Interest to the originally assigning party before ceasing to be an Associated Company of such Participant; or
- (b) a joint disposition of the Property or all or any part of the other assets constituting any part of the Assets to a third party by the Participants; or
- (c) a transfer of all or any part of the Interests of one Participant to the other Participant.

23.4 Subject to subsections 23.1, 23.2 and 23.3 if either Participant (in this section called the "**Offeror**") intends to sell its Interest in the Property or assign its rights under this Agreement it shall give notice in writing to the other Participant (in this section the Participant receiving such notice is called the "**Offeree**") of such intention together with the terms and conditions on which the Offeror intends to sell its Interest in the Property or assign its rights under this Agreement.

23.5 Subject to subsections 23.1, 23.2 and 23.3, if either Participant (in this section also called the "**Offeror**") receives any offer to purchase its Interest in the Property or assign its rights under this Agreement which it intends to accept, the Offeror shall not accept the same unless and until the Offeror has first offered to sell such Interest in the Property or rights to the other Participant (in this section also called the "**Offeree**") on the same terms and conditions as in the offer received and the same has not been accepted by the Offeree in accordance with subsection 23.7.

23.6 Any communication of an intention to sell pursuant to subsections 23.4 and 23.5 (the "Offer" for the purposes of this section only) shall be in writing delivered in accordance with Section 25 and shall:

- (a) set out fully and clearly all of the terms and conditions of any intended sale;
- (b) if it is made pursuant to subsection 23.5, include a photocopy of the Offer and clearly identify the entity making the offer and include such information as is known by the Offeror about such entity;

and such communication will be deemed to constitute an Offer by the Offeror to the Offeree to sell the Offeror's Interest in the Property or transfer or assign its rights under this Agreement to the Offeree on the terms and conditions set out in such Offer.

23.7 Any Offer made as contemplated in subsection 23.6 shall be open for acceptance by the Offeree for a period of 60 days from the date of receipt by the Offeree.

23.8 If an Offeree accepts the Offer within the time limited, such acceptance shall constitute a binding agreement of purchase and sale between the Offeror and the Offeree for the Interest in the Property or its rights under this Agreement on the terms and conditions set out in such Offer.

23.9 If the Offeree does not accept the Offer within the time limited the Offeror may complete a sale and purchase of its Interest or its rights under this Agreement on exactly the same terms and conditions set out in the Offer and, where applicable, only to the party making the original offer to the Offeror as contemplated in subsection 23.5, and in any event such sale and purchase will be completed within 60 days from the expiration of the right of the Offeree to accept such Offer or the Offeror must again comply with the provisions of this section.

23.10 While any Offer is outstanding, no other Offer may be made until the first mentioned Offer is disposed of and any sale resulting therefrom completed in accordance with the provisions of this section.

23.11 Before the completion of any sale by a Participant of its Interest or rights under this Agreement, to an Associated Company or otherwise, the entity purchasing such Interest shall, at the election of the Participants not selling, enter into an agreement with the Participant not selling on the same terms and conditions as set out in this Agreement.

23.12 Each Participant agrees that its failure to comply with the restrictions set out in this section would constitute an injury and damage to the other Participant impossible to measure monetarily and, in the event of any such failure the other Participant shall, in addition and without prejudice to any other rights and remedies at law or in equity, be entitled to seek injunctive relief restraining or enjoining any sale of any Interest in the Property or assignment of any rights under this Agreement save in accordance with the provisions of this section.

23.13 If the Participant acting as Operator sells its Interest in the Property or transfers or assigns its rights under this Agreement to a third party, its right as Operator under this Agreement shall be included in such sale only if the third party is acceptable to the remaining Participant and is capable of assuming and performing the duties and obligations of the Operator imposed under this Agreement.

23.14 The provisions of this section 23 shall not prevent a Participant from entering into a take-over bid, an amalgamation, merger or other form of corporate combination or reorganization which will have the effect in law of the merged entity or entities possessing all the property, rights and interests and being subject to all the debts, liabilities and obligations of each merging company.

**24. LIABILITY OF THE OPERATOR AND INDEMNITY**

24.1 Except as hereinafter provided, the Participants will indemnify and save the Operator harmless from and against any loss, cost, liability, claim, demand, damage, expense, injury and death (including, without limitation, legal fees and disbursements) resulting from any acts or omissions of the Operator or its directors, officers, employees or agents in conducting operations pursuant to this Agreement.

24.2 Notwithstanding subsection 24.1, the Operator will not be indemnified nor held harmless by the Participants from, and will be liable to the Participants only for, any loss, cost, liability, claim, demand, damage, expense, injury or death (including, without limitation, legal fees and disbursements) resulting from:

- (a) the gross negligence or wilful misconduct of the Operator or its directors, officers, employees or agents; or
- (b) failure of the Operator to obtain and maintain any insurance which it is required to obtain and maintain under subparagraph 13.1(g), unless the Operator has used all reasonable efforts to obtain and maintain any insurance but has been unable to do so on an economic basis and has promptly so notified the Participants;

and the Operator will, in such cases, indemnify and save harmless the Participants from any such loss, cost, liability, claim, demand, damage, expense, injury or death.

24.3 An act or omission of the Operator or its directors, officers, employees or agents done or omitted to be done:

- (a) at the unanimous direction, or within the scope of that unanimous direction, of the Management Committee;
- (b) with the unanimous concurrence of the Management Committee; or
- (c) unilaterally and in good faith by the Operator to protect life or property;

will be deemed not to be gross negligence or wilful misconduct.





24.4 The obligations of a Participant to indemnify and save the Operator harmless pursuant to subsection 24.1 will be in proportion to its interest as at the date that the loss, cost, liability, claim, demand, damage, expense, injury or death occurred or arose.

24.5 The Operator will not be liable to the other party nor will any party be liable to the Operator in contract, tort or otherwise for special, indirect or consequential damages, including, without limiting the generality of the foregoing, loss of profits or revenues, or the inability to produce or deliver Ore or Product, even if advised of the possibility of those damages.

## 25. LIEN

25.1 The Operator shall have a lien and charge (subject only to the rights of any third party providing financing for the Production Program as contemplated in subsection 23.1) on the Participants respective Interests, their right to receive either Mineral Products in kind or proceeds from the sale thereof and their interests in any contracts for the sale of Mineral Products as security for any amount paid by the Operator on behalf of a Participant in respect of Costs under subparagraphs 18.2(a)(i) to 18.2(a)(vi) pursuant to subsection 18.3 or Operating Costs pursuant to subsection 18.5.

25.2 The lien in favour of the Operator under subsection 25.1 (hereafter referred to as the "**Lienholder**") may be secured upon the request of the Lienholder by a mortgage, pledge, charge, general security agreement and financing statement under applicable personal property security legislation in favour of the Lienholder upon the Interest of the debtor Participant (hereafter referred to as the "**Debtor**"), the Debtor's right at any time to receive either Mineral Products in kind or proceeds from the sale thereof and its interest in any contracts for the sale of Mineral Products, but if the Debtor wishes to provide a sufficient bond for securing such payment, in the place of a mortgage, pledge and charge, general security agreement and financing statement, it may elect to do so, and if the Lienholder objects thereto, the sufficiency of the bond (including acceptability of the obligor thereunder, as the case may be) shall be submitted to arbitration in accordance with the provisions of Section 41 of this Agreement.

25.3 If the Lienholder is unable to eliminate any amounts owed to it by the Debtor pursuant to subsection 25.1 and the Debtor owing the amount in question has not paid off the deficiency, the Lienholder shall have the right to take possession of all or any part of the Debtor's Interest. The Lienholder may sell and dispose of the Interest which it has so taken into its possession by:

- (a) 41 first offering that Interest pro rata to the Participant other than the Debtor (the "**Nondefaulting Participant**"), for that price which is the average of the fair market value stated in three appraisals obtained by the Lienholder from independent well recognized appraisers competent in the appraisal of mining properties; and
- (b) if the Nondefaulting Participant has not purchased all or part of that Interest as aforesaid, then by selling the balance, if any, either in whole or in part or in separate parcels at public auction or by private tender (the "**Nondefaulting**

Participants being entitled to bid) at a time and on whatever terms the Lienholder shall arrange, having first given notice to the Debtor of the time and place of the sale.

25.4 As a condition of the sale as contemplated in subparagraph 25.3(b), the purchaser shall agree to be bound by this Agreement and, prior to acquiring the Interest, shall deliver notice to that effect, in form acceptable to the Lienholder to all Participants. Section 23 shall not apply to any proposed sale to a third party pursuant to subparagraph 25.3(b).

25.5 The net proceeds of any sales (after deduction of the expenses of sale) pursuant to subsection 25.3 shall be applied by the Lienholder in payment of the amount due from the Debtor and interest as aforesaid, and the balance remaining, if any, shall be paid to the Debtor after deducting therefrom reasonable costs of the sale.

25.6 The purchaser at any sale hereunder shall not be bound to see to the propriety or regularity thereof. Any sale or disposal made pursuant to this Section 25 shall be a perpetual bar both at law and in equity to any actions, suits, proceedings, claims or litigation by the Debtor and its successors and assigns against the Lienholder and any purchasers with respect to such debt and sales except to obtain its share of sale proceeds, if any, pursuant to subsection 25.5.

25.7 At the sale contemplated by subsection 25.3, the Debtor shall execute and deliver all transfer documents necessary to transfer the Debtor's Interest. The Debtor hereby irrevocably appoints the Lienholder or any officer of the Lienholder as its attorneyin fact with full power and authority to execute any and all documents which the purchaser of the Debtor's Interest deems necessary to evidence the transfer of the Interest of the Debtor. Such power of attorney is coupled with an interest and shall not be revoked by, affected or extinguished by any incapacity or dissolution of the Debtor.

25.8 For purposes of determining the value of Mineral Products taken by the Operator or a Participant pursuant to Section 25 each Participant's share of Mineral Products shall be valued after deduction of:

- (a) all costs of transporting Mineral Products, including insurance, from the Property to the place of delivery designated by the purchaser of such Mineral Products,
- (b) such reasonable charge for marketing Mineral Products as is consistent with generally accepted industry marketing practices, and
- (c) all taxes (other than income taxes), royalties or other charges or imposts provided for pursuant to any law or legal obligation imposed by any government if paid by such Participant in connection with the disposition of Mineral Products taken in kind.

Handwritten signatures in blue ink, appearing to be initials or names, located in the bottom right corner of the page.

26. **ENCUMBRANCE, PARTITION AND INDEMNIFICATION**

26.1 Except as provided in Sections 22 and 26.2 hereof, a Participant shall not encumber or suffer to exist any lien, charge or encumbrance on its Interest.

26.2 Neither Participant shall partition or seek partition, whether through order of any court or otherwise, of the Property, or other assets constituting any part of the Assets.

26.3 A Participant shall not have authority to act for or assume any obligations or liabilities on behalf of the other Participant except such as are specifically authorized pursuant to and in accordance with the terms of this Agreement, and each Participant shall indemnify and hold the other, and their officers, employees, and agents, harmless from and against any and all losses, claims, damages and liabilities arising out of any act or any assumption of any obligations by it done or undertaken on behalf of the other Participant other than as provided herein.

27. **NOTICE**

27.1 Any notice, direction or other instrument required or permitted to be given under this Agreement shall be in writing and may be given by the delivery of the same or by sending the same by, telecommunication, facsimile or other similar form of communication, in each case addressed as follows:

(a) If to Blackhawk, to its attention at:

Attention: J. Edward Short

12528 N. Avondale Loop

Hayden, Idaho 83835

E-mail: short9889@roadrunner.com

(b) If to the Optionee or Organimax at:

Organimax Nutrients Corp.

14th Floor-1040 West Georgia Street

Vancouver, B.C.

V6E 4H1

Canada

Attention: Brandon Rook

E-mail: brandon@silvervalleymetals.com

27.2 Any notice, direction or other instrument will, if delivered on a regular business day, be deemed to have been given and received on the day it was delivered and otherwise on the next business day, and if sent by telecommunication, facsimile or other

similar form of communication on a regular business day, be deemed to have been given or received on the day it was so sent and otherwise on the next business day.

27.3 Any party may at any time give to the others notice in writing of any change of address of the party giving such notice and from and after the giving of such notice the address or addresses therein specified will be deemed to be the address of such Participant for the purposes of giving notice hereunder.

**28. FURTHER ASSURANCES**

28.1 The Participants will execute such further and other documents and do such further and other things as may be necessary or convenient to carry out and give effect to the intent of this Agreement.

**29. MANNER OF PAYMENT**

29.1 Unless otherwise specified, all references to monies hereunder shall be in United States funds. All payments to be made to any Participant hereunder may be made by cheque or draft mailed or delivered to such Participant at its address for notice purposes as provided herein, or deposited for the account of such Participant at such bank or banks as such Participant may designate from time to time by written notice. Said bank or banks shall be deemed the agent of the designating Participant for the purpose of receiving, collecting and receipting such payment.

**30. TERMINATION**

30.1 Subject to the provisions of Section 5 in the case of a termination prior to the exercise of the Option, this Agreement shall terminate upon the occurrence of the earliest of:

- (a) a written agreement by the Participants to terminate;
- (b) the termination of the Option and this Agreement pursuant to subsection 5.3;
- (c) except with respect to the Net Smelter Returns Royalty, upon the transfer of all of a Participant's Interest to the Remaining Participant pursuant to subsection 10.5;
- (d) the sale, abandonment or liquidation of all the Assets and the distribution of any proceeds therefrom, net of liabilities, to the Participants to the extent of their interest therein and the completion of all required reclamation and restoration activities in respect of the Assets; or
- (e) such time as there is only one Participant and no party holds a Net Smelter Returns Royalty.



31. **TIME OF ESSENCE**

31.1 Time is of the essence in the performance of this Agreement.

32. **HEADINGS**

32.1 The headings of the sections of this Agreement are for convenience only and do not form a part of this Agreement nor are they intended to affect the construction or meaning of anything herein contained or govern the rights and liabilities of the parties.

33. **ENUREMENT**

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

34. **FORCE MAJEURE**

34.1 Neither Participant will be liable for its failure to perform any of its obligations under this Agreement due to a cause beyond its control (except those caused by its own lack of funds) including, but not limited to, war, insurrection, civil unrest, adverse weather conditions, environmental protests or blockages, acts of God, fire, flood, explosion, strikes, lockouts or other industrial disturbances, laws, rules and regulations or orders of any duly constituted governmental authority or nonavailability of materials or transportation (each an "**Intervening Event**").

34.2 All time limits imposed by this Agreement will be extended by a period equivalent to the period of delay resulting from an Intervening Event described in subsection 34.1.

34.3 A Participant relying on the provisions of subsection 34.1 will take all reasonable steps to eliminate any Intervening Event and, if possible, will perform its obligations under this Agreement as far as practical, but nothing herein will require such Participant to settle or adjust any labour dispute or to question or to test the validity of any law, rule, regulation or order of any duly constituted governmental authority or to complete its obligations under this Agreement if an Intervening Event renders completion impossible.

35. **DEFAULT**

35.1 Notwithstanding anything in this Agreement to the contrary (other than the provisions of this Agreement providing for elections to contribute and contributions to any Program and any Production Program for which no notice of default need be given), if either Participant (a "**Defaulting Participant**") is in default of any requirement herein set forth the other Participant shall give written notice to the Defaulting Participant specifying the default and the Defaulting Participant shall not lose any rights under this Agreement, unless within 30 days after the giving of notice of default by the affected Participant the

Defaulting Participant has failed to take reasonable steps to cure the default by the appropriate performance and if the Defaulting Participant fails within such period to take reasonable steps to cure any such default, the affected Participant shall be entitled to seek any remedy it may have on account of such default.

36. **FURTHER AGREEMENT**

36.1 After the commencement of Commercial Production, either Participant may give notice to the other Participant requiring such Participant to enter into negotiations to settle a detailed operating agreement to supersede this Agreement. The Participants will endeavour to settle and execute such an agreement but if they fail to do so this Agreement will remain in full force and effect.

36.2 If either Participant determines that it would be in the best interests of the Joint Venture to have the Participants' Interests held by a joint venture company, owned by the Participants, for the sole purpose of holding such interests, such Participant may give notice to the other Participant, requiring such Participant to enter into negotiations to settle a new joint venture structure and related documentation to supersede this Agreement, but if they fail to do so this Agreement will remain in full force and effect.

37. **OPTION ONLY**

37.1 The Option is an option only and except as specifically provided otherwise, nothing herein will be construed as obligating the Optionee, prior to the exercise of the Option, to do any acts or make any payments hereunder except as otherwise set forth, and any act or acts or payment or payments as may be made hereunder will not be construed as obligating the Optionee to do any further act or acts or make any further payment or payments except as otherwise provided herein.

38. **ENTIRE AGREEMENT**

38.1 This Agreement constitutes the entire agreement between the Participants and, except as hereafter set out, replaces and supersedes all prior agreements, memoranda, correspondence, communications, negotiations and representations, whether oral or written, express or implied, statutory or otherwise between the parties with respect to the subject matter herein including, without limitation, the Letter Agreement.

39. **GOVERNING LAW**

39.1 This Agreement shall be governed by and construed according to the laws of Idaho and, if applicable, according to the laws of Shoshone County, Idaho applicable therein.



**40. SEVERABILITY**

40.1 If any term of this Agreement is determined to be invalid or unenforceable, in whole or in part, that invalidity or unenforceability will attach only to such term or part term, and the remaining part of the term and all other terms of this Agreement will continue in full force and effect. The invalidity or unenforceability of any term in any particular jurisdiction will not affect its validity or enforceability in any other jurisdiction where it is valid or enforceable.

**41. ARBITRATION**

41.1 Any controversy or claim arising out of or relating to this contract, or the breach thereof, shall be settled by arbitration administered by the American Arbitration Association in accordance with its Commercial Arbitration Rules and judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof.

**42. CURRENCY**

42.1 The dollar currency in this Agreement is expressed in United States currency.

IN WITNESS WHEREOF the parties hereto have executed these presents as of the day and year



first above written.

**BLACKHAWK EXPLORATION LLC**

Per:



Authorized Signatory

**NORTH IDAHO METALS INC.**

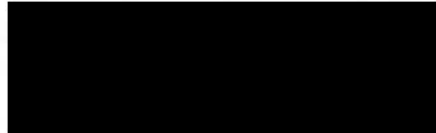
Per:



Authorized Signatory

**ORGANIMAX NUTRIENT CORP.**

Per:



Authorized Signatory - Director



## SCHEDULE "B" – NET SMELTER RETURNS ROYALTY

### NET SMELTER RETURNS ROYALTY

1. The Net Smelter Royalty payable to a former Participant whose Interest was converted pursuant to subsection 10.5 of the Agreement (a "Payee") will be equal to a 2% of Net Smelter Revenue and will be paid by the remaining Participant (the "Payor") in accordance with the terms of this Schedule "B".
2. The Net Smelter Revenue will be calculated on a calendar quarterly basis and will be equal to Gross Revenue (as hereinafter defined) less Permissible Deductions (as hereinafter defined) for such quarter.
3. In this Schedule the following words have the following meanings:
  - (a) "Agreement" means the agreement among Organimax Nutrients Corp., Organimax Resources Inc. and Blackhawk Exploration LLC of which this Schedule forms part;
  - (b) "Gross Revenue" means the aggregate of the following amounts (without duplication) accruing in each quarterly period following commencement of Commercial Production:
    - (i) the revenue received by the Payor from arm's length purchasers of all Mineral Products;
    - (ii) the fair market value of all Mineral Products sold by the Payor in such period to persons not dealing at arm's length with the Payor; and
    - (iii) any proceeds of insurance on Mineral Products;
  - (c) "Mineral Products" means all ores, concentrates, minerals and refined or semi-refined products produced from the Property;
  - (d) "Permissible Deductions" means the aggregate of the following charges (to the extent that they are not deducted by any purchaser in computing payment) that are incurred with respect to the Property in each quarterly period:
    - (i) sales charges levied by any sales agent on the sale of Mineral Products,
    - (ii) transportation costs for Mineral Products from the Property to the place of beneficiation, processing or treatment and thence to the place of delivery of Mineral Products to a purchaser thereof, including shipping, freight, handling and forwarding expenses,
    - (iii) all costs, expenses and charges of any nature whatsoever which are either paid or incurred by the Payor in connection with refinement or beneficiation of Mineral Products after leaving the Property, including all smelter and refinery charges and all weighing, sampling, assaying, representation and



storage costs, metal losses and umpire charges, and any penalties charged by the processor, refinery or smelter, and

- (iv) all insurance costs on Mineral Products and any government royalties, production taxes, severance taxes and sales and other taxes levied on Mineral Products or on the production value thereof (other than income taxes of the Payor); and

(e) "Property" means the Property as defined under the Agreement.

4. For greater certainty, and without limiting the generality of the foregoing, all charges deducted by an arm's length purchaser of ores or concentrates whether for smelting, treatment, handling, refining, storage or any other operation on or service relating to the Mineral Products that occurs after the point of sale shall be considered to be legitimate deductions in arriving at the Net Smelter Revenue amount.
5. The Royalty will be calculated and paid within 60 days after the end of each calendar quarter. Smelter settlement sheets, if any, and a statement setting forth calculations in sufficient detail to show the payment's derivation (the "Statement") must be submitted with the payment.
6. In the event that final amounts required for the calculation of the Royalty are not available within the time period referred to in Section 5 of this Schedule "B", then provisional amounts will be estimated, and the Royalty paid on the basis of this provisional calculation. Positive or negative adjustments will be made to the Royalty payment of the succeeding quarter.
7. Subject to the adjustment provisions of this Schedule "B", all Royalty payments will be considered final and in full satisfaction of all obligations of the Payor with respect thereto, unless the Payee delivers to the Payor a written notice ("**Objection Notice**") describing and setting forth a specific objection to the calculation thereof within sixty (60) days after receipt by the Payor of this Statement. If the Payee objects to a particular Statement as herein provided, Payee will, for a period of sixty (60) days after the Payor's receipt of such Objection Notice, have the right, upon reasonable notice and at a reasonable time, to have the Payor's accounts and records relating to the calculation of the Royalty in question audited by the auditors of the Payee. If such audit determines that there has been a deficiency or an excess in the payment made to the Payee, such deficiency or excess will be resolved by adjusting the next quarterly Royalty payment due hereunder. The Payee will pay all the costs and expenses of such audit unless a deficiency of five percent (5%) or more of the amount due is determined to exist. The Payor will pay the costs and expenses of such audit if a deficiency of five percent (5%) or more of the amount due is determined to exist. All books and records used and kept by the Payor to calculate the Royalty due hereunder will be kept in accordance with Canadian generally accepted accounting principles. Failure on the part of the Payee to make claim against the Payor for adjustment in such sixty (60) day period by delivery of an Objection Notice will conclusively establish the correctness and sufficiency of the statement and Royalty payments for such quarter, and forever preclude the filing of exceptions thereto or making



of claims for adjustment thereon by the Payee. Nothing herein will limit the Payee's rights arising out of fraud.

8. All profits and losses resulting from the Payor engaging in any commodity futures trading, option trading, metals trading, gold loans or any combination thereof, and any other hedging transactions with respect to Mineral Products which is a precious metal (collectively, "**Hedging Transactions**") are specifically excluded from calculations of the payments on account of the Net Smelter Royalty pursuant to this Schedule "B" (it being the intent of the parties in any manner it chooses and that the Payee will not have any right to participate in such marketing activities or to share in any profits or losses therefrom). All Hedging Transactions by the Payor and all profits or losses associated therewith, if any, will be solely for the Payor's account. The amount of Net Smelter Revenue derived from all Mineral Products subject to Hedging Transactions by the Payor will be determined pursuant to the provisions of this paragraph 8 and not paragraph 2. As to precious metals subject to Hedging Transactions by the Payor, Net Smelter Revenue will be determined without reference to Hedging Transactions and will be determined by using, for gold, the quarterly average price of gold, which will be calculated by dividing the sum of all London Bullion Market Association P.M. Gold Fix prices reported for the calendar quarter in question by the number of days for which such prices were quoted, less an amount reasonably equivalent to the deductions permitted by paragraph 3(d). Any Mineral Products subject to Hedging Transactions will be deemed to be sold, and revenues received therefrom, only on the date of final settlement of the amount of refined Mineral Products allocated to the account of the Payor by a third party refinery in respect of such transactions. Furthermore, the Payor will have no obligation to fulfil any futures, contracts, forward sales, gold loans or other Hedging Transactions which the Payor or any of its Associated Companies may hold with Mineral Products.



**FIRST AMENDMENT TO  
GOVERNMENT GULCH OPTION AND JOINT VENTURE AGREEMENT**

THIS FRIST AMENDMENT TO GOVERNMENT GULCH OPTION AND JOINT VENTURE AGREEMENT ("Amendment") is entered into effective July 20, 2022, between, **SILVER VALLEY METALS CORP. (formerly ORGANIMAX NUTRIENT CORP.)**, a TSX-V Company hereafter referred to "Optionee", and **BLACKHAWK EXPLORATION, LLC.**, an Idaho Limited Liability Company, hereafter referred to as "Blackhawk," sometimes collectively referred to as the "Parties." The Parties agree as follows:

RECITALS

- A. Optionee and Blackhawk entered into that certain GOVERNMENT GULCH OPTION AND JOINT VENTURE AGREEMENT ("AGREEMENT") dated effective July 20, 2021.
- B. The parties desire to amend the Agreement to extend the due date of certain obligations and to release a portion of the real property (surface rights only) described in "Schedule A Description of the Property" of the agreement.

**1. AMENDMENT.**

The Agreement is amended by deleting paragraph 5.1(a) (ii) and replacing it with the following:

"(ii) subject to paragraph 5.2, an additional fifty thousand dollars (\$50,000) is due on or before the second anniversary plus fourteen (14) days plus an additional one-hundred thousand dollars (\$100,000) is due on or before the second anniversary not to exceed one hundred thirty (130) days and by the Optionee granting to Blackhawk the surface rights to those portions of the following patented mining claims lying in Township 48 North, Range 2 East Section 2 B.M. Shoshone County, Idaho Portions of the SILVER QUEEN EXTENSION MS 1822, CONTACT MS 2548 and WALKER MS 1852."

2. Blackhawk intends to secure an easement from the Idaho Department of Environmental Quality to access the surface right being released. Any easement ultimately received will inure to the benefit of the remaining real property subject to the "AGREEMENT" to the maximum extent possible and that easement will be recorded in the Shoshone County Recorder's Office at Blackhawk's expense.

All other terms and provisions of the Agreement shall remain unamended.




IN WITNESS WHEREOF, the parties have set their hands effective the 20<sup>th</sup> day of July, 2022, and state that they are authorized to execute this agreement.

**OPTIONEE**

**SILVER VALLEY METALS**

By  \_\_\_\_\_  
Brandon Rook, CEO

**BLACKHAWK**

By  \_\_\_\_\_  
J. Edward Short, agent

**SECOND AMENDMENT TO  
GOVERNMENT GULCH OPTION AND JOINT VENTURE AGREEMENT**

THIS SECOND AMENDMENT TO GOVERNMENT GULCH OPTION AND JOINT VENTURE AGREEMENT (“Amendment”) is entered into effective May 22, 2024, between, **SILVER VALLEY METALS, formerly ORGANIMAX NUTRIENT CORP**, a TSX-V Company hereafter referred to “Optionee”, and **BLACKHAWK EXPLORATION, LLC.**, an Idaho Limited Liability Company, hereafter referred to as “Blackhawk,” sometimes collectively referred to as the “Parties.” The Parties agree as follows:

RECITALS

A. Optionee and Blackhawk entered into that certain GOVERNMENT GULCH OPTION AND JOINT VENTURE AGREEMENT (“AGREEMENT”) dated effective July 20, 2021.

B. The parties desire to amend the Agreement to extend the due date of certain obligations.

1. **OPTION.** This Amendment shall extend the due date of the obligations due by the first anniversary of the original agreement’s effective date as follows:

**a) amend paragraph 5.1(a)(iii) to read: “an additional one hundred thousand United States dollars (US\$100,000) on or before June 15, 2024; and”;**

**b) add paragraph 5.1(a)(iv) which shall state: “an additional one hundred and fifty thousand United States dollars (US\$150,000) on or before the fourth anniversary of the Effective Date.”;**

**c) amend paragraph 5.1(b)(iii) to read: “an additional two hundred and fifty thousand United States dollars (US\$250,000) on or before December 31, 2024” the third anniversary of the Effective Date”; and**

**d) amend paragraph 5.1(b)(iv) to read: “the balance of exploration expenditures due on or before or up to 90 days after the fourth anniversary of the Effective Date”.**

2. **Interpretation.** The Terms and provisions of this Amendment shall control over any conflicting provisions of the Agreement to the extent of such conflict, and otherwise the terms and provisions of the Agreement shall remain in force and effect.

IN WITNESS WHEREOF, the parties have set their hands effective the 22nd day of May 2024, and state that they are authorized to execute this agreement.

**OPTIONEE:**

**SILVER VALLEY METALS**

By  \_\_\_\_\_  
Brandon Rook, CEO

**BLACKHAWK EXPLORATION LLC:**

By  \_\_\_\_\_  
J. Edward Short, Agent

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## ***MINERAL RIGHTS LEASE AND OPTION AGREEMENT***

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THIS MINERAL RIGHTS LEASE AND OPTION AGREEMENT (hereinafter the "*Lease*") is made and entered into this 18<sup>th</sup> day of November, 2021 ("*Effective Date*"), by and between DEADWOOD LAND, LLC, an Idaho limited liability company ("*Lessor*"), whose mailing address is P.O. Box 469, Wallace, Idaho 83873, and NORTH IDAHO METALS CORPORATION, a Delaware corporation ("*NIM*" or "*Lessee*"), whose address is 750-1095 West Pender Street, Vancouver, B.C. V6E NM6, and SILVER VALLEY METALS CORP., an Idaho, corporation ("*SVM*" or "*Guarantor*"), whose address is 1 Mine Road, Kellogg, Idaho 83837-0016. Lessor, NIM, and Guarantor may be collectively referred to herein as the "*Parties*" or individually as a "*Party*."

### **RECITALS**

WHEREAS, Lessor is the owner of certain patented mining claims located in Shoshone County, State of Idaho, along with all mineral rights and other interests and appurtenances thereto, more particularly described in the attached and incorporated Exhibit A (the "*Mining Claims*"); and

WHEREAS, NIM desires to obtain the exclusive right to lease mineral rights within the Mining Claims, along with all rights appurtenant to the mineral estate (including surface access) (collectively, the "*Mineral Rights*"), from Lessor for the purpose of conducting mineral exploration on the Mining Claims, along with obtaining an option to acquire the Mineral Rights, and Lessor desires to grant such exclusive rights to NIM, subject to the terms and conditions of this Lease.

### **AGREEMENT**

NOW, THEREFORE, in consideration of the foregoing premises, the mutual covenants and agreements hereinafter set forth, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the Parties, Lessor and NIM agree as follows:

1. Lease Grant. Lessor hereby leases to NIM the Mineral Rights, together with the exclusive right (i) to explore for the minerals contained within the Mineral Rights (including by means of driving underground workings from the surface or subsurface workings from adjoining properties), and (ii) to use the surface of the Mining Claims for any and all other purposes relating to the development and extraction of the Mineral Rights, all as deemed necessary or convenient by NIM for the mining operations conducted on the Mining Claims. Lessee shall not be permitted to mine and remove commercial quantities of the minerals within the Mining Claims prior to the exercise of the Option, as set forth in Section 5 below.

2. Lease Term. The term of this Lease shall be ten (10) years (the "*Term*") commencing on the Effective Date.



3. Bonus Payment. As consideration for the Option (defined below) granted herein, upon execution of this Lease, NIM shall pay to Lessor a one (1) time bonus payment in the amount of Sixty Thousand Dollars (\$60,000.00) (the "**Bonus Payment**").

4. Rental. Beginning on the first anniversary of the Effective Date and continuing throughout the Term, NIM shall pay a rental payment of Thirty Thousand Dollars (\$30,000.00) annually as consideration for the Lease of the Mineral Rights (the "**Rental Payment**"). The Rental Payment shall be delivered from NIM to Lessor within five (5) business days of the first anniversary of the Effective Date and continuing on each subsequent anniversary of the Effective Date throughout the Term, via wire transfer, pursuant to the wire instructions provided by Lessor to NIM in writing, or as otherwise directed by Lessor in writing.

5. Option. Lessor grants to NIM the sole, exclusive, irrevocable option to acquire all of Lessor's right, title and interest to the Mineral Rights, which shall include sufficient surface land to enable the Lessor to conduct mining operations including, if necessary, the erection of limited-reasonably necessary ancillary structures to enable and support the exploration and mining operations (the "**Option**"). Provided however, such ancillary structures shall not be for milling, processing operations or waste disposal and the Parties agree no such milling, processing operations or waste disposal shall take place on the Mining Claims. Provided further, the Parties understand and agree, by exercise of the Option, NIM is not acquiring title or a tenancy to any surface rights, but shall have the right to use the surface as reasonably necessary, which shall be in good faith and as conservatively as possible, to support the mining operations, including the use of roadways and erect such ancillary structures (subject to the surface use limitations set forth herein). Notwithstanding the foregoing, in the event NIM desires to acquire title to surface rights within the Mining Claims, Lessor and NIM agree to negotiate such acquisition in good faith under terms and conditions reasonably acceptable to the Parties. NIM may exercise the Option at any time during the Term. The purchase price for the Mineral Rights shall be One Million Five Hundred Thousand Dollars (\$1,500,000.00) (the "**Option Purchase Price**"). The Bonus Payment and all Rental Payments paid by NIM to Lessor shall be credited towards the Option Purchase Price. If NIM elects to exercise the Option, NIM shall deliver written notice to Lessor. On Lessor's receipt of NIM's notice of exercise of the Option, the Parties shall make diligent efforts to close the conveyance of the Mineral Rights, herein expressed, within sixty (60) days after NIM's delivery of the notice. At closing of the Option transaction contemplated by this section ("**Closing**"), Lessee shall deliver the Option Purchase Price and Lessor shall execute and deliver to NIM a Warranty Deed conveying the Mineral Rights to NIM, along with all other documents necessary to complete the Closing of the transaction contemplated hereby. In the event the Option is exercised, NIM understands and agrees it shall be responsible for compliance with all environmental laws, including, but not limited to reclamation requirements, as provided by the applicable rules, regulations, and laws of the State of Idaho and of the United States or any other governmental authority with jurisdiction over the Mining Claims or mining operations. Furthermore, as provided below, and reincorporated herein by reference, the terms and provisions of indemnification, guaranty and assignment set forth in Sections 11 and 12(e) and (k) shall apply after exercise of the Option, in perpetuity.

6. Lessor Access. Lessor shall retain the right to access and use the surface of the Mining Claims during the Term to harvest and remove timber from the Mining Claims, and all

other surface use purposes. Lessor shall conduct its timber harvesting operations and all other surface use activities in such manner as not to unreasonably interfere with NIM's exploration of the Mineral Rights.

Notwithstanding the foregoing, during the Term, Lessee shall have the right to cut and clear timber as may be reasonably necessary in connection with the exercise of Lessee's lease rights as set forth in Section 1. In the event Lessee cuts and clears timber, Lessor shall have the right to remove and sell such timber. Lessee agrees that it, or others at its direction, will use all reasonable means to cut and clear timber in a manner that is consistent with the best forestry practices and industry standards and to maintain and maximize the value of such timber for market purposes.

7. Title. In the event it is discovered that Lessor does not hold One Hundred Percent (100%) of the right, title, and interest to the Mineral Rights, NIM shall have the right to reduce the Rental Payments and Option Purchase Price, consistent with Lessor's percentage ownership in the Mineral Rights. Further, Lessor shall cooperate with, and not oppose, any action taken by NIM with respect to matters of title, including any quiet title action commenced by NIM to remove or resolve any clouds on title to the Mineral Rights or acquire the remaining title to Lessor's interest in the Mineral Rights. In the event NIM chooses to pursue any action with respect to title to the Mineral Rights, Lessor shall not be responsible for any related fees, costs or expenses and NIM agrees to indemnify Lessor for the same, if incurred. NIM further agrees that, in the event title to the Mineral Rights is cleared or vested in favor of Lessor or NIM, NIM shall not be entitled to any past or future reduction in Rental Payments or the Option Purchase Price.

8. Reclamation. In the event this Lease expires or is terminated prior to the exercise of the Option, within one hundred and eighty (180) days of termination, NIM shall perform such reclamation work as is required (i) by the applicable rules, regulations, and laws of the State of Idaho and of the United States or any other governmental authority with jurisdiction over the Mining Claims, and (ii) to return the surface of the Mining Claims to an "as-received" condition. Further, NIM will remove all permanent structure(s) constructed by NIM, unless the Lessor instructs the Lessee to preserve them, at which time the preserved structure(s) will become the property of the Lessor; provided, however, NIM shall not be responsible for reclamation of any condition existing on the Mining Claims prior to the date of this Lease nor any condition resulting from activities independent of this Lease including, without limitation, surface disturbances, solid wastes, hazardous wastes, water pollution, or public health or safety hazards.

9. Taxes and Fees. Lessor agrees to pay when due all state and county property tax assessments upon the Mining Claims. Lessee agrees to pay when due all state and county tax assessments related to the Mineral Rights and extraction (if any). NIM's obligation to pay the aforesaid taxes assessments shall commence with taxes payable for the year of execution of Lease prorated as of the Effective Date. NIM agrees to make payment thereof, as required by federal, state, county, and local statutes so that no default in taxes upon the interest of Lessor shall occur. NIM shall provide Lessor with copies of the property tax receipts in order that the Lessor may be assured that the taxes are timely paid.

10. Environmental Laws.

a. Except to the extent that such materials are the by-product of, or used in the normal course of NIM's operations and are properly disposed of, contained or stored in accordance with all environmental laws and other applicable laws, NIM covenants and agrees not to introduce at, on or about any portion of the Mining Claims or the Mineral Rights any hazardous materials. As used in this section, "**Hazardous Materials**" means any asbestos, polychlorinated biphenyls, petroleum products or any other materials, wastes, and substances which are classified or regulated as "hazardous," "toxic," a "contaminant," or a "pollutant" under any environmental laws, now existing or as later amended or enacted. NIM shall comply with all applicable federal, state, regional, and local laws, regulations, and ordinances protecting the environment and natural resources including, but not limited to, the Federal Clean Water Act, Safe Drinking Water Act, Clean Air Act, Resource Conservation Recovery Act, Comprehensive Environmental Response, Compensation and Liability Act of 1980, and all rules and regulations promulgated or adopted thereunder as same may, from time to time, be amended or enacted ("**Environmental Laws**").

b. Removal. NIM shall dispose of all petroleum products and all other Hazardous Materials used in connection with all operations on the Mining Claims and the Mineral Rights in accordance with Environmental Laws and other applicable law, and shall, upon reasonable request of Lessor, provide evidence of such compliance. NIM agrees that if any Hazardous Materials, or any other substances, brought onto or produced on the Mining Claims by NIM, or its agents, while this Lease remains in effect, must be removed, remediated, encapsulated, or otherwise abated pursuant to Environmental Laws and other applicable laws, and replace and restore the affected area to substantially the same condition as existed prior to such removal, remediation and/or encapsulation.

c. Environmental Default. An "**Environmental Default**" means any of the following caused or permitted by NIM, which has not been remedied by NIM: (i) a violation of an Environmental Law; (ii) a release, spill or discharge of a Hazardous Material on or from the Mining Claims in violation of any Environmental Law; (iii) an environmental condition requiring responsive action; or (iv) an emergency environmental condition. Promptly upon request, NIM shall execute, from time to time, affidavits, representations, and similar documents concerning NIM's best knowledge and belief regarding the presence of Hazardous Materials at or under the Mining Claims. Upon any Environmental Default, NIM shall immediately notify Lessor, in writing, of the full nature of the Environmental Default and shall remedy the same within sixty (60) days of such notification to Lessor, or if such default cannot be remedied within sixty (60) days, then NIM shall commence action to cure and contain the same within thirty (30) days of such notification and diligently prosecute such action to completion. If NIM thereafter fails to fully remedy such default within one hundred eighty (180) days of its notification to Lessor of such default, then Lessor, in addition to all other rights available to it under this Lease, at law or in equity, shall have the right, but not the obligation, to terminate or forfeit this Lease effective five (5) business days after Lessee receives written notice of termination or forfeiture. The Parties agree such rights, obligations, and duties to indemnify set forth

herein shall survive termination or forfeiture of this Lease. The Parties further agree that in the event of termination or forfeiture of this Lease, the Option shall immediately terminate and be invalid and unenforceable without any further action by any Party.

11. Indemnification. NIM agrees to defend, indemnify, and hold harmless Lessor, its officers, directors, agents, and employees (each a "*Lessor Indemnified Party*") from and against any and all claims, litigation, actions, proceedings, losses, damages, liabilities, obligations, costs and expenses, including attorneys', investigators', expert witnesses', and consulting fees, court costs and judicial or administrative litigation expenses (collectively, "*Claims*") suffered or incurred by any Lessor Indemnified Party, arising from (i) physical injuries or death to or of any Lessor Indemnified Party or third party, to the extent caused by NIM or any person or entity acting for, on behalf of, or for the benefit of NIM; (ii) any breach of any covenant by NIM or any person or entity acting for, on behalf of, or for the benefit of NIM under this Lease; (iii) the presence, handling, storage, disposal, transport or release of hazardous materials in, under, on or about the Mining Claims, or which are or were brought or permitted to be brought onto the Mining Claims by NIM or any person or entity acting for, on behalf of, or for the benefit of NIM, or released into the environment by NIM or any person or entity acting for, on behalf of, or for the benefit of NIM as a result of its operations or use of the Mining Claims; or (iv) the violation or consequence of any federal, state, local or tribal law, regulation or ordinance including, but not limited to, Environmental Laws and all other applicable laws relating to or affecting exploration, mining, milling, concentration, leaching, treatment, reclamation, remediation, land use, cultural properties, and historic artifacts in, on or under the Mining Claims, and all other operations and uses of the Mining Claims by NIM or any person or entity acting for, on behalf of, or for the benefit of NIM. The terms and provisions of this Indemnification shall remain in full force and effect during the Term of the Lease and thereafter, in perpetuity, if the Option is exercised.

12. General Provisions.

a. Default and Cure. If NIM breaches any material covenant or obligation in a material way under this Lease and such has not been cured within thirty (30) days after written notice by Lessor, Lessor may terminate and/or forfeit this Lease and/or Option. If any breach identified by Lessor can be cured but cannot reasonably be cured within the thirty (30) day notice period, NIM's cure period shall be extended so long as NIM is reasonably proceeding with diligence and in good faith to cure such breach.

b. Termination. NIM shall have the right to terminate this Lease at any time during the Term upon thirty (30) days' written notice to Lessor. NIM's right to terminate this Lease shall not apply or be available if NIM is in breach of any material covenant or obligation, in a material way, under this Lease and such is not cured as set forth in the above Section 12(a). Termination or forfeiture of this Lease shall terminate the Option and such shall not be valid or enforceable thereafter.

c. Effect of Termination. If this Lease is terminated, all obligations of the Parties which accrued or are due to actions before the termination date or post termination actions as set forth in Section 8, including, but not limited to, any obligation to perform reclamation work with respect to activities conducted on the Mining Claims or in

connection with the Mineral Rights by or for NIM, shall survive such termination and be timely discharged by the obligated Party.

d. Insurance. NIM shall at all times during the Term of this Lease and at NIM's sole cost and expense, maintain in effect Worker's Compensation insurance with statutory limits and general liability insurance to cover bodily injury and property damage, adequate to protect Lessor against liability for bodily injury or death of any person in connection with any and all acts contemplated under this Lease, in an amount not less than One Million Dollars (\$1,000,000.00) of combined single limit bodily injury and property damage coverage with not less than Two Million Dollars (\$2,000,000.00) in the aggregate. Such policies shall cover the Mining Claims.

e. Guaranty. Guarantor, SVM, unconditionally guarantees all duties and obligations of NIM and its successors and assigns under this Lease. If NIM or its successors or assigns, for any reason, fail to pay or to perform any duty or obligation, indebtedness, or liability arising out of or pertaining to this Lease, Guarantor promises to pay or satisfy the same. Guarantor waives notice of acceptance of this Guaranty and also presentment, demand, protest, notice to protest, and notice of dishonor of any obligation guaranteed hereby. No extension of time or other indulgence granted by Lessor to Guarantor or NIM will release or affect the obligation of Guarantor. No omission or delay on the part of Lessor in exercising any right hereunder, or in taking any action to collect or enforce payment of any obligation, will be a waiver of such right or release or affect the obligation of Guarantor hereunder.

Lessor shall have no duty to sue, or otherwise attempt collection from NIM, its successors, assigns or any other party, or to take any action of any sort prior to demanding and enforcing payment and obligations by Guarantor. Specifically, without limiting the foregoing, Guarantor waives any right to have NIM joined in any suit brought against Guarantor on this Guaranty and also any right to require Lessor to sue NIM or its successors or assigns on any obligation as a prerequisite to any action by Lessor against Guarantor.

f. Holdover. If NIM shall, without the written consent of Lessor, remain in possession of the Mineral Rights or occupy the Mining Claims and fail to return the same to Lessor after the expiration or termination of the Lease, the tenancy shall be a holdover tenancy and shall be on a month-to-month basis, which may be terminated according to Idaho law. During such tenancy, NIM agrees to pay to Lessor One Hundred Fifty Percent (150%) of the annual Rental Payment under this Lease, unless a different rate is agreed upon by Lessor in writing. All other terms of this Lease shall remain in effect. NIM acknowledges and agrees that this Section does not grant any right to holdover, and that NIM may also be liable to Lessor for any and all damages or expenses which Landlord may have to incur as a result of NIM's holdover.

g. Non-Waiver. Lessor's or NIM's waiver of any breach of any provision contained in this Lease shall not be deemed to be a waiver of the same provision for subsequent acts of NIM or Lessor. The acceptance by Lessor of Rental Payment or other amounts due by NIM hereunder shall not be deemed to be a waiver of any previous breach

by NIM.

h. **Notices.** All notices under this Lease shall be in writing and effective (i) when delivered in person or via overnight courier to a Party; (ii) when mailed by certified or registered mail to a Party; or (iii) upon confirmed transmission by email or facsimile to a Party. As of the Effective Date, notices shall be sent to the following:

**To Landlord:**  
Deadwood Land, LLC  
P.O. Box 469  
Wallace, Idaho 83873  
Telephone: (208) 661-2867  
Email: [brian@deadwoodland.com](mailto:brian@deadwoodland.com)

**To Lessee:**  
North Idaho Metals Corporation  
123 Cameron Avenue  
Kellogg, Idaho 83837-0016  
Telephone: (604) 828-5599  
Email: [brandon@silvervalleymetals.com](mailto:brandon@silvervalleymetals.com)

**To Guarantor:**  
Silver Valley Metals Corp.  
750-1095 West Pender Street  
Vancouver, B.C. V6E NM6  
Attn: Brandon Rook  
Telephone: (604) 800-4710  
Email: [brandon@silvervalleymetals.com](mailto:brandon@silvervalleymetals.com)

i. **Severability.** Any provision of this Lease which shall prove to be invalid, void, or illegal shall in no way affect, impair, or invalidate any other provision of this Lease.

j. **Integrated Document and Interpretation.** This Lease constitutes the full and final expression of the Parties' intentions and agreement and any and all prior contemporaneous oral or written negotiations or agreements are of no further force or effect. This Lease may only be amended in writing signed by all Parties thereto. Any failure of a Party to insist on strict performance of any term or condition of this Lease shall not be construed as a waiver of said term or condition. The Parties have had time to consult an attorney of their own choice regarding this Lease. Therefore, the terms of this Lease, in the event of any ambiguity, are to be construed according to their natural, ordinary meaning, and not for or against any Party.

k. **Assignment.** This Lease shall be binding upon, and shall inure to the benefit of the Parties and their respective successors and assigns; NIM or Lessor shall be entitled to assign their rights and obligations hereunder to a third party, written notice of which

shall be provided to the other Party, and, in any such event, this Lease shall continue in full force and effect between Lessor's and NIM's respective assignee, as the case may be. Provided, however, in the event NIM assigns its rights and obligations hereunder to a third party, NIM and Guarantor (and those persons/entities identified under Section 12(e)) agree to remain obligated as guarantors of their obligations hereunder, unless NIM's assignee provides a replacement guarantor approved by Lessor, which approval shall not be unreasonably conditioned, withheld or denied.

l. Memorandum of Recording. Concurrent with the execution of this Lease, the Parties shall execute and acknowledge a memorandum of this Lease in the form attached hereto as Exhibit B. The executed Memorandum of Agreement shall be recorded in real estate records of Shoshone County, Idaho. This Lease will not be recorded.

m. Authorization. The Parties have full authority and power to enter into and perform the obligations under this Lease and the persons executing this Lease have authority to enter into and bind the Parties hereto.

n. Attorney Fees. In the event of a dispute under this Lease or Option, the prevailing Party shall be entitled to recover its attorney's fees and costs from the non-prevailing Party.

o. Agreement to Mediate. Should a dispute arise out of or relate to the enforcement and/or breach of this Lease or Option, the Parties agree to first seek resolution of the dispute by voluntary mediation, with an agreed upon neutral mediator, prior to demanding binding arbitration as set forth below. The Parties agree they shall share equally in the cost of mediation, including the mediator's costs and fees, unless agreed otherwise at mediation.

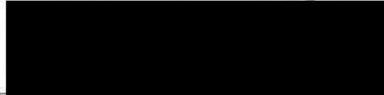
p. Agreement for Binding Arbitration. Should a dispute arise out of or relate to the enforcement or breach of this Lease or Option which is not initially resolved in mediation as set forth above, the Parties agree that all claims and disputes shall be subject to binding arbitration. Arbitration shall be conducted pursuant to the American Arbitration Association ("AAA") Commercial Rules unless the Parties mutually agree otherwise. Arbitration may be commenced by either (i) one Party serving a written demand for arbitration on the other Party; or (ii) the filing a written demand for arbitration with the AAA within a reasonable time after the dispute or claim has arisen, but in no event shall a demand for arbitration be made by any Party after the applicable statute of limitations for a legal or equitable claim under Idaho law has expired. By this agreement, the arbitrator is authorized to award the prevailing Party its reasonable attorney's fees and costs, including expert witness fees, in accord with the provisions hereof. The arbitration award shall be final. Confirmation and judgment upon the award may be made under the Idaho Uniform Arbitration Act in a court having jurisdiction.

q. Governing Law. This Lease shall be governed by the laws of the State of Idaho.

IN WITNESS WHEREOF, the Parties hereto have executed this Lease as of the day and year first above written.

**LESSOR:**

DEADWOOD LAND, LLC,  
an Idaho limited liability company



Name: BRIAN KROETCH

Title: AUTHORIZED AGENT

Dated this 16<sup>th</sup> day of November 2021.

**LESSEE:**

NORTH IDAHO METALS CORPORATION,  
a Delaware corporation



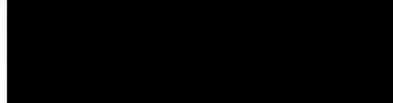
Name: BRANDON ROOK

Title: CEO

Dated this 17<sup>th</sup> day of November 2021.

**GUARANTOR:**

SILVER VALLEY METALS CORP.,  
an Idaho corporation



Name: BRANDON ROOK

Title: CEO

Dated this 17<sup>th</sup> day of November 2021.



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EXHIBIT A

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*Description of the Mining Claims*

Albany, Austin, Boston, Boston No. 2, Butte, Chicago, Continental, Dallas, Gilmore No. 8, Humbolt, Humbolt No. 2, Humbolt No. 3, Jumbo, Kitty No. 1, Kitty No. 2, Main, Malvern, New York, Old Timer, Old Timer No. 1, Old Timer No. 2, Queen Regent, Shafter, Silver Creek, St. Paul, Tamarack, Tony No. 1, Tony No. 2, Waco and Wendt No. 5, Mineral Survey No. 2110, situated in Yreka Mining District in Sections 8, 9 and 10, Township 48 North, Range 2 East, B.M., Shoshone County, State of Idaho. Patent recorded in Book 39, Page 126, records of Shoshone County, State of Idaho.

And

Curlew, Snow Cap No. 2, Mineral Survey No. 2136, situated in Yreka Mining District in Section 10, Township 48 North, Range 2 East, B.M., Shoshone County, State of Idaho. Patent recorded in Book B, Page 5, records of Shoshone County, State of Idaho.

And

Belle of the West, Corrigan, Omega, Toney and Volcano, Mineral Survey No. 2185, situated in Yreka Mining District in Sections 9 and 10, Township 48 North, Range 2 East, B.M., Shoshone County, State of Idaho. Patent recorded in Book 40, Page 129, records of Shoshone County, State of Idaho.

And

Page No. 3, Mineral Survey No. 2545, situated in Yreka Mining District in Section 10, Township 48 North, Range 2 East, B.M., Shoshone County, State of Idaho. Patent recorded in Book 42, Page 459, records of Shoshone County Idaho.

And

Big Swede, Gilmore No. 1, Gilmore No. 6, McCashen No. 4, Seventy-Six and Wendt No. 1, Mineral Survey No. 2696, situated in Yreka Mining District in Sections 9, 10, 15 and 16, Township 48 North, Range 2 East, B.M., Shoshone County, State of Idaho. Patent recorded in Book 51, Page 564, records of Shoshone County, State of Idaho.

And

Zeke, Mineral Survey No. 2860, situated in Yreka Mining District, Section 9, Township 48 North, Range 2 East, B.M., Shoshone County, State of Idaho. Patent recorded in Book 35, Page 214, records of Shoshone County, State of Idaho.

And

Anna and Lyda Leary, Mineral Survey No. 2911, situated in Yreka Mining District, Section 10, Township 48 North, Range 2 East, B.M., Shoshone County, State of Idaho. Patent recorded in Book 55, Page 208, records of Shoshone County, State of Idaho.

And

Con Bederman and Exile, Mineral Survey No. 2912, situated in Yreka Mining District, Section 10, Township 48 North, Range 2 East, B.M., Shoshone County, State of Idaho. Patent recorded in Book 55, Page 510, records of Shoshone County, State of Idaho.

And

Dodo, Mineral Survey No. 2960, situated in Yreka Mining District, Section 10, Township 48 North, Range 2 East, B.M., Shoshone County, State of Idaho. Patent recorded in Book 56, Page 157, records of Shoshone County, State of Idaho.

And

Robin, Mineral Survey No. 2961, situated in Yreka Mining District, Section 10, Township 48 North, Range 2 East, B.M., Shoshone County, State of Idaho. Patent recorded in Book 56, Page 252, records of Shoshone County, State of Idaho.

EXCLUDING the Page Minesite being a portion of the Snow Cap No. 2 Lode Claim, MS 2136, Belle of the West, Corrigan, Toney & Volcano Lode Claims, MS 2185, situated in Sections 3, 9 and 10, Township 48 North, Range 2 East, B.M., Shoshone County, State of Idaho and being more particularly described as follows:

Beginning at the common corner to Sections 3, 4, 9 and 10, Township 48 North, Range 2 East, B.M., which is identical to Corner No. 1 of said Belle of the West Lode Claim; thence

North 00°14'00" East along line 1-6 of said Belle of the West Lode Claim, a distance of 97.30 feet; thence

North 82°41'00" East along line 6-5 of said Belle of the West Lode Claim, a distance of 189.06 feet; thence

South 09°57'02" East, a distance of 232.73 feet; thence

South 03°09'36" East, a distance of 506.63 feet; thence

South 29°28'03" West, a distance of 356.78 feet; thence

South 88°01'42" West, a distance of 115.75 feet; thence

North 00°54'39" East, a distance of 250.92 feet; thence

North 17°57'19" West, a distance of 284.66 feet; thence

North 44°49'22" West, a distance of 547.82 feet to a point on line 2-1 of said Belle of the West Lode Claim; thence

North 87°57'48" East along line 2-1 said Belle of the West Lode Claim, a distance of 505.39 feet to the point of beginning.

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EXHIBIT B

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*Memorandum of Recording*

[attached]

**RECORDING REQUESTED BY AND  
WHEN RECORDED RETURN TO:**

**STOEL RIVES LLC**  
**Attn. Richard R. Hall**  
**101 S. Capitol Blvd., Suite 1900**  
**Boise, Idaho 83702**

(Space Above For Recorder's Use)

**MEMORANDUM OF MINERAL RIGHTS LEASE AND OPTION AGREEMENT**

THIS MEMORANDUM OF MINERAL RIGHTS LEASE AND OPTION AGREEMENT ("*Memorandum*") is made and entered into this 17<sup>th</sup> day of November, 2021 ("*Effective Date*"), by and between DEADWOOD LAND, LLC, an Idaho limited liability company ("*Lessor*"), whose mailing address is P.O. Box 469, Wallace, Idaho 83873, and NORTH IDAHO METALS CORPORATION, a Delaware corporation ("*NIM*" or "*Lessee*"), whose address is 750-1095 West Pender Street, Vancouver, B.C. V6E NM6, and SILVER VALLEY METALS CORP., an Idaho corporation ("*Guarantor*"), whose address is 1 Mine Road, Kellogg, Idaho 83837-0016. Lessor, NIM, and Guarantor may be collectively referred to herein as the "*Parties*" or individually as a "*Party*."

**RECITALS**

A. WHEREAS, Lessor is the owner of certain patented mining claims located in Shoshone County, State of Idaho, as more particularly described in the attached Exhibit A (the "*Mining Claims*");

B. WHEREAS, Lessor, NIM, and Guarantor entered into that certain Mineral Rights Lease and Option Agreement, of even date herewith (the "*Lease*"), whereby Lessor leased to NIM the mineral rights within the Mining Claims, along with all rights appurtenant to the mineral estate (including the surface access) (collectively, the "*Mineral Rights*"), and granted to NIM an option to acquire title to the Mineral Rights, pursuant to the terms and conditions of the Lease;

C. WHEREAS, Guarantor guaranteed the obligations, duties, and liabilities of NIM under the Lease and Option; and

D. WHEREAS, by this Memorandum, Lessor and NIM desire to provide public notice of the Lease and Option.

## AGREEMENT

NOW, THEREFORE, in consideration of the foregoing recitals, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Public Notice. All members of the general public are hereby placed on notice of inquiry as to the specific provisions of the Lease, all of which are incorporated herein by reference with the same force and effect as if herein set forth in full. This Memorandum shall be recorded in the real estate records of Shoshone County, Idaho, in lieu of recording the entire Lease.
2. Lease Agreement. As set forth more fully in the Lease, Lessor has leased to NIM, and its successors and assigns, the Mineral Rights for mining exploration, and granted such additional rights as are more fully described in the Lease.
3. Option to Purchase. Pursuant to the terms of the Lease, Lessor has granted to NIM an option to purchase the Mineral Rights and appurtenant rights (the "**Option**").
4. Guaranty. Pursuant to the terms of the Lease, Guarantor has guaranteed the obligations, duties, and liabilities of NIM under the Lease and Option and confirmed the same Guaranty for Guarantor's successors or assigns, whether by complete or partial merger, purchase, or other form of business or asset acquisition.
5. Term. The term of this Lease, including the Option, shall be ten (10) years, commencing on the Effective Date.

IN WITNESS WHEREOF, the Parties hereto have executed this Memorandum of Mineral Rights Lease and Option Agreement as of the date set forth above.

### LESSOR:

DEADWOOD LAND, LLC,  
an Idaho limited liability company



Name: BRIAN KRÖETCH  
Title: AUTHORIZED AGENT


Dated this 11 day of November 2021.

STATE OF Idaho )  
COUNTY OF Kootenai ) ss.

On this 11 day of November, 2021, before me, the undersigned, a Notary Public in and for said state, personally appeared Brian Kretsch, known or identified to me to be the authorized agent of DEADWOOD LAND, LLC, an Idaho limited liability company, that executed the instrument or the person who executed the instrument on behalf of said company, and acknowledged to me that such company executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

**THERON DE SMET**  
Notary Public - State of Idaho  
Commission Number 66641  
My Commission Expires 11-09-2027

  
NOTARY PUBLIC for Idaho  
Residing at Coeur d'Alene, ID  
My Commission expires: 11/9/27

LESSEE:

NORTH IDAHO METALS CORPORATION,  
a Delaware corporation



Name: BRANDON ROOK  
Title: CEO

Dated this 18<sup>TH</sup> day of November 2021.

PROVINCIAL

STATE OF BRITISH COLUMBIA  
CITY  
COUNTY OF VANCOUVER ) ss.

On this 18<sup>TH</sup> day of November, 2021, before me, the undersigned, a Notary Public in and for said state, personally appeared BRANDON ROOK, known or identified to me to be the CEO of NORTH IDAHO METALS CORPORATION, a Delaware corporation, that executed the instrument or the person who executed the instrument on behalf of said corporation, and acknowledged to me that such corporation executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.



NOTARY PUBLIC for BRITISH COLUMBIA  
Residing at VANCOUVER  
My Commission expires: N/A

TREVOR R. THOMAS  
Barrister & Solicitor  
15<sup>th</sup> Floor - 1040 W. Georgia Street  
Vancouver, BC V6E 4H1





**GUARANTOR:**

SILVER VALLEY METALS CORP.,  
an Idaho corporation



Name: BRANDON ROOK  
Title: CEO

Dated this 18<sup>TH</sup> day of November 2021.

PROVENCE  
STATE OF BRITISH COLUMBIA )  
CITY OF VANCOUVER ) ss.

On this 18 day of November, 2021, before me, the undersigned, a Notary Public in and for said state, personally appeared BRANDON ROOK, known or identified to me to be the CEO of SILVER VALLEY METALS CORP., an Idaho corporation, that executed the instrument or the person who executed the instrument on behalf of said corporation, and acknowledged to me that such corporation executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.



NOTARY PUBLIC for BRITISH COLUMBIA  
Residing at VANCOUVER  
My Commission expires: N/A

TREVOR R. THOMAS  
Barrister & Solicitor  
15<sup>th</sup> Floor – 1040 W. Georgia Street  
Vancouver, BC V6E 4H1



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Exhibit A  
to the  
Memorandum of Mineral Rights Lease and Option Agreement

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*Description of the Mining Claims*

Albany, Austin, Boston, Boston No. 2, Butte, Chicago, Continental, Dallas, Gilmore No. 8, Humbolt, Humbolt No. 2, Humbolt No. 3, Jumbo, Kitty No. 1, Kitty No. 2, Main, Malvern, New York, Old Timer, Old Timer No. 1, Old Timer No. 2, Queen Regent, Shafter, Silver Creek, St. Paul, Tamarack, Tony No. 1, Tony No. 2, Waco and Wendt No. 5, Mineral Survey No. 2110, situated in Yreka Mining District in Sections 8, 9 and 10, Township 48 North, Range 2 East, B.M., Shoshone County, State of Idaho. Patent recorded in Book 39, Page 126, records of Shoshone County, State of Idaho.

And

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And

Belle of the West, Corrigan, Omega, Toney and Volcano, Mineral Survey No. 2185, situated in Yreka Mining District in Sections 9 and 10, Township 48 North, Range 2 East, B.M., Shoshone County, State of Idaho. Patent recorded in Book 40, Page 129, records of Shoshone County, State of Idaho.

And

Page No. 3, Mineral Survey No. 2545, situated in Yreka Mining District in Section 10, Township 48 North, Range 2 East, B.M., Shoshone County, State of Idaho. Patent recorded in Book 42, Page 459, records of Shoshone County Idaho.

And

Big Swede, Gilmore No. 1, Gilmore No. 6, McCashen No. 4, Seventy-Six and Wendt No. 1, Mineral Survey No. 2696, situated in Yreka Mining District in Sections 9, 10, 15 and 16, Township 48 North, Range 2 East, B.M., Shoshone County, State of Idaho. Patent recorded in Book 51, Page 564, records of Shoshone County, State of Idaho.

And

Zeke, Mineral Survey No. 2860, situated in Yreka Mining District, Section 9, Township 48 North, Range 2 East, B.M., Shoshone County, State of Idaho. Patent recorded in Book 35, Page 214,

records of Shoshone County, State of Idaho.

And

Anna and Lyda Leary, Mineral Survey No. 2911, situated in Yreka Mining District, Section 10, Township 48 North, Range 2 East, B.M., Shoshone County, State of Idaho. Patent recorded in Book 55, Page 208, records of Shoshone County, State of Idaho.

And

Con Bederman and Exile, Mineral Survey No. 2912, situated in Yreka Mining District, Section 10, Township 48 North, Range 2 East, B.M., Shoshone County, State of Idaho. Patent recorded in Book 55, Page 510, records of Shoshone County, State of Idaho.

And

Dodo, Mineral Survey No. 2960, situated in Yreka Mining District, Section 10, Township 48 North, Range 2 East, B.M., Shoshone County, State of Idaho. Patent recorded in Book 56, Page 157, records of Shoshone County, State of Idaho.

And

Robin, Mineral Survey No. 2961, situated in Yreka Mining District, Section 10, Township 48 North, Range 2 East, B.M., Shoshone County, State of Idaho. Patent recorded in Book 56, Page 252, records of Shoshone County, State of Idaho.

EXCLUDING the Page Minesite being a portion of the Snow Cap No. 2 Lode Claim, MS 2136, Belle of the West, Corrigan, Toney & Volcano Lode Claims, MS 2185, situated in Sections 3, 9 and 10, Township 48 North, Range 2 East, B.M., Shoshone County, State of Idaho and being more particularly described as follows:

Beginning at the common corner to Sections 3, 4, 9 and 10, Township 48 North, Range 2 East, B.M., which is identical to Corner No. 1 of said Belle of the West Lode Claim; thence

North 00°14'00" East along line 1-6 of said Belle of the West Lode Claim, a distance of 97.30 feet; thence

North 82°41'00" East along line 6-5 of said Belle of the West Lode Claim, a distance of 189.06 feet; thence

South 09°57'02" East, a distance of 232.73 feet; thence

South 03°09'36" East, a distance of 506.63 feet; thence

South 29°28'03" West, a distance of 356.78 feet; thence

South 88°01'42" West, a distance of 115.75 feet; thence

North 00°54'39" East, a distance of 250.92 feet; thence

North 17°57'19" West, a distance of 284.66 feet; thence

North 44°49'22" West, a distance of 547.82 feet to a point on line 2-1 of said Belle of the West Lode Claim; thence

North 87°57'48" East along line 2-1 said Belle of the West Lode Claim, a distance of 505.39 feet to the point of beginning.

**SCHEDULE "C"**  
**PERMITTED ENCUMBRANCES**

**PART 1: GENERAL**

1. All reservations, limitations, provisos and conditions expressed in any original grant or lease patents from any Governmental Authority;
2. All unregistered rights, interests and privileges in favour of a Governmental Authority under or pursuant to any applicable statute or regulation, provided same do not arise as a result of any failure to comply with a governmental requirement;
3. Any right of expropriation, access or user, or any similar rights conferred by or reserved in any statutes of the United States or the state of Idaho;
4. Liens for realty taxes, rates, assessments or governmental charges or levies in respect of the Projects not yet due and payable;
5. The right of any person to the lands or any part thereof through length of adverse possession, prescription, or misdescription of boundaries settled by convention;
6. Any right of way, water course and right of water and other easements not disclosed by registered title not yet due and payable;
7. Undetermined or inchoate liens and charges incidental to current construction or current operations, which have not been filed or registered in accordance with applicable law or of which written notice has not at the time been duly given in accordance with the applicable law or which relate to obligations neither due nor delinquent or have by operation of law expired or been extinguished;
8. Any unregistered lien created or imposed by law (other than liens for realty taxes and construction or mechanics liens) which has not yet become enforceable;
9. Defects or irregularities in title which are of a minor nature and do not in the aggregate impair the value or the use of the Lands affected thereby for the purposes for which it is held by the Vendor Subsidiary;
10. All applicable governmental orders, laws, bylaws and regulations provided that the same have either been complied with in all respects or any contraventions thereof are of a minor nature and do not affect the intended use of that portion of the Lands affected thereby;
11. Unregistered licenses, easements, rights-of-way and rights in the nature of easements (including, without in any limiting the generality of the foregoing, licenses, easements, rights-of-way and rights in the nature of easements for sidewalks, public ways, sewers, drains, gas, steam and water mains or electric light and power, or telephone and telegraph conduits, poles, wires and cables) which will not in the aggregate materially and adversely impair the use of the properties for the purpose for which it is held by the Vendor Subsidiary;

12. Any unregistered agreement, claim or encumbrance of which the Purchaser has actual notice;
13. Zoning and building by-laws and ordinances, municipal by-laws and regulations, and restrictive covenants, which do not materially interfere with or prohibit the use of the properties for the purposes for which such properties are held by the Vendor Subsidiary;
14. Aboriginal Claims that may be made or established by any Aboriginal Group, provided that nothing in this Agreement is to be construed or taken by either Party or any other Person to be an acknowledgement or admission of the validity of any such Aboriginal Claim; and
15. All rights reserved to or appertaining to the paramount title to the Projects, held by the United States Government.



**SCHEDULE "D"**

**FORM OF GOVERNMENT GULCH OPTION ASSIGNMENT AGREEMENT**

[see following pages]

## OPTION ASSIGNMENT AGREEMENT

THIS AGREEMENT is made as of \_\_\_\_\_, 2024.

### BETWEEN:

**BLACKHAWK EXPLORATION LLC.**, an Idaho limited liability company having an address at P.O. Box 694, Hayden, Idaho, USA

(“**Blackhawk**”)

### AND:

**SILVER VALLEY METALS CORP.**, a corporation incorporated under the laws of the Province of British Columbia having an address of 2110-650 West Georgia Street, Vancouver, British Columbia V6B 4N8

(“**Silver Valley**”)

### AND:

**NORTH IDAHO METALS CORPORATION**, a corporation incorporated under the laws of the state of Delaware having an address of 750-1095 West Pender Street, Vancouver, British Columbia V6E 2M6

(“**NIM**” and together with Silver Valley, the “**Assignors**”)

### AND:

**SILVER DOLLAR RESOURCES (IDAHO), INC.**, a corporation incorporated under the laws of the state of Idaho having an address of 179-2945 Jacklin Rd., Suite 416, Victoria, British Columbia V9B 6J9

(“**Assignee**”)

(collectively referred to as the “**Parties**” and, individually, a “**Party**”)

### WHEREAS:

- A. Blackhawk and the Assignors are parties to an option agreement dated July 20, 2021, a copy of which is attached hereto as Exhibit A (the “**Option Agreement**”);
- B. Blackhawk and Silver Valley entered into an amending agreement dated July 20, 2022, that amended certain terms of the Option Agreement, a copy of which is attached hereto as Exhibit B (the “**First Amending Agreement**”);
- C. Blackhawk and Silver Valley entered into an amending agreement dated May 22, 2024, that amended certain terms of the Option Agreement, a copy of which is attached hereto as Exhibit C (the “**Second Amending Agreement**” and together with the First Amending Agreement and the Option Agreement, the “**Government Gulch Agreement**”);
- D. pursuant to the Government Gulch Agreement, Blackhawk granted to the Assignors the exclusive right and option to acquire 75% of the rights, title and interest of Blackhawk in and to certain mineral

claims located in Silver Valley, Coeur d'Alene Mining District, Idaho, USA, as more particularly described in Schedule "A" to the Option Agreement (the "**Property**")

- E. as of the date of this Agreement, the Assignors have paid to Blackhawk an aggregate of US\$380,000 in cash in satisfaction of the requirements under Section 5.1(a)(i) and 5.1(a)(ii) of the Government Gulch Agreement;
- F. the Assignors, Silver Dollar Resources Inc. and the Assignee have entered into an asset purchase agreement dated \_\_\_\_\_, 2024 (the "**APA**") pursuant to which the Assignors have agreed, *inter alia*, to assign their rights, titles, benefits and interests in, to and under the Government Gulch Agreement to the Assignee, effective as of the date hereof; and
- G. the Parties wish to confirm and ratify the Government Gulch Agreement and the assignment thereof.

**NOW, THEREFORE, THE PARTIES AGREE AS FOLLOWS:**

**1. INTERPRETATION**

- 1.1. The recitals form an integral part of this Agreement.
- 1.2. All capitalized terms not otherwise defined herein will have the meaning ascribed to them in the Option Agreement.

**2. RECIPROCAL REPRESENTATIONS AND WARRANTIES**

- 2.1. Each of Blackhawk and the Assignors, jointly and severally, represents and warrants to Assignee that, as of the date hereof:
  - (a) the Government Gulch Agreement is in good standing and in full force and effect without amendment thereto and it is not in breach of any covenants, conditions or agreements therein; and
  - (b) it has complied with all material terms of the Government Gulch Agreement, has not waived any material rights thereunder and there is no default or breach under the Government Gulch Agreement on its part.
- 2.2. Each Party hereby represents and warrants to each of the other Parties that, as of the date hereof:
  - (a) it is a body corporate duly incorporated and in good standing under the laws of its jurisdiction of incorporation or formation (as the case may be), and is qualified to do business and is in good standing in those jurisdictions where necessary in order to carry out its purposes;
  - (b) all corporate and other actions required to authorize it to enter into and perform this Agreement have been properly taken;
  - (c) it will not breach any other agreement or arrangement to which it is a party or be in violation of any law to which it is subject, by entering into or performing this Agreement;
  - (d) this Agreement has been duly executed and delivered by it and is valid and binding upon it in accordance with its terms; and

- (e) other than the approval of the TSX Venture Exchange and Canadian Securities Exchange of the APA, if applicable, no consent from any third party is necessary to authorize it to execute this Agreement.

### **3. ASSIGNMENT OF THE OPTION AGREEMENT**

- 3.1. The Parties hereby ratify and confirm the Government Gulch Agreement in the form attached as exhibits hereto.
- 3.2. In consideration for the amounts payable by the Assignee to Silver Valley under the APA, the Assignors hereby agree to transfer, assign, convey and deliver to the Assignee all of their rights, titles, benefits and interests in and to the Government Gulch Agreement (the “**Assignment**”).
- 3.3. The Assignee hereby covenants and agrees with Blackhawk that it will, as of and from the date hereof, assume and be bound by the Government Gulch Agreement and all obligations of the Assignors thereunder to the same extent as if the Assignee had been a party to the Government Gulch Agreement in the place and stead of the Assignors.
- 3.4. Blackhawk hereby consents to the Assignment, and accepts Assignee as a party to the Government Gulch Agreement in the place and stead of the Assignors, for all purposes, as of, from and after the date hereof.
- 3.5. Blackhawk hereby waives any and all rights under Section 23 of the Government Gulch Agreement as such rights relate to the Assignment.
- 3.6. Blackhawk hereby covenants and agrees that from and after the date hereof, the Assignee shall be entitled to hold and enforce all of the rights and privileges of the Assignors under the Government Gulch Agreement and that the Government Gulch Agreement shall continue in full force and effect with Assignee substituted as party thereto in the place and stead of Assignors.
- 3.7. Blackhawk hereby releases and forever discharges the Assignors from the observance and performance of its covenants and agreements in and under the Government Gulch Agreement from and after the date hereof.
- 3.8. The Assignors hereby release and forever discharge Blackhawk from the observance and performance of its covenants and agreements towards the Assignors in and under the Government Gulch Agreement from and after the date hereof.
- 3.9. The Parties acknowledge that the Assignors have satisfied the requirements under subsections 5.1(a)(i), 5.1(a)(ii), 5.1(b)(i) and 5.1(b)(ii) of the Government Gulch Agreement.
- 3.10. The Parties acknowledge and agree that the Assignors have spent US\$1,792,615.12 in Expenditures on the Property in satisfaction of their obligations under subsections 5.1(b)(i) and 5.1(b)(ii) of the Government Gulch Agreement.

### **4. GENERAL PROVISIONS**

- 4.1. Each Party hereto shall duly execute, acknowledge and deliver any written assignments, conveyances and other assurances, documents and instruments of transfer or assumption, reasonably requested by either Party hereto in writing and will take any other action consistent with the terms of this Agreement that may reasonably be requested by either Party for the purpose of better assigning the Assignors’ rights, title and interest in and to the Government Gulch Agreement assigned hereunder to Assignee.

- 4.2. This Agreement shall be binding upon and shall enure to the benefit of the Parties hereto and their respective successors and permitted assigns.
- 4.3. No modification or amendment to this Agreement shall be valid unless made in writing and duly executed by the Parties.
- 4.4. Any notice or other communication required or permitted to be given hereunder or in connection with the Government Gulch Agreement will be in writing and will be delivered as follows:
- (a) if to Blackhawk, as specified in the Government Gulch Agreement; and
  - (b) if to Assignee:  
  
Silver Dollar Resources (Idaho), Inc.  
179-2945 Jacklin Rd., Suite 416  
Victoria, British Columbia, V9B 6J9  
  
Attention: Michael Romanik, President and CEO  
Email: [romanikm@mymts.net](mailto:romanikm@mymts.net)
- 4.5. If any provision of this Agreement is determined by a court of competent jurisdiction to be invalid, illegal, or unenforceable in any respect, such determination will not impair or affect the validity, legality, or enforceability of the remaining provisions hereof, and each provision is hereby declared to be separated, severable and distinct.
- 4.6. This Agreement will be governed by and interpreted in accordance with the laws of the Province of British Columbia and the laws of Canada generally applicable therein. Each Party irrevocably submits to the jurisdiction of the courts in the Province of British Columbia with respect to any matter arising under or related to this Agreement.
- 4.7. This Agreement may be executed by the Parties in counterparts, each of which, when delivered either in original or electronic form, will be deemed to be an original and both of which together will constitute one and the same instrument.

*[Remainder of page intentionally left blank.]*

**IN WITNESS WHEREOF** this Agreement has been executed as of the date first written above.

**BLACKHAWK EXPLORATION LLC**

\_\_\_\_\_  
*by its authorized signatory*

**NORTH IDAHO METALS CORPORATION**

\_\_\_\_\_  
*by its authorized signatory*

**SILVER VALLEY METALS CORP.**

\_\_\_\_\_  
*by its authorized signatory*

**SILVER DOLLAR RESOURCES (IDAHO), INC.**

\_\_\_\_\_  
*by its authorized signatory*

**EXHIBIT A**

**OPTION AGREEMENT**

[see following pages]

**EXHIBIT B**

**FIRST AMENDING AGREEMENT**

[see following pages]



**EXHIBIT C**

**SECOND AMENDING AGREEMENT**

[see following pages]

**SCHEDULE "E"**

**PAGE MINE OPTION ASSIGNMENT AGREEMENT**

[see following pages]

## LEASE AND OPTION ASSIGNMENT AGREEMENT

THIS AGREEMENT is made as of \_\_\_\_\_, 2024.

### BETWEEN:

**DEADWOOD LAND, LLC.**, an Idaho limited liability company having an address at P.O. Box 469, Wallace, Idaho 83873

("Deadwood")

### AND:

**SILVER VALLEY METALS CORP.**, a corporation incorporated under the laws of the Province of British Columbia having an address of 2110-650 West Georgia Street, Vancouver, British Columbia V6B 4N8

("Silver Valley")

### AND:

**NORTH IDAHO METALS CORPORATION**, a corporation incorporated under the laws of the state of Delaware having an address of 750-1095 West Pender Street, Vancouver, British Columbia V6E 2M6

("NIM" and together with Silver Valley, the "Assignors")

### AND:

**SILVER DOLLAR RESOURCES (IDAHO), INC.**, a corporation incorporated under the laws of the state of Idaho having an address of 179-2945 Jacklin Rd., Suite 416, Victoria, British Columbia V9B 6J9

("Assignee")

(collectively referred to as the "Parties" and, individually, a "Party")

### WHEREAS:

- A. Deadwood and the Assignors are parties to a mineral rights lease and option agreement dated November 18, 2021, a copy of which is attached hereto as Schedule A (the "**Lease and Option Agreement**");
- B. pursuant to the Lease and Option Agreement, Deadwood granted to the Assignors the exclusive right and option to acquire 100% (the "**Option**") of the rights, title and interest of Deadwood in and to Mineral Rights located in Shoshone County, Idaho, USA, as more particularly described in Exhibit A to the Lease and Option Agreement (the "**Property**");
- C. as of the date of this Agreement, the Assignors have paid to Deadwood an aggregate of US\$120,000 in cash in satisfaction of the requirements under Sections 3 and 4 of the Lease and Option Agreement;
- D. the Assignors, Silver Dollar Resources Inc. and the Assignee have entered into an asset purchase agreement dated \_\_\_\_\_, 2024 (the "**APA**") pursuant to which the Assignors have

agreed, *inter alia*, to assign their rights, titles, benefits and interests in, to and under the Lease and Option Agreement to the Assignee, effective as of the date hereof; and

E. the Parties wish to consent to the Assignment (as defined herein).

**NOW, THEREFORE, THE PARTIES AGREE AS FOLLOWS:**

**1. INTERPRETATION**

- 1.1. The recitals form an integral part of this Agreement.
- 1.2. All capitalized terms not otherwise defined herein will have the meaning ascribed to them in the Lease and Option Agreement.

**2. RECIPROCAL REPRESENTATIONS AND WARRANTIES**

- 2.1. Each of Deadwood and the Assignors, jointly and severally, represents and warrants to Assignee that, as of the date hereof:
  - (a) the Lease and Option Agreement is in good standing and in full force and effect without amendment thereto and it is not in breach of any covenants, conditions or agreements therein; and
  - (b) it has complied with all material terms of the Lease and Option Agreement, has not waived any material rights thereunder and there is no default or breach under the Lease and Option Agreement on its part.
- 2.2. Each Party hereby represents and warrants to each of the other Parties that, as of the date hereof:
  - (a) it is a body corporate duly incorporated and in good standing under the laws of its jurisdiction of incorporation or formation (as the case may be), and is qualified to do business and is in good standing in those jurisdictions where necessary in order to carry out its purposes;
  - (b) all corporate and other actions required to authorize it to enter into and perform this Agreement have been properly taken;
  - (c) it will not breach any other agreement or arrangement to which it is a party or be in violation of any law to which it is subject, by entering into or performing this Agreement;
  - (d) this Agreement has been duly executed and delivered by it and is valid and binding upon it in accordance with its terms; and
  - (e) other than the approval of the TSX Venture Exchange and the Canadian Securities Exchange of the APA, if applicable, no consent from any third party is necessary to authorize the execution of this Agreement.

**3. ASSIGNMENT OF THE LEASE AND OPTION AGREEMENT**

- 3.1. The Parties hereby ratify and confirm the Lease and Option Agreement in the form attached hereto.

- 3.2. In consideration for the amounts payable by the Assignee to Silver Valley under the APA, the Assignors hereby agree to transfer, assign, convey and deliver to Assignee all of its rights, titles, benefits, and interests in and to the Lease and Option Agreement (the “**Assignment**”).
- 3.3. The Assignee hereby covenants and agrees with Deadwood that it will, as of and from the date hereof, assume and be bound by the Lease and Option Agreement and all obligations of the Assignors thereunder to the same extent as if Assignee had been a party to the Lease and Option Agreement in the place and stead of the Assignors.
- 3.4. Deadwood hereby consents to the Assignment, and accepts Assignee as a party to the Lease and Option Agreement in the place and stead of the Assignors, for all purposes, as of, from and after the date hereof.
- 3.5. Deadwood hereby covenants and agrees that from and after the date hereof, the Assignee shall be entitled to hold and enforce all of the rights and privileges of the Assignors under the Lease and Option Agreement and that the Lease and Option Agreement shall continue in full force and effect with Assignee substituted as party thereto in the place and stead of the Assignors.
- 3.6. Deadwood hereby releases and forever discharges the Assignors from the observance and performance of its covenants and agreements in and under the Lease and Option Agreement from and after the date hereof.
- 3.7. The Assignors hereby release and forever discharge Deadwood from the observance and performance of its covenants and agreements towards the Assignors in and under the Lease and Option Agreement from and after date hereof.
- 3.8. The Parties acknowledge that the Assignors have satisfied the requirements under Sections 3 and 4 of the Lease and Option Agreement.

#### 4. **GENERAL PROVISIONS**

- 4.1. Each Party hereto shall duly execute, acknowledge and deliver any written assignments, conveyances and other assurances, documents and instruments of transfer or assumption, reasonably requested by either Party hereto in writing and will take any other action consistent with the terms of this Agreement that may reasonably be requested by either Party for the purpose of better assigning the Assignors’ rights, title and interest in and to the Lease and Option Agreement assigned hereunder to Assignee.
- 4.2. This Agreement shall be binding upon and shall enure to the benefit of the Parties hereto and their respective successors and permitted assigns.
- 4.3. No modification or amendment to this Agreement shall be valid unless made in writing and duly executed by the Parties.
- 4.4. Any notice or other communication required or permitted to be given hereunder or in connection with the Lease and Option Agreement will be in writing and will be delivered as follows:
  - (a) if to Deadwood, as specified in the Lease and Option Agreement; and
  - (b) if to Assignee:

Silver Dollar Resources (Idaho), Inc.  
179-2945 Jacklin Rd., Suite 416  
Victoria, British Columbia, V9B 6J9

Attention: Michael Romanik, President and CEO  
Email: [romanikm@mymts.net](mailto:romanikm@mymts.net)

- 4.5. If any provision of this Agreement is determined by a court of competent jurisdiction to be invalid, illegal, or unenforceable in any respect, such determination will not impair or affect the validity, legality, or enforceability of the remaining provisions hereof, and each provision is hereby declared to be separated, severable and distinct.
- 4.6. This Agreement will be governed by and interpreted in accordance with the laws of the Province of British Columbia and the laws of Canada generally applicable therein. Each Party irrevocably submits to the jurisdiction of the courts in the Province of British Columbia with respect to any matter arising under or related to this Agreement.
- 4.7. This Agreement may be executed by the Parties in counterparts, each of which, when delivered either in original or electronic form, will be deemed to be an original and both of which together will constitute one and the same instrument.

*[Remainder of page intentionally left blank.]*

**IN WITNESS WHEREOF** this Agreement has been executed as of the date first written above.

**DEADWOOD LAND, LLC**

\_\_\_\_\_  
*by its authorized signatory*

**NORTH IDAHO METALS CORPORATION**

\_\_\_\_\_  
*by its authorized signatory*

**SILVER VALLEY METALS CORP.**

\_\_\_\_\_  
*by its authorized signatory*

**SILVER DOLLAR RESOURCES (IDAHO), INC.**

\_\_\_\_\_  
*by its authorized signatory*

**SCHEDULE A**

**LEASE AND OPTION AGREEMENT**

[see following pages]



**SCHEDULE "F"**

**FORM OF VOTING SUPPORT AGREEMENT**

[see following pages]

## VOTING SUPPORT AGREEMENT

**THIS AGREEMENT** (this “**Agreement**”) is made as of the \_\_\_ day of July, 2024 between Silver Valley Metals Corp. (the “**Vendor**”) and Silver Dollar Resources Inc. (“**SDR**”).

**WHEREAS** the Vendor and SDR entered into an asset purchase agreement dated July 12, 2024 (the “**Purchase Agreement**”) providing for SDR’s acquisition of the Vendor’s right, title and interest in and to certain property option agreements.

**AND WHEREAS** it is a condition of the closing of the transaction contemplated by the Purchase Agreement that the Vendor hereto execute and deliver this voting support agreement in favour of SDR.

**NOW THEREFORE** for good and valuable consideration, including the representations, warranties and covenants of the parties set forth herein (the receipt and sufficiency of which are hereby acknowledged), the parties hereby agree as follows:

### Article 1

#### REPRESENTATIONS AND WARRANTIES

##### 1.1 Representations and Warranties of the Vendor

The Vendor hereby represents and warrants to and in favour of SDR that this Agreement has been duly executed and delivered by it and constitutes a legal, valid and binding obligation of the Vendor enforceable against it in accordance with its terms; subject, however, to limitations with respect to enforcement imposed by law in connection with bankruptcy or similar proceedings, the equitable power of the courts to stay proceedings before them and the execution of judgments and to the extent that equitable remedies such as specific performance and injunction are in the discretion of the court from which they are sought.

##### 1.2 Representations and Warranties of SDR

SDR hereby represents and warrants to and in favour of the Vendor that this Agreement has been duly executed and delivered by SDR and constitutes a legal, valid and binding obligation of SDR enforceable against SDR in accordance with its terms; subject, however, to limitations with respect to enforcement imposed by law in connection with bankruptcy or similar proceedings, the equitable power of the courts to stay proceedings before them and the execution of judgments and to the extent that equitable remedies such as specific performance and injunction are in the discretion of the court from which they are sought.

**Article 2**  
**COVENANTS OF SDR**

**2.1 Positive Covenants of SDR**

SDR hereby covenants and agrees that, during the period commencing on the date hereof and ending upon the termination of this Agreement in accordance with Article 4 hereof (the “**Support Period**”), SDR will nominate individuals for election to the board of directors of SDR who, in the opinion of the board of directors of SDR, collectively possess the knowledge, expertise and integrity appropriate for a board of directors of a reporting issuer on the Canadian Securities Exchange (or such other stock exchange upon which the common shares of SDR become listed).

**Article 3**  
**COVENANTS OF THE VENDOR**

**3.1 Negative Covenants of the Vendor**

During the Support Period, the Vendor agrees that, with respect to its Subject SDR Shares (as defined below), it will not directly or indirectly do any of the following without the prior written consent of SDR:

- (a) make or support a shareholder proposal for consideration at any meeting of shareholders of SDR;
- (b) provide any proxy or other right to vote any of the Subject SDR Shares, other than the grant of proxy to the management representatives of SDR pursuant to Section 3.2 of this Agreement;
- (c) tender or sell the Subject SDR Shares pursuant to a private or public takeover bid (within the meaning of applicable securities laws) that is not recommended by the board of directors of SDR; and
- (d) transfer any of the Subject SDR Shares to any affiliate (as such term is defined under the *Business Corporations Act* (British Columbia)), unless such transferee agrees in writing to be bound by the covenants of the Vendor set forth herein and such written confirmation is delivered to SDR prior to such transfer.

For the purposes of this Agreement, “**Subject SDR Shares**” means any shares of SDR that are beneficially owned or controlled by the Vendor.

### **3.2 Positive Covenant of the Vendor**

During the Support Period, the Vendor covenants that, with respect to the Subject SDR Shares that it beneficially owns or exercises control or direction over, it shall, upon written request by SDR, execute and deliver, or cause to be executed and delivered, not less than ten (10) days prior to the applicable proxy deadline, and not revoke at any time, one or more proxies in favour of SDR's designated management proxyholder and instruct such proxyholder to cast all votes attaching to such Subject SDR Shares in favour of electing the individuals nominated and recommended by SDR for election to the board of directors of SDR, and provide evidence of the execution and delivery of such proxy or proxies to SDR.

## **Article 4 TERMINATION**

### **4.1 Termination**

This Agreement shall remain in force and effect with respect to the Vendor and in respect of particular Subject SDR Shares until the Subject SDR Shares are not owned by the Vendor, at which point this Agreement shall terminate.

### **4.2 Effect of Termination**

In the event of termination of this Agreement in respect of a Vendor as provided in Section 4.1, this Agreement shall forthwith be of no further force and effect in respect of the Vendor, provided that nothing contained in this Section 4.2 shall relieve any party hereto from liability for any breach of this Agreement which occurred prior to the date of such termination.

## **Article 5 GENERAL PROVISIONS**

### **5.1 References to Subject SDR Shares**

References to "Subject SDR Shares" in respect of a Vendor include any securities into or for which such shares may be exchanged, split or consolidated, including any securities received in exchange for such Subject SDR Shares pursuant to a business combination or other transaction involving SDR or the common shares of SDR.

## **5.2 Further Assurances**

Each of SDR and the Vendor shall from time to time execute and deliver all such further documents and instruments and do all such acts and things as the other party may reasonably require to effectively carry out or better evidence or perfect the full intent and meaning of this Agreement.

## **5.3 Time of the Essence**

Time shall be of the essence of this Agreement.

## **5.4 Specific Performance and other Equitable Rights**

The parties acknowledge and agree that a breach by a party will cause the other party to sustain injury for which it may not have an adequate remedy at law for money damages. Each of the parties hereto agrees that, in the event of such breach by a party, the other party shall be entitled to the remedy of specific performance of such obligation and preliminary and permanent injunctive and other equitable relief in addition to any other remedy to which it may be entitled, at law or in equity, and each of the parties further agrees to waive any requirement for the security or posting of any bond in connection with the obtaining of any such injunctive or other equitable relief. Such remedies will not be exclusive remedies for any breach of this Agreement but will be in addition to any other remedy to which the party may be entitled, at law or in equity.

## **5.5 Benefit of the Agreement**

This Agreement shall enure to the benefit of and be binding upon the heirs, legal representatives and permitted assigns of the parties hereto.

## **5.6 Assignment**

This Agreement may not be assigned by any party without the prior written consent of the other party.

## **5.7 Entire Agreement**

This Agreement constitutes the entire agreement between the parties pertaining to the voting of the Subject SDR Shares and supersedes all prior negotiations, investigations and agreements relating to the subject matter hereof.

## **5.8 Amendments and Waiver**

No modification of or amendment to this Agreement shall be valid or binding unless set forth in writing and duly executed by each of the parties hereto and no waiver of any breach of any term or provision of this Agreement shall be effective or binding unless made in writing and signed by the party purporting to give the same and, unless otherwise provided, shall be limited to the specific breach waived.

## **5.9 Notices**

Any demand, notice or other communication to be given in connection with this Agreement must be given in writing and may be given by personal delivery or by facsimile or other electronic means of communication addressed to the recipient as follows:

- (a) if to SDR, at its head office; or
- (b) if to the Vendor, at their address set forth in the records of SDR,

or to such other address, facsimile number or email address as may be designated by notice given by any party to the other.

## **5.10 Severability**

It is intended that all provisions of this Agreement shall be fully binding and effective between the parties, but in the event that any particular provision or provisions or a part of one is found to be void, voidable or unenforceable for any reason whatever, then the particular provision or provisions shall be deemed severed from the remainder of this Agreement and all other provisions shall remain in full force.

## **5.11 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. All claims, demands or disputes between or among the Parties relating to this Agreement which cannot be resolved by such disputing Parties may be brought in the courts of the Province of British Columbia, and each Party irrevocably submits and agrees to attorn to the exclusive jurisdiction of the judicial district of the City of Vancouver. The Parties irrevocably and unconditionally waive any objection to the venue

of any action or proceeding in that court and irrevocably waive and agree not to plead or claim in that court that such action has been brought in an inconvenient forum.

#### **5.12 Counterparts**

This Agreement may be executed in any number of counterparts, each of which will be deemed to be an original and all of which taken together will be deemed to constitute one and the same instrument. Delivery of an executed signature page to this Agreement by any party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

*[Execution Page Follows]*

This Agreement has been executed by the Parties as of the date first written above.

**SILVER VALLEY METALS CORP.**

Per: 

Authorized Signatory

**SILVER DOLLAR RESOURCES INC.**

Per: \_\_\_\_\_

Authorized Signatory



## SCHEDULE "G"

### TERMS OF ROYALTY

1. For the purposes of the Purchaser's covenants under Section 5.2(i):
  - a. **"Net Smelter Returns"** shall mean the actual proceeds received by Purchaser from the sale of ores mined from the applicable Property (except such ores removed for the purpose of making bulk samples or tests) or from the sale of concentrates, metals or other products derived therefrom less, to the extent that they were not deducted by the purchaser in determining the purchase price therefor, all treatment charges or penalties incurred with respect thereto; all costs or expenses incurred with respect to insurance, freight, trucking, handling, and/or sampling and assaying (including, without limitation, umpire assays) of ores, concentrates, metals or other products *ex headframe* in the case of ores and *ex mill* or other treatment facility in the case of concentrates, metals or other products; any governmental tax or levy of a sales or value-added nature assessed against or payable by the vendor thereof; and, if applicable, any costs or expenses (including, without limitation, penalties) incurred with respect to custom smelting, refining or similar treatment of such ores, concentrates, metals or other products (collectively, the **"Allowable Deductions"**); provided that if any portion of the ore mined from the Property or concentrates, metals or other products derived therefrom are sold to a purchaser owned or controlled by Purchaser, those sales shall be deemed for purposes of calculating the Royalty to have been sold at prices and on terms no less favourable to the Vendors than those which would be extended by an unaffiliated third party in an arm's length transaction under similar circumstances;
  - b. Other capitalized terms not defined herein have the meaning ascribed to them in the Agreement to which this Schedule "G" is attached.
2. Within ninety (90) days following the end of each of its fiscal quarters, commencing with the quarter in which the Royalty first becomes payable, Purchaser shall deliver to the Vendor Parent a statement of the Net Smelter Returns for such fiscal quarter, together with payment of the Royalty, if any, for such fiscal quarter determined as aforesaid. If the amount of Net Smelter Returns is not ascertainable for a fiscal quarter, it shall be estimated as nearly as possible at the time for payment and an adjustment shall be made at the end of each fiscal year. The Vendors shall have the right within a period of three (3) months from the end of each fiscal year to review, at its expense, Purchaser's books and records relating to the calculation of Net Smelter Returns for that year. If such review determines that there has been a deficiency or an excess in the payment made to the Vendors, such deficiency or excess will be resolved by adjusting the next quarterly Royalty payment(s) due hereunder. The Vendors shall pay all the costs and expenses of such review unless a deficiency of five percent (5%) or more of the amount due is determined to exist; in which case Purchaser shall pay such costs. All books and records used and kept by Purchaser to calculate the Royalty due hereunder shall be kept in accordance with International Financial Reporting Standards.
3. If the Property or any part thereof is brought into commercial production, it may be operated as a single operation with other mineral properties owned by third parties or in which Purchaser has an interest, in which event, the parties agree that (notwithstanding separate ownership thereof) ores mined from the mineral properties (including the Property) may be blended at the

time of mining or at any time thereafter, provided, however, that the respective mineral properties shall bear and have allocated to them their proportionate part of Allowable Deductions relating to the single operation, and shall have allocated to each of them the proportionate part of the revenues earned relating to such single operation. In making any such allocation, effect shall be given to the tonnages and location of ore and other material mined and beneficiated and the characteristics of such material including the metal content of ore removed from, and to any special charges relating particularly to ore, concentrates or other products or the treatment thereof derived from, any such mineral properties. Before minerals from the Property are commingled with minerals from other properties:

- a. the minerals from the Property shall be measured and sampled in accordance with sound mining and metallurgical practices for moisture, metal, and other appropriate content;
  - b. representative samples of the minerals shall be taken and retained by Purchaser together with the results of assays (including penalty substances) and other appropriate analyses of the samples to determine metal and other relevant content of any penalty substance in the minerals, which samples and results will be produced at the request of the Vendors; and
  - c. the amount of the Royalty due and payable to the Vendors from minerals produced from the Property commingled with minerals from other properties shall be determined.
4. Purchaser shall not grant, transfer or convey the whole or any portion of its right, title and interest in and to the Property (in this section 4, "**Interest**") to a third party ("**New Party**") unless the New Party enters into an agreement with the Vendors and Purchaser in advance of such transfer, acceptable to the Vendors acting reasonably, agreeing to assume the obligations of Purchaser hereunder in respect of the Royalty, and Purchaser shall cause a duly executed counterpart thereof to be delivered to the Vendors. Any grant, transfer or conveyance of the Interest or portion thereof which violates the terms of this section 4 shall be void.
  5. Any dispute, claim or difference arising between Purchaser and the Vendors in respect of the subject matter, interpretation or effect of this Schedule "G" will be resolved by way of arbitration in accordance with Section 13.2 of the Agreement.
  6. The Vendors may register or record against the title to the Property such form of notice, caution or other document (including, without limitation, a copy of the Definitive Agreement and this Schedule) that it considers appropriate to protect its right to receive the Royalty hereunder. Purchaser hereby consents to such registering or recording and agrees to cooperate with the Vendors to accomplish the same.

**SCHEDULE "H"**

**LETTER OF DIRECTION**

[see following pages]

## LETTER OF DIRECTION AND ACKNOWLEDGEMENT

July 12, 2024

Reference is made to the Asset Purchase Agreement (the “**APA**”) by and among Silver Dollar Resources Inc., a British Columbia corporation (“**Parent**”), Silver Dollar Resources (Idaho), Inc., a Idaho corporation (“**Purchaser**”), Silver Valley Metals Corp., a British Columbia corporation (“**Vendor Parent**”), and North Idaho Metals Corporation, a Delaware corporation and wholly-owned subsidiary of Vendor Parent (“**Vendor Subsidiary**”), effective as of July 12, 2024, pursuant to which Vendor Subsidiary will sell all of its assets (the “**Assets**”) to Purchaser in exchange for:

- (i) \$300,000 of cash (the “**Cash Consideration**”);
- (ii) 6,000,000 common shares of Parent, at a deemed price per share of \$0.30 (the “**Share Consideration**”);
- (iii) a 0.5% royalty on any Net Smelter Returns from the Government Gulch Property, upon exercise of the Government Gulch Option Agreement (the “**Government Gulch Royalty**”); and
- (iv) a 1.0% royalty on any Net Smelter Returns from the Page Mine Property (subject to Purchaser’s ability to repurchase 50% of such Royalty at any time for \$500,000), upon the exercise of the Page Mine Option Agreement (the “**Page Mine Royalty**”, and, collectively with the Cash Consideration, the Share Consideration, and the Government Gulch Royalty, the “**Total Consideration**”)

all of which will be payable at such times and in such amounts as set forth in Schedule A.

Further, reference is also made to the distributions to be made by Vendor Subsidiary to Vendor Parent, in the aggregate amount equal to the Total Consideration, that will become payable at such times and in such amounts as set forth in Schedule A.

In order to effect the purchase price payments from Purchaser to the Vendor Subsidiary pursuant to the APA and the distributions from Vendor Subsidiary to Vendor Parent, Vendor Subsidiary hereby directs Purchaser to pay the amount of the Total Consideration to the Vendor Parent on behalf of Vendor Subsidiary as payment of Vendor Subsidiary’s distributions that will be made to Vendor Parent in the aggregate amount equal to the Total Consideration which will be payable at such times and in such amounts as set forth in Schedule A.

*[Signature Page Follows]*

**SILVER VALLEY METALS CORP.**  
A British Columbia corporation

By: \_\_\_\_\_

Name:

Title:

**NORTH IDAHO METALS CORPORATION**  
A Delaware corporation

By: \_\_\_\_\_

Name:

Title:

**ACKNOWLEDGED AND AGREED:**

**SILVER DOLLAR RESOURCES INC.**  
A British Columbia corporation

By: \_\_\_\_\_

Name: Michael Romanik

Title: President and CEO

**SILVER DOLLAR RESOURCES (IDAHO), INC.**  
An Idaho corporation

By: \_\_\_\_\_

Name: Michael Romanik

Title: President and Secretary

**SCHEDULE A**  
**PAYMENT SCHEDULE**

<b>Consideration</b>	<b>Date</b>	<b>Amount</b>
Cash Consideration	[Effective Date]	USD\$25,000
	[Closing Date]	USD\$275,000
Share Consideration	[Closing Date]	1,000,000 Purchaser Shares
	[6 Month Anniversary]	1,250,000 Purchaser Shares
	[12 Month Anniversary]	1,250,000 Purchaser Shares
	[18 Month Anniversary]	1,250,000 Purchaser Shares
	[24 Month Anniversary]	1,250,000 Purchaser Shares
Government Gulch Royalty (If Government Gulch Option Agreement is exercised)	[Within 90 days following the end of each of Purchaser's fiscal quarters]	[0.5% of the Net Smelter Returns from the Government Gulch Property for such fiscal quarter]
Page Mine Royalty (If Page Mine Option Agreement is exercised)	[Within 90 days following the end of each of Purchaser's fiscal quarters]	[1.0% of the Net Smelter Returns from the Page Mine Property for such fiscal quarter]

**EXHIBIT 1**

**ASSET PURCHASE AGREEMENT**

**(See Attached)**

**APPENDIX 1**

**GOVERNMENT GULCH PROPERTY**

[see following pages]





**COEUR D'ALENE CUSTODIAL TRUST**  
**MINING CLAIM MAP**  
**SHOSHONE COUNTY**

PROPERTIES ARE NOT SURVEYED. ACREAGES ARE APPROXIMATE.



**LEGEND**

- ▭ MINING CLAIM
- ▭ MINERAL ONLY
- PARCEL
- OTHER PARCELS

**MINING CLAIM #: MINING CLAIM TYPE: ACRES:**

MC0020	SURFACE AND MINERAL	167.81
MC0086	SURFACE AND MINERAL	52.78
	MINERAL ONLY	76.34
MC0236	SURFACE AND MINERAL	73.32
MC0336	SURFACE AND MINERAL	0.59
MC0337	SURFACE AND MINERAL	0.57
MC0338	SURFACE AND MINERAL	11.80
MC0423	MINERAL ONLY	2.28
MC0424	MINERAL ONLY	1.70
MC0506	SURFACE AND MINERAL	11.91
MC0507	SURFACE AND MINERAL	2.32
	MINERAL ONLY	1.55

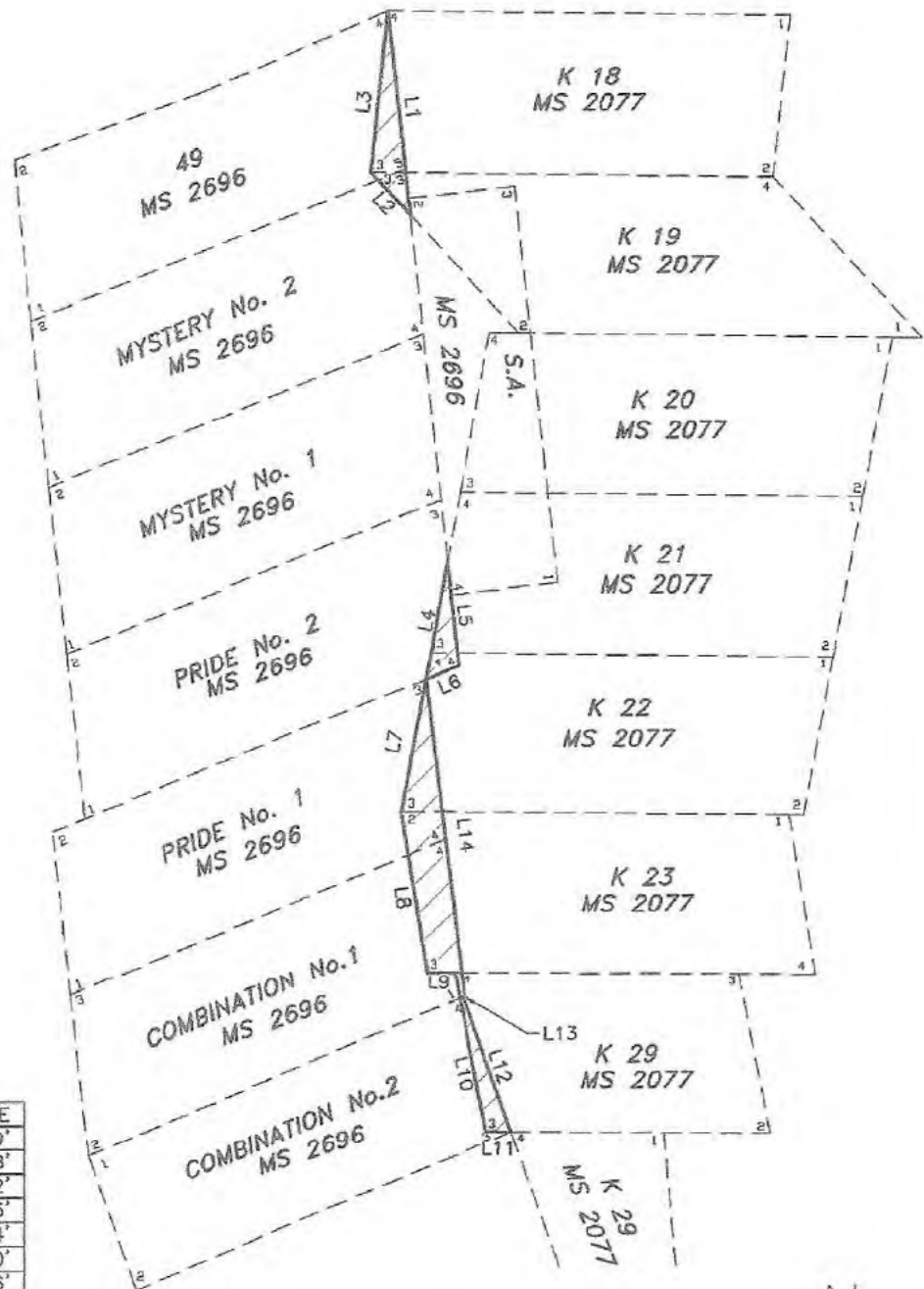
**NOTES:**  
 RELEASED FOR SALE

1 INCH = 542 FEET



COORDINATE SYSTEM:  
 NAD 1983 STATE PLANE IDAHO WEST FIPS 1103 FEET

Exhibit B  
 Shoshone County Tax Parcel MC0002 (Surface and Mineral)  
 Portion of Mineral Survey 2077  
 Section 15, Township 48 North, Range 2 East B.M.



LINE TABLE

LINE	BEARING	DISTANCE
L1	S06°21'00"E	765.59'
L2	N42°26'00"W	219.08'
L3	N06°00'57"E	602.52'
L4	N10°15'00"E	409.45'
L5	S06°21'00"E	357.74'
L6	S67°09'00"W	122.00'
L7	N10°15'00"E	510.36'
L8	N09°15'00"W	609.20'
L9	N89°16'00"W	102.10'
L10	N11°09'00"W	613.10'
L11	N89°16'00"W	93.10'
L12	S19°20'00"E	538.16'
L13	S67°09'00"W	4.91'
L14	S07°00'00"E	1206.80'

NOTE

THIS MAP IS FOR REFERENCE ONLY. IT IS BASED ON LEGAL DESCRIPTIONS AND MINERAL SURVEY. IT HAS BEEN PREPARED TO ACCOMPANY LEGAL DESCRIPTION.



SILVER  
 VALLEY  
 ENGINEERING BOX 438 WALLACE, IDAHO 83873  
 PHONE 1-208-753-3812

DRAWN BY: B. DRAKE

DATE: Sept 29, 2014

SCALE: 1" = 700'

DRWG #: TRUST14/k claims.dwg

**Exhibit A**  
**Shoshone County Tax Parcel MC0002 (Surface and Mineral)**  
**Portion of Mineral Survey 2077**

Portions of Mineral Survey 2207 located in Section 15, Township 48 North, Range 2 East B.M., Shoshone County, Idaho as described in Book 52 Page 353 on record in the Shoshone County Courthouse; more particularly described as follows:

All that portion of the K-18 and K-19 lodes, described as follows:

Beginning at Corner #4 of K-18 lode of Mineral Survey No. 2077,

Thence S6°21'00"E a distance of 765.59 feet to a point on line 5 -4 of the Mystery No. 2 lode of Mineral Survey 2696;

Thence N42°26'00"W along line 2 - 3 of K-19 lode of Mineral Survey 2077 a distance of 219.08 feet to Corner #3 of K-18 lode of Mineral Survey No. 2077, identical with Corner #3 of K-19 lode of Mineral Survey 2077;

Thence N6°00'00"E along line 3 - 4 of K-18 lode of Mineral Survey 2077 a distance of 602.50 feet to the point-of-beginning.

Said parcel contains 1.12 acres more or less as shown on exhibit B.

All that portion of the K-21 and K-22 lodes, described as follows:

Beginning at Corner #3 of the Pride No. 1 lode of Mineral Survey 2696, which bears S10°15'00"W a distance of 98.00 feet from Corner #4 of the K-22 lode of Survey No. 2077;

Thence N10°15'00"E a distance of 409.45 feet to a point on line 4 - 3 of the K-21 lode of Mineral Survey 2077;

Thence S6°21'00"E along line 4 - 3 of K-21 lode of Mineral Survey 2077; a distance of 357.74 feet to Corner #4 of the Pride No. 2 lode of Mineral Survey 2696;

Thence S67°09'00"W along line 4 - 1 of Pride No. 2 lode of Mineral Survey 2696 a distance of 122.00 feet to the point-of-beginning.

Said parcel contains 0.57 acres more or less as shown on exhibit B.

All that portion of the K-22, K-23 and K-29 lodes, described as follows:

Beginning at Corner #3 of the Pride No. 1 lode of Mineral Survey 2696, which bears S10°15'00"W a distance of 98.00 feet from Corner #3 of the K-21 lode of

Survey No. 2077, identical with Corner #4 of the K-22 lode of Mineral Survey 2077;

Thence S7°00'00"E along line 3 – 4 of the Pride No. 1 and line 4 – 1 of the Combination No. 1 of Mineral Survey 2696 a distance of 1206.80 feet to the Corner #1 of the Combination No. 1 lode of Mineral Survey No. 2696;

Thence S67°09'00"W along line 1 - 2 of the Combination No. 1 lode of Mineral Survey No. 2696 a distance of 4.91 feet to Corner #4 of the Combination No. 2 lode of Mineral Survey No. 2696;

Thence S19°20'00"E along line 4 – 3 of the Combination No. 2 of Mineral Survey 2696 a distance of 538.16 feet to Corner #4 of the K-39 lode of Mineral Survey 2077, identical with Corner #2 of the Combination No. 2 lode and with Corner #4 of the Combination No. 3 lode of Mineral Survey 2696;

Thence N89°16'00"W along line 3 – 2 of K-29 lode of Mineral Survey 2077 a distance of 93.10 feet to Corner #3 of K-29 lode of Mineral Survey 2077;

Thence N11°09'00"W along line 3 – 4 of the K-29 lode a distance of 613.10 feet to Corner #4 of K-29 lode of Mineral Survey 2077;

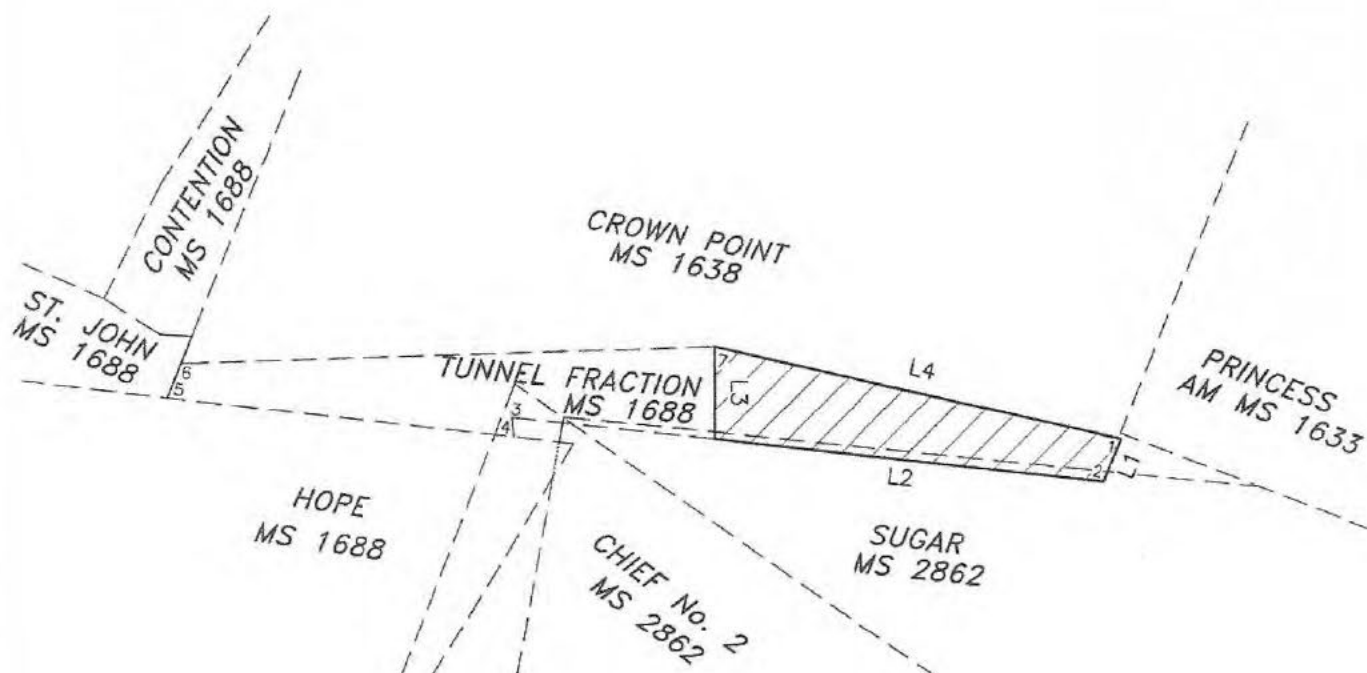
Thence N89°16'00"W along line 4 – 3 of the K-23 lode of Mineral Survey 2077 a distance of 102.10 feet to Corner #3 of K-23 of Mineral Survey 2077;

Thence N9°15'00"W along line 3 – 2 of the K-23 lode of Mineral Survey 2077 a distance 609.20 to Corner #2 of K-23 of Mineral Survey 2077, identical with Corner #3 of K-22 lode of Mineral Survey 2077;

Thence N10°15'00"E along line 3 – 4 of the K-22 lode of Mineral Survey 2077 a distance of 510.36 feet to the point-of-beginning.

Said parcel contains 3.50 acres more or less as shown on exhibit B.

Exhibit B  
 Shoshone County Tax Parcel MC0507 (Mineral Only)  
 Portion of Tunnel Fraction of Mineral Survey 1688  
 Sections 10 and 11, Township 48 North, Range 2 East B.M.

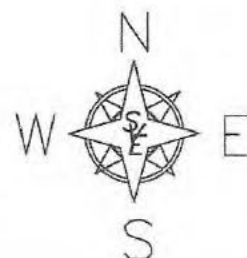


LINE TABLE

LINE	BEARING	DISTANCE
L1	S22°00'00"W	72.30'
L2	N83°41'00"W	615.62'
L3	N00°26'00"W	143.54'
L4	S77°18'03"E	656.10'

NOTE

THIS MAP IS FOR REFERENCE ONLY. IT IS BASED ON LEGAL DESCRIPTIONS AND MINERAL SURVEY. IT HAS BEEN PREPARED TO ACCOMPANY LEGAL DESCRIPTION.



SILVER VALLEY ENGINEERING BOX 438 WALLACE, IDAHO 83873  
 PHONE 1-208-753-3812

DRAWN BY: B. DRAKE

DATE: Sept 30, 2014

SCALE: 1" = 300'

DRWG #: TRUST14/MC0507.DWG

**Exhibit A**  
**Shoshone County Tax Parcel MC0507 (Mineral Only)**  
**Portion of Tunnel Fraction Lode of Mineral Survey 1668**

Portion of Tunnel Fraction Lode of Mineral Survey 1668 located in Section 10 and 11, Township 48 North, Range 2 East B.M., Shoshone County, Idaho as described in Book 124 Page 263 on record in the Shoshone County Courthouse; more particularly described as follows:

Beginning at Corner #1 of the Tunnel Fraction lode of Mineral Survey No. 1668,

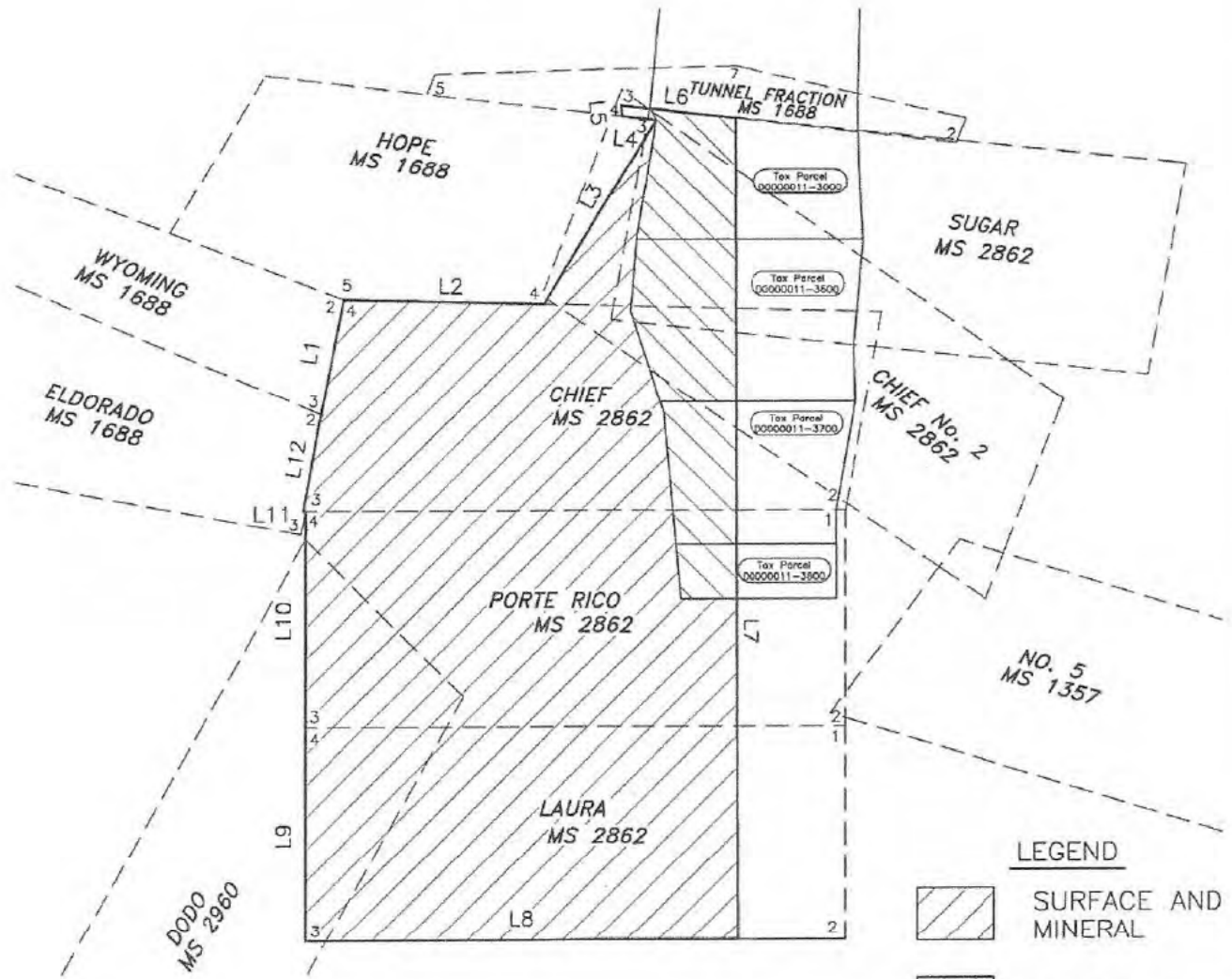
Thence S22°00'00"W along line 1 – 2 of said Tunnel Fraction Lode a distance of 72.30 feet to Corner # of said Tunnel Fraction Lode:

Thence N83°41'00"W along line 2 – 3 of said Tunnel Fraction Lode a distance of 615.62 feet to a point;

Thence N00°26'00"W a distance of 143.54 feet to Corner #7 of said Tunnel Fraction Lode;

Thence S77°18'00"E along line 7 – 1 of said Tunnel Fraction Lode a distance of 656.10 feet to the point-of-beginning.

Exhibit B  
 Portion of Shoshone County Tax Parcel MC0086 (Surface and Mineral)  
 Portions of Mineral Survey 2862  
 Sections 10 and 11, Township 48 North, Range 2 East B.M.



LINE TABLE

LINE	BEARING	DISTANCE	LINE	BEARING	DISTANCE
L1	N11°20'00"E	325.00'	L7	S00°12'07"E	2295.94'
L2	S88°36'00"E	555.00'	L7	(S00°26'00"E)	
L3	N31°00'00"E	600.00'	L8	West	1200.00'
L4	N83°24'00"W	94.10'	L9	North	600.00'
L5	N05°45'00"W	30.30'	L10	North	600.00'
L6	S83°41'00"E	320.08'	L11	West	6.00'
			L12	N10°10'00"E	275.10'

NOTE

THIS MAP IS FOR REFERENCE ONLY. IT IS BASED ON LEGAL DESCRIPTIONS AND MINERAL SURVEYS. IT HAS BEEN PREPARED TO ACCOMPANY LEGAL DESCRIPTION.



SILVER VALLEY ENGINEERING BOX 438 WALLACE, IDAHO 83873  
 PHONE 1-208-753-3812

**Exhibit A**  
**Portion of Shoshone County Tax Parcel MC0086 (Surface and Mineral)**  
**Portions of the Mineral Survey 2862**

Portions of Mineral Survey 2862 located in Sections 10 and 11, Township 48 North, Range 2 East B.M., Shoshone County, Idaho; more particularly described as follows:

Beginning at the common Corner #3 of the Wyoming lode and Corner #2 of the Eldorado lode Mineral Survey No. 1688.

Thence N11°20'00" E along line 3-2 of said Wyoming lode a distance of 325.00 feet to the common corner of Corner #2 of said Wyoming lode, Corner #5 of the Hope lode Mineral Survey No. 1688 and Corner #4 of the Chief lode of Mineral Survey No. 2862;

Thence S88°36'00" E along line 5 - 4 of said Hope lode a distance of 555.00 feet to Corner #4 of said Hope lode;

Thence N31°00'00" E along line 4 - 3 of said Hope lode a distance of 600.00 feet to Corner #3 of said Hope lode;

Thence N83°24'00" W along line 3 - 2 of said Hope lode to a point on line a distance of 94.10 feet to Corner #4 of the Tunnel Fraction lode Mineral Survey No. 1688;

Thence N05°45'00" W along line 4 - 3 of said Tunnel Fraction lode a distance of 30.30 feet to Corner #3 of said Tunnel Fraction lode;

Thence S83°41'00" E along line 3 - 2 of said Tunnel Fraction lode to a point on line a distance of 320.08 feet;

Thence S00°12'07" E (Shown of record as S00°26'00"E on Book 124 Page 254) from line 3 - 2 of said Tunnel Fraction lode a distance of 2,295.94 feet to a point on line 2 - 3 of the Laura lode Mineral Survey No. 2862;

Thence West along line 2 - 3 of said Laura lode a distance of 1,200.00 feet to Corner #3 of said Laura lode;

Thence North along line 3 - 4 of said Laura lode a distance of 600.00 feet to the common corner of Corner #4 of said Laura lode and Corner #3 of the Porte Rico lode Mineral Survey No. 2862;

Thence North along line 3 - 4 of said Porte Rico lode a distance of 600.00 feet to Corner #4 of said Porte Rico lode;



Thence West along line 2 - 3 of said Chief lode a distance of 6.00 feet to Corner #3 of said Chief lode;

Thence N10°10'00" E along line 3 - 4 of said Chief lode a distance of 275.10 feet to the point-of-beginning.

Excepting any portion contained in the following tax parcels:

Tax Parcel D0000011-3000 as described in Quit Claim Deed Inst. No. 474138

Tax Parcel D0000011-3600 as described in Quit Claim Deed Inst. No. 474140

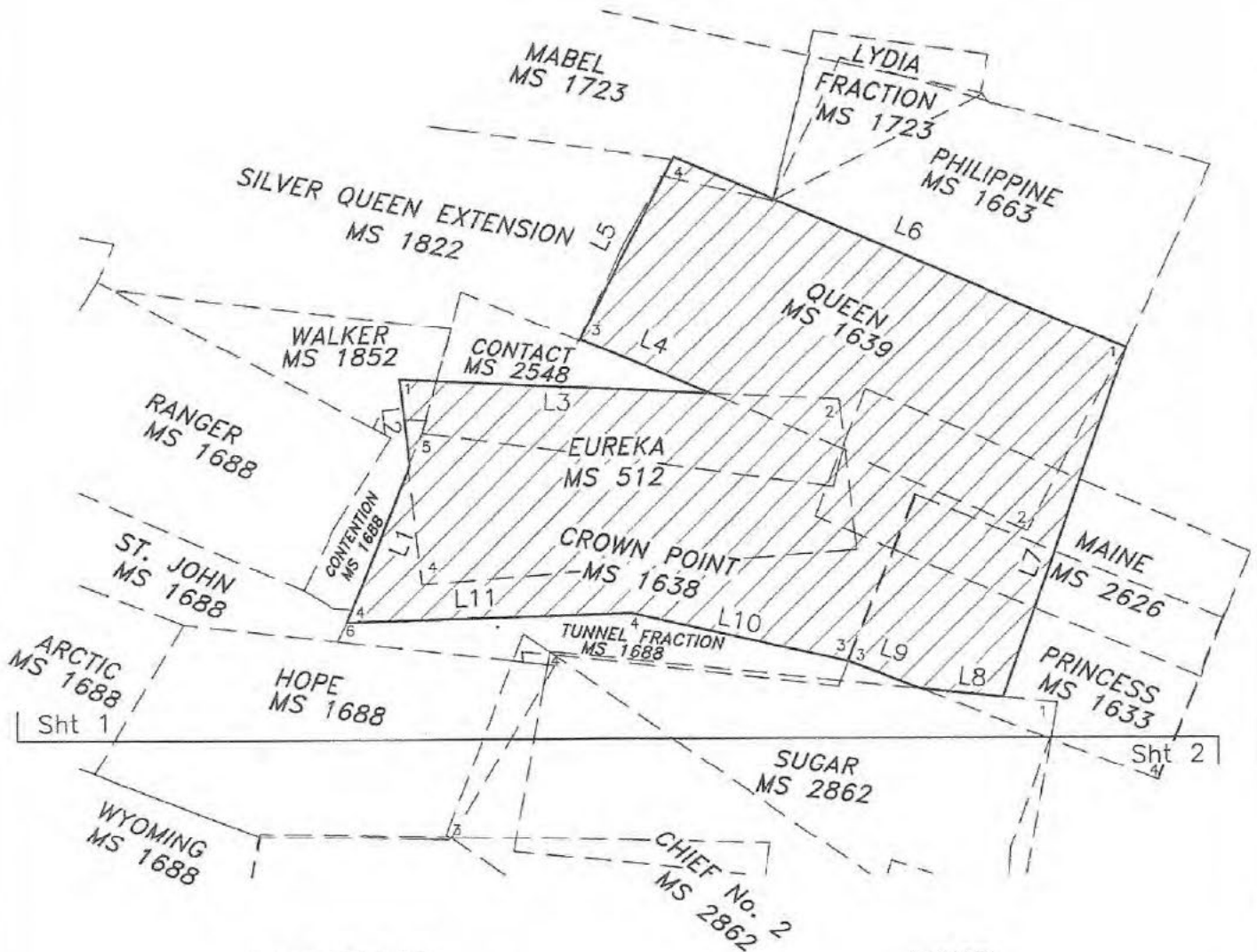
Tax Parcel D0000011-3700 as described in Quit Claim Deed Inst. No. 474139

Tax Parcel D0000011-3800 as described in Quit Claim Deed Inst. No. 474271

Said parcel contains 52.86 acres in mineral rights more or less as shown on Exhibit B and 45.81 acres in surface rights more or less.

Exhibit B Sheet 1 of 2 (Parcel 1)

Portions of Shoshone County Tax Parcels MC0086, MC0423 and MC0424 (Mineral)  
 Portions of Mineral Surveys 1633, 1639, 512 Am., 1638, 2626, and 2862  
 Sections 10 and 11, Township 48 North, Range 2 East B.M.



LINE TABLE

LINE	BEARING	DISTANCE
L1	N21°54'00"E	493.56'
L2	N06°39'00"W	256.41'
L3	S87°14'00"E	911.71'
L4	N67°07'00"W	416.98'
L5	N27°09'00"E	600.16'
L6	S67°07'00"E	1444.50'
L7	S19°10'18"W	1088.57'
L8	N84°15'45"W	243.74'
L9	N69°19'30"W	225.33'
L10	N77°18'00"W	656.10'
L11	S88°25'00"W	835.02'

NOTE

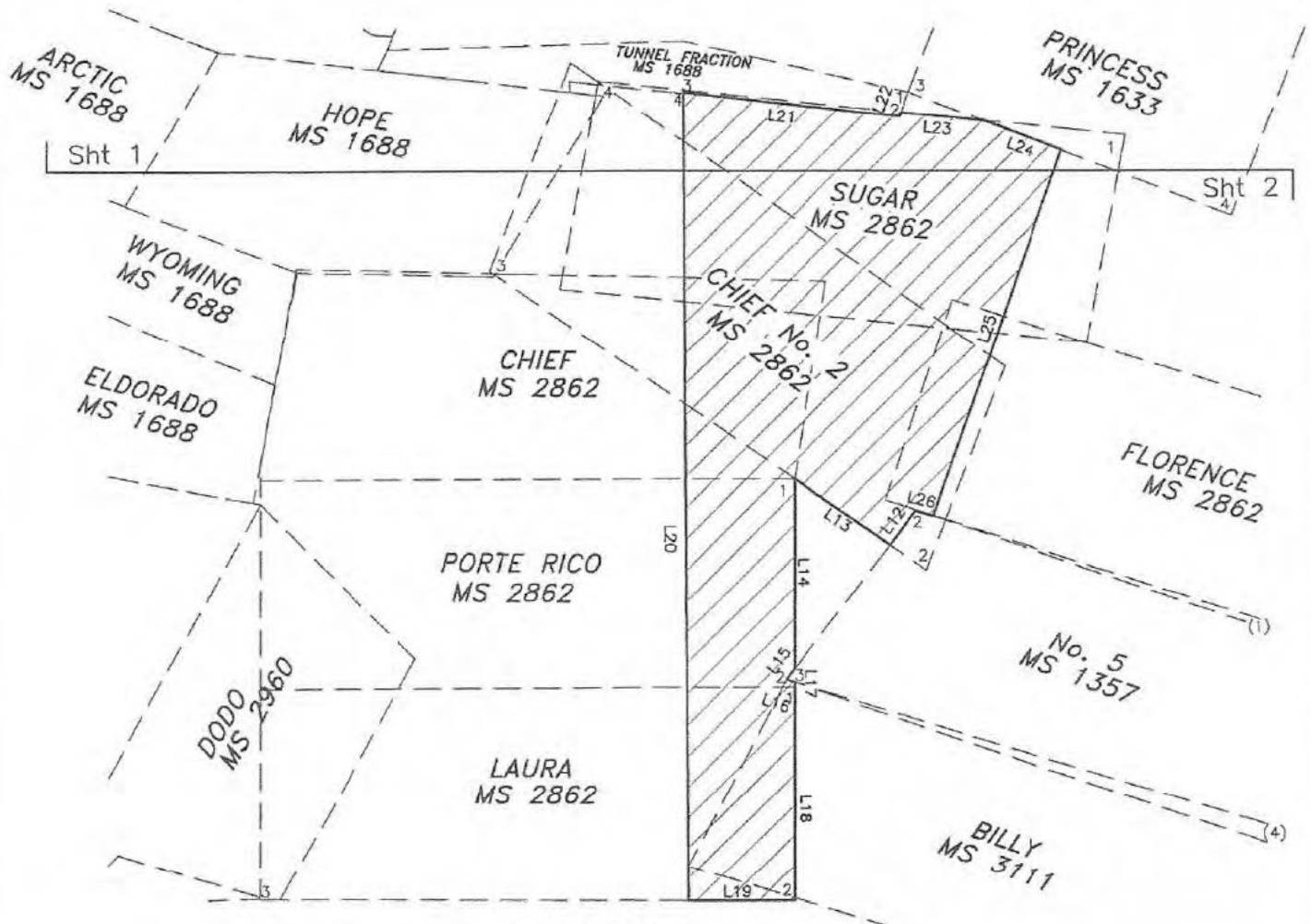
THIS MAP IS FOR REFERENCE ONLY. IT IS BASED ON LEGAL DESCRIPTIONS AND MINERAL SURVEY. IT HAS BEEN PREPARED TO ACCOMPANY LEGAL DESCRIPTION.



SILVER VALLEY ENGINEERING BOX 438 WALLACE, IDAHO 83873  
 PHONE 1-208-753-3812

Exhibit B Sheet 2 of 2 (Parcel 2)

Portions of Shoshone County Tax Parcels MC0086, MC0423 and MC0424 (Mineral)  
 Portions of Mineral Surveys 1633, 1639, 512 Am., 1638, 2626, and 2862  
 Sections 10 and 11, Township 48 North, Range 2 East B.M.



LINE TABLE

LINE	BEARING	DISTANCE	LINE	BEARING	DISTANCE
L12	S36°40'00"W	118.67'	L20	N00°26'00"W	2301.19'
L13	N55°32'00"W	329.39'	L21	S83°41'00"E	615.62'
L14	South	537.80'	L22	N22°00'00"E	11.80'
L15	S36°40'00"W	37.61'	L23	S84°15'45"E	234.66'
L16	S71°03'00"E	23.75'	L24	S69°19'30"E	237.15'
L17	South	24.32'	L25	S19°10'18"W	1101.97'
L18	S00°05'00"E	600.71'	L26	N72°48'00"W	60.00'
L19	West	300.00'			

NOTE

THIS MAP IS FOR REFERENCE ONLY.  
 IT IS BASED ON LEGAL DESCRIPTIONS  
 AND MINERAL SURVEY. IT HAS BEEN  
 PREPARED TO ACCOMPANY LEGAL  
 DESCRIPTION.



SILVER  
 ALLEY  
 ENGINEERING BOX 438 WALLACE, IDAHO 83873  
 PHONE 1-208-753-3812

**Exhibit A**  
**Portions of Shoshone County Tax Parcels MC0086, MC0423 and MC0424**  
**(Mineral Only)**

**Portions of Mineral Surveys 1633, 1639, 512 Am., 1638, 2626, and 2862**

Parcel 1

Mineral rights on portions of Mineral Surveys 1633, 1639, 512 Am., 1638, and 2626 located in Section 10 and 11, Township 48 North, Range 2 East B.M., Shoshone County, Idaho as described in Book 124 Page 326, the deed from Bunker Hill Company to Government Gulch Mining Company on record in the Shoshone County Courthouse and as shown on sheet 1 of 2 on Exhibit B; more particularly described as follows:

Using the Bunker Hill triangulation meridian and beginning at Corner #4 of the Crown Point of Mineral Survey No. 1638, which said corner is evidenced by a concrete monument,

Thence  $N21^{\circ}54'00''E$  along line 4 - 5 of the Crown Point lode a distance of 493.56 feet (shown of record as  $N22^{\circ}00'00''E$  a distance of 493.60 feet) to the intersection with Line 4 - 1 of the Eureka lode of Mineral Survey 512;

Thence  $N6^{\circ}39'00''W$  along said line 4 - 1 a distance of 256.41 feet (shown of record as 256.10 feet) to Corner #1 of said Eureka lode, a concrete monument;

Thence  $S87^{\circ}14'00''E$  along line 1 - 2 of said Eureka lode a distance of 911.71 feet (shown of record as 914.50 Feet) to the intersection with line 2 - 3 of the Queen lode of Mineral Survey No. 1639;

Thence  $N67^{\circ}07'00''W$  along said line 2 - 3 a distance of 416.98 feet (Shown of the record as 419.50 feet) to Corner #3 of said Queen lode, a concrete monument;

Thence  $N27^{\circ}09'00''E$  along line 3 - 4 of said Queen lode a distance of 600.16 feet (shown of record as  $N27^{\circ}23'00''E$  a distance of 600.00 feet) to Corner #4, a concrete monument, of said Queen lode;

Thence South  $67^{\circ}07'00''E$  a distance of 1,444.50 feet to Corner #1 of said Queen lode, a common corner with Corner #4 of the Silver King lode of Mineral Survey No. 1639;

Thence  $S19^{\circ}10'18''W$  a distance of 1,088.57 feet to a point on line 4 - 1 of the Sugar lode, Mineral Survey No. 2862, whence Corner #1 of said Sugar lode, which is a 1-1/2 inch diameter pipe, bears  $S84^{\circ}15'45''E$  (shown of record as  $S84^{\circ}10'00''E$ ) a distance of 167.13 feet;

Thence N84°15'45"W (shown of record as N84°10'00" W) along line 4 - 1 of said Sugar lode a distance of 243.74 feet to the intersection with line 3 - 4 of the Princess lode of Mineral Survey No. 1633;

Thence N69°19'30"W along said line 3 - 4 of said Princess lode a distance of 225.33 feet (shown of record as N68°44'00" W a distance of 235.29 feet) to Corner #3 of the Princess lode, a common corner with Corner #2 of the Crown Point lode of Mineral Survey No. 1638, and Corner #1 of the Tunnel Fraction lode of Mineral Survey No. 1688;

Thence N77°18'00"W along line 2 - 3 of said Crown Point common with line 1 - 7 of said Tunnel Fraction a distance of 656.10 feet to corner No. 3 of said Crown Point lode, which is a concrete monument identical with Corner #7 of said Tunnel Fraction lode;

Thence S88°25'00"W along line 3 - 4 a distance of 835.02 feet (shown of record as South 88°30'00" West a distance of 835.50) to Corner #4 of said Crown Point lode, the place of beginning.

Said parcel contains 48.51 acres more or less as shown on Sheet 1 of 2 on exhibit B.

#### Parcel 2

Mineral rights on portions of Mineral Survey 2862 located in Section 10 and 11, Township 48 North, Range 2 East B.M., Shoshone County, Idaho as described in Book 124 Page 254, the deed from Government Gulch Mining Company to Bunker Hill Company on record in the Shoshone County Courthouse and as shown on sheet 2 of 2 on Exhibit B; more particularly described as follows:

Using the Bunker Hill triangulation meridian and beginning at Corner #2 of the No. 5 lode of Mineral Survey No. 1357, which is a 1-inch square drill steel,

Thence S36°40'00"W a distance of 118.67 feet (shown of record as 117.44 feet) to the point of intersection with line 2 - 3 of the Chief No. 2 lode of Mineral Survey No. 2862;

Thence N55°32'00"W along said line 2 - 3 a distance of 329.39 feet (shown of record as 326.70 feet) to Corner #1 of the Porte Rico lode of Mineral Survey No. 2862;

Thence South a distance of 537.80 feet (shown of the record as 546.51 feet) along Line 1-2 of said Porte Rico lode to the point of intersection with line 2 - 3 of the No. 5 lode;

Thence South 36°40'00" West along line 2-3 of the No. 5 lode a distance of 37.61 feet (shown of record as 31.69 feet) to Corner #3 of said No. 5 lode;

Thence  $S71^{\circ}03'00''E$  along line 3 - 4 of the No. 5 lode a distance of 23.75 feet (shown of record as 20.00 feet) to the point of intersection with Line 1 -2 of said Porte Rico lode;

Thence South along said line 1 - 2 a distance of 24.32 feet (shown of record as 21.57 feet) to Corner #2 of said Porte Rico lode, which is a concrete monument identical with Corner #1 of the Laura lode of Mineral Survey No. 2862;

Thence  $S00^{\circ}5'00''E$  a distance of 600.71 feet (shown of record as South a distance of 600.00 feet) to Corner #2 of said Laura lode, a concrete monument;

Thence West along line 2 - 3 of said Laura lode a distance of 300.00 feet to a point;

Thence  $N00^{\circ}26'00''W$  a distance of 2,301.19 feet to a point on line 2 - 3 of the Tunnel Fraction lode of Mineral Survey No. 1638;

Thence  $S83^{\circ}41'00''E$  along said line 2 - 3 a distance of 615.62 feet to Corner #2 of said Tunnel Fraction lode;

Thence  $N22^{\circ}00'00''E$  along line 1 - 2 of said Tunnel Fraction lode a distance of 11.80 feet (shown of record as 7.11 feet) to the point of intersection with line 4 - 1 of the Sugar lode of Mineral Survey No. 2862;

Thence  $S84^{\circ}15'45''E$  along line 4 - 1 of said Sugar lode a distance of 234.66 feet (shown of record as  $S84^{\circ}10'00''E$  a distance of 244.96 feet) to the point of intersection with line 3 - 4 of the Princess lode of Mineral Survey No. 1633;

Thence  $S69^{\circ}19'30''E$  (shown of record as  $S68^{\circ}44'00''E$ ) along said line 3 - 4 of said Princess lode a distance of 237.15 feet to a point;

Thence  $S19^{\circ}10'18''W$  a distance of 1,101.97 feet to a point on line 1 - 2 of the No. 5 lode;

Thence  $N72^{\circ}48'00''W$  (shown of record as North  $72^{\circ}13'30''$  West) a distance of 60.00 feet along said Line 1-2 to Corner #2 of said No. 5 lode, the place of beginning.

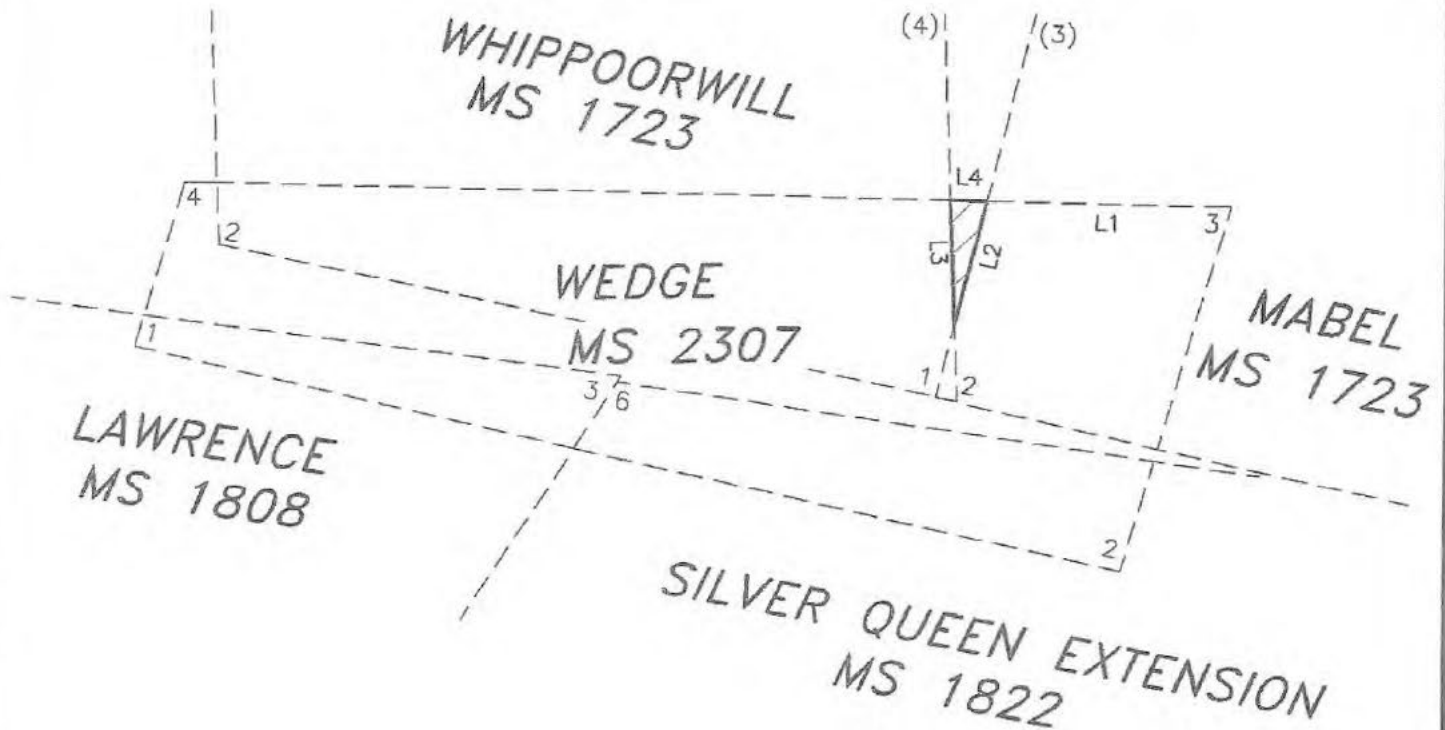
Said parcel contains 31.33 acres more or less as shown on Sheet 2 of 2 on exhibit B.

Exhibit B

Portion of Shoshone County Tax Parcel MC0336  
(Surface and Mineral)

Portion of Mineral Survey 2307

Section 3, Township 48 North, Range 2 East B.M.



LINE TABLE

LINE	BEARING	DISTANCE
L1	N88°47'00"W	254.89'
L2	S14°00'00"W	135.55'
L3	N02°15'00"W	132.43'
L4	S88°47'00"E	38.00'

NOTE

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SILVER VALLEY ENGINEERING BOX 438 WALLACE, IDAHO 83873  
PHONE 1-208-753-3812

DRAWN BY: B. DRAKE

DATE: Sept 30, 2014

SCALE: 1" = 200'

DRWG #: TRUST14/MC0336.dwg

**Exhibit A**  
**Portion of Shoshone County Tax Parcel MC0336 (Surface and Mineral)**  
**Portion of the Wedge Lode of Mineral Survey 2307**

Portion of the Wedge Lode of Mineral Survey 2307 located in Section 3, Township 48 North, Range 2 East B.M., Shoshone County, Idaho; more particularly described as follows:

Beginning at Corner #3 of the Wedge Lode of Mineral Survey No. 2307,

Thence N88°47'00"E along line 3 – 4 of said Wedge Lode a distance of 254.89 feet to the intersection with line 3 - 2 of the Mabel Lode of Mineral Survey 1723 also being the Point-of-beginning;

Thence S14°00'00"W along said line 3 – 2 of said Mabel Lode a distance of 135.55 feet to the intersection with line 1 – 4 of the Whippoorwill lode of Mineral Survey 1723;

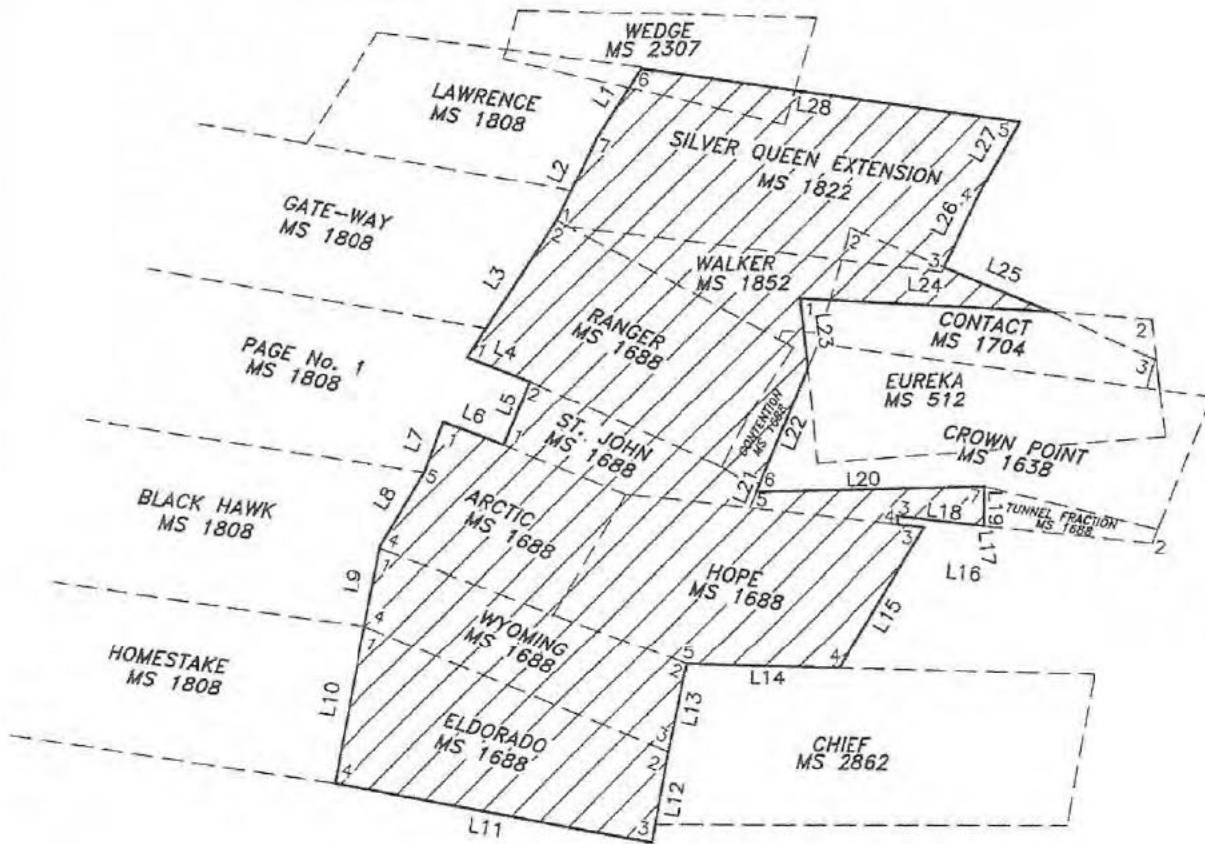
Thence N02°15'00"W along said line 1 – 4 of said Whippoorwill Lode a distance of 132.43 feet to the intersection with line 3 – 4 of said Wedge Lode;

Thence S88°47'00"E along said line 3 – 4 of the Wedge Lode a distance of 38.00 feet to the point-of-beginning.

Containing 0.06 acres more or less as shown on Exhibit B.



Exhibit B  
 Shoshone County Tax Parcel MC0236, MC0507 and  
 MC0506 (Surface and Mineral)  
 Portions of Mineral Surveys 1688, 1822, 1852 and 1704  
 Sections 2, 3, 10 AND 11, Township 48 North, Range 2 East B.M.



LINE TABLE

LINE	BEARING	DISTANCE	LINE	BEARING	DISTANCE
L1	S32°40'00"W	298.00'	L15	N31°00'00"E	600.00'
L2	S25°27'00"W	330.00'	L16	N83°24'00"W	94.10'
L3	S32°40'00"W	600.00'	L17	N05°45'00"W	30.30'
L4	S69°02'00"E	246.00'	L18	S83°41'00"E	320.08'
L5	S22°00'00"W	253.60'	L19	N00°26'00"W	143.54'
L6	N69°02'00"W	235.50'	L20	S88°30'00"W	835.50'
L7	S20°00'00"W	197.00'	L21	N22°00'00"E	45.00'
L8	S31°00'00"W	310.00'	L22	N22°00'00"E	448.80'
L9	S11°20'00"W	287.00'	L23	N08°39'00"W	256.10'
L10	S10°10'00"W	600.00'	L24	S87°14'00"E	914.50'
L11	S79°33'00"E	1179.40'	L25	N67°07'00"W	419.49'
L12	N10°10'00"E	340.00'	L26	N25°27'00"E	328.40'
L13	N11°20'00"E	325.00'	L27	N29°37'00"E	269.20'
L14	S88°36'00"E	555.00'	L28	N81°53'00"W	1398.69'

NOTE

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SILVER VALLEY ENGINEERING BOX 43B WALLACE, IDAHO 83873  
 PHONE 1-208-753-3812

**Exhibit A**  
**Wyoming Mining and Milling Company Claims**  
**Shoshone County Tax Parcels MC0236, MC0506 & Portion of MC0507**  
**(Surface and Mineral)**  
**Mineral Surveys 1688, 1704, 1822, and 1852**

A portion of Mineral Survey 1688, and all of Mineral Surveys 1704, 1822 and 1852 located in Sections 2, 3, 10 and 11, Township 48 North, Range 2 East B.M., Shoshone County, Idaho; more particularly described as follows:

Beginning at corner No. 6 of the Silver Queen Extension lode of Mineral Survey No. 1822,

Thence South 32°40'00" West along line 6-7 of said Silver Queen Extension lode a distance of 298.00 feet to corner No. 7 of said Silver Queen Extension lode;

Thence South 25°27'00" West along line 7-1 of said Silver Queen Extension lode a distance of 330.00 feet to corner No. 1 of said Silver Queen Extension lode and corner No. 2 of Ranger lode Mineral Survey No. 1688;

Thence South 32°40'00" West along line 2-1 of said Ranger lode a distance of 600.00 feet to corner No. 1 of said Ranger lode;

Thence South 69°02'00" East along line 1-5 of said Ranger lode a distance of 246.00 feet to corner No. 2 of St. John lode Mineral Survey No. 1688;

Thence South 22°00'00" West along line 2-1 of said St. John lode a distance of 253.60 feet to corner No. 1 of said St. John lode;

Thence North 69°02'00" West along line 2-1 of Arctic lode Mineral Survey No. 1688 a distance of 235.50 feet to corner No. 1 of said Arctic lode;

Thence South 20°00'00" West along line 1-5 of said Arctic lode a distance of 197.00 feet to corner No. 5 of said Arctic lode;

Thence South 31°00'00" West along line 5-4 of said Arctic lode a distance of 310.00 feet to corner No. 4 of said Arctic lode and corner No.1 of Wyoming lode Mineral Survey No. 1688;

Thence South 11°20'00" West along line 1-4 of said Wyoming lode a distance of 287.00 feet to corner No. 4 of said Wyoming lode and corner No. 1 of the Eldorado lode Mineral Survey No. 1688;

Thence South 10°10'00" West along line 1-4 of said Eldorado lode a distance of 600.00 feet to corner No. 4 of said Eldorado lode;

Thence South 79°33'00" East along line 4-3 of said Eldorado lode a distance of 1179.40 feet to corner No. 3 of said Eldorado lode;

Thence North 10°10'00" East along line 3-2 of said Eldorado lode a distance of 340.00 feet to corner No. 2 of said Eldorado lode and corner No. 3 of said Wyoming lode;

Thence North 11°20'00" East along line 3-2 of said Wyoming lode a distance of 325.00 feet to corner No. 2 of said Wyoming lode and corner No. 5 of Hope lode Mineral Survey No. 1688;

Thence South 88°36'00" East along line 5-4 of said Hope lode a distance of 555.00 feet to corner No. 4 of said Hope lode;

Thence North 31°00'00" East along line 4-3 of said Hope lode a distance of 600.00 feet to corner No. 3 of said Hope lode;

Thence North 83°24'00" West along line 3-2 of said Hope lode a distance of 94.10 feet to corner No. 4 of the Tunnel Fraction lode Mineral Survey No. 1688;

Thence North 05°45'00" West along line 4-3 of said Tunnel Fraction lode a distance of 30.30 feet to corner No. 3 of said Tunnel Fraction lode;

Thence South 83°41'00" East along line 3-2 of said Tunnel Fraction lode a distance of 320.08 feet to a point on line 3-2 of said Tunnel Fraction lode;

Thence North 00°26'00" West a distance of 143.54 feet from point on line 3-2 of said Tunnel Fraction lode to corner No. 7 of said Tunnel Fraction lode;

Thence South 88°30'00" West along line 7-6 of said Fraction Tunnel lode a distance of 835.50 feet to corner No. 6 of said Fraction Tunnel lode;

Thence North 22°00'00" East along line 6-5 of said St. John lode a distance of 45.00 feet to corner No. 5 of said St. John lode and corner No.3 of the Contention lode Mineral Survey No. 1688.

Thence North 22°00'00" East along line 3-4 of said Contention lode a distance of 448.60 feet to point of intersection on line 4-1 of the Eureka lode Mineral Survey No. 512;

Thence North  $06^{\circ}39'00''$  West along line 4-1 of said Eureka lode a distance of 256.10 feet to corner No. 1 of said Eureka lode;

Thence South  $87^{\circ}14'00''$  East along line 1-2 of said Eureka lode a distance of 914.50 feet to a point of intersection on line 3-2 of the Contact lode Mineral Survey No. 1704;

Thence North  $67^{\circ}07'00''$  West along line 3-2 of said Contact lode a distance of 419.49 feet to point of intersection on line 3-4 of said Silver Queen Extension lode;

Thence North  $25^{\circ}27'00''$  East along line 3-4 of said Silver Queen Extension lode a distance of 328.40 feet to corner No. 4 of said Silver Queen Extension lode;

Thence North  $29^{\circ}37'00''$  East along line 4-5 of said Silver Queen Extension lode a distance of 269.20 feet to corner No. 5 of said Silver Queen Extension lode;

Thence  $N81^{\circ}53'00''W$  along line 5-6 of said Silver Queen Extension lode to the point-of-beginning.

**APPENDIX 2**

**PAGE MINE PROPERTY**

[see following pages]

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EXHIBIT A

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*Description of the Mining Claims*

Albany, Austin, Boston, Boston No. 2, Butte, Chicago, Continental, Dallas, Gilmore No. 8, Humbolt, Humbolt No. 2, Humbolt No. 3, Jumbo, Kitty No. 1, Kitty No. 2, Main, Malvern, New York, Old Timer, Old Timer No. 1, Old Timer No. 2, Queen Regent, Shafter, Silver Creek, St. Paul, Tamarack, Tony No. 1, Tony No. 2, Waco and Wendt No. 5, Mineral Survey No. 2110, situated in Yreka Mining District in Sections 8, 9 and 10, Township 48 North, Range 2 East, B.M., Shoshone County, State of Idaho. Patent recorded in Book 39, Page 126, records of Shoshone County, State of Idaho.

And

Curlew, Snow Cap No. 2, Mineral Survey No. 2136, situated in Yreka Mining District in Section 10, Township 48 North, Range 2 East, B.M., Shoshone County, State of Idaho. Patent recorded in Book B, Page 5, records of Shoshone County, State of Idaho.

And

Belle of the West, Corrigan, Omega, Toney and Volcano, Mineral Survey No. 2185, situated in Yreka Mining District in Sections 9 and 10, Township 48 North, Range 2 East, B.M., Shoshone County, State of Idaho. Patent recorded in Book 40, Page 129, records of Shoshone County, State of Idaho.

And

Page No. 3, Mineral Survey No. 2545, situated in Yreka Mining District in Section 10, Township 48 North, Range 2 East, B.M., Shoshone County, State of Idaho. Patent recorded in Book 42, Page 459, records of Shoshone County Idaho.

And

Big Swede, Gilmore No. 1, Gilmore No. 6, McCashen No. 4, Seventy-Six and Wendt No. 1, Mineral Survey No. 2696, situated in Yreka Mining District in Sections 9, 10, 15 and 16, Township 48 North, Range 2 East, B.M., Shoshone County, State of Idaho. Patent recorded in Book 51, Page 564, records of Shoshone County, State of Idaho.

And

Zeke, Mineral Survey No. 2860, situated in Yreka Mining District, Section 9, Township 48 North, Range 2 East, B.M., Shoshone County, State of Idaho. Patent recorded in Book 35, Page 214, records of Shoshone County, State of Idaho.

And

Anna and Lyda Leary, Mineral Survey No. 2911, situated in Yreka Mining District, Section 10, Township 48 North, Range 2 East, B.M., Shoshone County, State of Idaho. Patent recorded in Book 55, Page 208, records of Shoshone County, State of Idaho.

And

Con Bederman and Exile, Mineral Survey No. 2912, situated in Yreka Mining District, Section 10, Township 48 North, Range 2 East, B.M., Shoshone County, State of Idaho. Patent recorded in Book 55, Page 510, records of Shoshone County, State of Idaho.

And

Dodo, Mineral Survey No. 2960, situated in Yreka Mining District, Section 10, Township 48 North, Range 2 East, B.M., Shoshone County, State of Idaho. Patent recorded in Book 56, Page 157, records of Shoshone County, State of Idaho.

And

Robin, Mineral Survey No. 2961, situated in Yreka Mining District, Section 10, Township 48 North, Range 2 East, B.M., Shoshone County, State of Idaho. Patent recorded in Book 56, Page 252, records of Shoshone County, State of Idaho.

EXCLUDING the Page Minesite being a portion of the Snow Cap No. 2 Lode Claim, MS 2136, Belle of the West, Corrigan, Toney & Volcano Lode Claims, MS 2185, situated in Sections 3, 9 and 10, Township 48 North, Range 2 East, B.M., Shoshone County, State of Idaho and being more particularly described as follows:

Beginning at the common corner to Sections 3, 4, 9 and 10, Township 48 North, Range 2 East, B.M., which is identical to Corner No. 1 of said Belle of the West Lode Claim; thence

North 00°14'00" East along line 1-6 of said Belle of the West Lode Claim, a distance of 97.30 feet; thence

North 82°41'00" East along line 6-5 of said Belle of the West Lode Claim, a distance of 189.06 feet; thence

South 09°57'02" East, a distance of 232.73 feet; thence

South 03°09'36" East, a distance of 506.63 feet; thence

South 29°28'03" West, a distance of 356.78 feet; thence

South 88°01'42" West, a distance of 115.75 feet; thence

North 00°54'39" East, a distance of 250.92 feet; thence

North 17°57'19" West, a distance of 284.66 feet; thence

North 44°49'22" West, a distance of 547.82 feet to a point on line 2-1 of said Belle of the West Lode Claim; thence

North 87°57'48" East along line 2-1 said Belle of the West Lode Claim, a distance of 505.39 feet to the point of beginning.