

THIS AMENDED AND RESTATED PURCHASE AGREEMENT is dated as of the 6th day of April, 2020 (the "**Execution Date**").

AMONG:

KEVIN RYAN, an individual residing at [redacted: personal address]
(the "**Vendor**")

AND:

MOUNTAIN LAKE MINERALS INC., a corporation formed under the laws of British Columbia, having its head office at 1853 Sunken Lake Road, Sunken Lake, NS B4P 2R2
(the "**Purchaser**")

AND:

NEW DAWN RESOURCES INC., a corporation formed under the laws of Newfoundland and Labrador,
(the "**NDRI**")

WHEREAS:

- A. The Vendor is the registered, legal and beneficial holder of a 100% title and interest in and to certain mineral claims in the Province of Newfoundland and Labrador, which claims are fully described in Schedule A attached hereto (the "**Property**"), subject to the Underlying Agreement (as hereinafter defined);
- B. The Vendor and NDRI are parties to the Underlying Agreement;
- C. The Vendor wishes to sell to the Purchaser, and the Purchaser wishes to purchase from the Vendor, the Purchased Assets on and subject to the terms of this Agreement; and
- D. The Vendor and the Purchaser entered into a certain purchase agreement dated as of **March 6, 2020**, in relation to the Property (hereinafter referred to as the "**March 6, 2020 Purchase Agreement**"), which the Vendor and the Purchaser have agreed to terminate, and the Vendor, the Purchaser and NDRI have agreed to enter into this Amended and Restated Purchase Agreement.

NOW THEREFORE, for good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by each of the Parties), the Parties agree as follows:

1. **DEFINITIONS**

1.1 In this Agreement and in the Schedules and the recitals hereto, unless the context otherwise requires, the following expressions will have the following meanings:

- (a) **"Agreement"** means this amended and restated purchase agreement and all Schedules and all instruments supplemental hereto or in amendment or confirmation hereof;
- (b) **"Business Day"** means any day other than a Saturday, a Sunday, or a day observed as a holiday in Newfoundland and Labrador or in Nova Scotia;
- (c) **"Closing"** has the meaning given to such term in section 5.1;
- (d) **"Closing Date"** has the meaning given to such term in section 5.1;
- (e) **"Defaulting Party"** has the meaning given to such term in section 11.1;
- (f) **"Due Diligence Notice"** has the meaning given to that term in section 4.3(f);
- (g) **"Encumbrances"** means all interests, mortgages, charges, royalties, security interests, liens, encumbrances, actions, claims, demands and equities of any nature whatsoever or however arising and any rights or privileges capable of becoming any of the foregoing;
- (h) **"Environmental Laws"** means all applicable federal, provincial, municipal and local laws, statutes, ordinances, by-laws, regulations, orders, directives and decisions, rendered by any ministry, department or administrative or regulatory agency relating to the protection of the environment or pollutants, contaminants, chemicals, or industrial, toxic or hazardous wastes or substances;
- (i) **"Exchange"** means the Canadian Securities Exchange;
- (j) **"Interest"** means the undivided beneficial percentage interest of a Party in the Property;
- (k) **"Interim Period"** means the period of time between the Execution Date and the earlier of the date of Closing and the termination of this Agreement pursuant to section 10;
- (l) **"Manuels Option"** means all of the Vendor's right, title and interest under, in and to the Underlying Agreement;
- (m) **"March 6, 2020 Purchase Agreement"** has the meaning ascribed thereto in Recital D;
- (n) **"Maximum Royalty"** has the meaning given to that term in section Error! Reference source not found.;
- (o) **"NDRI Royalty Agreement"** has the meaning given to that term in Section 5.2(d);

- (p) **"Party"** means any of the Vendor, the Purchaser and NDRI and their successors and permitted assigns, and **"Parties"** means, together, the Vendor, the Purchaser and NDRI and their successors and permitted assigns;
- (q) **"person"** means any natural person, firm, company, governmental authority, joint venture, partnership, trust, association or other entity (whether or not having separate legal personality);
- (r) **"Property"** means the mining claims described in Schedule A and all substitute or successor titles thereto;
- (s) **"Purchased Assets"** means the Property and the Manuels Option;
- (t) **"Purchase Shares"** has the meaning given to that term in section 3.2;
- (u) **"Royalty"** has the meaning given to that term in section 7.1 to be calculated and paid in accordance with the provisions of the Royalty Agreement;
- (v) **"Ryan Royalty Agreement"** has the meaning given to that term in section 5.2(c);
- (w) **"Transaction"** has the meaning given to that term in section 3.1; and
- (x) **"Underlying Agreement"** means the option agreement between the Vendor and NDRI dated April 7, 2016, as amended, in respect of mineral properties located in Manuels, Newfoundland and Labrador.

1.2 In this Agreement, unless something in the subject matter or context is inconsistent therewith:

- (a) all references in this Agreement to "articles", "sections" or other subdivisions or Schedules are to the designated articles, sections or other subdivisions, or Schedules of or attached to and which form a part, of this Agreement;
- (b) the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular section or other subdivision;
- (c) the headings are for convenience only and do not form part of this Agreement and are not intended to interpret, define or limit the scope, extent or intent of this Agreement;
- (d) the singular of any term includes the plural, and vice versa, the use of any term is equally applicable to any gender and, where applicable, an entity, the word "or" is not exclusive and the word "including" is not limiting (whether or not non-limiting language is used with reference thereto);
- (e) the words "written" or "in writing" include printing, typewriting or any electronic means of communication capable of being visibly reproduced at the point of reception including telex, telegraph, telecopy, facsimile or e-mail;
- (f) any reference to a statute is a reference to the applicable statute and to any regulations made pursuant thereto and includes all amendments made thereto and

in force from time to time and any statute or regulation that has the effect of supplementing or superseding such statute or regulation;

- (g) a "day" shall refer to a calendar day and in calculating all time periods the first day of a period is not included and the last day is included, but if a period ends on a day which is not a Business Day, the period will be deemed to expire on the next Business Day; and
- (h) except where otherwise expressly stated, all references to "\$" or "dollars" are references to the lawful currency of the Canada.

2. **REPRESENTATIONS, WARRANTIES AND COVENANTS**

2.1 The Vendor represents and warrants to the Purchaser that, as of the Execution Date:

- (a) he has full power and authority to convey, sell, assign and transfer the Property to the Purchaser as herein provided and upon execution and delivery of this Agreement by him, this Agreement will constitute a legal, valid and binding obligation of the Vendor enforceable against him in accordance with its terms except that:
 - (i) enforceability may be limited by bankruptcy, insolvency or other laws affecting creditors' rights generally;
 - (ii) equitable remedies, including the remedies of specific performance and injunctive relief, are available only in the discretion of the applicable court;
 - (iii) a court may stay proceedings before it by virtue of equitable or statutory powers; and
 - (iv) rights of indemnity and contribution hereunder may be limited under applicable law;
- (b) neither the execution of this Agreement nor the consummation of the transactions contemplated hereby conflict with, result in a breach of or accelerate the performance required by any agreement to which he is a party;
- (c) neither the execution of this Agreement nor the consummation of the transactions contemplated hereby, result in a breach of any laws applicable to him;
- (d) he is not a "U.S. Person" (as that term is defined in Regulation S under the United States Securities Act of 1933, as amended);
- (e) he is the legal, registered and beneficial owner of a 100% undivided Interest in the Property free and clear of all Encumbrances other than the Underlying Agreement. The Vendor has the right to sell the Property to the Purchaser and has, and will have at the Closing Date, the right to transfer his Interest in the Property to the Purchaser in accordance with the terms and conditions of this Agreement;
- (f) to the best of his knowledge there are no aboriginal rights or interests that are currently asserted in respect of the Property;

- (g) the Property is in good standing and the Vendor has paid all fees, taxes, assessments, rentals, levies or other payments and filed all reports and returns required to be made and filed relating to the Property, all claims comprising the Property have been duly and validly located and recorded, and no proceedings have been instituted to invalidate or assert an adverse claim or challenge against or to the ownership of title to the Property, nor is there any basis therefor, and no other person, except pursuant to the Underlying Agreement, is entitled to acquire or purchase or enter into an agreement to acquire or purchase the Property or any portion thereof, and no person has any royalty or other interest whatsoever in production from or the profits earned from any part of the Property;
- (h) to the best of his knowledge, there is no impediment to the Purchaser obtaining surface access rights for exploration activities from the surface rights holder(s) of the Property, although the Vendor does not warrant that the Purchaser will be able to obtain the necessary surface access rights from such surface rights holder(s);
- (i) all work carried out, or caused to be carried out, on the Property by the Vendor has been carried out in compliance with all applicable laws, including Environmental Laws, and neither the Vendor, nor, to his knowledge, any person, has received any notice of any breach of any such laws, and it has no knowledge of any facts which would lead a well-informed operator in the mining industry to believe there are any environmental liabilities associated with the Property, and there are no environmental audits, evaluations, assessments or studies relating to the Property;
- (j) there are no claims, actions, suits, judgments, litigation or proceedings of any nature concerning the Property, pending or threatened against the Vendor or any other person which may defeat, impair, detrimentally affect or reduce the right, title and interest of the Vendor in the Property or the interest therein to be acquired by the Purchaser under this Agreement, including any matter seeking forfeiture of the Property, and the Vendor is not aware of any existing ground on which any such claim, action, suit, judgment, litigation or proceeding might be commenced with any reasonable likelihood of success;
- (k) no event of insolvency has occurred in relation to the Vendor nor is there any act which has occurred or any omission made which may result in an event of insolvency occurring in relation to the Vendor;
- (l) there has been no material default in any term, condition, provision, or obligation to be performed under any material contract entered into by the Vendor in respect of the Property, each of which is in good standing and in full force and effect, unamended;
- (m) all information known or which should be known to the Vendor concerning the Property which might reasonably be regarded as material to a purchaser for value of the Property has been disclosed in writing to the Purchaser; and
- (n) all of the information provided by the Vendor to the Purchaser is true and correct in all material respects.

2.2 The Purchaser represents and warrants to the Vendor and to NDRI that, as of the Closing Date:

- (a) it is a valid and subsisting corporation duly incorporated under the laws of its jurisdiction of incorporation and has full corporate power and authority to execute and deliver this Agreement and to observe and perform its covenants and obligations hereunder and has taken all necessary corporate action and proceedings and obtained all necessary approvals, other than, if required, approval of the Exchange, in respect thereof and, upon execution and delivery of this Agreement by it, this Agreement will constitute a legal, valid and binding obligation of the Purchaser enforceable against it in accordance with its terms except that:
- (i) enforceability may be limited by bankruptcy, insolvency or other laws affecting creditors' rights generally;
 - (ii) equitable remedies, including the remedies of specific performance and injunctive relief, are available only in the discretion of the applicable court;
 - (iii) a court may stay proceedings before them by virtue of equitable or statutory powers; and
 - (iv) rights of indemnity and contribution hereunder may be limited under applicable law;
- (b) neither the execution of this Agreement nor the consummation of the transactions contemplated hereby conflict with, result in a breach of or accelerate the performance required by any agreement to which it is a party; and
- (c) neither the execution of this Agreement nor the consummation of the transactions contemplated hereby, result in a breach of the laws of any applicable jurisdiction or its constating documents.

2.3 Each of the Parties agrees that it shall use reasonable commercial efforts to satisfy, and to cooperate with and assist the other Party to satisfy, each of the conditions in section 4 as soon as is practicable, and in any event prior to the Closing Date, 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 that are commercially reasonable to complete the Transaction in accordance with the terms and conditions of this Agreement.

2.4 The representations, warranties and covenants herein set out are conditions on which the Parties have relied in entering into this Agreement and each of the Parties 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 or agreement made by it and contained in this Agreement. The representations and warranties set out herein shall survive for a period of three years following the Closing Date.

3. **PURCHASE AND SALE**

3.1 The Vendor agrees to sell, transfer and assign to the Purchaser, and the Purchaser agrees to purchase from the Vendor, the Purchased Assets, free and clear of all Encumbrances, on the Closing Date on and subject to the terms and conditions in this Agreement (the "**Transaction**").

3.2 In consideration for the purchase of the Purchased Assets, the Purchaser agrees to:

- (a) pay to the Vendor an aggregate of \$43,200, payable in ten annual installments of \$4,320 each, commencing on the Closing Date and thereafter on each anniversary of the Closing Date;
- (b) pay to NDRI an aggregate of \$28,800, payable in ten annual installments of \$2,880 each, commencing on the Closing Date and thereafter on each anniversary of the Closing Date; and
- (c) issue to the Vendor on the Closing Date 500,000 fully paid and non-assessable common shares in the capital of the Purchaser at a deemed price of \$0.10 per share (the "**Purchase Shares**"), which Purchase Shares shall be subject to a hold period not exceeding four months and one day under applicable securities laws and such other resale restrictions as may be required by the Exchange.

3.3 The Vendor shall not sell either or both of its legal and beneficial interest in the Purchase Shares, except with the consent of the Purchaser in its sole discretion, for the following periods commencing on the date the Purchase Shares are issued to the Vendor:

- (a) with respect to 166,667 of the Purchase Shares, for a period of four months;
- (b) with respect to 166,667 of the Purchase Shares, for a period of six months; and
- (c) with respect to 166,666 of the Purchase Shares, for a period of twelve months.

4. **CLOSING CONDITIONS**

4.1 The obligation of the Parties to complete the Transaction on the Closing Date shall be subject to the prior completion of the following conditions, which conditions may only be waived jointly by the Parties:

- (a) there will not be in force any order or decree restraining or enjoining the Transaction; and
- (b) all consents, orders and approvals required, necessary or desirable for the completion of the transactions provided for in this Agreement (including approval of the Exchange, if required) shall have been obtained or received from the persons, authorities or bodies having jurisdiction in the circumstances, all on terms satisfactory to each of the parties hereto, acting reasonably.

4.2 The obligation of the Vendor to complete the Transaction on the Closing Date shall be subject to the prior completion of the following conditions, which conditions may be waived in whole or in part by the Vendor in its sole discretion on or before the Closing Date:

- (a) the representations and warranties of the Purchaser contained herein are true and correct in all material respects as of the Closing Date, except to the extent that such representations and warranties relate to an earlier date;
- (b) all covenants of the Purchaser contained in this Agreement required to have been performed or complied with on or before the Closing Date have been performed or complied with; and

- (c) the Purchaser has delivered or cause to be delivered to the Vendor the documents as set forth in section 5.3 in form satisfactory to the Vendor, acting reasonably.

4.3 The obligation of the Purchaser to complete the Transaction on the Closing Date shall be subject to the prior completion of the following conditions, which conditions may be waived in whole or in part by the Purchaser in its sole discretion on or before the Closing Date:

- (a) the representations and warranties of the Vendor contained herein are true and correct in all material respects as of the Closing Date, except to the extent that such representations and warranties relate to an earlier date;
- (b) all covenants of the Vendor contained in this Agreement required to have been performed or complied with on or before the Closing Date have been performed or complied with;
- (c) the Vendor shall be the legal, registered and beneficial owner of a 100% Interest in the Property, subject to the Underlying Agreement;
- (d) no material adverse change will have occurred in respect of the Property since the Execution Date;
- (e) the Vendor has delivered or cause to be delivered to the Purchaser the documents as set forth in section 5.2 in form satisfactory to the Purchaser, acting reasonably; and
- (f) the Purchaser will have completed, to its reasonable satisfaction, its due diligence on the Property and have provided notice to such effect to the Vendor (the "**Due Diligence Notice**") within two weeks of the Execution Date. If the Due Diligence Notice is not provided by such date, the Purchaser shall be deemed to have so completed its due diligence.

5. CLOSING

5.1 The closing of the Transaction (the "**Closing**") shall take place electronically at 9:30 a.m. Halifax, Nova Scotia time on April 6, 2020 or at such other time and date as may be mutually agreed by the Parties (the "**Closing Date**").

5.2 At Closing, the Vendor shall deliver or cause to be delivered to the Purchaser the following:

- (a) a certificate of the Vendor dated as of the Closing Date certifying that the representations and warranties of the Vendor contained herein are true and correct in all material respects as of the Closing Date, except to the extent that such representations and warranties relate to an earlier date, and that all covenants of the Vendor contained in this Agreement required to have been performed or complied with on or before the Closing Date have been performed or complied with;
- (b) all instruments of transfer and forms required to register the Royalty and to effect the transfer of the Property from the Vendor to the Purchaser under the *Mineral Act*, RSNL1990 c M-12, in registrable form;

- (c) a royalty agreement with the Vendor providing for a 0.5% net smelter returns royalty (the "**Ryan Royalty Agreement**"), executed by the Purchaser in registrable form, substantially in the form annexed as Schedule "B" or such other form as the Parties, acting reasonably, may mutually agree upon;
- (d) a royalty agreement with NDRI providing for a 0.5% net smelter returns royalty (the "**NDRI Royalty Agreement**"), executed by the Purchaser in registrable form, substantially in the form annexed as Schedule "C" or such other form as the Parties, acting reasonably, may mutually agree upon;
- (e) an assignment agreement in a form acceptable to the Purchaser, acting reasonably, pursuant to which the Vendor assigns the Manuels Option to the Purchaser, executed by the Vendor and NDRI in registrable form (which assignment agreement shall include a final mutual release and discharge as between the Vendor and NDRI of any and all obligations under section 5.1 of the Underlying Agreement); and
- (f) all documents, data, maps, books, records, results and other materials related to the Property.

5.3 At Closing, the Purchaser shall deliver or cause to be delivered to the Vendor the following:

- (a) a certificate of a senior officer of the Purchaser (without personal liability) dated as of the Closing Date certifying that the representations and warranties of the Purchaser contained herein are true and correct in all material respects as of the Closing Date, except to the extent that such representations and warranties relate to an earlier date, and that all covenants of the Purchaser contained in this Agreement required to have been performed or complied with on or before the Closing Date have been performed or complied with;
- (b) the Royalty Agreement executed by the Purchaser, in registrable form;
- (c) a certified copy of the resolutions of the directors of the Purchaser approving and authorizing the entry into this Agreement and the transactions contemplated herein; and
- (d) a share certificate representing the Purchase Shares issuable on the Closing Date pursuant to section 3.2.

6. **ACTIONS DURING INTERIM PERIOD**

6.1 During the Interim Period, the Vendor and NDRI shall hold the Property in the ordinary course of business and in compliance with all applicable law and shall not:

- (a) dispose of, grant any interest in or encumber any of the Property;
- (b) enter into any contract or any other transaction that could materially affect the Property or the Vendor's Interest therein, except with the prior written consent of the Purchaser;

- (c) terminate, cancel, modify or amend in any respect any contract related to the Property or take or fail to take any action that would entitle any party to a contract related to the Property to terminate, modify, cancel or amend such contract; or
- (d) agree, commit or enter into any understanding to take any action set out in paragraphs (a), (b) or (c) of this section 6.1.

7. **ROYALTY**

7.1 Upon Closing:

- (a) the Vendor will reserve, retain and hold a 0.5% net smelter return royalty, as described in the Ryan Royalty Agreement. The Purchaser shall have the unfettered right, exercisable in accordance with the Ryan Royalty Agreement, to buy back one-half of the said 0.5% net smelter return royalty, and to thereby reduce the 0.5% royalty to 0.25%, for \$250,000 (subject to reduction as set forth in the Ryan Royalty Agreement), all in accordance with the Ryan Royalty Agreement; and
- (b) the Purchaser shall grant to NDRI a 0.5% net smelter return royalty, as described in the NDRI Royalty Agreement. The Purchaser shall have the unfettered right, exercisable in accordance with the NDRI Royalty Agreement, to buy back one-half of the 0.5% net smelter return royalty, and thereby reduce the 0.5% net smelter return royalty to 0.25% for \$250,000 (subject to reduction as set forth in the NDRI Royalty Agreement), all in accordance with the NDRI Royalty Agreement.

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

- 8.1 Unless required by law or a recognized stock exchange having jurisdiction, no Party will make any public statement or issue any press release concerning the transactions contemplated herein without the consent of the other Party, which consent shall not be unreasonably withheld. Notwithstanding the foregoing, the Party making such disclosure (including, where practicable, any disclosure required by law or a recognized stock exchange having jurisdiction) will consult with the other Party prior to making any statement or press release and the Parties will use all reasonable efforts, acting expeditiously and in good faith, to agree upon a text for such statement or release which is satisfactory to each of them within two Business Days. If the Parties fail to agree upon such text, the Party making the disclosure will make only such public statement or release as its counsel advises in writing is legally required to be made or is otherwise reasonable in the circumstances.
- 8.2 The Parties further agree that this Agreement will not be provided to any third party or used other than for the activities contemplated hereunder except as required by law or by the rules and regulations of any regulatory authority or stock exchange having jurisdiction (in which case the Party being compelled to disclose such information shall to the extent practical give the other Party an opportunity to review and provide reasonable comments on the disclosure) or with the written consent of the other Party, such consent not to be unreasonably withheld. For clarification and greater certainty, it is understood and agreed that the Royalty Agreement and the indenture required to effect the transfer of the Property from the Vendor to the Purchaser shall be registered by the Purchaser at the Confidential Registry maintained by the Mineral Claims Recorder for Newfoundland and Labrador.

8.3 Consent to disclosure of information pursuant to this section 8 will not be unreasonably withheld where a Party wishes to disclose any such information to a third party for the purpose of arranging financing, entering into a corporate transaction or for the purpose of selling its Interest or its rights as contemplated in this Agreement or the Royalty Agreement, provided that such third party first enters into a written agreement with the other Party that any such information not theretofore publicly disclosed will be kept confidential and not disclosed to others on terms satisfactory to the other Party, acting reasonably.

9. **NOTICES**

9.1 Any notice, direction or other instrument required or permitted to be given under this Agreement must be in writing and may be given by personal delivery of the same or by mailing the same by prepaid registered or certified mail or by sending the same by telecommunication, facsimile, e-mail or other similar form of communication, in each case addressed as follows:

(a) If to the Vendor at:

Kevin Ryan

[redacted: personal address]

Facsimile No.: [redacted]

E-mail: [redacted]

(b) If to the Purchaser at:

Mountain Lake Minerals Inc.

1853 Sunken Lake Road

RR2 Wolfville, NS B4P 2R2

Attention: Paul K. Smith

Facsimile No.: 416-368-5344

E-mail: paul.smith@mountain-lake.com

(c) If to NDRI at:

c/o Stewart McKelvey

Suite 100, Cabot Place

100 New Gower Street

St. John's, NL A1C 6K3

Attention: Colm St. Roch Seviour

Facsimile No.: [redacted]

E-mail: [redacted]

9.2 Any notice, direction or other instrument will:

(a) if delivered, be deemed to have been given and received on the day it was delivered; and

- (b) if sent by telecommunication, facsimile, e-mail or other similar form of communication, be deemed to have been given and received on the Business Day following the day it was so sent.

9.3 A Party may at any time give to the other Party 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 Party for the purposes of giving notice hereunder.

10. TERMINATION

10.1 Other than the provisions of this Agreement which explicitly survive termination, this Agreement will terminate upon the occurrence of the earliest of:

- (a) the written agreement by the Parties to terminate;
- (b) May 29, 2020, if the Closing has not occurred by such date;
- (c) upon notice to the Defaulting Party by the other Party if the Defaulting Party fails to take reasonable steps to cure the applicable default within the 30-day period referenced in section 11.1;
- (d) if the Purchaser becomes insolvent, makes any assignment in bankruptcy or makes any other assignment for the benefit of creditors, seeks protection or relief under the Companies' Creditors Arrangement Act (Canada) or under any bankruptcy, insolvency or analogous law, is adjudged bankrupt, files a petition or proposal, consents to or acquiesces in the appointment of a trustee, receiver and manager, interim receiver, custodian or other person with similar powers of itself or of all or any substantial portion of its assets; and
- (e) upon notice by the Purchaser to the Vendor if the Vendor becomes insolvent, makes any assignment in bankruptcy or makes any other assignment for the benefit of creditors, seeks protection or relief under the Companies' Creditors Arrangement Act (Canada) or under any bankruptcy, insolvency or analogous law, is adjudged bankrupt, files a petition or proposal, consents to or acquiesces in the appointment of a trustee, receiver and manager, interim receiver, custodian or other person with similar powers of itself or of all or any substantial portion of its assets.

10.2 Sections 2.4, 8, and 12.8 survive the termination of this Agreement.

11. DEFAULT

11.1 Notwithstanding anything in this Agreement to the contrary, if any Party (a "**Defaulting Party**") is in default of any requirement herein set forth, the other Party will give written notice to the Defaulting Party specifying the default and the Defaulting Party will not lose any rights under this Agreement, unless within thirty (30) days after the giving of the first notice of default by the other Party the Defaulting Party has failed to take reasonable steps to cure the default by the appropriate performance and if the Defaulting Party fails within such 30-day period to take reasonable steps to cure any such default, the other Party will be entitled to seek any remedy it may have on account of such default including

terminating this Agreement in accordance with section 10.1 and/or seeking the remedies of specific performance, injunction or damages.

12. **GENERAL**

- 12.1 The Parties 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.
- 12.2 Each Party will each bear its own costs and expenses associated with this Agreement and the Transaction, provided, however, that the Purchaser shall reimburse the Vendor up to a maximum of \$5,000 for its reasonable fees and expenses incurred in connection with this Agreement and the Transaction.
- 12.3 Time is of the essence in the performance of this Agreement.
- 12.4 Except with the written consent of the Purchaser, no other Party may assign the Property or this Agreement, or any rights or interests thereunder, to any person.
- 12.5 This Agreement shall enure to the benefit of and be binding upon the Parties and their respective successors and permitted assigns.
- 12.6 This Agreement (including the Schedules thereto) constitutes the entire agreement between the Parties 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. There are no implied covenants contained in this Agreement other than those of good faith and fair dealing.
- 12.7 If any part of this Agreement is declared or held invalid for any reason, such invalidity will not affect the validity of the remainder which shall continue in force and effect and be construed as if this Agreement had been signed without the invalid portion and the intention of the parties is that this Agreement would have been signed without reference to any portion which may, for any reason, be declared or held invalid.
- 12.8 This Agreement will be governed by and construed according to the laws of the Province of Newfoundland and Labrador and the federal laws of Canada applicable therein.
- 12.9 This Agreement may only be amended by the written agreement of all the Parties hereto.
- 12.10 This Agreement may be executed in one or more counterparts and electronically, each of which shall be deemed to be an original but each of which shall constitute one and the same instrument.

13. **TERMINATION OF MARCH 6, 2020 PURCHASE AGREEMENT**

- 13.1 The Vendor and the Purchaser hereby agree to terminate the March 6, 2020 Purchase Agreement as of the execution of this Agreement, to the intent that any and all liabilities under the March 6, 2020 Purchase Agreement are hereby concluded and terminated.

[signature sheet follows]

IN WITNESS WHEREOF the parties hereto have executed these presents as of the day and year first above written.

SIGNED, SEALED AND DELIVERED
by **KEVIN RYAN** in the
presence of:

"Kevin Ryan"

Kevin Ryan

Notary Public for Newfoundland and
Labrador (affix seal or stamp)

SIGNED, SEALED AND DELIVERED
by **MOUNTAIN LAKE MINERALS INC.** in the
presence of:

MOUNTAIN LAKE MINERALS INC.

"Paul Smith"

Paul K. Smith
President & CEO

I have authority to bind the corporation

NEW DAWN RESOURCES INC.

"Kevin Ryan"

Notary Public for
(affix seal or stamp)

Kevin Ryan
I have authority to bind the corporation

SCHEDULE "A"

DESCRIPTION OF PROPERTY

The Property comprises a total of 21 mineral claims held under 3 map-staked licences. Following the table are the descriptions for each mineral licence.

Project Area	Licence Number	Number of Claims	Issuance Date
Conception Bay South	023601M	7	2010/02/11
Wych Hazel Pond	025177M	9	2017/06/14
Conception Bay South	027292M	5	2019/08/29
	TOTALS	21	

Map Staked Licence Descriptions

023601M

Beginning at the Northeast corner of the herein described parcel of land, and said corner having UTM coordinates of 5 263 000 N, 354 000 E; of Zone 22; thence South 2,500 metres, thence West 500 metres, thence North 500 metres, thence West 500 metres, thence North 1,000 metres, thence East 500 metres, thence North 1,000 metres, thence East 500 metres to the point of beginning. All bearings are referred to the UTM grid, Zone 22. NAD27. Reserving nevertheless out of the above described area all of the land being part of: F.W. Andrews Fee Simple Mining Grant Volume 1, Folio 81.

025177M

Beginning at the Northeast corner of the herein described parcel of land, and said corner having UTM coordinates of 5 264 000 N, 354 000 E; of Zone 22; thence South 500 metres, thence East 500 metres, thence South 3,500 metres, thence West 500 metres, thence North 3,000 metres, thence West 500 metres, thence North 1,000 metres, thence East 500 metres to the point of beginning. All bearings are referred to the UTM grid, Zone 22. NAD27. Reserving nevertheless out of the above described area all of the land being part of: F.W. Andrews Fee Simple Mining Grant Volume 1, Folio 81.

027292M

Beginning at the Northeast corner of the herein described parcel of land, and said corner having UTM coordinates of 5 263 000 N, 355 500 E; of Zone 22; thence South 2,000 metres, thence West 1,000 metres, thence North 500 metres, thence East 500 metres, thence North 1,500 metres, thence East 500 metres to the point of beginning. All bearings are referred to the UTM grid, Zone 22. NAD27.

PKS

SCHEDULE "B"

NET SMELTER RETURN ROYALTY

THIS ROYALTY AGREEMENT is dated as of the • day of •, 20••.

BETWEEN:

KEVIN RYAN, an individual residing at [redacted] (hereinafter called the "Payee")

AND: MOUNTAIN LAKE MINERALS INC., a corporation formed under the laws of British Columbia, having its head office at 1853 Sunken Lake Road, Sunken Lake, NS B4P 2R2 (hereinafter called the "Payor")

WITNESSETH THAT for good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged) the parties hereto agree as follows:

1. DEFINITIONS AND INTERPRETATION

1.1. In this Agreement, except as otherwise expressly provided, or unless the context otherwise requires:

- (a) "**Affiliate**" means any Person that directly or indirectly controls, or is controlled by or is under common control with, a Party or with whom a Party does not deal with at arm's length (as defined in the Income Tax Act (Canada)). The term "control" as used herein means the right to the exercise of, directly or indirectly, more than 50% of the voting rights attributable to the shares or ownership interests of the controlled entity.
- (b) "**Business Day**" means a day other than a Saturday, Sunday or a statutory holiday in Newfoundland and Labrador or Nova Scotia.
- (c) "**Cash Purchase Price**" means the aggregate amount of all payments made by the Payor to the Payee pursuant to section 3.2(a) of the Purchase Agreement.
- (d) "**Commercial Production**" means any form of mining, milling, processing, concentrating, recovery or refining activity conducted with the intention of creating economic value or economic gain from deposits of Minerals contained within the Property, including the taking of Minerals from the Property for the purpose of bulk sampling or determining the amenability of the Minerals to beneficiation processes or mining to the extent that such taking results in actual proceeds of sale.
- (e) "**Deemed Receipts**" means the following:

- (i) Where Payor or any Affiliate of Payor produces or has produced any Refined Products through any smelting or refining arrangements or any other transactions that result in the return to, or credit to the account of, Payor or any Affiliate of Payor of Refined Products meeting the physical specifications for good delivery or minimum purity requirements of: in the case of copper, the London Metal Exchange ("**LME**") or the COMEX division of the New York Mercantile Exchange ("**COMEX**") (each, "**Refined Copper**"); in the case of zinc, the LME ("**Refined Zinc**"); in the case of gold, the London Bullion Market Association ("**LBMA**") ("**Gold Bullion**"); in the case of silver, the LBMA ("**Silver Bullion**"); in the case of Platinum, the LBMA ("**Platinum**"); in the case of Palladium, the LBMA ("**Palladium**"); in the case of rhodium, iridium or ruthenium, Johnson Matthey ("**Rhodium**"); and, in the case of other Products produced from Raw Products and/or Intermediate Products through subsequent smelting and/or refining and the outturned metal from which meets the relevant specifications for Refined Products that have prices regularly quoted on the LME ("**Other Refined Products**"),

then notwithstanding anything in this Agreement to the contrary, the term "**Deemed Receipts**" for such Refined Products shall be deemed to mean the net number of pounds avoirdupois of Refined Copper or Refined Zinc or troy ounces of Gold Bullion, Silver Bullion, Platinum, Palladium or Rhodium or net number of pounds avoirdupois or other relevant unit of measure for Other Refined Products, as the case may be, returned to, or credited to the account of, Payor or its Affiliates by the applicable smelter, refinery or other treatment facility in a calendar quarter, multiplied by:

- A. for Refined Copper, the average of the LME Settlement Price for Grade A Copper Cathode in the case of return of LME Grade A Copper Cathode or of the COMEX High Grade First Position Settlement price in the case of return of COMEX High Grade Copper or the equivalent, in each case for the calendar quarter in which such Refined Copper is returned or credited to the account of Payor or its Affiliates by such smelter, refinery or other treatment facility;
- B. for Refined Zinc, the average of the LME Settlement Price for special high-grade zinc for the calendar quarter in which such Refined Zinc is returned or credited to the account of Payor or its Affiliates by such smelter, refinery or other treatment facility;
- C. for Gold Bullion, the average daily mean of the Initial and Final quotations of LBMA Gold Price, for the calendar quarter in which such bullion is so returned or credited;
- D. for Silver Bullion, the average LBMA Silver Price for the calendar quarter in which such bullion is so returned or credited;
- E. for Platinum plate or ingots, the average of morning and afternoon fix LBMA Platinum Prices for the calendar quarter in which such product is so returned or credited;

- F. for Palladium plate or ingots, the average of morning and afternoon fix LBMA Palladium Prices for the calendar quarter in which such product is so returned or credited;
- G. for Rhodium, the average Johnson Matthey Rhodium Base Price for the calendar quarter in which such product is so returned or credited; and
- H. for Other Refined Products, the average LME prices for such Other Refined Product for the calendar quarter in which such Other Refined Product is so returned or credited.

In the event of any insurance proceeds payable to Payor or its Affiliates for any loss or damage to the Intermediate Products prior to receipt at the relevant refinery, smelter or other treatment facility, such insurance proceeds less any costs incurred to recover such proceeds shall be included as revenue in lieu of Deemed Receipts.

- (ii) The average price for the calendar quarter shall be determined by dividing the sum of all daily prices posted during the relevant calendar quarter by the number of days that prices were posted. The posted prices shall be obtained from Platt's Metals Daily, Metals Week or Metals Bulletin for the relevant period, or the average of such publications which publish such prices if more than one publishes relevant prices, but corrected to the official quotations of LME, COMEX or LBMA in the event of printing errors, and for other prices not published in such publications, the Wall Street Journal, Reuters, or other reliable source agreed by the parties hereto, or upon failure to so agree to be determined by arbitration in the manner provided herein as being an appropriate recognized pricing source by the mining industry.
- (iii) If any applicable price set forth above is not available or becomes unavailable for any reason, including the price in question becoming unavailable or being renamed, or the publications in question ceasing to publish or include such prices in its publications, the parties hereto shall agree upon a similar alternative method recognized in the mining industry for determining any such price, or upon failure to so agree to be determined by arbitration in the manner provided herein, with the average price for the quarter in which such price becoming no longer available being used on an interim basis pending an arbitration decision.
- (iv) If any applicable specification or definition of good delivery or applicable contract specifications for any Refined Products or Other Refined Products utilized by the LME, COMEX, LBMA or Johnson Matthey changes, or if such exchanges, organizations or associations cease to exist or are reconstituted or replaced by a successor or replacement exchange, organization or association, the parties hereto shall agree upon a similar alternative method recognized in the mining industry for determining such specifications or definition, or upon failure to so agree to be determined by arbitration in the manner provided herein.

In the case where a Raw Product or an Intermediate Product is distributed or otherwise disposed of to an Affiliate of Payor and such Raw Product or Intermediate Product is

converted by such Affiliate or a third Person on behalf of such Affiliate to a Refined Product meeting the standards for determining Deemed Receipts as set forth in this Section, then for purposes of calculating Deemed Receipts such Raw Product or Refined Product shall be deemed produced, and the Deemed Receipts received, by Payor in the calendar quarter in which the Raw Product or Refined Product is made available to the Affiliate by the smelter or refinery.

- (f) **"Financing Party"** means any Person who has provided or provides any form of financial assistance to the Payor in bringing the Property into or in continuing or expanding Commercial Production.
- (g) **"IFRS"** means International Financial Reporting Standards, at the relevant time, applied on a consistent basis;
- (h) **"Interest"** has the meaning assigned to it in section 3.2.
- (i) **"Interest Transfer Acceptance Notice"** has the meaning assigned to it in section 3.2.
- (j) **"Interest Transfer Notice"** has the meaning assigned to it in section 3.2.
- (k) **"Intermediate Products"** means concentrates (including without limitation iron ore concentrate, leachates, precipitates, and other concentrates), iron ore pellets, doré, and other intermediate products, if any, produced from Raw Products, but shall not include cathode or Other Refined Products.
- (l) **"iron ore pellets"** means a product obtained by pelletizing iron ore or iron ore concentrates, suitable for iron making in blast furnaces.
- (m) **"Minerals"** means all rocks, metallic and non-metallic minerals, ore, concentrate, precious and base metals, oil, gas, elements and other materials removed or recovered from the Property through mining, milling, processing, concentrating, smelting or refining activity including without limitation coal, uranium, limestone, dolomite, aggregate and quarry materials.
- (n) **"Net Smelter Returns"** means all Receipts in respect of Minerals less Permissible Deductions.
- (o) **"Non-Fair Market Purchaser"** means any Person to whom Products are sold for proceeds which are not at least equal to those which would have been realized from a fair market sale to a wholly independent arms-length third party purchaser.
- (p) **"Offer"** has the meaning assigned to it in section 3.2.
- (q) **"Other Refined Products"** shall have the meaning ascribed thereto in section 1.1(e)(i).
- (r) **"Payee's Royalty Interest"** means that 0.5% interest of the Payee in the Royalty which is not subject to the Royalty repurchase right prescribed by section 3.1 of this Agreement.
- (s) **"Permissible Deductions"** means the aggregate of the following costs and charges (to the extent not previously deducted or accrued in computing Receipts) that accrue or are paid in each quarterly period:

- (a) direct transportation and insurance costs incurred delivering Minerals or Products from the Property to the final smelting or refinement facility; and
- (b) all smelting, refining and final treatment costs, penalties and other deductions charged by the smelting or refinement facility

provided that, where a cost or expense otherwise constituting a Permissible Deduction is incurred by the Payor in a transaction with a party with whom it is not dealing at arm's length (as that term is defined in the Income Tax Act (Canada)), such costs or expenses may be deducted, but only as to the lesser of the actual cost incurred by the Payor and the lowest cost that could reasonably have been obtained if dealing at arm's length, considering the time of such transaction and under all the circumstances thereof.

- (t) **"Person"** means a natural person, a corporation, company or other body corporate (with or without share capital), a partnership or limited partnership, a trust, a trustee, executor, administrator or other legal personal representative, a syndicate, a joint venture, an unincorporated association, a regulatory body or agency, a government or governmental agency, or any other legal or business entity however designated or constituted.
- (u) **"Physical Product Receipts"** means:
 - (i) If Raw Products or Intermediate Products are sold by Payor to a smelter, refinery, pelletization facility, steel company or other purchaser, other than an Affiliate, a Financing Party or a Non-Fair Market Purchaser, the Payor's gross revenues from such sale, including revenues in the form of credits for other Products, plus the amounts of any discounts or rebates.
 - (ii) If Refined Products are sold by Payor to any purchaser and the Deemed Receipts for such Refined Products cannot be calculated for purposes of payment through the application of the definition of Deemed Receipts set forth in Section 1.1(e) herein ("**Non-qualifying Refined Products**"), Payor's gross revenues from such sale, including revenues in the form of credits for other Products, plus the amounts of any discounts or rebates, excepting only for sales to an Affiliate, a Financing Party or a Non-Fair Market Purchaser.
 - (iii) If Raw Products, Intermediate Products or Non-qualifying Refined Products are distributed or disposed of to an Affiliate of Payor or a Financing Party or a Non-Fair Market Purchaser, and then are sold without further processing by or for such Affiliate, Financing Party or Non-Fair Market Purchaser, the gross revenues from such sale, including revenues in the form of credits for other Products, plus the amounts of any discounts or rebates, which shall be deemed to have been received by Payor.
 - (iv) If Raw Products, Intermediate Products or Non-qualifying Refined Products are sold, distributed or otherwise disposed of to an Affiliate of Payor, a Financing Party or a Non-Fair Market Purchaser in any transaction that is not covered above (including without limitation where the Affiliate, Financing Party or Non-Fair Market Purchaser, consumes such Raw Products, Intermediate Products or Non-qualifying Refined Products in its own operations) then in such event the fair market value that would otherwise be received from a third party in an arm's length transaction for the sale of such Raw Products, Intermediate Products or Non-qualifying Refined Products, FOB (Incoterms, 2010) the port or other freight terminal from which such Products are or would normally be

shipped to the purchaser. Such fair market value shall be reasonably determined by Payor on the basis of world terms available from other smelters, refineries, pelletization facilities, steel companies or other purchasers to which such Products would otherwise be shipped and processed, for like kind, quantity, quality and grade of such Products.

- (v) **"Prime Rate"** means at any particular time the annual rate of interest announced from time to time by Royal Bank of Canada, Main Branch, Toronto, Ontario as a reference rate then in effect for determining floating rates of interest on Canadian dollar loans made in Canada.
- (w) **"Products"** means Raw Products, Intermediate Products and Refined Products produced from the Property.
- (x) **"Property"** means the subsurface, mineral, exploration, mining and access rights, together with all ancillary or appurtenant rights attached or accruing thereto, with respect to those lands set forth in Schedule A annexed hereto and all lands, property and rights contained therein, including any renewals, extensions or replacements of the same issued from time to time in whole or in part, any substitute or successor titles thereto, and any other property or mineral tenure that may arise from time to time in connection therewith, including for the sake of certainty any mineral lease or mineral grant.
- (y) **"Purchase Agreement"** means the agreement between the Payor and the Payee dated on or about the ___ day of _____, 20__ pursuant to which the Payor purchased certain mineral properties located in Manuels, Newfoundland and Labrador from the Payee.
- (z) **"Purchaser"** has the meaning assigned to it in Section 12.1.
- (aa) **"Raw Products"** means ore produced from the Property in the form of run of mine ore, direct shipment ore and other similar crude or raw ore produced from the Property without further processing other than crushing.
- (bb) **"Refined Products"** means Gold Bullion, Silver Bullion, Refined Copper, Refined Zinc, Platinum, Palladium, Rhodium and Other Refined Products produced from Raw Products and/or Intermediate Products through refining and/or smelting or equivalent treatment operations.
- (cc) **"Receipts"** shall be the sum of Physical Product Receipts and Deemed Receipts for the applicable calendar quarter.
- (dd) **"Royalty"** has the meaning assigned to it in Section 2.1.
- (ee) **"Royalty Buy-back Price"** has the meaning assigned to it in Section 3.1.
- (ff) **"Royalty Percentage"** has the meaning assigned to it in Section 2.1.
- (gg) **"Trading Activities"** has the meaning assigned to it in Section 4.6.
- (hh) **"Transfer"** has the meaning assigned to it in Section 3.2.

2. ROYALTY

- 2.1. The Payor hereby acknowledges the reservation in favour of the Payee, and further grants and agrees to pay to the Payee, a Net Smelter Returns royalty (the "**Royalty**") in respect of the Minerals produced through Commercial Production from the Property equal to 0.5% (the "**Royalty Percentage**", as it may be reduced pursuant to Section 3.1) of the Net Smelter Returns. The Payor may in accordance with section 2.2 hereof deduct from the Royalty any payments made by the Payor to the Payee under section 3.2(a) of the Purchase Agreement, to the maximum amount of \$43,200.
- 2.2. The Payor, in its sole discretion, may elect to reduce the Royalty by an amount equal to all or any portion of the Cash Purchase Price. The Payor shall notify the Payee in writing of each election made pursuant to this Section 2.2.

3. ROYALTY REPURCHASE RIGHT AND RIGHT OF FIRST REFUSAL

- 3.1. At any time during the life of the Royalty, Payor shall have the one-time right and option, upon thirty (30) days' advance written notice to the Payee, to purchase one-half of the Royalty from the Payee or its assignees as may be the case from time to time for a purchase price of \$250,000.00 ("**Royalty Buy-back Price**") (subject to reduction pursuant to Section 2.2), thereby reducing the Royalty Percentage to 0.25%. If the Payor elects to purchase one-half of the Royalty pursuant to this Section 3.1 and makes payment of the foregoing purchase price to the Payee, the Payee shall convey such one-half of the Royalty to the Payor and deliver to the Payor such conveyance or similar documents requested by the Payor, acting reasonably, in connection therewith, and such conveyance shall be made free and clear of all liens, claims and encumbrances.
- 3.2. The Payee shall have the right to assign, transfer or otherwise dispose of (hereinafter "Transfer") the Payee's Royalty Interest and/or its rights under this Royalty Agreement in accordance with the provisions of this section. The Payee shall be permitted to:
- (a) Transfer all (but not less than all) of the Payee's Royalty Interest and his interest in this Agreement (collectively, the "Interest"); and
 - (b) Complete the Transfer with a *bona fide* third party;

Provided that:

- (a) if the Payee shall determine that he shall seek to Transfer his Interest, the Payee shall provide thirty (30) days advance notice in writing to such effect to the Payor (the "Interest Transfer Notice"). The Interest Transfer Notice shall:
 - (i) set out the purchase price to be paid for the Interest and the mode of payment of the consideration therefor;
 - (ii) set out the anticipated closing date and all other pertinent terms and conditions appertaining to the Transfer of the Interest; and
 - (iii) contain an offer to the Payor to purchase the Interest upon such foregoing terms and conditions (the "Offer").

If the Payor shall seek to accept the Offer, the Payor shall send a written notice to such effect (the

"Interest Transfer Acceptance Notice") to the Payee within ten (10) days after the delivery of the Interest Transfer Notice to the Payor, failing which the Payor shall be deemed to have refused the Offer. If the Payor shall have duly delivered the Interest Transfer Acceptance Notice, the closing of the Transfer of the Interest shall be consummated in accordance with the terms and conditions of the Interest Transfer Notice. If the Payor refuses or is deemed to have refused the Offer, the Payee shall have the right to Transfer the Interest to a *bona fide* third party on the same terms and conditions set forth in the Interest Transfer Notice; if closing does not occur within sixty (60) days of the date of the Interest Transfer Notice or if the terms and conditions of the Transfer and the Offer shall be different than those set forth in the Interest Transfer Notice, the Payor's rights under this section shall be revived. The Payee shall be entitled to Transfer his Interest for financing purposes or otherwise upon receiving the written consent of the Payor, which consent shall not be unreasonably withheld.

4. COMPUTATION AND PAYMENT

- 4.1. Royalty. To compute the Royalty, the Payor shall multiply the Net Smelter Returns by the Royalty Percentage for the calendar quarter and deduct therefrom the amount that the Payor has elected to reduce the Royalty pursuant to Section 2.2, if any, and which has not been previously deducted.
- 4.2. Payments. When Royalty payments are due and owing, Payor shall pay to the Payee the amount due within 45 days after the end of the calendar quarter for which such computation is made, and shall deliver with such payment a copy of the calculations used in connection with such payment. Any overpayments or underpayments shall be corrected in the next calendar quarter following determination of such adjustment. All payments shall be made by bank cheque delivered to the address of the Payee or via wire payment to the account of the Payee.
- 4.3. Exceptions. All Royalty payments shall be considered final and in full satisfaction of all obligations of Payor with respect thereto, unless the Payee gives Payor written notice describing and setting forth a specific objection to the calculation thereof within twelve months after receipt by the Payee of the statement herein provided for. If the Payee objects to a particular statement as herein provided, the Payee shall, for a period of 30 days after Payor's receipt of notice of such objection, have the right, upon reasonable notice and at a reasonable time, to have Payor's accounts and records relating to the calculation of the Royalty in question audited by a chartered accountant acceptable to the Payee and to Payor. If such audit determines that there has been a deficiency or an excess in the payment made to the Payee such deficiency or excess shall be resolved by adjusting the next quarterly Royalty payment due hereunder, with interest as provided in Section 4.9 hereof in the case of a deficiency. The Payee shall pay all costs of such audit unless a deficiency of more than 10% of the amount due is determined to exist. Payor on its own account shall pay the costs of such audit if a deficiency of more than 10% of the amount due is determined to exist. All books and records used by Payor to calculate the Royalty shall be kept in accordance with IFRS. Failure on the part of the Payee to make claim on Payor for adjustment in such twelve month period shall establish the correctness and preclude the filing of exceptions thereto or making of claims for adjustment thereon.
- 4.4. Inspections. Upon not less than five (5) Business Days' notice to Payor, Payee, or its authorized agents or representatives, may, under the direction and control of Payor, enter upon all surface and sub-surface portions of the Property for the purpose of inspecting the Property, all improvements thereto and operations thereon, and all production records and data pertaining to all production activities and operations on or with respect to the Property, including without limitation, records and data that are electronically maintained. The Payee shall also have the right

to be represented at all weighing, sampling, moisture determination and assaying except to the extent that such is not permitted under any contract with a smelter or refinery.

- 4.5. Annual Report. Within 60 days following the end of each calendar year during periods of Commercial Production, the Payor will provide Payee with an annual report of Minerals mined, Minerals milled or processed, recoveries, and grades, with respect to the Property during such calendar year. Such annual report shall include estimates of proposed expenditures upon, anticipated production from and estimated remaining Mineral reserves on the Property for the succeeding calendar year and any changes to, or replacements of, the mine plan or any "life of mine plan" with respect to the Property. The Payor will provide Payee with a copy of any "life of mine plan", if produced, within 30 days of its approval by Payor and any changes to, or replacements of, any such "life of mine plan" or any mine plan within 30 days after such change or replacement thereof.
- 4.6. Trading Activities. The Payor may, but need not, engage in forward sales, futures trading or commodity options trading, metals trading, gold loans, or any combination thereof, and other price hedging, price protection, and speculative arrangements ("**Trading Activities**") which may involve the possible delivery of base or precious metals produced from the Property. The parties acknowledge and agree that the Payee shall not be entitled to participate in the proceeds or be obligated to share in any losses generated by the Trading Activities. All profits and losses resulting from the Payor engaging in Trading Activities are specifically excluded from calculations of the Royalty, it being understood by the parties that both the Payor and Payee may engage in speculative hedging trading activities for their own account.
- 4.7. Accounting Principles. All computations under this Agreement shall be determined in accordance with IFRS as applied by Payor.
- 4.8. Withholding. Payor may deduct and withhold from payments due to the Payee hereunder such amounts as may be required by applicable law as the same may be amended from time to time.
- 4.9. Late Payments. Any payment required to be made pursuant to this Agreement by the Payor which is not made when due shall bear interest at an annual rate of interest equal to the Prime Rate plus two percent (2%), which shall accrue from the date due until the date paid.

5. COMMINGLING

- 5.1. Payor shall have the right to commingle ore, concentrates, minerals and other material mined and removed from the Property from which Products are to be produced, with ore, concentrates, minerals and other material mined and removed from other lands and property; provided, however, that Payor shall calculate from representative samples the average grade thereof and other measures as are appropriate, and shall weigh (or calculate by volume) the material before commingling. In obtaining representative samples, calculating the average grade of the ore and average recovery percentages, Payor may use any procedures accepted in the mining and metallurgical industry which it believes suitable for the type of mining and processing activity being conducted and, in the absence of fraud, its choice of such procedures shall be final and binding on the Payee.

6. TAILINGS AND WASTE

- 6.1. All tailings or waste material shall be the property of the Payor and the Payor shall have no obligation to process or extract substances therefrom. If the Payor elects to extract Minerals of

value therefrom and utilizes or sells the same, the Payee shall receive payments in respect of the Royalty during Commercial Production of such Minerals. If the Payor commingles the tailings or waste material produced from the Property with tailings and waste material not produced from the Property, the Payor shall record the tonnage amount and source of such tailings and waste material prior to commingling and the Royalty payments, if any, shall be based upon the recoverable pro rata portion of the minerals in the tailings or waste material derived from the Property. The records of the Payor shall be deemed conclusive as to the tailings or waste material attributable to each source.

7. CONDUCT OF OPERATIONS

- 7.1. All decisions concerning the undertaking, methods, extent, times, procedures and techniques of any exploration, development, mining, leaching, milling, processing, extraction treatment, if any, and the materials to be introduced into the Property or produced therefrom, and except as otherwise provided in this Agreement all decisions concerning the sale or other disposition of Minerals (including, without limitation, decisions as to buyers, times of sale, whether to store or stockpile Minerals for a reasonable length of time without selling the same) shall be made by the Payor, acting reasonably and in accordance with good mining and engineering practice in the circumstances.

8. COMPLIANCE WITH LAWS

- 8.1. The Payor will indemnify and save Payee harmless from any loss, cost or liability including, without limitation, reasonable legal fees arising from a claim against Payee in respect of any failure by the Payor to at all times comply with all applicable present or future federal, provincial, territorial and local laws, statutes, rules, regulations, permits, ordinances, certificates, licences and other regulatory requirements, policies and guidelines relating to the Payor or the Property; provided, however, the Payor shall have the right to contest any of the same.

9. ABANDONMENT OF PROPERTY

- 9.1. The Payor shall be entitled, from time to time, to abandon or surrender or allow to lapse or expire any part or parts of any mineral claims or mining leases relating to or comprising the Property ("**Released Property**"), provided that if the Payor wishes to so abandon, surrender or allow to lapse or expire the Released Property, the Payor shall provide the Payee at least 30 days' prior written notice of such proposed abandonment, surrender, lapse or expiration and the Payee shall be entitled to acquire, for no consideration, the Released Property, exercisable by notifying the Payor in writing within 10 days following receipt of such notice of proposed abandonment, surrender, lapse or expiration from the Payor. If the Payee notifies the Payor of its intention to acquire the Released Property as aforesaid, the Payor shall thereafter do all such acts and things or shall cause all such acts and things to be done, at the Payee's sole cost and expense, to assign or convey, as appropriate, the Released Property to the Payee and to have the Released Property recorded or registered into the name of the Payee. Any Released Property assigned and conveyed by the Payor to the Payee shall be in good standing and shall have sufficient assessment work credit to be in good standing for not less than one year following the time of assignment and conveyance. In the event that the Payee acquires the Released Property as provided in this Section 9.1, the Payor will have no liability to the Payee as may be associated with the Released Property whatsoever, whether due to the actions of the Payor or its Affiliates or otherwise.

9.2. Upon any such abandonment, surrender, lapse or expiration, this Agreement shall be null and void and of no further force or effect with respect to such Released Property, provided that if the Payor abandons or surrenders or allows to lapse or expire any such Released Property and, thereafter, the Payor or any Affiliate of the Payor subsequently reacquires a direct or indirect beneficial interest such Released Property, then such Released Property will once again be subject to the obligation to pay the Royalty with respect thereto.

10. NATURE OF ROYALTY

10.1. The Royalty shall be and shall comprise and constitute an interest in, run with, bind and touch the Property. The Payor and the Payee confirm their mutual intent to this effect. Any expense associated with establishing, registering or perfecting the Royalty as a real property interest shall be for the account of the Payee.

11. TERM

11.1. This Agreement shall continue in perpetuity. If any right, power or interest of either party under this Agreement would violate the rule against perpetuities, then such right, power or interest shall terminate at the expiration of 20 years after the death of the last survivor of all the lineal descendants of Her Majesty, Queen Elizabeth II of England, living on the date of this Agreement.

12. CHANGE IN OWNERSHIP

12.1. By Payor. The Payor covenants and agrees that in the event of any sale or disposition of the Property or any part thereof in any manner whatsoever at any time hereafter by the Payor to a third party (a "**Purchaser**"), the Payor shall provide a copy of this Agreement to the Purchaser, shall obtain the Purchaser's written agreement to and in favour of Payee that the Purchaser shall be bound by the terms of this Agreement as if they were a party thereto in the place and stead of the Payor, and shall ensure that in any such agreement and/or deed of sale, assignment or other disposition in any manner whatsoever to the Purchaser, a covenant to the same obligation and effect as this section which would oblige the Purchaser and its successors and assigns is contained therein, and that any such agreement, deed of sale, assignment or disposition in any manner whatsoever is registered at the public registries in which it is required or customary to register such mining agreements. Upon such assignment, sale or transfer, the Payor shall be released from all obligations under this Agreement.

12.2. By Payee. Payee may sell, assign or transfer the Royalty to any Person provided that no sale, assignment or transfer shall be effective until notice is delivered to the Payor and the transferee provides to the Payor an acknowledgement in writing that it assumes this Agreement and the obligations of Payee. No change or division in the ownership of the Royalty, however accomplished, shall enlarge the obligations or diminish the rights of the Payor. The Payee covenants that any change in ownership of the Royalty shall be accomplished in such a manner that Payor shall be required to make payments and give notice to no more than one Person.

13. GENERAL PROVISIONS

13.1. Registration of Interest. Payee shall have the right from time to time to register or record notice of this Agreement and the Royalty, any other documents relating to or contemplated by the foregoing and any caution or other title document, against title to the Property or elsewhere, and Payor shall cooperate with all such registrations and recordings and provide its written consent or signature to any documents and do such other things from time to time as are necessary or

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desirable to effect all such registrations or recordings or otherwise to protect the interests of Payee hereunder.

- 13.2. Time. Time is of the essence of this Agreement and each of the terms and conditions of this Agreement.
- 13.3. Notices. Any notices to be given to one party by the other may be sent by telecopy or may be personally delivered addressed as follows:

To Payee:

Kevin Ryan
[redacted: personal address]

E-mail: [redacted]

To Payor:

Mountain Lake Minerals Inc.
1853 Sunken Lake Road
RR2 Wolfville, NS B4P 2R2

Attention: Paul K. Smith
E-mail: paul.smith@mountain-
lake.com

or at such other address as any party hereto may from time to time designate by written notice to the other parties hereto and any such notice shall be deemed to have been given and received by the party to which it is addressed on delivery if delivered and on the day following transmission if telecopied.

- 13.4. No Implied Covenants. There are no implied covenants or duties on the part of Payor to the Payee, whether relating to the exploration, development or mining of the Property, the marketing or sale of Products or otherwise. Without limiting the generality of the foregoing, Payor is not under any obligation to explore, develop or produce Products from the Property or to continue production once commenced and Payor has the unfettered right to suspend, curtail or terminate any such operation or activity as it in its sole discretion may determine.
- 13.5. No Fiduciary Duties. Nothing herein shall be construed to create, expressly or by implication, a fiduciary relationship or a partnership between Payor and the Payee.
- 13.6. Severability. If any one or more of the provisions of this Agreement are held to be illegal, invalid or unenforceable for any reason, then such illegality, invalidity or unenforceability shall not affect any other provision hereof, but this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision or provisions had never been contained herein.
- 13.7. Governing Law. This Agreement shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the laws of the Province of Newfoundland and Labrador, and may be enforced in the courts of Newfoundland and Labrador.

- 13.8. Binding Effect. All covenants, conditions and terms of this Agreement shall be of benefit to and run as a covenant with the Property and shall bind and enure to the benefit of the parties hereto and their respective successors and assigns.
- 13.9. Successors and Assigns. The terms and provisions of this Agreement shall be binding upon and enure to the benefit of the parties hereto and their respective successors and assigns.
- 13.10. Further Assurances. Each of the parties hereto shall do or cause to be done all such acts and things and shall execute or cause to be executed all such documents, agreements and other instruments as may reasonably be necessary or desirable for the purpose of carrying out the provisions and intent of this Agreement.
- 13.11. Counterparts. This Agreement may be executed in counterparts and delivered by facsimile or in the form of a photocopy, and each such facsimile or photocopy signature shall be deemed to be an original and all such counterparts taken together shall be deemed to be one and the same original document and notwithstanding their actual date of execution shall be deemed to be dated as of the date first above written.
- 13.12. No Merger. The parties intend that if Payee in the future ever acquires an interest in the Property in addition to those rights granted by this Agreement, title to that interest shall not be deemed to merge with those rights, and this Agreement shall continue in full force and effect. A merger of title shall occur only if Payee records in the real estate records a memorandum of merger, expressly acknowledging that its rights under this Agreement have merged with its after-acquired interest in the Property.

14. ARBITRATION

- 14.1. All disputes, controversies, questions or claims arising out of, or in connection with, this Agreement, including the interpretation, performance, breach, termination or invalidity of it, shall be referred to and finally settled by three arbitrators appointed as follows:
- (a) either party may refer any such matter to arbitration by written notice to the other party, naming its appointee as arbitrator;
 - (b) the other party shall, within 14 days of receipt of the notice, name its appointee as arbitrator; and
 - (c) the two arbitrators so named shall, within 14 days of the naming of the latter of them, select and appoint a third arbitrator.
- 14.2. Except as specifically provided in this Section, an arbitration hereunder shall be conducted in accordance with the provisions of the Arbitration Act (Newfoundland and Labrador), which provisions shall be binding upon the parties hereto with respect to the submission made under this agreement.
- 14.3. The seat of the arbitration shall be St. John's, Newfoundland and Labrador and the language of the arbitration shall be English.
- 14.4. Judgment may be entered on the arbitration award in a court of competent jurisdiction, including, without limitation a court having jurisdiction of the Property.

[signature page follows]

IN WITNESS WHEREOF this Agreement has been executed as of the day and year first above written.

SIGNED, SEALED AND DELIVERED
by **KEVIN RYAN** in the presence of:

Notary Public for Newfoundland and
Labrador (affix seal or stamp)

KEVIN RYAN

SIGNED, SEALED AND DELIVERED
by **MOUNTAIN LAKE MINERALS INC.** in the
presence of:

MOUNTAIN LAKE MINERALS INC.

Notary Public for _____
(affix seal or stamp)

By: _____
Name: **Paul K. Smith**
Title: *President & CEO*
I have authority to bind the corporation

SCHEDULE A
PROPERTY SUBJECT TO THE ROYALTY

SCHEDULE "C"

NET SMELTER RETURN ROYALTY

THIS **ROYALTY AGREEMENT** is dated as of the • day of •, 20•• .

BETWEEN:

NEW DAWN RESOURCES INC., a body corporate organized and existing under the laws of the Province of Newfoundland and Labrador,

(hereinafter called the "Payee")

AND:

MOUNTAIN LAKE MINERALS INC., a corporation formed under the laws of British Columbia, having its head office at 1853 Sunken Lake Road, Sunken Lake, NS B4P 2R2

(hereinafter called the "Payor")

WITNESSETH THAT for good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged) the parties hereto agree as follows:

1. DEFINITIONS AND INTERPRETATION

1.1. In this Agreement, except as otherwise expressly provided, or unless the context otherwise requires:

- (a) "**Affiliate**" means any Person that directly or indirectly controls, or is controlled by or is under common control with, a Party or with whom a Party does not deal with at arm's length (as defined in the Income Tax Act (Canada)). The term "control" as used herein means the right to the exercise of, directly or indirectly, more than 50% of the voting rights attributable to the shares or ownership interests of the controlled entity.
- (b) "**Business Day**" means a day other than a Saturday, Sunday or a statutory holiday in Newfoundland and Labrador or Nova Scotia.
- (c) "**Cash Purchase Price**" means the aggregate amount of all payments made by the Payor to the Payee pursuant to section 3.2(b) of the Purchase Agreement and to a maximum amount of \$28,800.
- (d) "**Commercial Production**" means any form of mining, milling, processing, concentrating, recovery or refining activity conducted with the intention of creating economic value or economic gain from deposits of Minerals contained within the Property, including the taking of Minerals from the Property for the purpose of bulk sampling or determining the amenability of the Minerals to beneficiation processes or mining to the extent that such taking results in actual proceeds of sale.

(e) **"Deemed Receipts"** means the following:

- (i) Where Payor or any Affiliate of Payor produces or has produced any Refined Products through any smelting or refining arrangements or any other transactions that result in the return to, or credit to the account of, Payor or any Affiliate of Payor of Refined Products meeting the physical specifications for good delivery or minimum purity requirements of: in the case of copper, the London Metal Exchange ("**LME**") or the COMEX division of the New York Mercantile Exchange ("**COMEX**") (each, "**Refined Copper**"); in the case of zinc, the LME ("**Refined Zinc**"); in the case of gold, the London Bullion Market Association ("**LBMA**") ("**Gold Bullion**"); in the case of silver, the LBMA ("**Silver Bullion**"); in the case of Platinum, the LBMA ("**Platinum**"); in the case of Palladium, the LBMA ("**Palladium**"); in the case of rhodium, iridium or ruthenium, Johnson Matthey ("**Rhodium**"); and, in the case of other Products produced from Raw Products and/or Intermediate Products through subsequent smelting and/or refining and the outturned metal from which meets the relevant specifications for Refined Products that have prices regularly quoted on the LME ("**Other Refined Products**"),

then notwithstanding anything in this Agreement to the contrary, the term "**Deemed Receipts**" for such Refined Products shall be deemed to mean the net number of pounds avoirdupois of Refined Copper or Refined Zinc or troy ounces of Gold Bullion, Silver Bullion, Platinum, Palladium or Rhodium or net number of pounds avoirdupois or other relevant unit of measure for Other Refined Products, as the case may be, returned to, or credited to the account of, Payor or its Affiliates by the applicable smelter, refinery or other treatment facility in a calendar quarter, multiplied by:

- A. for Refined Copper, the average of the LME Settlement Price for Grade A Copper Cathode in the case of return of LME Grade A Copper Cathode or of the COMEX High Grade First Position Settlement price in the case of return of COMEX High Grade Copper or the equivalent, in each case for the calendar quarter in which such Refined Copper is returned or credited to the account of Payor or its Affiliates by such smelter, refinery or other treatment facility;
- B. for Refined Zinc, the average of the LME Settlement Price for special high-grade zinc for the calendar quarter in which such Refined Zinc is returned or credited to the account of Payor or its Affiliates by such smelter, refinery or other treatment facility;
- C. for Gold Bullion, the average daily mean of the Initial and Final quotations of LBMA Gold Price, for the calendar quarter in which such bullion is so returned or credited;
- D. for Silver Bullion, the average LBMA Silver Price for the calendar quarter in which such bullion is so returned or credited;

- E. for Platinum plate or ingots, the average of morning and afternoon fix LBMA Platinum Prices for the calendar quarter in which such product is so returned or credited;
- F. for Palladium plate or ingots, the average of morning and afternoon fix LBMA Palladium Prices for the calendar quarter in which such product is so returned or credited;
- G. for Rhodium, the average Johnson Matthey Rhodium Base Price for the calendar quarter in which such product is so returned or credited; and
- H. for Other Refined Products, the average LME prices for such Other Refined Product for the calendar quarter in which such Other Refined Product is so returned or credited.

In the event of any insurance proceeds payable to Payor or its Affiliates for any loss or damage to the Intermediate Products prior to receipt at the relevant refinery, smelter or other treatment facility, such insurance proceeds less any costs incurred to recover such proceeds shall be included as revenue in lieu of Deemed Receipts.

- (ii) The average price for the calendar quarter shall be determined by dividing the sum of all daily prices posted during the relevant calendar quarter by the number of days that prices were posted. The posted prices shall be obtained from Platt's Metals Daily, Metals Week or Metals Bulletin for the relevant period, or the average of such publications which publish such prices if more than one publishes relevant prices, but corrected to the official quotations of LME, COMEX or LBMA in the event of printing errors, and for other prices not published in such publications, the Wall Street Journal, Reuters, or other reliable source agreed by the parties hereto, or upon failure to so agree to be determined by arbitration in the manner provided herein as being an appropriate recognized pricing source by the mining industry.
- (iii) If any applicable price set forth above is not available or becomes unavailable for any reason, including the price in question becoming unavailable or being renamed, or the publications in question ceasing to publish or include such prices in its publications, the parties hereto shall agree upon a similar alternative method recognized in the mining industry for determining any such price, or upon failure to so agree to be determined by arbitration in the manner provided herein, with the average price for the quarter in which such price becoming no longer available being used on an interim basis pending an arbitration decision.
- (iv) If any applicable specification or definition of good delivery or applicable contract specifications for any Refined Products or Other Refined Products utilized by the LME, COMEX, LBMA or Johnson Matthey changes, or if such exchanges, organizations or associations cease to exist or are reconstituted or replaced by a successor or replacement exchange, organization or association, the parties hereto shall agree upon a similar alternative method recognized in the mining industry for determining such specifications or definition, or upon

failure to so agree to be determined by arbitration in the manner provided herein.

In the case where a Raw Product or an Intermediate Product is distributed or otherwise disposed of to an Affiliate of Payor and such Raw Product or Intermediate Product is converted by such Affiliate or a third Person on behalf of such Affiliate to a Refined Product meeting the standards for determining Deemed Receipts as set forth in this Section, then for purposes of calculating Deemed Receipts such Raw Product or Refined Product shall be deemed produced, and the Deemed Receipts received, by Payor in the calendar quarter in which the Raw Product or Refined Product is made available to the Affiliate by the smelter or refinery.

- (f) **"Financing Party"** means any Person who has provided or provides any form of financial assistance to the Payor in bringing the Property into or in continuing or expanding Commercial Production.
- (g) **"IFRS"** means International Financial Reporting Standards, at the relevant time, applied on a consistent basis;
- (h) **"Interest"** has the meaning assigned to it in section 3.2.
- (i) **"Interest Transfer Acceptance Notice"** has the meaning assigned to it in section 3.2.
- (j) **"Interest Transfer Notice"** has the meaning assigned to it in section 3.2.
- (k) **"Intermediate Products"** means concentrates (including without limitation iron ore concentrate, leachates, precipitates, and other concentrates), iron ore pellets, doré, and other intermediate products, if any, produced from Raw Products, but shall not include cathode or Other Refined Products.
- (l) **"iron ore pellets"** means a product obtained by pelletizing iron ore or iron ore concentrates, suitable for iron making in blast furnaces.
- (m) **"Minerals"** means all rocks, metallic and non-metallic minerals, ore, concentrate, precious and base metals, oil, gas, elements and other materials removed or recovered from the Property through mining, milling, processing, concentrating, smelting or refining activity including without limitation coal, uranium, limestone, dolomite, aggregate and quarry materials.
- (n) **"Net Smelter Returns"** means all Receipts in respect of Minerals less Permissible Deductions.
- (o) **"Non-Fair Market Purchaser"** means any Person to whom Products are sold for proceeds which are not at least equal to those which would have been realized from a fair market sale to a wholly independent arms-length third party purchaser.
- (p) **"Offer"** has the meaning assigned to it in section 3.2.
- (q) **"Other Refined Products"** shall have the meaning ascribed thereto in section 1.1(e)(i).

(r) **"Payee's Royalty Interest"** means that 0.5% interest of the Payee in the Royalty which is not subject to the Royalty repurchase right prescribed by section 3.1 of this Agreement.

(s) **"Permissible Deductions"** means the aggregate of the following costs and charges (to the extent not previously deducted or accrued in computing Receipts) that accrue or are paid in each quarterly period:

(c) direct transportation and insurance costs incurred delivering Minerals or Products from the Property to the final smelting or refinement facility; and

(d) all smelting, refining and final treatment costs, penalties and other deductions charged by the smelting or refinement facility

provided that, where a cost or expense otherwise constituting a Permissible Deduction is incurred by the Payor in a transaction with a party with whom it is not dealing at arm's length (as that term is defined in the Income Tax Act (Canada)), such costs or expenses may be deducted, but only as to the lesser of the actual cost incurred by the Payor and the lowest cost that could reasonably have been obtained if dealing at arm's length, considering the time of such transaction and under all the circumstances thereof.

(t) **"Person"** means a natural person, a corporation, company or other body corporate (with or without share capital), a partnership or limited partnership, a trust, a trustee, executor, administrator or other legal personal representative, a syndicate, a joint venture, an unincorporated association, a regulatory body or agency, a government or governmental agency, or any other legal or business entity however designated or constituted.

(u) **"Physical Product Receipts"** means:

(i) If Raw Products or Intermediate Products are sold by Payor to a smelter, refinery, pelletization facility, steel company or other purchaser, other than an Affiliate, a Financing Party or a Non-Fair Market Purchaser, the Payor's gross revenues from such sale, including revenues in the form of credits for other Products, plus the amounts of any discounts or rebates.

(ii) If Refined Products are sold by Payor to any purchaser and the Deemed Receipts for such Refined Products cannot be calculated for purposes of payment through the application of the definition of Deemed Receipts set forth in Section 1.1(e) herein ("**Non-qualifying Refined Products**"), Payor's gross revenues from such sale, including revenues in the form of credits for other Products, plus the amounts of any discounts or rebates, excepting only for sales to an Affiliate, a Financing Party or a Non-Fair Market Purchaser.

(iii) If Raw Products, Intermediate Products or Non-qualifying Refined Products are distributed or disposed of to an Affiliate of Payor or a Financing Party or a Non-Fair Market Purchaser, and then are sold without further processing by or for such Affiliate, Financing Party or Non-Fair Market Purchaser, the gross revenues from such sale, including revenues in the form of credits for other Products, plus the amounts of any discounts or rebates, which shall be deemed to have been received by Payor.

(iv) If Raw Products, Intermediate Products or Non-qualifying Refined Products are sold, distributed or otherwise disposed of to an Affiliate of Payor, a Financing Party or a Non-Fair Market Purchaser in any transaction that is not covered

above (including without limitation where the Affiliate, Financing Party or Non-Fair Market Purchaser, consumes such Raw Products, Intermediate Products or Non-qualifying Refined Products in its own operations) then in such event the fair market value that would otherwise be received from a third party in an arm's length transaction for the sale of such Raw Products, Intermediate Products or Non-qualifying Refined Products, FOB (Incoterms, 2010) the port or other freight terminal from which such Products are or would normally be shipped to the purchaser. Such fair market value shall be reasonably determined by Payor on the basis of world terms available from other smelters, refineries, pelletization facilities, steel companies or other purchasers to which such Products would otherwise be shipped and processed, for like kind, quantity, quality and grade of such Products.

- (v) **"Prime Rate"** means at any particular time the annual rate of interest announced from time to time by Royal Bank of Canada, Main Branch, Toronto, Ontario as a reference rate then in effect for determining floating rates of interest on Canadian dollar loans made in Canada.
- (w) **"Products"** means Raw Products, Intermediate Products and Refined Products produced from the Property.
- (x) **"Property"** means the subsurface, mineral, exploration, mining and access rights, together with all ancillary or appurtenant rights attached or accruing thereto, with respect to those lands set forth in Schedule A annexed hereto and all lands, property and rights contained therein, including any renewals, extensions or replacements of the same issued from time to time in whole or in part, any substitute or successor titles thereto, and any other property or mineral tenure that may arise from time to time in connection therewith, including for the sake of certainty any mineral lease or mineral grant.
- (y) **"Purchase Agreement"** means the agreement between the Payor and the Payee dated on or about the ___ day of _____, 20__ pursuant to which the Payor purchased certain mineral properties located in Manuels, Newfoundland and Labrador from the Payee.
- (z) **"Purchaser"** has the meaning assigned to it in Section 12.1.
- (aa) **"Raw Products"** means ore produced from the Property in the form of run of mine ore, direct shipment ore and other similar crude or raw ore produced from the Property without further processing other than crushing.
- (bb) **"Refined Products"** means Gold Bullion, Silver Bullion, Refined Copper, Refined Zinc, Platinum, Palladium, Rhodium and Other Refined Products produced from Raw Products and/or Intermediate Products through refining and/or smelting or equivalent treatment operations.
- (cc) **"Receipts"** shall be the sum of Physical Product Receipts and Deemed Receipts for the applicable calendar quarter.
- (dd) **"Royalty"** has the meaning assigned to it in Section 2.1.
- (ee) **"Royalty Buy-back Price"** has the meaning assigned to it in Section 3.1.

- (ff) “**Royalty Percentage**” has the meaning assigned to it in Section 2.1.
- (gg) “**Trading Activities**” has the meaning assigned to it in Section 4.6.
- (hh) “**Transfer**” has the meaning assigned to it in Section 3.2.

2. ROYALTY

- 2.1. The Payor hereby acknowledges the reservation in favour of the Payee, and further grants and agrees to pay to the Payee, a Net Smelter Returns royalty (the “**Royalty**”) in respect of the Minerals produced through Commercial Production from the Property equal to 0.5% (the “**Royalty Percentage**”, as it may be reduced pursuant to Section 3.1) of the Net Smelter Returns. The Payor may in accordance with section 2.2 hereof deduct from the Royalty any payments made by the Payor to the Payee under section 3.2(a) of the Purchase Agreement, to the maximum amount of \$28,800.00.
- 2.2. The Payor, in its sole discretion, may elect to reduce the Royalty by an amount equal to all or any portion of the Cash Purchase Price. The Payor shall notify the Payee in writing of each election made pursuant to this Section 2.2.

3. ROYALTY REPURCHASE RIGHT AND RIGHT OF FIRST REFUSAL

- 3.1. At any time during the life of the Royalty, Payor shall have the one-time right and option, upon thirty (30) days’ advance written notice to the Payee, to purchase one-half of the Royalty from the Payee or its assignees as may be the case from time to time for a purchase price of \$250,000.00 (“**Royalty Buy-back Price**”) (subject to reduction pursuant to Section 2.2), thereby reducing the Royalty Percentage to 0.25%. If the Payor elects to purchase one-half of the Royalty pursuant to this Section 3.1 and makes payment of the foregoing purchase price to the Payee, the Payee shall convey such one-half of the Royalty to the Payor and deliver to the Payor such conveyance or similar documents requested by the Payor, acting reasonably, in connection therewith, and such conveyance shall be made free and clear of all liens, claims and encumbrances.
- 3.2. The Payee shall have the right to assign, transfer or otherwise dispose of (hereinafter “**Transfer**”) the Payee’s Royalty Interest and/or its rights under this Royalty Agreement in accordance with the provisions of this section. The Payee shall be permitted to:
 - (a) Transfer all (but not less than all) of the Payee’s Royalty Interest and his interest in this Agreement (collectively, the “**Interest**”); and
 - (b) Complete the Transfer with a *bona fide* third party;

Provided that:

- (c) if the Payee shall determine that he shall seek to Transfer his Interest, the Payee shall provide thirty (30) days advance notice in writing to such effect to the Payor (the “**Interest Transfer Notice**”). The Interest Transfer Notice shall:
 - (i) set out the purchase price to be paid for the Interest and the mode of payment of the consideration therefor;
 - (ii) set out the anticipated closing date and all other pertinent terms and

conditions appertaining to the Transfer of the Interest; and

- (iii) contain an offer to the Payor to purchase the Interest upon such foregoing terms and conditions (the "Offer").

If the Payor shall seek to accept the Offer, the Payor shall send a written notice to such effect (the "Interest Transfer Acceptance Notice") to the Payee within ten (10) days after the delivery of the Interest Transfer Notice to the Payor, failing which the Payor shall be deemed to have refused the Offer. If the Payor shall have duly delivered the Interest Transfer Acceptance Notice, the closing of the Transfer of the Interest shall be consummated in accordance with the terms and conditions of the Interest Transfer Notice. If the Payor refuses or is deemed to have refused the Offer, the Payee shall have the right to Transfer the Interest to a *bona fide* third party on the same terms and conditions set forth in the Interest Transfer Notice; if closing does not occur within sixty (60) days of the date of the Interest Transfer Notice or if the terms and conditions of the Transfer and the Offer shall be different than those set forth in the Interest Transfer Notice, the Payor's rights under this section shall be revived. The Payee shall be entitled to Transfer his Interest for financing purposes or otherwise upon receiving the written consent of the Payor, which consent shall not be unreasonably withheld.

4. COMPUTATION AND PAYMENT

- 4.1. Royalty. To compute the Royalty, the Payor shall multiply the Net Smelter Returns by the Royalty Percentage for the calendar quarter and deduct therefrom the amount that the Payor has elected to reduce the Royalty pursuant to Section 2.2, if any, and which has not been previously deducted.
- 4.2. Payments. When Royalty payments are due and owing, Payor shall pay to the Payee the amount due within 45 days after the end of the calendar quarter for which such computation is made, and shall deliver with such payment a copy of the calculations used in connection with such payment. Any overpayments or underpayments shall be corrected in the next calendar quarter following determination of such adjustment. All payments shall be made by bank cheque delivered to the address of the Payee or via wire payment to the account of the Payee.
- 4.3. Exceptions. All Royalty payments shall be considered final and in full satisfaction of all obligations of Payor with respect thereto, unless the Payee gives Payor written notice describing and setting forth a specific objection to the calculation thereof within twelve months after receipt by the Payee of the statement herein provided for. If the Payee objects to a particular statement as herein provided, the Payee shall, for a period of 30 days after Payor's receipt of notice of such objection, have the right, upon reasonable notice and at a reasonable time, to have Payor's accounts and records relating to the calculation of the Royalty in question audited by a chartered accountant acceptable to the Payee and to Payor. If such audit determines that there has been a deficiency or an excess in the payment made to the Payee such deficiency or excess shall be resolved by adjusting the next quarterly Royalty payment due hereunder, with interest as provided in Section 4.9 hereof in the case of a deficiency. The Payee shall pay all costs of such audit unless a deficiency of more than 10% of the amount due is determined to exist. Payor on its own account shall pay the costs of such audit if a deficiency of more than 10% of the amount due is determined to exist. All books and records used by Payor to calculate the Royalty shall be kept in accordance with IFRS. Failure on the part of the Payee to make claim on Payor for adjustment in such twelve month period shall establish the correctness and preclude the filing of exceptions thereto or making of claims for adjustment thereon.

- 4.4. Inspections. Upon not less than five (5) Business Days' notice to Payor, Payee, or its authorized agents or representatives, may, under the direction and control of Payor, enter upon all surface and sub-surface portions of the Property for the purpose of inspecting the Property, all improvements thereto and operations thereon, and all production records and data pertaining to all production activities and operations on or with respect to the Property, including without limitation, records and data that are electronically maintained. The Payee shall also have the right to be represented at all weighing, sampling, moisture determination and assaying except to the extent that such is not permitted under any contract with a smelter or refinery.
- 4.5. Annual Report. Within 60 days following the end of each calendar year during periods of Commercial Production, the Payor will provide Payee with an annual report of Minerals mined, Minerals milled or processed, recoveries, and grades, with respect to the Property during such calendar year. Such annual report shall include estimates of proposed expenditures upon, anticipated production from and estimated remaining Mineral reserves on the Property for the succeeding calendar year and any changes to, or replacements of, the mine plan or any "life of mine plan" with respect to the Property. The Payor will provide Payee with a copy of any "life of mine plan", if produced, within 30 days of its approval by Payor and any changes to, or replacements of, any such "life of mine plan" or any mine plan within 30 days after such change or replacement thereof.
- 4.6. Trading Activities. The Payor may, but need not, engage in forward sales, futures trading or commodity options trading, metals trading, gold loans, or any combination thereof, and other price hedging, price protection, and speculative arrangements ("**Trading Activities**") which may involve the possible delivery of base or precious metals produced from the Property. The parties acknowledge and agree that the Payee shall not be entitled to participate in the proceeds or be obligated to share in any losses generated by the Trading Activities. All profits and losses resulting from the Payor engaging in Trading Activities are specifically excluded from calculations of the Royalty, it being understood by the parties that both the Payor and Payee may engage in speculative hedging trading activities for their own account.
- 4.7. Accounting Principles. All computations under this Agreement shall be determined in accordance with IFRS as applied by Payor.
- 4.8. Withholding. Payor may deduct and withhold from payments due to the Payee hereunder such amounts as may be required by applicable law as the same may be amended from time to time.
- 4.9. Late Payments. Any payment required to be made pursuant to this Agreement by the Payor which is not made when due shall bear interest at an annual rate of interest equal to the Prime Rate plus two percent (2%), which shall accrue from the date due until the date paid.

5. COMMINGLING

- 5.1. Payor shall have the right to commingle ore, concentrates, minerals and other material mined and removed from the Property from which Products are to be produced, with ore, concentrates, minerals and other material mined and removed from other lands and property; provided, however, that Payor shall calculate from representative samples the average grade thereof and other measures as are appropriate, and shall weigh (or calculate by volume) the material before commingling. In obtaining representative samples, calculating the average grade of the ore and average recovery percentages, Payor may use any procedures accepted in the mining and metallurgical industry which it believes suitable for the type of mining and processing activity being

conducted and, in the absence of fraud, its choice of such procedures shall be final and binding on the Payee.

6. TAILINGS AND WASTE

- 6.1. All tailings or waste material shall be the property of the Payor and the Payor shall have no obligation to process or extract substances therefrom. If the Payor elects to extract Minerals of value therefrom and utilizes or sells the same, the Payee shall receive payments in respect of the Royalty during Commercial Production of such Minerals. If the Payor commingles the tailings or waste material produced from the Property with tailings and waste material not produced from the Property, the Payor shall record the tonnage amount and source of such tailings and waste material prior to commingling and the Royalty payments, if any, shall be based upon the recoverable pro rata portion of the minerals in the tailings or waste material derived from the Property. The records of the Payor shall be deemed conclusive as to the tailings or waste material attributable to each source.

7. CONDUCT OF OPERATIONS

- 7.1. All decisions concerning the undertaking, methods, extent, times, procedures and techniques of any exploration, development, mining, leaching, milling, processing, extraction treatment, if any, and the materials to be introduced into the Property or produced therefrom, and except as otherwise provided in this Agreement all decisions concerning the sale or other disposition of Minerals (including, without limitation, decisions as to buyers, times of sale, whether to store or stockpile Minerals for a reasonable length of time without selling the same) shall be made by the Payor, acting reasonably and in accordance with good mining and engineering practice in the circumstances.

8. COMPLIANCE WITH LAWS

- 8.1. The Payor will indemnify and save Payee harmless from any loss, cost or liability including, without limitation, reasonable legal fees arising from a claim against Payee in respect of any failure by the Payor to at all times comply with all applicable present or future federal, provincial, territorial and local laws, statutes, rules, regulations, permits, ordinances, certificates, licences and other regulatory requirements, policies and guidelines relating to the Payor or the Property; provided, however, the Payor shall have the right to contest any of the same.

9. ABANDONMENT OF PROPERTY

- 9.1. The Payor shall be entitled, from time to time, to abandon or surrender or allow to lapse or expire any part or parts of any mineral claims or mining leases relating to or comprising the Property ("**Released Property**"), provided that if the Payor wishes to so abandon, surrender or allow to lapse or expire the Released Property, the Payor shall provide the Payee at least 30 days' prior written notice of such proposed abandonment, surrender, lapse or expiration and the Payee shall be entitled to acquire, for no consideration, the Released Property, exercisable by notifying the Payor in writing within 10 days following receipt of such notice of proposed abandonment, surrender, lapse or expiration from the Payor. If the Payee notifies the Payor of its intention to acquire the Released Property as aforesaid, the Payor shall thereafter do all such acts and things or shall cause all such acts and things to be done, at the Payee's sole cost and expense, to assign or convey, as appropriate, the Released Property to the Payee and to have the Released Property recorded or registered into the name of the Payee. Any Released Property assigned and conveyed by the Payor to the Payee shall be in good standing and shall have sufficient

assessment work credit to be in good standing for not less than one year following the time of assignment and conveyance. In the event that the Payee acquires the Released Property as provided in this Section 9.1, the Payor will have no liability to the Payee as may be associated with the Released Property whatsoever, whether due to the actions of the Payor or its Affiliates or otherwise.

- 9.2. Upon any such abandonment, surrender, lapse or expiration, this Agreement shall be null and void and of no further force or effect with respect to such Released Property, provided that if the Payor abandons or surrenders or allows to lapse or expire any such Released Property and, thereafter, the Payor or any Affiliate of the Payor subsequently reacquires a direct or indirect beneficial interest such Released Property, then such Released Property will once again be subject to the obligation to pay the Royalty with respect thereto.

10. NATURE OF ROYALTY

- 10.1. The Royalty shall be and shall comprise and constitute an interest in, run with, bind and touch the Property. The Payor and the Payee confirm their mutual intent to this effect. Any expense associated with establishing, registering or perfecting the Royalty as a real property interest shall be for the account of the Payee.

11. TERM

- 11.1. This Agreement shall continue in perpetuity. If any right, power or interest of either party under this Agreement would violate the rule against perpetuities, then such right, power or interest shall terminate at the expiration of 20 years after the death of the last survivor of all the lineal descendants of Her Majesty, Queen Elizabeth II of England, living on the date of this Agreement.

12. CHANGE IN OWNERSHIP

- 12.1. By Payor. The Payor covenants and agrees that in the event of any sale or disposition of the Property or any part thereof in any manner whatsoever at any time hereafter by the Payor to a third party (a "**Purchaser**"), the Payor shall provide a copy of this Agreement to the Purchaser, shall obtain the Purchaser's written agreement to and in favour of Payee that the Purchaser shall be bound by the terms of this Agreement as if they were a party thereto in the place and stead of the Payor, and shall ensure that in any such agreement and/or deed of sale, assignment or other disposition in any manner whatsoever to the Purchaser, a covenant to the same obligation and effect as this section which would oblige the Purchaser and its successors and assigns is contained therein, and that any such agreement, deed of sale, assignment or disposition in any manner whatsoever is registered at the public registries in which it is required or customary to register such mining agreements. Upon such assignment, sale or transfer, the Payor shall be released from all obligations under this Agreement.
- 12.2. By Payee. Payee may sell, assign or transfer the Royalty to any Person provided that no sale, assignment or transfer shall be effective until notice is delivered to the Payor and the transferee provides to the Payor an acknowledgement in writing that it assumes this Agreement and the obligations of Payee. No change or division in the ownership of the Royalty, however accomplished, shall enlarge the obligations or diminish the rights of the Payor. The Payee covenants that any change in ownership of the Royalty shall be accomplished in such a manner that Payor shall be required to make payments and give notice to no more than one Person.

13. GENERAL PROVISIONS

- 13.1. Registration of Interest. Payee shall have the right from time to time to register or record notice of this Agreement and the Royalty, any other documents relating to or contemplated by the foregoing and any caution or other title document, against title to the Property or elsewhere, and Payor shall cooperate with all such registrations and recordings and provide its written consent or signature to any documents and do such other things from time to time as are necessary or desirable to effect all such registrations or recordings or otherwise to protect the interests of Payee hereunder.
- 13.2. Time. Time is of the essence of this Agreement and each of the terms and conditions of this Agreement.
- 13.3. Notices. Any notices to be given to one party by the other may be sent by telecopy or may be personally delivered addressed as follows:

To Payee:

New Dawn Resources Inc.
c/o Stewart McKelvey
Suite 1100, Cabot Place
100 New Gower Street
St. John's, NL A1C 6K3

Attention: Colm St. Roch Seviour
E-mail: [redacted]

To Payor:

Mountain Lake Minerals Inc.
1853 Sunken Lake Road
RR2 Wolfville, NS B4P 2R2

Attention: Paul K. Smith
E-mail: paul.smith@mountain-lake.com

or at such other address as any party hereto may from time to time designate by written notice to the other parties hereto and any such notice shall be deemed to have been given and received by the party to which it is addressed on delivery if delivered and on the day following transmission if telecopied.

- 13.4. No Implied Covenants. There are no implied covenants or duties on the part of Payor to the Payee, whether relating to the exploration, development or mining of the Property, the marketing or sale of Products or otherwise. Without limiting the generality of the foregoing, Payor is not under any obligation to explore, develop or produce Products from the Property or to continue production once commenced and Payor has the unfettered right to suspend, curtail or terminate any such operation or activity as it in its sole discretion may determine.
- 13.5. No Fiduciary Duties. Nothing herein shall be construed to create, expressly or by implication, a fiduciary relationship or a partnership between Payor and the Payee.

- 13.6. Severability. If any one or more of the provisions of this Agreement are held to be illegal, invalid or unenforceable for any reason, then such illegality, invalidity or unenforceability shall not affect any other provision hereof, but this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision or provisions had never been contained herein.
- 13.7. Governing Law. This Agreement shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the laws of the Province of Newfoundland and Labrador, and may be enforced in the courts of Newfoundland and Labrador.
- 13.8. Binding Effect. All covenants, conditions and terms of this Agreement shall be of benefit to and run as a covenant with the Property and shall bind and enure to the benefit of the parties hereto and their respective successors and assigns.
- 13.9. Successors and Assigns. The terms and provisions of this Agreement shall be binding upon and enure to the benefit of the parties hereto and their respective successors and assigns.
- 13.10. Further Assurances. Each of the parties hereto shall do or cause to be done all such acts and things and shall execute or cause to be executed all such documents, agreements and other instruments as may reasonably be necessary or desirable for the purpose of carrying out the provisions and intent of this Agreement.
- 13.11. Counterparts. This Agreement may be executed in counterparts and delivered by facsimile or in the form of a photocopy, and each such facsimile or photocopy signature shall be deemed to be an original and all such counterparts taken together shall be deemed to be one and the same original document and notwithstanding their actual date of execution shall be deemed to be dated as of the date first above written.
- 13.12. No Merger. The parties intend that if Payee in the future ever acquires an interest in the Property in addition to those rights granted by this Agreement, title to that interest shall not be deemed to merge with those rights, and this Agreement shall continue in full force and effect. A merger of title shall occur only if Payee records in the real estate records a memorandum of merger, expressly acknowledging that its rights under this Agreement have merged with its after-acquired interest in the Property.

14. ARBITRATION

- 14.1. All disputes, controversies, questions or claims arising out of, or in connection with, this Agreement, including the interpretation, performance, breach, termination or invalidity of it, shall be referred to and finally settled by three arbitrators appointed as follows:
 - (a) either party may refer any such matter to arbitration by written notice to the other party, naming its appointee as arbitrator;
 - (b) the other party shall, within 14 days of receipt of the notice, name its appointee as arbitrator; and
 - (c) the two arbitrators so named shall, within 14 days of the naming of the latter of them, select and appoint a third arbitrator.
- 14.2. Except as specifically provided in this Section, an arbitration hereunder shall be conducted in accordance with the provisions of the Arbitration Act (Newfoundland and Labrador), which

provisions shall be binding upon the parties hereto with respect to the submission made under this agreement.

- 14.3. The seat of the arbitration shall be St. John's, Newfoundland and Labrador and the language of the arbitration shall be English.
- 14.4. Judgment may be entered on the arbitration award in a court of competent jurisdiction, including, without limitation a court having jurisdiction of the Property.

[signature page follows]

IN WITNESS WHEREOF this Agreement has been executed as of the day and year first above written.

SIGNED, SEALED AND DELIVERED
by **NEW DAWN RESROUCES INC.** in the
presence of:

NEW DAWN RESOURCES INC.

Notary Public for Newfoundland and
Labrador (affix seal or stamp)

Name: **Kevin Ryan**
Title: *Sole Director*
I have authority to bind the corporation

SIGNED, SEALED AND DELIVERED
by **MOUNTAIN LAKE MINERALS INC.** in the
presence of:

MOUNTAIN LAKE MINERALS INC.

Notary Public for _____
(affix seal or stamp)

By: _____
Name: **Paul K. Smith**
Title: *President & CEO*
I have authority to bind the corporation

SCHEDULE A
PROPERTY SUBJECT TO THE ROYALTY