

PROPERTY PURCHASE OPTION AGREEMENT

THIS AGREEMENT made the 7th day of May 2020 (the “Effective Date”)

BETWEEN:

Alex Pleson, an individual residing in the province Ontario at 53 Cemetery Rd., Nipigon, ON P0T 2J0 Box 675

(“Vendor”)

AND:

SOLDERA MINING CORP., a company incorporated under the laws of British Columbia having a registered address at 6th Floor, 905 West Pender St., Vancouver, BC V6C 1L6

(“Purchaser”)

WHEREAS:

- A. Vendor owns certain mining claims located in the Klotz Lake Area, Northwestern Ontario, which are outlined in Schedule “A” attached hereto (the “Vendor Properties”).
- B. The parties wish to enter into an option agreement granting to Purchaser the exclusive right to acquire an undivided 100% percent of the right, title and interest of Vendor in and to the Vendor Properties on the terms and conditions set forth in this Agreement.

NOW THEREFORE THIS AGREEMENT WITNESSES that, in consideration of the sum of \$20.00 now paid by Purchaser to Vendor, the receipt and sufficiency of which are acknowledged, the parties agree as follows:

1. INTERPRETATION

1.1 In this Agreement:

- (a) “Business Day” means any day, other than a Saturday, Sunday or any other day on which the principal chartered banks located in the City of Vancouver, British Columbia are not open for business during normal banking hours;
- (b) “Commercial Production” means the operation of the Properties or any portion of the Properties as a producing mine and the production of mineral products from the Properties (excluding bulk sampling, pilot plant, or test operations);
- (c) “Dollars” means legal currency of Canada;

- (d) **“Environmental Claims”** means any and all administrative, regulatory, or judicial actions, suits, demands, claims, liens, notices of non-compliance or violation, investigations, or proceedings relating in any way to any Environmental Laws or any permit issued under any Environmental Laws, including, without limitation:
 - i. any and all claims by government or regulatory authorities for enforcement, clean-up, removal, response, remedial, or other actions or damages under any applicable Environmental Law; and
 - ii. any and all claims by any third party seeking damages, contribution, indemnification, cost recovery, compensation, or injunctive or other relief resulting from hazardous materials, including any release of those claims, or arising from alleged injury or threat of injury to human health or safety (arising from environmental matters) or the environment;
- (e) **“Environmental Laws”** means all requirements of the common law, civil code, or of environmental, health, or safety statutes of any agency, board, or governmental authority including, but not limited to, those relating to (i) noise, (ii) pollution or protection of the air, surface water, ground water, or land, (iii) solid, gaseous, or liquid waste generation, handling, treatment, storage, disposal, or transportation, (iv) exposure to hazardous or toxic substances, or (v) the closure, decommissioning, dismantling, or abandonment of any facilities, mines, or workings and the reclamation or restoration of lands;
- (f) **“Listing Date”** means the first date upon which any security of the Company is listed on a Canadian stock exchange;
- (g) **“Mineral Products”** means any and all mineral products derived from operating the Properties as a mine;
- (h) **“NSR Royalty”** means the royalty of 2.0% percent of net smelter returns from Commercial Production of Mineral Products, as more particularly described in the Terms and Conditions of Net Smelter Returns Royalty, Schedule “B” attached hereto; and
- (i) **“Properties”** means those mineral claims described in Schedule “A” of this Agreement.

1.2 In this Agreement, all dollar amounts are expressed in lawful currency of Canada.

1.3 The titles to the respective Articles are used for convenience only and are not a part of this Agreement.

1.4 Words importing the singular number will include the plural and vice-versa, and words importing the masculine gender will include the feminine and neuter genders and vice-versa, and words importing persons will include firms, partnerships, and corporations.

2. REPRESENTATIONS AND WARRANTIES

2.1 Purchaser represents and warrants to Vendor that:

- (a) it is a body corporate duly incorporated, organized and validly subsisting under the laws of its incorporating jurisdiction;

- (b) it has full power and authority to carry on its business and to enter into this Agreement and any agreement or instrument referred to or contemplated by this Agreement;
- (c) it has obtained all corporate authorizations for the execution and performance of this Agreement and neither the execution and delivery of this Agreement nor any of the agreements referred to herein or contemplated hereby, nor the consummation of the transactions hereby contemplated will conflict with, result in the breach of or accelerate the performance required by any agreement to which it is a party;
- (d) the execution and delivery of this Agreement and the agreements contemplated hereby will not violate or result in the breach of laws of any jurisdiction applicable or pertaining thereto or of its constating documents; and
- (e) it is or will be prior to acquiring any undivided interest in the Vendor Properties hereunder, lawfully authorized to hold the Vendor Properties under the laws of the jurisdiction in which the Vendor Properties are situated.

2.2 Vendor represents and warrants to Purchaser that:

- (a) the mineral claims comprised in the Vendor Properties have been duly registered under the Mining Laws of Ontario and are accurately described in Schedule "A", are presently in good standing under the laws of the jurisdiction in which they are located up to and including at least the expiry dates set forth in Schedule "A", and are free and clear of all liens, charges, encumbrances, claims, rights or interest of any person save and except (i) any permitted encumbrances including, but not limited to, utility rights of way, municipal easements, and the like, (ii) the NSR Royalty to be granted herein (upon the Purchaser completing the purchase hereunder), and (iii) any First Nations land claims affecting the area on which they are located;
- (b) greater than \$75,000 has been spent on "qualifying expenditures" (as such term is defined in section 1.6.1 of Policy 2 – Qualification for Listing of the Canadian Securities Exchange) within the 30 months preceding the Effective Date;
- (c) Vendor has made all taxes, assessment, rentals, levies, or other payments relating to the Vendor Properties required to be made to any federal, provincial, or municipal government instrumentality;
- (d) Vendor is the recorded and beneficial owner of a 100% undivided interest in and to the Vendor Properties;
- (e) Vendor has the exclusive right to enter into this Agreement and all necessary authority to dispose of an undivided 100% percent interest in and to the Vendor Properties in accordance with the terms of this Agreement;
- (f) no person, firm or corporation has any proprietary or possessory interest in the Vendor Properties other than Vendor, and no person, firm or corporation is entitled to any royalty or other payment in the nature of rent or royalty on any minerals, ores, metals or concentrates or any other such products removed from the Vendor Properties;

- (g) there are no actions, suits, investigations or proceedings before any court, arbitrator, administrative agency or other tribunal or governmental authority, whether current, pending or threatened, which directly or indirectly relate to or affect the Vendor Properties, or the interests of Vendor therein, nor is Vendor aware of any acts that would lead it to suspect that the same might be initiated or threatened, other than aboriginal land claims over the area on which the Vendor Properties are located;
- (h) Vendor has not received from any government instrumentality any notice of or communication relating to any actual or alleged Environmental Claims, and there are no outstanding work orders or actions required to be taken relating to environmental matters respecting the Vendor Properties or any operations carried out on the Vendor Properties; and
- (i) Vendor will upon request promptly make available to Purchaser all information in his possession or control relating to work done on or regarding the Vendor Properties.

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

2.4 The Vendor's indemnity to the Purchaser hereunder for loss, damage, costs, actions and suits arising out of or in connection with any breach of any Vendor representation, warranty, covenant, agreement or condition is for up to an aggregate of the payments made by the Purchaser.

3. SALE AND PURCHASE

3.1 Subject to the terms and conditions of this Agreement, Vendor hereby irrevocably grants to Purchaser the sole and exclusive right to acquire an undivided 100% percent right, title and interest in and to the Vendor Properties by:

- (a) paying cash and Purchaser shares according to the following schedule:
 - i. \$40,000 in cash within 7 days of the Effective Date;
 - ii. The company agrees to spend a minimum of \$110,000 on exploration of the vendors properties within one (1) year of the Effective Date;
 - iii. \$40,000 in cash and 300,000 of Purchaser's shares on or before the first anniversary of the listing of Soldera Mining Corp. on a Canadian stock exchange; and
 - iv. \$60,000 in cash, 600,000 of Purchaser's shares, and incurring a minimum of \$250,000 of exploration expenditures on the Vendor Properties within two (2) years of the Effective Date.

3.2 Upon receipt of the full payment and satisfaction of the obligations as set out in section 3.1, the Purchaser will have earned its interest in the Vendor Properties. The Vendor will deliver to Purchaser all necessary documents in registrable form in order to validly and effectively transfer

legal and beneficial title to the Vendor Properties to Purchaser, which Purchaser will be entitled to register such Vendor Properties accordingly, subject to the Purchaser's grant to the Vendor of a 2% NSR Royalty on the Properties.

- 3.3 The Vendor is granted first right of refusal for work covering the exploration expenditures listed in section 3.1, provide the Vendor is qualified to do such work and charges reasonable standard rates comparable to other professionals who have similar experience and qualifications and experience with properties and deposit types similar to the Vendor Properties.
- 3.4 The Purchaser must notify the Vendor no less than 60 days prior to forfeiture to the Crown of the mining claims listed in Schedule A, in which case the Vendor shall be given a first right to purchase the claims in Schedule A prior to forfeiture

4. NSR ROYALTY

- 4.1 On commencement of Commercial Production from the Properties, Purchaser will pay to Vendor the NSR Royalty, on the terms described in Schedule "B" attached hereto.
- 4.2 On written notice to the Vendor, the Purchaser may request a right to purchase from Vendor 1% of the NSR Royalty for \$500,000 (the "**Buyback Right**") thereby reducing the NSR Royalty held by the Vendor to 1%.

5. COVENANTS OF VENDOR

- 5.1 Forthwith upon execution of this Agreement by the parties, Vendor will deliver to Purchaser copies of such technical and geological information pertaining to the Vendor Properties in its possession or control as Purchaser may reasonably request.

6. CONDITIONS PRECEDENT

- 6.1 The obligations of Purchaser under this Agreement may subject to the acceptance for filing of this Agreement by the Exchange, if required.

7. EXPENSES OF PARTIES

- 7.1 Each party to this Agreement will bear their own expenses in respect of this transaction.

8. NOTICE

- 8.1 Any notice, direction or other communication required or permitted to be given under this Agreement will be in writing and will be given by personal delivery or by prepaid registered or certified mail or by facsimile or other form of communication, in each case addressed as follows:

- (a) if to Purchaser:

SOLDERA MINING CORP.

6th Floor, 905 West Pender Street
Vancouver, British Columbia
Canada V6E 2K3

Attention: Faizaan Lalani
Email: faizaanlalani@gmail.com
Phone: +778 233 3537

(b) if to Vendor:

Alex Pleson

53 Cemetery Rd., Nipigon, ON P0T 2J0, Box 675
Email: plesongeo@gmail.com
Phone: +1 807 620 5939

8.2 Any notice, direction or other communication will, if delivered, be deemed to have been given and received on the day it was delivered, and if mailed, be deemed to have been given and received on the third business day following the day of mailing, except in the event of disruption of the postal services in which event notice will be deemed to be received only when actually received, and if sent by facsimile or other form of communication, will be deemed to have been given or received on the next business day following the date on which it was so sent.

8.3 Any 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 purpose of giving notice under this Agreement.

9. GENERAL

9.1 Headings

The headings to the respective sections herein will not be deemed part of this Agreement but will be regarded as having been used for convenience only.

9.2 Further Assurances

The parties hereto agree that they and each of them will execute all documents and do all acts and things within their respective powers to carry out and implement the provisions or intent of this Agreement.

9.3 Payment

All references to monies hereunder will be in Canadian funds except where otherwise designated. All payments to be made to any party hereunder will be mailed or delivered to such party at its address for notice purposes as provided herein, or for the account of such party at such bank or banks in Canada as such party may designate from time to time by written notice. Such bank or banks will be deemed the agent of the designating party for the purpose of receiving, collecting and receiving such payment.

9.4 Enurement

This Agreement enures to the benefit of and is binding upon the parties hereto and their respective successors and permitted assigns.

9.5 Terms

The terms and provisions of this Agreement will be interpreted in accordance with the laws of British Columbia.

9.6 Entire Agreement

This Agreement constitutes the entire agreement between the parties and replaces and supersedes all prior agreements, memoranda, correspondence, communications, negotiations and representations, whether verbal or written, express or implied, statutory or otherwise between the parties with respect to the subject matter herein.

9.7 Time of Essence

Time is of the essence in this Agreement.

9.8 Severability

If any one or more of the provisions or stages contained herein is declared invalid, illegal or unenforceable in any respect in any jurisdiction, the validity, legality and enforceability of such provisions will not in any way be affected or impaired thereby in any other jurisdiction and the validity, legality and enforceability of the remaining provisions contained herein will not in any way be affected or impaired thereby.

9.9 Enforcement of Agreement

The covenants, promises, terms and conditions contained herein will be binding upon the parties jointly and severally and may be enforced by each as against each other *inter se*.

10. TERMINATION

10.1 This Agreement shall terminate upon either of the following events:

(a) upon the failure of the Company to make a payment to the Vendor or share issuance required by and within the time limit prescribed by subparagraphs 3.1 and 3.2; and

(b) in the event that the Company, not being at the time in default under any provision of this Agreement, gives 30 days' written notice to the Vendor of the termination of this Agreement.

(c) in the event that the Company gives notice that it denies that a default has occurred, the Company shall not be deemed in default until the matter shall have been determined finally through such means of dispute resolution as such matter has been subjected to by either party.

10.2 Upon termination of this Agreement under sub-paragraph 10.1, the Company shall:

(a) have completed and delivered to the Vendor in a form satisfactory for filing, sufficient assessment work on the Property to maintain the Property in good standing for a period of at least one year from the date of termination;

(b) transfer title to the Property to the Vendor free and clear of all liens, charges and encumbrances;

(c) turn over to the Vendor copies of all maps, reports, sample results, contracts and other data and documentation in the possession of the Company or, to the extent 5 within the Company's control, in the possession of its agents, employees or independent contractors, in connection with its operations on the Property; and

(d) ensure that the Property is in a safe condition and complies with all environmental and safety standards imposed by any duly authorized regulatory authority.

10.3 Upon termination of this Agreement under sub-paragraph 10.1, the Company shall vacate the Property within a reasonable time after such termination, but shall have the right of access to the Property for a period of six months thereafter for the purpose of removing its chattels, machinery, equipment and fixtures.

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the day and year written on the first page.

PURCHASER: SOLDERA MINING CORP.

Per: /s/ Faizaan Lalani
 Authorized Person

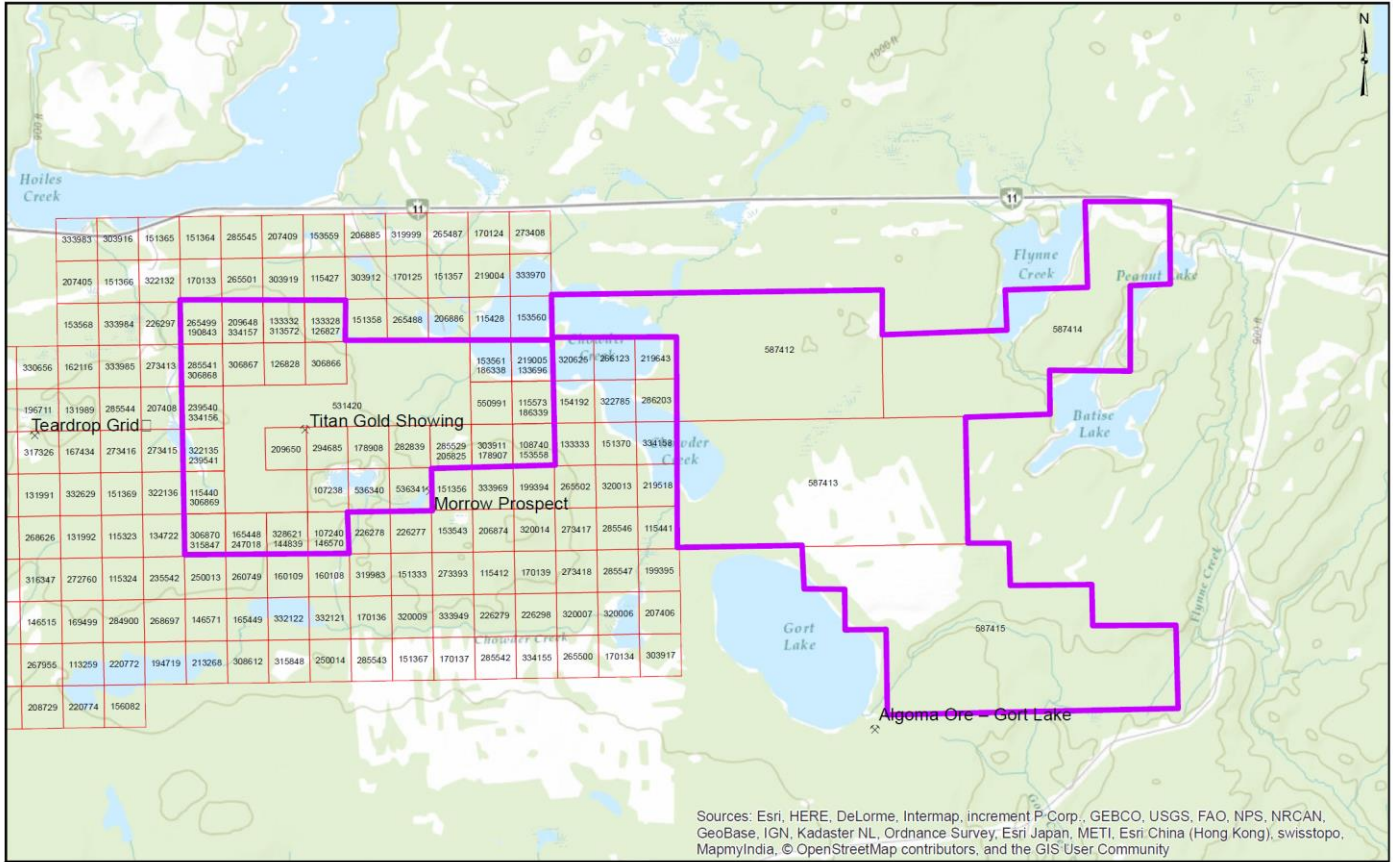
VENDOR: Alex Pleson

Per: /s/ Alex Pleson
 Alex Pleson





SCHEDULE “A”

Table 1: List and Map of Mining Claims

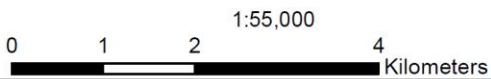
Township / Area	Tenure ID	Tenure Type	Tenure Percentage	Work Required
KLOTZ LAKE AREA	531420	Multi-cell Mining Claim	100	4800
KLOTZ LAKE AREA	306866	Single Cell Mining Claim	100	400
KLOTZ LAKE AREA	306866	Single Cell Mining Claim	100	400
KLOTZ LAKE AREA	282839	Boundary Cell Mining Claim	100	200
KLOTZ LAKE AREA	205825	Boundary Cell Mining Claim	100	200
KLOTZ LAKE AREA	186339	Boundary Cell Mining Claim	100	200
KLOTZ LAKE AREA	186338	Boundary Cell Mining Claim	100	200
KLOTZ LAKE AREA	178908	Boundary Cell Mining Claim	100	200
KLOTZ LAKE AREA	178907	Boundary Cell Mining Claim	100	200
KLOTZ LAKE AREA	133696	Boundary Cell Mining Claim	100	200
KLOTZ LAKE AREA	108740	Boundary Cell Mining Claim	100	200
KLOTZ LAKE AREA	313572	Boundary Cell Mining Claim	100	200
KLOTZ LAKE AREA	306870	Boundary Cell Mining Claim	100	200
KLOTZ LAKE AREA	306869	Boundary Cell Mining Claim	100	200
KLOTZ LAKE AREA	306868	Boundary Cell Mining Claim	100	200
KLOTZ LAKE AREA	306867	Single Cell Mining Claim	100	400
KLOTZ LAKE AREA	247018	Boundary Cell Mining Claim	100	200
KLOTZ LAKE AREA	239541	Boundary Cell Mining Claim	100	200
KLOTZ LAKE AREA	239540	Boundary Cell Mining Claim	100	200
KLOTZ LAKE AREA	209650	Single Cell Mining Claim	100	400
KLOTZ LAKE AREA	209648	Boundary Cell Mining Claim	100	200
KLOTZ LAKE AREA	190843	Boundary Cell Mining Claim	100	200
KLOTZ LAKE AREA	144839	Boundary Cell Mining Claim	100	200
KLOTZ LAKE AREA	126828	Single Cell Mining Claim	100	400
KLOTZ LAKE AREA	126827	Boundary Cell Mining Claim	100	200
KLOTZ LAKE AREA	107240	Boundary Cell Mining Claim	100	200
KLOTZ LAKE AREA	107238	Boundary Cell Mining Claim	100	200
KLOTZ LAKE AREA	294685	Boundary Cell Mining Claim	100	200
KLOTZ LAKE AREA	294685	Boundary Cell Mining Claim	100	200
KLOTZ LAKE AREA	536341	Single Cell Mining Claim	100	400
KLOTZ LAKE AREA	536340	Single Cell Mining Claim	100	400
KLOTZ LAKE AREA	550991	Single Cell Mining Claim	100	400
BICKNELL LAKE AREA,KLOTZ LAKE AREA	587415	Multi-cell Mining Claim	100	10000
BICKNELL LAKE AREA	587414	Multi-cell Mining Claim	100	6800
BICKNELL LAKE AREA,KLOTZ LAKE AREA	587413	Multi-cell Mining Claim	100	8400
BICKNELL LAKE AREA,KLOTZ LAKE AREA	587412	Multi-cell Mining Claim	100	7200



Sources: Esri, HERE, DeLorme, Intermap, increment P Corp., GEBCO, USGS, FAO, NPS, NRCAN, GeoBase, IGN, Kadaster NL, Ordnance Survey, Esri Japan, METI, Esri China (Hong Kong), swisstopo, MapmyIndia, © OpenStreetMap contributors, and the GIS User Community

	Titan_Project_Outline
	Operational_Cell_Claims
	MDI_2019_05_01
	First_Nations_Reserves

Titan Gold Project Property Overview



A. Pleson
May 7th 2020

SCHEDULE "B"

Terms and Conditions of Net Smelter Returns Royalty

1. Upon commencing production of any valuable minerals, industrial minerals, gems or precious stones from the Properties, Purchaser will pay Vendor a royalty on production (the "NSR Royalty") equal to 2.0% of Net Smelter Returns as defined below.

The term "**Net Smelter Returns**" means the actual proceeds received by Purchaser from any mint, smelter, refinery or other purchaser from the sale of ores, valuable minerals, industrial minerals, gems or precious stones, metals (including bullion) or concentrates (collectively "**Product**") produced from the Properties and sold or proceeds received from an insurer in respect of Product, after deducting from such proceeds the following charges to the extent that they were not deducted by the purchaser in computing payments:

- (a) smelting and refining charges (including assaying and sampling costs specifically related to smelting or refining);
- (b) penalties, smelter assay costs and umpire assay costs;
- (c) cost of freight and handling of ores, metals or concentrates from the Properties to any mint, smelter, refinery, or other purchaser;
- (d) marketing costs;
- (e) costs of insurance in respect of Product;
- (f) customs duties, severance tax, royalties, mineral taxes or the like payable in respect of the Product; and
- (g) sales, use, gross receipts, severance, and other taxes, if any, payable with respect to severance, production, removal, sale or disposition of the Product, but excluding any taxes on net income.

2. If smelting or refining are carried out in facilities owned or controlled, in whole or in part, by Purchaser, charges, costs and penalties for such operations means the amount Purchaser would have incurred if those operations were carried out at facilities not owned or controlled by Purchaser then offering comparable services for comparable products on prevailing terms.

3. The NSR Royalty will be:

- (a) calculated and paid on a quarterly basis within 60 days after the end of each quarter of the financial year for the mine (an "**Operating Year**"), based on the Net Smelter Returns for such quarter;
- (b) each payment of NSR Royalty will be accompanied by an unaudited statement indicating the calculation of the NSR Royalty in reasonable detail and the holder (the "**Holder**") of the NSR Royalty will receive, within three months of the end of each Operating Year, an annual summary unaudited statement (an "**Annual Statement**") showing in reasonable detail the calculation of the NSR Royalty for the last completed Operating Year and showing all credits and deductions added to or deducted from the amount due to the Holder;

- (c) the Holder will have 45 days from the time of receipt of the Annual Statement to question its accuracy in writing and, failing such objection, the Annual Statement will be deemed to be correct and unimpeachable;
- (d) if the Annual Statement is questioned by the Holder, and if those questions cannot be resolved between the Purchaser and the Holder, the Holder will have 12 months from the date of receipt of the Annual Statement to have the Annual Statement audited, by its representative, which will initially be at the expense of the Holder;
- (e) the audited Annual Statement will be final and determinative of the calculation of the NSR Royalty for the audited period and will be binding on the parties and any overpayment of NSR Royalty will be deducted by the Purchaser from the next payment of NSR Royalty and any underpayment of NSR Royalty will be paid forthwith by the Purchaser;
- (f) the costs of the audit will be borne by the Holder if the Annual Statement was accurate within 1% or overstated the NSR Royalty payable by greater than 1% and will be borne by the Purchaser if the Annual Statement understated the NSR Royalty payable by greater than 1%. If the Purchaser is obligated to pay for the audit, it will forthwith reimburse the Holder for any of the audit costs that it had paid;
- (g) the Holder or his representative will be entitled to examine, on reasonable notice and during normal business hours, all books and records that are reasonably necessary to verify the payment of the NSR Royalty to it from time to time, provided however that such examination must not unreasonably interfere with or hinder the Purchaser's operations or procedures; and
- (h) if the Purchaser's interest in the Properties becomes a net smelter returns royalty, the Purchaser's accounting and reporting obligations to the Holder under this section 3 will be limited to the delivery of the documentation that the Purchaser receives from the operator of the Properties in respect of the payment by such operator of net smelter returns to the Purchaser.

4. The determination of the NSR Royalty is based on the premise that production will be developed solely from the Properties. If the Properties and one or more other properties are incorporated in a single mining project and metals, ores or concentrates pertaining to each are not readily segregated on a practical or equitable basis, the allocation of actual proceeds received and deductions therefrom will be negotiated between the parties and, if the parties fail to agree on such allocation, the matter will be referred to arbitration pursuant to section 5 of this Schedule "B". The arbitrator will make reference to this Agreement and this Schedule "B" and to practices used in mining operations that are of a similar nature. The arbitrator will be entitled to retain independent mining consultants as he considers necessary. The decision of the arbitrator will be final and binding on the parties.

5. Any matters in these Terms and Conditions which are to be settled by arbitration will be subject to the following:

- (a) any matter required or permitted to be referred to arbitration pursuant to these Terms and Conditions will be determined by a single arbitrator to be appointed by the parties;
- (b) any party may refer any such matter to arbitration by written notice to the other party and, within 10 days after receipt of the notice, the parties will agree on the appointment of an arbitrator. No person will be appointed as an arbitrator unless such person agrees in writing to act;

- (c) if the parties cannot agree on a single arbitrator as provided in subparagraph (b), either party may submit the matter to arbitration (before a single arbitrator) in accordance with the *Commercial Arbitration Act* (British Columbia) (the “Act”); and
- (d) except as specifically provided in this paragraph, an arbitration under this Agreement will be conducted in accordance with the Act. The arbitrator will fix a time and place in Vancouver, British Columbia for the purpose of hearing the evidence and representations of the parties and he will preside over the arbitration and determine all questions of procedure not provided for under the Act or this paragraph. After hearing any evidence and representations that the parties may submit, the arbitrator will make an award in writing and deliver one copy of the award to each party. The decision of the arbitrator will be made within 45 days after his appointment, subject to any reasonable delay due to unforeseen circumstances. The expense of the arbitration will be paid as specified in the award. The parties agree that the award of the single arbitrator will be final and binding upon each of them and will not be subject to appeal.

6. The holding of the NSR Royalty will not confer upon the Holder any legal or beneficial interest in the Properties. The right to receive a percentage of Net Smelter Returns as and when due is and will be deemed to be a contractual right only. The right to receive a percentage of Net Smelter Returns as and when due will not be deemed to constitute the Holder the partner, agent or legal representative of the Purchaser.

7. The Purchaser may, if it is the operator of the Properties, but will not be under any duty to, engage in price protection (hedging) or speculative transactions such as futures contracts and commodity options in its sole discretion covering all or part of production from the Properties and, except in the case where Products are actually delivered and a sale is actually consumed under such price protection or speculative transactions, none of the revenues, costs, profits or losses from such transaction will be taken into account in calculating Net Smelter Returns or any interest therein; provided however, that if the Purchaser delivers Product under a price protection or speculative program where the proceeds derived therefrom are less than those that would have been received had the Product been sold at the spot price in effect at the time of sale, the NSR Royalty payable to the Holder will be based on such spot price.

8. The Holder may convey or assign all or any undivided portion of the NSR Royalty, in full or payable either for a stated term of years or up to a specified dollar amount, provided that such assignment will not be enforceable against the Purchaser until the assignee has delivered to the Purchaser a written and enforceable undertaking to be bound by these Terms and Conditions.

The Purchaser may transfer, sell, assign or otherwise dispose of all or any portion of its interest in the Properties provided that such disposition will not be effective as against the Holder until such purchaser has delivered to the Holder a written and enforceable undertaking agreeing to be bound, to the extent of the interest disposed of, to pay the NSR Royalty in accordance with these Terms and Conditions. In the event of a conveyance or assignment to an arm's length third party who has executed the required undertaking, the Holder acknowledges and agrees that the Purchaser shall be released from all obligations in respect of that portion of the NSR Royalty conveyed or assigned to such third party.

9. The operator of the Properties, whether or not it is the Purchaser, will be entitled to:

- (a) make all operational decisions with respect to the methods and extent of mining and processing of Products produced from the Properties;
- (b) make all decisions relating to sales of such Products produced; and

- (c) make all decisions concerning temporary or long-term cessation of operations on the Properties.

10. All capitalized terms not defined in this Schedule "B" have the meaning given to them in the Agreement to which these Terms and Conditions form Schedule "B".