

SHARE EXCHANGE AGREEMENT

THIS AGREEMENT is made effective as of the 17th day of November, 2021.

AMONG:

BRIDLE CAPITAL LTD., a company incorporated pursuant to the laws of British Columbia and having an address at 1400 - 400 Burrard Street, Vancouver, B.C. V6C 3A6

(the “**Target**”)

AND:

THE SHAREHOLDERS OF THE TARGET, as listed on Schedule A attached hereto

(each, a “**Shareholder**” and collectively, the “**Shareholders**”)

AND:

LEVEL 14 VENTURES LTD., a company incorporated pursuant to the laws of British Columbia and having an address at 1400 - 400 Burrard Street, Vancouver, B.C. V6C 3A6

(the “**Purchaser**”)

WHEREAS:

- A. The Shareholders are the registered and beneficial owners of all of the issued and outstanding common shares in the capital of the Target (the “**Shares**”);
- B. The Target’s wholly owned Peruvian subsidiary, Mineros Invirtiendo en Peru S.A.C. (the “**Subsidiary**”), has the right to acquire, via earn-in agreements, three exploration licences consisting of approximately 1,581 hectares in Cajamarca, Peru, as described in Schedule C;
- C. The Purchaser has made an offer to issue a total of 36,000,000 common shares in the capital of the Purchaser, pay US\$625,000, and grant a net smelter returns royalty of 1% to the Shareholders (or their respective assignees) as consideration for the acquisition by the Purchaser of all of the Shares from the Shareholders; and
- D. Upon the terms and subject to the conditions set forth in this Agreement, the Shareholders have agreed to sell to the Purchaser and the Purchaser has agreed to purchase from the Shareholders all of the Shareholders’ legal and beneficial right, title and interest in and to the Shares such that, at Closing (as defined herein), the Target will become a wholly-owned subsidiary of the Purchaser.

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the parties covenant and agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Agreement the following words and phrases will have the following meanings:

- (a) “**Affiliate**” with respect to any specified Person at any time, means each Person directly or indirectly through one or more intermediaries controlling, controlled by or under direct or indirect common control with such specified Person at such time;
- (b) “**Agreement**” means this Share Exchange Agreement, and all of the schedules and other documents attached hereto, as it may from time to time be supplemented or amended;
- (c) “**Applicable Laws**” means, with respect to any Person, any domestic (whether federal, state, territorial, provincial, municipal or local) or foreign statute, law, ordinance, rule, administrative interpretation, regulation, Order, writ, injunction, directive, judgment, decree or other requirement, all as in effect as of the Closing, of any Governmental Body applicable to such Person or any of its Affiliates or any of their respective properties, assets, officers, directors, employees, consultants or agents (in connection with such officer’s, director’s, employee’s, consultant’s or agent’s activities on behalf of such Person or any of its Affiliates), including all Applicable Securities Laws;
- (d) “**Applicable Securities Laws**” means applicable securities laws in all jurisdictions relevant to the issuance of the Consideration Shares to the Shareholders pursuant to the terms of this Agreement, including: (a) the BC Act or the equivalent legislation in each province and territory of Canada; (b) the rules, regulations, instruments and policies adopted by the Securities Authorities; (c) the Corporate Finance Manual of the Exchange, each as amended from time to time; and (d) the federal and state securities legislation of the United States, including the U.S. Securities Act, as applicable;
- (e) “**BC Act**” means the *Securities Act* (British Columbia) and the regulations made under that enactment, as amended;
- (f) “**BCBCA**” means the *Business Corporation Act* (British Columbia), and the regulations made under that enactment, as amended;
- (g) “**Business**” means the business currently and heretofore carried on by the Target;
- (h) “**Business Day**” means a day other than a Saturday, Sunday or other day on which commercial banks in British Columbia, Canada are authorized or required by law to close;
- (i) “**Cash Payment**” has the meaning set forth in Section 2.2(b);
- (j) “**Charter Documents**” means the articles, notice of articles, by-laws, articles of incorporation or other constating documents of a party to this Agreement;

- (k) “**Closing**” means the closing of the Transaction pursuant to the terms of this Agreement on the Closing Date;
- (l) “**Closing Date**” means the date which is two (2) Business Days after the Purchaser receives approval from the Purchaser Shareholders and the Exchange or such other date as the Purchaser and the Target may mutually agree to in writing;
- (m) “**Consideration Shares**” means the 36,000,000 fully paid and non-assessable Purchaser Shares to be issued to the Shareholders on the Closing Date, at a deemed price of \$0.16 per Consideration Share or such other deemed price as is mutually agreed to by the parties hereto;
- (n) “**Contracts**” means all contracts, agreements, options, leases, licences, sales and purchase orders, commitments and other instruments of any kind, whether written or oral, to which the Target or the Purchaser, as applicable, is a party on the Closing Date;
- (o) “**Damages**” means all demands, claims, actions, causes of action, assessments, Losses, damages, costs, expenses, Liabilities, judgments, awards, fines, sanctions, penalties, charges and amounts paid in settlement (net of insurance proceeds actually received), including: (i) reasonable interest on cash disbursements in respect of any of the foregoing; and (ii) reasonable costs, fees and expenses of attorneys, accountants and other agents of, or other Persons retained by, a Person;
- (p) “**Encumbrance**” means any Lien, claim, charge, pledge, hypothecation, security interest, mortgage, title retention agreement, option or encumbrance of any nature or kind whatsoever, other than: (i) statutory Liens for Taxes not yet due and payable; and (ii) such imperfections of title, easements and encumbrances, if any, that will not result in a Material Adverse Effect;
- (q) “**Environmental Laws**” means, with respect to any Person or its Business, activities, property, assets or undertaking, all Applicable Laws, including the common laws, relating to environmental or health matters in the jurisdictions applicable to such Person or its Business, activities, property, assets or undertaking, including legislation governing the use and storage of Hazardous Substances;
- (r) “**Environmental Permits**” means, collectively, all permits, certificates, variances, remedial orders, approvals, consents, authorizations, registrations, directions, instructions and licenses issued by or provided to, as the case may be, any Governmental Body pursuant to any Environmental Laws;
- (s) “**Exchange**” means the Canadian Securities Exchange;
- (t) “**GAAP**” means accounting principles which are: (a) consistent with the principles promulgated or adopted by the Canadian Institute of Chartered Accountants and its predecessors, in effect from time to time; and (b) applied, unless otherwise required by GAAP, on a basis consistent with prior periods;
- (u) “**Governmental Authorization**” means any: (a) permit, license, certificate, franchise, permission, variance, clearance, registration, qualification or authorization issued, granted, given or otherwise made available by or under the authority of any

Governmental Body or pursuant to any Legal Requirement; or (b) right under any Contract with any Governmental Body;

- (v) “**Governmental Body**” means any: (i) nation, state, county, city, town, village, district, or other jurisdiction of any nature; (ii) federal, state, provincial, local, municipal, foreign, or other government; (iii) governmental or quasi-governmental authority of any nature (including any governmental agency, branch, department, official, or entity and any court or other tribunal); (iv) multi-national organization or body, or; (v) body exercising, or entitled to exercise, any administrative, executive, judicial, legislative, police, regulatory, or taxing authority or power of any nature;
- (w) “**Hazardous Substances**” means any pollutant, contaminant, waste of any nature, hazardous substance, hazardous material, hazardous recyclable, toxic substance, dangerous substance or dangerous good as defined, judicially interpreted or identified in any Environmental Laws;
- (x) “**Indebtedness**” means all obligations, contingent (to the extent required to be reflected in financial statements prepared in accordance with GAAP) and otherwise, which in accordance with GAAP should be classified on the obligor’s balance sheet as Liabilities, including without limitation, in any event and whether or not so classified: (a) all debt and similar monetary obligations, whether direct or indirect; (b) all Liabilities secured by any mortgage, pledge, security interest, Lien, charge or other Encumbrance existing on property owned or acquired subject thereto, whether or not the liability secured thereby shall have been assumed; (c) all agreements of guarantee, support, indemnification, assumption or endorsement and other contingent obligations whether direct or indirect in respect of Indebtedness or performance of others, including any obligation to supply funds to or in any manner to invest in, directly or indirectly, the debtor, to purchase Indebtedness, or to assure the owner of Indebtedness against loss, through an agreement to purchase goods, supplies or services for the purpose of enabling the debtor to make payment of the Indebtedness held by such owner or otherwise; (d) obligations to reimburse issuers of any letters of credit; and (e) capital leases;
- (y) “**Legal Requirement**” means any federal, state, provincial, local, municipal, foreign, international, multinational, or other administrative order, constitution, law, ordinance, principle of common law, regulation, statute or treaty;
- (z) “**Liabilities**” means, with respect to any Person, any liability or obligation of such Person of any kind, character or description, whether known or unknown, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, secured or unsecured, joint or several, due or to become due, vested or unvested, determined, determinable or otherwise, whether or not the same is required to be accrued on the financial statements of such Person;
- (aa) “**Lien**” means, with respect to any asset, any mortgage, assignment, trust or deemed trust (whether contractual, statutory or otherwise arising), title defect or objection, lien, pledge, charge, security interest, hypothecation, restriction, Encumbrance or charge of any kind in respect of such asset;
- (bb) “**Losses**” means any and all demands, claims, actions or causes of action, assessments, losses, Damages, Liabilities, costs and expenses, including, without limitation, interest, penalties, fines and reasonable attorneys, accountants and other professional fees and expenses, but excluding any indirect, consequential or punitive Damages suffered by the

Purchaser, the Target or the Shareholders, including Damages for lost profits or lost business opportunities;

- (cc) “**Material Adverse Change**” means, in respect of the Purchaser or the Target, any one or more changes, events or occurrences which may have a Material Adverse Effect, and “**Material Adverse Effect**” means, in respect of the Purchaser or the Target, any state of facts which, in any case, either individually or in the aggregate are, or would reasonably be expected to be, material and adverse to the Business, assets or financial condition of the Purchaser or the Target, respectively, provided that a Material Adverse Change or Material Adverse Effect shall not include any change or effect (whether alone or in combination with any other effect), directly or indirectly, arising out of, relating to, resulting from or reasonably attributable to: (i) the announcement of this Agreement or the pending completion of the Transaction; (ii) changes in the economies of Peru or Canada generally; (iii) changes in the mining industry generally; (iv) changes in the capital markets generally; (v) changes in GAAP; or (vi) any matter that has been disclosed to the public or the other parties prior to the date of this Agreement;
- (dd) “**Material Contracts**” means those subsisting Contracts entered into by the Target or the Purchaser, as applicable, by which the Target or the Purchaser is bound or to which it or its respective assets are subject which have total payment obligations on the part of the Target or the Purchaser, as applicable, which exceed \$5,000 or are for a term of or in excess of one (1) year;
- (ee) “**Material Interest**” has the meaning set forth in Section 1.1(ss);
- (ff) “**NI 43-101**” means National Instrument 43-101 – *Standards of Disclosure for Mineral Projects*;
- (gg) “**Order**” means any award, decision, injunction, judgment, order, ruling, subpoena or verdict entered, issued, made or rendered by any Governmental Body or by any arbitrator;
- (hh) “**Person**” includes an individual, corporation, body corporate, partnership, joint venture, association, trust or unincorporated organization or any trustee, executor, administrator or other legal representative thereof;
- (ii) “**Proceeding**” means any action, suit, litigation, arbitration, proceeding (including any civil, criminal, administrative, investigative or appellate proceeding), hearing, inquiry, audit, examination or investigation commenced, brought, conducted or heard by or before, or otherwise involving, any court or other Governmental Body or any arbitrator or arbitration panel;
- (jj) “**Properties**” means the mineral properties and interests set out in Schedule C attached hereto;
- (kk) “**Purchaser Documents**” has the meaning set forth in Section 5.10;
- (ll) “**Purchaser Information Circular**” means the management information circular to be prepared by the Purchaser and sent to the Purchaser Shareholders in connection with the Purchaser Meeting;

- (mm) **“Purchaser Private Placement”** means the private placement by the Purchaser of up to 15,000,000 Purchaser Shares at \$0.20 per Purchaser Share for gross proceeds of up to \$3,000,000, to be completed by the Purchaser contemporaneously with the Closing;
- (nn) **“Purchaser Meeting”** means the meeting, including any adjournments or postponements thereof, of the Purchaser Shareholders to be held, if required by Applicable Securities Laws, to, among other things, consider and, if deemed advisable, approve the Purchaser Resolution;
- (oo) **“Purchaser Resolution”** means the resolution of the Purchaser Shareholders approving the Transaction and all related transactions incidental to effecting the Transaction as contemplated by this Agreement;
- (pp) **“Purchaser Shareholders”** means the shareholders of the Purchaser;
- (qq) **“Purchaser Shares”** means the common shares in the capital stock of the Purchaser;
- (rr) **“Purchaser’s Advisors”** has the meaning set forth in Section 8.3(a)(i);
- (ss) **“Related Party”** means, with respect to a particular individual:
 - (i) each other member of such individual’s Family,
 - (ii) any Person that is directly or indirectly controlled by such individual or one or more members of such individual’s Family,
 - (iii) any Person in which such individual or members of such individual’s Family hold (individually or in the aggregate) a Material Interest, or
 - (iv) any Person with respect to which such individual or one or more members of such individual’s Family serves as a director, officer, partner, executor or trustee (or in a similar capacity), andwith respect to a specified Person other than an individual:
 - (i) any Person that directly or indirectly controls, is directly or indirectly controlled by, or is directly or indirectly under common control with such specified Person,
 - (ii) any Person that holds a Material Interest in such specified Person,
 - (iii) each Person that serves as a director, officer, partner, executor or trustee of such specified Person (or in a similar capacity),
 - (iv) any Person in which such specified Person holds a Material Interest,
 - (v) any Person with respect to which such specified Person serves as a general partner or a trustee (or in a similar capacity), and
 - (vi) any Related Person of any individual described in clause (ii) or (iii).

For purposes of this definition, (a) the “Family” of an individual includes (i) the individual; (ii) the individual’s spouse; (iii) any other natural person who is related to the

individual or the individual's spouse within the second degree; and (iv) any other natural person who resides with such individual, and (b) "Material Interest" means direct or indirect beneficial ownership of voting securities or other voting interests representing at least twenty percent (20%) of the outstanding voting power of a Person or equity securities or other equity interests representing at least twenty percent (20%) of the outstanding equity securities or equity interests in a Person;

- (tt) "**Royalty**" means a one percent (1%) net smelter return royalty, which shall be governed by the Royalty Agreement;
- (uu) "**Royalty Agreement**" means the form of Royalty Agreement attached hereto as Schedule D;
- (vv) "**Securities Authorities**" means the Exchange and the securities commissions or other securities regulatory authorities of each of the provinces of British Columbia, Alberta and Ontario;
- (ww) "**Shares**" means the common shares in the capital of the Target owned by the Shareholders as set out in Schedule A attached hereto, being all of the issued and outstanding shares in the capital of the Target;
- (xx) "**Subsidiary**" has the meaning set forth in Recital B;
- (yy) "**Target Assets**" means all of the assets owned or used by the Target including all of the issued and outstanding securities of the Subsidiary, which holds the option rights to the Properties;
- (zz) "**Target Disclosure Statement**" means the disclosure statement of the Target to be signed and dated by the Target and delivered by the Target to the Purchaser at the Closing;
- (aaa) "**Target's Advisors**" has the meaning set forth in Section 8.3(b)(i);
- (bbb) "**Taxes**" means all taxes, assessments, charges, dues, duties, rates, fees, imposts, levies and similar charges of any kind, lawfully levied, assessed or imposed by any Governmental Body, including all income taxes (including any tax on or based upon net income, gross income, income as specially defined, earnings, profits or selected items of income, earnings or profits) and all capital taxes, gross receipts taxes, environmental taxes and charges, sales taxes, use taxes, ad valorem taxes, value added taxes, subsoil use or extraction taxes and ownership fees, transfer taxes (including, without limitation, taxes relating to the transfer of interests in real property or entities holding interests therein), franchise taxes, license taxes, withholding taxes, health taxes, payroll taxes, employment taxes, Canada or Quebec Pension Plan premiums, excise, severance, social security, workers' compensation, employment insurance or compensation taxes, mandatory pension and other social fund taxes or premiums, stamp taxes, occupation taxes, premium taxes, property taxes, windfall profits taxes, alternative or add-on minimum taxes, goods and services taxes, harmonized sales tax, customs duties or other taxes, fees, imports, assessments or charges of any kind whatsoever, and any instalments in respect thereof, together with any interest and any penalties or additional amounts imposed by any Governmental Body (domestic or foreign) on such entity, and any interest, penalties, additional taxes and additions to tax imposed with respect to the foregoing and whether disputed or not;

- (ccc) “**Tax Returns**” means all returns, schedules, elections, declarations, reports, information returns and statements required to be filed with any taxing authority relating to Taxes;
- (ddd) “**Technical Report**” means the NI 43-101 compliant technical report with respect to the Properties, to be prepared by the Target and issued and delivered to the Purchaser and the Exchange, in form and substance satisfactory to the Exchange, prior to the Closing;
- (eee) “**Transaction**” means the acquisition by the Purchaser of the Shares from the Shareholders in exchange for the issuance of the Consideration Shares, Cash Payment and Royalty to the Shareholders and all related transactions incidental to effecting the Transaction as contemplated by this Agreement;
- (fff) “**Transaction Documents**” means this Agreement and any other documents contemplated by this Agreement to be signed by the Target, the Purchaser or the Shareholders, as applicable, necessary to perform their respective obligations hereunder and to consummate the Transaction;
- (ggg) “**U.S. Person**” has the meaning set out in Regulation S promulgated under the U.S. Securities Act;
- (hhh) “**U.S. Securities Act**” means the United States *Securities Act of 1933*, as amended, and the rules and regulations thereunder; and
- (iii) “**U.S. Shareholder**” means a Shareholder who is a U.S. Person.

1.2 Schedules

The following are the schedules to this Agreement, which are incorporated by reference and are deemed to be part hereof:

Schedule A	—	List of Shareholders
Schedule B	—	Certificate of U.S. Shareholder
Schedule C	—	Properties and Mineral Interests
Schedule D	—	Form of NSR Royalty Agreement

1.3 Interpretation

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

- (a) all references in this Agreement to a designated Article, Section, subsection, paragraph or other subdivision, or to a Schedule, is to the designated Article, section, subsection, paragraph or other subdivision of, or Schedule to, this Agreement unless otherwise specifically stated;
- (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 Article, clause, subclause or other subdivision or Schedule;
- (c) the singular of any term includes the plural and vice versa and the use of any term is equally applicable to any gender and where applicable to a body corporate;

- (d) the word “or” is not exclusive and the word “including” is not limiting (whether or not non-limiting language such as “without limitation” or “but not limited to” or other words of similar import are used with reference thereto);
- (e) all accounting terms not otherwise defined in this Agreement have the meanings assigned to them in accordance with GAAP, applied on a consistent basis with prior years;
- (f) except as otherwise provided, any reference to a statute includes and is a reference to such statute and to the regulations made pursuant thereto with all amendments made thereto and in force from time to time, and to any statute or regulations that may be passed which have the effect of supplementing or superseding such statute or such regulations;
- (g) where the phrase “to the best of the knowledge of” or phrases of similar import are used in this Agreement, it will be a requirement that the Person in respect of whom the phrase is used will have made such due enquiries as are reasonably necessary to enable such Person to make the statement or disclosure;
- (h) the headings to the Articles and sections of this Agreement are inserted for convenience of reference only and do not form a part of this Agreement and are not intended to interpret, define or limit the scope, extent or intent of this Agreement or any provision hereof;
- (i) any reference to a corporate entity includes and is also a reference to any corporate entity that is a successor to such entity;
- (j) the parties acknowledge that this Agreement is the product of arm’s length negotiation between the parties, each having obtained its own independent legal advice, and that this Agreement will be construed neither strictly for nor strictly against any party irrespective of which party was responsible for drafting this Agreement;
- (k) the representations, warranties, covenants and agreements contained in this Agreement will not merge at the Closing and will continue in full force and effect from and after the Closing Date for the applicable period set out in this Agreement; and
- (l) unless otherwise specifically noted, all references to “\$” or sums of money that are referred to in this Agreement are expressed in the lawful money of Canada. If it is necessary to convert money from another currency to lawful money of Canada, such money will be converted using the Bank of Canada noon foreign exchange rate in effect at the date of payment.

ARTICLE 2

PURCHASE AND SALE

2.1 Purchase and Sale of Shares

Subject to the terms and conditions of this Agreement, the Purchaser irrevocably agrees to purchase the Shares from the Shareholders and each of the Shareholders irrevocably agree to sell, assign and transfer their respective Shares to the Purchaser, free and clear of all Encumbrances, on the terms and conditions herein set forth, in consideration for the issuance by the Purchaser to the Shareholders of 50,000 Consideration Shares for each of the Shares.

2.2 Consideration

As consideration for the Shares to be acquired by the Purchaser pursuant to the terms of this Agreement, the Purchaser shall:

- (a) allot and issue the Consideration Shares to the Shareholders in the amount set out opposite each Shareholder's name in Schedule A to this Agreement, as fully paid and non-assessable Purchaser Shares;
- (b) pay US\$625,000 (the "Cash Payment") to the Shareholder in the amount set out in Schedule A to this Agreement; and
- (c) upon exercising the aforementioned option on the Properties, grant the Royalty to the Shareholder (or his assignees) as set out in Schedule A to this Agreement pursuant to the Royalty Agreement.

2.3 Resale Restrictions

- (a) The Shareholders acknowledge and agree that the Consideration Shares will be subject to hold period trading restrictions under Applicable Securities Laws and the policies of the Exchange, and agree to abide by all applicable resale restrictions and hold periods imposed by Applicable Securities Laws and the policies of the Exchange.
- (b) The Shareholders and the Target acknowledge that the Purchaser has advised the Shareholders and the Target that the Purchaser is relying on an exemption from the prospectus and registration requirements of the Applicable Securities Laws, and, as a consequence, the Shareholders will not be entitled to certain protections, rights and remedies available under Applicable Securities Laws, including statutory rights of rescission or damages, and the Shareholders will not receive information that would otherwise be required to be provided to the Shareholders pursuant to Applicable Securities Laws.
- (c) The U.S. Shareholders acknowledge and agree that the Consideration Shares will be issued pursuant to a safe harbour from the registration requirements of the U.S. Securities Act. All certificates representing the Consideration Shares issued on Closing to U.S. Shareholders will be endorsed with restrictive legends in substantially the same form as the following legend pursuant to the U.S. Securities Act in order to reflect the fact that such Consideration Shares are restricted securities and will be issued to the U.S. Shareholders pursuant to a safe harbour from the registration requirements of the U.S. Securities Act:

"NONE OF THE SECURITIES REPRESENTED HEREBY HAVE BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE, AND WERE ISSUED IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "1933 ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE 1933 ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO,

THE REGISTRATION REQUIREMENTS OF THE 1933 ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS.”

- (d) Each U.S. Shareholder agrees to complete, execute and deliver the Certificate of U.S. Shareholder set out in Schedule B to this Agreement to the Purchaser at Closing. Each U.S. Shareholder agrees that the representations set out in Schedule B as executed by the Shareholder will be true and complete on the Closing Date.

2.4 Escrow

The Shareholders acknowledge that the Consideration Shares acquired by them pursuant to this Agreement may be subject to escrow pursuant to the policies of the Exchange. If required, the Shareholders agree to abide by all escrow requirements imposed by the Exchange and agree to enter into the requisite form of escrow agreement as required by the Exchange on or prior to closing.

ARTICLE 3
REPRESENTATIONS AND WARRANTIES OF THE TARGET

As of the Closing Date, and except as set forth in the Target Disclosure Statement, or as otherwise provided for in any certificate or other instrument delivered pursuant to this Agreement, the Target hereby makes the following representations to the Purchaser and acknowledges and agrees that the Purchaser is relying upon such representations and warranties, each of which is qualified in its entirety by the matters described in the Target Disclosure Statement, in connection with the execution, delivery and performance of this Agreement:

3.1 Organization and Good Standing

The Target is a corporation duly organized, validly existing, and in good standing under the laws of the Province of British Columbia, with full corporate power, authority and capacity to conduct its Business as presently conducted, to own or use the Properties and Target Assets that it purports to own or use, and to perform all its obligations under any applicable Contracts.

3.2 Capitalization

The entire authorized and issued capital stock and other equity securities of the Target are as set out in the Target Disclosure Statement. All of the issued and outstanding Shares and other securities of the Target are owned of record and beneficially by the Shareholders free and clear of all Encumbrances. All of the outstanding equity securities of the Target have been duly authorized and validly issued and are fully paid and non-assessable. None of the outstanding equity securities or other securities of the Target, if any, were issued in violation of any Applicable Securities Laws.

3.3 Absence of Rights to Acquire Securities

Other than as set out in this Agreement, no Person has any agreement, right or option, present or future, contingent, absolute or capable of becoming an agreement, right or option or which with the passage of time or the occurrence of any event could become an agreement, right or option:

- (a) to require the Target to issue any further or other shares in its capital or any other security convertible or exchangeable into shares in its capital or to convert or exchange any securities into or for shares in the capital of the Target;

- (b) for the issue or allotment of any unissued shares in the capital of the Target;
- (c) to require the Target to purchase, redeem or otherwise acquire any of the issued and outstanding Shares; or
- (d) to purchase or otherwise acquire from the Target any interest in the Properties or any of the Target Assets.

3.4 Authority

The Target has all requisite corporate power and authority to execute and deliver the Transaction Documents and to perform its respective obligations hereunder and to consummate the Transaction. The execution and delivery of each of the Transaction Documents by the Target, and the consummation of the Transaction, have been duly authorized by the board of directors of the Target. No other corporate or shareholder proceedings on the part of the Target are necessary to authorize such documents or to consummate the Transaction. This Agreement has been, and the other Transaction Documents when executed and delivered by the Target as contemplated by this Agreement will be, duly executed and delivered by the Target, and this Agreement is, and the other Transaction Documents when executed and delivered by the Target as contemplated hereby will be, legal, valid and binding obligations of the Target, enforceable in accordance with their respective terms except:

- (a) as limited by applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors' rights generally;
- (b) as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies; and
- (c) as limited by public policy.

3.5 No Conflict

Except as set out in the Target Disclosure Statement, neither the execution, delivery or performance of this Agreement nor the consummation or performance of the Transaction will, directly or indirectly (with or without notice or lapse of time or both):

- (a) contravene, conflict with, or result in a violation of any provision of the Charter Documents of the Target, or any resolution adopted by the board of directors of the Target or the Shareholders;
- (b) contravene, conflict with, or result in a violation of, or give any Governmental Body or other Person the right to challenge the Transaction or to exercise any remedy or obtain any relief under, any Legal Requirement or any Order to which the Target or any of the Target Assets, may be subject;
- (c) contravene, conflict with, or result in a violation of any of the terms or requirements of, or give any Governmental Body the right to revoke, withdraw, suspend, cancel, terminate or modify, any Governmental Authorization that is held by the Target, or that otherwise relates to the Business of the Target, or any of the Target Assets;
- (d) cause the Purchaser or the Target to become subject to, or to become liable for the payment of, any Tax;

- (e) cause any of the Target Assets to be reassessed or revalued by any taxing authority or other Governmental Body;
- (f) contravene, conflict with, or result in a violation or breach of any provision of, or give any Person the right to declare a default or exercise any remedy under, or to accelerate the maturity or performance of, or to cancel, terminate, or modify, any Material Contract;
- (g) result in the imposition or creation of any Encumbrance upon or with respect to any of the Target Assets; or
- (h) require the Target to obtain any consent from any Person in connection with the execution and delivery of this Agreement or the consummation or performance of the Transaction.

3.6 Tax Matters

- (a) The Target has paid all Taxes that have become or are due with respect to any period ended on or prior to the date hereof and has established an adequate reserve therefore on its balance sheets for those Taxes not yet due and payable, except for any Taxes the non-payment of which will not have a Material Adverse Effect on the Target.
- (b) The Target is not presently under, or has received notice of, any contemplated investigation or audit by any Governmental Body concerning any fiscal year or period ended prior to the date hereof.

3.7 Restrictions on Doing Business

The Target is not a party to or bound by any agreement which would restrict or limit its right to carry on any business or activity, including the Business of the Target.

3.8 Subsidiaries

The Target has no subsidiaries other than the Subsidiary, of which it owns all equity securities.

3.9 Books and Records

The books of account, minute books, stock record books, and other records of the Target are complete and correct and have been maintained in accordance with sound business practices, including the maintenance of an adequate system of internal controls. The minute books of the Target contain accurate and complete records of all meetings held, and corporate action taken by, the respective shareholders, board of directors, and committees of the board of directors of the Target, and no meeting of any such shareholders, board of directors, or committee has been held for which minutes have not been prepared and are not contained in such minute books. At the Closing, all of those books and records will be in the possession of the Target.

3.10 Shareholders Agreements, Etc.

There are no shareholders' agreements, pooling agreements, voting trusts or other similar agreements with respect to the ownership or voting of any of the Shares or any of the shares of the Target.

3.11 Title to Personal Property and Encumbrances

The Target possesses, and has good and marketable title to, all personal property necessary for the continued operation of the Business as presently conducted and as represented to the Purchaser, including all Target Assets. All such property is in reasonably good operating condition (normal wear and tear excepted), and is reasonably fit for the purposes for which such property is presently used. All material equipment, furniture, fixtures and other tangible personal property and Target Assets owned or leased by the Target are owned or leased by the Target, as applicable, free and clear of all Encumbrances, except as disclosed in the Target Disclosure Statement.

3.12 Title to Real Property and Encumbrances

The Target possesses, and has good and marketable title to, all real property and leaseholds or other such interests necessary for the continued operation of the Business as presently conducted and as represented to the Purchaser, including all Target Assets. All such property is in reasonably good operating condition (normal wear and tear excepted), and is reasonably fit for the purposes for which such property is presently used. All material real property and leaseholds are owned or leased by the Target free and clear of all Encumbrances, except as disclosed in the Target Disclosure Statement. The Target has delivered or made available, or will make available on request, to the Purchaser copies of the deeds and other instruments (as recorded) by which the Target acquired such real property and interests, and copies of all title insurance policies, opinions, abstracts and surveys in the possession of the Target and relating to such property or interests. The Target has not received any notice or letter regarding the cancellation of the rights granted in the Properties.

3.13 Material Contracts

The Target has made available all the present outstanding Material Contracts entered into by the Target in the course of carrying on the Business. Except as listed in the Target Disclosure Statement, the Target is not a party to or bound by any other Material Contract, whether oral or written, and the Material Contracts are all valid and subsisting, in full force and effect and unamended, no material default or violation exists in respect thereof on the part of the Target, or, to the best of the knowledge of the Target, on the part of any of the other parties thereto. The Target is not aware of any intention on the part of any of the other parties thereto to terminate or materially alter any such Material Contracts or of any event that with notice or the lapse of time, or both, will create a material breach or violation thereof or default under any such Material Contracts. To the best knowledge of the Target, the continuation, validity, and effectiveness of each Material Contract will in no way be affected by the consummation of the Transaction. There exists no actual or threatened termination, cancellation, or limitation of, or any amendment, modification, or change to any Material Contract.

3.14 Consents

Except as set forth in the Target Disclosure Statement, no authorization, approval, Order, license, permit or consent of any Governmental Body, and no registration, declaration or filing by the Target with any such Governmental Body, is required in order for the Target to:

- (a) consummate the Transaction;
- (b) execute and deliver all of the documents and instruments to be delivered by the Target under this Agreement;
- (c) duly perform and observe the terms and provisions of this Agreement; or

- (d) render this Agreement legal, valid, binding and enforceable.

3.15 Compliance with Legal Requirements

Except as set forth in the Target Disclosure Statement:

- (a) the Target is, and at all times has been, in full compliance with all of the terms and requirements of each Governmental Authorization required for the operation of the Business;
- (b) no event has occurred or circumstance exists that may (with or without notice or lapse of time) constitute or result directly or indirectly in a violation of or a failure to comply with any term or requirement of any Governmental Authorization required for the operation of the Business or may result directly or indirectly in the revocation, withdrawal, suspension, cancellation, or termination of, or any modification to, any Governmental Authorization required for the operation of the Business;
- (c) the Target has not received, except as set forth in the Target Disclosure Statement, any notice or other communication (whether oral or written) from any Governmental Body or any other Person regarding any actual, alleged, possible, or potential violation of or failure to comply with any term or requirement of any Governmental Authorization, or any actual, proposed, possible, or potential revocation, withdrawal, suspension, cancellation, termination of, or modification to any Governmental Authorization; and
- (d) all applications required to have been filed for the renewal of the Governmental Authorizations required for the operation of the Business have been duly filed on a timely basis with the appropriate Governmental Bodies, and all other filings required to have been made with respect to such Governmental Authorizations have been duly made on a timely basis with the appropriate Governmental Bodies.

3.16 Environmental Laws

- (a) The Target:
 - (i) has obtained all Environmental Permits that are required to carry on its Business and operations as currently carried out under all applicable Environmental Laws, except where the non-compliance with such laws or permits or failure to obtain those permits could not reasonably be expected to have a Material Adverse Effect on the Target; and
 - (ii) is in substantial compliance with all applicable Environmental Laws and Environmental Permits in all jurisdictions having environmental regulatory jurisdiction over the Target or the Target Assets and in all jurisdictions in which the Target owns Target Assets or conducts operations, except where the non-compliance with such laws or permits or failure to obtain such permits could not reasonably be expected to have a Material Adverse Effect on the Target.
- (b) There have not occurred any material spills, emissions or pollution on any property of the Target or as a result of its operations, nor has the Target been subject to any stop orders, control orders, clean-up orders or reclamation orders under any Environmental Laws, any

of which would individually or in the aggregate have a Material Adverse Effect on the Target.

- (c) In the ordinary course of its Business, the Target periodically reviews the effect of Environmental Laws on its Business, operations and properties, in the course of which it identifies and evaluates associated costs and Liabilities (including, without limitation, any capital or operating expenditures required for clean-up, closure of properties or compliance with Environmental Laws, or any permit, license or approval, any related constraints on operating activities and any potential Liabilities to third parties). On the basis of such review, the Target has reasonably concluded that such associated costs and Liabilities, if any, would not result in a Material Adverse Change for the Target.
- (d) The Target is not aware of or is subject to:
 - (i) any Proceeding, application, Order or directive which relates to environmental, health or safety matters, and which may require any material work, repairs, construction, or expenditures; or
 - (ii) any demand or notice with respect to the breach of any Environmental Laws applicable to the Target, including any regulations respecting the use, storage, treatment, transportation, or disposition of any Hazardous Substances,

which would reasonably be expected to have a Material Adverse Effect on the Target.

3.17 Legal Proceedings

- (a) Other than as set forth in the Target Disclosure Statement, there is no pending Proceeding:
 - (i) that has been commenced by or against the Target or that otherwise relates to or may affect the Business, or any of the Target Assets; or
 - (ii) that challenges, or that may have the effect of preventing, delaying, making illegal, or otherwise interfering with the Transaction.
- (b) To the knowledge of the Target, no Proceeding has been threatened, and no event has occurred or circumstance exists that may give rise to or serve as a basis for the commencement of any such Proceeding.
- (c) Except as set forth in the Target Disclosure Statement:
 - (i) there is no Order to which the Target, the Business, or any of the Target Assets is subject; and
 - (ii) no officer, director, agent, or employee of the Target is subject to any Order that prohibits such officer, director, agent, or employee from engaging in or continuing any conduct, activity, or practice relating to the Business.

3.18 Indebtedness of Target

Except for: (i) the payment of salaries and reimbursement for out-of-pocket expenses in the ordinary and usual course; or (ii) amounts disclosed in the Target Disclosure Statement, the Target does not have any Indebtedness to the Shareholders, any Related Party of a Shareholder or any directors, officers or employees of the Target, on any account whatsoever.

3.19 Undisclosed Information

- (a) The Target does not have any specific information relating to the Target which is not generally known or which has not been disclosed to the Purchaser and which could reasonably be expected to have a Material Adverse Effect on the Target.
- (b) No representation or warranty of the Target in this Agreement and no statement in the Target Disclosure Statement omits to state a material fact necessary to make the statements herein or therein, in light of the circumstances in which they were made, not misleading.

3.20 Partnerships or Joint Ventures

Except as disclosed in the Target Disclosure Document, the Target is not a partner or participant in any partnership, joint venture, profit-sharing arrangement or other association of any kind and neither is party to any agreement under which it has agreed to carry on any part of its Business or any other activity in such manner or by which the Target has agreed to share any revenue or profit with any other person.

3.21 Other Representations

All statements contained in the Target Disclosure Statement and any certificate or other instrument delivered by or on behalf of the Target pursuant to this Agreement or in connection with the Transaction will be deemed to be representations and warranties of the Target hereunder.

3.22 Survival

Notwithstanding the Closing and the issuance of the Consideration Shares or the waiver of any condition in this Agreement by the Purchaser, the representations, warranties, covenants and agreements of the Target hereunder will (except where otherwise specifically provided for in this Agreement) survive the Closing and will continue in full force and effect for six [6] months after the Closing Date.

3.23 Reliance

The Target acknowledges and agrees that the Purchaser has entered into this Agreement relying on the warranties and representations and other terms and conditions contained in this Agreement, notwithstanding any independent searches or investigations that have been or may be undertaken by or on behalf of the Purchaser, and that no information which is now known or should be known or which may hereafter become known by the Purchaser or its officers, directors or professional advisers on the Closing Date, will limit or extinguish the Purchaser's right to indemnification hereunder.

ARTICLE 4
REPRESENTATIONS, WARRANTIES AND ACKNOWLEDGEMENTS
OF THE SHAREHOLDERS

Each of the Shareholders hereby severally and not jointly represents and warrants to the Purchaser as follows:

4.1 Capacity

Each Shareholder has the capacity to own the Shares owned by it, to enter into this Agreement and to perform its obligations under this Agreement.

4.2 Execution and Delivery

Each Shareholder has all requisite power and authority to execute and deliver the Transaction Documents and to perform its respective obligations hereunder and to consummate the Transaction. No other corporate or shareholder proceedings on the part of a Shareholder are necessary to authorize such documents or to consummate the Transaction. This Agreement has been, and the other Transaction Documents when executed and delivered by the Shareholders as contemplated by this Agreement will be, duly executed and delivered by the Shareholders and this Agreement is, and the other Transaction Documents when executed and delivered by the Shareholders as contemplated hereby will be, valid and binding obligations of the Shareholders, enforceable in accordance with their respective terms except:

- (a) as limited by applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors' rights generally;
- (b) as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies; and
- (c) as limited by public policy.

4.3 No Violation

The execution and delivery of this Agreement, the transfer of the Shares owned by each Shareholder and the performance, observance or compliance with the terms of this Agreement by such Shareholder will not violate, constitute a default under, conflict with, or give rise to any requirement for a waiver or consent under:

- (a) any provision of any agreement, instrument or other obligation to which such Shareholder is a party or by which such Shareholder is bound; or
- (b) any Applicable Laws.

4.4 Ownership

Each Shareholder is the registered and beneficial owner of the Shares set out beside its name in Schedule A to this Agreement, free and clear of any Encumbrances. Upon the Closing, except for the rights of the Purchaser pursuant to this Agreement with respect to the Shares, there will be no outstanding options, calls or rights of any kind binding on any Shareholder relating to or providing for the purchase, delivery or transfer of any of its Shares.

4.5 U.S. Shareholders

Each U.S. Shareholder agrees to complete, execute and deliver to the Purchaser at Closing a Certificate of U.S. Shareholder in the form set out in Schedule B to this Agreement.

4.6 Survival

Notwithstanding the Closing and the issuance of the Consideration Shares or the waiver of any condition in this Agreement by the Purchaser, the representations, warranties, covenants and agreements of the Shareholders hereunder will (except where otherwise specifically provided in this Agreement) survive the Closing and will continue in full force and effect indefinitely.

4.7 Reliance

Each Shareholder acknowledges and agrees that the Purchaser has entered into this Agreement relying on the warranties and representations and other terms and conditions contained in this Agreement, notwithstanding any independent searches or investigations that have been or may be undertaken by or on behalf of the Purchaser, and that no information which is now known or should be known or which may hereafter become known by the Purchaser or its officers, directors or professional advisers, on the Closing Date, will limit or extinguish the Purchaser's right to indemnification hereunder.

ARTICLE 5 **REPRESENTATIONS AND WARRANTIES OF THE PURCHASER**

As of the Closing Date and except as set forth in the Purchaser Documents or as otherwise provided for in any certificate or other instrument delivered pursuant to this Agreement, the Purchaser makes the following representations to the Target, and the Purchaser acknowledges that the Target is relying upon such representations and warranties, each of which is qualified in its entirety by the matters described in the Purchaser Documents, in connection with the execution, delivery and performance of this Agreement:

5.1 Organization and Good Standing

The Purchaser is a corporation duly organized, validly existing, and in good standing under the laws of the Province of British Columbia, with full corporate power, authority and capacity to conduct its Business as presently conducted, to own or use its properties and assets that it purports to own or use, and to perform all its obligations under any applicable Contracts.

5.2 Capitalization

The entire authorized and issued capital stock and other equity securities of the Purchaser are as set out in the Purchaser Documents. Except as otherwise set out in this Agreement and the Purchaser Documents, there are no outstanding options, warrants, subscriptions, conversion rights, or other rights, agreements, or commitments obligating the Purchaser to issue any additional Purchaser Shares, or any other securities convertible into, exchangeable for, or evidencing the right to subscribe for or acquire from the Purchaser any Purchaser Shares.

5.3 Authority

The Purchaser has all requisite corporate power and authority to execute and deliver the Transaction Documents to be signed by the Purchaser and to perform its obligations hereunder and to consummate the Transaction. The execution and delivery of each of the Transaction Documents by the Purchaser and the

consummation of the Transaction have been duly authorized by the board of directors of the Purchaser. Other than a Purchaser Meeting or as otherwise set out in this Agreement, no other corporate or shareholder proceedings on the part of the Purchaser are necessary to authorize such Transaction Documents or to consummate the Transaction. This Agreement has been, and the other Transaction Documents when executed and delivered by the Purchaser as contemplated by this Agreement will be, duly executed and delivered by the Purchaser and this Agreement is, and the other Transaction Documents when executed and delivered by the Purchaser as contemplated hereby will be, valid and binding obligations of the Purchaser enforceable in accordance with their respective terms except:

- (a) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, and other laws of general application affecting enforcement of creditors' rights generally;
- (b) as limited by laws relating to the availability of specific performance, injunctive relief of other equitable remedies; and
- (c) as limited by public policy.

5.4 Validity of Consideration Shares Issuable upon the Closing

The Consideration Shares to be issued to the Shareholders at Closing will, upon issuance, have been duly and validly authorized and, the Consideration Shares when so issued in accordance with the terms of this Agreement, will be duly and validly issued, fully paid and non-assessable.

5.5 Non-Contravention

Except as set out in the Purchaser Documents, neither the execution, delivery and performance of this Agreement, nor the consummation of the Transaction, will, directly or indirectly (with or without notice or lapse of time or both):

- (a) conflict with, result in a violation of, cause a default under (with or without notice, lapse of time or both) or give rise to a right of termination, amendment, cancellation or acceleration of any obligation contained in or the loss of any material benefit under any term, condition or provision of any loan or credit agreement, note, debenture, bond, mortgage, indenture, lease or other agreement, instrument, permit, license, judgment, Order, decree, statute, law, ordinance, rule or regulation applicable to the Purchaser;
- (b) contravene, conflict with, or result in a violation of any provision of the Charter Documents of the Purchaser, any resolution adopted by the board of directors of the Purchaser or the Purchaser Shareholders, or any Applicable Laws;
- (c) contravene, conflict with, or result in a violation or breach of any provision of, or give any person the right to declare a default or exercise any remedy under, or to accelerate the maturity or performance of, or to cancel, termination or modify, any Material Contract; or
- (d) violate any Order, writ, injunction, decree, statute, rule, or regulation of any court or Governmental Body applicable to the Purchaser or any of its material property or assets.

5.6 Corporate Records of the Purchaser

The corporate records of the Purchaser, as required to be maintained by it pursuant to the laws of the Province of British Columbia, are accurate, complete and current in all material respects, and the minute books of the Purchaser are, in all material respects, correct and contain all material records required by the laws of the Province of British Columbia in regards to all Proceedings, consents, actions and meetings of the Purchaser Shareholders and the board of directors of the Purchaser.

5.7 Actions and Proceedings

Except as disclosed in the Purchaser Documents, to the best knowledge of the Purchaser, there is no basis for and there is no claim, charge, arbitration, grievance, action, suit, judgment, demand, investigation or Proceeding by or before any Governmental Body or arbiter now outstanding or pending or, to the best knowledge of the Purchaser, threatened against or affecting the Purchaser which involves any of the Business that, if adversely resolved or determined, would have a Material Adverse Effect on the Purchaser. There is no reasonable basis for any claim or action that, based upon the likelihood of its being asserted and its success if asserted, would have a Material Adverse Effect on the Purchaser.

5.8 Compliance

- (a) To the knowledge of the Purchaser, the Purchaser is in compliance with, is not in default or violation in any material respect under, and has not been charged with or received any notice at any time of any material violation of any Applicable Laws related to its Business or the operations of the Purchaser.
- (b) To the knowledge of the Purchaser, the Purchaser is not subject to any judgment, Order or decree entered in any lawsuit or Proceeding applicable to its Business and operations that would have a Material Adverse Effect on the Purchaser.

5.9 Filings, Consents and Approvals

Other than the approval of the Exchange, to the knowledge of the Purchaser, no filing or registration with, no notice to and no permit, authorization, consent, or approval of any public or Governmental Body or any other Person is necessary for the consummation by the Purchaser of the Transaction or to continue to conduct its Business after the Closing in a manner which is consistent with that in which it is presently conducted.

5.10 Public Filings

The Purchaser has furnished or made available to the Shareholders a true and complete copy of each report and document filed by the Purchaser with the Securities Authorities (collectively, and as such documents have since the time of their filing been amended, the “**Purchaser Documents**”). As of their respective dates, the Purchaser Documents complied in all material respects with the requirements of Applicable Securities Laws. The Purchaser Documents constitute all of the documents and reports that the Purchaser was required to file with and the rules and regulations promulgated thereunder by Applicable Securities Laws. No Securities Authority has initiated any inquiry, investigation or Proceeding in respect of the Purchaser and the Purchaser is not aware of any event and does not have any information which would result in any Securities Authority initiating an inquiry, investigation or Proceeding or otherwise affect the Purchaser Shares.

5.11 Financial Representations

The Purchaser has not received any advice or notification from its independent chartered accountants that the Purchaser has used any improper accounting practice that would have the effect of not reflecting or incorrectly reflecting in the Purchaser's financial statements or the books and records of the Purchaser, any properties, assets, Liabilities, revenues, or expenses. The books, records and accounts of the Purchaser accurately and fairly reflect, in reasonable detail, the assets and Liabilities of the Purchaser. The Purchaser has not engaged in any transaction, maintained any bank account, or used any funds of the Purchaser, except for transactions, bank accounts and funds which have been and are reflected in the normally maintained books and records of the Purchaser.

5.12 Absence of Undisclosed Liabilities

Except as otherwise contemplated by this Agreement, the Purchaser has no material Liabilities or obligations either direct or indirect, matured or unmatured, absolute, contingent or otherwise, other than: (i) payments contemplated by this Agreement to be made by the Purchaser at Closing; and (ii) reasonable accounting and legal fees of the Purchaser incurred in connection with the Transaction.

5.13 Tax Matters

- (a) As of the date hereof:
 - (i) the Purchaser has timely filed all Tax Returns in connection with any Taxes which are required to be filed on or prior to the date hereof, taking into account any extensions of the filing deadlines which have been validly granted to it; and
 - (ii) all such Tax Returns are true and correct in all material respects.
- (b) The Purchaser has paid all Taxes that have become or are due with respect to any period ended on or prior to the date hereof and has established an adequate reserve therefore on its balance sheets for those Taxes not yet due and payable, except for any Taxes the non-payment of which will not have a Material Adverse Effect on the Purchaser.
- (c) The Purchaser is not presently under and has not received notice of, any contemplated investigation or audit by any Governmental Body concerning any fiscal year or period ended prior to the date hereof.

5.14 Absence of Changes

Except as disclosed in the Purchaser Documents and except as contemplated in this Agreement, the Purchaser has not:

- (a) incurred any Liabilities, other than Liabilities incurred in the ordinary course of business consistent with past practice, or discharged or satisfied any Encumbrance, or paid any Liabilities, other than in the ordinary course of business consistent with past practice, or failed to pay or discharge when due any Liabilities of which the failure to pay or discharge has caused or will cause any Material Adverse Effect to it;
- (b) made or suffered any amendment or termination of any Material Contract to which it is a party or by which it is bound, or cancelled, modified or waived any substantial debts or

claims held by it or waived any rights of substantial value, other than in the ordinary course of business;

- (c) declared, set aside or paid any dividend or made or agreed to make any other distribution or payment in respect of the Purchaser Shares or redeemed, purchased or otherwise acquired or agreed to redeem, purchase or acquire any of the Purchaser Shares;
- (d) made commitments or agreements for capital expenditures or capital additions or betterments exceeding in the aggregate \$5,000;
- (e) entered into any transaction other than in the ordinary course of business consistent with past practice; or
- (f) agreed, whether in writing or orally, to do any of the foregoing.

5.15 Absence of Certain Changes or Events

Except as and to the extent disclosed in the Purchaser Documents, there has not been:

- (a) a Material Adverse Effect with respect to the Purchaser; or
- (b) any material change by the Purchaser in its accounting methods, principles or practices.

5.16 Material Contracts and Transactions

Other than as expressly contemplated by this Agreement, there are no Material Contracts to which the Purchaser is a party, except as previously disclosed to the Shareholders or as disclosed in the Purchaser Documents. The Purchaser deliver to the Target a copy of each Material Contract of the Purchaser. Each Material Contract of the Purchaser is in full force and effect, and there exists no material breach or violation of or default by the Purchaser under any Material Contract of the Purchaser, or any event that with notice or the lapse of time, or both, will create a material breach or violation thereof or default under any Material Contract by the Purchaser. To the best knowledge of the Purchaser, the continuation, validity and effectiveness of each Material Contract of the Purchaser will in no way be affected by the consummation of the Transaction. There exists no actual or threatened termination, cancellation or limitation of, or any amendment, modification or change to, any Material Contract of the Purchaser.

5.17 Certain Transactions

Except as previously disclosed to the Shareholders or as disclosed in the Purchaser Documents, the Purchaser is not a guarantor or indemnitor of any Indebtedness of any Person.

5.18 Internal Accounting Controls

The Purchaser maintains a system of internal accounting controls sufficient to provide reasonable assurance that: (i) transactions are executed in accordance with management's general or specific authorizations; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP and to maintain asset accountability; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

5.19 Listing and Maintenance Requirements

The Purchaser Shares are currently listed on the Exchange and the Purchaser has not, in the 12 months preceding the date hereof, received any notice from the Exchange to the effect that the Purchaser is not in compliance with the listing or maintenance requirements of the Exchange. No Securities Authority has issued any Order preventing or suspending the trading of the Purchaser Shares, save and except for the trading of the Purchaser Shares being halted in connection with the Transaction, or prohibiting the issuance of the Consideration Shares to be delivered hereunder, and, to the Purchaser's knowledge, no Proceedings for such purpose are pending or threatened.

5.20 Undisclosed Information

- (a) The Purchaser does not have any specific information relating to the Purchaser which is not generally known or which has not been disclosed to the Shareholders and which could reasonably be expected to have a Material Adverse Effect on the Purchaser.
- (b) To the Purchaser's knowledge, no representation or warranty of the Purchaser in this Agreement and no statement in the Purchaser Documents omits to state a material fact necessary to make the statements herein or therein, in light of the circumstances in which they were made, not misleading.

5.21 Other Representations

All statements contained in any certificate or other instrument delivered by or on behalf of the Purchaser pursuant hereto or in connection with the Transaction will be deemed to be representations and warranties by the Purchaser hereunder.

5.22 Survival

Notwithstanding the Closing and the issuance of the Consideration Shares or the waiver of any condition in this Agreement by the Target or the Shareholders, as applicable, the representations, warranties, covenants and agreements of the Purchaser hereunder will (except where otherwise specifically provided for in this Agreement) survive the Closing and will continue in full force and effect for six (6) months after the Closing Date.

5.23 Reliance

The Purchaser acknowledges and agrees that the Target and the Shareholders have entered into this Agreement relying on the warranties and representations and other terms and conditions contained in this Agreement, notwithstanding any independent searches or investigations that have been or may be undertaken by or on behalf of the Target or the Shareholders, and that no information which is now known or should be known or which may hereafter become known by the Target or the Shareholders or their respective professional advisers, on the Closing Date, will limit or extinguish the right to indemnification hereunder.

ARTICLE 6
CLOSING

6.1 Closing Date and Location

The Transaction will be completed at 10:00 a.m. (Pacific time) on the Closing Date, at the offices of the Purchaser, or at such other location and time as is mutually agreed to by the Purchaser and the Target. Notwithstanding the location of the Closing, each party agrees that the Closing may be completed by the exchange of undertakings between the respective legal counsel for the Purchaser and the Target, provided such undertakings are satisfactory to each party's respective legal counsel.

6.2 Target and Shareholders Closing Documents

On the Closing Date, the Target and the Shareholders will deliver, or cause to be delivered, to the Purchaser the documents set forth in Section 9.1 and such other documents as the Purchaser may reasonably require to effect the Transaction.

6.3 Purchaser Closing Documents

On the Closing Date, the Purchaser will deliver, or cause to be delivered, to the Target and the Shareholders the documents set forth in Section 10.1 and such other documents as the Target may reasonably require to effect the Transaction.

ARTICLE 7
CONDUCT OF BUSINESS PRIOR TO CLOSING

7.1 Conduct of Business of the Target

The Target covenants and agrees that, during the period from the date of this Agreement until the earlier of the Closing Date and the date on which this Agreement is terminated in accordance with its terms, unless the Purchaser shall otherwise agree in writing (such agreement not to be unreasonably withheld or delayed), except as required by law or as otherwise expressly permitted or specifically contemplated by this Agreement:

- (a) the Business of the Target shall be conducted only in the ordinary course of business and consistent with past practice, and the Target shall use its commercially-reasonable efforts to maintain and preserve its Business, the Target Assets and business relationships; and
- (b) the Target shall not (unless otherwise contemplated herein):
 - (i) make any capital expenditures, additions or improvements or commitments for the same which individually or in the aggregate exceed \$5,000, other than in the ordinary course of business;
 - (ii) acquire or agree to acquire (by tender offer, exchange offer, merger, amalgamation, acquisition of shares or assets or otherwise) any Person or other business organization or division or acquire or agree to acquire any material assets;
 - (iii) enter into any Material Contracts regarding its business operations, including joint ventures, partnerships or other arrangements;

- (iv) make any material change in accounting procedures or practices;
- (v) mortgage, pledge or hypothecate any of the Target Assets or subject any of the Target Assets to any Encumbrance;
- (vi) other than in the ordinary course of business, enter into any agreement or arrangement granting any rights to purchase or lease any of the Target Assets or rights or requiring the consent of any Person to the transfer, assignment or lease of any Target Assets or rights;
- (vii) other than in the ordinary course of business, enter into any other material transaction, or any amendment of any Contract which is material to its Business;
- (viii) sell, lease, sublease, assign or transfer (by tender offer, exchange offer, merger, amalgamation, sale of shares or the Target Assets or otherwise) any of the Target Assets;
- (ix) enter into any Agreement resulting in a change of control of the Target;
- (x) other than in the ordinary course of business, cancel, waive or compromise any Indebtedness or claims, including any accounts payable and receivable;
- (xi) settle any outstanding claim, dispute, litigation matter or tax dispute; or
- (xii) enter into any agreement or understanding to do any of the foregoing.

7.2 Conduct of Business of the Purchaser

The Purchaser covenants and agrees that, during the period from the date of this Agreement until the earlier of the Closing Date and the date on which this Agreement is terminated in accordance with its terms, unless the Target shall otherwise agree in writing (such agreement not to be unreasonably withheld or delayed), except as required by law or as otherwise expressly permitted or specifically contemplated by this Agreement:

- (a) the Purchaser shall use its best efforts to ensure that the Purchaser Shares are continuously listed and posted for trading on the Exchange (it being expressly acknowledged that trading of the Purchaser Shares has been halted in connection with the announcement of the Transaction); and
- (b) the Purchaser shall not (unless otherwise contemplated herein):
 - (i) amend or propose to amend its Charter Documents;
 - (ii) split, combine or reclassify any of its securities or declare or make any distribution of its securities;
 - (iii) other than in the ordinary course of business: (i) enter into any Contract, commitment or agreement under which it has outstanding Indebtedness; or (ii) make any loan or advance to any Person;

- (iv) acquire or agree to acquire (by tender offer, exchange offer, merger, amalgamation, acquisition of shares or otherwise) any Person or other business organization or division or acquire or agree to acquire any material assets;
- (v) enter into any Material Contracts regarding its business operations, including joint ventures, partnerships or other arrangements;
- (vi) make any material change in accounting procedures or practices;
- (vii) enter into any other material transaction, or any amendment of any Contract, which is material to its Business;
- (viii) enter into any agreement resulting in a change of control of the Purchaser;
- (ix) settle any outstanding claim, dispute, litigation matter, or tax dispute; or
- (x) enter into any agreement or understanding to do any of the foregoing.

ARTICLE 8
ADDITIONAL COVENANTS OF THE PARTIES

8.1 Purchaser Meeting

The Purchaser covenants and agrees that until the earlier of the Closing and the date upon which this Agreement is terminated in accordance with Section 11.1 or otherwise, it will:

- (a) in a timely and expeditious manner:
 - (i) prepare, in consultation with the Target, acting reasonably, the Purchaser Information Circular, in the form and containing the information required by all Applicable Securities Laws, and not containing any misrepresentation (as defined under Applicable Securities Laws) with respect thereto;
 - (ii) obtain approval of the Purchaser Information Circular from the Exchange;
 - (iii) file the Purchaser Information Circular together with any other documents required by Applicable Laws (all of which will be in form and substance satisfactory to the Target, acting reasonably), in all jurisdictions where the Purchaser Information Circular is required to be filed, and mail the Purchaser Information Circular, in accordance with all Applicable Laws, to all Purchaser Shareholders, complying in all material respects with all Applicable Laws on the date of the mailing thereof;
 - (iv) convene the Purchaser Meeting as soon as practicable, and use its best efforts to convene the Purchaser Meeting no later than January 31, 2022, or such later date as may be mutually agreed upon with the Target;
 - (v) solicit proxies to be voted at the Purchaser Meeting in favour of the Transaction, and use its commercially reasonable efforts to take all other action that is necessary or desirable to secure the requisite approval of the Transaction by the Purchaser Shareholders;

- (vi) not adjourn, postpone or cancel (or propose for adjournment, postponement or cancellation), or fail to call, the Purchaser Meeting without the prior written consent of the Target except as required by Applicable Laws;
 - (vii) provide notice to the Target of the Purchaser Meeting and allow representatives of the Target to attend the Purchaser Meeting;
 - (viii) hold and conduct the Purchaser Meeting in accordance with the Purchaser's Charter Documents, the BCBCA and as otherwise required by Applicable Laws; and
 - (ix) take all such actions as may be required under the BCBCA in connection with the Transaction;
- (b) in a timely and expeditious manner, prepare (in consultation with the Target acting reasonably) and file any mutually agreed (or as otherwise required by Applicable Laws) amendments or supplements to the Purchaser Information Circular (which amendments or supplements will be in a form satisfactory to the Target, acting reasonably) with respect to the Purchaser Meeting, and mail such amendments or supplements, as required in accordance with all Applicable Laws, to all shareholders of the Purchaser, complying in all material respects with all Applicable Laws on the date of the mailing thereof; and
- (c) subject only to the fiduciary duties of the board of directors of the Purchaser, recommend to the Purchaser Shareholders that they approve the Transaction and not take any steps to change or withdraw such recommendation in a manner adverse to the Target or in a manner which would impede the completion of the Transaction, and not make a recommendation to the Purchaser Shareholders not to approve the Transaction.

8.2 Consents

The parties covenant and agree that they will use commercially reasonable efforts to obtain the consents, renunciations and approvals of third parties which are necessary to the completion of the Transaction, provided that such consents, renunciations or approvals may be validly given by such third parties in accordance with relevant Contracts or Applicable Laws.

8.3 Access for Investigation

- (a) Between the date of this Agreement and the Closing Date, the Target will:
- (i) afford the Purchaser, the Purchaser's solicitors and the Purchaser's representatives, advisors, prospective lenders and their representatives (collectively, the "Purchaser's Advisors") full and free access to the Target's personnel, properties, Contracts, books and records, and other documents and data, in each case during normal business hours, upon a reasonable number of occasions, upon reasonable notice and in a manner calculated to minimize disruption of the Target's Business;
 - (ii) furnish the Purchaser and the Purchaser's Advisors with copies of all such Contracts, books and records, and other existing documents and data, as the Purchaser may reasonably request; and

- (iii) furnish the Purchaser and the Purchaser's Advisors with such additional financial, operating, and other data and information, as the Purchaser may reasonably request.
- (b) Between the date of this Agreement and the Closing Date, the Purchaser will:
- (i) afford the Target and its representatives, legal and advisors and prospective lenders and their representatives (collectively, the "Target's Advisors") full and free access to the Purchaser's personnel, properties, Contracts, books and records, and other documents and data, in each case during normal business hours, upon a reasonable number of occasions, upon reasonable notice and in a manner calculated to minimize disruption of the Purchaser's Business;
 - (ii) furnish the Target and the Target's Advisors with copies of all such Contracts, books and records, and other existing documents and data, as the Target may reasonably request; and
 - (iii) furnish the Target and the Target's Advisors with such additional financial, operating, and other data and information, as the Shareholders may reasonably request.

8.4 Required Filings

As promptly as practicable after the date of this Agreement, each of the Target and the Purchaser will make all filings required by Legal Requirements to be made by such party in order to consummate the Transaction. Between the date of this Agreement and the Closing Date, the Target and the Shareholders will cooperate with the Purchaser with respect to all filings that the Purchaser elects to make or is required by Legal Requirements to make in connection with the Transaction.

8.5 Collection of Personal Information

The Shareholders acknowledge and consent to the fact that the Purchaser is collecting the Shareholders' personal information which may be disclosed by the Purchaser to:

- (a) the Exchange or other Securities Authorities;
- (b) the Purchaser's registrar and transfer agent;
- (c) Canadian tax authorities; and
- (d) authorities pursuant to the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada)*.

By executing this Agreement, each of the Shareholders are deemed to be consenting to the foregoing collection, use and disclosure of each of the Shareholders' personal information and to the retention of such personal information for as long as permitted or required by law or business practice. Each of the Shareholders also consents to the filing of copies or originals of any of the Shareholders' documents described herein as may be required to be filed with the Exchange or any Securities Authority in connection with the Transaction.

8.6 Notification

Between the date of this Agreement and the Closing Date, each of the parties to this Agreement will promptly notify the other parties in writing if any such party becomes aware of any fact or condition that causes or constitutes a breach of any of the representations and warranties set forth herein, as of the date of this Agreement, or if such party becomes aware of the occurrence after the date of this Agreement of any fact or condition that would (except as expressly contemplated by this Agreement) cause or constitute a breach of any such representation or warranty had such representation or warranty been made as of the time of occurrence or discovery of such fact or condition. Should any such fact or condition require any change in the Target Disclosure Statement or Purchaser Documents between the date of this Agreement and the Closing Date, if such Disclosure Statement were dated the date of the occurrence or discovery of any such fact or condition, the Target or the Purchaser, as applicable, will promptly deliver to the other parties a supplement to such Disclosure Statement specifying such change. During the same period, each party hereto will promptly notify the other parties hereto of the occurrence of any breach of any covenant set forth herein or of the occurrence of any event that may make the satisfaction of the conditions set forth herein impossible or unlikely.

8.7 Best Efforts

Between the date of this Agreement and the Closing Date, the parties will use their best efforts to cause the conditions contained in this Agreement to be satisfied.

8.8 Disclosure of Confidential Information

Until the Closing Date and, if this Agreement is terminated without consummation of the Transaction, then after such termination, the Purchaser, the Target and each of the Shareholders will maintain in confidence, will cause their respective directors, officers, employees, agents, and advisors to maintain in confidence, and will not use to the detriment of another party or divulge to any third parties, other than their respective legal and financial advisors, auditors, representatives and any other Governmental Bodies having jurisdiction, any confidential written, oral, or other information obtained during the course of the investigations in connection with this Agreement or the Transaction, unless:

- (a) such information is already known to such party or to others not bound by a duty of confidentiality or such information becomes publicly available through no fault of such party;
- (b) the information was already available to such party or its representatives on a non-confidential basis;
- (c) the use of such information is necessary or appropriate pursuant to Applicable Securities Laws or in making any filing or obtaining any consent or approval required for the consummation of the Transaction; or
- (d) the furnishing or use of such information is required by or necessary or appropriate in connection with legal Proceedings.

8.9 Public Notices

The parties agree that they will not release or issue any reports or statements or make any public announcements relating to this Agreement or the Transaction without the prior written consent of the

other party, except as may be required upon written advice of counsel to comply with Applicable Laws after consulting with the other party hereto and seeking their reasonable consent to such announcement.

ARTICLE 9
PURCHASER'S CONDITIONS PRECEDENT

9.1 Purchaser's Conditions

The obligation of the Purchaser to complete the Transaction will be subject to the satisfaction of, or compliance with, at or before the Closing Date, the conditions precedent set forth below. The Closing will be deemed to mean a waiver of all conditions to Closing. These conditions precedent are for the benefit of the Purchaser and may be waived by the Purchaser in its sole discretion:

- (a) the representations and warranties of the Target and each of the Shareholders set forth in this Agreement will be true, correct and complete in all material respects as of the Closing Date and with the same effect as if made at and as of the Closing Date and the Purchaser will have received from the Target and each of the Shareholders certificates certifying that the representations and warranties of the Target and each of the Shareholders set forth in this Agreement are true and correct in all material respects as at the Closing Date;
- (b) the Target and the Shareholders will have performed and complied with all of their respective material obligations, covenants and agreements required hereunder;
- (c) all required approvals, consents, authorizations and waivers relating to the consummation of the Transaction will have been obtained, including the acceptance by the Exchange of the Transaction and the Exchange's approval to the listing of the Consideration Shares on the Exchange;
- (d) the approval of the board of directors of the Purchaser and the Target for the Transaction will have been obtained;
- (e) the approval of the Purchaser Shareholders for the Transaction will have been obtained;
- (f) the Technical Report will have been completed and delivered to the Purchaser and the Exchange, in form and substance satisfactory to the Exchange;
- (g) the Purchaser Private Placement shall have been completed prior to (via subscription receipt) or concurrently with the Closing;
- (h) this Agreement, the Transaction Documents and all other documents necessary or reasonably required to consummate the Transaction, all in form and substance reasonably satisfactory to the Purchaser, will have been executed and delivered to the Purchaser;
- (i) no claim will have been asserted or made that any Person (other than the Purchaser or the Shareholders) is the holder or the beneficial owner of, or has the right to acquire or to obtain beneficial ownership of, any of the Shares, or any other voting, equity, or ownership interest in, the Target or (other than the Shareholders) is entitled to all or any portion of the Consideration Shares;

- (j) no Material Adverse Effect will have occurred with respect to the Target's Business or the Shares, however arising;
- (k) no Order (whether temporary, preliminary or permanent) shall have been enacted, entered, promulgated or enforced by any Governmental Body which prohibits, restrains, enjoins or restricts the consummation of the Transaction or the right of the Purchaser to own the Shares, provided, however, that the parties to this Agreement shall use their reasonable best efforts to cause any such Order to be vacated or lifted;
- (l) the Shares will have been delivered to the Purchaser;
- (m) The Purchaser will have completed and will be satisfied, in its sole discretion, with the results of its due diligence concerning the Target and the disclosures made in the Target Disclosure Statement; and
- (n) the Purchaser will have received from the Target, the following closing documentation:
 - (i) a certified copy of resolutions of the directors of the Target authorizing the transfer of the Shares to the Purchaser, the registration of the Shares in the name of the Purchaser and the issue of a share certificate representing the Shares registered in the name of the Purchaser;
 - (ii) a certified copy of the central securities register of the Target showing the Purchaser as the registered owner of the Shares;
 - (iii) all such instruments of transfer, duly executed, which in the opinion of the Purchaser, acting reasonably, are necessary to effect and evidence the transfer of the Shares to the Purchaser free and clear of all Encumbrances;
 - (iv) the corporate minute books and all other books and records and material contracts of the Target; and
 - (v) escrow agreements executed by the Shareholders as applicable and as required by the Exchange.

9.2 Waiver/Survival

The conditions set forth in this Article 9 are for the exclusive benefit of the Purchaser and may be waived by the Purchaser in writing in whole or in part on or before the Closing Date. Notwithstanding any such waiver, the completion of the Transaction will not prejudice or affect in any way the rights of the Purchaser in respect of the warranties and representations of the Target and the Shareholders in this Agreement, and the representations and warranties of the Target and the Shareholders in this Agreement will survive the Closing and issuance of the Consideration Shares for the applicable periods set out in Sections 3.22 and 4.6, as applicable.

9.3 Covenant of the Target and the Shareholders

The Target and the Shareholders hereby jointly and severally covenant to deliver all of the closing documentation set out in Section 9.1.

ARTICLE 10
TARGET'S AND SHAREHOLDERS' CONDITIONS PRECEDENT

10.1 Target's and Shareholders' Conditions

The obligation of the Target and the Shareholders to complete the Transaction will be subject to the satisfaction of, or compliance with, at or before the Closing Date, the conditions precedent set forth below. The Closing will be deemed to mean a waiver of all conditions to Closing. These conditions precedent are for the benefit of the Target and the Shareholders and may be waived by the Target in its discretion:

- (a) the representations and warranties of the Purchaser set forth in this Agreement will be true, correct and complete in all respects as of the Closing Date and with the same effect as if made at and as of Closing and the Target will have received from the Purchaser a certificate executed by an officer of the Purchaser certifying that the representations and warranties of the Purchaser set forth in this Agreement are true and correct as at the Closing Date;
- (b) the Purchaser will have performed and complied with all of the obligations, covenants and agreements to be performed and complied with by it hereunder;
- (c) all required approvals, consents, authorizations and waivers relating to the consummation of the Transaction shall have been obtained, including the acceptance by the Exchange of the Transaction;
- (d) the approval of the board of directors of the Purchaser and the Target for the Transaction will have been obtained;
- (e) the approval of the Purchaser Shareholders for the Transaction will have been obtained;
- (f) this Agreement, the Transaction Documents and all other documents necessary or reasonably required to consummate the Transaction, all in form and substance satisfactory to the Target will have been executed and delivered to the Target;
- (g) the Purchaser Private Placement shall have been completed prior to (via subscription receipt) or concurrently with the Closing;
- (h) the Consideration Shares and Cash Payment will have been delivered to the Shareholders;
- (i) the Royalty will be granted to the Shareholder (or his assignee), as evidenced by the executed Royalty Agreement; and
- (j) no Order (whether temporary, preliminary or permanent) shall have been enacted, entered, promulgated or enforced by any Governmental Body which prohibits, restrains, enjoins or restricts the consummation of the Transaction, provided, however, that the parties to this Agreement shall use their reasonable best efforts to cause any such Order to be vacated or lifted.

10.2 Waiver/Survival

The conditions set forth in this Article 10 are for the exclusive benefit of the Target and the Shareholders and may be waived by the Target and the Shareholders in writing in whole or in part on or before the Closing Date. Notwithstanding any such waiver, completion of the Transaction by the Target and the Shareholders will not prejudice or affect in any way the rights of the Target and the Shareholders in respect of the warranties and representations of the Purchaser set forth in this Agreement, and the representations and warranties of the Purchaser in this Agreement will survive the Closing and issuance of the Consideration Shares for the applicable period set out in Section 5.22.

10.3 Covenant of the Purchaser

The Purchaser covenants to deliver all of the closing documentation set out in Section 10.1.

ARTICLE 11 TERMINATION

11.1 Termination

This Agreement may be terminated by written notice given by the terminating party to the other parties hereto, at any time prior to the Closing:

- (a) by mutual written consent of each of the Purchaser and the Target;
- (b) by the Purchaser, if there has been a misrepresentation, material breach or non-performance by the Target or a Shareholder of any material representation, warranty, covenant or agreement set forth in this Agreement on the part of the Target or a Shareholder that is not cured, to the reasonable satisfaction of the Purchaser, within seven (7) days after notice of such breach is given by the Purchaser (except that no cure period will be provided for a breach by the Target or a Shareholder that, by its nature, cannot be cured);
- (c) by the Target, if there has been a misrepresentation, material breach or non-performance by the Purchaser of any material representation, warranty, covenant or agreement set forth in this Agreement on the part of the Purchaser that is not cured, to the reasonable satisfaction of the Target, within seven (7) days after notice of such breach is given by the Target (except that no cure period will be provided for a breach by the Purchaser that by its nature cannot be cured);
- (d) by either of the Purchaser or the Target if any permanent injunction or other Order of a Governmental Body of competent authority preventing the consummation of the Transaction has become final and non-appealable;
- (e) by either of the Purchaser or the Target, if a condition for the terminating party's benefit has not been satisfied or waived; or
- (f) by either the Purchaser or the Target, if the Closing has not occurred on or before the Closing Date (provided, that the right to terminate this Agreement under this Section 11.1(f) shall not be available to any party whose failure to fulfill any of its obligations under this Agreement has been the cause of or resulted in the failure to consummate the Transaction by such date).

11.2 Effect of Termination

In the event of the termination of this Agreement as provided in Section 11.1, this Agreement will be of no further force or effect and there shall be no obligation on the part of the parties to this Agreement, except with respect to Section 8.8 which will survive such termination, provided, however, that no termination of this Agreement will relieve any party of liability for any breaches of this Agreement that are based on a wrongful refusal or failure to perform any obligations under this Agreement.

11.3 Waivers and Extensions

At any time prior to the Closing, each of the parties hereto may (a) extend the time for the performance of any of the obligations or other acts of another party hereto, (b) waive any inaccuracies in the representations and warranties contained herein or in any document delivered pursuant hereto or (c) waive compliance with any of the agreements or conditions contained herein. Any such extension or waiver shall be valid if set forth in an instrument in writing signed by the party to be bound thereby.

ARTICLE 12 **GENERAL**

12.1 Expenses

All costs and expenses incurred in connection with the preparation of this Agreement and the Transaction will be paid by the Purchaser. In addition, upon executing this Agreement, all future costs and expenses incurred on the Properties by the Target or Subsidiary will be paid by the Purchaser. If the Transaction does not close, all such costs and expenses of the Target or Subsidiary paid for by the Purchaser shall be treated as a demand loan from the Purchaser to the Target, which shall bear interest at a rate of 6% per annum beginning on the termination pursuant to Article 11.

12.2 Assignment

No parties to this Agreement may assign any of their respective rights under this Agreement without the prior consent of each of the other parties. Subject to the preceding sentence, this Agreement will apply to, be binding in all respects upon, and inure to the benefit of the successors and permitted assigns of each of the parties, as applicable. Nothing expressed or referred to in this Agreement will be construed to give any Person other than the parties to this Agreement any legal or equitable right, remedy, or claim under or with respect to this Agreement or any provision of this Agreement. This Agreement and all of its provisions and conditions are for the sole and exclusive benefit of the parties to this Agreement and their successors and assigns, as applicable.

12.3 Notices

Any notice required or permitted to be given under this Agreement will be in writing and may be given by delivering, sending by electronic facsimile transmission or other means of electronic communication capable of producing a printed copy, or sending by prepaid registered mail, the notice to the following address or number:

If to the Purchaser:

Level 14 Ventures Ltd.
Suite 1400 - 400 Burrard Street
Vancouver, BC V6C 3A6

Attention: Christian Uria
Email: [Redacted]

with a copy to:

DLA Piper (Canada) LLP
Suite 2800, Park Place, 666 Burrard St
Vancouver, British Columbia, V6C 2Z7

Attention: Denis Silva
Email: [Redacted]
Facsimile: [Redacted]

If to the Target or the Shareholders:

Bridle Capital Ltd.
Suite 1400 - 400 Burrard Street
Vancouver, BC V6C 3A6

Attention: David De Witt
Email: [Redacted]

with a copy to:

Clark Wilson LLP
9th Floor - 885 West Georgia Street
Vancouver, British Columbia, V6C 3H1

Attention: Virgil Hlus
Email: [Redacted]
Facsimile: [Redacted]

(or to such other address or number as any party may specify by notice in writing to another party).

Any notice delivered or sent by electronic facsimile transmission or other means of electronic communication capable of producing a printed copy on a Business Day will be deemed conclusively to have been effectively given on the day the notice was delivered, or the transmission was sent successfully to the number set out above, as the case may be. Any notice sent by prepaid registered mail will be deemed conclusively to have been effectively given on the third Business Day after posting; but if at the time of posting or between the time of posting and the third Business Day thereafter there is a strike, lockout, or other labour disturbance affecting postal service, then the notice will not be effectively given until actually delivered.

12.4 Governing Law; Venue

This Agreement, the legal relations between the parties and the adjudication and the enforcement thereof, shall be governed by and interpreted and construed in accordance with the substantive laws of the Province of British Columbia without regard to applicable choice of law provisions thereof. The parties hereto agree that any Proceeding arising out of or relating to this Agreement or the Transaction will be brought in a suitable court located in the Province of British Columbia and each party hereto irrevocably submits to the exclusive jurisdiction of those courts.

12.5 Severability

If any covenant or other provision of this Agreement is invalid, illegal, or incapable of being enforced by reason of any rule of law or public policy, then such covenant or other provision will be severed from and will not affect any other covenant or other provision of this Agreement, and this Agreement will be construed as if such invalid, illegal, or unenforceable covenant or provision had never been contained in this Agreement. All other covenants and provisions of this Agreement will, nevertheless, remain in full force and effect and no covenant or provision will be deemed dependent upon any other covenant or provision unless so expressed herein.

12.6 Independent Legal Advice

Each of the Shareholders acknowledges that he has had independent legal advice regarding the execution of this Agreement, or has been advised of his respective right to obtain independent legal advice, and if he has not in fact obtained independent legal advice, such Shareholder acknowledges herewith that he understands the contents of this Agreement and that he is executing the same voluntarily and without pressure from the other parties or anyone on their behalf.

12.7 Entire Agreement

This Agreement, the schedules attached hereto and the other Transaction Documents contain the entire agreement between the parties with respect to the subject matter hereof and supersede all prior arrangements and understandings, both written and oral, expressed or implied, with respect thereto. Any preceding correspondence or offers are expressly superseded and terminated by this Agreement.

12.8 Further Assurances

The Purchaser, the Target and the Shareholders, upon the request of any other party to this Agreement, whether before or after the Closing, shall do, execute, acknowledge and deliver or cause to be done, executed, acknowledged or delivered all such further acts, deeds, documents, assignments, transfers, conveyances, powers of attorney and assurances as may be reasonably necessary or desirable to effect complete consummation of the Transaction.

12.9 Regulatory Approval

This Agreement is subject to regulatory approval, including, without limitation, approval of the Exchange.

12.10 Enurement

This Agreement and each of the terms and provisions hereof will enure to the benefit of and be binding upon the parties and their respective heirs, executors, administrators, personal representatives, successors and assigns.

12.11 Time

Time is of the essence of this Agreement.

12.12 Waiver

No failure on the part of any party to this Agreement to exercise any power, right, privilege or remedy under this Agreement, and no delay on the part of any party hereto in exercising any power, right, privilege or remedy under this Agreement, shall operate as a waiver of such power, right, privilege or remedy; and no single or partial exercise of any such power, right, privilege or remedy shall preclude any other or further exercise thereof or of any other power, right, privilege or remedy. No party to this Agreement shall be deemed to have waived any claim arising out of this Agreement, or any power, right, privilege or remedy under this Agreement, unless the waiver of such claim, power, right, privilege or remedy is expressly set forth in a written instrument duly executed and delivered on behalf of such party; and any such waiver shall not be applicable or have any effect except in the specific instance in which it is given.

12.13 Force Majeure

The obligations of the parties hereto and the time frames established in this Agreement shall be suspended to the extent and for the period that performance is prevented by any cause beyond either party's reasonable control, whether foreseeable or unforeseeable, including, without limitation, labour disputes, acts of God, laws, regulations, Orders, proclamations or requests of any governmental authority, inability to obtain on reasonable terms required permits, licenses, or other authorizations, or any other matter similar to the above.

12.14 Amendment

This Agreement may not be amended except by an instrument in writing signed by each of the parties.

12.15 Schedules and Disclosure Statements

The schedules attached and the Target Disclosure Statement provided pursuant to this Agreement are incorporated herein.

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12.16 Counterparts and Facsimile Transmission

This Agreement may be executed in several counterparts, each of which will be deemed to be an original and all of which will together constitute one and the same instrument and delivery of an executed copy of this Agreement by electronic facsimile transmission or other means of electronic communication capable of producing a printed copy will be deemed to be execution and delivery of this Agreement as of the date set forth on page one of this Agreement.

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

LEVEL 14 VENTURES LTD.

Per: (signed) "Christian Uria"
Authorized Signatory

BRIDLE CAPITAL LTD.

Per: (signed) "David De Witt"
Authorized Signatory

SCHEDULE A**LIST OF SHAREHOLDERS**

Name and Address	Signature	Number of Shares Held	Number of Consideration Shares to be Received	Cash to be received	Royalty to be received
David DeWitt 1788 Trutch Street Vancouver, B.C. V6K 4G1	<u>(signed) "David De Witt"</u>	600	30,000,000	US\$625,000	Yes per Section 2.2(c)
Andy Swarhout 1791 Juniper Branch Drive West PO Box 1527 Boulder UT 84716	<u>(signed) "Andy Swarhout"</u>	100	5,000,000	Nil	Nil
Keith A. Laskowski 3596 Parkway Ave. Bozeman, Mt. 59718	<u>(signed) "Keith A. Laskowski"</u>	20	1,000,000	Nil	Nil
Total	N/A	720	36,000,000	US\$625,000	N/A

SCHEDULE B**Certificate of U.S. Shareholder**

Capitalized terms used but not otherwise defined in this Certificate shall have the meanings given to such terms in that certain Share Exchange Agreement dated November 16, 2021 among the Purchaser, the Target and the Shareholders, including the undersigned (the "Agreement"). In connection with the issuance of the Consideration Shares to the undersigned, the undersigned hereby agrees, acknowledges, represents and warrants, as an integral part of the Agreement, that:

1. the undersigned satisfies one or more of the categories of "Accredited Investor", as defined by Regulation D promulgated under the Securities Act, as indicated below: (Please initial in the space provided those categories, if any, of an "Accredited Investor" which the undersigned satisfies.)

- | | | |
|-------|------------|--|
| _____ | Category 1 | An organization described in Section 501(c)(3) of the United States Internal Revenue Code, a corporation, a Massachusetts or similar business trust or partnership, not formed for the specific purpose of acquiring the Consideration Shares, with total assets in excess of US \$5,000,000. |
| _____ | Category 2 | A natural person whose individual net worth, or joint net worth with that person's spouse, on the date of purchase exceeds US \$1,000,000, excluding the value of the primary residence of such person(s) and the related amount of indebtedness secured by the primary residence up to its fair market value. |
| _____ | Category 3 | A natural person who had an individual income in excess of US \$200,000 in each of the two most recent years or joint income with that person's spouse in excess of US \$300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year. |
| _____ | Category 4 | A private business development company as defined in Section 202(a)(22) of the <i>Investment Advisers Act of 1940</i> (United States). |
| _____ | Category 5 | A director or executive officer of the Target who will continue to be a director or executive officer of the Purchaser after the Closing. |
| _____ | Category 6 | A trust with total assets in excess of \$5,000,000, not formed for the specific purpose of acquiring the Consideration Shares, whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii) under the U.S. Securities Act. |
| _____ | Category 7 | An entity in which all of the equity owners satisfy the requirements of one or more of the foregoing categories. |

Note that if the undersigned is claiming to satisfy one of the above categories of Accredited Investor, the undersigned may be required to supply the Purchaser with a balance sheet, prior

years' federal income Tax Returns or other appropriate documentation to verify and substantiate the undersigned's status as an Accredited Investor.

2. none of the Consideration Shares have been or will be registered under the U.S. Securities Act, or under any state securities or "blue sky" laws of any state of the United States, and may not be offered or sold in the United States or, directly or indirectly, to U.S. Persons, as that term is defined in Regulation S, except in accordance with the provisions of Regulation S or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with any applicable state and foreign securities laws;

3. the undersigned understands and agrees that offers and sales of any of the Consideration Shares shall be made only in compliance with the registration provisions of the U.S. Securities Act or an exemption therefrom and in each case only in accordance with applicable state and foreign securities laws;

4. the undersigned understands and agrees not to engage in any hedging transactions involving any of the Consideration Shares unless such transactions are in compliance with the provisions of the U.S. Securities Act and in each case only in accordance with Applicable Securities Laws;

5. the undersigned is acquiring the Consideration Shares for investment only and not with a view to resale or distribution and, in particular, it has no intention to distribute either directly or indirectly any of the Consideration Shares in the United States or to U.S. Persons;

6. except as set out in the Agreement, the Purchaser has not undertaken, and will have no obligation, to register any of the Consideration Shares under the U.S. Securities Act;

7. the Purchaser is entitled to rely on the acknowledgements, agreements, representations and warranties and the statements and answers of the undersigned contained in the Agreement and this Certificate, and the undersigned will hold harmless the Purchaser from any loss or damage either one may suffer as a result of any such acknowledgements, agreements, representations and/or warranties made by the undersigned not being true and correct;

8. the undersigned has been advised to consult their own respective legal, tax and other advisors with respect to the merits and risks of an investment in the Consideration Shares and, with respect to applicable resale restrictions, is solely responsible (and the Purchaser is not in any way responsible) for compliance with applicable resale restrictions;

9. the undersigned and the undersigned's advisor(s) have had a reasonable opportunity to ask questions of and receive answers from the Purchaser in connection with the acquisition of the Consideration Shares under the Agreement, and to obtain additional information, to the extent possessed or obtainable by the Purchaser without unreasonable effort or expense;

10. the books and records of the Purchaser were available upon reasonable notice for inspection, subject to certain confidentiality restrictions, by the undersigned during reasonable business hours at its principal place of business and that all documents, records and books in connection with the acquisition of the Consideration Shares under the Agreement have been made available for inspection by the undersigned, the undersigned's attorney and/or advisor(s);

11. the undersigned (i) is able to fend for itself in connection with the acquisition of the Consideration Shares; (ii) has such knowledge and experience in business matters as to be capable of evaluating the merits and risks of its prospective investment in the Consideration Shares; and (iii) has the

ability to bear the economic risks of its prospective investment and can afford the complete loss of such investment;

12. the undersigned is not aware of any advertisement of any of the Consideration Shares and is not acquiring the Consideration Shares as a result of any form of general solicitation or general advertising including advertisements, articles, notices or other communications published in any newspaper, magazine or similar media or broadcast over radio or television, or any seminar or meeting whose attendees have been invited by general solicitation or general advertising;

13. except as set out in the Agreement, no person has made to the undersigned any written or oral representations:

- (a) that any person will resell or repurchase any of the Consideration Shares;
- (b) that any person will refund the purchase price of any of the Consideration Shares;
or
- (c) as to the future price or value of any of the Consideration Shares;

14. neither the SEC nor any other securities commission or similar regulatory authority has reviewed or passed on the merits of the Consideration Shares;

15. the Purchaser shall refuse to register any transfer of Consideration Shares not made in accordance with the provisions of Regulation S, pursuant to registration under the U.S. Securities Act, or pursuant to an available exemption from registration under the U.S. Securities Act;

16. the Consideration Shares issued to the undersigned will bear the following legend:

“NONE OF THE SECURITIES REPRESENTED HEREBY HAVE BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “1933 ACT”), OR ANY U.S. STATE SECURITIES LAWS, AND, UNLESS SO REGISTERED, MAY NOT BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, IN THE UNITED STATES (AS DEFINED HEREIN) OR TO U.S. PERSONS EXCEPT IN ACCORDANCE WITH THE PROVISIONS OF REGULATION S UNDER THE 1933 ACT, PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE 1933 ACT, OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE 1933 ACT AND IN EACH CASE ONLY IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS. “UNITED STATES” AND “U.S. PERSON” ARE AS DEFINED BY REGULATION S UNDER THE 1933 ACT.”;

17. the address of the undersigned included herein is the sole address of the undersigned as of the date of this certificate;

18. the undersigned is the beneficial owner of the Shares set out beside its name in Schedule A to the Agreement, free and clear of all Liens, charges and Encumbrances of any kind whatsoever;

19. other than the Charter Documents of the Target, there are no written instruments, buy-sell agreements, registration rights or agreements, voting agreements or other agreements by and between or among the undersigned and any other Person, imposing any restrictions upon the transfer, prohibiting the transfer of or otherwise pertaining to the Shares or the ownership thereof;

20. no Person has or will have any agreement or option or any right capable at any time of becoming an agreement to purchase or otherwise acquire the Shares or require the undersigned to sell, transfer, assign, pledge, charge, mortgage or in any other way dispose of or encumber any of the Shares other than under the Agreement; and

21. the undersigned waives all claims and actions connected with the issuance of or rights attached to the Shares, including without limitation, the benefit of any representations, warranties and covenants in favour of the undersigned contained in any share purchase or subscription agreement(s) for such Shares; and any registration, liquidation, or any other rights by and between or among the undersigned and any other Person, which may be triggered as a result of the consummation of the Transaction.

IN WITNESS WHEREOF, I have executed this Certificate of U.S. Shareholder.

Signature

Date: _____, 2021

Print Name

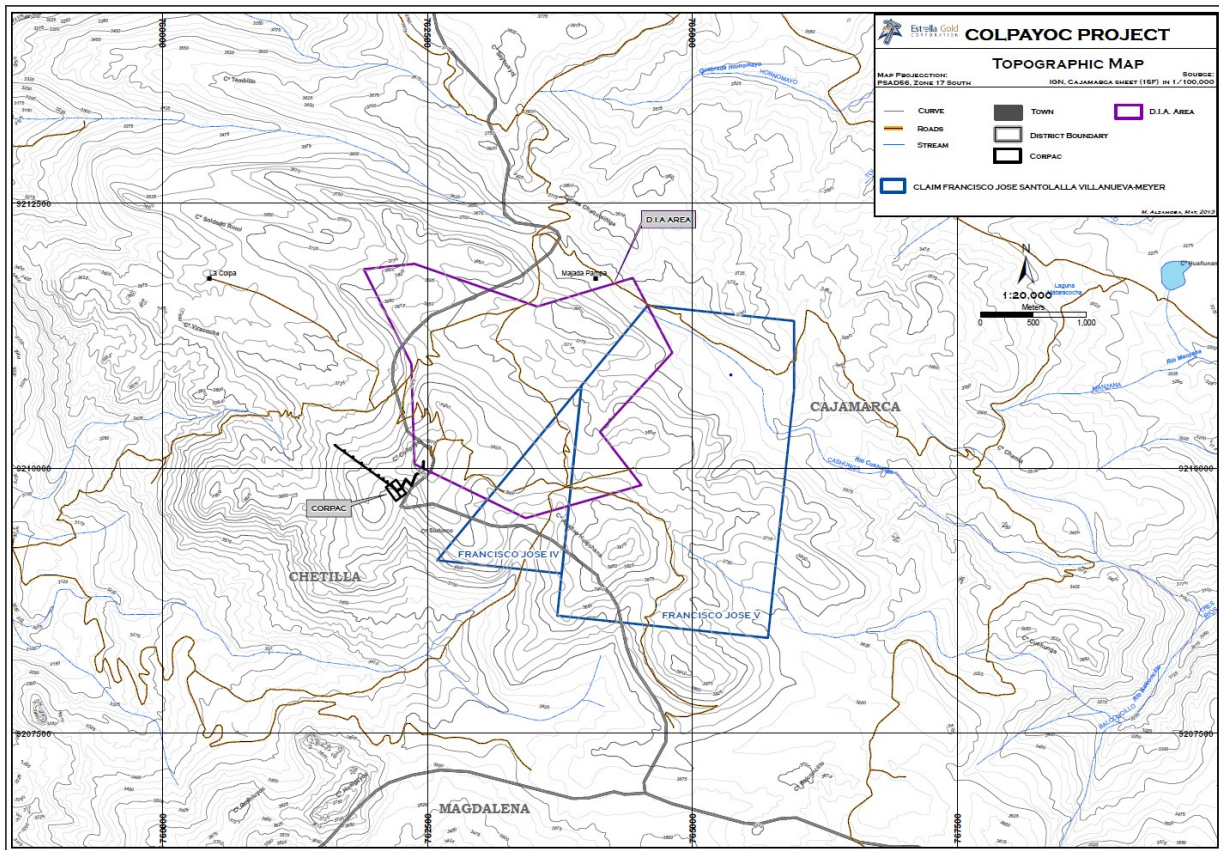
Title (if applicable)

Address

SCHEDULE C**PROPERTIES AND MINERAL INTERESTS****Jose Claims**

The Colpayoc Jose claims consist of approximately 680.9 hectares of mineral concessions or mining licenses as described as follows located in Cajamarca Peru:

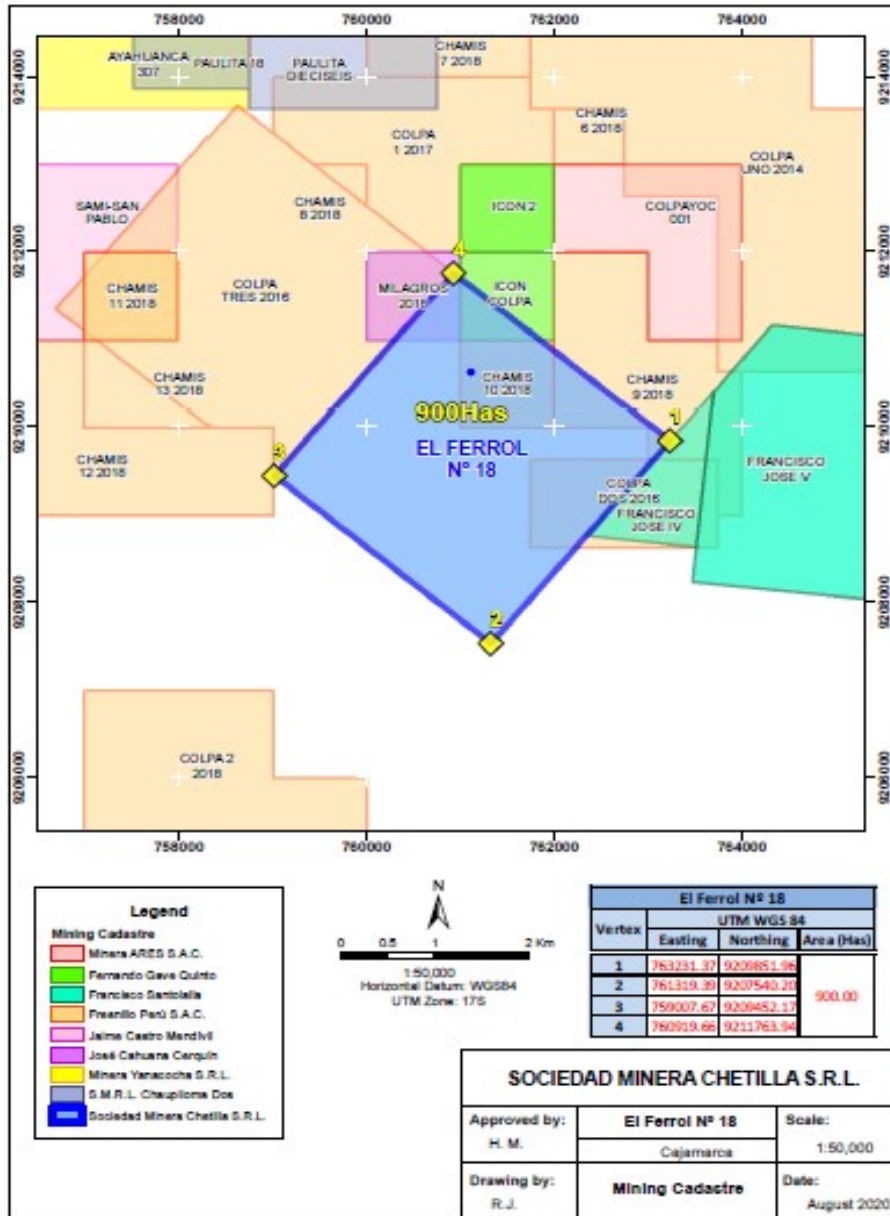
Property name	Area Ha.	License No.	Issue Date
Francisco José IV	105.4305	0303541AX01	13-Dec-99
Francisco José V	575.4997	03003527X01	21-Jan-00

Map of the Colpayoc Property:**El Ferrol Claim**

The Colpayoc El Ferrol claim consists of approximately 900 hectares of mineral concessions or mining licenses as described as follows located in Cajamarca Peru:

Property Name	Area Ha.	License No.	Issue Date
El Ferrol N° 18	899.9991	03001812X01	26-Nov-96

Map of the Property:



SCHEDULE D
FORM OF ROYALTY AGREEMENT

NET SMELTER RETURNS ROYALTY AGREEMENT

Dated this ● day of ●.

BETWEEN:

LEVEL 14 VENTURES LTD., a company existing under the laws of the Province of British Columbia, Canada

(the “**Guarantor**”)

AND: MINEROS INVIRTIENDO EN PERU S.A.C., a company existing under the laws of Peru

(the “**Owner**”)

AND: [REDACTED], a company existing under the laws of the Province of British Columbia, Canada

(the “**Royalty Holder**”)

WHEREAS the Owner has the option to acquire 100% undivided interest in the Properties (as herein defined);

AND WHEREAS subject to exercising its option on the Properties, the Owner wishes to grant to the Royalty Holder a certain net smelter returns royalty payable on all Products (as herein defined), all on and subject to the terms and conditions herein contained;

AND WHEREAS the Owner is a wholly-owned subsidiary of the Guarantor;

AND WHEREAS the Guarantor is willing to execute and deliver this Agreement to provide a guarantee to and in favour of the Royalty Holder with respect to the covenants, obligations and indemnifications of the Owner as herein provided;

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

1. INTERPRETATION

1.1 Preambles and Schedules. The preambles and the Schedules form an integral part of this Agreement.

1.2 Defined Terms. For the purposes of this Agreement, unless the context otherwise requires, the following terms shall have the respective meanings set out below and grammatical variations of such terms shall have corresponding meanings:

- (a) “**Affiliate**” means with respect to a Person, any other Person that directly, or indirectly through one or more intermediaries, Controls, is Controlled by or is under common Control with, the subject Person;
- (b) “**Agreement**” means this Net Smelter Returns Royalty Agreement as amended or supplemented in accordance with the terms hereof;
- (c) “**Allowable Deductions**” means all costs, charges, deductions and expenses paid or incurred by the Owner for, or with respect to, such Products comprising only third-party charges for treatment in smelting and refining and for transportation to the smelter or refinery. For clarity, transportation costs include handling, assaying, weighing, sampling, insurance, umpire and representative fees and costs, including without limitation, metal losses, and other processor deductions. Allowable Deductions will only include charges that meet the above-mentioned criteria, that have been paid to arm’s length Persons and that were incurred at facilities offsite. There will be no Allowable Deductions from Gross Proceeds received as a result of a Loss.
- (d) “**Annual Report**” means a written report to be first submitted upon entering the construction phase of the Properties, in relation to any calendar year, detailing:
 - (i) the number of ounces or pounds of Products (on a Product-by-Product basis) produced from the Properties on a Month-by-Month basis, in the applicable calendar year, as well as tonnes mined, average grade mined, head grade of milled Products and metallurgical recovery in the applicable calendar year;
 - (ii) if applicable, the names and addresses of each Offtaker to which the Products referred to in subsection (i) were delivered;
 - (iii) the Gross Proceeds and the Allowable Deductions which were applied against the Gross Proceeds and the Net Smelter Returns which have resulted or which are estimated to result from the Products referred to in subsection (i) on a Month-to-Month basis;
 - (iv) the amount of the Royalty which has been paid to the Royalty Holder with respect to the Products referred to in subsection (i), in accordance with the provisions of this Agreement on a Month-to-Month basis;
 - (v) the Product prices used by the Owner and its Affiliates for short term and long-term planning purposes with respect to the Properties;
 - (vi) an updated mine operating and development plan and budget which includes updated reserves and resources, forecasted production during the upcoming annual calendar year period and any planned drilling and exploration activities within the Properties during the upcoming annual calendar year period;
 - (vii) details of any material health or safety violations and material violations of any Applicable Laws (including environmental laws), in each case with respect to the Properties; and

- (viii) a summary of the status of any and all material permits and permit applications with respect to the Properties and mining operations to be conducted thereon during the upcoming annual calendar year period;
- (e) “**Annual Report Dispute Notice**” has the meaning set forth in section 3.11;
- (f) “**Applicable Laws**” means any law, regulation, decision, ordinance, code, order or other requirement or rule of law or the rules, policies, orders or regulations of any Governmental Authority, including any judicial or administrative interpretation thereof, applicable to a person or any of its properties, assets, businesses or operations.
- (g) “**BCICAC**” has the meaning set forth in section 8.1;
- (h) “**Business Day**” means a day that is not a Saturday, Sunday or any other day which is a statutory holiday or a bank holiday in the place where an act is to be performed or a payment is to be made;
- (i) “**Confidential Information**” has the meaning set forth in section 10.2;
- (j) “**Control**” or “**Controlled**” means, when used as a verb:
 - (i) with respect to an entity, the ability, directly or indirectly through one or more intermediaries, to direct or cause the direction of the management and policies of the entity through the legal or beneficial ownership of voting securities or the right to appoint managers, directors or corporate management or by contract, operating agreement, voting trust or otherwise;
 - (ii) with respect to a natural person, the actual or legal ability to control the actions of another, through family relationship, agency, contract or otherwise; and;
 - (iii) when used as a noun, an interest that gives the holder the ability to exercise any of the powers described in subsections (i) and (ii) of this definition;
- (k) “**Demanding Party**” has the meaning set forth in section 8.1;
- (l) “**Dispute Notice**” has the meaning set forth in section 8.1;
- (m) “**Expert’s Report**” has the meaning set forth in section 3.11;
- (n) “**Event of Default**” has the meaning set forth in section 6.2;
- (o) “**Governmental Authority**” means any government, parliament, legislature or commission or board of government, parliament or legislature or any political subdivision thereof, or any quasi-governmental authority, or any court or (without limitation of the foregoing) any other law, regulation or rule-making entity (including, without limitation, any central bank, fiscal or monetary authority or authority regulating financing institutions) having or purporting to have jurisdiction in the relevant circumstances, or any Person acting or purporting to act under the authority of any of the foregoing (including, without limitation, any arbitrator) or any other authority charged with the administration or enforcement of Applicable Laws;

- (p) “**Gross Proceeds**” means proceeds received or deemed to be received by the Owner or its Affiliates from a Sale;
- (q) “**Guaranteed Obligations**” means the prompt and complete observance and performance of all the terms, covenants, conditions and provisions to be observed and/or performed by the Owner and the Guarantor, if any, pursuant to this Agreement;
- (r) “**Guarantor**” has the meaning set forth in the preambles of this Agreement;
- (s) “**Insolvency Event**” means, in relation to any person, any one or more of the following events or circumstances:
 - (i) proceedings are commenced for the winding-up, liquidation or dissolution of it, unless it in good faith actively and diligently contests such proceedings resulting in a dismissal or stay thereof within 60 days of the commencement of such proceedings;
 - (ii) a decree or order of a Governmental Authority is entered adjudging it to be bankrupt or insolvent (unless vacated), or a petition seeking reorganization, arrangement or adjustment of or in respect of it is approved under the Applicable Laws relating to bankruptcy, insolvency or relief of debtors;
 - (iii) it makes an assignment for the benefit of its creditors, or petitions or applies to any Governmental Authority for the appointment of a receiver or trustee for itself or any substantial part of its property, or commences for itself or acquiesces in or approves or has filed or commenced against it any proceeding under any bankruptcy, insolvency, reorganization, arrangement or readjustment of debt law or statute or any proceeding for the appointment of a receiver or trustee for itself or any substantial part of its assets or property, or has a liquidator, administrator, receiver, trustee, conservator or similar person appointed with respect to it or any substantial portion of its property or assets;
 - (iv) a resolution is passed for the receivership, winding-up or liquidation of it; or
 - (v) anything analogous or having a similar effect to an event listed in paragraphs (i) to (iv) above occurs in respect of that person;
- (t) “**Lender**” means any reputable and recognized banking or financial institution, offtaker or export credit agency that provides project financing with respect to the Properties, excluding the Royalty Holder.
- (u) “**Loss**” means loss of, theft of or damage to Products, whether or not occurring on or off the Properties and whether the Products are in the possession of the Owner or its Affiliates or otherwise;
- (v) “**Losses**” means all claims, demands, proceedings, fines, losses, damages, liabilities, obligations, deficiencies, costs and expenses (including all reasonable legal and other professional fees and disbursements, interest, penalties, judgment and amounts paid in settlement of any demand, action, suit, proceeding, assessment, judgment or settlement or compromise), including any taxes payable

in respect thereof and, in the case of the Royalty Holder, all special, indirect and consequential losses (including loss of profits, loss of revenue or losses attributable to the failure by the Owner or Guarantor to make current or future required or expected Royalty payments hereunder, including any decline in value of any Products in respect of Royalty payments that are not made when due), in connection with or in respect of any breach or default of the Agreement by the Owner or Guarantor;

- (w) “**Materials**” has the meaning set forth in section 2.6;
- (x) “**Month**” means a calendar month;
- (y) “**Monthly Average Spot Price**” means the average Spot Price for the applicable Product in United States dollars (or, should that quotation cease, another similar quotation acceptable to the Parties or, if they cannot agree, determined by arbitration hereunder), calculated by dividing the sum of all such prices with respect to the applicable Product reported for the Month by the number of days for which such prices were reported;
- (z) “**Net Smelter Returns**” means the Gross Proceeds from a Sale less Allowable Deductions;
- (aa) “**Offer**” has the meaning set forth in section 2.4;
- (bb) “**Offtaker**” means the counterparty to an Offtake Agreement;
- (cc) “**Offtake Agreement**” means any refining, smelting, brokering, sales, marketing and/or processing agreement entered into by the Owner or its Affiliates with respect to Products;
- (dd) “**Owner**” has the meaning set forth in the preambles to this Agreement;
- (ee) “**Party**” or “**Parties**” means one or more of the parties to this Agreement;
- (ff) “**Person**” means and includes any individual, corporation, limited liability company, partnership, firm, joint venture, syndicate, association, trust, governmental agency or board or commission or authority and any other form of entity or organization;
- (gg) “**Permitted Liens**” means the existing encumbrances on the Properties set forth in Schedule “B” herein;
- (hh) “**Products**” means any and all economic marketable material, in whatever form or state, produced from the Properties and without limitation, any products resulting from the further milling, processing or other beneficiation, including without limitation, ore concentrates, doré, powders or dusts or Refined Metal;
- (ii) “**Properties**” means the mining rights and/or concessions, the exploration agreements and other exploration, exploitation or other similar rights in real property listed in Schedule “A” attached hereto, including any rights or interests granted by a governmental authority, or any interest therein, and any and all other claims, mining leases, and other forms of mineral tenure or other rights to minerals or mining rights, or rights to work or enter upon lands for the purpose of exploring for, developing or extracting minerals, whether contractual, statutory or

otherwise that are acquired by the Owner or its Affiliates from and after the date of this Agreement and are situated, in whole or in part, within two (2) kilometers of the external boundaries of the Properties listed in Schedule “A” attached hereto. . “Properties” includes any amendments, relocations, adjustments, resurvey, additional locations, conversions of, or any renewal, amendment, other modification or extension, consolidation (“*acumulación*”) accession or succession thereto, whether created privately or through government action, of any of the foregoing;

- (jj) “**Proposed Metal Stream**” has the meaning set forth in section 2.4;
- (kk) “**Purchase Price**” has the meaning set forth in section 2.1;
- (ll) “**Refined Metal**” means gold, silver, lead, copper, nickel, zinc, platinum group or other marketable Products refined to standards meeting or exceeding commercial standards for the sale of such refined metals;
- (mm) “**Released Property**” has the meaning set forth in section 2.8;
- (nn) “**Relinquishment Event**” has the meaning set forth in section 2.8;
- (oo) “**Responding Party**” has the meaning set forth in section 8.1;
- (pp) “**Royalty**” means 1.0% of Net Smelter Returns. For greater certainty, the Royalty shall be on the Properties where the owner exercises its respective option;
- (qq) “**Royalty Holder Indemnified Parties**” has the meaning set forth in section 6.1;
- (rr) “**Rule Against Perpetuities**” means the common law principle that prevents the vesting of future interests in properties at a remote future time.
- (ss) “**Sale**” means a sale or transfer of title of Products by or on behalf of the Owner or any of its Affiliates to a Person, whether or not an Affiliate of the Owner, and is deemed to include a deemed transfer of title to Products transported off the Properties that the Owner elects to have credited to or held for its account by an Offtaker and is also deemed to include any Loss prior to any transfer or deemed transfer of title to Products;
- (tt) “**Selling Party**” has the meaning set forth in section 2.4;
- (uu) “**Spot Price**” means (i) in the case of Refined Metal that is gold, the price of gold in U.S. dollars quoted by the London Bullion Market Association (currently in partnership with ICE Benchmark Administration), being the London P.M. gold fix; (ii) in the case of Refined Metal that is silver, the price of silver in U.S. dollars quoted by the London Bullion Market Association (currently in partnership with ICE Benchmark Administration) and (iii) in the case of other Refined Metals, the price per unit in U.S. dollars for the relevant Refined Metal as quoted in “**Metals Week**”. If for any reason the London Bullion Market Association is no longer in operation or the spot price of any Refined Metal is not quoted by the London Bullion Market Association or in Metals Week, as applicable, the “**Spot Price**” of such Refined Metal shall be determined by reference to the price of such Refined Metal on another commercial exchange mutually acceptable to the Parties;

- (vv) “**Third-Party Offer**” has the meaning set forth in section 2.4;
- (ww) “**Trading Activities**” has the meaning set forth in section 3.9; and
- (xx) “**Transfer**” when used as a verb, means to sell, grant, assign, encumber, hypothecate, pledge or otherwise dispose of or commit to dispose of, directly or indirectly, including through mergers, arrangements, amalgamations, consolidations, asset sales or spin-out transactions. When used as a noun, “**Transfer**” means a sale, grant, assignment, pledge or disposal or the commitment to do any of the foregoing, directly or indirectly, including through mergers, arrangements, amalgamations, consolidations, asset sale or spin-out transaction.

- 1.3 Governing Law.** This Agreement shall be construed, interpreted and enforced in accordance with, and the respective obligations of the Parties shall be governed by, the laws of the Province of British Columbia and the federal laws of Canada applicable therein, except for those mandatory provisions under Peruvian law applicable to the Properties, and each Party hereby irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of such province and all courts competent to hear appeals therefrom.
- 1.4 Severability.** If any one or more of the provisions contained in this Agreement is held to be invalid, illegal or unenforceable in any respect under the laws of any jurisdiction, the validity, legality and enforceability of such provision will not in any way be affected or impaired thereby under the laws of 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.
- 1.5 Calculation of Time.** If any time period set forth in this Agreement ends on a day of the week which is not a Business Day, then notwithstanding any other provision of this Agreement, such period will be extended until the end of the next following day which is a Business Day.
- 1.6 Headings.** The headings to the articles and sections of this Agreement are inserted for convenience only and will not affect the construction hereof.
- 1.7 Other Matters of Interpretation.** In this Agreement:
- (a) the singular includes the plural and vice versa;
 - (b) the masculine includes the feminine and vice versa;
 - (c) references to “article,” “section” and “subsection” are to articles, sections and subsections of this Agreement, respectively;
 - (d) all provisions requiring a Party to do or refrain from doing something will be interpreted as the covenant of that Party with respect to that matter notwithstanding the absence of the words “covenants” or “agrees” or “promises”;
 - (e) all provisions requiring a Party to do something will be interpreted as including the covenant of that Party to cause that thing to be done when the Party cannot directly perform the covenant but can indirectly cause that covenant to be performed, whether by an Affiliate under its control or otherwise;

- (f) the words “hereto,” “herein,” “hereby,” “hereunder,” “hereof” and similar expressions when used in this Agreement refer to the whole of this Agreement and not to any particular article, part, section, exhibit or portion thereof;
- (g) references to a Party in this Agreement mean the Party or its successors or permitted assigns;
- (h) the words “including”, “includes” and “include” shall be deemed to be followed by the words “without limitation”;
- (i) any time period within which a payment is to be made or any other action is to be taken hereunder shall be calculated excluding the day on which the period commences and including the day on which the period ends; and
- (j) whenever any payment is required to be made, action is required to be taken or period of time is to expire on a day other than a Business Day, such payment shall be made, action shall be taken or period shall expire on the next following Business Day.

2. **CONDITION PRECEDENT AND ROYALTY DESCRIPTION.**

2.1 **Condition Precedent of Rights and Obligations.**

- (a) Subject to section 2.1(b) below, it is a condition precedent to the Parties rights and obligations under this Agreement that the Owner exercises its options on the respective Properties.
- (b) The Guarantor shall provide the Royalty Holder with 10 days written notice prior to the occurrence of exercising either of its options on the respective Properties.

2.2 **Net Smelter Return Royalty.** As partial consideration for the share exchange between the Royalty Holder and the Owner (the “**Purchase Price**”) pursuant to the terms a share exchange agreement dated November 17, 2021, and in accordance with the terms and conditions specified in this Agreement, upon the exercise of the Owner’s option to acquire 100% interest in the Properties the Owner hereby constitutes the Royalty over the Properties listed in Schedule “A” hereto in favour of the Royalty Holder, and agrees to pay to the Royalty Holder, the Royalty all on the terms and conditions specified in this Agreement.

2.3 **Sale of Products Other Than to a Smelter or Refinery.** If there is a Sale by the Owner or an Affiliate other than to a smelter or refinery, the Royalty shall be 1.0% of the gross value of recoverable metals or other materials contained in such Products, without deductions except for penalties or offsets in respect of ore dependent factors, if any, imposed by the buyer in relation to the specific Products delivered. The amount of recoverable metals or other materials contained in Products removed from the Properties shall be calculated and determined based upon assays, metallurgical tests and such other analyses as are customary in the industry which are conducted in a manner satisfactory to the Owner and the Royalty Holder, acting reasonably. If the Parties are unable to agree on the manner of conducting such assays, tests and analyses for a period of 30 days, either of the Parties may refer the question to arbitration hereunder and the decision of the arbitrator shall be final and binding upon the Parties. For the purposes of this section, the gross value of such metals or other materials shall be determined by multiplying the amount of such metals or other materials by the Monthly Average Spot Price.

2.4 Right of First Refusal. If the Owner or the Guarantor or any of its Affiliates (the “**Selling Party**”) shall receive a bona fide written offer from an arm’s length Person that it is willing to accept (the “**Third-Party Offer**”) to purchase a metal royalty or metal stream on production from the Properties, to enter into any metal loan arrangement, or to purchase any participating interest in production from the Properties (any of which is referred to as the “**Proposed Metal Stream**”), which offer shall state the price and all other pertinent terms and conditions upon which the said third-party wishes to complete the Proposed Metal Stream transaction, the Selling Party shall deliver a copy of the Third-Party Offer to the Royalty Holder together with the Selling Party’s own offer to sell to the Royalty Holder all, but not less than all, of the Proposed Metal Stream on the same terms and conditions (the “**Offer**”). The Royalty Holder shall have 30 days from the date the Offer is delivered to it, to notify the Selling Party whether it elects to acquire the Proposed Metal Stream at the price and on the terms and conditions set forth in the Offer. If the Royalty Holder does elect to accept the Offer, the transaction with respect to the Proposed Metal Stream shall be consummated promptly after notice of such election is delivered by the Royalty Holder. If the Royalty Holder fails to so elect within the period provided for in this section, the Selling Party shall have 60 days following the expiration of such period to consummate the transaction with respect to the Proposed Metal Stream with a third Person at a price and on terms no less favourable than those offered in the Offer and in accordance with this section. If the Selling Party fails to consummate the transaction with respect to the Proposed Metal Stream with a third Person within the period set forth in this section, the right of first refusal herein contained shall be deemed to be revived. Any subsequent proposal to complete a Proposed Metal Stream shall be conducted in accordance with the procedures set forth in this section.

For the avoidance of doubt, this section 2.4 shall not apply to (i) spot metal sales, (ii) metal forward sales or options or other metal sales or loans to financial institutions, (iii) any private or public offering of securities that are backed by Products or (iv) any normal-course Offtake Agreement; but this section 2.4 shall apply to any financing transactions that the Owner or any of their respective Affiliates wish to enter into that a royalty company would typically enter into, including royalties, streams or stream-like financings based on production from the Properties.

For greater certainty, this section 2.4 shall not apply to any metal royalty on production from the Properties that is received by the Owner or the Guarantor or any of their respective Affiliates as consideration upon a sale of the Properties to a third-party.

2.5 Nature of the Royalty. The Owner hereby constitutes a lien over the Properties by way of the Royalty. Parties agree that, subject to the provisions of section 2.8, the Royalty constitutes an interest in the Properties and will be a covenant running with the Properties, will be enforceable as an *in rem* interest in land which shall run with the Properties and will be binding upon and enure to the benefit of the Parties and their respective successors and assigns. It is the intention of the Parties that, to the extent permissible at law, the Royalty on the Properties, including the Royalty over (i) the Properties acquired by the Owner or its Affiliates from and after the date of this Agreement and are situated, in whole or in part, within two (2) kilometres of the external boundaries of the Properties listed in Schedule “A” attached hereto and (ii) the once or formerly Released Properties or new Properties, as the case maybe, subsequently reacquired or acquired by the Owner or any Affiliate of the Owner in accordance with section 2.8 shall be registerable or otherwise recordable in all relevant public registries and places where the Properties are recordable and be opposable before third parties and the Peruvian State and the Owner shall execute and deliver such further documents as

may be necessary for the timely and effective recording or registration of a caution, notice or caveat in respect of this Agreement, in such public registries and places.

- 2.6 **Tailings and Residue.** All tailings, residues, waste rock, spoiled leach materials, and other materials (collectively the “**Materials**”) resulting from the Owner’s operations and activities on the Properties shall be the sole property of the Owner, but shall remain subject to the obligation to pay the Royalty should the same be processed or reprocessed, as the case may be, in the future and result in Products. The Owner shall have the right to dispose of Materials from the Properties, whether on or off of the Properties, and to commingle the same with Materials from other properties. In the event Materials are processed or reprocessed, as the case may be, the Royalty applicable thereto shall be determined on a *pro rata* basis as determined by using such reasonable and customary engineering and technical practices as are then available.
- 2.7 **Ore Processing.** All determinations with respect to: (a) whether ore from the Properties will be beneficiated, processed or milled by the Owner or sold in a raw state; (b) the methods of beneficiating, processing or milling any such ore; (c) the constituents to be recovered therefrom; and (d) the purchasers to whom any ore, minerals or mineral substances derived from the Properties may be sold, shall be made by the Owner in its sole and absolute discretion.
- 2.8 **Abandonment, Relinquishment or Non-Renewal.** If the Owner or the Guarantor or an Affiliate of the Owner or the Guarantor wishes to abandon, relinquish, allow to be forfeited or terminate or not renew (the “**Relinquishment Event**”) all or any portion of the Properties (the “**Released Property**”), then the Owner shall provide the Royalty Holder with a minimum of 30 days prior written notice of such intended Relinquishment Event.

Upon receipt of the said notice, the Royalty Holder shall have a period of 30 days within which to advise the Owner in writing that it desires to acquire the Released Property for consideration equal to CAD\$10.00. If the Royalty Holder shall forward such written notice to the Owner within the said 30-day period, the Owner shall thereafter do all such acts and things or shall cause all such acts and things to be done, at the Royalty Holder’s sole cost and expense, to assign or convey, as appropriate, the Released Property to the Royalty Holder and to have the Released Property recorded or registered into the name of the Royalty Holder.

If the Royalty Holder does not forward the said written notice to the Owner within the said 30-day period, then the Owner or the Guarantor or the Affiliate of the Owner or the Guarantor shall have the right to complete the Relinquishment Event with respect to the applicable Released Property.

If a Relinquishment Event is completed and thereafter, the Owner, the Guarantor or any Affiliate of the Owner or the Guarantor subsequently reacquires a direct or indirect beneficial interest in the Released Property or in a new property located in the area originally covered by the Released Property, then such Released Property will once again be subject to the Royalty with respect thereto.

3. PAYMENTS, TRADING ACTIVITIES AND BOOKS AND RECORDS

- 3.1 **Payment Obligation.** The obligation to pay the Royalty will accrue when there has been a Sale, provided that any Royalty due in respect of a Loss will accrue when the insurance proceeds are paid.

- 3.2 Provisional Settlements.** Where a Sale (including an insurance settlement in respect of a Loss) is made on a provisional basis, the amount of the Royalty payable will be based upon the amount of metal or other Products (or the amount of the insurance settlement received in respect of a Loss) credited by such provisional settlement, but will be adjusted to account for the amount of metal or other Products (or the amount of the insurance settlement received in respect of a Loss) established by final settlement with the treatment facility or with the purchaser or insurer, as the case may be. If production has ceased, settlement will be made between the Parties by cash payment.
- 3.3 Due Date.** Royalty payments will be due and payable quarterly on the last day of the Month immediately following the end of the preceeding calendar quarter in which the same accrued. For clarity, Royalty payments accrued for the calendar quarterly period ending March 31 will be due and payable on April 30, being the last day of the Month immediately following the end of the preceeding calendar quarter. The Owner shall pay interest on any delinquent Royalty payment at a rate per annum of 10%, commencing on the date on which such delinquent payment was properly due and continuing until the date on which the Royalty Holder receives payment in full of such delinquent payment and all accrued interest thereon.
- 3.4 Royalty Statements.** Royalty payments will be accompanied by a statement showing in reasonable detail on a Product-by-Product basis for the relevant calendar quarter:
- (a) the quantities, grades, tonnes mined, mined grade, head grade of milled Products and metallurgical recoveries of Products (on a Product-by-Product basis) produced;
 - (b) the quantities and grades of Products (on a Product-by-Product basis) produced and for which there was a Sale in the quarter;
 - (c) the Gross Proceeds of Sale received in the quarter (on a Product-by-Product basis), setting out the applicable Offtakers, and the number of ounces, tonnes or pounds, as applicable, of each of the Products sold in each Month of the quarter as well as the Monthly Average Spot Price for each of each such Product for each Month of the quarter;
 - (d) the calculation and determination of the Allowable Deductions in the quarter;
 - (e) any adjustments to provisional settlements; and
 - (f) other pertinent information in sufficient detail to explain the calculation of the Royalty payment.
- 3.5 Adjustments.** Subject to section 3.2, all Royalty payments will be considered final and in full satisfaction of all obligations of the Owner with respect thereto, unless the Royalty Holder gives the Owner written notice describing and setting forth a specific objection to the determination thereof and the basis for the objection after the receipt by the Royalty Holder of the quarterly Royalty statement. In addition to the provisions of section 3.10 and 3.11, if the Royalty Holder objects to a particular quarterly statement as herein provided, then:
- (a) the Royalty Holder will have the right, upon reasonable notice and at a reasonable time, and for a reasonable period of duration, to have the Owner's accounts and records relating to the calculation of the Royalty in question audited

by an independent chartered professional accountant selected by the Royalty Holder;

- (b) if such audit determines that there has been a deficiency or an excess in the payment made to the Royalty Holder, such deficiency or excess will be resolved by adjusting the next quarterly Royalty payment due hereunder. If production has ceased, settlement will be made between the Parties by cash payment; and
- (c) the Royalty Holder will pay all costs of such audit unless a deficiency of two percent or more of the amount due to the Royalty Holder is determined to exist. The Owner will pay the costs of such audit if a deficiency of two percent or more of the amount due is determined to exist.

3.6 Conversion of Currency. All payments in respect of the Royalty will be made in U.S. dollars.

3.7 Wire Transfer. Payments made under or pursuant to this Agreement will be made without demand, notice, set-off or reduction, by wire transfer in good, immediately available funds, to such account or accounts as the Royalty Holder may designate pursuant to wire instructions provided by the Royalty Holder to the Owner not less than three Business Days prior to the dates upon which such payments are to be made. The date the wire transfer process is initiated shall be the date of such payment, provided that the Royalty Holder receives such payment, and the Owner shall have no duty to otherwise apportion any payment to the Royalty Holder or its successors or assigns.

3.8 Payments in Kind. In the event that the Royalty Holder determines that it wishes to receive Royalty payments in respect of Products in the physical product in kind, the Royalty Holder shall provide written notice of such election. Upon timely receipt of such notice, the Owner shall direct any Offtaker that is the final refiner or other processor of the applicable Products to pay the Royalty directly to the account of the Royalty Holder in kind. The Offtaker and the Owner shall notify the Royalty Holder in writing at least three weeks prior to any change of such Offtaker. All costs incurred by the Owner with respect to arranging for such payment in kind shall be for the account of the Royalty Holder and may be deducted from any subsequent payment of the Royalty.

3.9 Trading Activities of Owner.

- (a) The Owner will have the right to market and sell Refined Metal in any manner it may elect, and will have the right to engage in forward sales, futures trading or commodity options trading and other price hedging, price protection, and speculative arrangements (the “**Trading Activities**”) which may involve the possible physical delivery of Products. In determining the net proceeds from the Sale of any Products subject to the Royalty, the Owner will not be entitled to deduct from Gross Proceeds any losses suffered by the Owner, a shareholder of the Owner or an Affiliate of the Owner in Trading Activities.
- (b) If the Owner engages in Trading Activities, the Royalty will be determined on the basis of the value of the Products produced, and without regard to the price or proceeds actually received by the Owner for or in connection with the Sale, or the manner in which a Sale to a third party is made by the Owner, such value to be based on the Monthly Average Spot Price for the Month during which Products are credited to the account of the Owner or any Affiliate with a smelter or refiner.

- (c) If the Owner engages in Trading Activities in respect of Products other than Refined Metal, the Gross Proceeds will be based on the value of such Products at the time such Products are actually delivered to third parties.
- (d) The Parties agree that the Royalty Holder is not a participant in the Trading Activities of the Owner or its Affiliates, and therefore the Royalty will not be diminished or improved by losses or gains of the Owner or any of its Affiliates in any such Trading Activities.

3.10 Books and Records and Audit Rights. The Owner shall keep true, complete and accurate books and records of all of its operations and activities with respect to the Properties, including the mining of Products therefrom and the mining, stockpiling, treatment, processing, refining and transportation of Products, prepared in accordance with good mining industry practice, consistently applied. Subject to section 10.2, the Royalty Holder and/or its authorized representatives shall be entitled, upon delivery of five (5) Business Days' advance written notice, during the normal business hours of the Owner, in a manner that does not unreasonably interfere with the Owner's business, to perform audits or other reviews and examinations of the Owner's books and records relevant to the calculation and payment of the Royalty pursuant to this Agreement to confirm compliance with the terms of this Agreement, including without limitation, calculations of Net Smelter Returns. Without limiting the generality of the foregoing, the Royalty Holder shall have the right to audit all invoices and other records relating to the transportation of Products from the Properties to any mill, refinery or other processor at which Products from the Properties may be milled, smelted, concentrated, refined or otherwise treated or processed and relating to the transportation of Products in the form of concentrates, doré, slag or other waste products from any mill at which Products from the Properties may be milled, to a processor. The Royalty Holder shall diligently complete any audit or other examination permitted hereunder. All expenses of any audit or other examination permitted hereunder shall be paid by the Royalty Holder, unless the results of such audit or other examination permitted hereunder disclose a deficiency in respect of any Royalty payments paid to the Royalty Holder hereunder in respect of the period being audited or examined in an amount greater than two percent of the amount of the Royalty properly payable with respect to such period, in which event all expenses of such audit or other examination shall be paid by the Owner.

In performing such audit the Royalty Holder and/or its agents shall have reasonable access to all sampling, assay, weighing, and production records, including all mining, stockpile and milling records of the Owner relating to the Properties and any Products derived from the Properties (and the Royalty Holder shall be allowed to make notes or a photocopy thereof, subject to the provisions of section 10.2), all of which such records shall be kept and retained by the Owner in accordance with good mining industry practice for a period of six years.

3.11 Annual Report. The Owner shall deliver to the Royalty Holder an Annual Report on or before 90 days after the last day of each fiscal year of the Owner. The Parties agree that the Owner shall have no obligation to comply with or abide by any of the forecasts or schedules included in the information referenced as items (v) and (vi) in the definition of and included in any Annual Report, and neither the Owner nor the Guarantor shall have any liability to the Royalty Holder or any third party with respect to a failure to do so.

With respect to any Annual Report, the Royalty Holder shall have the right to dispute any information in the definition of Annual Report in accordance with the provisions of this section. If the Royalty Holder disputes any of that information in an Annual Report:

- (a) the Royalty Holder shall notify the Owner in writing within 90 days from the date of delivery of the applicable Annual Report that it disputes the accuracy of that Annual Report (or any part thereof) (the “**Annual Report Dispute Notice**”);
- (b) the Royalty Holder on the one hand and the Owner on the other hand shall have 90 days from the date the Annual Report Dispute Notice is delivered by the Royalty Holder to resolve the dispute. If the Royalty Holder and the Owner have not resolved the dispute within the said 90-day period, a mutually agreed independent third-party expert will be appointed to prepare a report with respect to the dispute in question (the “**Expert’s Report**”). If the Royalty Holder and the Owner have not agreed upon such expert within a further 10 days after the said 90-day period, then the dispute as to the expert shall be resolved by the dispute mechanism procedures set forth in Article 8;
- (c) if the Expert’s Report concludes that the amount of the Royalty which was to have been paid to the Royalty Holder was deficient by two percent or less from the Royalty set out in the Annual Report, then the cost of the Expert’s Report shall be borne by the Royalty Holder;
- (d) if the Expert’s Report concludes that the amount of the Royalty which was to have been paid to the Royalty Holder was deficient by more than two percent from the Royalty set out in the Annual Report, then the cost of the Expert’s Report shall be borne by the Owner; and
- (e) if the Royalty Holder or the Owner disputes the Expert’s Report and such dispute is not resolved between the Parties within ten days after the date of delivery of the Expert’s Report, then such dispute shall be resolved by the dispute mechanism procedures set forth in Article 8.

If the Owner does not deliver an Annual Report as required pursuant to this Article, the Royalty Holder shall have the right to perform or to cause its representatives or agents to perform, at the cost and expense of the Owner, an audit of the books and records of the Owner relevant to the Royalty in conjunction with the provisions of section 3.10. The Owner shall grant the Royalty Holder and its agents access to all such books and records on a timely basis during normal business hours. In order to exercise this right, the Royalty Holder must provide not less than three Business Days’ written notice to the Owner of its intention to conduct the said audit. If within seven days of receipt of such notice, the Owner delivers the applicable Annual Report, then the Royalty Holder shall have no right to perform the said audit. If the Owner delivers the Annual Report before the delivery of the report prepared in connection with the said audit, the applicable Annual Report shall be taken as final and conclusive, subject to the rights of the Royalty Holder as set forth in Article 8. Otherwise, absent any manifest or gross error in the Royalty Holder’s audit report, the said audit report shall be final and conclusive, subject to the provisions of Article 8.

- 3.12 Property Visits.** Subject at all times to the workplace rules and supervision of the Owner, and in compliance with Applicable Laws, the Royalty Holder shall, at all reasonable times and upon reasonable notice, and at its sole risk and expense, have:

- (a) a right of access by its representatives to the Properties and to any mill or other processing facility used by the Owner or its Affiliates to process Products derived from the Properties (provided that, if such mill or processing facility is not owned or controlled by the Owner or its Affiliates, such right of access shall only be the same as any such right of access of the Owner or its Affiliates); and
- (b) the right: (i) to monitor the stockpiling and milling of ore or Products derived from the Properties and to take samples from the Properties or from any mill or processor for the purposes of assay verifications; and (ii) to weigh, or to cause the Owner to weigh, all trucks transporting Products from the Properties to any mill or other processing facility processing Products from the Properties prior to dumping of such ore and immediately following such dumping.

The Royalty Holder shall defend, indemnify and hold the Owner and the Guarantor harmless from and against any Losses for damage to property or injury to or death of Persons arising from any such inspection, except to the extent the same are caused by the negligence or willful misconduct of the Owner or the Guarantor.

- 3.13** All Royalty payments and any other amounts payable to the Royalty Holder in accordance with this Agreement shall be paid free and clear of all deduction, withholdings, set-offs or counterclaims whatsoever save only as may be required by Applicable Law. If any deductions or withholdings are required by Applicable Law from such payments the Owner and the Guarantor shall be obliged to pay to the Royalty Holder such sum as will, after such deduction or withholding has been made, leave the Royalty Holder with the same amount as it would have been entitled to receive in the absence of any such requirement.

4. GUARANTOR GUARANTEES AND OTHER COVENANTS

4.1 Guarantee by the Guarantor

- (a) The Guarantor shall cause the Owner to comply with all of its obligations under this Agreement.
- (b) The Guarantor unconditionally and irrevocably guarantees and agrees to be jointly and severally liable with the Owner for, the due and punctual performance of all obligations and covenants of the Owner arising under this Agreement, upon the terms and subject to the conditions of this Agreement.
- (c) If any obligation is not duly performed by the Owner and is not performed under this Section by the Guarantor for any reason whatsoever, the Guarantor will, as a separate and distinct obligation, indemnify and save harmless the Royalty Holder from and against all Losses resulting from the failure of the Owner to perform such obligations. If any such obligation is not duly performed by the Owner and is not performed by the Guarantor under this section or the Royalty Holder is not indemnified under the immediately preceding sentence, in each case, for any reason whatsoever, such obligation will, as a separate and distinct obligation, be performed by the Guarantor as primary obligor.
- (d) The liability of the Guarantor under this Article will be for the full amount of the obligations without apportionment, limitation or restriction of any kind, will be continuing, absolute and unconditional and will not be affected by any Applicable Law, or any other act, delay, abstention or omission to act of any kind

by the Royalty Holder or any other person, that might constitute a legal or equitable defence to or a discharge, limitation or reduction of the Guarantor's obligations hereunder.

- (e) The liability of the Guarantor under this Article will not be released, discharged, limited or in any way affected by anything done, suffered, permitted or omitted to be done by the Royalty Holder in connection with any duties, obligations or liabilities of the Owner or the Guarantor to the Royalty Holder.
- (f) The Royalty Holder will not be bound or obligated to exhaust its recourse against the Owner or other persons or take any other action before being entitled to demand payment from the Guarantor under the section.
- (g) In any claim by the Royalty Holder against the Guarantor under this section, the Guarantor may not claim or assert any set-off, counterclaim, claim or other right that either the Guarantor or the Owner may have against the Royalty Holder, any of its subsidiaries or any directors, employees or officers thereof.
- (h) The Guarantor's obligations under this section 4.1 shall automatically terminate if there has been a complete Transfer in compliance with section 7.1 and the Guarantor no longer holds a majority interest in the Owner.
- (i) The Guarantor's obligations under this section 4.1 shall automatically be reduced on a pro-rated basis in the event that the Owner completes a partial Transfer in compliance with section 7.1.

4.2 Covenant Regarding Approvals. The Guarantor and the Owner do hereby jointly and severally covenant and agree that they shall do all such acts and things and they shall not omit to do any acts or things as shall be necessary in order to obtain all necessary approvals as shall be required in order each of them to be able to execute, deliver and perform their respective obligations under this Agreement.

5. REPRESENTATIONS, WARRANTIES

5.1 Representations and Warranties of the Owner and the Guarantor. The Owner and the Guarantor hereby jointly and severally represent and warrant to and in favour of the Royalty Holder and acknowledge and agree that the Royalty Holder is entering into this Agreement on the basis of such representations and warranties, namely, that it has the corporate power, capacity and authority to execute, deliver and perform this Agreement and the execution, delivery and performance of this Agreement by each of the Owner and the Guarantor has been duly authorized by all required corporate action of each of the Owner and the Guarantor; this Agreement represents a valid and binding obligation of each of the Owner and the Guarantor duly enforceable against the Owner and the Guarantor in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency or similar laws or by equitable principles generally; and the Property is free and clear of all liens, charges, security interests, claims, mortgages and other encumbrances with exception of the Permitted Liens.

5.2 Representations and Warranties of Royalty Holder. The Royalty Holder represents and warrants to and in favour of the Owner and the Guarantor and acknowledges and agrees that the Owner and the Guarantor are entering into this Agreement on the basis of such representations and warranties, namely, that it has the corporate power, capacity and authority to execute, deliver and perform this Agreement and the execution, delivery and

performance of this Agreement by it has been duly authorized by all required corporate action and this Agreement represents a valid and binding obligation of the Royalty Holder duly enforceable against it in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency or similar laws or by equitable principles generally.

6. INDEMNITIES, DEFAULTS AND REMEDIES

6.1 Indemnity by the Owner. The Owner does hereby agree to defend, indemnify, reimburse and hold harmless the Royalty Holder, its officers, directors, shareholders, employees, agents, Affiliates and its successors and assigns (collectively, the “**Royalty Holder Indemnified Parties**”), and each of them, from and against any and all Losses that the Royalty Holder Indemnified Parties may sustain, suffer or incur as a result of:

- (a) a breach of this Agreement by the Owner;
- (b) operations conducted on or in respect of the Properties by or on behalf of the Owner or any of its Affiliates that result from or relate to the mining, handling, transportation, smelting or refining of the Products, including without limitation Losses, in any way arising from or connected with any non-compliance with environmental laws or any contaminants or hazardous substances on, in or under the Properties or the soil, sediment, water or groundwater forming part thereof, whether in the past, present or future, or any contaminants or hazardous substances on any other lands or areas having originated or migrated from the Properties or the soil, sediment, water or groundwater forming part thereof; and
- (c) any and all legal fees and disbursements that the Royalty Holder may be required to pay from time to time for or in connection with a dispute among the Royalty Holder and the Owner as to whether certain costs, charges, deductions and expenses are “Allowable Deductions” for the purposes of this Agreement (but only if, either by settlement by mutual agreement between the Royalty Holder and the Owner, or by a dispute resolution mechanism, including without limitation, court proceeding or arbitration, it shall finally be determined or decided that the Owner overstated the Allowable Deductions in any material respect).

6.2 Events of Default. Each of the following events or circumstances constitutes an event of default (each, an “**Event of Default**”).

- (a) Owner is in breach or default of any of its covenants or obligations set forth in Sections 2.3, 3.1, 3.2, 3.3, 3.5, 3.6, 3.7, 3.8, 3.9, 3.13, and 9.2, and such breach or default is not remedied within five (5) days following delivery by the Royalty Holder to the Owner of written notice of such breach or default, or such longer period of time as the Royalty Holder may determine in its sole discretion;
- (b) Owner is in breach or default of any of its covenants or obligations set forth in Article 7;
- (c) Guarantor is in breach or default of any of its covenants or obligations as it relates to Sections 6.2(a) and 6.2(b);
- (d) upon the occurrence of an Insolvency Event affecting the Owner or the Guarantor;

- (e) Owner or Guarantor are in breach or default of any of its representations, warranties, covenants or obligations set forth in this Agreement (other than those listed in Sections 6.2(a), 6.2(b), 6.2(c), and 6.2 (d)) and such breach or default is not remedied within thirty (30) days following delivery by Royalty Holder to Owner and Guarantor of written notice of such breach or default, or such longer period of time as the Royalty Holder may determine in its sole discretion;
- (f) The Owner does not observe and perform any covenant or obligation that Guarantor is required to cause the Owner to observe or perform under this Agreement or that otherwise relates to the Owner (including the occurrence or existence of a fact, change, or event with respect to the Owner contrary to the terms of this Agreement), in any material respect, and such nonobservance or non-performance is not remedied within a period of thirty (30) days following delivery by the Royalty Holder to Owner and Guarantor of written notice of such non-observance or non-performance, or such longer period of time as the Royalty Holder may determine in its sole discretion.

6.3 Remedies

- (a) If an Event of Default occurs and is continuing, the Royalty Holder shall have the right, upon written notice to the Owner, at its option and in addition to and not in substitution for any other remedies available at law or equity, to bring an action for specific performance or to take any or all of the following actions:
 - (i) demand all amounts and deliveries owing by Owner to the Royalty Holder; and
 - (ii) terminate this Agreement by written notice to Owner and Guarantor and, without limiting Section 6.3(a)(i), demand all Losses suffered or incurred as a result of the occurrence of such Event of Default and termination, including a present value calculation of the Royalty hereunder and all other amounts that would have become payable to the Royalty Holder hereunder, but for the occurrence of such Event of Default. Upon demand from the Royalty Holder (which demand shall include a calculation of the foregoing amounts, damages and Losses), the Owner shall promptly pay all such amounts to the Royalty Holder or provide written notice within ten (10) days that disputes such amount and shall then promptly pay the amount determined upon settlement of such dispute; *provided* that the Owner shall pay to the Royalty Holder any amount not in dispute, and if any such written notice is not provided within such ten (10) day period, then the Owner will be deemed to have agreed with the Losses demanded by the Royalty Holder. Any dispute of the foregoing net present value calculation shall be determined by an independent valuator mutually acceptable to the Parties, acting reasonably. If the Parties fail to agree on the selection of an independent valuator within five (5) days following any notice of dispute of the net present value calculation, then the Royalty Holder shall appoint the independent valuator. Any determination made by the independent valuator regarding the foregoing net present value calculation shall be final and binding on the Parties.
- (b) The Parties hereby acknowledge and agree that:

- (i) The Royalty Holder will be damaged by an Event of Default;
- (ii) it would be impracticable or extremely difficult to fix the actual damages resulting from an Event of Default;
- (iii) any sums payable in accordance with Section 6.3(a)(ii) with respect to an Event of Default are in the nature of liquidated damages, not a penalty, and are fair and reasonable; and
- (iv) the amount payable in accordance with Section 6.3(a)(ii) or with respect to an Event of Default represents a reasonable estimate of fair compensation for the losses that may reasonably be anticipated from such Event of Default in full and final satisfaction of all amounts of Default.

7. TRANSFER RIGHTS

7.1 Restricted Transfer Rights of the Owner and the Guarantor. The Owner and the Guarantor may Transfer, in whole or in part: (i) legal or beneficial title in and to the Properties; and (ii) its rights and obligations under this Agreement; so long as the following conditions are satisfied:

- (a) the Owner or the Guarantor provides the Royalty Holder with at least 30 days prior written notice of the intent to Transfer of the Owner or the Guarantor;
- (b) any purchaser, merged company, transferee or assignee, as a condition to completion of the Transfer, agrees in writing in favour of the Royalty Holder to be bound by the terms of this Agreement, including without limitation, this section, pursuant to an instrument in writing that is satisfactory to the Royalty Holder, in its sole discretion and the Royalty Holder does not suffer a material adverse effect in relation to the transactions set forth in this Agreement;
- (c) any transferee of the Owner or the Guarantor that is a mortgagee, chargeholder or encumbrancer (i) agrees in favour of the Royalty Holder to be bound by the terms of this Agreement in the event it enforces or realizes on any security that may be granted to it over and in respect of the Properties, and (ii) obtains an agreement in writing in favour of the Royalty Holder from any subsequent purchaser or transferee of such mortgagee, chargeholder or encumbrancer that such subsequent mortgagee, chargeholder or encumbrancer will be bound by the terms of this Agreement (with respect to the latter, if applicable).

For the avoidance of doubt and for greater certainty:

- (d) if the Owner or the Guarantor wishes to Transfer its interest in this Agreement, it shall Transfer all of its right, title and interest in and to all of the Properties to the same Person to whom it Transfers its interest in this Agreement; and
- (e) this section 7.1 shall apply if the Owner or the Guarantor wishes to grant an option to any Person to acquire an interest in and to any of the Properties or enter into a mining lease agreement (“*contrato de cesion minera*”) o contrato de joint venture with respect to the Properties.

7.2 Transfer Rights of the Royalty Holder. The Royalty Holder shall have the right to Transfer or encumber, in whole or in part, its rights and obligations under this Agreement

to another Person. The Royalty Holder will provide notice to the Owner within 10 Business Days of the Transfer or encumbrance being completed. The Royalty Holder shall also have the right at any time to charge, pledge or assign as security to a lender its rights, in whole or in part, under this Agreement. In the case of a Transfer of the Royalty under this Agreement, if such Person has agreed in writing with the Owner and the Guarantor to be bound by such transferred obligations under this Agreement, the Royalty Holder shall be released from the transferred obligations under this Agreement.

- 7.3 Joint Venture and other Rights of the Owner.** The Owner may, at its sole discretion, enter into a joint venture agreement with respect to the Properties so long as prior to the execution of any joint venture agreement or mining lease agreement (“*contrato de cesion minera*”), both the Owner and the proposed joint venture partner or proposed lessee (“*cesionario minero*”) agree in favour of the Royalty Holder to be bound by the terms of this Agreement, including without limitation, this section, pursuant to an instrument in writing that is satisfactory to the Royalty Holder, in its sole discretion, and the Royalty Holder does not suffer a material adverse effect in relation to the transactions set forth in the proposed joint venture agreement.

Unless otherwise agreed, upon termination of the mining lease agreement, the Owner will reassume the obligation to pay the Royalty to the Royalty Holder.

- 7.4 Project Financing of the Owner.** The Owner covenants to and in favour of the Royalty Holder that the terms of any project financing arranged with respect to the Properties shall not allow for the Lenders to:

- (a) prohibit or interfere with any Royalty payments due to the Royalty Holder hereunder or allow for cash sweeps or payments of excess cash flow to the Lenders in priority to any Royalty payments due to the Royalty Holder hereunder;
- (b) do any such act that would cancel this Agreement or otherwise nullify the rights of the Royalty Holder in respect of this Agreement in the event that the Lender realizes on its collateral as a result of an event of default under the project financing arrangement.

In connection with any such project financing, the Owner shall obtain at the closing of such project financing a certificate executed by an authorized officer of each lending institution or any other third party to the project financing, acknowledging the validity and existence of this Agreement and the Royalty obligations under this Agreement and agreeing to Section 7.4(a) and 7.4(b). Notwithstanding the above, the Royalty Holder agrees that, in connection with any project financing, it will agree to allow the Lenders to cure any breach or default of the Owner or Guarantor in respect of Article 3. If so requested by the Owner and Lender, the Royalty Holder agrees to enter into an inter-creditor agreement with the Lender that is consistent with similar agreements entered into by the Royalty Holder with other lenders to protect the interests and rights of the Royalty Holder in this Agreement. Such agreement to be negotiated in good faith and using reasonable best efforts. The above provisions will not apply to equipment financing provided by a third-party other than the Lender.

8. DISPUTE RESOLUTION

- 8.1 Arbitration.** In the event of a dispute in relation to this Agreement, including without limitation, the existence, validity, performance, breach or termination hereof or any

matter arising hereunder, including whether any matter is subject to arbitration, the Parties agree to negotiate diligently and in good faith in an attempt to resolve such dispute. For the purposes of this section, the Owner and the Guarantor are treated as one Party. Failing resolution satisfactory to either Party, within ten days of the time frame specified herein or if no time frame is specified within ten days of the delivery of notice by either Party of the said dispute, which shall be after the dispute remains open for a period of 90 days, either Party may request that the dispute be resolved by binding arbitration, conducted in English, in Vancouver, British Columbia, pursuant to the domestic commercial arbitration rules of the British Columbia International Commercial Arbitration Centre (the “**BCICAC**”). The appointing authority shall be the BCICAC and the case shall be administered by the BCICAC in accordance with its Domestic Commercial Arbitration Rules of Procedure, subject to the following:

- (a) to demand arbitration either Party (the “**Demanding Party**”) shall give written notice (the “**Dispute Notice**”) to the other Party (the “**Responding Party**”), which Dispute Notice shall toll the running of any applicable limitations of actions by law or under this Agreement. The Dispute Notice shall specify the nature of the allegation and the issues in dispute, the amount or value involved (if applicable) and the remedy requested. Within 15 Business Days of receipt of the Dispute Notice, the Responding Party shall answer the demand in writing, responding to the allegations and issues that are disputed;
- (b) the Demanding Party and the Responding Party shall mutually agree upon one single qualified arbitrator within seven Business Days of the Responding Party’s answer, failing which any of the Demanding Party and the Responding Party may request the BCICAC to appoint one qualified arbitrator within five Business Days of the Responding Party’s answer. The arbitrator shall be a disinterested person qualified by experience to hear and determine the issues to be arbitrated;
- (c) no later than 15 Business Days after hearing the representations and evidence of the Parties, the arbitrator shall make its determination in writing in English and shall deliver one copy to each of the Parties. The written decision of the arbitrator shall be final and binding upon the Parties in respect of all matters relating to the arbitration, the procedure, the conduct of the Parties during the proceedings and the final determination of the issues in the arbitration. There shall be no appeal from the determination of the arbitrator to any court. The decision rendered by the arbitrator may be entered into any court for enforcement purposes;
- (d) the arbitrator may determine all questions of law and jurisdiction (including questions as to whether or not a dispute is arbitrable) and all matters of procedure relating to the arbitration;
- (e) the arbitrator shall have the right to grant legal and equitable relief and to award costs (including reasonable legal fees and the costs of arbitration) and interest. The costs of any arbitration shall be borne by the Parties in the manner specified by the arbitrator in its determination, if applicable. The arbitrator may make an interim order, including injunctive relief and other provisional, protective or conservatory measures, as well as orders seeking assistance from a court in taking or compelling evidence or preserving and producing documents regarding the subject matter of the dispute;

- (f) all papers, notices or process pertaining to an arbitration hereunder may be served on a Party as provided in this Agreement; and
- (g) the Parties agree to treat as Confidential Information, in accordance with the provisions of section 10.2, the following: the existence of the arbitral proceedings; written notices, pleadings and correspondence in relation to the arbitration; reports, summaries, witness statements and other documents prepared in respect of the arbitration; documents exchanged for the purposes of the arbitration; and the contents of any award or ruling made in respect of the arbitration. Notwithstanding the foregoing part of this section, a Party may disclose such Confidential Information in judicial proceedings to enforce, nullify, modify or correct an award or ruling and as permitted under section 10.2.

9. OPERATION OF THE PROPERTIES

- 9.1 Owner to Determine Operations.** The Owner will have complete discretion concerning the nature, timing and extent of all exploration, development, mining and other operations conducted on or for the benefit of the Properties and may suspend operations and production on the Properties at any time it considers prudent or appropriate to do so. The Owner will owe the Royalty Holder no duty to explore, develop or mine the Properties, or to do so at any rate or in any manner other than that which the Owner may determine in its sole and unfettered discretion. For clarity, the Royalty Holder shall not have any contractual rights in connection with the development or operation of any of the operations of the Owner, including without limitation, with regards to the Properties.
- 9.2 Commingling.** Commingling of Products from the Properties with other ores, doré, concentrates, metals, minerals or mineral by-products produced elsewhere is not permitted without the consent of the Royalty Holder, such consent not to be unreasonably withheld, delayed or conditioned.

10. MISCELLANEOUS

- 10.1 Other Activities and Interests.** This Agreement and the rights and obligations of the Parties hereunder are strictly limited to the Properties. Each Party will have the free and unrestricted right to enter into, conduct and benefit from any and all business ventures of any kind whatsoever, whether or not competitive with the activities undertaken pursuant hereto, without disclosing such activities to the other Party or inviting or allowing the other to participate therein.
- 10.2 Confidentiality.** All information, data, reports, records, analyses, economic and technical studies and test results relating to the Properties and the activities of the Owner or any other party thereon and the terms and conditions of this Agreement, all of which will hereinafter be referred to as “**Confidential Information**,” will be treated by the Royalty Holder as confidential and will not be disclosed to any person not a party to this Agreement, except in the following circumstances:
- (a) the Royalty Holder may disclose Confidential Information to its auditors, legal counsel, institutional lenders, brokers, underwriters and investment bankers, provided that such non-party users are advised of the confidential nature of the Confidential Information, undertake to maintain the confidentiality thereof and are strictly limited in their use of the Confidential Information to those purposes necessary for such non-party users to perform the services for which they were retained by the Royalty Holder;

- (b) the Royalty Holder may disclose Confidential Information to prospective purchasers of the Royalty Holder's right to receive the Royalty, provided that each such prospective purchaser first agrees in writing to hold such information confidential in accordance with this section and to use it exclusively for the purpose of evaluating its interest in purchasing such Royalty right;
- (c) the Royalty Holder may disclose Confidential Information where that disclosure is necessary to comply Applicable Laws or orders of any court or governmental authority, including its disclosure obligations and requirements under any securities law, rules or regulations or stock exchange listing agreements, policies or requirements or in relation to proposed credit arrangements, and the Owner agrees to provide to the Royalty Holder all such information as the Royalty Holder, acting reasonably, determines is necessary or desirable to fulfill the Royalty Holder's disclosure obligations and requirements under Applicable Laws;
- (d) in connection with any proceeding under section 8.1; or
- (e) with the approval of the Owner.

Any Confidential Information that becomes part of the public domain by no act or omission in breach of this section will cease to be confidential information for the purposes of this section.

- 10.3 No Partnership.** This Agreement is not intended to, and will not be deemed to, create any partnership relation among the Parties including, without limitation, a joint venture, mining partnership or commercial partnership. The obligations and liabilities of the Parties will be several and not joint and none of the Parties will have or purport to have any authority to act for or to assume any obligations or responsibility on behalf of any other Party. Nothing herein contained will be deemed to constitute a Party, the partner, agent, joint venturer or legal representative of the other Party.
- 10.4 No Waivers.** No waiver of or with respect to any term or condition of this Agreement shall be effective unless it is in writing and signed by the waiving Party, and then such waiver shall be effective only in the specific instance and for the purpose for which given. No course of dealing among the Parties, nor any failure to exercise, nor any delay in exercising, on the part of any Party hereunder, any right, power, or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any specific waiver of any right, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege.
- 10.5 Time of the Essence.** Time shall be of the essence in the performance of any and all of the obligations of the Parties hereunder, including without limitation, the payment of monies.
- 10.6 Further Assurances.** Each Party will, at the request of another Party and at the requesting Party's expense, execute all such documents and take all such actions as may be reasonably required to effect the purposes and intent of this Agreement.
- 10.7 Rule Against Perpetuities.** In the event a court of competent jurisdiction determines that any provision of this Agreement violates the statutory or common law Rule Against Perpetuities, then such provision shall automatically be revised and reformed as

necessary to comply with the Rule Against Perpetuities and this Agreement shall not be terminated solely as a result of a violation of the Rule Against Perpetuities.

10.8 Entire Agreement. This Agreement, including the Schedule hereto, constitutes the entire agreement of the Parties with respect to the subject matter hereof, all previous agreements and promises in respect thereto being hereby expressly rescinded and replaced hereby. No modification or alteration of this Agreement will be effective unless in writing executed subsequent to the date hereof by both Parties. No prior written or contemporaneous oral promises, representations or agreements are binding upon the Parties. There are no implied covenants contained herein.

10.9 Notice. Any notice, demand, consent or other communication (“**Notice**”) given or made under the Agreement:

- (a) must be in writing and signed by a person duly authorised by the sender;
- (b) must be delivered to the intended recipient by hand, by overnight courier, or fax or email to the address or fax number below or the address, email address or fax number last notified by the intended recipient to the sender:

If to the Owner or the Guarantor:

1400 – 400 Burrard Street
Vancouver, BC
V6C 3A6

Attention: Christian Uria
Fax Number: [Redacted]
Email: [Redacted]

If to the Royalty Holder:

[Redacted]
Address:

Attention:
Fax Number:
Email:

- (c) will be deemed to be duly given or made when delivered;

but if the result is that a Notice would be deemed to be given or made on a day which is not a Business Day in the place to which the Notice is sent or is later than 4:00 pm (local time) it will be deemed to have been duly given or made at the commencement of business on the next Business Day in that place.

10.10 Counterparts. This Agreement may be executed in multiple counterparts, each of which will constitute an original, but all of which together will constitute one and the same instrument.

10.11 Parties in Interest. This Agreement will enure to the benefit of and be binding on the Parties and their respective successors and permitted assigns.

10.12 Language. This Agreement is executed in English, and in Spanish languages. The Spanish version will be formalized into a public deed to be recorded with the relevant

Public Registries in the Republic of Peru. The English version is the governing and binding document and in the event of any conflict between the terms of the Spanish and the English versions, the English version shall prevail.

SIGNATURE BLOCKS APPEAR ON NEXT PAGE

IN WITNESS WHEREOF the Parties have executed and delivered this Net Smelter Returns Royalty Agreement as of the date and year first above written.

LEVEL 14 VENTURES LTD.

Per:

Signature

Name

Title

MINEROS INVIRTIENDO EN PERU S.A.C.

Per:

Signature

Name

Title

[REDACTED]

Per:

Signature

Name

Title

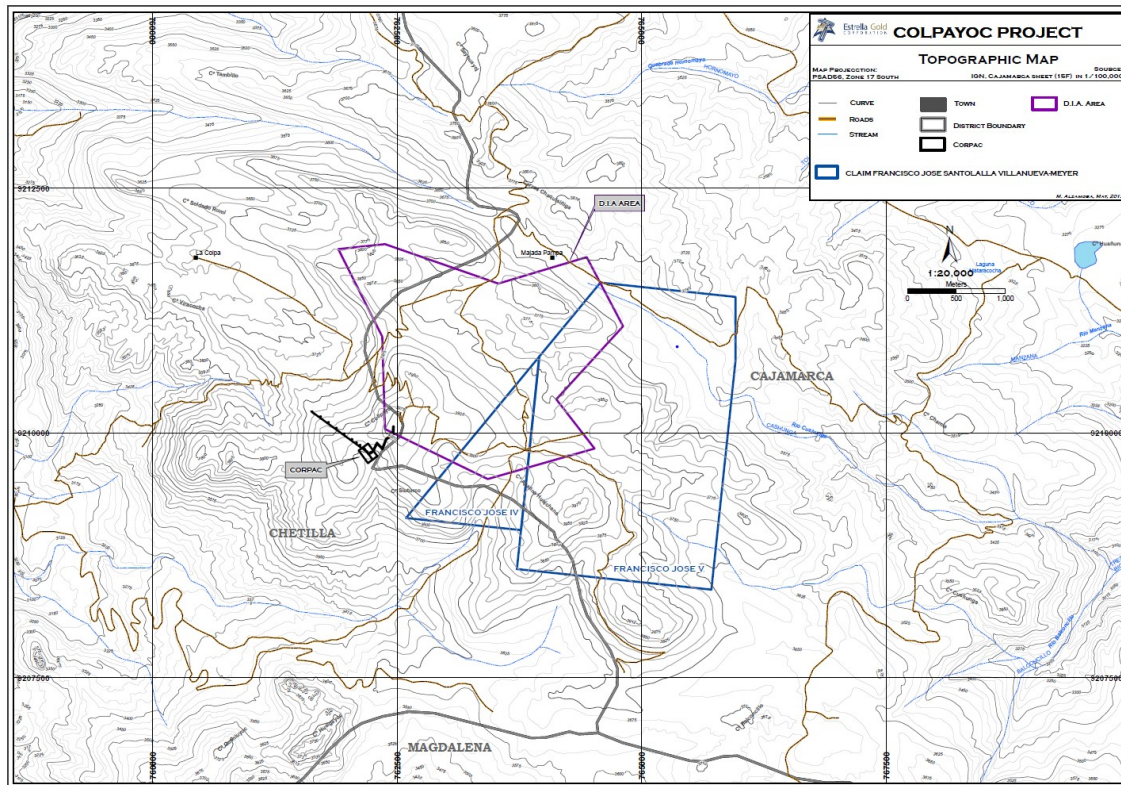
SCHEDULE A

Jose Claims

The Colpayoc Jose claims consist of approximately 680.9 hectares of mineral concessions or mining licenses as described as follows located in Cajamarca Peru:

Property name	Area Ha.	License No.	Issue Date
Francisco José IV	105.4305	0303541AX01	13-Dec-99
Francisco José V	575.4997	03003527X01	21-Jan-00

Map of the Colpayoc Property:

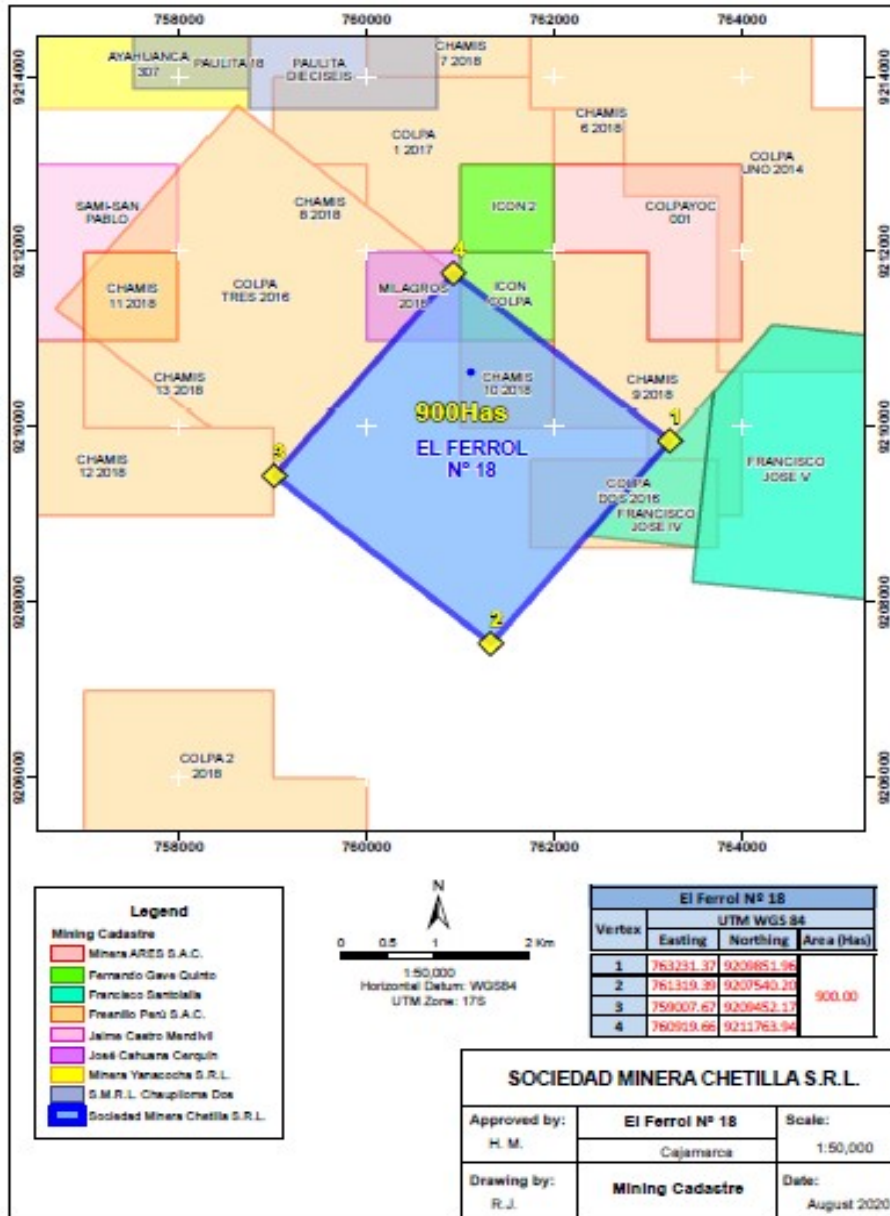


El Ferrol Claim

The Colpayoc El Ferrol claim consists of approximately 900 hectares of mineral concessions or mining licenses as described as follows located in Cajamarca Peru:

Property Name	Area Ha.	License No.	Issue Date
El Ferrol N° 18	899.9991	03001812X01	26-Nov-96

Map of the Property:



SCHEDULE B

PERMITTED LIENS

- Jose Claims
 - 2.0% NSR Royalty with the following optionors on pro-rata basis:
 - Kenny Richar Regalado Vásquez: 57.9154%
 - Tomas Francisco Rosales Leon and wife Dina María Valle Bazan: 11.1120%
 - Sandra Sofia Santolalla Luna 11.1120%
 - Tomas Aurelio Valega Vergara 19.8606%

- El Ferrol Claim
 - 1.0% NSR Royalty with Sociedad Minera Chetilla S.R.L. as optionor