

WATTS LAKE - MINERAL CLAIMS ACQUISITION AGREEMENT

THIS MINERAL CLAIMS ACQUISITION AGREEMENT is made and entered into as of the 21st day of March, 2023 (the “**Execution Date**”).

BETWEEN:

FATHOM NICKEL INC., a company duly incorporated under the laws of the Province of Alberta, Canada, and having an office located at #104, 1240 – Kensington Road NW [Box 311], Calgary, Alberta T2N 3P7

(the “**Buyer**”)

OF THE FIRST PART

AND:

SKRR EXPLORATION INC., a company duly incorporated under the laws of the Province of British Columbia, Canada and having an office located at Suite 228 – 1122 Mainland Street, Vancouver, B.C., V6B 5L1

(the “**Seller**”)

OF THE SECOND PART

(and the Buyer and the Seller being hereinafter singularly referred to as a “**Party**” and collectively referred to as the “**Parties**” as the context so requires).

WHEREAS:

(A) The Seller is the registered, legal and beneficial owner of a 100% interest in twenty-four (24) mineral claims which comprise a total parcel of 13,708 hectares located in Saskatchewan, and which are more particularly described in Schedule “A” which is attached hereto and forms a material part hereof (collectively, the “**Property**”); and

(B) The Seller wishes to sell, and the Buyer wishes to purchase, 100% of the Seller’s right, title and interest in and to the Property by paying certain consideration on the terms and conditions herein provided.

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

PART 1
DEFINITIONS

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

- (a) “**Agreement**” means this agreement and includes the Schedules hereto;
- (b) “**Applicable Law**” means, with respect to any Person, property, transaction, event or other matter, any Law relating or applicable to such Person, property, transaction, event or other matter and includes, where appropriate, any interpretation of Law (or any part thereof), including without limitation any guidelines, by any Person having jurisdiction over it, or charged with its administration or interpretation;
- (c) “**Claim**” means any and all losses, liabilities, expenses, costs, damages, actions, claims (including Environmental Claims), proceedings, suits and obligations of every kind and nature, including, without limitation, any losses, liabilities, expenses, costs, damages, actions, claims (including Environmental Claims), proceedings, suits and obligations relating to damage to property, personal injury and loss or diminution of mineral claim rights and land use rights;
- (d) “**Closing**” means the completion of the purchase and sale of the Property contemplated in this Agreement;
- (e) “**Environmental Claims**” means any and all administrative, regulatory, or judicial actions, suits, demands, claims, liens, notices of non-compliance or violation, investigations, or proceedings relating in any way to any Environmental Law or any permit issued under any Environmental Law, including, without limitation:
 - (i) any and all claims by government or regulatory authorities for enforcement, clean-up, removal, response, remedial, or other actions or damages under any applicable Environmental Law; and
 - (ii) any and all claims by any third-party seeking damages, contribution, indemnification, cost recovery, compensation, or injunctive or other relief resulting from hazardous materials, including any release of those claims, or arising from alleged injury or threat of injury to human health or safety (arising from environmental matters) or the environment;
- (f) “**Environmental Laws**” means all requirements of the common law, civil code, or of environmental, health, or safety statutes of any agency, board, or governmental authority applicable to the Property including, but not limited to, those relating to (i) noise, (ii) pollution or protection of the air, surface water, ground water, or land, (iii) solid, gaseous, or liquid waste generation, handling, treatment, storage, disposal, or transportation, (iv) exposure to hazardous or toxic substances, or (v) the closure, decommissioning, dismantling, or abandonment of any facilities, mines, or workings and the reclamation or restoration of lands;

- (g) “**Exchange**” means the Canadian Securities Exchange;
- (h) “**Exchange Acceptance Date**” means the date of the final approval by the Exchange of this Agreement and the transactions contemplated by this Agreement;
- (i) “**Knowledge**” when used in reference to a Party hereto, means such Party’s active knowledge without independent inquiry or investigation;
- (j) “**Law**” means any law, rule, statute, ordinance, code, regulation, order, judgment, decree, treaty, court or administrative decision or ruling, policy or other requirement or rule of law having the force of law;
- (k) “**Person**” is to be broadly interpreted and includes an individual, a corporation, a partnership, a trust, an unincorporated organization, the government of a country or any political subdivision thereof, or any agency or department of any such government, and the executors, administrators or other legal representatives of an individual in such capacity;
- (l) “**Property**” means the mineral claims described in Schedule “A” which is attached hereto, and all mining leases and other mining interests derived therefrom, and a reference herein to a mineral claim comprised in the Property includes any mineral leases or other interests into which such mineral claim may have been converted;
- (m) “**Schedules**” means the documents attached hereto as follows:
 - (i) Schedule “A” – Mineral Claims Comprising the Property;
 - (ii) Schedule “B” – Underlying NSR Royalty; and
- (n) “**Shares**” means common shares in the capital of the Buyer;
- (o) “**Underlying NSR Royalty**” means the existing two (2%) royalty payable to Edge Geological Consulting Inc. (a company controlled by Ross McElroy) (“**Edge**”), as evidenced in Schedule “B” attached hereto and being assumed by the Buyer pursuant to section 10 herein.

PART 2
REPRESENTATIONS AND WARRANTIES OF THE SELLER

2.1 The Seller represents and warrants to the Buyer that:

- (a) the Seller is a corporation duly formed and validly existing and in good standing under the laws of the Province of British Columbia, has all requisite corporate power and authority and is duly qualified and holds all necessary material permits, licenses and authorizations necessary or required to carry on its business as now conducted and to own, lease or operate its properties and assets and no steps or proceedings have been taken by any person, voluntary or otherwise, requiring or authorizing its dissolution or winding up;

- (b) the Seller has full corporate power and authority to carry on its business and to enter into this Agreement and any agreement or instrument referred to or contemplated by this Agreement and to carry out its obligations hereunder;
- (c) the execution and delivery of this Agreement and the performance by the Seller of its obligations hereunder and the consummation of the transactions contemplated in this Agreement do not and will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under (whether after notice or lapse of time or both), under: (i) any statute, rule or regulation applicable to the Seller; (ii) the constating documents or resolutions of the managing member or members of the Seller which are in effect at the date hereof; (iii) any mortgage, note, indenture, contract, agreement, joint venture, partnership, instrument, lease or other document to which the Seller is a party or by which it is bound; or (iv) any judgment, decree or order binding on the Seller;
- (d) the Property is free and clear of all liens, charges and encumbrances other than the Underlying NSR Royalty;
- (e) the Seller is the legal and beneficial owner of the Property;
- (f) there are no actions, suits, investigations or proceedings before any court, arbitrator, administrative agency or other tribunal or governmental authority, whether pending or, to the Knowledge of the Seller, threatened, which directly or indirectly relate to or affect the interests of the Seller in the Property;
- (g) this Agreement constitutes a legal, valid and binding obligation of the Seller, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium, or similar laws affecting the enforcement of creditors' rights and remedies generally from time to time in effect and the exercise by courts of equity powers or their application of principles of public policy;
- (h) the Property has been operated in accordance with all applicable Environmental Laws and there are no environmental conditions existing on the Property to which any remedial action is required, or any liability has been imposed under applicable Environmental Laws;
- (i) the Seller has not received from any government instrumentality any notice of or communication relating to any actual or alleged Environmental Claims and there are no outstanding work orders or actions required to be taken relating to environmental matters respecting the Property or any operations carried out on the Property;
- (j) no environmental audit, assessment, study or test has been conducted in relation to the mineral claims comprising the Property by or on behalf of the Seller nor is the Seller aware after reasonable inquiry of any of the same having been conducted by or on behalf of any governmental authority or by any other Person; and

- (k) the mineral claims comprising of the Property have been duly and validly staked and are recorded in the name of the Seller, are accurately described in Schedule “A” hereto, are in good standing under the laws of the jurisdiction in which they are located and are free and clear of all liens, charges, underlying royalties and encumbrances.

2.2 The representations and warranties contained in Section 2.1 are provided for the exclusive benefit of the Buyer, and a breach of any one or more thereof may be waived by the Buyer in whole or in part at any time without prejudice to its rights in respect of any other breach of the same or any other representation or warranty; and the representations and warranties contained in Section 2.1 will survive the Closing indefinitely.

PART 3

REPRESENTATIONS AND WARRANTIES OF THE BUYER

3.1 The Buyer represents and warrants to the Seller as follows:

- (a) the Buyer is a corporation duly incorporated and validly existing and in good standing under the laws of the Province of Alberta, Canada, has all requisite corporate power and authority and is duly qualified and holds all necessary material permits, licenses and authorizations necessary or required to carry on its business as now conducted and to own, lease or operate its properties and assets and no steps or proceedings have been taken by any person, voluntary or otherwise, requiring or authorizing its dissolution or winding up;
- (b) it is a reporting issuer under the Securities Acts (British Columbia, Alberta, Manitoba, Ontario and Nova Scotia), and is not listed on the list of reporting issuers in default of any requirement of such Acts or the regulations made thereunder as maintained by such securities commissions (collectively, the “Commissions”);
- (c) the Shares are part of a class of shares of the Buyer that is currently listed and posted for trading on the Exchange and, at the time of the delivery of the certificates representing the Shares to the Seller, will have been approved and reserved for listing on the Exchange;
- (d) the Shares will, at the time of delivery to the Seller, be duly authorized and validly allotted and issued as fully paid and non-assessable, free of any liens, charges or encumbrances;
- (e) the Buyer has full corporate power and authority to carry on its business and to enter into this Agreement and any agreement or instrument referred to or contemplated by this Agreement and to carry out its obligations hereunder;
- (f) the execution and delivery of this Agreement and the performance by the Buyer of its obligations hereunder and the consummation of the transactions contemplated in this Agreement do not and will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under (whether after

notice or lapse of time or both) under: (i) any statute, rule or regulation applicable to the Buyer; (ii) the constating documents or resolutions of the directors or shareholders of the Buyer which are in effect at the date hereof; (iii) any mortgage, note, indenture, contract, agreement, joint venture, partnership, instrument, lease or other document to which the Buyer is a party or by which it is bound; or (iv) any judgment, decree or order binding on the Buyer or the property or assets thereof;

- (g) all necessary corporate action has been taken by the Buyer to carry out its obligations hereunder; and
- (h) this Agreement constitutes a legal, valid and binding obligation of the Buyer, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium, or similar laws affecting the enforcement of creditors' rights and remedies generally from time to time in effect and the exercise by courts of equity powers or their application of principles of public policy.

3.2 The representations and warranties contained in Section 3.1 are provided for the exclusive benefit of the Seller and a breach of any one or more thereof may be waived by the Seller in whole or in part at any time without prejudice to its rights in respect of any other breach of the same or any other representation or warranty; and the representations and warranties contained in Section 3.1 will survive the Closing indefinitely.

PART 4 **PURCHASE AND SALE**

4.1 The Seller agrees to sell to the Buyer and the Buyer agrees to purchase from the Seller the Property subject to the terms and conditions of this Agreement and the approval of the Exchange.

4.2 As full consideration for the purchase of the Property from the Seller, the Buyer shall:

- (a) within one (1) business days of the date of this Agreement, pay to the Seller \$75,000 in cash;
- (b) within one (1) business day of the Exchange Acceptance Date, issue to the Seller 2,000,000 Shares; and
- (c) within sixty (60) days of the date of this Agreement, pay to the Seller an additional \$75,000 in cash.

4.3 As the issuance of the 2,000,000 Shares to the Seller is being completed pursuant to exemptions from the requirements to provide the Seller with a prospectus and to sell the securities issuable pursuant to this Agreement through a person registered to sell securities under applicable securities legislation, the Seller acknowledges that:

- (a) various filings must be completed, and disclosures made to the securities regulatory authorities having jurisdiction over the securities of the Buyer and to the Exchange;

- (b) the certificate or DRS representing such Shares will be stamped with a four (4) month hold legend as required under applicable Laws and the policies of the Exchange; and
- (c) no person has made to the Seller any written or oral representations as to the future price or value of the Shares.

4.4 Upon completion of the payments by the Buyer pursuant to Sections 4.1 and 4.2 of this Agreement, the Seller will forthwith transfer its total 100% legal and beneficial title to the Property to the Buyer (the “**Closing**”). In the event the Buyer does not complete the cash payments or Share issuances (and such failure continues for five (5) days after notice from the Seller), at the option of the Seller, the Buyer will forfeit its right to acquire the Property and no party will have further rights against the others pursuant to this Agreement and all payments made by the Buyer will be non-refundable. If requested by the Buyer, the Seller agrees on the receipt of all cash and Share payments to grant, assign, convey and transfer the Property to the Buyer by executing an assignment and transfer (or such other documents and filings as necessary) to facilitate a transfer of the mineral claims compromising the Property.

4.5 Subject to termination in accordance with Section 12, until the Closing the Seller shall be responsible for all of the ongoing obligations in relation to the Property and, without limiting the generality of the foregoing, the Seller will:

- (a) keep the Property in good standing free and clear of all liens, charges and encumbrances (other than the Underlying NSR Royalty); and
- (b) operate the Property substantially in accordance with all applicable Environmental Laws.

PART 5 **COVENANTS**

5.1 The Seller covenants and agrees with the Buyer as follows:

- (a) until the Closing the Seller shall maintain its interests in the Property in good standing;
- (b) the Seller shall obtain all required consents, approvals and agreements to effect the transactions contemplated in this Agreement by the Closing;
- (c) the Seller shall deliver or cause to be delivered to the Buyer copies of all available maps and other documents and make available to the Buyer all information and data in its possession or control respecting the Property; and
- (d) the Seller shall deliver or cause to be delivered to the Buyer sufficient documents for the Buyer to identify the individual claims comprising the Property.

5.2 The Buyer covenants and agrees with the Seller that it shall obtain all required consents, approvals and agreements, as may be required for the transaction contemplated under this Agreement.

PART 6

INDEMNIFICATION

6.1 The Seller shall be liable to and shall indemnify and save harmless the Buyer and its respective directors, officers, employees, shareholders and representatives from the Closing with respect to any Claim suffered by, imposed upon or asserted against it or any of them as a result of, in respect of, connected with or arising out of:

- (a) any breach of inaccuracy of any representation or warranty given by the Seller contained in this Agreement; and
- (b) any failure of the Seller to perform or fulfill any of its covenants or obligations under this Agreement.

6.2 The Buyer shall be liable to and shall indemnify and save harmless the Seller and its respective directors, officers, employees, shareholders and representatives from the Closing with respect to any Claim suffered by, imposed upon or asserted against it or any of them as a result of, in respect of, connected with or arising out of:

- (a) any breach or inaccuracy of any representation or warranty given by the Buyer contained in this Agreement; and
- (b) any failure of the Buyer to perform or fulfill any of its covenants or obligations under this Agreement.

6.3 The provisions of Sections 6.1 and 6.2 shall survive any termination and shall continue in full force and effect.

PART 7

TRANSACTIONS COSTS

7.1 Each Party shall be responsible for their own costs in regards of the transactions contemplated herein.

PART 8

CLOSING CONDITIONS

8.1 The purchase and sale contemplated herein is subject to the following conditions being satisfied at or prior to Closing, which are for the exclusive benefit of the Seller and may be waived, in whole or in part, by the Seller in its sole discretion:

- (a) the representations and warranties of the Buyer contained in this Agreement shall have been true and correct as of the Closing as if such representations and warranties had been made on and as of such date;

- (b) the Buyer shall have fulfilled or complied with all covenants contained in this Agreement to be fulfilled or complied with by them at or prior to Closing;
- (c) the Buyer shall have complied with all applicable Laws in connection with the issuance of 2,000,000 Shares to the Seller;
- (d) there shall not be in force any order or decree restraining or enjoining the consummation of the transactions contemplated by this Agreement, and all consents, orders and approvals required or necessary or desirable for the completion of the transactions contemplated by this Agreement shall have been obtained or received from the persons, authorities or bodies having jurisdiction in the circumstances, including, but not limited to, the Exchange, all on terms satisfactory to the Seller, acting reasonably; and
- (e) the Buyer shall have delivered or caused to be delivered the closing documents as provided in Section 9.3.

8.2 The purchase and sale contemplated herein is subject to the following conditions being satisfied at or prior to Closing, which are for the exclusive benefit of the Buyer and may be waived, in whole or in part, by the Buyer in its sole discretion:

- (a) the representations and warranties of the Seller contained in this Agreement shall have been true and correct as of the Closing as if such representations and warranties had been made on and as of such date;
- (b) the Seller shall have fulfilled or complied with all covenants contained in this Agreement to be fulfilled or complied with by them at or prior to Closing;
- (f) there shall not be in force any order or decree restraining or enjoining the consummation of the transactions contemplated by this Agreement, and all consents, orders and approvals required or necessary or desirable for the completion of the transactions contemplated by this Agreement shall have been obtained or received from the persons, authorities or bodies having jurisdiction in the circumstances, including, but not limited to, the Exchange, all on terms satisfactory to the Buyer, acting reasonably;
- (g) the Exchange Acceptance Date has been obtained;
- (c) there shall not have been any material adverse change to the Property or the Seller's interests therein; and
- (d) the Seller shall have delivered or caused to be delivered the closing documents as provided in Section 9.2.

PART 9
THE CLOSING

9.1 The Closing of the transactions contemplated herein will take place at the offices of the Seller at the address given on the first page of the Agreement or such other place (including virtually) or date and time mutually agreeable to the Parties.

9.2 At Closing, the Seller shall have delivered or caused to be delivered to the Buyer, unless waived in writing by the Buyer a duly executed assignment and transfer (or such other documents and filings) effecting the transfer of the Property.

9.3 At Closing, the Buyer shall have delivered or caused to be delivered to the Seller all required cash and Share payments pursuant to this Agreement.

PART 10
UNDERLYING NET SMELTER RETURN ROYALTY

10.1 At Closing, the Underlying NSR Royalty shall be transferred and assigned to the Buyer and all rights and obligations thereunder shall be assumed by the Buyer. The Buyer acknowledges and agrees that Edge shall be entitled to receive and the Buyer shall reserve for Edge a royalty equal to two percent (2.0%) of the net smelter returns from the sale of ore, or ore concentrate, or any other products produced from the Property specifically within the area covered by all claims currently compromising the Property, in accordance with Schedule "B" hereto and outlined by the map contained therein.

10.2 The Seller, Buyer and Edge have contemporaneously herewith executed an acknowledgement confirming that the form of Underlying NSR Royalty agreed to by the Seller, Buyer and Edge as contemplated herein and attached as Schedule "B" is binding and enforceable.

PART 11
CONFIDENTIAL INFORMATION

11.1 The Parties agree to hold in confidence all information obtained in confidence in respect of the Property or otherwise in connection with this Agreement other than in circumstances where a Party has an obligation to disclose such information in accordance with applicable securities legislation, Exchange policies or Law, in which case such disclosure will only be made after consultation with the other Party.

PART 12
TERMINATION OF AGREEMENT

12.1 This Agreement may, by notice in writing given prior to the Closing, be terminated:

- (a) by unanimous consent of the Parties;
- (b) by the Seller if any of the conditions in Section 8.1 have not been satisfied at or prior to the Closing and the Seller has not waived such conditions at or prior to the Closing;

- (c) by the Buyer if any of the conditions in Section 8.2 have not been satisfied at or prior to the Closing and the Buyer has not waived such conditions at or prior to the Closing; or
- (d) the Exchange Acceptance Date has not occurred by April 20, 2023.

PART 13 **DISPUTE RESOLUTION**

13.1 This Agreement shall be governed by and shall be construed and interpreted in accordance with the laws of British Columbia and the laws of Canada applicable in British Columbia. The Parties irrevocably attorn and submit to the exclusive jurisdiction of the courts of the Province of British Columbia, sitting in the city of Vancouver, with respect to any dispute to or arising out of this Agreement.

PART 14 **NOTICES**

14.1 Any notice or other communication required or permitted to be given under this Agreement must be in writing and shall be effectively given if delivered personally or by overnight courier or if sent by email or fax, addressed to the address or email address or fax number of the other Party specified in writing prior to the execution of this Agreement, or at such other address as either Party may specify to the other in writing from time to time. Any notice or other communication so given is deemed conclusively to have been given and received on the day of delivery when so personally delivered, on the day following the sending thereof by overnight courier, and on the same date when emailed or faxed (unless the notice is sent after 5:00 p.m. (PST) or on a day which is not a business day, in which case the email or fax will be deemed to have been given and received on the next business day after transmission). Either Party may change any particulars of its name, address, contact individual, email address or fax number for notice by notice to the other Party in the manner set out in this Section 14.1. Neither Party shall prevent, hinder or delay or attempt to prevent, hinder or delay the service on that Party of a notice or other communication relating to this Agreement.

PART 15 **GENERAL**

15.1 This Agreement will supersede and replace any other agreement or arrangement, whether oral or written, heretofore existing between the Parties in respect of the subject matter of this Agreement.

15.2 No consent or waiver expressed or implied by either Party in respect of any breach or default by the other in the performance of such other of its obligations hereunder shall be deemed or construed to be a consent to or a waiver of any other breach or default.

15.3 The Parties shall promptly execute or cause to be executed all documents, deeds, conveyances and other instruments of further assurance, and shall undertake all other further actions, which may be reasonably necessary or advisable to carry out fully the intent of this

Agreement or to record wherever appropriate the respective interests from time to time of the Parties in the Property.

15.4 The rights under this Agreement are not assignable by the Parties, as the case may be, without the written consent of the other Party first having been obtained.

15.5 The headings appearing in this Agreement are for general information and reference only and this Agreement will not be construed by reference to such headings.

15.6 Unless otherwise provided, all dollar amounts referred to in this Agreement are in lawful money of Canada.

15.7 In interpreting this Agreement and any Schedules hereto attached, where the context so requires, the singular will include the plural, and the masculine will include the feminine, the neuter, and vice versa.

15.8 Nothing herein will constitute or be taken to constitute the Parties as partners or create any fiduciary relationship between them; provided, however, that this qualification will not limit the express duty of each Party to act toward the other Party at all times in good faith with respect to all their obligations under this Agreement.

15.9 No modification, alteration or waiver of the terms herein contained will be binding unless the same is in writing, dated subsequently hereto, and fully executed by the Parties.

15.10 This Agreement may be executed by facsimile or other electronic means and in one or more counterparts, all of which shall be considered one and the same Agreement. Delivery by facsimile or other electronic means shall be deemed effective and enforceable as if it were an original.

[The signature page follows.]

IN WITNESS WHEREOF the Parties hereto have executed this Agreement as of and from the Execution Date first above written.

FATHOM NICKEL INC.

by:

signed "Doug Porter"

Authorized Signatory
Name: Doug Porter
Title: President, CFO & Director

SKRR EXPLORATION INC.

by:

signed "Sherman Dahl"

Authorized Signatory
Name: Sherman Dahl
Title: CEO & Director

SCHEDULE "A"

This is Schedule "A" to the Watts Lake Mineral Claims Purchase Agreement between SKRR Exploration Inc. and Fathom Nickel Inc. dated March 21, 2023

Mineral Claims Comprising the Property



SCHEDULE "B"

This is Schedule "B" to the Mineral Claims Purchase Agreement between SKRR Exploration Inc. and Fathom Nickel Inc. dated March 21, 2023 (the "Agreement").

Net Smelter Return Royalty

1. The "Underlying NSR Royalty" or "Net Smelter Returns" royalty which may be payable to Edge by the Buyer pursuant to the Agreement will be two percent (2.0%) of the Net Smelter Returns (as defined in paragraph 2 below) and will be calculated and paid to Edge by the Buyer in accordance with the terms of this Schedule "B". 1.0% of the Net Smelter Return will be subject to purchase at any time by the Buyer or its assigns upon receipt by Edge of CAD\$1,000,000 (for a total remaining Net Smelter Return payable to Edge of 1.0%). Terms having defined meanings in the Agreement and used herein will have the same meanings in this Schedule "B" as assigned to them in the Agreement unless otherwise specified or the context otherwise requires.

2. In the Agreement, "**Net Smelter Returns**" means the actual proceeds received by the Buyer for its own account from the sale of ore, or ore concentrates or other products from the area currently comprising the Property to a smelter, refinery or other ore buyer after deduction of all operating costs, smelter and/or refining charges, ore treatment charges, penalties and any and all charges made by the Buyer of ore or concentrates, and actual freight or haulage charges from the mine to the smelter, less all umpire charges which the Buyer may be required to pay. Not less than 60 days prior to the commencement of any fiscal year of the Buyer, Edge shall have the right to receive Net Smelter Returns in kind for any fiscal year of the Buyer. Upon Edge giving such notice, Edge and the Buyer shall enter into good faith negotiations with each other to settle the manner in which the payment shall be calculated and paid, it being the intent that the payment received in kind shall be commercially equivalent to the payment that Edge would have been received if it had been made in the form of money.

3. Payment of Net Smelter Returns by the Buyer to Edge shall be made semi-annually within 60 days after the end of each fiscal half year of the Buyer and shall be accompanied by unaudited financial statements pertaining to the operations carried out by the Buyer on the area currently comprising the Property. Within 90 days after the end of each fiscal year of the Buyer in which Net Smelter Returns are payable to Edge, the records relating to the calculation of Net Smelter Returns for such year shall be audited and any resulting adjustments in the payment of Net Smelter Returns payable to Edge shall be made forthwith. A copy of the said audit shall be delivered to Edge within 30 days of the end of such 90-day period.

4. Each annual audit shall be final and not subject to adjustment unless Edge delivers to the Buyer written exceptions in reasonable detail within six months after the Seller receives the report. Edge, or its representative duly authorized in writing, at its expense, shall have the right to audit the books and records of the Buyer related to Net Smelter Returns to determine the accuracy of the report, but shall not have access to any other books and records of the Buyer. The audit shall be conducted by a chartered or certified public accountant of recognized standing. The Buyer shall not be required to provide access to its books and records to the auditor until such time as the auditor executes a written agreement that all information will be held in confidence and used solely for purposes of audit and resolution of any disputes related to the report. A copy of Edge's report

shall be delivered to the Buyer upon completion, and any discrepancy between the amount actually paid by the Buyer and the amount which should have been paid according to Edge's report shall be paid forthwith, one party to the other. In the event that the said discrepancy is to the detriment of Edge and exceeds 5% of the amount actually paid by the Buyer, then the Buyer shall pay the entire cost of the audit.

5. Any dispute arising out of or related to any report, payment, calculation or audit shall be resolved solely by arbitration as provided in the Agreement. No error in accounting or in interpretation of the Agreement shall be the basis for a claim of breach of fiduciary duty, or the like, or give rise to a claim for exemplary or punitive damages or for termination or rescission of the Agreement or the estate and rights acquired and held by the Buyer under the terms of the Agreement.