

PHASE I FUNDING AND ROYALTY AGREEMENT

THIS AGREEMENT made B E T W E E N:

NAME: JD Exploration Inc.
ADDRESS: 4149 Water Road
Puslinch ON
N6B 2J0

(Hereinafter referred to as the "Claimholder")

OF THE FIRST PART

AND

ONTARIO EXPLORATION CORPORATION
1100 Memorial Avenue, Suite 364
Thunder Bay, ON P7B 4A3

(Hereinafter referred to as the "OEC")

OF THE SECOND PART

RECITALS:

WHEREAS the Claimholder has agreed to sell to the OEC and the OEC has agreed to purchase from the Claimholder a 0.5 % Royalty interest in the Claims (as hereinafter defined), upon the terms described herein;

NOW THEREFORE THIS AGREEMENT WITNESSETH THAT in consideration of the mutual covenants and agreements herein contained and for other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged), the parties hereto agree with each other as follows:

ARTICLE 1 INTERPRETATION OF AGREEMENT

1.1 Definitions

The following terms shall have the meaning ascribed to them below unless there is something in the context inconsistent therewith:

- (a) "Agreement" means this Royalty agreement, including all of the Schedules hereto, and all amendments made hereto in accordance with the provisions hereof.
- (b) "Application Date" means the date of the submission of the Application for Funding to OEC by the Claimholder, as more particularly set out in the Application for Funding attached hereto as Schedule "I".

- (c) "**Assessment Credit Approval Letter**" means that letter issued by the Ministry of Northern Development of Mines approving expenditures submitted as assessment work.
 - (d) "**Claims**" means those claims located in Ontario and which are listed in Schedule III hereto.
 - (e) "**Effective Date**" means the date upon which this Agreement is executed by OEC as hereinafter set out.
 - (f) "**Anniversary Date**" means the date one year from the Effective date of the Agreement
 - (g) "**Final Submission Form**" means the Ontario Exploration Corporation Assistance Program final submission form.
 - (h) "**Memorandum of Agreement**" means an instrument summarizing this agreement for the purpose of recording on title a beneficial interest in the Claims.
 - (i) "**Net Sales Return Royalty**" means the net sales return royalty as defined in Schedule IV attached hereto.
 - (j) "**Net Smelter Return Royalty**" means the net smelter return royalty as defined in Schedule IV attached hereto.
 - (k) "**Royalty**" means either the Net Sales Return Royalty and/or the Net Smelter Return Royalty.
 - (l) "**Technical Report**" means any report filed for assessment work on the Claims.
- 1.2 The division of this Agreement into sections, clauses, paragraphs and the insertion of headings are for the convenience of reference only and shall not affect the construction or interpretation of this Agreement.
- 1.3 The words "herein", "hereto" and "hereinafter" and other words of similar import refer to this Agreement as a whole and not to any particular section, paragraph, or other subdivision of this Agreement.
- 1.4 Any reference to currency is to Canadian currency and any amount advanced, paid or calculated is to be advanced, paid or calculated in Canadian currency.
- 1.5 Any reference to a statute is to such statute and to the regulation made pursuant to the laws of the Province of Ontario or Canada, as may be amended or modified from time to time.
- 1.6 Persons are not dealing "**at arm's length**" with one another for the purpose of this Agreement if they would not be dealing at arm's length with one another for the purposes of the *Income Tax Act* (Canada).

- 1.7 Words importing the masculine gender include the feminine or neuter gender and words in the singular include the plural, and vice versa.
- 1.8 All references to Schedules refer to Schedules of this Agreement, which are part of and form an integral part of this Agreement.

The Schedules of this Agreement are:

- Schedule I: Application for Funding
- Schedule II: Declaration of Co-Owner
- Schedule III: Claims
- Schedule IV: Royalties
- Schedule V: Royalty Buy-Back
- Schedule VI: Final Submission Form (to be completed following execution of this Agreement)

ARTICLE 2

TERM

- 2.1 This Agreement shall be effective as and from the Effective Date and shall continue in full force and effect up to and including the day upon which the Claims either lapse or expire and shall be applicable to any Claims restaked by order of any relevant governmental authority and to all successor mineral lease claims, permits or rights of any nature whatsoever.
- 2.2 The Claimholder shall take all such necessary steps and action to ensure the Claims are subsisting and shall continue to subsist and shall not do or omit to do any act which shall cause the Claims to lapse or expire (except in the ordinary course), or be cancelled, forfeited or revert to the Crown.
- 2.3 Notwithstanding the termination or expiry of this Agreement either upon the expiry or lapse of the Claims or otherwise, the obligations of the Claimholder pursuant to Articles 5 and 6 herein shall survive such termination or expiry and shall continue to be binding upon the Claimholder.

ARTICLE 3

REPRESENTATIONS AND WARRANTIES OF THE CLAIMHOLDER

The Claimholder hereby represents and warrants that:

- 3.1 The Claimholder is a legal and beneficial owner of the Claims, which Claims are free and clear of any undeclared liens, hypothecs, charges, mortgages, encumbrances, claims or royalties;
- 3.2 The Claims have been properly staked and recorded and are in good standing under all applicable laws and regulations and there is no dispute in respect of the Claims;
- 3.3 The Claims are in conformity with all laws, regulations, orders, policies and requirements including, without restricting the generality of the foregoing, all environmental laws, regulations, orders, policies and requirements.
- 3.4 The Claimholder has the right to enter into this Agreement and the performance of the Claimholder's obligations hereunder shall not be in breach of, or in conflict with any agreements or undertakings between the Claimholder and any governmental authority in Canada or any other party;
- 3.5 The Claimholder has no knowledge of any claim, pending claim or litigation as to the ownership of any of the Claims;
- 3.6 All information, statements and representations made in the Application for Funding attached hereto by the Claimholder are true and correct at the time made, and are true and correct as at the Effective Date and the date of execution of this Agreement, save and except for as previously disclosed to OEC by the Claimholder in writing.
- 3.7 The Claimholder acknowledges that no person, other than the Claimholder, holds any undeclared right, title, interest or royalty interest in the Claims except those persons disclosed pursuant to Section 3.8 herein.
- 3.8 The Claimholder has provided all documentation of any right, title, interest or royalty interest in the Claims held by other parties, together with the Application for Funding to the OEC, which documentation accurately reflects all interests in and to the Claims as of the Application Date.
- 3.9 The Claimholder has provided to the OEC executed copies of the Declaration of Co-Owner in the form set out in Schedule II hereto with respect to all parties that hold any interest, right or title in and for the Claims as of the Application Date and the Effective Date.
- 3.10 Since the Application Date, there has been no legal or beneficial change in or to the rights and interests of any parties to the Claims which have not been previously disclosed to the OEC and no change to the legal or beneficiary rights or interests in and to the Claims shall be made without the Claimholder providing at least five (5) days' prior written notice to the OEC.
- 3.11 The Claimholder has no knowledge of any fact pertaining to the Claims or of any work carried out in respect of the Claims that may in any way breach any laws, regulations, orders, policies and requirements of government authorities affecting the claims, including any environmental laws, regulations and requirements;

- 3.12 The Claimholder acknowledges that these representations and warranties are conditions on which the OEC has relied on to enter into this Agreement and that such representations and warranties will survive the execution of this Agreement.

ARTICLE 4 REPRESENTATIONS AND WARRANTIES OF THE OEC

The OEC hereby represents and warrants that, as of the Effective Date of this Agreement:

- 4.1 It has been duly incorporated, organized and is a validly subsisting corporation under applicable laws and regulations;
- 4.2 It has accomplished all necessary corporate acts and proceedings in order to authorize the execution of this Agreement;
- 4.3 It has the right to enter into and to execute this Agreement;
- 4.4 The execution of this Agreement does not breach its articles or its by-laws.

ARTICLE 5 CONSIDERATION

- 5.1 The Claimholder hereby grants to the OEC an exclusive and irrevocable interest of a one half percent (0.5 %) Royalty in the Claims on the following basis:
- (a) On the execution date the OEC hereby agrees to pay the Claimholder \$10,000 by cash or cheque for a 0.5% Royalty in the Claims.
 - (b) The OEC hereby agrees to pay the Claimholder \$5,000 by cash or cheque on approval by the OEC of the Final Submission Form and the Technical Report (in such form as the OEC shall require from time to time) and delivery by the Claimholder of an Assessment Credit Approval Letter.
 - (c) Notwithstanding the foregoing and despite the provisions in Sections 6.1, 6.2, 6.3, and 6.4 hereof, if the Claimholder does not use his best efforts to deliver the Final Submission form, Technical Report or Assessment Credit Approval letter by 5:00 p.m. (Toronto Time) on the Final Submission Date, the OEC shall be deemed to have paid the amounts in subsections 5.1(a) and 5.1(b) hereof and the OEC shall be entitled to keep the 0.5% Royalty.
- 5.2 The Royalty granted herein by the Claimholder shall entitle OEC to receive payment equal to one half percent (0.5 %) of either the Net Sales Returns Royalty or the Net Smelter Returns Royalty from mineral substances extracted from the Claims, as defined in Schedule III attached hereto, such payments to be made by the Claimholder on a quarterly basis in arrears or as otherwise agreed upon by the parties. The Claimholder shall have the right to purchase up to and including half (0.5) of such Royalty, at any time, as set forth in Schedule V.

ARTICLE 6
RIGHTS AND OBLIGATIONS OF THE CLAIMHOLDER

- 6.1 While this Agreement is in force, the Claimholder shall have the exclusive right of access to the Claims and to explore for minerals on the Claims and shall have sole and absolute discretion as to the work carried out on the Claims. Notwithstanding the foregoing, the Claimholder shall carry out the work as set out and specified in the Application for Funding and/or the Final Submission Form.
- 6.2 In the event the Claimholder does not, for any reason whatsoever, submit a Final Submission Form that is approved by OEC in its sole and absolute discretion, a Technical Report or an Assessment Credit Approval Letter to the OEC on or before Final Submission Date, the Claimholder shall within fifteen (15) days of receipt of a written demand for repayment by the OEC, return all such advances or payments made to or on behalf of the Claimholder by the OEC to the OEC by cash, certified cheque or bank draft.
- 6.3 In the event the Claimholder does not, for any reason whatsoever, complete the work as set out in the Application for Funding, the Claimholder shall, within fifteen (15) days of receipt of a written demand for repayment by the OEC, return all such advances or payments made to or on behalf of the Claimholder by the OEC to the OEC by cash, certified cheque or bank draft.
- 6.4 The Claimholder shall not alter, amend, or change the nature, scope or extent of the work as set out in the Application for Funding (hereinafter sometimes referred to as the "Work") in any manner whatsoever without the prior written consent of the OEC. In the event the Claimholder has made any alterations, amendments or changes to the nature, scope or extent of the Work, without the prior consent of the OEC, the OEC shall be entitled, in its sole and absolute discretion, and upon written notice to the Claimholder, to demand the repayment of all advances or payments made to or on behalf of the Claimholder. The Claimholder shall repay all such advances or payments within fifteen (15) days of the receipt of the written demand for repayment by the OEC.
- 6.5 In the event the Claimholder wishes to alter, amend or change the nature, scope or extent of the Work, the Claimholder shall notify OEC in writing of such proposed alterations, amendments or changes at least thirty (30) days prior to the proposed commencement date of such alterations, amendments or changes to the Work. The consent of the OEC to any alterations, amendments or changes to the Work shall not be unreasonably withheld.
- 6.6 The Claimholder will be responsible and liable for any damage caused while carrying out or causing to be carried out work on the Claims and shall indemnify and hold the OEC harmless from any and all claims, actions, causes of action, demands, charges, expenses, loans, premiums, fines, penalties and costs (including all legal costs on a substantial indemnity scale) resulting from, or in any way related to, any activity carried out by or on behalf of the Claimholder on the Claims.
- 6.7 All valid assessment work carried out during the term of this agreement, in an amount equal to the amounts paid by OEC pursuant to subsections 5.01(a) and 5.01(b) hereof, shall be filed for assessment purposes on the Claims with the relevant regulatory authorities.
- 6.8 The Claimholder shall carry on the Work in a manner consistent with mining industry standards and all applicable laws, regulations, by-laws, ordinances, rules, and orders

made by any competent governmental authority, including, but not limited to, the maintenance of proper security measures.

- 6.9 The Claimholder shall ensure that all environmental reclamation and remediation work required to be done in connection with exploration or other activity carried out by the Claimholder on the Claims is completed in a timely manner at the Claimholder's expense in accordance with applicable law.

ARTICLE 7 RIGHTS AND OBLIGATIONS OF THE OEC

- 7.1 The OEC reserves its right of access, at its own risk, to the Claims to inspect the work carried out by or on behalf of the Claimholder, without however interfering with the Claimholder's work.
- 7.2 All information received by the OEC shall be kept confidential in accordance with the *Personal Information Protection and Electronic Documents Act*, and all other applicable privacy legislation, and shall not be released to any other party without the prior written consent of the Claimholder, save and except for any disclosure or release of information: (i) required pursuant to any law, regulation, order, bylaw or other legislative or administrative enactment made by any federal, provincial or municipal authority; (ii) necessary for financial reporting purposes; and (iii) pertaining to the results of exploration work filed as assessment work.

ARTICLE 8 RECORDING OF THE AGREEMENT

- 8.1 The Claimholder consents to the placing of this Agreement on title as a Memorandum of Agreement.
- 8.2 Recording of this Agreement on title is at OEC's discretion.
- 8.3 The OEC will pay any associated costs of recording of the Agreement on the title.

ARTICLE 9 DISPUTE RESOLUTION

- 9.1 Except as otherwise expressly provided herein, any dispute, difference or question arising among the parties hereto concerning the construction, meaning, effect or implementation of this Agreement or any part hereof will be settled by a single arbitrator agreed on by all the parties. In the event the parties fail to agree upon a single arbitrator within thirty (30) days of the first written notice of such dispute being delivered by either party, each party shall appoint their own single arbitrator to sit on a panel of three arbitrators to hear and determine the dispute or question, and the two arbitrators so appointed shall, within twenty (20) days of their appointment, appoint a third arbitrator to act as the chair of the arbitration. The arbitration shall be carried out and governed pursuant to the *Arbitration Act, 1991* (Ontario) or any successor legislation thereto and shall include, but not be limited to, an award of costs against either party to the arbitration in accordance with section 54 of the said Act. The decision of such arbitrator(s) appointed pursuant to this Agreement or such Act will be final and binding on the parties and no appeal will lie therefrom.

ARTICLE 10
ASSIGNMENT OF CLAIMS

- 10.1 The Claimholder shall not assign, transfer, mortgage, pledge, hypothecate, lien, grant a security interest in, or otherwise dispose of any of its right, title and interest in and to the Claims unless:
- (i) The Claimholder shall have provided the OEC with prior written notice of such disposition;
 - (ii) the Claimholder shall have repaid any amounts due and owing to OEC pursuant to the terms of Article 6 of this Agreement;
 - (iii) the assignee or transferee of such Claims or shares (as the case may be) shall agree in writing to assume and be bound to all the obligations of the Claimholder pursuant to this Agreement and any other Agreement for which the Claimholder and the OEC are parties; and
 - (iv) the assignee or transferee shall have completed, and the OEC shall have approved, a Final Submission Form with respect to the Claims and the Work to be performed following the transfer or assignment.

ARTICLE 11
GENERAL PROVISIONS

- 11.1 This Agreement shall replace and supersede all previous agreements between the parties.
- 11.2 The parties agree that this Agreement shall be interpreted and governed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.
- 11.3 The addresses for any written notices hereunder shall be as set out as below:

Notice to the Claimholder shall be addressed to:

Name JD Exploration Email: joemancor55@gmail.com

Address: 4149 Watson Road Paslinch ON

Postal Code: N0B 2J0 Telephone: 647-278-7502 Fax: _____

Notice to the OEC shall be addressed to:

Ontario Exploration Corporation
1100 Memorial Avenue, Suite 364
Thunder Bay, ON P7B 4A3

- 11.4 Time shall be of the essence in this Agreement.

11.5 This Agreement is binding on the parties and their heirs, executors, administrators, legal representatives, successors and permitted assigns.

11.6 This Agreement is personal to the Claimholder and shall not be assigned, transferred or alienated by the Claimholder in any manner whatsoever without the prior written consent of the OEC.

IN WITNESS WHEREOF the parties have executed this Agreement as of the date hereinafter set out.

DATED at Pushkin ON this 15th day of September,
2008. 2018

Name

"signed"

Signature

Witness

"signed"

Signature

DATED at _____ this _____ day of _____,
200 .

Ontario Exploration Corporation

Per: "signed"

Per: _____

SCHEDULE II

Form of Certification of co-ownership of Claims

Ontario Exploration Corporation
1100 Memorial Avenue
Suite 364
Thunder Bay, Ontario
P7B 4A3

This letter is to certify that the undersigned holds _____ % interest in claim(s):
_____ located in _____ Township,
mining division for which a claim(s) abstract is attached.

The undersigned further certifies that [name of applicant] holds _____ % interests in
claim(s) _____ located in _____ Township, mining
division for which a (claim(s) abstract is attached.

The undersigned hereby consents to, and hereby irrevocably authorizes [name of applicant] to
apply for an OEC grant in the amount of \$ _____ to perform exploration work on
claim(s) _____.

The undersigned hereby consents to, and does hereby grant, jointly and severally with [name of
applicant], a 0.5 % Net Return Royalty in the claim(s) to OEC as provided in the Funding and
Royalty Agreement to be executed between [name of applicant] and OEC following the delivery
of this Certification and Consent.

Signed: _____

Witness: _____

Date: _____

Signed: _____

Witness: _____

Date: _____

**SCHEDULE IV
ROYALTIES**

1. For all diamonds, gems and other precious and semi-precious stones ("**Stone Products**") mined or produced from the Claims, the Claimholder shall pay to the OEC a Royalty equal to a percentage of the net sales returns ("**NSAR**") realized from the sale or disposition of the Stone Products.
2. For all gold, silver, platinum and palladium ("**GSPP Products**") and all other ores and minerals ("**Other Products**") mined or produced from the Claims, the Claimholder shall pay to the OEC a Royalty equal to a percentage of the net smelter returns ("**NSMR**") realized or deemed to be realized as hereinafter provided, from the sale or disposition of the GSPP Products and Other Products.
3. The aforementioned percentage of the NSAR and percentage of the NSMR shall be that determined in accordance with the provisions of Section 4.1 of the Agreement to which this forms a part; and in the calculation of the Royalty, such percentage is applied to 100% of the NSAR or NSMR, as the case may be, regardless of dilution of the Claimholder's working interest or entitlement with respect to the Agreement, the Claims or the Products.
4. For the purposes of this Schedule, the term "**Products**" shall be interpreted as a collective reference to Stone Products, GSPP Products and Other Products and the term "**Royalty**" shall be interpreted as a collective reference to the NSAR Royalty and the NSMR Royalty.
5. Net Sales Returns Royalty – Stone Products
 - (a) Net sales returns means the gross proceeds from the sale or disposition of Stone Products to an independent purchaser, after deducting therefrom the cost of Valuation, Sorting, Shipping and Insurance in connection with the Stone Products as well as any sales, excise, production, export and other duties, levies, assessments and taxes (except income taxes) payable on the production or sale of Stone Products (but not income taxes), and for the purposes hereof:
 - (i) "**Valuation**" means the establishing of a value for each lot or group of sorted Stone Products for purposes of reference when negotiating with a potential purchaser of the same;
 - (ii) "**Sorting**" means separation of Stone Products from waste materials and dividing them into groups according to quality, size, or other characteristics, and then the division of such groups into appropriate lots or groups for valuing and/or sale, it being acknowledged that in the case of gem quality Stone Products, a group or lot may be a single stone;
 - (iii) "**Shipping**" means all methods of transportation or places of storage of Stone Products from the moment they leave the Claims until the passing of title thereto or risks therefor (whichever is the later) to an independent

purchaser, including, without limitation, any cost that may be incurred by reason of such methods or places used or any sorting or valuation facilities being situated off the Claims; and

iv "Insurance" means all insurance that the Claimholder considers advisable to protect all or part of the Stone Products in the possession or control of the Claimholder (including, without limitation, during shipping) until the passing of title thereto or risks therefor (whichever is the later) and including, without limitation, the insurance or bonding of any person who does or may come into contact with any such Stone Products at any point during the operations of the Claimholder whether such person is an employee of the Claimholder or otherwise.

- (b) If Stone Products are sold to any entity with which the Claimholder does not deal at arm's length, the Stone Products shall for the purposes hereof be deemed to have been sold at prices determined by an independent valuator chosen by the OEC.
- (c) The Claimholder shall not have the right to commingle Stone Products produced from the Claims with similar products produced from other properties.

6. Net Smelter Returns Royalty – GSPP Products and Other Products

- (a) Net smelter returns means the gross proceeds from the sale or disposition of Other Products to an independent smelter, refinery or other unaffiliated purchaser or, with respect to GSPP Products, the deemed gross proceeds from deemed sales or dispositions as provided in paragraphs 6(b) and 6(c) following, after deducting therefrom the total actual costs incurred by the Claimholder attributed to the following treatment, handling and sale of such GSPP Products or Other Products:
 - (i) All smelting, refining, treatment, assay, umpiring, sampling, selling and other costs, charges and penalties charged by any independent refinery, smelter or other unaffiliated purchaser of GSPP Products or Other Products;
 - (ii) All costs of loading, securing, transporting and insuring GSPP Products or Other Products from the Lands to any independent refinery, smelter or other unaffiliated purchaser; and
 - (iii) All sales, excise, production, export and other duties, levies, assessments and taxes (except income taxes) paid on the production or sale of GSPP Products or Other Products.
- (b) The gross sale proceeds for GSPP Products shall be deemed gross proceeds from deemed sales of GSPP Products, and sales of GSPP Products shall be deemed to have occurred, without regard to when or to whom they actually are made, upon the earliest of the following:

- (i) When GSPP Products are shipped by the Claimholder from the Claims to an independent refinery, smelter or other unaffiliated purchaser; or
 - (ii) With respect to bullion produced by the Claimholder, the day the final, refined bullion has been produced by the Claimholder; or
 - (iii) With respect to dore produced by the Claimholder, three (3) business days after the dore has been produced by the Claimholder; or
 - (iv) With respect to concentrates produced by the Claimholder, thirty (30) days after those concentrates have been produced by the Claimholder.
- (c) The total deemed gross proceeds of all such deemed sales occurring within a single calendar quarter shall be determined by multiplying the total number of troy ounces of the particular GSPP Product deemed sold within that quarter by the following:
- (i) For gold, platinum or palladium, the arithmetic mean of the daily London P.M. fixing (per ounce of the respective Product) for the quarter.
 - (ii) For silver, the arithmetic mean of the weekly Handy & Harman base price per troy ounce as quoted in Metals Week for the weeks which conclude within that quarter, but in the event Metals Week is not published or if for any other reason such quotation is not available, the arithmetic mean of the daily Handy & Harman base quote as published in the Wall Street Journal for the quarter will be utilized.
- (d) If smelting, refining, treatment, assay or sampling of GSPP Products or Other Products is performed by facilities owned or controlled by the Claimholder or any of its affiliates, all charges, costs and penalties therefor to be deducted pursuant to the foregoing paragraph shall be equal to and not exceed actual costs incurred by the Claimholder in carrying out such processes and shall not exceed such amounts which the Claimholder would have incurred if such operations were conducted at facilities operating at arm's length to the Claimholder, and which were then offering comparable services for comparable quantities and quality of GSPP Products or Other Products.
- (e) The Claimholder shall have the right to commingle GSPP Products or Other Products produced from the Lands with ores and minerals produced from other properties. Before commingling, GSPP Products or Other Products from the Claims shall be weighed, sampled, assayed, measured or gauged by the Claimholder in accordance with sound mining and metallurgical practices for moisture, penalty substances and payable content. Records shall be kept by the Claimholder for a reasonable time showing weights, moisture and assays of payable content. Prior to commingling, the Claimholder shall give thirty (30) days' notice to the OEC specifying its decision to commingle and outlining the procedures it proposes to follow.

7. General

- (a) Royalties shall accrue at the time of sale or deemed sale, as applicable, and they shall become due and payable in cash on a calendar quarter basis, on the twentieth (20th) day of the month next following the calendar quarter in which they accrue.
- (b) At the time of making each Royalty payment to the OEC, the Claimholder shall provide the OEC with a certificate of a senior officer of the Claimholder certifying as to the accuracy of the calculations of the Royalty payment and setting out the method of the calculation thereof to which shall be attached a true copy of the related smelter or sales receipt or receipts.
- (c) Net sales returns and net smelter returns upon the respective Products shall be calculated exclusively as provided herein, and the Royalty computed thereon shall be determined without regard to any "hedging", "forward", "futures" or comparable sales (collectively referred to as "future trading") of such Products by or on behalf of the Claimholder. The OEC shall not be entitled to any benefit of or be subject to any loss attributable to such future trading by the Claimholder.
- (d) The Claimholder shall cause to be kept proper books of account, records and supporting materials covering all matters relevant to the calculation of Royalties payable to the OEC, and the reasonable verification thereof; and the OEC shall have, from time to time, the unfettered right, during regular business hours and on reasonable notice, to carry out at its sole cost and expense an audit by established independent professionals chosen by the OEC, of the methodology and manner of calculating all Royalty payments hereunder and the Claimholder shall provide, during regular business hours and on reasonable notice, unrestricted access to its books, accounts, records, vouchers, smelter settlements, sales receipts and related documentation for this purpose. Should there be any difference in the amount of the Royalty payment or payments which are ultimately determined by the process described in Article 9 of the Agreement to be in the OEC's favour, which exceed three (3%) percent of the amount of the Royalty paid to the OEC, then the cost of said audit, to the extent reasonable, shall be reimbursed to the OEC by the Claimholder.
- (e) Any dispute relating to the quantum or methodology of calculating all Royalties payable hereunder shall be settled by arbitration pursuant to the provisions of Article 9 of the Agreement.

**SCHEDULE V
ROYALTY BUYBACK**

One half (1/2) of the 0.5 % Royalty can be partially purchased by the Claimholder for a dollar value that increases over time.

Until the second anniversary of the Effective Date of this Agreement, the buy-back price for 1/2 of the royalty is \$15,000

Until the third anniversary of the Effective Date of this Agreement, the buy-back price for 1/2 of the royalty is \$15,000

Until the fourth anniversary of the Effective Date of this Agreement, the buy-back price for 1/2 of the royalty is \$21,000

Until the fifth anniversary of the Effective Date of this Agreement, the buy-back price for 1/2 of the royalty is \$40,000

Until the sixth anniversary of the Effective Date of this Agreement, the buy-back price for 1/2 of the royalty is \$66,000

Until the seventh anniversary of the Effective Date of this Agreement, the buy-back price for 1/2 of the royalty is \$100,000

Until the eighth anniversary of the Effective Date of this Agreement, the buy-back price for 1/2 of the royalty is \$125,000

Until the ninth anniversary of the Effective Date of this Agreement, the buy-back price for 1/2 of the royalty is \$140,000

Until the tenth anniversary of the Effective Date of this Agreement, the buy-back price for 1/2 of the royalty is \$200,000

From the eleventh anniversary of the Effective Date of this Agreement onwards, the buy-back price for 1/2 of the royalty is \$250,000

The consideration to be paid by the Claimholder to purchase the Royalty may be in the form of cash or, at the option of the OEC, treasury shares of a listed company, subject to applicable securities laws and regulatory approvals.

Portions of the 0.5% Royalty may be purchased at any amount at the discretion of the OEC.