

AMENDED AND RESTATED OPTION AGREEMENT

THIS AGREEMENT made as of the 30th day of June, 2021 (but effective as of November 30, 2020)

BETWEEN:

PIOTR LUTYNSKI, of 5285 Sherbrooke Street, Vancouver, British Columbia V5W 3M3

(“Lutynski”)

AND:

DIVITIAE RESOURCES LTD., a company incorporated under the *Business Corporations Act* (British Columbia), having its address at 1304 Steeple Drive, Coquitlam, British Columbia V3E 1K2

(“Divitiae”)

AND:

MARDU INVESTMENTS LTD., a company incorporated under the *Business Corporations Act* (British Columbia), having its address at Suite 830 – 1100 Melville Street, Vancouver, British Columbia V6E 4A6

(“Mardu”)

(Lutynski, Divitiae and Mardu collectively referred to as the “Optionors”)

AND:

PRUDENT MINERALS CORP. (formerly, CESAR MINERALS CORP.), a company incorporated under the *Business Corporations Act* (British Columbia), having its address at Suite 830 – 1100 Melville Street, Vancouver, British Columbia V6E 4A6

(the “Optionee”)

WHEREAS:

A. The Optionors and the Optionee entered into an option agreement dated November 30, 2020 (the “**Original Agreement**”) relating to an exclusive option to acquire certain mining claims in the Stikine Terrane of the Province of British Columbia (the “**Property**”), as more particularly described in Schedule A attached to this Agreement.

B. Lutynski and Divitiae are the legal and recorded owners of the SAT 01 to SAT 05 claims (the “**SAT 01-05 Claims**”).

C. Divitiae is the legal and recorded owner of the SAT 06 and SAT 07 claims (the “**SAT 06-07 Claims**”).

D. Lutynski, Divitiae and Mardu entered into a trust arrangement dated November 19, 2020 respecting the SAT 01-05 Claims and Divitiae and Mardu entered into a trust arrangement dated November 19, 2020 respecting the SAT 06-07 Claims (the documents collectively referred to as the “**Prior Trust Documents**”).

E. The Prior Trust Documents were intended to formalize an oral agreement among the Optionors reached in the summer of 2020.

F. To record and clarify in writing their respective intentions as to the beneficial ownership of the SAT 01-05 Claims and the SAT 06-07 Claims, and to clarify the intent of the Prior Trust Documents, Lutynski, and Divitiae signed a trust declaration dated June 30, 2021 (but effective as of November 19, 2020) respecting beneficial ownership of the SAT 01-05 Claims and Divitiae signed a trust declaration dated June 30, 2021 (but effective as of November 19, 2020) respecting beneficial ownership of the SAT 06-07 Claims.

G. The parties now wish to amend certain terms of the Original Agreement by restating such agreement as follows.

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. OPTION

1.1. Grant of Option. The Optionors grant to the Optionee the sole, exclusive, and irrevocable right and option (the “**Option**”) to acquire an undivided 100% right, title, and interest in and to the Property, in accordance with the terms of this Agreement, subject to the Royalty Interest.

1.2. Option Only. Except as specifically provided otherwise, nothing contained herein shall be construed as obligating the Optionee to do any acts or make any payments hereunder. Any acts or payments to be made hereunder shall not be construed as obligating the Optionee to do any further act or make any further payment. If the Option is terminated before the Option is exercised, the Optionee shall not be bound thereafter in debt, damages, or otherwise under this Agreement, except as provided for in this Agreement, and all payments paid by the Optionee pursuant to the terms of this Agreement shall be retained by the recipient of such payment for its use absolutely.

1.3. Terms of the Option. In order to maintain the Option in good standing and earn a 100% right, title and undivided interest in and to the Property, the Optionee shall make cash payments totalling \$160,000, issue 2,250,000 common shares in the capital of the Optionee (“**Shares**”) and complete a minimum of \$200,000 exploration work on the Property as follows:

- (a) make cash payments to Lutynski and Divitiae as follows:
 - (i) \$60,000 on November 30, 2020 (the “**Effective Date**”) (\$40,000 to be paid to Lutynski and \$20,000 to Divitiae) (paid);
 - (ii) an additional \$100,000 on or before the third anniversary of the Effective Date (\$50,000 to be paid to Lutynski and \$50,000 to Divitiae);
- (b) allot and issue to Divitiae and Mardu an aggregate of 2,250,000 fully paid and non-assessable Shares (250,000 Shares to Divitiae and 2,000,000 Shares to Mardu) within 15 days of the Effective Date (issued);
- (c) complete minimum work expenditures on the Property as follows:
 - (i) \$100,000 on or before the first anniversary of the Effective Date; and

- (ii) \$100,000 on or before the third anniversary of the Effective Date.

In addition, the Optionee may elect, at its discretion, to accelerate the cash payments or completion of work expenditures in advance of the dates set out in Section 1.3(a)(ii) or Section 1.3(c). Excess work expenditures in one period shall be credited to the subsequent period.

1.4. Exercise of the Option. If the Optionee has met the option terms as set out in Section 1.3, the Optionee shall be deemed to have exercised the Option and have acquired 100% of the Optionors' right, title and interest in and to the Property, subject only to the Royalty Interest, and the Optionors shall forthwith cause the transfer the Property to the Optionee.

1.5. Operator. During the term of the Option, the Optionee shall be the operator for the purposes of developing and executing exploration programs.

2. ROYALTY INTEREST

Lutynski and Divitiae shall retain, in equal proportions, a royalty equal to 2% of the net smelter returns (the "**Royalty Interest**") on the Property, calculated and payable in accordance with the provisions of Schedule "B". The Optionee may at any time purchase half of the Royalty Interest from Lutynski and Divitiae for \$1,000,000 (\$500,000 to be paid to each of Lutynski and Divitiae), leaving Lutynski and Divitiae with a 1% Royalty Interest (each of Lutynski and Divitiae as to a 0.5% Royal Interest).

3. RIGHT OF ENTRY

During the term of the Option, the Optionee and its employees, agents, and any person duly authorized by the Optionee shall have the sole and exclusive right to:

- (a) enter in, under, and upon the Property;
- (b) have exclusive and quiet possession thereof, subject to the rights of the Optionors hereunder;
- (c) do such prospecting, exploration, development, or other mining work thereon and thereunder, as the Optionee in their sole discretion may consider desirable;
- (d) bring and erect upon the Property such mining facilities as the Optionee may consider advisable; and
- (e) remove from the Property and dispose of reasonable quantities of ores, minerals, and metals for the purposes of sampling, obtaining assays, or making other tests.

4. DEFAULT

If the Optionee fails to make any payments or complete any work commitments by the dates set out in Section 1.3 or fails to perform any of its other obligations hereunder, the Optionors shall give written notice to the Optionee specifying the default. The Optionee shall not lose any rights granted under this Agreement so long as, within 30 days after the giving of such notice of default by the Optionors, the Optionee shall cure the specified default. If the Optionee fails to cure the default within such 30-day period, this Agreement shall terminate in accordance with section 12.

5. NOTICE

5.1. Deemed Receipt. Any notice required to be given under this Agreement shall be deemed to be well and sufficiently given, if delivered or mailed by registered mail in Canada (save and except during the period of any interruption in the normal postal service within Canada), or sent by email at the addresses set out in section 5.2. Any notice given as aforesaid shall be deemed to have been given, if delivered or sent by email, when delivered or emailed; or if by mail, on the third business day after the date sent by registered mail. Any party may from time to time by notice in writing change its address for the purpose of this paragraph.

5.2. Addresses. Notices must be sent to the respective parties at the following addresses (or at such other address as specified by the party):

(a) Lutynski:

5285 Sherbrooke Street
Vancouver, British Columbia V5W 3M3
Email: piotr_lutynski@hotmail.com

(b) Divitiae:

1304 Steeple Drive
Coquitlam, British Columbia V3E 1K2
Email: asmith1661@gmail.com

(c) Mardu:

Suite 830 – 1100 Melville Street
Vancouver, British Columbia V6E 4A6
Email: bmatich@matich.ca

(d) Optionee:

Suite 830 – 1100 Melville Street
Vancouver, British Columbia V6E 4A6
Email: alex@jordaocapital.com

6. NO PRODUCTION OBLIGATION

The Optionee shall be under no obligation whatsoever to place the Property into production.

7. EXCLUSION OF ANY PORTION OF THE PROPERTY

The Optionee shall have the right at any time and from time to time to elect to exclude from this Agreement any portion of the Property by giving not less than 30 days prior written notice to the Optionors of this election; provided that:

(a) any portion of the Property so excluded shall be in good standing, free and clear of all liens, charges and encumbrances; and

- (b) the Optionee, if requested by the Optionors in writing, shall deliver to the Optionors recorded transfers, or quit any mineral claims and other property interests included in the portion of the Property so excluded in favour of the Optionors.

The excluded portion of the Property shall be subject to section 12 and shall be excluded from the definition of "Property".

8. AFTER-ACQUIRED PROPERTY

The area which is included within two kilometers of the outer-most boundary of the Property shall be deemed to be an area of interest (the "Area of Interest"). During the term of this Agreement, any mineral claim, lease, or other right or interest acquired by or on behalf of the Optionee, the Optionors, or their assigns, by staking within the Area of Interest shall be deemed to be included in and form part of the Property for all purposes of this Agreement. This Agreement shall not extend beyond the Area of Interest and shall not affect mineral properties, which the parties now hold or hereafter stake or acquire adjacent to the Area of Interest.

9. COVENANTS OF THE OPTIONEE

During the term of the Option, the Optionee shall:

- (a) keep the Property in good standing by doing and filing all assessment work, or making payments in lieu thereof, and by doing all other acts and making all other payments as necessary;
- (b) permit the Optionors or their representatives, duly authorized by them in writing, at their own risk and expense, access to the Property at all reasonable times and to all records prepared by the Optionee in connection with work done or with respect to the Property, provided the Optionors shall not, without the prior written consent of the Optionee, such consent not to be unreasonably withheld, disclose any information obtained by or communicated to them, to any third party except as may be required by regulatory bodies having jurisdiction over the information;
- (c) conduct all work on or with respect to the Property in a careful and workmanlike manner, and in compliance with the applicable laws of the jurisdiction in which the Property is located; and
- (d) indemnify and save the Optionors harmless from any and all claims, suits, or actions made or brought against the Optionors as a result of work done by the Optionee on or with respect to the Property.

10. COVENANTS OF THE OPTIONORS

During the term of the Option, the Optionors shall:

- (a) not do, permit, or suffer to be done any act or thing which would or might in any way adversely affect the rights of the Optionee hereunder;
- (b) make available to the Optionee and its representatives all records and files relating to the Property in their possession, and permit the Optionee and its representatives to take abstracts therefrom and make copies thereof;

- (c) co-operate with the Optionee in obtaining any water appropriation license, surface licenses, and any other rights or licenses on or related to the Property that the Optionee deems necessary or desirable; and
- (d) promptly provide the Optionee with any and all notices and correspondence from government or regulatory agencies in respect of the Property.

11. REPRESENTATIONS AND WARRANTIES OF THE OPTIONORS

The Optionors hereby represent and warrant to the Optionee that:

- (a) Lutynski and Divitiae are the legal owners of the SAT 01-05 Claims;
- (b) Divitiae is the legal owner of the SAT 06-07 Claims;
- (c) Lutynski, Divitiae and Mardu are the beneficial owners of the SAT 01-05 Claims;
- (d) Divitiae and Mardu are the beneficial owners of the SAT 06-07 Claims;
- (e) the Property consists of the mining claims more particularly described in Schedule "A", all of which were duly and validly located and recorded in accordance with the applicable laws of the Province of British Columbia, and are valid and subsisting as of the date of this Agreement;
- (f) the Property is in good standing, free and clear of all liens, charges, and encumbrances;
- (g) there are no pending or threatened actions, suits, claims, or proceedings regarding the Property;
- (h) all past and current operations on and relating to the Property have been or are being carried on in compliance with all applicable federal, provincial and municipal laws, including environmental laws;
- (i) there have been no material spills, discharges, leaks, emissions, ejections, escapes, dumpings or other releases of any kind of any toxic or hazardous substances in, on or under the Property or the environment surrounding it; and
- (j) the Optionors have the exclusive right and authority to enter into this Agreement, and to dispose of the Property in accordance with the terms hereof, and that no other person, firm, or corporation has any proprietary or other interest in the same.

The representations and warranties of the Optionors set out in this Agreement are conditions upon which the Optionee has relied in entering into this Agreement, and shall survive the exercise of the Option by the Optionee. The Optionors shall indemnify and save the Optionee harmless from all loss, damage, costs, actions and suits arising out of or in connection with any breach of any representation, warranty, covenant, agreement or condition contained in this Agreement.

The Optionors acknowledge and agree that the Optionee has entered into this Agreement relying on the representations, warranties, and other terms and conditions of this Agreement. No information which is now known or which may hereafter become known to the Optionee or its officers, directors, or professional advisors shall limit or extinguish the right to indemnity hereunder. The Optionee may deduct the amount of any such loss or damage from any amounts payable by it to the Optionors hereunder.

12. TERMINATION

12.1. Prior to Exercise of the Option. If the Option is terminated, or if this Agreement is terminated prior to the exercise of the Option by the Optionee, the Optionee shall return to the Optionors forthwith exclusive and quiet possession of the Property in good standing, and free and clear of all liens, charges and encumbrances.

12.2. Right to Terminate. In addition to any other termination provisions contained in this Agreement, the Optionee shall at any time have the right to terminate its rights and future obligations under this Agreement, by giving notice in writing of such termination to the Optionors. In the event of such termination, the Optionee shall not earn any interest in the Property, and this Agreement, save and except for section 12.1, shall be of no further force and effect.

13. FORCE MAJEURE

13.1. Delays. If the Optionee is prevented or delayed in complying with any provisions of this Agreement by reason of strikes, lockouts, labour shortages, power shortages, fires, wars, acts of God, governmental regulations restricting normal operations, title disputes (including claims from indigenous groups), inability to gain access or surface rights to a material part of the Property, or any other reasons beyond the control of the Optionee, the time limited for the performance of the various provisions of this Agreement as set out above shall be extended by a period of time, equal in length to the period of such prevention and delay.

13.2. Notice of Delay. The Optionee, insofar as is possible, shall promptly give written notice to the Optionors of the particulars of the reasons for any prevention or delay under this section, and shall take all reasonable steps to remove the cause of such prevention or delay, and shall give written notice to the Optionors as soon as such cause ceases to subsist.

14. FURTHER ASSURANCES

The parties hereby agree to execute all such further or other assurances and documents, and to do or cause to be done all acts necessary to implement and carry into effect the provisions and intent of this Agreement.

15. TIME

Time shall be of the essence of this Agreement.

16. HEADINGS

The headings in this Agreement are for convenience of reference only, and do not affect the interpretation of this Agreement.

17. VOID OR INVALID PROVISION

If any term, provision, covenant, or condition of this Agreement, or any application thereof, should be held by a court of competent jurisdiction to be invalid, void, or unenforceable, all provisions, covenants, and conditions of this Agreement, and all applications thereof not held invalid, void, or unenforceable shall continue in full force and effect, and in no way be affected, impaired, or invalidated thereby.

18. SUCCESSORS AND ASSIGNS

This Agreement shall be binding upon and shall enure to the benefit of the parties hereto and their respective successors, assigns, heirs, executors, or administrators, as the case may be.

19. ASSIGNMENT

Subject to the approval of the Optionors, the Optionee may at any time during the term of the Option sell, transfer, or otherwise dispose of all or any portion of its interest in or rights under this Agreement; provided that any purchaser, grantee, or transferee (the “**Assignee**”) of any such interest or rights delivers to the Optionors the agreement between the Assignee and the Optionee, containing:

- (a) a covenant by such Assignee to perform all the obligations of the Optionee to be performed under this Agreement, in respect of the interest or rights to be acquired by it, to the same extent as if this Agreement had been originally executed by such Assignee as principal obligant; and
- (b) a provision subjecting any further sale, transfer, or other disposition of such interest or rights, or any portion thereof, to the restrictions contained in this section.

20. APPROVALS

The parties hereby acknowledge that this Agreement shall be subject to all necessary regulatory approvals, and any shares issued pursuant to this Agreement shall be subject to the rules and policies of various regulatory agencies.

21. JOINT AND SEVERAL

Each and every covenant, representation or warranty of the Optionors contained herein shall be a joint and several covenant, representation or warranty of Lutynski, Divitae and Mardu.

22. ARBITRATION

If any question, difference, or dispute shall arise between any of the parties, in respect of any matter arising under or in connection with the subject matter of this Agreement, or in relation to the construction hereof, the same shall be determined by the award of a single arbitrator under the *Arbitration Act* (British Columbia), and the decision of the arbitrator shall in all respects be conclusive and binding upon all parties.

23. GOVERNING LAW

This Agreement shall be governed by and interpreted in accordance with the laws of the Province of British Columbia, and the federal laws of Canada applicable therein.

24. PRIOR AGREEMENTS

This Agreement contains the entire agreement between the parties with respect to the Property and supersedes all prior agreements between the parties hereto with respect to the Property including without limitation the Prior Trust Documents and the Original Agreement.

25. EXECUTION IN COUNTERPARTS

This Agreement may be executed in any number of counterparts with the same effect as if all parties had signed the same document. A signed copy of this Agreement delivered by facsimile, email or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an originally signed copy of this Agreement.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date first written above.

SIGNED, SEALED AND DELIVERED
by PIOTR LUTYNSKI in the presence of:

_____)
 _____)
 Witness Signature _____)
 _____)
[Handwritten Signature] _____)
 Print Name _____)
 _____)
 3802-1009 Expo Blvd. _____)
 Address _____)
 _____)
 Vancouver BC _____)
 _____)
 _____)
 Business Person _____)
 Occupation _____)

[Handwritten Signature]

 PIOTR LUTYNSKI

DIVITIAE RESOURCES LTD.

By: _____
Authorized Signatory

MARDU INVESTMENTS LTD.

By: *[Handwritten Signature]*

Authorized Signatory

PRUDENT MINERALS CORP.

By: *[Handwritten Signature]*

Authorized Signatory

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date first written above.

SIGNED, SEALED AND DELIVERED)
by **PIOTR LUTYNSKI** in the presence of:)

_____)
Witness Signature)

_____)
Print Name)

_____)
Address)

_____)
Occupation)

_____)
PIOTR LUTYNSKI

DIVITIAE RESOURCES LTD.

By: 

Authorized Signatory

MARDU INVESTMENTS LTD.

By: 

Authorized Signatory

PRUDENT MINERALS CORP.

By: 

Authorized Signatory

SCHEDULE "A"

PROPERTY CLAIMS AND INTERESTS

Tenure No.	Area (ha)	Claim Name	Owners	Recorded Interest (%)	Beneficial Interest (%)	Expiry Date (y/m/d)
1079664	929.6206	SAT 01	Divitiae (236901)	50	25	2021/12/31 (Protected)
			Lutynski (130881)	50	25	
			Mardu	-	50	
1079665	929.9641	SAT 02	Divitiae (236901)	50	25	2021/12/31 (Protected)
			Lutynski (130881)	50	25	
			Mardu	-	50	
1079666	576.8201	SAT 03	Divitiae (236901)	50	25	2021/12/31 (Protected)
			Lutynski (130881)	50	25	
			Mardu	-	50	
1079667	911.5755	SAT 04	Divitiae (236901)	50	25	2021/12/31 (Protected)
			Lutynski (130881)	50	25	
			Mardu	-	50	
1079668	912.0809	SAT 05	Divitiae (236901)	50	25	2021/12/31 (Protected)
			Lutynski (130881)	50	25	
			Mardu	-	50	
1079669	613.47	SAT 06	Divitiae (236901)	100	25	2021/12/31 (Protected)
			Mardu	-	75	
1079670	743.658	SAT 07	Divitiae (236901)	100	25	2021/12/31 (Protected)
			Mardu	-	75	
TOTAL(ha)	6194.72					

SCHEDULE "B"

NET SMELTER RETURNS AND ROYALTY INTEREST TERMS

- I. The following words shall have the following meanings:
 - (a) "Gross Revenue" means the aggregate of the following amounts received in each quarterly period:
 - i. the revenue received by the Payor from arm's length purchasers of all metals, bullion, or concentrates (collective, the "**Product**");
 - ii. the fair market value of all Product sold by the Payor in such quarter to persons not dealing at arm's length with the Payor; and
 - iii. any proceeds of insurance on the Product.
 - (b) "Payee" means Lutynski and Divitiae.
 - (c) "Payor" means the Optionee.
 - (d) "Permissible Deductions" mean the aggregate of the following charges, to the extent that they are not deducted by any purchaser in computing payment, that are paid in each quarterly period:
 - i. sales charges levied by any sales agent on the sale of the Product;
 - ii. transportation costs for the Product from the Property to the place of beneficiation, processing, or treatment, and thence to the place of delivery of the Product to a purchaser, including shipping, freight, handling, and forwarded expenses;
 - iii. all costs, expenses, and charges of any nature whatsoever, which are either paid or incurred by the Payor in connection with refinement or beneficiation of the Product after leaving the Property, including all weighing, sampling, assaying, and representation costs, metal losses, umpire charges, and penalties charged by the processor, refinery, or smelter;
 - iv. all insurance costs on the Product, and any government royalties, production taxes, severance taxes, sales and other taxes levied on the ore, Product, production or value thereof (other than any federal or provincial taxes levied on the income or profit of the Payor); and
 - v. provided that where a cost or expense otherwise constituting a Permissible Deduction is incurred by the Payor in a transaction with a party with whom it is not dealing at arm's length (as that term is defined in the *Income Tax Act (Canada)*), such cost or expense may be deducted, but only to the lesser of the actual cost incurred by the Payor or the fair market value thereof, calculated at the time of such transaction, and under all the circumstances thereof.
2. The Royalty Interest which may be payable to the Payee by the Payor, pursuant to section 3 of the Agreement, shall be 2% of the net smelter revenue (the "**Net Smelter Revenue**"), where 1% shall be paid to Lutynski and the other 1% shall be paid to Divitiae, and shall be calculated and paid to the Payee by the Payor in accordance with the terms of this Schedule. Terms having defined

meanings in the Agreement and used herein shall have the same meanings in this Schedule, unless otherwise specified or the context otherwise requires.

3. The Net Smelter Revenue shall be calculated on a calendar quarterly basis, and subject to section 13 of this Schedule, shall be equal to Gross Revenue less Permissible Deductions for such quarter.
4. The Payor shall not commingle ores produced from other properties with ores produced from the Property.
5. The Royalty Interest shall be calculated and paid within 30 days after the end of each calendar quarter if reasonably possible. Smelter settlement sheets, if any, and a statement setting forth calculations in sufficient detail to show the payment's derivation (the "**Statement**") must be submitted with the payment.
6. All Royalty Interest payments shall be considered final and in full satisfaction of all obligations of the Payor with respect thereto, unless the Payee delivers to the Payor a written notice (the "**Objection Notice**"), describing and setting forth a specific objection to the calculation thereof within 60 days after receipt of the Statement by the Payee.
7. If the Payee objects to a particular Statement as herein provided, the Payee shall have the right for a period of 60 days after the Payor's receipt of such Objection Notice, upon reasonable and at reasonable times, to have the Payor's account and records relating to the calculation of the payment in question audited by the Payor's auditors (the "**Audit**").
8. If the Audit determines that there has been a deficiency or an excess in payment made to the Payee, such deficiency or excess shall be resolved by adjusting the next monthly Royalty Interest payment due hereunder. The Payee shall pay all the costs and expenses of the Audit, unless a deficiency of 3% or more of the amount due is determined to exist.
9. The Payor shall pay the cost and expenses of the Audit if a deficiency of 3% or more of the amount due is determined to exist. All books and records used and kept by the Payor to calculate the Royalty Interest due hereunder shall be kept in accordance with Canadian generally accepted accounting principles.
10. Failure on the part of the Payee to make a claim against the Payor for adjustment, in such 60-day period by delivery of an Objection Notice, shall conclusively establish the correctness and sufficiency of the Statement and payment on account of the Royalty Interest for such quarter.
11. At the election of the Payee made in writing at least 90 days prior to the first payment on account of the Royalty Interest, the Payee may elect to receive the Royalty Interest in kind (the "**Election**"), provided that any extra costs or expenses incurred by the Payor as a result of such election and payment of the Royalty Interest in kind, shall be for the account of the Payee and shall be due on demand. The Election may not be rescinded without the consent of the Payor, and such consent may not be unreasonably withheld.
12. All profits and losses resulting from the Payor engaging in any commodity futures trading, options trading, metals trading, transactions with respect to the Product (collectively, the "**Hedging Transactions**") are specifically excluded from calculations of the Royalty Interest pursuant to this Schedule. Such exclusion is the intent of the parties that the Payor shall have the unrestricted right to market and sell the Product to third parties in any manner it chooses, and that

the Payee shall not have any right to participate in such marketing activities, or to share in any profits or losses therefrom. All Hedging Transactions by the Payor, and all profits or losses associated therewith, if any, shall be solely for the Payor's account, irrespective of whether or not the Product is delivered in fulfillment of such obligations.

13. The amount of Net Smelter Revenue derived from all the Product, subject to Hedging Transactions by the Payor, shall be determined pursuant to the provisions of this section and not section 3 of this Schedule.
14. As to precious metals subject to Hedging Transactions by the Payor, Net Smelter Revenue shall be determined without reference to Hedging Transactions, and shall be determined by using:
 - (a) for gold, the monthly average price of gold, which shall be calculated by dividing the sum of all London Bullion Market Association P.M. Gold Fixing prices reported for the calendar month in question, by the number of days for which such prices were quoted; and
 - (b) for silver, the monthly average price of silver, which shall be calculated by dividing the sum of all New York Commodity Exchange ("COMEX") prices for silver, quoted by and at the closing of COMEX reported for the calendar month in question, by the number of days for which such prices were quoted, less, in each case, an amount reasonably equivalent to an amount under Permissible Deductions.
15. Any Product subject to Hedging Transactions shall be deemed to be sold, and revenues received therefrom, only on the date of final settlement of the amount of refined Product, allocated to the account of the Payor by a third party refinery in respect of such transactions.
16. The Payee shall appoint and deliver to the Payor a document executed by the Optionor, appointing a single agent or trustee of all such parties to whom the Payor shall make all payments on account of the Royalty Interest. The Payor shall have no responsibility as to the division of the Royalty Interest payments among such parties. If the Payor makes any payments on account of the Royalty Interest in accordance with this section, it shall be conclusively deemed that such payments have been received by the parties entitled thereto. All charges of such agent or trustee shall be borne solely by the parties receiving payments on account of the Royalty Interest.