

OPTION AGREEMENT

DATED as of the 27th day of November 2020

AMONG:

PROSPERITY EXPLORATION CORP., a British Columbia corporation with an address at #1240, 789 W. Pender Street, Vancouver, British Columbia V6C 1H2

("PROSPERITY")

AND:

MULTIPLE METALS RESOURCES LTD., a British Columbia corporation with an address at 2801, 1166 Melville St., Vancouver, BC, V6E 4P5

(the "Optionor")

AND:

ROBERT F. WEICKER., an individual with an address at 2801, 1166 Melville St., Vancouver, BC, V6E 4P5

(the "Nominee")

WHEREAS:

- A. The Optionor is the beneficial owner of certain mineral interests located in the Omenica Mining Division in the Province of British Columbia known as the "Silver Lake" property, as is more particularly described in Schedule A attached hereto, and all appurtenances thereto and all data and information related thereto;
- B. The Nominee is the legal owner of the Property as nominee of the Optionor;
- C. Prosperity wishes to acquire, as its "Qualifying Transaction" (as hereinafter defined), an option to earn all of the Optionor's interest in and to the Silver Lake property, upon and subject to the terms and conditions of this Agreement;

NOW THEREFORE THIS AGREEMENT WITNESSES THAT in consideration of the premises and mutual covenants set out herein, the parties agree as follows:

ARTICLE 1 DEFINITIONS

Definitions

- 1.1 In this Agreement, the following terms will, except where inconsistent with the context, have the following meanings:
- (a) "Affiliate" has that meaning ascribed to it under the *Business Corporations Act* (British Columbia), as amended from time to time and "Affiliates" has a corresponding meaning;
 - (b) "Agreement" means this property option agreement, together with the schedules attached hereto, as amended, supplemented or restated from time to time;
 - (c) "Approval Date" means the date that Prosperity begins to trade on the CSE or such later date as the parties may mutually agree;
 - (d) "Commencement of Commercial Production" means the last day of a period of 30 consecutive days during which ore has been shipped from the Property on a reasonably regularly basis for the purpose of earning revenues, but any period of time during which ore or concentrate is shipped from a Property for testing purposes or during which mill operations are undertaken as initial tune-up will not be taken into account in determining the date of Commencement of Commercial Production;
 - (e) "CSE" means the Canadian Securities Exchange;
 - (f) "Data" means any maps, drill core, samples, assays, geological and other technical reports, studies, designs, plans and financial or other records (whether in tangible or electronic form) related to the Property in the possession of or under the control of the Optionor;
 - (g) "Encumbrance" means any interest or equity of any person (including any right to acquire, option or right of pre-emption or first offer or first refusal) or any mortgage, charge, pledge, lien, assignment, hypothecation, security interest, title retention or other security agreement or arrangement or any restriction on use, voting, transfer, receipt of income or exercise of any other attribute of ownership, royalty, carried interest, deferred obligation or similar right or encumbrance;
 - (h) "the Property" means the mineral interests located in the Province of British Columbia as is more particularly described in Schedule A attached herein, and includes the Data and Related Rights thereto, and any mineral leases or other mineral interests into which the respective mineral interests comprising the Property may be converted;
 - (i) "Prosperity Shares" means the common shares in the capital of Prosperity;
 - (j) "Qualifying Transaction" means the acquisition of a significant interest in a property that meets the qualifications for listing on the CSE;
 - (k) "Related Rights" means, collectively, any surface, water, access and other non-mineral rights of and to any lands comprising the Property, including surface rights held in fee or under lease, licence, easement, right of way or other rights of any kind (and all renewals, extensions and amendments thereof or substitutions therefor);
 - (l) "Royalty" has that meaning ascribed to it under Section 2.6 herein.

"Interpretation

- 1.2 Except as otherwise expressly provided for herein, in this Agreement:
- (a) a reference to an Article, Section or Subsection of this Agreement refers to an article, section or subsection of this Agreement so designated;
 - (b) the headings are for convenience only, do not form a part of this Agreement and are not intended to interpret, define or limit the scope, extent or intent of this Agreement or any of its provisions; and
 - (c) a reference to currency means Canadian currency.

ARTICLE 2 THE OPTION

The Option

- 2.1 The Optionor hereby grants to Prosperity an option (the "**Option**") to acquire, free and clear of all Encumbrances excepting the Royalty, all of the Optionors' interest, direct and indirect, legal and beneficial, in and to the Property, being an undivided 100% interest.

Good Standing

- 2.2 To maintain the Option in good standing, Prosperity shall issue Prosperity Shares to the Optionor as follows:
- (a) issue to the Optionor a total of 500,000 Prosperity Shares as follows:
 - (i) an initial amount of 100,000 Prosperity Shares on or before that date which is five days of the Date that Prosperity comes to trade on the CSE: and
 - (ii) issue an amount of 150,000 Prosperity Shares on or before that date which is 12 months from the Date that Prosperity comes to trade on the CSE: and
 - (iii) issue an amount of 150,000 Prosperity Shares on or before that date which is 24 months from the Date that Prosperity comes to trade on the CSE: and
 - (iv) issue an amount of 100,000 Prosperity Shares on or before that date which is 36 months from the Date that Prosperity comes to trade on the CSE. .
 - (b) make cash payments to the Optionor totalling \$400,000 as follows:
 - (i) an amount of \$10,000 on or before that date which is five days from the date that Prosperity comes to trade on the CSE: and
 - (ii) an amount of \$15,000 on or before that date which is 12 months from the date that Prosperity comes to trade on the CSE: and
 - (iii) an amount of \$25,000 on or before that date which is 24 months from the date that Prosperity comes to trade on the CSE: and
 - (iv) an amount of \$50,000 on or before that date which is 36 months from the date that Prosperity comes to trade on the CSE. (: and

- (v) an amount of \$125,000 on or before that date which is 48 months from the date that Prosperity comes to trade on the CSE: and
- (vi) an amount of \$175,000 on or before that date which is 60 months from the date that Prosperity comes to trade on the CSE.

Legending

- 2.3 The Optionor acknowledges and agrees that the Prosperity Shares issuable hereunder this Agreement shall be subject to such resale restrictions and legending requirements as are required under applicable securities laws.

No Obligation

- 2.4 The Optionor acknowledges and agrees that this Agreement is an option only, and no provision in this Agreement shall obligate Prosperity to issue any shares or cash, and Prosperity may at any time and in its sole discretion terminate the Option and this Agreement by providing written notice to the Optionor, subject to the terms and conditions of this Agreement.

Royalty

- 2.5 Subject to Section 2.6 herein, Prosperity shall pay to the Optionor a royalty (the "Royalty") equal to 2.0% of Net Smelter Returns (as such term is defined in Schedule B attached hereto) on all mineral products produced from the Property on the terms and conditions set forth in Schedule B attached hereto. Installments of the Royalty payable will be paid by Prosperity to and as directed by the Optionor on a quarterly basis, commencing with the quarter in which Commencement of Commercial Production occurs.
- 2.6 Notwithstanding Section 2.5, Prosperity may, in its sole discretion and at any time, purchase 0.75% of the Royalty in consideration of paying \$250,000 to and as directed by the Optionor, in which event the Royalty shall be reduced to 1.25% of Net Smelter Returns.

ARTICLE 3 EXERCISE OF OPTION

Deemed Exercise

- 3.1 In the event that Prosperity has made all of cash payments and share issuances as contemplated under Section 2.2 herein, Prosperity shall without any further payment or action be deemed to have exercised the Option and to have acquired and be vested with all of the Optionor's and the Nominee's right, title and interest in and to the Property, being an undivided 100% interest, free and clear of all Encumbrances excepting the Royalty.

Transfer of Interest

- 3.2 Within five days after the exercise of the Option pursuant to Section 3.1 herein, the Optionor shall, or shall cause the Nominee to, execute and deliver to Prosperity such deeds of transfer or other documents or assurances as Prosperity may request to convey, transfer and assign the legal title to the Property to it, and shall appoint Prosperity as its

agent for the purpose of filing the same. Prosperity shall be entitled to record the transfers contemplated hereby at its own cost with the appropriate government office.

ARTICLE 4 OPERATORSHIP

Operatorship

- 4.1 The Optionor hereby grants to Prosperity, its employees, agents and independent contractors, the sole and exclusive right and option to:
- (a) enter upon and have immediate possession of the Property;
 - (b) carry out operations on the Property as Prosperity may in its sole discretion determine;
 - (c) bring and install on the Property and remove from time to time such buildings, plant, machinery, equipment, tools, appliances and supplies as Prosperity may deem necessary; and
 - (d) remove from the Property reasonable quantities of rocks, ores, minerals and metals and to transport the same for the purpose of sampling, testing and assaying.

Interim Obligations of Prosperity

- 4.2 Until this Agreement is terminated, Prosperity shall maintain the Property in good standing as required under applicable law, and conduct all operations in a proper and workmanlike manner and in accordance with all applicable laws.

Interim Obligations of the Optionor

- 4.3 The Optionor and the Nominee shall not enter into any agreement, right or option, present or future, contingent, absolute or capable of becoming an agreement, right or option, or which with the passage of time or the occurrence of an event could become an agreement, right or option to acquire any interest in and to the Property or any portion thereof except as provided for under this Agreement, nor shall it allow any Encumbrance to be created or registered against the Property or any portion thereof.

Surrender

- 4.4 Prosperity may, at any time and from time to time during the term of this Agreement, abandon, surrender, allow to lapse, reduce the area of or otherwise deal with any part or parts of a Property as at it may determine, provided that Prosperity shall give to the Optionor not less than 30 days' notice of its intention to do so and will, if requested by the Optionor by notice to Prosperity within such 30 day period, deliver forthwith to the Optionor duly executed transfers of the part or parts of the Property so intended to be dealt with. If the Optionor does not make a request for the transfer of such part or parts of such Property within such 30 day period, Prosperity may then deal with such part or parts of that Property as indicated without further notice to the Optionor. Any part or parts of the Property so dealt with shall cease to be included in that Property and will cease to be subject to this Agreement for all purposes.

ARTICLE 5 REPRESENTATIONS AND WARRANTIES

Representations and Warranties of the Optionor.

5.1 The Optionor represents and warrants to Prosperity as follows:

- (a) it has the legal capacity and competence to enter into and to execute this Agreement and to observe and perform its covenants and obligations hereunder; and the transactions contemplated hereby will not result in the violation of any of the terms and provisions of any agreement, written or oral, to which it may be a party or by which it is or may be bound;
- (b) the Optionor is a company is good standing with respect to its Annual Reports with the Registrar of Companies in British Columbia;
- (c) to the best of its knowledge, the Property has been properly staked and is in good standing in accordance with relevant governing bodies, statutes and regulations;
- (d) the Optionor is the beneficial owner of the Property free and clear of any Encumbrances, and has the authority to direct the Nominee to transfer ownership of the Property upon exercise of the Option;
- (e) the Nominee is the legal owner of the Property as nominee and agent of the Optionor;
- (f) to the best of its knowledge, there are no disputes with respect to the title to the Property, and, other than the Optionor, no other party has an interest in the Property or the exploration or production of mineral products from or in relation to the Property, or any right to acquire any such interest;
- (g) there are no actions, suits, claims, proceedings, litigation or investigations pending or to the best of its knowledge after due investigation, threatened, or judgments outstanding and unsatisfied against or affecting its or any part of or all of the Property;
- (h) there are no outstanding orders or directions relating to environmental matters requiring any work, repairs, construction or capital expenditures with respect to the Property and the conduct of the operations related thereto, and it is not aware of any notice of same, and are not aware of any basis on which such orders or direction could be made;
- (i) its beneficial ownership and the Nominee's legal ownership of the Property is in compliance with, is not in default or violation in any material respect under, and neither it nor the Nominee has been charged with or received any notice at any time of any material violation of any statute, law, ordinance, regulation, rule, decree or other applicable regulation in connection with the Optionor's beneficial ownership or the Nominee's legal ownership of the Property;
- (j) to the best of its knowledge, there are no pending or ongoing actions taken by or on behalf of any native persons pursuant to the assertion of any land claims with respect to lands included in the Property; and

- (k) all reports and returns required to be filed with governmental authorities have been filed, and all governmental permits and other consents required to be obtained with respect to the Property and exploration activities in or on the Property, except as may be required after the execution of this Agreement, have been obtained and all of such permits and consents are in full force and effect, and no proceedings for the suspension or cancellation of any of them, and no investigation relating to any of them, is pending or, to his or its knowledge, threatened, and none of them will be adversely affected by the execution of this Agreement.

Representations and Warranties of Prosperity

5.2 Prosperity represents and warrants to the Optionor as follows:

- (a) it has the legal capacity and competence to enter into and to execute this Agreement and to observe and perform its covenants and obligations hereunder; and the transactions contemplated hereby will not result in the violation of any of the terms and provisions of any agreement, written or oral, to which Prosperity may be a party or by which Prosperity is or may be bound.

Survival

5.3 The representations and warranties of the Optionor contained in section 5.1 are provided for the exclusive benefit of Prosperity, and any misrepresentation or breach of warranty may be waived by Prosperity in whole or in part at any time without prejudice to its rights in respect of any other misrepresentation or breach of the same or any other representation or warranty; and the representations and warranties contained in section 5.1 shall survive the execution and performance of this Agreement.

5.4 The representations and warranties of Prosperity contained in section 5.2 are provided for the exclusive benefit of the Optionor, and any misrepresentation or breach of warranty may be waived by the Optionor in whole or in part at any time without prejudice to its rights in respect of any other misrepresentation or breach of the same or any other representation or warranty; and the representations and warranties contained in section 5.2 shall survive the execution and performance of this Agreement.

ARTICLE 6 CONDITIONS PRECEDENT

Conditions Precedent

6.1 The parties acknowledge and agree that the completion of the transactions contemplated hereunder is subject to:

- (a) Prosperity receiving all necessary prior approvals from applicable regulatory authorities and the CSE such that the transactions contemplated hereunder will be accepted as Prosperity's Qualifying Transaction, and the parties receiving all other necessary third party consents or approvals with respect to the transactions contemplated hereunder;
- (b) Prosperity having completed a private placement financing for such amounts as Prosperity, in its sole discretion, may deem necessary to meet the CSE's minimum listing criteria as a mineral resource issuer;

- (c) Prosperity receiving the prior approval from its board of directors with respect to the transactions contemplated herein; and
- (d) the representations and warranties of each party hereunder being true as at the Approval Date.

ARTICLE 7 TERMINATION

Termination

7.1 This Agreement may be terminated prior to the exercise of the Option:

- (a) upon the mutual agreement of the parties;
- (b) by the Optionor:
 - (i) if Prosperity is in default of its obligations under this Agreement and the Optionor have provided written notice (a "**Default Notice**") to Prosperity of such default; and
 - (ii) if Prosperity remains in default of such obligations after 30 days from its receipt of the Default Notice;
- (c) by Prosperity if the CSE does not approve of the transactions contemplated herein as Prosperity's Qualifying Transaction; or
- (d) by Prosperity pursuant to Section 2.6 herein.

Events on Termination

7.2 If this Agreement is terminated pursuant to Subsection 7.1(c) or (d) herein, Prosperity shall:

- (a) in the event that Prosperity has registered title to the Property in its own name or the name of its nominee, forthwith deliver duly executed transfers of the Property in favour of the Optionor, free and clear of all Encumbrances arising from Prosperity's operations hereunder (except for taxes not yet due, other inchoate Encumbrances and Encumbrances contested in good faith by Prosperity); and
- (b) remove from the Property within 12 months of termination, or sooner if required under applicable law, all structures, machinery, equipment, facilities and supplies erected, installed or brought upon the Property by or at the instance of Prosperity. In the event that, after such 12 month period (or shorter period if required under applicable law) any of such structures, machinery, equipment, facilities or supplies are not removed from the Property, then the Optionor may, in its sole discretion, remove such structures, machinery, equipment, facilities or supplies from the Property at the cost of Prosperity.

ARTICLE 8 INDEMNITY

Indemnity for the Optionor

8.1 Prosperity shall indemnify, defend and save harmless the Optionor from all claims, demands, suits, judgments, costs, and expenses (including but not limited to reasonable legal costs) on account of any loss or injury suffered by them, directly or indirectly, by reason of or arising out of:

- (a) a breach of any agreement, term or covenant on the part of Prosperity made or to be observed or performed under this Agreement; or
- (b) any operations or activities conducted in or on the Property by or on behalf of Prosperity; or

except to the extent that such loss or injury was caused by the negligent conduct of the Optionor.

Indemnity for Prosperity

8.2 The Optionor shall indemnify, defend and save harmless Prosperity, its directors, officers, employees and agents from all claims, demands, suits, judgments, costs, and expenses (including but not limited to reasonable legal costs) on account of any loss or injury suffered by them to the extent that such loss or injury was caused by:

- (a) any representation or warranty of the Optionor under this Agreement being untrue or materially incomplete;
- (b) the negligent conduct or fraud of the Optionor.

ARTICLE 9 RESTRICTIONS ON TRANSFERS AND ENCUMBRANCES

Restrictions on Transfers and Encumbrances

9.1 The Optionor shall not sell, transfer, assign or convey or grant any Encumbrance over all or part of its interest in the Property or this Agreement, or any of its rights, benefits and privileges hereunder without the prior written consent of Prosperity.

ARTICLE 10 GENERAL

Relationship

10.1 Nothing in this Agreement will be deemed to constitute either Prosperity on the one hand, and the Optionor and the Nominee on the other hand as a partner, agent or legal representative of the other, or to create any fiduciary relationship between them, for any purpose whatsoever.

Other Activities

- 10.2 Nothing in this Agreement will restrict in any way the freedom of any party, except with respect to its interest in the Property, to conduct as it sees fit any business or activity whatsoever, including the exploration for, or the development, mining, production or marketing of, any mineral, without any accountability to the other party. No party which is the owner or operator of another mining property, mill or other facility will be obliged to mill, beneficiate or handle any material from the Property.

Further Assurances

- 10.3 Each of the parties hereby covenants and agrees to execute all further and other documents and instruments and to do all further and other things that may be necessary to implement and carry out the intent of this Agreement.

Notices

- 10.4 Each notice, demand or other communication required or permitted to be given under this Agreement shall be in writing and shall be sent by prepaid registered mail addressed to the party entitled to receive the same, or delivered to such party by hand, or communicated by fax, at the address for such party as described on the first page of this Agreement.

The date of receipt of any notice, demand or other communication shall be the date of delivery thereof if delivered, the date of transmission if communicated by fax, or, if given by registered mail as aforesaid, shall be deemed conclusively to be the third day after the same shall have been so mailed except in the case of interruption of postal services for any reason whatever, in which case the date of receipt shall be the date on which the notice, demand or other communication is actually received by the addressee. The parties may at any time and from time to time notify the other party in writing of a change of address and the new address to which notice shall be given to it thereafter until further change.

Entire Agreement

- 10.5 This Agreement, including the Schedules hereto, shall constitute the entire Agreement of the parties with respect to the subject matter hereof, and no modification or alteration of this Agreement shall be effective unless agreed to in writing by both of the parties. No prior or contemporaneous agreements shall be binding upon the parties.

No Waiver

- 10.6 No consent or waiver, expressed or implied, by either party in respect of any breach or default by the other in the performance by 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.

Jurisdiction

- 10.7 This Agreement shall in all respects be governed by and be construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein. Each party irrevocably submits to the exclusive jurisdiction of the courts of the

Province of British Columbia with respect to any matter arising hereunder or related hereto to the specific and entire exclusion of all other jurisdictions.

Enurement

10.8 This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

Recording of this Agreement

10.9 Prosperity may, in its sole discretion and expense, record this Agreement or a memorandum of this Agreement in the office of any applicable governmental authority in order to give notice to third persons of this Agreement, and the Optionor agrees, and agrees to direct the Nominee, to execute all such documents as are necessary to perfect such recording.

Counterparts

10.10 This Agreement may be executed in as many counterparts as may be necessary or by facsimile and each such counterpart agreement or facsimile so executed shall be deemed to be an original and such counterparts and facsimile copies together shall constitute one and the same instrument.

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

PROSPERITY EXPLORATION CORP.

"Michael England"
Per authorized signatory

Witness:)
)
"Julie Pontellini")
Signature)
)
Julie Pontellini)
Print name)

MULTIPLE METALS RESOURCES LTD.

"Robert Weicker"
Per authorized signatory

Witness:)
)
"John Masters")
_____)
Signature)
)
John Masters)
_____)
Print name)

"Robert Weicker")
_____)
ROBERT F. WEICKER

WITNESS:)
)
)
"John Masters")
_____)
Witness Signature)
_____)
Address)
[REDACTED])
_____)
Administrator)
_____)
Occupation)

"Robert Weicker")
_____)
ROBERT F. WEICKER

**SCHEDULE A
THE PROPERTY**

The following mineral interests located in the Province of British Columbia:

Title Number	Claim Name	Good To Date	Area (ha)
1077550	SILVER SAM	2021/JUL/25	283.90
1077551	ORION	2021/JUL/25	75.80
1077663	SOUTH SHORE SILVER	2021/JUL/29	265.08
1077709	GILLIAM LINK	2021/JUL/31	397.77
1077710	LAKE LINK	2021/JUL/31	18.93
1079808	GOOSLY LAKE	2021/NOV/29	189.32
1079809	SILVER LAKE N	2021/NOV/29	227.11
1079811	SILVER STAR W	2021/NOV/29	189.34
			1647.24

SCHEDULE B ROYALTY

1. Pursuant to the agreement to which this Schedule B is attached (the "**Agreement**"), the Optionor is entitled to be paid the Royalty to be calculated and paid in accordance with this Schedule B. Undefined capitalized terms used herein have that meaning ascribed to them under the Agreement, unless the context should otherwise demand.
2. Calculation of the Royalty will be based upon the Net Smelter Returns of Prosperity with respect to Products (as defined below) produced from the Property. The Optionor acknowledges that it may be necessary or appropriate to process, treat, or upgrade Products off the Property before they are sold or deemed sold and that to determine the value of such Product at the boundary of the Property, all costs incurred or deemed incurred by Prosperity after the Products leave the Property will be deducted from the proceeds received or deemed to be received by Prosperity. The obligation to pay the Royalty will accrue upon the outturn or other production of refined metals meeting the requirements for good delivery of the specified metals to Prosperity's account or the sooner sale of unrefined metals, doré, concentrates, ores or other Property, as hereinafter provided.
3. For the purposes of this Schedule B, unless otherwise stated or the context otherwise requires:
 - (a) "Net Smelter Returns" means the Gross Value of Products, less all costs, charges and expenses paid or incurred by Prosperity or its Affiliates with respect to such Products after such Products leave the Property, including, without limitation:
 - (i) all charges for treatment of Products in the smelting and refining processes (including handling, processing, and provisional settlement fees, sampling, assaying and representation costs, penalties and other processor deductions, and interest) provided that if such treatment is carried out in facilities owned or controlled, in whole or in part, by Prosperity, then the foregoing charges will be equal to lesser of:
 - (A) the amount Prosperity would have incurred if such treatment were carried out at facilities not owned or controlled by Prosperity then offering comparable services for comparable products on terms then prevailing in the area; and
 - (B) the actual amount of such charges charged by the facilities owned or controlled, in whole or in part, by Prosperity;
 - (ii) the costs of transportation (including freight, insurance, security, transaction taxes, handling, port, demurrage, delay, and forwarding expenses incurred by reason of or in the course of such transportation) of Products from a Property to the place of refining, beneficiation or treatment and then to the place of sale, and
 - (iii) use, gross receipts, severance, export, and ad valorem taxes and any other tax or government royalty or levy payable by Prosperity or its Affiliates and based directly upon and actually assessed against the value or quantity of

Product sold or otherwise disposed or deemed disposed of, but excluding any and all taxes:

- (A) based upon the net or gross income of Prosperity or its Affiliates; or
 - (B) based upon the value of the Property, the privilege of doing business and other similarly based taxes;
- (b) "Gross Value" means the price for such Product quoted by the London Metal Exchange or, if such Product is not traded on or quoted by the London Metal Exchange, the price for such Product quoted by another recognized public exchange on which such Product is traded; and
- (c) "Products" means all minerals, ores, metals, concentrates, leachates, precipitates, dore, bullion and other products which are produced from the Property and which are sold to a purchaser who purchases and pays for such product because of its mineral content or other economic value.
4. The Optionor acknowledges that Prosperity will have the right to market and sell or refrain from selling any Products produced from the Property in any manner it may, in its sole discretion, elect, and that Prosperity will have the right to engage in forward sales, futures trading or commodity options trading, and other price hedging, price protection, and speculative arrangements (collectively, "**Trading Activities**") which may, but not necessarily, involve the possible delivery of Products produced from the Property. The parties specifically acknowledge and agree that the Optionors will not be entitled to participate in the proceeds or be obligated to share in any losses generated by Prosperity's actual marketing or sales practices or by its Trading Activities. Prosperity may sell Products to any purchaser it wishes.
5. Prosperity may, but is not obligated to, beneficiate, mill, sort, concentrate, refine, smelt or otherwise process and upgrade Products prior to sale, transfer or conveyance to a purchaser, user or consumer. Prosperity will not be liable for mineral values lost in such processing under sound mineral processing practices.
6. All Products for which the Royalty is payable will be weighed or measured, sampled and analyzed in accordance with generally accepted mining and metallurgical practices. After such measurement, Prosperity may mix or commingle such Products with ores, materials, concentrates or other products from other properties, provided that Prosperity will keep detailed records to support all determinations as to the quantity and quality of commingled Products and will, upon request, make such information available to the Optionor.
7. Payments on account of the Royalty will become due and payable quarterly on the last day of each month following the last day of the quarter in which the same accrued. Payments on account of the Royalty will be accompanied by a statement from Prosperity (a "**Statement**") showing in reasonable detail:
- (a) the quantities and grades of the Products produced and sold or deemed sold by Prosperity in the preceding quarter;
 - (b) all costs and other deductions used in computing the applicable Net Smelter Returns for each Product on which payments on account of the Royalty are due; and

- (c) other pertinent information in sufficient detail to explain the calculation of the payments on account of the Royalty.
- 8. All payments on account of the Royalty will be considered final and in full satisfaction of all obligations of Prosperity with respect thereto, unless the Optionor delivers to Prosperity a written notice (an "**Objection Notice**") describing and setting forth a specific objection to the calculation thereof within 30 days after the end of the fiscal year in which such payment and Statement was received. If the Optionor objects to a particular Statement as herein provided, the Optionor will, for a 60 day period commencing on the delivery of such Statement, have the right, upon reasonable notice and at a reasonable time, to inspect Prosperity's accounts and records relating to all of the factors involved in the calculation of the payment in question. If such inspection determines that there has been a deficiency or an excess in the payment made to the Optionor, such deficiency or excess will be resolved by adjusting the next quarterly payment due hereunder. Failure on the part of the Optionor to make claim against Prosperity for adjustment as herein provided will conclusively establish the correctness and sufficiency of the Statement and Royalty payments for such quarter, and forever preclude the filing of exceptions thereto or making of claims for adjustment thereon by the Optionor, except in the case of fraud.
- 9. Payment of all amounts on account of the Royalty will be made to the Optionor in Canadian dollars, and by bank draft, cheque or wire transfer at such place, or to such financial institution, as the Optionor may specify in writing from time to time.