

## Option Purchase and Assignment Agreement

Dated: July 9, 2021

Battery Elements Corp (the "Acquiror") and Consolidated Minerals Estates Ltd. (the "Vendor") hereby enter into an option purchase and assignment agreement (the "Option Agreement") whereby the Vendor will assign to the Acquiror and the Acquiror will purchase, all of the Vendor's right, title and interest in and to the option agreement entered into between the Vendor and Perry Mackinnon & Scott Grant dated June 27, 2021.

In connection with this Option Agreement, the Acquiror will pay CAD\$1 to the Vendor.

IN WITNESS WHEREOF the parties hereto have executed these presents the day and year first above written.

CONSOLIDATED MINERAL ESTATES LTD.

Per: Christopher Ecclestone, Director

A handwritten signature in black ink, appearing to read "Chris Ecclestone", with a long, sweeping flourish extending to the right.

Authorized Signatory

Battery Elements Corp.

Per: Hugh Oswald

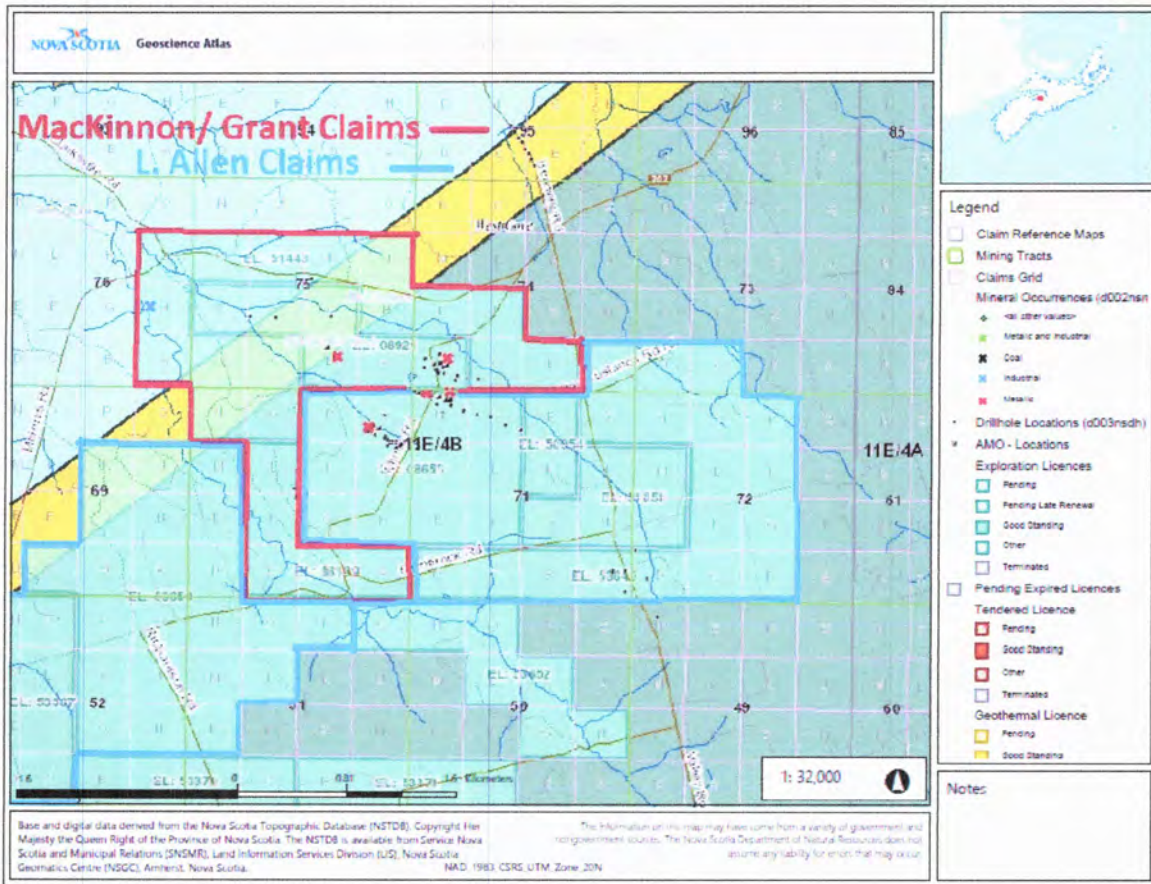
A handwritten signature in black ink, appearing to read "H Oswald", with a large, stylized initial "H" and "O".

Authorized Signatory

**SCHEDULE "A"**

Property Description

Grant-MacKinnon Agreement List of Claims						
NTS 11E4B						
Licence #	# of claims	Tract	Claims	Age	Anniversary Date	Owner
51443	16	70	N,O	5	2/7/2022	RPM
		74	B,C,E,F			
		75	C,D,H,I,K,L,M			
		76	A,H,J			
53139	5	70	A,B,C,F,L	3	4/11/2022	RPM
8921	6	74	D	6	12/10/2021	S. Grant
		75	A,B,E,F,G			
Total				14		



THIS AGREEMENT ("Agreement") is dated for reference 27 June 2021

BETWEEN:

Scott Grant/Perry MacKinnon

(herein referred to as the "Optionor")

OF THE FIRST PART

AND:

Consolidated Mineral Estates Ltd, 51 Weyhill Rd, Andover, Hants, United Kingdom, SP10 3AN

(herein referred to as the "Optionee")

OF THE SECOND PART

WHEREAS:

A. The Optionor is the registered and beneficial owner of the mineral claims to the West Gore Antimony property for exploration of base and precious metals on property located within the province of Nova Scotia, Canada and more particularly described in Schedule "A" attached hereto (the "Property").

B. The Optionor has agreed to grant to the Optionee an option to acquire a 100% legal and beneficial interest in the Property.

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the sum of CDN \$10.00 paid by each of the parties hereto to the other, the receipt of which is hereby acknowledged, and the premises and mutual covenants hereinafter contained, the parties hereto agree as follows:

#### 1. GRANT OF OPTION AND CONSIDERATION

##### 1.1 Grant.

(a) The Optionor does hereby give and grant unto the Optionee the sole and exclusive option (the "Option") which may be exercised to acquire an undivided 100% legal and beneficial interest in and to the Property (the "Interest"), free and clear of all encumbrances except for the NSR Royalty (as defined herein). This right may be exercised by completing all of the requirements set out in section 1.2 below.

(b) The Optionor grants the option to the Optionee upon receipt by the Optionor, in consideration, the amount of Three Thousand Canadian Dollars (CDN \$3,000). If the payment as detailed in 1.2 (a) is not made by a date four months after the date of the signing of this agreement then the amount paid for the grant shall be forfeit by the Optionee to the Optionor and no further agreement shall exist between the two parties.

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1.2 Payment. The Payments shall be made to the Optionor as follows:

- (a) CDN \$7,000 within 10 days of Selection Mines' listing on an exchange or before four months from the date of the grant of the option cited in 1.1(b);
- (b) at the election of Grant/Mackinnon they may also choose to take the amount in 1.2 (a) in the form of stock of the listed entity at the issue price;
- (c) a further CDN\$25,000 (the First Anniversary Payment) on or before 12 months of Agreement date;
- (d) a further CDN \$50,000 (the Second Anniversary Payment) on or before 24 months of Agreement date;
- (e) a further CDN \$125,000 (the Third Anniversary Payment) on or before 36 months of Agreement date;
- (f) a further CDN \$5,000 Advance Royalty Payment (plus HST) on or before 48 months of Agreement date and all subsequent years on the Agreement date anniversaries thereafter until commencement of commercial production. Commercial production shall be defined as start of mining AND sale of product AND commencement of payment of a Royalty to Grant/MacKinnon that exceeds CDN \$5000;

1.3 Royalty. The Optionor shall be entitled to a 3% net smelter return royalty (the "NSR Royalty") on the basis of 3% net smelter return royalty to be held by Grant/MacKinnon on the production from the Property, calculated and paid in accordance the terms and conditions as set out and described in Schedule "B" attached hereto.

1.4 Assignment. The Optionee shall have the right to assign the Option and its interests under this Agreement without the consent of the Optionor, with all terms of this present agreement continuing to remain in place with the new party.

## 2. TRANSFER OF TITLE

2.1 Upon completion of the exercise of the Option for the Interest, the Optionee shall have acquired a 100% of the legal and beneficial right, title and interest in and to the Property free and clear of all encumbrances except for the NSR Royalty, which the Optionor shall be entitled to register against title to the Property. Until the completion of such registration, the Optionor shall be deemed to hold title to the NSR Royalty in trust for the benefit of the parties in accordance with the provisions of this Agreement.

## 3. NSR PURCHASE

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3.1 The Optionee shall have the right at any time to purchase a 1.0% NSR Royalty out of the 3% NSR Royalty thereby reducing the NSR Royalty to a 2.0% net smelter return, which may be exercisable at any time, upon the Optionee giving the Optionor notice of exercise together with CDN \$500,000. The Optionee shall have the right at any time to purchase a further 1.0% NSR Royalty out of the remaining 2.0% NSR Royalty upon the Optionee giving the Optionor notice of exercise together with CDN \$1,000,000. The Optionee shall have the right of first refusal to purchase the remaining 1.0% NSR Royalty out of the residual 1.0% NSR Royalty in the event that Grant/Mackinnon receive an offer for this remaining NSR from any party.

#### 4. OPTIONOR'S REPRESENTATIONS, WARRANTIES AND COVENANTS

4.1 Representations and Warranties. The Optionor represents and warrants to the Optionee as follows now and at the time of the vesting of the Interest:

(a) The Optionor is the beneficial owner of the Property as provided for herein and the registered and beneficial owner of the Property, and that the Property, the improvements thereon and the appurtenances thereto are unencumbered and free of all claims, liens, charges and encumbrances whatsoever, except for the NSR Royalty.

(b) That the Property has been properly located and recorded and is in good standing in accordance with the laws of Nova Scotia until the dates set out in Schedule "A" hereto.

(c) That the Optionor has the exclusive right to receive 100% of the proceeds from the sale of minerals, metals, ores or other products removed from the Property, and except for taxes or royalties payable to the applicable authorities pursuant any applicable legislation, no person, firm or corporation is entitled to any royalty or other payment in the nature of rent or royalty on such materials removed from the Property or is entitled to take such materials in kind.

(d) The Optionor has complied with all laws in effect in the jurisdiction in which the Property is located with respect to the Property, including without limitation all environmental laws.

(e) That no person, firm or corporation has any option or right, or any right capable of becoming an option, to the Property.

(f) The Optionor is not aware of any actions, suits or proceedings, judicial or administrative pending or threatened by or against the Property or affecting the title to or exclusive possession and use of the Property at law or in equity, or before or by any federal, provincial, state, municipal or other governmental court, department, commission, board, bureau, agency or instrumentality, domestic or foreign.

4.2 Environmental Condition. The Optionor represents and warrants to the Optionee, to the best of its knowledge, information and belief, that there are:

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- (a) no toxic or hazardous substances on the Property other than from naturally occurring mineralization;
- (b) no discharges of toxic or hazardous substances on the Property other than from naturally occurring mineralization;
- (c) no investigations or proceedings by any federal, provincial or local government or agency thereof that might lead to the listing of any lands comprising the Property under any law or regulation dealing with the control of toxic or hazardous materials; and
- (d) no investigations or proceedings by any federal, provincial or local government or agency thereof that might lead to the listing of any lands comprising the Property under any law or regulation dealing with the cleanup or remediation of the environment or for damage to the natural resources.
- (e) possible mine shafts, workings, dump piles, tailings that are related to historic workings on the property that are not the responsibility of the Optionor if disturbed by the Optionee.

4.3 Covenants. The Optionor covenants with the Optionee as follows:

- (a) That at the cost and expense of the Optionee, the Optionor will provide such reasonable assistance to the Optionee as the Optionee may request in making application to effect or obtain any permit, lease, license or concession as may be reasonably required by the Optionee to explore or develop the Property and bring it into production. The Optionor is specifically not responsible for obtaining landowner permissions to access private land and is the responsibility of the Optionee.
- (b) Upon exercise of the Option by the Optionee, the Optionor shall take all necessary steps to transfer 100% of the legal and beneficial interest in the Property free and clear of all encumbrances except for the NSR Royalty as described herein.
- (c) That the Optionor will make available to the Optionee and its representatives all records and files in the possession of the Optionor relating to the Property and permit the Optionee and its representatives at its own expense to take abstracts therefrom and make copies thereof
- (d) That the Optionor will promptly provide the Optionee with any and all notices and correspondence received by the Optionor from government agencies in respect of the Property.

4.4 Survival. The representations, warranties and covenants of the Optionor hereinbefore set out are conditions on which the Optionee has relied in entering into this Agreement, are to be construed as both conditions and warranties and shall, regardless of any investigation which may have been made by or on behalf of the Optionee as to the accuracy of such representations and warranties, survive the closing of the transactions contemplated hereby and the acquisition of the Interest hereunder and the Optionor 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 or warranty contained in this Agreement.

**5. OPTIONEE'S REPRESENTATIONS, WARRANTIES AND COVENANTS**

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5.1 Representations and Warranties. The Optionee represents and warrants to the Optionor as follows:

- (a) That it is a company duly incorporated under the laws of the United Kingdom
- (b) That it has the right and authority to enter into this Agreement and to carry out the terms and conditions contained herein.

5.2 Covenants. The Optionee covenants with the Optionor as follows:

(a) That during the currency of this Agreement it will maintain the Property in good standing and record as assessment work against the Property all work ("Work") that is eligible to be recorded as assessment work, except that in respect of any cash payments to the Optionor in lieu of work, the Optionor agrees to forward that portion of such payment to the applicable regulatory authorities to keep the Property in good standing. Prior to any of the mineral claims forming the Property expiring during the term of this Agreement, the Optionee hereby undertakes to have a mining lease executed with respect to such claims in favour of the Optionor, pursuant to the applicable mining laws and regulations.

(b) That it will carry out operations on the Property in a careful and miner-like manner and in accordance with recognized engineering practices and in full conformity with all applicable mining laws and regulations of Nova Scotia including environmental laws.

(c) That it will promptly pay all accounts of any nature and kind for wages, supplies, workers' compensation assessments and all other accounts and indebtedness incurred by it on the Property so that no lien can arise thereon or upon the minerals contained therein.

(d) That if the Option is terminated pursuant to section 10.1 or 10.2, it will furnish to the Optionor copies of all maps, plans, reports, assays and other technical data whatsoever pertaining to the work carried on by it upon the Property together with all samples taken from the Property as may then be in its possession or available to it and all minerals, gold and other material referred to in section 6.4 which have not been sold. In the event of the option terminating for whatever reason, the property will be returned to Optionor with minimum work credits to enable the next renewal. The Optionee is free to use the existing work credits as it sees fit while holding the Option as long as they are replenished by reported work before terminating the Option. For clarity, the Optionee will return the terminated option property Licences with a minimum of work credits to enable their next renewal.

(e) That within 30 days of the end of each calendar quarter it will provide the Optionor with a written report detailing the nature of and amount spent on Work carried out and any gold or minerals recovered for testing purposes from the Property during the calendar quarter, the evidence thereof and the results thereof.

5.3 Survival. The representations and warranties of the Optionee hereinbefore set out are conditions on which the Optionor has relied in entering into this Agreement, are to be construed as both

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conditions and warranties and shall, regardless of any investigation which may have been made by or on behalf of the Optionor as to the accuracy of such representations and warranties, survive the closing of the transactions contemplated hereby and the acquisition of the Interest hereunder and the Optionee shall indemnify and save the Optionor harmless from all loss, damage, costs, actions and suits arising out of or in connection with any breach of any representation or warranty contained in this Agreement.

## 6 OPERATOR

6.1 Optionee to be Operator. During the currency of this Agreement, the Optionee shall manage the Work and the day to day exploration activities on the Property.

6.2 Right of Entry. Forthwith upon execution of this Agreement the Optionee shall be entitled to quiet possession of the Property, and during the currency of this Agreement the Optionee shall be entitled to, without limitation, enter upon the Property to erect buildings and install machinery thereon and to explore and develop the Property in such manner as it sees fit subject to landowner approval.

6.3 Optionee's Rights. The Optionee shall have the full right, power and authority to do everything necessary or desirable in connection with the exploration and development of the Property and with the Work, including without limitation the right, power and authority to:

(a) regulate access to the Property, subject only to the right of the Optionor and its representatives as provided for in Article 8; and

(b) employ and engage such employees, agents and independent contractors as it may consider necessary or advisable to carry out the Work and its duties and obligations hereunder.

6.4 Entitlement to Material. During the currency of this Agreement, the Optionee shall be entitled to retain possession of all minerals, including without limitation gold, and other material found on or removed from the Property subject to the following limitations. Before the Optionee has earned its interest in the Property, it will be permitted to take minerals from the Property for testing purposes. Any gold and other minerals found on the Property or through testing before the Optionee has made the First Anniversary Payment shall remain the property of the Optionor. Of any gold and other minerals found on the Property or through testing or trial mining subsequent to the Optionee making the First Anniversary Payment and prior to the Optionee making the Second Anniversary Payment, the gold shall remain the property of the Optionor and any revenue from the sale or other disposition of minerals, other than gold, or other materials from the Property, such revenue shall be apportioned equally between the Optionor and the Optionee.

## 7. INDEMNITY

7.1 The Optionee agrees hereby to save the Optionor harmless from all claims, demands, damages and liabilities of whatsoever kind or character asserted by any person or persons on account of damage to property or injury to or death of any person occurring on or about the Property by the Optionee, unless such damage, injury or death was caused by the fault of the Optionor. The Optionee will

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indemnify the Optionor from any responsibility for environmental and property damages that occur during the Optionee's and/or its successors' exploration efforts. This clause will survive the termination of the agreement for a period of two years.

7.2 The Optionor agrees hereby to save the Optionee harmless from all claims, demands, damages and liabilities of whatsoever kind or character asserted by any person or persons on account of damage to property or injury to or death of any person occurring on or about the Property by the Optionor, unless such damage, injury or death was caused by the fault of the Optionee.

## 8. INSPECTION BY OPTIONOR

8.1 Inspection of Property. The Optionee shall permit the Optionor, or its representatives duly authorized in writing, to visit and inspect the Property at all reasonable times and intervals, and data obtained by the Optionee as a result of its operations thereon, provided always that the Optionor or its representatives shall abide by the rules and regulations laid down by the Optionee relating to matters of safety and efficiency in its operations and, notwithstanding Article 7 herein, the Optionee shall be under no liability to the Optionor or its representatives for any personal injury, including death, or any damage to property other than such as might be occasioned by or through any negligence or wilful default on the part of the Optionee, its servants or agents.

8.2 Audit of Optionee's Records. During the currency of this Agreement, the Optionor or its representatives duly authorized in writing shall, upon reasonable notice to the Optionee and at the Optionor's own expense, be entitled to audit the books, records and accounts of the Optionee which contain information relevant to the Property and the operations of the Optionee thereon.

## 9. FORCE MAJEURE

9.1 If at any time after execution of this Agreement the Optionee should be delayed in or prevented from performing any of the terms, covenants or conditions of this Agreement by reason of fires, floods, earthquakes, subsidence, ground collapse or landslides, interruptions or delays in power or transportation of supplies, strikes, lockouts, wars, acts of God, Government regulation or interference, including, but without restricting the generality of the foregoing, forest closures, or any other cause beyond the control of the Optionee, except lack of monies, then and in every event, any such failure on the part of the Optionee to so perform shall not be deemed to be a breach of this Agreement and the time within which the Optionee is obliged to comply with any such term, covenant or condition under this Agreement shall be extended by the total period of all such delays, provided that in order that the provisions of this paragraph may be operative, the Optionee shall give notice in writing to the Optionor forthwith and as often as it is so delayed or prevented and shall set out in such notice particulars of the cause thereof and the day upon which the same arose, and shall give like notice forthwith following the date that such cause ceased to exist.

## 10. TERMINATION

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10.1 Termination by Optionee. The Optionee may at any time terminate or abandon the Option for any reason whatsoever by written notice to the Optionor, and if the Optionee so abandons the Option this Agreement shall be null and void for all purposes and no further obligations shall arise thereunder except for the Optionee's covenant as provided for in section 5.2(d), 7 and 10.4.

10.2 Termination for Default. If the Optionee is in default of any of its obligations hereunder or has not made a Payment within the time provided for in Article 1 (collectively, a "Default") the Optionor may immediately or at any time give written notice to the Optionee of such Default, and the Optionee shall then have a period of 30 days to remedy such Default. If the Optionee does not remedy the Default within the 30 days aforesaid, this Agreement shall, at the Optionor's option and upon written notice to the Optionee, terminate forthwith.

10.3 Liability upon Termination. Upon termination of this Agreement the Optionee shall cease to be liable to the Optionor save for the performance of those of its covenants, including section 5.2 and 7 herein, which theretofore should have been performed or which survive termination of this Agreement.

10.4 Vacating Property upon Termination. Upon termination of this Agreement for any reason other than for exercise of the Option, the Optionee shall vacate the Property within a reasonable time after such termination. The Optionee shall remove any buildings, plant, machinery, equipment, tools, appliances, supplies and other chattels and fixtures from the Property which may have been brought upon the Property by the Optionee and shall reclaim and restore the Property in accordance with applicable environmental laws, and the Optionee shall have the right of access to the Property therefore for a period of 6 months from the date of termination.

## 11. CONFIDENTIALITY

11.1 Confidential Information. All information with respect to this Agreement or the Property or any matters arising therefrom ("Confidential Information") shall be treated as confidential by the parties hereto and not be disclosed to any third party without the previous written consent of the non-disclosing party, such consent not to be unreasonably withheld.

11.2 Disclosure to Advisors. Notwithstanding section 11.1, the parties shall have the right to disclose Confidential Information, in strict confidence, to their attorneys or financial and mining consultants.

11.3 Required Disclosure. This Article 11 does not apply to any disclosure which may be required by law, a stock exchange, or any other securities regulatory authorities, and the normal disclosure of activities for a public company listed on the Exchange or other recognized regulatory body, which shall be determined in the sole discretion of the Optionee.

## 12. GENERAL

12.1 Option Only. This Agreement is an option only and not a contract of purchase and sale, and neither the doing of anything nor the postponement of the doing of anything shall be construed as

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obligating the Optionee to do anything further under this Agreement. The Optionee shall have no obligation to make the Payment or complete any Work.

12.2 Time of the Essence. Time shall be of the essence of this Agreement.

12.3 Notices. Any notice or other communication required or contemplated under this Agreement to be given by one party to the other shall be delivered, emailed, telecopied or mailed by prepaid registered post to the party to receive same at the under noted address, namely:

the Optionor: Grant/MacKinnon

Scott Grant of 184 Water St, Pictou, Nova Scotia, Canada, B0K 1H0 and;

Perry MacKinnon of 43244 Cabot Trail, Skir Dhu, Nova Scotia, Canada, B0C1H0

the Optionee: CONSOLIDATED MINERAL ESTATES LIMITED,

51 Weyhill Road,

Andover, Hants, United Kingdom, SP 10 3AN

Any notice delivered, emailed or telecopied shall be deemed to have been given and received on the business day next following the date of delivery. Any notice mailed as aforesaid shall be deemed to have been given and received on the fifth business day following the date it is posted, provided that if between the time of mailing and actual receipt of the notice there shall be a mail strike, slow-down or other labour dispute which might affect delivery of the notice by mail, then the notice shall be effective only if actually delivered.

12.4 Further Assurances. Each of the parties hereto agrees to execute such further and other deeds, documents and assurances and do such further and other acts as may be necessary to carry out the true intent and meaning of this Agreement fully and effectually.

12.5 Interpretation. Wherever the singular or masculine is used throughout this Agreement, the same shall be read as the plural, feminine or body corporate as the context may require. The captions and emphasis of the defined terms have been inserted for convenience only, and do not define the scope of any provision.

12.6 Choice of Law. This Agreement shall be construed in accordance with the laws of the Province of Nova Scotia, Canada.

12.8 Severability. If any one or more of the provisions contained herein should be held to be invalid, unenforceable or illegal in any respect in any jurisdiction, the validity, legality and enforceability of such provision shall not in any way be affected or impaired thereby in any other jurisdiction and the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

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12.9 Entire Agreement. This Agreement shall constitute the entire agreement between the parties hereto with respect to the Property, and the terms hereof shall take precedence over the terms of any previous agreements, either oral or written, between the Optionee and the Optionor. This Agreement may not be varied except by a written document signed by or on behalf of each of the parties.

12.10 Registration of Agreement. The parties hereto acknowledge the right and privilege of the Optionor or the Optionee to file, register or otherwise deposit a copy of this Agreement in the appropriate recording office for the jurisdiction in which the Property is located, or with any other governmental agencies, to give third parties notice of this Agreement, and hereby agree, each with the other, to do or cause to be done all acts or things reasonably necessary to effect such filing, registration or deposit.

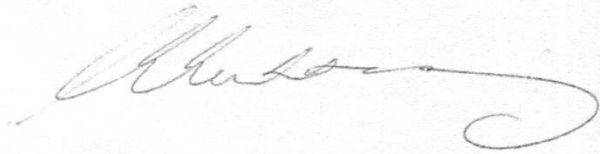
12.11 Enurement. This Agreement shall enure to the benefit of and be binding upon the parties hereto, their respective successors at law and assigns.

12.12 Counterparts. This Agreement may be executed in any number of counterparts with the same effect as if all parties to this Agreement had signed the same document and all counterparts will be construed together and will constitute one and the same instrument and any facsimile signature shall be taken as an original.

IN WITNESS WHEREOF the parties hereto have executed these presents the day and year first above written.

CONSOLIDATED MINERAL ESTATES LTD.

Per: Christopher Ecclestone, Director

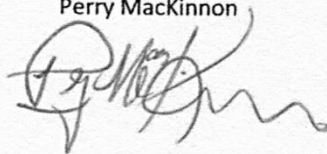


Authorized Signatory

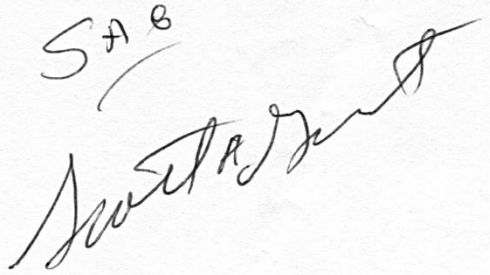
Grant/MacKinnon

Per: Scott Grant

Perry MacKinnon



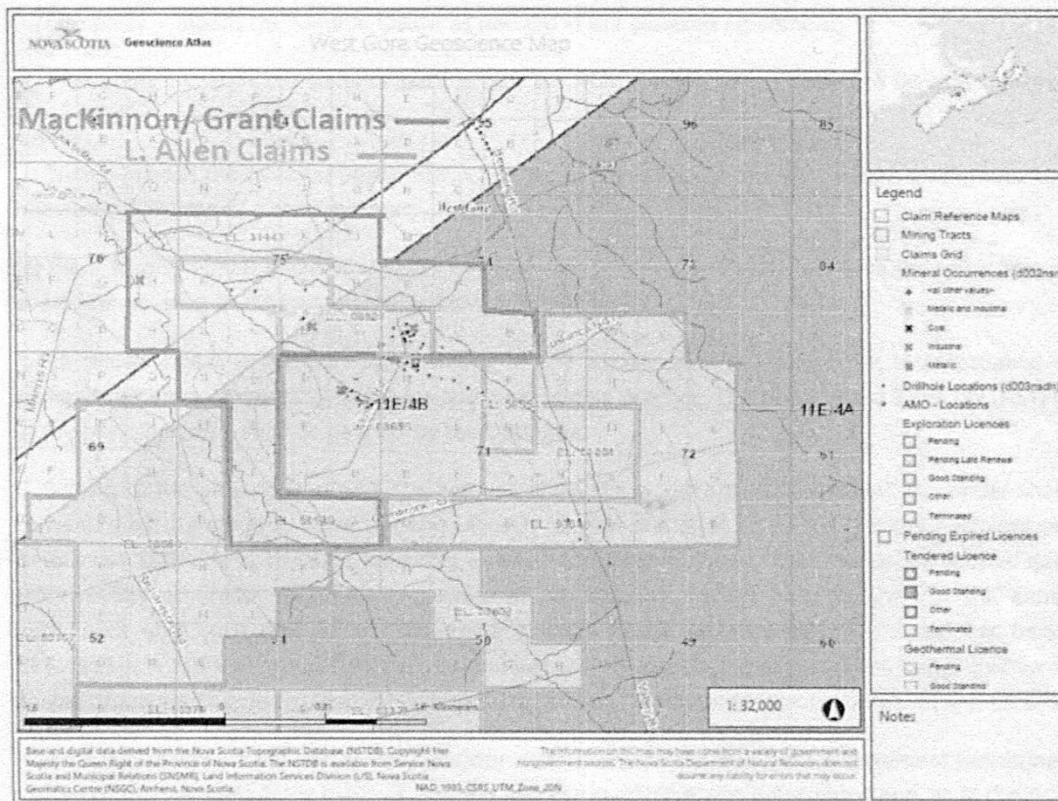
Authorized Signatories

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**SCHEDULE "A"**

Property Description

Grant-MacKinnon Agreement List of Claims							
NTS 11E4B							
Licence #	# of claims	Tract	Claims	# of claims	Age	Anniversary Date	Owner
51443	16	70	N,O	2	5	2/7/2022	RPM
		74	B,C,E,F	4			
		75	C,D,H,J,K,L,M	7			
		76	A,H,J	3			
53139	5	70	A,B,C,F,L	5	3	4/11/2022	RPM
8921	6	74	D	1	12	12/10/2021	S. Grant
		75	A,B,E,F,G	5			
<b>Total</b>				<b>27</b>			



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## SCHEDULE "B"

### NET SMELTER RETURNS

1. For the purposes of this Schedule "B" and of calculating the amount of royalty payable hereunder:

(a) "net smelter return" - means the amount of money actually received from the sale of the ores mined from the Property, including the surface stockpiles and tailings, or from the sale of the concentrates or other products derived therefrom, less all taxes, costs or expenses incurred with respect to freight, trucking or handling of ores, concentrates or other products ex headframe in the case of ores and ex mill or other treatment facility in the case of concentrates or other products;

(b) "Operator" - means the party responsible for the carrying on of the operations relating to the Property;

(c) "Owner" - means the person or persons that own an interest in the Mineral Claims as at the relevant time including, without limitation, the Operator if the Operator has such an interest;

(d) "Property" - means the Mineral Claims as defined in the annexed agreement;

(e) "Recipient" - means the party or parties that are from time to time entitled to be paid the royalty hereunder;

(f) "year" - means the calendar year and a reference to a subdivision of a year means a reference to the relevant subdivision of a calendar year;

(g) those terms defined in the agreement of which this Schedule B is part shall have the same meanings as so defined (save as otherwise provided in this Schedule B).

2. All calculations and computations relating to the royalty shall be carried out in accordance with generally accepted accounting principles and good mining practice. The Harmonized Sales Tax (HST) due, at the prevailing rate, shall be payable by the Optionee.

3. Subject to the provisions hereof, the amount of royalty payable to the Recipient hereunder shall be calculated by the operator as at the end of each quarter and shall be payable to the Recipient on or before the 15th day of the next following quarter; provided, however, that the Operator shall deduct from royalty otherwise payable the amount of any advance royalty paid pursuant to the annexed agreement until such time as the aggregate amount of the advance royalty so paid has been so deducted. It is expressly agreed that no entitlement to a royalty shall arise out of any hedging or forward selling transaction carried out by the Optionee under the Agreement to which this schedule is attached.

4. With each payment of royalty, the Operator shall deliver to the Recipient a statement indicating the nature of the payment being made, if any, the manner in which it was determined and, as at the date of such calculation, the aggregate amount of advance royalty (if any) paid and not deducted hereunder. If

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no royalty is payable in any quarter, the Operator shall deliver a statement accordingly. Within 90 days after the end of each year in which royalty is payable, or save for deduction of advance royalty previously paid would be payable, the Operator shall deliver to the Recipient a certificate confirming the determination of the amount of royalty paid or otherwise payable during the said year.

5. The Operator shall keep separate accounts relating to its operations hereunder and, upon the prior written request of the Recipient, duly authorized representatives of the Recipient may have access to such accounts for the purpose of confirming any information contained in a statement delivered to the Recipient pursuant to the provisions of paragraph 4 hereof; provided, always, that such access shall not interfere with the affairs of the Operator. The Recipient shall have the right to make copies of or take extracts from such accounts (but only for his own use).

6. (a) For the purpose of calculating the amount of royalty payable to the Recipient hereunder only, if any ore or product derived from ore mined from the property is retained by the Operator or Owner or sold to a company associated with the Operator or Owner, and if the sale price of such product is not negotiated on an arm's length basis, the Operator shall, for the purposes of calculating net smelter return available to pay the royalty hereunder only and notwithstanding the actual amount of such sale price, add to any moneys actually received with respect to such sale an amount which the Operator considers sufficient to make the same represent a reasonable sale price for such product as if negotiated at arm's length.

(b) The Operator shall by notice inform the Recipient of the quantum of such reasonable sale price and, if the Recipient does not object thereto within 45 days after receipt of such notice, said quantum shall be final and binding for the purposes of this paragraph 6.

(c) If the Recipient objects to such quantum by notice delivered to the Operator within the said 45 days, then the quantum of such reasonable sale price shall be decided by arbitration as follows: the Recipient shall nominate one arbitrator and shall notify the Operator of such nomination and the Operator shall, within 45 days after receiving such notice, nominate an arbitrator and the two arbitrators shall select an umpire to act jointly with them. If the said arbitrators shall be unable to agree in the selection of such umpire, the umpire shall be a person designated by the President or any Vice-President of the Canadian Institute of Mining and Metallurgy, provided that such person is not an employee of the Owner or any company affiliated with the Owner. The umpire shall fix the time and place for the purpose of hearing such evidence and representations as either or the parties hereto may present and, subject to the provisions hereof, the decision of the arbitrators and umpire, or any two of them, in writing shall be binding upon the parties hereto. The said arbitrators and umpire shall, after hearing any evidence and representations that the parties may submit, make their award, reduce the same to writing and deliver one copy thereof to each of the parties hereto. The majority of the umpire and arbitrators may determine any matters of procedure for the arbitration not specified herein. If the Operator fails within the said 45 days to nominate an arbitrator, then the arbitrator nominated by the Recipient may proceed alone to determine the dispute in such manner and at such time as he shall think fit and his decision shall, subject to the provisions hereof, be binding upon the parties hereto.

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(d) The expense of the arbitration shall be paid by the Recipient if the decision reached hereunder does not increase such quantum by more than 1% of the quantum set forth in the notice hereinbefore referred to and otherwise by the Operator.

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