

ROYALTY AGREEMENT

THIS AGREEMENT made as of June 3, 2022.

BETWEEN:

ROCKY ISLAND GOLD CORP., a corporation duly continued under the federal laws of Canada

(the “**Grantor**”)

- and -

VULCAN MINERALS INC., a corporation duly existing under the laws of the Province of Alberta

(the “**Grantee**”)

WHEREAS upon the transfer to the Grantor of the Grantee’s interest in the Property (as hereinafter defined) pursuant to a purchase and sale agreement dated May 9, 2022, the “**Purchase Agreement**”), and as partial consideration for such transfer, the Grantor has agreed to grant the Grantee a royalty on and subject to the terms and conditions hereinafter contained.

NOW THEREFORE THIS AGREEMENT WITNESSETH THAT for good and valuable consideration the receipt and sufficiency whereof being acknowledged by each of the parties hereto, the parties hereto do hereby covenant and agree as follows:

1. DEFINITIONS

1.1 In this Agreement, including in the recitals hereto, the following terms shall have the following meanings:

- (a) “**Affiliate of the Grantor**” means any person, partnership, venture, corporation or other form of enterprise which directly or indirectly controls, is controlled by, or is under common control with, the Grantor;
- (b) “**Agreement**”, “**this Agreement**”, “**hereto**”, “**hereof**”, “**herein**”, “**hereunder**”, “**hereby**” and similar expressions refer, unless otherwise expressly stated, to this Agreement, including the recitals and any schedules or appendices hereto, as it may from time to time be supplemented or amended by one or more agreements entered into pursuant to the applicable provisions hereof, and not to any particular article, section, subsection, subparagraph or other subdivision hereof;
- (c) “**Effective Date**” shall mean the date of execution of this agreement as it appears on the face page hereof;
- (d) “**Gross Value**” shall mean the consideration actually received by the Grantor from the sale or other disposition of Minerals, provided that where the Grantor's sale or

disposition is based upon a contract for the sale of Minerals that fixes a selling price for metals on other than a market price of the product on the date of delivery to the purchaser (less deductions normally negotiated as a part of such contracts), specifically including without limitation, forward sales, futures trading or commodity options trading and any other price hedging, price protection and speculative arrangements not involving physical delivery of Minerals produced from ores mined from the Property, Minerals shall be deemed to have been sold only at the time that refined metal attributable to such Minerals is physically delivered by the Grantor in satisfaction of such commitments. Gross Value of Minerals shall be based on the contained metal value of the Minerals actually delivered, calculated by dividing the sum of all such prices reported for each respective metal on each day of the calendar month by the number of days for which such prices were reported for the month in which the sale occurred, as such prices are quoted on the London Metal Exchange (LME) p.m. fix. The Royalty payable to the Grantee shall be based upon such Gross Value, net of the deductions more fully set forth below. In the event of cessation or suspension of quotations for a period of more than five (5) consecutive days in a given month, the parties hereto shall agree on a reputable substitute quotation mechanism for each affected metal. If the Grantor terminates any of such price protection arrangements without actual physical delivery of Minerals, the Grantee shall not share in any profits or losses therefrom;

- (e) “**Mineral Rights**” means any prospecting license, exploration license, mining lease, mining license, mineral concession, mineral claim and other forms of mineral tenure (including any application for the grant or issue of any of the foregoing) or other rights to minerals, or to work upon lands for the purpose of searching for, developing or extracting minerals under any form of mineral title recognized under applicable law in Newfoundland and Labrador, whether contractual, statutory or otherwise;
- (f) “**Minerals**” shall mean raw ores, concentrates, precipitates, leach liquor, metals, ore and mineral materials of every kind and character and all other naturally-occurring products contained within the Property which are sold by the Grantor to third parties (including sand and gravel and other common non-metallic materials);
- (g) “**Net Returns**” shall mean the Gross Value received by the Grantor from the sale or other disposition of Minerals, less the following expenses incurred by the Grantor with respect to such Minerals after they leave the Property, as the case may be:
 - (i) actual charges for treatment in the smelting and refining process (including handling, assaying, processing, penalties, impurity charges, metal losses and other processor deductions);
 - (ii) actual sales, marketing and brokerage costs;

- (iii) any sales, severance, gross production, privilege or similar taxes assessed on or in connection with the sale or other disposition of Minerals, except any income taxes, either Federal or Provincial, based on the value of the Minerals; and
- (iv) actual costs of transportation (including freight, insurance, security charges, transaction taxes, import and export duties, levies, imposts, handling, port, demurrage, delay, stowage and forwarding expenses incurred by reason of or in the course of such transportation) of such Minerals, to the mill, smelter or other purchaser, user or customer.

The Grantor shall be permitted to sell concentrates in the form usually commercially marketable to an Affiliate of the Grantor provided that such sales shall be considered, solely for the purpose of computing Net Returns, to have been sold at prices and on terms no less favourable than those which would be extended to an unaffiliated third party in a *bona fide* arm's length transaction under similar circumstances. Similarly, if the Grantor or an Affiliate of the Grantor incurs costs that are deductible or treats the Minerals in a smelter that the Grantor or the Affiliate of the Grantor owns or controls, the Grantor or the Affiliate of the Grantor may deduct treatment charges and costs, but only to the extent they are no more than the amount that the Grantor or the Affiliate of the Grantor would have charged an unaffiliated third party in a *bona fide* arm's length transaction under similar circumstances;

- (h) **“Place of Delivery”** means the place directed by the Grantee in writing;
- (i) **“Produced”** shall mean the mining, saving, extraction from the soil or other creation of a marketable product containing Minerals from the Property;
- (j) **“Property”** shall mean the Mineral Rights described in Schedule “A” hereto or any portion thereof or derived therefrom;
- (k) **“Royalty”** means 1% of Net Returns from the Property;
- (l) **“Transfer”** when used as a verb, shall mean to sell, grant, assign, encumber, pledge or otherwise commit or dispose of, directly or indirectly, including through mergers, consolidations or asset purchases. When used as a noun, **“Transfer”** shall mean a sale, grant, assignment, pledge or disposal or the commitment to do any of the foregoing, directly or indirectly, including through mergers, consolidations or asset purchases;

2. ROYALTY INTEREST

- (a) **Grant of Royalty.** The Grantor does hereby grant the Royalty to the Grantee in perpetuity, subject to the terms and conditions of this Agreement. The Royalty shall run with the Property, and shall be registered by the Grantee against title to the Property.

- (b) **Direct Real Property Interest.** The Grantor hereby acknowledges and agrees that the Royalty is an interest in land and a direct real property interest in the Property and the Minerals (while contained in the Property), and in the Grantor's estate, right, title and interest therein granted by the Grantor, in favour of the Grantee, provided that such interest shall be satisfied in respect of any particular Mineral by the payment to the Grantee of the Royalty in respect thereof. The Royalty shall continue in perpetuity, it being the intent of the Parties that the Royalty will constitute a covenant running with the Property and the Minerals (while contained in the Property) and all successions thereof (whether created privately or through governmental action), and will be binding upon and enure to the benefit of the Parties and their respective successors and assigns.
- (c) **Expropriation.** In the event that the Property, or any part thereof, is affected by an expropriation or notice or advice from any Governmental Authority of an intention to expropriate or a sale in lieu of expropriation, or any intention from any Governmental Authority to revoke, limit, suspend or refuse to renew any mining right, the Grantor undertakes to notify the Grantee in writing within three (3) Business Days of such receipt. Unless the Grantor, after having informed the Grantee of its intention to do so, contests forthwith upon receipt of such notice and in order to protect its own and Grantee's interests in the Property, the Grantor further authorizes the Grantee to make representations before any Governmental Authority in order to protect the Grantee's interest in the Property.
- (d) **Reacquired Interest.** In the event the Grantor or any of its Affiliates or any successor or assignee of it surrenders, allows to lapse or otherwise terminates its interest in any portion or all of the Property, and at any time from and after the date of such surrender, lapse or other termination, reacquires a direct or indirect interest in respect of the lands covered by the former property, then the Royalty shall apply to such interest so reacquired. The Grantor shall give written notice to the Grantee within ten (10) days of any acquisition or reacquisition thereof and shall take all steps required to register the Royalty against the new mineral titles.
- (e) **Assignment of Property Interest By the Grantor.** The Grantor shall not assign any of its interests in Property without first obtaining a novation agreement from the assignee acknowledging the royalty interests of the Grantee therein and agreeing to be bound by the terms of this Agreement as if it were the "Grantor".

3. GRANTOR'S OPERATIONS

- (a) **Further Processing.** The Grantor may, but is not obligated to, beneficiate, mill, sort, concentrate, refine, smelt or otherwise process or upgrade the Minerals Produced from ores mined from the Property prior to sale, transfer, or conveyance to a purchaser, user or consumer other than the Grantor. The Grantor shall not be liable for mineral values lost in such processing except for losses resulting from the bad faith or gross negligence of the Grantor.

- (b) **Weighing and Sampling – Commingling.** All ores, materials or products containing Minerals shall be weighed or measured, sampled and analyzed in accordance with the Grantor's standard mining and metallurgical practices. After such weights, measurements or samples are taken, at its discretion, the Grantor may mix or commingle such ores, materials or products with ores, materials or products from other properties or sources.
- (c) **Information to Grantee.** All payments of the Royalty hereunder shall be accompanied by a smelter settlement sheet or other evidence of sale indicating the weight of materials received, contained mineral values and a statement of the Grantor as to the deductions made. If no Royalty is due to the Grantee for any pay period, the Grantor shall nonetheless provide the Grantee with a statement showing in reasonable detail the quantities of Minerals Produced from the Property.
- (d) **Mining Methods – No Implied Covenants.** The Grantor shall have the sole and exclusive right to determine the timing and the manner of any production from the Property and all related exploration, development, operational and mining activities. Nothing in this Agreement shall require the Grantor to explore, develop or mine or continue operations on the Property or to process ores from the Property. The Grantor shall not be responsible for nor be obliged to make any Royalty payments for values lost in any mining or processing of the Minerals conducted pursuant to customary mining practices. The Grantor shall not be required to mine or to preserve or protect the Minerals which under customary mining practices cannot be mined or shipped at a reasonable profit at the time mined.
- (e) **Retention of Inventory.** The Grantor may, but is not obligated to, retain ore or treated ore products containing Minerals as inventory for any length of time and for any reason. At the Grantee's reasonable request, the Grantor shall deliver to the Grantee a monthly statement of such inventory, but the Grantee shall have no right to any Royalty payments until the Grantor actually delivers and sells the Minerals. Raw Minerals stockpiles are not subject to the Royalty until treated and the products are delivered and sold.
- (f) **Insurance Proceeds for Loss.** In the event the Grantor or any of its Affiliates receives insurance proceeds for loss of Minerals from the Property or in connection with business interruption relating to operations pertaining to the Property, the Grantor shall pay to the Grantee the relevant Royalty percentage of any such insurance proceeds, which are received by the Grantor or any of its Affiliates for such loss of production. The Grantor shall pay such amount in cash within ten (10) days of the Grantor receiving such insurance proceeds in cash by wire transfer to an account to be designated by the Grantee and notified to the Grantor in writing at least three (3) Business Days prior to the payment date. The gross proceeds received by Grantor on account of: (a) the lost or damaged Minerals; or (b) loss relating to business interruption, shall be conclusively determined by the final, uncontested insurance settlement documents.

4. ROYALTY TRANSFER

The Grantee shall have the right to Transfer all or any part of the Royalty and its rights under this Agreement to any person without prior notice to, or the consent of, the Grantor. The Grantee shall provide notice in writing to the Grantor of any such Transfer.

5. PAYMENT OF ROYALTY

- (a) **Frequency of Payment of Royalty.** The Royalty shall be due and payable within thirty (30) days after the end of each calendar quarter in which the Gross Value accrues. The Grantee shall not have the right to take its Royalty “in kind”.
- (b) **Method of Making Payments.** All Royalty payments required to be made hereunder shall be mailed, delivered to the Place of Delivery or paid by direct deposit to the Grantee's bank account. Payments shall be made in full without set off or counterclaim and free of and without deductions or withholdings for any taxes, unless such withholdings are required by applicable law.
- (c) **Default and Interest.** In the event that any payment required to be made to the Grantor or the Grantee hereunder is not made when due, then all unpaid amounts shall bear interest at the rate equal to 5.0%, compounded quarterly on the last day of each quarter until such credit/payment and accrued interest is paid in full.
- (d) **Records and Inspection.** All books and records used by the Grantor to calculate the Royalty shall be kept in accordance with generally accepted accounting principles. The Grantee may, upon reasonable notice to the Grantor, inspect such books and records used to calculate the Royalty. No inspections taken hereunder shall be in derogation of the Grantee's right to make objections as described in Section 5(d).
- (e) **Objections.** All Royalty payments shall be considered final and in full satisfaction of all obligations of the Grantor with respect thereto, unless the Grantee gives the Grantor written notice describing and setting forth a specific objection to the calculation thereof within one hundred eighty (180) days after receipt by the Grantee of the quarterly statement provided for herein. If an audit of production records is timely requested by the Grantee, then for up to a period of ninety (90) days following receipt of the Grantee's objection, such audit shall be performed of the Grantor's records and accounts relating to the Royalty calculation by an independent certified public accountant acceptable to the Grantor at reasonable times and upon reasonable notice to the Grantor. If such audit determines that there has been a deficiency or an excess in the payment made to the Grantee such deficiency or excess shall be resolved by adjusting the next quarterly Royalty payment due hereunder. The Grantee shall pay all costs of such audit unless a deficiency in the payment made to the Grantee is determined to exist, in which event the Grantor shall pay such costs. Failure on the part of the Grantee to make claim on the Grantor for adjustment in the one hundred eighty (180) day period referenced above shall conclusively establish the correctness of the statement and

preclude the filing of exceptions thereto or the making of any claim for adjustment thereon for the calendar quarter in question.

- (f) **Application to Reprocessed and Other Materials.** If the Grantor reprocesses any mill tailings or any residues from the Property, the Royalty shall be payable only upon any Minerals recovered therefrom. The Grantee shall not be entitled to any royalties on ores or minerals produced from other properties which are otherwise processed at the Property by the Grantor.

6. NOTICES

All notices required or permitted to be given hereunder shall be given in writing and shall be sent by the parties by e-mail to the address set forth below or to such other e-mail address as either party may later designate by like notice to the other:

- (i) to the Grantor at:

Rocky Island Gold Corp. (subsidiary of Sassy Resources Corporation)
Suite 400 - 1681 Chestnut Street
Vancouver, British Columbia V6J 4M6

Attention: Mark Scott, President and Chief Executive Officer
Email: [REDACTED]

- (ii) to the Grantee at:

Vulcan Minerals Inc.
333 Duckworth St
St. John's, Newfoundland & Labrador A1C 1G9

Attention: Patrick Laracy, President and Chief Executive Officer
Email: [REDACTED]

All notices required or permitted to be given hereunder shall be deemed to have been given on the day sent by e-mail, or if such day is not a business day, the next business day.

7. INTERPRETATION

- (a) **Governing Law.** This Agreement shall be governed by the laws of the Province of British Columbia and the federal laws of Canada applicable therein (without regard to its laws relating to any conflicts of laws). The courts of the Province of British Columbia shall have non-exclusive jurisdiction to settle any dispute arising out of or in connection with this Agreement.
- (b) **Performance.** The failure of the Grantee or the Grantor to insist on the strict performance of any provision of this Agreement or to exercise any right, power or remedy upon a breach hereof shall not constitute a waiver of any provision of this Agreement or limit the Grantee's or the Grantor's right thereafter to enforce any

provision or exercise any right hereunder. A waiver of any provision of this Agreement shall not be effective unless in writing and signed by the party against whom it is to be enforced.

- (c) **Invalidity of Provisions.** If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic and legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner to the end that transactions contemplated hereby are fulfilled to the extent possible.
- (d) **Enurement.** This Agreement shall be binding on and shall enure to the benefit of the respective heirs, executors, administrators, legal representatives, successors and permitted assigns of the Grantee and the Grantor.
- (e) **Currency.** Unless explicitly indicated otherwise, all dollar amounts or “\$” referred to in this Agreement are in lawful currency of Canada.
- (f) **Rule Against Perpetuities.** If any right, power or interest of either party under this Agreement would violate the rule against perpetuities or equivalent rule under applicable law, then the term or other provision of such right, power or interest shall automatically be revised and reformed as necessary to comply with the rule under applicable law, and this Agreement shall not be terminated solely as a result of a violation of the rule against perpetuities or equivalent rule under applicable law.

8. GENERAL

- (a) **Modifications in Writing.** No modification or amendment of this Agreement shall be valid unless made in writing and duly executed by the Grantee and the Grantor.
- (b) **Recording.** This Agreement shall be registered in the Confidential Agreements Registry maintained by the Mineral Claims Recorder for the Province of Newfoundland and Labrador.
- (c) **No Prior Agreements.** This Agreement and the Option Agreement contains the entire understanding of the Grantee and the Grantor and supersedes all prior agreements and understandings between the Grantee and the Grantor relating to the subject matter hereof.
- (d) **Counterparts.** This Agreement may be executed in several counterparts by original or telefacsimile signature, each of which so executed shall be deemed to be an original and such counterparts together shall constitute one and the same document.

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

ROYAL ISLAND GOLD CORP.

Per:

"Mark Scott"

~~Mark Scott~~

Chief Executive Officer

I have authority to bind the Corporation

VULCAN MINERALS INC.

Per:

"Patrick Laracy"

~~Patrick Laracy~~

President and Chief Executive Officer

I have authority to bind the Corporation

SCHEDULE “A”

PROPERTY: LIST OF MINERAL RIGHTS

Property	Licence No.	Claims
Gander East	032803M	256
Gander East	032804M	184
Gander East	032955M	256
Gander East	032956M	256
Gander East	032957M	172
Glover Island	033016M	225
Glover Island	033017M	29
Triple Point	033015M	110
Triple Point	033014M	256
Triple Point	033013M	256
Long Range	033871M	184
Long Range	033870M	256
TOTAL		2,440