

## OPTION AGREEMENT

THIS AGREEMENT is made as of the 1<sup>st</sup> day of August 2017 (the “**Effective Date**”):

BETWEEN:

**MAGNUS MINERALS LTD.**, a corporation incorporated under the laws of Finland

(“**Magnus**”)

### OF THE FIRST PART

AND:

**SILVERSTONE RESOURCES CORP.**, a corporation existing under the laws of British Columbia

(“**Silverstone**”)

### OF THE SECOND PART

#### RECITALS

WHEREAS:

- A. Magnus is the sole registered or recorded owner of certain reservations and reservation and ore prospecting permit applications covering 59,534.04 hectares, that comprise the Riikonkoski (East and West), Jeesiö (including Jeesiö West) and Ylöjärvi (including Oks) projects in Finland, as more particularly described in Schedule “A” attached hereto (the “**Reservations and Applications**”), and owns, leases or has a right, title or interest in and to all Assets (defined below) primarily pertaining to or used in connection with the Reservations and Applications (the “**Projects**”);
- B. Silverstone is an Affiliate of Anacott Resource Corp. (“**Anacott**”); and
- C. pursuant to a letter of intent dated May 23, 2017 between Magnus and Anacott (the “**Letter of Intent**”), Magnus has agreed to grant Anacott or one of its Affiliates an option to acquire an undivided one hundred percent legal and beneficial interest in and to the Projects, on the terms and conditions set out in this Agreement;

NOW, THEREFORE, in consideration of the covenants and agreements contained herein, the sum of \$2.00 paid by each Party to each other Party, and for other good and valuable consideration, the receipt and sufficiency of all of which is hereby acknowledged by each of the Parties, the Parties hereby agree as follows:

**ARTICLE 1**  
**INTERPRETATION**

1.1 *Definitions.*

In this Agreement, unless there is something in the context inconsistent therewith, the following words and phrases shall have the following meanings:

- (a) “**Affiliate**” means in respect of any Party, any person, partnership, joint venture, corporation or other form of enterprise which directly or indirectly controls, is controlled by, or is under common control with, such Party. For purposes of the preceding sentence, “**control**” means possession, directly or indirectly, of the power to direct or cause direction of management and policies through ownership of voting securities, contract, voting trust or otherwise;
- (b) “**Agents**” means consultants (including financial and legal advisors) employees, agents, attorneys, Affiliates, contractors and subcontractors;
- (c) “**this Agreement**”, “**herein**”, “**hereby**”, “**hereof**”, “**hereunder**” and similar expressions means or refer to this Agreement and all schedules attached to and forming part of this Agreement, and any and all written agreements or instruments supplemental or ancillary hereto;
- (d) “**Applicable Laws**” means any Finnish, Canadian, European Union or foreign, federal, state, provincial, or local law, regulation, ordinance, code, order or other requirement or rule of law or the rules, policies, orders or regulations of any Government Agency, including any judicial or administrative interpretation thereof, applicable to a Party or any of its properties, assets, business or operations (including the Projects), or a Party’s directors, officers, managers, attorney-in-fact, employees or Agents;
- (e) “**Assets**” means all assets, properties and undertaking owned or leased by Magnus or in which Magnus has a right, title or interest, that are primarily used in connection with a Project, including the Technical Information and those Assets identified in Schedule “A”;
- (f) “**Business Day**” means any day other than a Saturday, Sunday or statutory, civic or bank holiday in Helsinki, Finland or Vancouver, British Columbia, Canada;
- (g) “**Cash Payments**” means the aggregate amount of \$250,000 paid pursuant to section 2.6;
- (h) “**Claim**” means any claim, demand, action, damage, loss, cost, liability or expense, including reasonable legal fees;
- (i) “**Commercial Production**” occurs when a processing facility established in connection with the Projects achieves production over a period of 30 consecutive days in which, for not less than 20 days, such facility processed ore from the Projects at a rate of not less than 60% of the planned production level as defined in the feasibility report used to make a production decision;
- (j) “**Committed Expenditures**” has the meaning set forth in Section 2.4;
- (k) “**Contracts**” means any contract or commitment, whether oral or written, to which Magnus is bound or in respect of which Magnus may have liability and that relates primarily to a Project;
- (l) “**Designated Employees**” means current employees of Magnus selected by Silverstone to provide the Services;

- (m) **“Dispute”** has the meaning set forth in section 13.1;
- (n) **“Earn-In Date”** has the meaning set forth in section 2.7;
- (o) **“Effective Date”** has the meaning set forth on the first page of this Agreement;
- (p) **“Encumbrances”** means any and all mortgages, pledges, security interests, hypothecs, prior claims, liens, charges, encumbrances, royalty interests and similar rights, restrictions and encumbrances, whether recorded or unrecorded, registered or unregistered;
- (q) **“Environment”** means the environment as defined in any Environmental Laws, including the system of natural elements such as air, water (including water under or within land or in drains and sewers and coastal and inland waters and water bodies or recipient bodies) and land (including soil whether at or below surface) wetland, sediment, soil or subsurface strata, and natural resources;
- (r) **“Environmental Laws”** means all Applicable Laws relating to the protection of the Environment, to public health and safety or to natural resources, and includes those Applicable Laws that regulate, ascribe, provide for or pertain to liabilities or obligations in relation to: (i) the presence, existence, use, production, manufacture, processing, distribution, transport, handling, management, control, storage, removal, treatment, disposal, emission, discharge, migration, seepage, leakage, spillage or release of Hazardous Substances; (ii) the construction, alteration, use or operation, demolition, restoration, rehabilitation, reclamation or decommissioning of any facilities, mining projects, or other real, immovable, movable or personal property; or (iii) the use or consumption of natural resources, including mineral resources and water;
- (s) **“Exchange Rate”** means daily average exchange rate published by the Bank of Canada;
- (t) **“Expenditure Notice”** has the meaning set forth in section 2.5(b);
- (u) **“Exploration Expenditures”** means all costs incurred and monies expended by or on behalf of Silverstone in doing Work after the Effective Date pursuant to and in accordance with the terms of this Agreement and the then current budget, which shall include all costs incurred and monies expended: (i) in doing geophysical, geochemical, land or geological examinations and surveys in searching for, digging, trenching, sampling, assaying, testing or working minerals from the Projects; (ii) in doing diamond and other drilling; (iii) in installing and removing machinery, tools, appliances or equipment on or off the Projects, as the case may be, and required for completing Work; (iv) in construction of access roads or similar access facilities required for access to or from the Projects, whether on or off the Projects, as the case may be; in transporting minerals, personnel, supplies, machinery, tools, appliances or equipment in, to or from the Projects or elsewhere as required; (v) all costs incurred in obtaining, improving, protecting or perfecting title to the Projects; (vi) in preparing any resource estimate and other engineering, geological, environmental, financial or marketing studies and/or reports and Work related thereto; (vii) in connection with any applications and necessary studies for obtaining or improving, protecting and perfecting title to, and permits, licences, and other regulatory approvals relating to Work on the Projects, and including the reasonable preparation for and attendance at hearings and other meetings; (viii) in paying Maintenance Costs; (ix) all payments made by Silverstone to Magnus in respect of the services provided by Magnus to Silverstone; and (x) all administrative and overhead costs directly incurred by or on behalf of Silverstone and related directly to the administration of the Projects or Work done on or in respect of the Projects;

- (v) **“Gold Price”** means the average London Bullion Market Association’s (**“LBMA”**) “initial” and “final” fixing prices for gold quoted in US dollars over the 30 consecutive LBMA trading days immediately prior to the date;
- (w) **“Government Agency”** means any federal, provincial, state, municipal or other governmental department, commission, board, bureau, agency, state owned corporation or instrumentality, or any court, securities commission or stock exchange, in each case whether of Finland, Canada, a Province of Canada, or any other jurisdiction;
- (x) **“Hazardous Substance”** means (a) any substance or material that is prohibited, regulated or designated as a pollutant, contaminant, toxic substance, deleterious substance, dangerous good, waste or residual material, hazardous waste or hazardous residual material, hazardous substance, hazardous material or any other similar designation, under any provision of Environmental Laws, (b) any petroleum product or by-product and derivatives thereof, including oil and fuel of any kind, (c) any substance or material that is toxic, explosive, poisonous, corrosive, flammable, radioactive, oxidizing, leachable, carcinogenic or mutagenic, (d) asbestos and any asbestos-containing material, including asbestos-containing vermiculite, chlorinated solvents, polychlorinated biphenyls, lead paint and urea formaldehyde foam insulation, (e) mold, radon, pyrite and mercury, (f) any microorganism, sound, vibration, rays, heat, odour or radiation that is likely to alter the quality of the Environment in any way, and (g) any substance or material that is otherwise regulated by Environmental Laws. **“Hazardous Substance”** includes any substance containing a Hazardous Substance;
- (y) **“Indemnitee”** has the meaning ascribed thereto in section 7.5;
- (z) **“Indemnitor”** has the meaning ascribed thereto in section 7.5;
- (aa) **“Letter of Intent”** has the meaning set forth in the recitals of this Agreement;
- (bb) **“Losses”** has the meaning ascribed thereto in section 7.1;
- (cc) **“Maintenance Costs”** means all amounts incurred to maintain the Reservations and Applications in good standing with all appropriate authorities and under all Applicable Laws, including annual exploration fees, the payment of any mining duties, property taxes, instruction fees, service fees or stamp duties, the filing of reports with respect to minimum assessment work, the performance of any and all obligations required by the terms and conditions of the Reservations and Applications and all exploration reporting costs and costs of work hours to prepare reports to the mining authority or other work / report obligations stipulated by governmental regulations, costs associated with reports and filings for claims being abandoned by Silverstone, provided Magnus does not want to work on such abandoned claims for its own benefit;
- (dd) **“Material”** relates to the essence of the contract or the agreement, more than a mere conveyance to a right, but an actual obstacle preventing the performance or exercise of a right or taking the benefit of a right;
- (ee) **“Operator”** means Silverstone;
- (ff) **“Operator Period”** means the period commencing on the Effective Date and ending on the last day of the Option Period;
- (gg) **“Option”** has the meaning set forth in section 2.1;

- (hh) **“Option Period”** has the meaning set forth in section 2.2;
- (ii) **“Option Year”** means each the following periods:
  - (i) the initial period from the Effective Date to August 31, 2018;
  - (ii) the year from September 1, 2018 to August 31, 2019; and
  - (iii) the year from September 1, 2019 to August 31, 2020;
- (jj) **“Parties”** means Magnus and Silverstone, and **“Party”** means any one of the Parties;
- (kk) **“Permitted Encumbrances”** means any one or more of the following:
  - (i) Encumbrances for taxes not yet due and delinquent;
  - (ii) undetermined, inchoate or statutory Encumbrances of contractors, subcontractors, mechanics, workers, suppliers, materialmen, carriers and others in respect of the construction, renovation, maintenance, repair or operation of the Assets provided that such Encumbrances are related to obligations not due or delinquent, are not registered against title to any Assets and in respect of which adequate holdbacks are being maintained pursuant to customary practice;
  - (iii) servitudes, encroachments and other minor imperfections of title which do not, individually or in the aggregate, detract from the value of or impair the use or marketability of any immovable property included in the Assets;
  - (iv) the right reserved to or vested in any Government Agency by any statutory provision or by the terms of any lease, licence, franchise, grant or permit to terminate any such lease, licence, franchise, grant or permit, or to require annual or other payments as a condition of their continuance; and
  - (v) such other non-financial Encumbrances and minor imperfections of title which have been granted, or arose, in the ordinary course of Magnus’s business and do not, when regarded individually or as a whole, materially affect the value of the Assets or impair their current use;
- (ll) **“Person”** means and includes any individual, sole proprietorship, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, company, corporation or other body corporate, Government Agency and a natural person in his capacity as trustee, executor, administrator, or other legal representative;
- (mm) **“Projects”** has the meaning set forth in the recitals of this Agreement and **“Project”** means any one of the Projects (being the (i) Riikonkoski (East and West), (ii) Jeesiö (including Jeesiö West) and (iii) Ylöjärvi (including Oks) projects);
- (nn) **“Purchase Price Allocation”** has the meaning set forth in section 14.9;
- (oo) **“Quarterly Report”** has the meaning set forth in section 6.8;
- (pp) **“Related Parties”** with respect to a Party, means the directors, officers, employees and Affiliates of such Party;

- (qq) “**Remediation Action**” means all actions necessary to comply with or discharge any obligation under Environmental Laws to (i) clean up, remove, treat, restore, contain, abate, cover or in any way adjust Hazardous Substances in the indoor or outdoor environment; (ii) prevent or control the release of Hazardous Substances so that they do not migrate or endanger or threaten to endanger public health or welfare or the Environment; (iii) perform remediation studies, investigations, restoration and post-remediation studies (or post-cleanup care), assessments, testing, investigations and monitoring on, about or in the Projects and any other properties; and the term “**Remediate**” (when used as a verb) means to conduct a Remediation Action;
- (rr) “**Reservations and Applications**” has the meaning set forth in the recitals of this Agreement;
- (ss) “**Royalty Agreement**” has the meaning set forth in section 4.2;
- (tt) “**Services**” has the meaning set forth in section 14.2;
- (uu) “**Technical Information**” means all information and all know-how owned, leased or licensed by, or on behalf of Magnus or in which Magnus has a right, title or interest, and which pertains primarily or is related primarily to a Project, including:
- (i) information of a scientific, technical or business nature, whether in written, graphic, machine readable, electronic or physical form; and
  - (ii) maps, plans, designs, research data, research plans, development plans, drill core samples, reserve and resource estimates, environmental reports, notifications from all Government Agencies, trade secrets, processes, formulas, drawings, technology, computer software and related manuals, unpatented blueprints, flow sheets, equipment and parts lists, instructions, manuals, records and procedures;
- (vv) “**Third Party Claim**” means any action, suit, proceeding, arbitration, claim or demand that is instituted or asserted by a person other than a Party or a Related Party, including a Government Agency, against an Indemnitee which entitles the Indemnitee to make a claim for indemnification under this Agreement; and
- (ww) “**Work**” means prospecting or exploration work performed on, in or under, or in relation to, the Projects or any portion thereof and shall, for greater certainty, exclude any development, mining or ore processing work.

## 1.2 *Headings*

The division of this Agreement into Articles, sections and subsections and the insertion of headings are for the convenience of reference only and shall not affect the construction or interpretation of this Agreement.

## 1.3 *Interpretation*

In this Agreement:

- (a) where a representation or warranty is made in this Agreement on the basis of the knowledge of a Party, such knowledge consists of the actual knowledge of the Chief Executive Officer, the Chief Financial Officer, the President and the members of the board of directors of the Party and all knowledge which such Persons would have if he or she made reasonable inquiry, within the scope of his or her responsibilities, into the relevant subject matter;

- (b) the use of words in the singular or plural, or with a particular gender, shall not limit the scope or exclude the application of any provision of this Agreement to such person or persons or circumstances as the context otherwise permits;
- (c) unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated (i) by excluding the day on which the period commences and including the day on which the period ends; (ii) by extending the period to the next Business Day following if the last day of the period is not a Business Day; and (iii) by referring to the term “month” as a 30-day period; whenever any payment is to be made or any action under this Agreement is to be taken on a day other than a Business Day, such payment shall be made or action taken on the next Business Day following;
- (d) the use of the words, “include” or “including” shall be deemed to mean “include, without limitation”, or “including, without limitation”, if applicable; and
- (e) any reference in this Agreement to a statute or a regulation or rule promulgated under a statute or to any provision contained therein shall be reference to the statute, regulation, rule or provision as may be amended, restated, re-enacted or replaced from time to time.

#### 1.4 ***Section References, etc.***

References herein to an Article, section, subsection, recital or other subdivision or part without other identification shall mean an Article, section, subsection, recital or other subdivision or part within this Agreement.

#### 1.5 ***Governing Law***

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

#### 1.6 ***Currency***

Unless otherwise expressly specified in this Agreement, all references to currency in this Agreement shall refer to the lawful currency of Canada.

#### 1.7 ***Schedules***

The following are the schedules or exhibits to this Agreement and whether annexed hereto or delivered separately, shall form part of this Agreement;

- Schedule “A”: Reservations and Applications
- Schedule “B”: Net Smelter Return Royalty Agreement

## **ARTICLE 2** **OPTION**

#### 2.1 ***Grant of Option***

Magnus does hereby give and grant to Silverstone an exclusive right and option to earn and acquire an undivided one hundred percent (100%) legal and beneficial interest in each of the Projects, free and clear

of all Encumbrances, other than Permitted Encumbrances, by satisfying the obligations set out in this Article 2 within the time limits set forth herein (the “**Option**”).

## 2.2 *Vesting and Commencement of Option*

The Option shall vest and commence on the Effective Date, and shall terminate on the earlier of (i) the date that is 60 days after August 31, 2020, unless extended in accordance with the terms of this Agreement, (ii) the date the Option is exercised in accordance with the terms of this Agreement, or (iii) the date that the Option or this Agreement is terminated in accordance with the terms of this Agreement (such period from its commencement on the Effective Date, to its termination on the earlier of (i), (ii) and (iii) above is hereinafter referred to as the “**Option Period**”).

## 2.3 *Maintenance of the Option*

In order to maintain the Option in good standing, Silverstone shall:

- (a) within five Business Days of the Effective Date, issue to Magnus (or as directed by Magnus) 6,000,000 common shares in the authorized share structure of Silverstone;
- (b) incur and fund Exploration Expenditures on or in respect of the Projects in the aggregate amount of \$2,500,000 in accordance with section 2.4 as follows:
  - (i) \$300,000 on or before August 31, 2018;
  - (ii) an additional \$600,000 on or before August 31, 2019; and
  - (iii) an additional \$1,600,000 on or before August 31, 2020; and(each date, an “**Expenditure Date**”)
- (c) pay to Magnus the Cash Payments in accordance with section 2.6.

## 2.4 *Funding of Exploration Expenditures*

During the Option Period, Silverstone shall incur and fund at least \$20,000 of Exploration Expenditures per Option Year on each of the Projects (the “**Committed Expenditures**”). The remainder of all Exploration Expenditures are not committed and may be made in Silverstone’s sole discretion. If Silverstone has incurred the Committed Expenditures, but Exploration Expenditures have not been incurred in the amounts and by the Expenditure Dates, Silverstone may pay the deficiency to or to the direction of Magnus in cash within 60 days after the applicable Expenditure Date in order to meet the Exploration Expenditure obligations required under section 2.3.

Any Exploration Expenditures made under section 2.3(b) are not reimbursable if Silverstone does not exercise the Option. If Silverstone does not incur and fund the Exploration Expenditures in accordance with section 2.3(b), other than in the event of a force majeure in accordance with Article 12, the Option shall terminate and all Expenditures previously incurred or funded and all payments previously made to Magnus in lieu of Exploration Expenditures (if applicable), shall be forfeited by Silverstone. In addition to and notwithstanding anything contained herein, if, subsequent to any Expenditure Date, it is determined pursuant to section 2.5 that Exploration Expenditures to be incurred by Silverstone by such Expenditure Date have not been either incurred by Silverstone or paid to or to the direction of Magnus, Silverstone shall not lose any of its rights hereunder and the Option shall not terminate, provided that

Silverstone incurs such deficiency in Exploration Expenditures or pays to or to the direction of Magnus the cash amount of such deficiency within 60 days following the resolution of the dispute.

## 2.5 *Expenditure Notice*

- (a) Within 30 days following each Option Year, Silverstone shall deliver to Magnus a written notice setting forth the details of the Committed Expenditures incurred in such Option Year. Failure of Silverstone to complete the Committed Expenditures within Option Year, or cure any deficiency within 60 days of the expiry of such Option Year, other than in the event of a force majeure in accordance with Article 12, shall give rise to the termination rights contemplated under section 8.1 of this Agreement.
- (b) If Silverstone has incurred and funded Exploration Expenditures aggregating a minimum of \$2,500,000 in accordance with sections 2.3(b) and 2.4 (or made cash payments in lieu thereof pursuant to section 2.4), then Silverstone shall deliver to Magnus a written notice indicating the amount of the Exploration Expenditures incurred and an itemized statement of such Exploration Expenditures (collectively, the “**Expenditure Notice**”).
- (c) Magnus may dispute the accuracy of any item in the Expenditure Notice delivered by Silverstone by delivery of notice to Silverstone advising of such dispute within 30 days of the date of the Expenditure Notice. If such matters in dispute are not settled between the Parties within 30 days of delivery of notice by Magnus to Silverstone advising of such dispute, then the disputed matters shall be referred to arbitration for determination as provided in Article 13. Magnus shall be deemed to have accepted the contents of the Expenditure Notice if it has not delivered a dispute notice to Silverstone within 30 days of the date of the Expenditure Notice.
- (d) In addition to and notwithstanding anything herein contained, if it is determined pursuant to section 2.5(c) that Exploration Expenditures to be incurred by Silverstone by August 31, 2020 have not been incurred (including the Committed Expenditures), Silverstone shall not lose any of its rights hereunder and the Option shall not terminate, provided that Silverstone incurs such deficiency in Exploration Expenditures or, to the extent permitted under section 2.4, pays to or to the direction of Magnus the cash amount of such deficiency within 60 days following resolution of the dispute.

## 2.6 *Cash Payments*

In order to maintain the Option in good standing (among other things) pursuant to section 2.3(c), Silverstone may, in its sole discretion, pay the Cash Payments to Magnus as follows:

- (i) \$30,000 on or before August 31, 2018;
- (ii) an additional \$60,000 on or before August 31, 2019; and
- (iii) an additional \$160,000 on or before August 31, 2020; and

provided that, if Magnus disputes the accuracy of any item in the Expenditure Notice delivered by Silverstone pursuant to section 2.5(c), then (i) Silverstone may, in its sole discretion, pay the Cash Payment to Magnus on or before the date that is 60 days from the date that any such dispute is finally resolved in accordance with this Agreement, and (ii) the Option Period shall be extended until the date that is 60 days from the date that any such dispute is finally resolved in accordance with this Agreement. If Silverstone elects to pay the Cash Payment to Magnus, it shall do so by wire transfer in immediately

available funds to a bank account maintained by Magnus in Canada, the details of which shall be provided by Magnus to Silverstone at least two (2) Business Days prior to the payment date.

### **2.7 *Exercise of Option***

Upon the date of payment of the Cash Payment by Silverstone to Magnus in accordance with section 2.6 (such date of payment, the “**Earn-In Date**”), Silverstone shall be deemed to have exercised the Option as at the Earn-In Date and Silverstone shall then have earned an undivided one hundred (100%) legal and beneficial interest in the Projects, free and clear of all Encumbrances, except for Permitted Encumbrances.

### **2.8 *Additional Payment on Commercial Production***

In the event that: (i) the Option is exercised by Silverstone and Silverstone acquires 100% of Magnus’s interest in the Projects (subject to the Royalty Agreement); and (ii) subsequent thereto, Commercial Production is obtained in respect of the Projects, Silverstone shall, within 12 months of the date of the commencement of Commercial Production on the Projects, pay to Magnus an amount equal to 1,000 troy ounces of gold multiplied by the Gold Price on the date of the commencement of Commercial Production.

### **2.9 *Currency Conversion***

In the event any Exploration Expenditures are funded or incurred in Euros (or another currency), then, for the purposes of this Agreement, the Parties agree to convert such Exploration Expenditures from Euros (or such other currency) to Canadian Dollars at the Exchange Rate on the date that the Exploration Expenditures are incurred or payment is made.

## **ARTICLE 3 PROPERTY DATA AND TITLE**

### **3.1 *Data***

From and after the Effective Date, Magnus shall make available to Silverstone copies, or originals for copy by Silverstone, of all Technical Information and any other data, reports or information Magnus may have prepared, caused to be prepared or received with respect to the Projects in its possession or control, whether in paper or electronic format, provided that all such Technical Information and other data reports or information shall be kept confidential by Silverstone as provided in Article 9, and further provided that Magnus shall retain exclusive title thereto until such time as Silverstone shall have duly and properly exercised the Option in accordance with the terms of this Agreement, whereupon title to such Technical Information and other data, reports and information shall be transferred and assigned to Silverstone in accordance with section 4.1.

For greater certainty, the Parties acknowledge and agree that if Silverstone does not make the Cash Payment by August 31, 2020, Magnus shall have sole and full right to use the data and information made available pursuant to this section 3.1.

### **3.2 *Title to Reservations and Applications and Assets***

Title to the Reservations and Applications and the Assets shall remain registered or recorded in the name of Magnus until such time as Silverstone shall have duly and properly exercised the Option in accordance with the terms of this Agreement, whereupon Magnus shall hold title to the Reservations and

Applications that are reservation notifications in trust for the benefit of Silverstone and shall take all steps necessary to transfer, assign and convey the remaining Reservations and Applications and Assets to Silverstone or to its wholly-owned Finnish subsidiary (if required by law) in accordance with section 4.1 at Silverstone's cost.

#### **ARTICLE 4** **TRANSFER OF PROPERTY AND ROYALTY**

##### **4.1 *Transfer of Property***

Within five (5) Business Days of the Earn-In Date, subject to section 3.2, Magnus shall assign, transfer and convey all of its right, title and interest in and to each of the Reservations and Applications and the Assets to Silverstone.

##### **4.2 *Royalty***

Within five (5) Business Days of the Earn-In Date, Silverstone shall deliver to Magnus an executed net smelter returns royalty agreement, upon the terms set out in Schedule "B" attached hereto (the "**Royalty Agreement**"), pursuant to which Magnus will retain and be granted a 1.5% net smelter returns royalty on any minerals produced from the Reservations and Applications. Magnus may register notice of the Royalty Agreement against title to the Reservations and Applications.

#### **ARTICLE 5** **REPRESENTATIONS AND WARRANTIES**

##### **5.1 *Representations and Warranties of Magnus***

Magnus, acknowledging that Silverstone is entering into this Agreement in reliance thereon, hereby represents and warrants to Silverstone that as of the Effective Date and except as otherwise disclosed by Magnus to Silverstone in writing:

- (a) Magnus is a corporation duly incorporated and validly subsisting and in good standing under the laws of the Republic of Finland;
- (b) Magnus has the power, capacity and authority to enter into and perform its obligations under this Agreement, including the grant of the Option to Silverstone, and all transactions contemplated herein, including the grant of the Option to Silverstone, and all corporate and other authorizations and actions required to authorize Magnus to enter into and perform this Agreement have been duly and validly taken;
- (c) Magnus has all necessary power to own its properties and assets, including its right, title and interest in and to the Projects (including the Reservations and Applications) and the Assets and to carry on its business as now conducted or proposed to be conducted by it, and it is registered as required and in good standing with respect to the filing of returns under all Applicable Laws of all jurisdictions in which it carries on business, including the laws of Finland;
- (d) the grant of the Option pursuant to this Agreement, and the execution, delivery, performance and consummation of the transactions contemplated by this Agreement, will not result in a default under any indenture, mortgage, hypothec, deed of trust, loan agreement or other agreement or instrument to which Magnus is a party or by which it is bound or to which its properties or assets are subject, nor will such action conflict with or result in any violation of the provisions of its

charter documents or any Applicable Law or require any approvals of or notices to a Government Agency;

- (e) this Agreement has been duly executed and delivered by Magnus and is valid and binding upon Magnus in accordance with its terms, subject to applicable bankruptcy, insolvency, moratorium, or other similar Applicable Laws presently or hereinafter in effect affecting the enforcement of creditors' rights generally or other equitable principles;
- (f) no proceedings have been taken or authorized by Magnus or by any other person with respect to the bankruptcy, insolvency, liquidation, dissolution or winding up of Magnus or with respect to any amalgamation, merger, consolidation, arrangement or reorganization of Magnus, nor, to the knowledge of Magnus, have any such proceedings been threatened by any other person;
- (g) there are no outstanding rights, agreements or obligations, or understandings capable of becoming rights, agreements or obligations, to acquire any right, title or interest in or to the Projects (including the Reservations and Applications) or the Assets or to grant any interest in or Encumbrance against the Projects (including the Reservations and Applications) or the Assets;
- (h) except the 0.15% royalty to landowners under Finnish law, no Person is entitled to or has been granted any royalty or other payment in the nature of rent or royalty on any minerals, metals or concentrates or any other product mined, produced, removed or otherwise recovered from the Projects (including the Reservations and Applications);
- (i) the Reservations and Applications are accurately described in Schedule "A" hereto and are in good standing with respect to the performance of all obligations thereon or in respect thereof required under Applicable Laws and are 100% owned by and duly registered or recorded in the name of Magnus, free and clear of any Encumbrances, except Permitted Encumbrances;
- (j) upon exercise of the Option by Silverstone, Magnus will have the corporate power and authority to transfer its beneficial right, title and interest in and to the Reservations and Applications and its legal and beneficial right, title and interest in and to remaining portion of the Projects and the Assets to Silverstone, free and clear of all Encumbrances, except for Permitted Encumbrances;
- (k) there is no actual, or, to the knowledge of Magnus, pending, threatened or contemplated Claim relating to the Projects or any part thereof, and there is not presently outstanding against Magnus any judgment, decree, injunction or order of any court, Government Agency or arbitrator which adversely affects the Projects or any part thereof;
- (l) all payments and filings relating to the Projects (including the Reservations and Applications) and required to be made to and with any Government Agency in order to maintain the Projects (including the Reservations and Applications) in good standing have been so made as the case may be;
- (m) there has been no written correspondence addressed to Magnus by any aboriginal peoples with respect to any right, title or interest of such aboriginal peoples in or to the Projects (including the Reservations and Applications) or the land subject to the Projects (including the Reservations and Applications);
- (n) conditions on and relating to the Projects (including the Reservations and Applications) respecting all past and current operations conducted thereon by Magnus are in compliance in all material respects with all Applicable Laws, including all Environmental Laws, and conditions on and relating to the Projects (including the Reservations and Applications) respecting all past

operations conducted thereon by Persons other than Magnus are, to the knowledge of Magnus, in compliance in all material respects with all Applicable Laws, including all Environmental Laws;

- (o) neither Magnus nor any other Person is subject to any material obligations or commitments for reclamation, closure or other environmental corrective, clean-up or Remediation Action relating to the Projects (including the Reservations and Applications), and Magnus has not received any written notice or correspondence relating to, any actual or alleged breach of any Environmental Laws which has not been fully resolved or settled;
- (p) Magnus has not caused or permitted, and, to the knowledge of Magnus, no other Person has caused or permitted, any Hazardous Substance to be released, made subject to disposal or discharged either on, in, over, from or under the Projects (including the Reservations and Applications) or any contiguous properties, or to be transported other than in compliance in all material respects with all Applicable Laws, including Environmental Laws;
- (q) Magnus has not received any notice of expropriation of all or any part of the Project nor does Magnus have knowledge of any expropriation proceeding pending or threatened against or affecting all or any part of the Project nor of any discussions or negotiations which could lead to any such expropriation;
- (r) Magnus is the owner of its right, title or interest in and to the Assets, free and clear of any Encumbrances, other than Permitted Encumbrances;
- (s) other than the Letter of Intent and this Agreement, no Contracts have been entered into and remain in existence as of the date hereof with respect to the Projects (including the Reservations and Applications);
- (t) Magnus has made available to Silverstone all material Technical Information (whether by delivery by email, fax or letter, or by offering to Silverstone access to documents located at Magnus's premises) in respect of the Projects and, to the knowledge of Magnus, all such material Technical Information prepared by or on behalf of Magnus within the 24 months prior to the Effective Date does not, as of the date of such material Technical Information, contain any misrepresentation in any material respect; and
- (u) Magnus has not incurred any liability, contingent or otherwise, for brokers' or finders' fees in respect of the transactions contemplated herein.

## 5.2 *Representations and Warranties of Silverstone*

Silverstone, acknowledging that Magnus is entering into this Agreement in reliance thereon, hereby represents and warrants to Magnus that as of the Effective Date and except as otherwise disclosed by Silverstone to Magnus in writing:

- (a) Silverstone is a corporation duly incorporated and validly subsisting and in good standing under the laws of British Columbia;
- (b) Silverstone has the power, capacity and other authority to enter into and perform its obligations under this Agreement and all transactions contemplated herein and all corporate and other actions required to authorize Silverstone to enter into and perform this Agreement have been duly and validly taken;

- (c) Silverstone has all necessary corporate power to own properties and assets and to carry on its business as now conducted by it, and is registered as required and is in good standing with respect to the filing of returns under the laws of British Columbia;
- (d) this Agreement has been duly executed and delivered by Silverstone and is valid and binding upon Silverstone in accordance with its terms, subject to applicable bankruptcy, insolvency, moratorium, or other similar laws presently or hereinafter in effect affecting the enforcement of creditors' rights generally or other equitable principles;
- (e) the execution, delivery, performance and consummation of the transactions contemplated by this Agreement will not result in a default under any indenture, mortgage, hypothec, deed of trust, loan agreement or other agreement or instrument to which Silverstone is a party or by which it is bound or to which its properties or assets are subject nor will any of the foregoing conflict with or result in the violation of the provisions of its charter documents or any Applicable Law;
- (f) Silverstone is a "reporting issuer" in Provinces of Alberta and British Columbia and it is in compliance in all material respects with its reporting issuer obligations in those jurisdictions; and
- (g) Silverstone has no more than 9,113,010 common shares issued and outstanding.

**ARTICLE 6**  
**RIGHT TO ENTER AND DO WORK/MANAGEMENT COMMITTEE/BUDGETS**

6.1 *Rights of Operator*

Silverstone shall act as Operator of the Projects during the Operator Period, and as such, Silverstone shall be responsible in its sole discretion for carrying out and administering all Work, including the completion of all activities necessary to fulfill its obligations under this Agreement. Subject to the provisions of the Reservations and Applications, any Applicable Laws, the rights of any Government Agency and the rights of Magnus pursuant to section 6.9, Silverstone, as Operator of the Projects, shall have the sole and exclusive right:

- (i) to enter at its sole discretion in, under or upon the Projects;
- (ii) to have possession of the Projects;
- (iii) to carry out such Work as Silverstone in its sole discretion considers advisable, including bringing or erecting upon the Projects machinery, equipment and ancillary facilities including, without limiting the generality of the foregoing, housing, utility services or roads, as may be required or advisable in Silverstone's discretion in connection with carrying out Work;
- (iv) to maintain, to the extent permissible under Applicable Laws, in the name of Magnus, all the Reservations and Applications, licences, permits and authorizations required to carry out the Work; and
- (v) to remove minerals or metals from the Projects in such reasonable quantities for the purpose of obtaining assays or making other tests.

6.2 *Management Committee*

As soon as practicable after the Effective Date, Silverstone and Magnus shall form a Management Committee to:

- (a) review and consider, and if thought appropriate, approve, budget and timetable for expending and performing the Maintenance Costs;
- (b) review and consider, and if thought appropriate, approve, written programs and budgets for estimated Exploration Expenditures and activities schedule and timetable, of any and all Work proposed to be carried out on the Projects;
- (c) address matters relating to Work to be conducted by Silverstone, as Operator;
- (d) have sole discretion regarding all Work and all Exploration Expenditures incurred, subject to the requirements of this Agreement regarding Committed Expenditures;
- (e) review and consider data collected and reports produced by the Operator in connection with the Projects;
- (f) approve and authorize the disposition or abandonment of any part of the Projects; and
- (g) hear and consider real or potential conflicts of interests involving the Operator.

Each Party shall appoint two representatives to the Management Committee. Each Party may replace its representatives by written notice to the other Party. Either Party may call a meeting of the Management Committee by prior written notice to the Operator. The Operator shall provide each representative on the Management Committee with written notice of the Management Committee meeting.

A quorum for any Management Committee meeting shall consist of at least one representative of each Party present in person or by telephone; provided that the representatives of a Party shall be entitled to give notice to the Operator declining to attend but consenting to the meeting being held to deal with matters on the agenda whereupon the quorum shall be met by the representative of the other Party.

The Management Committee shall decide every question submitted to it by a vote with the representatives of each Party being entitled to cast one vote. The Management Committee shall make decisions by simple majority. Where there is equal votes for and against a matter before the Management Committee, Silverstone shall have a casting vote.

### 6.3 *Maintenance of Reservations and Applications*

During the Operator Period, Silverstone shall take all measures required to maintain the Reservations and Applications, and all permits, licences and other approvals pertaining to the Projects, in good standing with all Government Agencies and under all Applicable Laws, including the payment of any and all Maintenance Costs. Silverstone shall fund and pay the Maintenance Costs directly or indirectly until:

- (a) Silverstone has exercised the Option; or
- (b) the Option or the Agreement expires or is terminated without the Option having been exercised by Silverstone,

whichever occurs first. If, after the Effective Date, the Option expires or is terminated without having been exercised by Silverstone, Silverstone shall be responsible for, and pay and fund all Maintenance Costs for a period of six (6) months from the date of such expiration or termination. In addition,

Silverstone shall cover all costs associated with liquidation of a Finnish company (if any) established to hold the Projects. Where Silverstone has exercised the Option, Silverstone shall be responsible for and pay all Maintenance Costs from and after the Earn-In Date. For greater certainty, Silverstone's obligation to pay Maintenance Costs applies only to Maintenance Costs the liability for which did not arise prior to the commencement of the Operator Period. Magnus shall be responsible to pay and fund all Maintenance Costs that arose prior to the commencement of the Operator Period.

#### 6.4 *Delivery of Programs and Budgets*

No later than 60 days after the Effective Date, Silverstone shall deliver to the Management Committee a written program and budget specifying in reasonable detail an outline, including the estimated Exploration Expenditures together with an activities schedule and timetable, of any and all Work proposed to be carried out during the first phase of the Work program Silverstone proposes to carry out on the Projects, which shall be in the sole discretion of Silverstone. Within 60 days of completion of such program and budget, and each subsequent phase of the Work program, Silverstone will prepare and provide the Management Committee with a program and budget for the next phase of the program. Where commercially practical, Silverstone will give detailed advance notice in writing to the Management Committee of any material deviation from any program and budget, together with the reasons therefore and a revised program and budget for the remaining period of the applicable Work program, failing which Silverstone shall provide such notice and reasons as soon as practicable.

#### 6.5 *Conduct of Work*

During the Operator Period all Work conducted by Silverstone or its Agents on or in respect of the Projects shall be done in:

- (a) a prudent and workmanlike manner to the best of its ability, skill and judgment;
- (b) accordance with good mining practice;
- (c) compliance with all Applicable Laws, including Environmental Laws;
- (d) accordance with the terms of the applicable Reservations and Applications and licences, permits and agreements pertaining to the Projects;
- (e) compliance with union agreements governing workers on the Projects.

Silverstone shall promptly notify Magnus of any allegations of any violation of any of the foregoing.

#### 6.6 *Insurance*

During the Operator Period, Silverstone as Operator shall acquire and maintain adequate insurance coverage in accordance with normal industry standards and practice and shall cause its Agents to obtain and maintain similar adequate insurance. For greater certainty and without limitation, such insurance shall include public liability and property damage coverage in accordance with normal industry standards and such insurance shall cover the period of indemnification set out in Article 7.

#### 6.7 *Removal of Liens*

During the Operator Period, Silverstone as Operator shall pay or cause to be paid all Agents of Silverstone including workers or wage earners employed by Silverstone on or in respect of the Projects and for all material purchased by Silverstone in connection with all Work which might give rise to a lien

or privilege on the Reservations and Applications. Should any such lien or privilege be recorded against the Reservations and Applications in consequence of any Work done on the Projects by or for Silverstone, Silverstone shall forthwith take all such actions, including posting sufficient security or initiating legal proceedings, as may be necessary to have such lien or privilege removed or discharged from the Reservations and Applications and shall have the same removed or discharged with all reasonable dispatch; provided, however, that upon such removal or discharge of such lien or privilege, Silverstone may proceed to contest any such claim of lien or privilege in good faith and diligently.

#### 6.8 *Reports and Inspection*

As Operator, Silverstone shall provide Magnus, when Work is being conducted during the Operator Period, with: (i) quarterly reports indicating the status of all Work and itemizing in detail the Exploration Expenditures incurred and funded by Silverstone during such period (each a “**Quarterly Report**”); (ii) a copy of all factual geologic information and a detailed summary of the results of all Work conducted on or with respect to the Projects during the preceding calendar year, as well as all the documentation required to evidence that the mining works covering at least the minimum investment amounts established by the Applicable Laws, have been effectively performed for the Reservations and Applications for the previous calendar year, all by the end of February of each year the Agreement is in force; and (iii) timely current reports and information forthwith upon the occurrence of any material results or events, supported by copies of relevant data in respect of such material results or events. Each Quarterly Report shall be delivered within 30 days of the end of the applicable period. Silverstone and Magnus shall each keep confidential all of such reports and information, as contemplated in and subject to the terms of Article 9. Magnus shall retain exclusive title to such reports and information during the Operator Period. Upon the valid exercise of the Option by Silverstone in accordance with the terms of this Agreement, title to such reports and information shall be transferred by Magnus to Silverstone. Silverstone shall be responsible for preparing and filing in due course the annual reports and any final reports of exploration on the Projects to Finnish Government Agencies. Silverstone shall provide Magnus a copy of each report within 20 days following from the date of filing.

The Parties acknowledge that any reports to Finnish Government Agencies shall be in Finnish.

#### 6.9 *Access*

During the Operator Period, Magnus and its employees and Agents shall have, at all reasonable times, access to the Projects and to all offices, equipment, data, studies, maps, drill core and all other information generated by Silverstone in respect of or derived from the Projects, in all cases at their own risk and cost, provided that:

- (a) Magnus provides reasonable prior written notice to Silverstone of (i) that part of the Projects to which it requires access and (ii) the identity of the individuals to be provided access; and
- (b) it does not materially interfere with the normal operations of Silverstone as Operator on that part of the Projects.

#### 6.10 *Obligations of Magnus*

During the Operator Period, Magnus shall have the following obligations:

- (a) to take no actions which would cause Silverstone to be denied the full use of the rights of exploration and/or exploitation granted by the Reservations and Applications, other than as required by Applicable Laws or a Government Agency;

- (b) to promptly inform Silverstone in writing with respect to any Claims, suits or legal proceedings of which it has knowledge and that could prevent or limit the rights granted by Magnus in favour of Silverstone under this Agreement;
- (c) to deliver to Silverstone, a copy of any notification issued by a Government Agency, which is received by Magnus, or any of its Affiliates, within five Business Days following the Magnus's or its Affiliate's receipt of notification, in the understanding that, if as a result of the failure to comply with this obligation, any lien or limitation over the Reservations or Applications materially prevents in whole or in part Silverstone, from exercising its rights under this Agreement, Magnus shall indemnify Silverstone from the reasonably foreseeable consequences of such failure;
- (d) not to encumber, assign or promise to encumber or assign the rights derived from the Reservations and Applications, except for Permitted Encumbrances and the limited assignment rights provided in section 14.6;
- (e) to permit Silverstone, at any time, to remove from the Projects all the machinery and equipment of Magnus or of third parties as required or advisable to conduct Work, and in general all the facilities required for security and stability, provided that Silverstone shall cooperate with Magnus in such removal and transportation in order to properly transport and store the machinery and equipment that is removed, and provided that Silverstone shall not remove the main building facilities forming part of the Assets during the Operator Period; and
- (f) to file the corresponding applications in accordance with Applicable Laws in order to obtain the extension of the term of the Reservations and Applications, if required by Silverstone and at the cost of Silverstone as part of the Maintenance Costs.

#### 6.11 *Right of Magnus to Make Reservations*

If Silverstone reduces or abandons a portion of the area of the Projects after the Effective Date, by:

- (a) letting reservations expire without making prospecting permits; or
- (b) cancels prospecting permit applications,

Magnus may upon 30 days prior written notice to Silverstone, and provided that Silverstone does not object within 15 days of receipt of notice from Magnus, make reservations or prospecting permit applications on its own account for such reduced or abandoned areas.

## **ARTICLE 7** **INDEMNITY**

### 7.1 *Indemnification by Magnus*

Magnus shall and hereby agrees to indemnify and hold Silverstone and its Related Parties harmless from and against any direct losses, liabilities, damages, injuries, costs or expenses (including reasonable legal costs) (“**Losses**”) incurred by such Persons arising out of or resulting from or connected with:

- (a) the operations or Work conducted by Magnus on or in respect of the Projects prior to the Effective Date, including any liabilities or Third Party Claims due to breach of Environmental Laws or other Applicable Laws, and any reclamation, Remediation Action and rehabilitation

obligations, which liabilities, obligations or Third Party Claims in each case arise and become due on or prior to the Earn-In-Date in respect of any Work performed by Magnus on the Projects prior to the Effective Date;

- (b) any loss of life or injury to persons in connection with the Projects prior to the Effective Date;
- (c) any breach of a representation, warranty, covenant or agreement of Magnus under this Agreement;
- (d) any Claim against Silverstone or any of its Affiliates instituted after the Effective Date that is based on any act or omission of Magnus or any of its Affiliates prior to the Effective Date; or
- (e) any Claim against Silverstone or any of its Affiliates derived from employer-worker obligations of Magnus or its Affiliates, including contractors or subcontractors hired by Magnus.

### 7.2 *Indemnification by Silverstone*

Silverstone shall and hereby agrees to indemnify and hold Magnus and its Related Parties harmless from and against any direct Losses incurred by such Persons arising out of, resulting from or connected with:

- (a) the operations or Work conducted on or in respect of the Projects during the Operator Period or after the Earn-In-Date, including any liabilities or Third Party Claims due to breach of Environmental Laws or other Applicable Laws, and any reclamation, Remediation Action and rehabilitation obligations in respect of any Work performed on the Projects during the Operator Period or after the Earn-In-Date or otherwise arising or becoming due after the Earn-In-Date;
- (b) any loss of life or injury to persons in connection with the Projects during the Operator Period;
- (c) any breach of a representation, warranty, covenant or agreement of Silverstone under this Agreement;
- (d) any Claim against Magnus or any of its Affiliates instituted after the Effective Date that is based on any act or omission of Silverstone or any of its Affiliates during the Operator Period; or
- (e) any Claim against Magnus or any of its Affiliates derived from employer-worker obligations of Silverstone or its Affiliates, including contractors or subcontractors hired by Silverstone.

### 7.3 *Survival*

- (a) No claim by Silverstone or its Related Parties for indemnification under section 7.1 shall be made or be enforceable, whether by legal proceedings or otherwise, unless written notice of that claim, with reasonable particulars, is given by Silverstone or its Related Parties to Magnus prior to the date that is the later of (i) three (3) years from the commencement of the Operator Period, or (ii) the last day of the Operator Period.
- (b) No claim by Magnus or its Related Parties for indemnification under section 7.2 shall be made or be enforceable, whether by legal proceedings or otherwise, unless written notice of that claim, with reasonable particulars, is given Magnus or its Related Parties to Silverstone prior to the date that is three (3) years following the last day of the Operator Period.
- (c) No claim shall be made by a Party in respect of a breach of a representation or warranty made by the other Party in this Agreement, except pursuant to this Article 7.

7.4 ***Limitations of Liability, Insurance and Mitigation***

- (a) An Indemnitor shall not be liable to the Indemnitees in respect of any claim for indemnification under section 7.1(c) or 7.2(c), as the case may be, unless the aggregate amount of all of the Losses incurred by the Indemnitees in respect of all such claims exceeds \$25,000 and, in that event, the indemnification obligations of the Indemnitor in connection with such claims applies to all such Losses from the first dollar;
- (b) The aggregate liability of each Indemnitor under this Agreement in respect of claims for indemnification of Losses from Indemnitees under section 7.1(c) or 7.2(c), as the case may be, shall be limited to \$25,000;
- (c) The liability of an Indemnitor to the Indemnitees for Losses hereunder shall be reduced by the recovery of the Indemnitee under any insurance policy held by the Indemnitee or pursuant to any recovery, settlement or payment by or against any other Person.
- (d) Nothing in this Agreement shall restrict or limit the general obligation under Applicable Law of an Indemnitee to mitigate any loss which it may suffer or incur with respect to which the Indemnitee may be entitled to indemnification from the Indemnitor.

7.5 ***Indemnification Procedure – Third Party Claims***

The following procedures shall be applicable to any claim by a Party or its Related Parties (the “**Indemnitee**”) for indemnification pursuant to this Agreement from the other Party (the “**Indemnitor**”) in respect of a Third Party Claim:

- (a) on the Third Party Claim being made against or commenced against the Indemnitee, the Indemnitee shall promptly provide notice thereof to the Indemnitor. The notice shall describe the Third Party Claim in reasonable detail and indicate the estimated amount, if practicable, of the indemnifiable Losses that have been or may be incurred by the Indemnitee in respect thereof. If the Indemnitee does not give timely notice to the Indemnitor as aforesaid, then that failure shall only lessen or limit the Indemnitee’s rights to indemnity hereunder to the extent that the defense of the Third Party Claim was prejudiced by that lack of timely notice;
- (b) if the Indemnitor acknowledges to the Indemnitee in writing that the Indemnitor is responsible to indemnify the Indemnitee in respect of the Third Party Claim pursuant hereto, the Indemnitor shall have the right to do either or both of the following:
  - (i) assume carriage of the defense of the Third Party Claim using legal counsel of its choice and at its sole cost; or
  - (ii) settle the Third Party Claim, which settlement may be entered into without the consent of the Indemnitee to the extent that the Indemnitor pays the full monetary amount of the settlement and the settlement does not impose any restrictions or obligations on the Indemnitee;
- (c) if the Indemnitor does not assume carriage of the defense of any Third Party Claim or settle the Third Party Claim, the Indemnitee shall be entitled to defend or settle the Third Party Claim or both. If it is determined that such Third Party Claim is a matter for which the Indemnitor should have indemnified the Indemnitee pursuant to this Agreement, the Indemnitee shall be entitled to reimbursement from the Indemnitor of all of its Losses associated with that Third Party Claim;

- (d) each Party shall cooperate with the other in the defense of the Third Party Claim, including making available to the other Party, its directors, officers, employees and consultants whose assistance, testimony or presence is of material assistance in evaluating and defending the Third Party Claim; and
- (e) on payment of the Third Party Claim by the Indemnitor, the Indemnitor shall be subrogated to all claims the Indemnitee may have relating thereto. The Indemnitee shall give such further assurances and cooperate with the Indemnitor to permit the Indemnitor to pursue such subrogated claims as reasonably requested by it.

## **ARTICLE 8**

### **TERMINATION**

#### **8.1 *Termination Events***

Subject to the obligations of the Parties which expressly survive the termination of this Agreement, this Agreement and the Option shall terminate:

- (a) if Silverstone delivers notice to Magnus in writing that it will not incur and fund the Exploration Expenditures (including the Committed Expenditures) or pay any of the Cash Payments;
- (b) if Silverstone fails to incur the Committed Expenditures in accordance with sections 2.4 and 2.5, other than in circumstances of force majeure in accordance with Article 12;
- (c) if Silverstone fails to incur and fund the Exploration Expenditures in accordance with sections 2.3(b), 2.4 and 2.5, other than in circumstances of force majeure in accordance with Article 12;
- (d) if Silverstone fails to pay a Cash Payment to Magnus in accordance with section 2.6; or
- (e) upon the mutual consent of the Parties;

in which case: (i) all Exploration Expenditures previously incurred or funded, any part of the Cash Payment previously paid (if any), and all payments previously made to Magnus in lieu of Exploration Expenditures (if applicable), shall be forfeited, and the Option and this Agreement (other than those provisions which specifically survive such termination in accordance with their terms) shall terminate and be of no force and effect, and (ii) sections 8.2 through 8.7 inclusive as well as Article 9 shall survive the termination of this Agreement.

For greater certainty, upon termination of this Agreement without exercise of the Option by Silverstone, the Projects will remain the 100% owned by Magnus and Silverstone shall have no further interest in the Projects.

#### **8.2 *Other Termination Events***

Subject to the obligations of the Parties which expressly survive the termination of this Agreement, in addition to the termination events set out in section 8.1, the Parties agree that the Option and this Agreement may be terminated by Silverstone if a Material breach or Material default of section 6.10 occurs, which Material breach or Material default has not been cured by Magnus within 20 Business Days of receipt by Magnus of prior written notice of such Material breach or Material default from Silverstone.

### 8.3 ***Right to Cure***

If Party is of the view that another is in breach of any representation made or given by such Party or has not performed any obligation or covenant to be performed by it pursuant to this Agreement, or if any Party determines that itself is in breach of any representation made or given by it or that it has not performed any obligation or covenant to be performed by it, such Party shall notify the other of the circumstances which it believes gives rise to the breach. The Party which is or is alleged to be in breach shall immediately seek to cure the breach (or else in the case of an allegation, give notice to the other Party that it disputes the allegation of breach). The Party in breach hereof shall have up to 20 calendar days during which it must either cure the breach, or, where it is not reasonably possible to fully cure the breach within such period, and the complaining party is not being materially adversely affected by the state of breach, demonstrate that it has diligently begun to cure the breach. Provided that the Party in breach continues to diligently pursue the complete remedying of the breach complained of in as short a time as is reasonably possible, then the other Party, unless it can demonstrate the breach is either not capable of remedy or that it has been or will be irreparably damaged by the breach, shall allow the Party in breach to cure the breach and the non-breaching Party shall not be entitled to terminate this Agreement on account of such breach. If the Party in breach does not cure the breach, the complaining party may cure the breach. The Party in breach shall have 20 calendar days after such breach is cured to make the complaining party whole for the direct costs associated curing the breach. Once the complaining party is made whole for the direct costs, the breach shall be deemed rectified.

### 8.4 ***Release of Registrations on Reservations and Applications***

If this Agreement or the Option is terminated prior to the exercise of the Option, Silverstone shall forthwith, and in any event within 15 days of such termination, deliver to Magnus a release in form and content satisfactory to Magnus, acting reasonably, with respect to the Reservations and Applications and this Agreement (except such portions of this Agreement that survive the termination of this Agreement as specifically contemplated in this Agreement) and discharge all the registrations made in respect of this Agreement.

### 8.5 ***Delivery of Data***

Upon the termination of the Agreement or the Option, Silverstone shall deliver to Magnus within 45 days of the date of termination, all originals of all Technical Information and all other data, reports of information provided to Silverstone by Magnus as well as copies of all Technical Information produced by Silverstone or its Agents following the date of the Agreement related to the Projects and shall destroy and not retain any copies or medium containing Technical Information other than for corporate governance, legal, or standard back-up or emergency recovery purposes in accordance with Silverstone's standard practices.

### 8.6 ***Removal of Liens***

If, upon or following termination of the Agreement and/or the Option, a lien on the Reservations and Applications shall arise or be outstanding in connection with Work conducted by Silverstone or its Agents and Silverstone shall wish to contest such lien, Silverstone shall post security sufficient to permit such lien to be discharged and shall forthwith take all such measures as are necessary in order to discharge such lien, provided that, upon such removal or discharge of any such liens, Silverstone may proceed to contest any such liens in good faith.

### 8.7 ***Removal of Buildings and Environmental Matters***

Upon termination of the Option:

- (a) all buildings, plant, equipment, machinery, tools, appliances and supplies which may have been brought upon the Projects by or on behalf of Silverstone as Operator shall be removed by Silverstone at its cost at any time not later than 60 days after termination of the Option, unless other arrangements on terms satisfactory to Magnus in its discretion are made between Silverstone and Magnus; and
- (b) Silverstone shall perform all rehabilitation, reclamation, pollution control or other Remediation Action on the Projects which is required as a result of the activities thereon by Silverstone or its Agent, to the standard required in accordance with all Applicable Laws, including Environmental Laws, as approved by the appropriate Government Agency having jurisdiction.

**ARTICLE 9**  
**CONFIDENTIAL INFORMATION**

9.1 ***Confidentiality***

- (a) The Parties agree to treat this Agreement and all terms and conditions hereof, and all data, reports, records, and other information, coming into the possession of the Parties and their employees, Affiliates and Agents by virtue of this Agreement, as confidential except if disclosure is required by Applicable Law or by any Government Agency. Such information shall not be otherwise disclosed to any Person without the prior consent of the other Party, which consent shall not be unreasonably withheld.
- (b) The requirements of section 9.1(a) shall not apply to a disclosure to:
  - (i) comply with any Applicable Laws, or any Government Agency having jurisdiction;
  - (ii) a director, officer or employee of a Party;
  - (iii) an Affiliate of a Party;
  - (iv) an Agent of a Party that has a *bona fide* business need to be informed;
  - (v) any third party to whom the disclosing Party may assign any of its rights under this Agreement;
  - (vi) a bank or other financial institution or underwriter or investor from which the disclosing Party is seeking equity or debt financing; or
  - (vii) conduct any arbitration proceeding under section 13.1;

provided, however, that the disclosing Party shall be responsible and liable for any disclosure of confidential information to any of the foregoing Persons, and, in the case of paragraphs (v) and (vi) above, the third party or parties, as the case may be, agree in writing in favour of the non-disclosing Party to maintain in confidence and not disclose for a period of two years any of the confidential information so disclosed to them.

- (c) The obligations of confidentiality and prohibitions against use under this Agreement shall not apply to information that the disclosing Party can show by reasonable documentary evidence or otherwise:
  - (i) was in the public domain other than as a result of a breach of this Article 9;

- (ii) was published or otherwise became part of the public domain through no fault of the disclosing Party or an Affiliate thereof (but only after, and only to the extent that, it is published or otherwise becomes part of the public domain);
- (iii) was information that the disclosing Party or its Affiliates were required to disclose pursuant to Applicable Law or the order of any Government Agency or judicial authority; or
- (iv) is general know-how that is not specific to the Projects, even if developed during the term of this Agreement.

## 9.2 *Public Announcements*

No public statement or press release shall be made by any Party unless such Party making such disclosure shall consult with the other Party prior to making such statement or press release, and the Parties shall use all reasonable efforts, acting in good faith, to agree upon a text for such statement or press release which is satisfactory to the Parties, subject in all cases to Applicable Law. For greater certainty, the Parties agree that the foregoing provisions of this section 9.2 shall not operate to prohibit any Party from issuing a public statement or press release where it is required by Applicable Law.

## **ARTICLE 10** **OTHER BUSINESS OPPORTUNITIES**

### 10.1 *Relationship of the Parties*

The rights, privileges, duties, obligations and liabilities, as between Magnus and Silverstone shall be separate and not solidary or collective and nothing herein contained shall be construed as creating a partnership, an association, agency or, subject as herein specifically provided, a trust of any kind or as imposing upon either of Magnus and Silverstone any partnership duty, obligation or liability, including any fiduciary duty or obligation. Except as expressly provided to the contrary herein, neither Magnus nor Silverstone are liable for the acts, covenants and agreements of the other.

### 10.2 *Other Opportunities*

Magnus and Silverstone and their respective Affiliates shall have the free and unrestricted right independently to engage in and receive the full benefits of any and all business endeavors of any sort whatsoever whether or not competitive with the endeavors contemplated herein without consulting the other or inviting or allowing the other to participate therein. Neither Magnus nor Silverstone nor any of their respective Affiliates shall be under any fiduciary or other duty to the other which shall prevent it from engaging in or enjoying the benefits of competing endeavors within the general scope of endeavors contemplated by this Agreement.

## **ARTICLE 11** **NOTICES**

### 11.1 *Notices*

All payments, notices, reports or other communications required or permitted by this Agreement shall be deemed to have been properly given and delivered when delivered by electronic mail transmission (with an original copy subsequently delivered by registered mail, unless electronic mail is confirmed received

by the other Party) or by delivery by courier or by hand with all delivery charges fully prepaid and addressed to the Parties, respectively, as follows:

**To Magnus at:**

Magnus Minerals Ltd.

[REDACTED]

[REDACTED]

With a copy, which shall not constitute notice, to:

[REDACTED]

[REDACTED]

**To Silverstone at:**

Silverstone Resources Corp.

[REDACTED]

[REDACTED]

With a copy, which shall not constitute notice, to:

[REDACTED]

[REDACTED]

or to the latest known address of the Party concerned, as furnished pursuant to section 11.3.

**11.2 *Receipt***

The date of receipt by the addressee of all notices given and delivered by electronic mail or delivered by courier or by hand as aforesaid shall be the date of actual delivery if delivered prior to 5:00 p.m. on a Business Day, and if delivery is made on a day that is not a Business Day, such delivery shall be deemed to have been made on the next succeeding Business Day.

### 11.3 *Change of Address*

A Party may change its address for the purpose hereof by giving written notice of such change to the other Party at the latest address provided in accordance with this Article 11.

## **ARTICLE 12** **FORCE MAJEURE**

### 12.1 *Force Majeure*

- (a) Time shall be of the essence of this Agreement, provided however that notwithstanding anything to the contrary contained herein, if any Party should at any time or times during the currency of this Agreement be delayed in or prevented from complying with this Agreement by reason of wars, acts of God, strike, lockouts or other labour disputes, inability to access its place of business or the Projects, acts of public insurrection, riots, fire, storm, flood, explosion, government restriction, failure to obtain any approvals required from any Government Agency having jurisdiction, including environmental protection agencies, interference of persons primarily concerned about environmental issues or aboriginal rights groups or other causes whether of the kind enumerated above or otherwise which are not reasonably within the control of the applicable Party, but excluding for greater certainty, the lack or unavailability of funds, the period of all such delays resulting from such causes or any of them, shall be excluded in computing the time within which anything required or permitted by the applicable Party to be done, is to be done hereunder, and the time within which anything is to be done hereunder shall be extended by the total period of all such delays. Nothing contained in this Article 12 shall require the applicable Party to settle any labour dispute or to test the constitutionality of any enacted law. In the event that any Party asserts that an event of force majeure has occurred, it shall complete such commercially reasonable actions or cause such commercially reasonable actions to be completed as may be necessary to correct or terminate the alleged event of force majeure and give notice in writing to the other Parties specifying the following:
- (i) the cause and nature of the alleged event of force majeure;
  - (ii) a summary of the action it or its Agents have taken to the date of such notice to correct the alleged event of force majeure;
  - (iii) confirmation as to all acts, actions and things done by it or its Agents to terminate the event of force majeure; and
  - (iv) the reasonably expected duration of the period of force majeure.
- (b) Any Party asserting an event of force majeure shall provide ongoing periodic notice in writing to the other Party with respect to such events of force majeure, including the matters set out above, within fifteen (15) days of the end of each calendar month during the period of force majeure and shall provide prompt notice in writing to the other Party upon the termination of the event of force majeure.
- (c) Should Silverstone assert an event of force majeure in accordance with the terms of this section 12.1, to the extent legally possible, and subject to Silverstone having continued access to the Projects, if necessary, Silverstone's obligations under this Agreement to maintain the Reservations and Applications in compliance with the Applicable Laws will continue throughout the period of force majeure.

- (d) Upon the occurrence of an event of force majeure, the Option Period shall be extended by the duration of the event of force majeure.

### **ARTICLE 13** **ARBITRATION**

#### **13.1 *Arbitration***

- (a) In the event of any dispute, claim or disagreement (each a “**Dispute**”) arising out of or relating to this Agreement, which has not been resolved within 30 days of the delivery of a notice by a Party of such dispute shall be referred to binding arbitration. The arbitration shall be held in the City of Stockholm and determined by three arbitrators pursuant to the Arbitration Rules of the Arbitration Institute of the Stockholm Chamber of Commerce. Each Party shall appoint one arbitrator and the party appointed arbitrators (in consultation with the Parties) shall appoint the remaining arbitrator. The arbitration shall be conducted in English.
- (b) The award of the arbitrators shall be final and binding on each of the Parties and shall not be subject to any appeal on any ground, including an error of law. The arbitration shall be governed by the laws of Sweden, and judgement upon the award rendered by the arbitrators may be entered in any court having jurisdiction. The Parties covenant that they shall conduct all aspects of such arbitration having regard at all times to expediting the final resolution of such arbitration.

### **ARTICLE 14** **GENERAL**

#### **14.1 *Exclusivity; Non-Solicitation***

Until the termination of this Agreement in accordance with its terms, Magnus shall deal exclusively with Silverstone with respect to the sale or an option for an interest in the Projects (including the Reservations and the Applications) and Assets, and Magnus shall not solicit any alternative offer for the Projects (including the Reservations and the Applications) and Assets. Magnus confirms that, effective as of the date of the Letter of Intent, Magnus has ceased all negotiations, oral or otherwise, with third parties with respect to the sale or option of an interest with respect to all or a portion of the Projects and Assets.

For greater certainty, this Section 14.1 does not limit Magnus’ rights under Section 6.11.

#### **14.2 *Services Provided by Magnus to Silverstone***

- (a) During the Operator Period, Magnus shall provide to Silverstone the services upon the terms mutually agreed to by the Parties (the “**Services**”).
- (b) Magnus shall provide the Services with reasonable care and skill and to a standard and in a manner that is substantially equivalent to how such Services were provided by the Designated Employees prior to the Effective Date. Magnus shall ensure that the Services are provided in compliance with all Applicable Laws affecting the provision of the Services and shall obtain and maintain in force for the relevant time period all consents or approvals required to perform the Services in accordance with the terms of this Agreement.
- (c) For the purposes of this Section 14.2, Magnus shall at all times act as an independent contractor and shall have no authority to represent Silverstone or any of its Affiliates in any way or otherwise be deemed an agent, employee, representative, joint venture or fiduciary of Silverstone

or any of its Affiliates. The Parties agree that the Designated Employees are employees, contract employees or secondees of Magnus and not Silverstone.

#### 14.3 *Further Assurances*

Each Party shall, from time to time, and at all times, perform all acts and execute and deliver the deeds and documents and give such assurances as are reasonably required in order to perform, carry out, and give effect to the terms of this Agreement, including further to the valid exercise of the Option by Silverstone and the transfer of the Projects (including the Reservations and Applications) and the Assets from Magnus to Silverstone.

#### 14.4 *Effect of Waiver*

A waiver of any breach of a provision of this Agreement shall not be binding upon a Party unless the waiver is in writing and such waiver shall not affect such Party's rights in respect of any subsequent breach.

#### 14.5 *Successors and Assigns*

This Agreement shall enure to the benefit of and be binding upon the Parties, their respective successors and their permitted assigns.

#### 14.6 *Assignment*

- (a) Subject to section 14.6(b), Magnus shall not sell, transfer, assign or convey this Agreement, the Projects (including the Reservations and Applications) or the Assets, or any of its rights, benefits, privileges or obligations hereunder to a third party that is not an Affiliate of Magnus, without the prior written consent of Silverstone; provided that following the execution of the Royalty Agreement in connection with the exercise by Silverstone of the Option, the sale, transfer or assignment of the Royalty Agreement shall be solely governed by the provisions of the Royalty Agreement contemplated in Schedule "B".
- (b) Magnus or Silverstone may sell, transfer, assign or convey this Agreement (or, in the case of Magnus, the Projects (including the Reservations and Applications) or the Assets) and their rights, benefits and privileges thereunder, to an Affiliate, provided that:
  - (i) the assigning Party delivers written notice of such assignment to the non-assigning Party;
  - (ii) such Affiliate agrees in writing with the non-assigning Party to be bound by the terms of this Agreement;
  - (iii) before such Affiliate ceases to be an Affiliate of the assigning Party, the interest assigned must be assigned back to the assigning Party; and
  - (iv) notwithstanding such assignment, the assigning Party shall continue to be bound by the terms of this Agreement.
- (c) Silverstone shall have the right to sell, transfer and assign this Agreement to any arm's length third party that has the required experience, expertise and financial capacity to conduct the Work and Exploration Expenditures required by this Agreement and comply with the obligations of Silverstone under this Agreement, without the prior written consent of Magnus.

#### 14.7 *Acts in Good Faith*

Each Party shall at all times during the currency of this Agreement and after the expiry or termination of the Option, if applicable, act in good faith with respect to the other Party and shall do or cause to be done all things within their respective powers which may be necessary or desirable to give full effect to the provisions hereof.

#### 14.8 *Expenses*

Each Party shall bear and pay for its respective costs and expenses, including, but not limited to, all legal fees, costs and expenses, incurred in connection with the negotiation, preparation and execution of this Agreement. For greater certainty, any and all such costs and expenses shall not constitute or comprise the Exploration Expenditures.

#### 14.9 *Taxes and Allocation of Cash Payment*

Each Party shall be responsible for each of their respective income taxes and capital gains taxes as result of the execution of this Agreement. Silverstone shall be responsible for all transfer taxes, filing fees, stamp duties and registration fees payable in connection with the transfer of the Projects (including the Reservations and Applications) and the Assets from Magnus to Silverstone, including for greater certainty, other sales taxes payable in connection with the transfer of the land, surface rights, equipment and other assets forming part of the Assets.

The Parties, in filing their respective tax returns, will allocate the Cash Payments among the Projects and the Assets in the manner as to be agreed to by the Parties prior to the Earn-In Date, acting reasonably and in good faith (the “**Purchase Price Allocation**”). The Parties must each complete all tax returns, designations and elections in a manner consistent with the Purchase Price Allocation and otherwise follow the Purchase Price Allocation for all tax purposes on and subsequent to the Earn-In Date. If such Purchase Price Allocation is disputed by any taxation authority or other Government Agency, the Party receiving notice of such dispute will promptly notify the other party and the Parties will use their commercially reasonable efforts to sustain the final allocation.

#### 14.10 *Severability*

Any provision of this Agreement which is invalid or unenforceable shall not effect any other provision and shall be deemed to be severable from this Agreement.

#### 14.11 *Amendment*

None of the provisions of this Agreement shall be amended or modified and no such amendments or modifications shall be effective, unless made in writing and signed by all of the Parties.

#### 14.12 *Entire Agreement*

This Agreement constitutes the entire agreement among the Parties with respect to the subject matter hereof and supersedes all prior agreements and undertakings, both written and oral, among the Parties with respect to the subject matter hereof, including the Letter of Intent. The execution of this Agreement has not been induced by, nor do the Parties rely upon or regard as material, any covenants, representations or warranties whatsoever not incorporated herein and made a part hereof.

14.13 *Ambiguity*

The Parties hereby agree that any rule of construction to the effect that any ambiguity is to be resolved against the drafting Party shall not be applicable in the interpretation of this Agreement.

14.14 *Choice of Language*

The Parties have expressly required that this Agreement and all documents and notices relating hereto be drafted in English to the extent permissible under Applicable Law. *Les Parties déclarent expressément qu'elles exigent que ce contrat, ainsi que tous les documents et avis s'y rapportant, soient rédigés et écrits exclusivement en anglais.*

14.15 *Counterparts & Delivery*

This Agreement may be executed in counterparts and delivered by electronic mail or facsimile transmission with original copies to be delivered forthwith thereafter, each of which counterparts so executed shall be deemed to be an original and such counterparts together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have entered into this Option Agreement effective as of the day and year first above written.

**MAGNUS MINERALS LTD.**

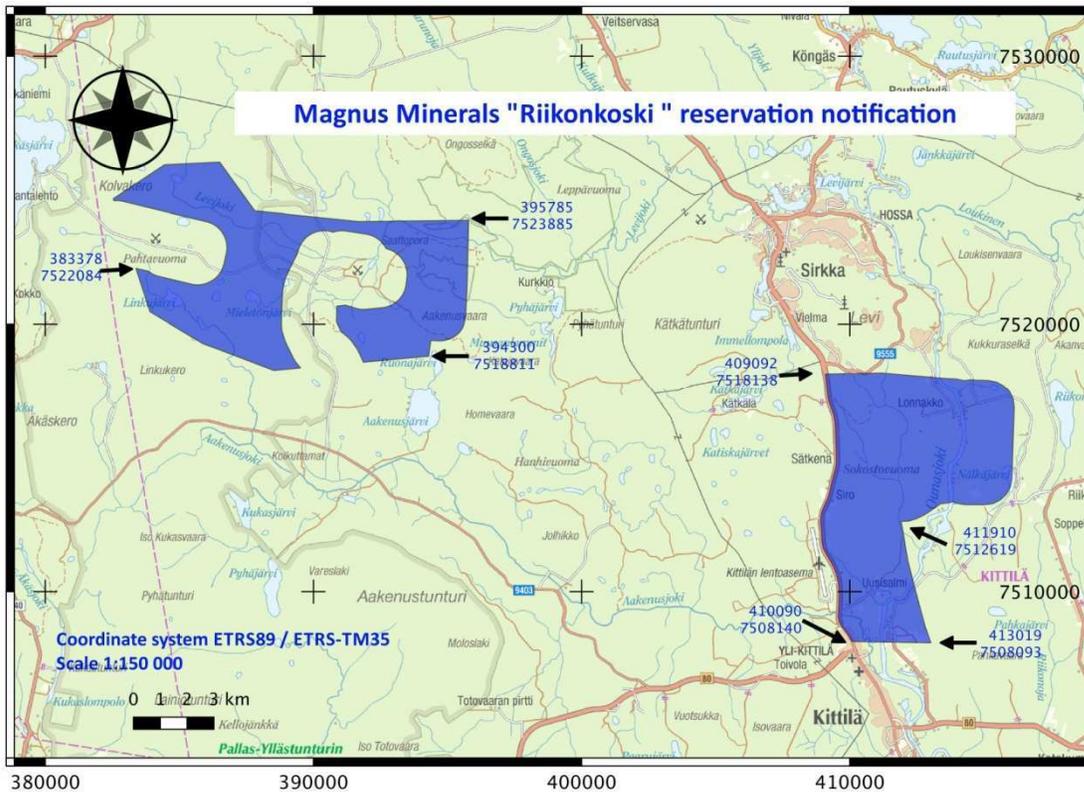
Per: signed "Carl Löffberg"  
Name: Carl Löffberg  
Title: Managing Director

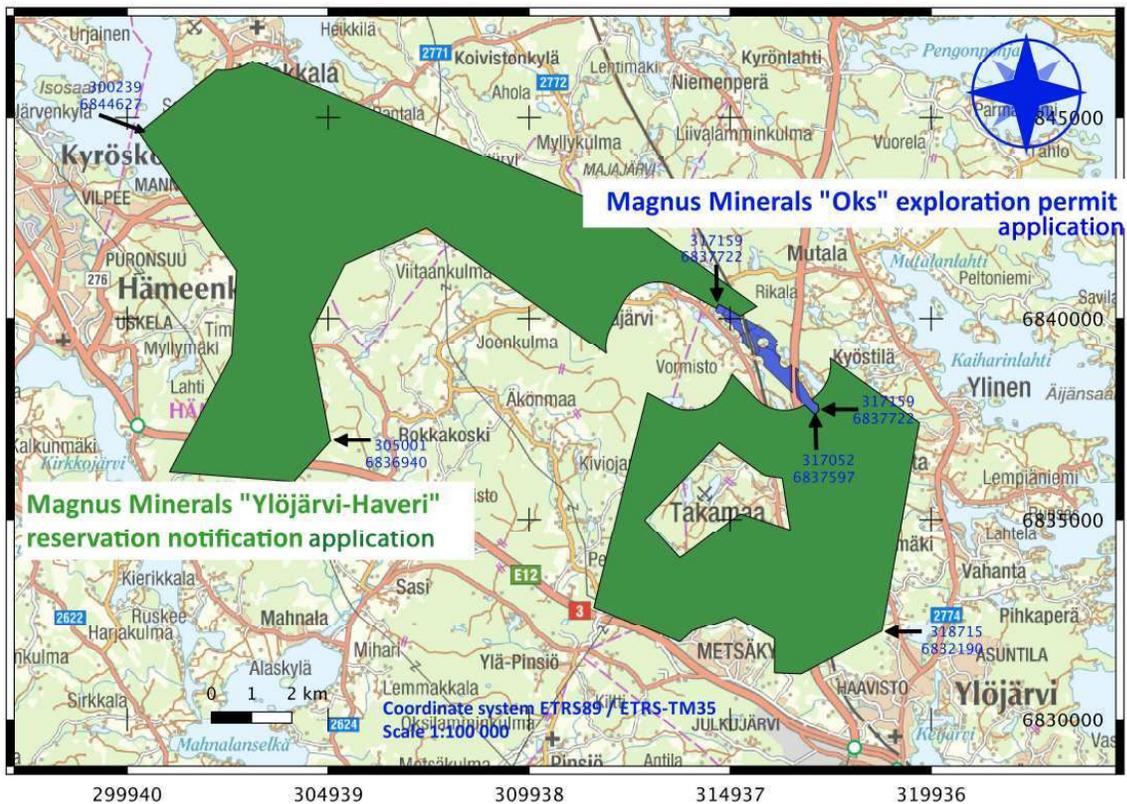
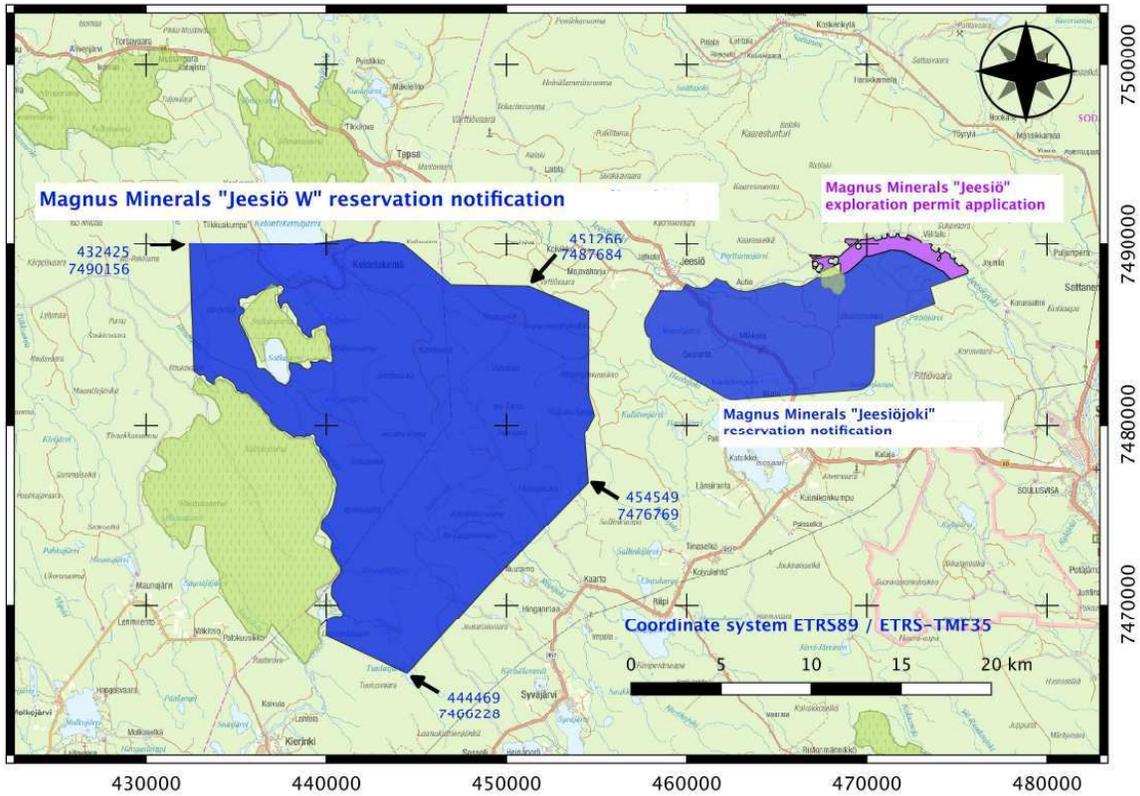
**SILVERSTONE RESOURCES CORP.**

Per: signed "Andrew MacRitchie"  
Name: Andrew MacRitchie  
Title: Chief Financial Officer

**SCHEDULE "A"**  
**RESERVATIONS AND APPLICATIONS**

<u>Description</u>	<u>Name</u>	<u>Area</u>
Reservation notification	Riikonkoski VA2016:0047	9,234.54 hectares
Reservation notification	Jeesiönjoki VA2017:0009	8,369.95 hectares
Appl. for exploration permit	Jeesiö ML2017:0013	776.45 hectares
Reservation notification	Jeesiö W VA2017:0022	31,546.01 hectares
Appl. for exploration permit	Oks: (registr. Date 3.3.2017)	101.58 hectares
Reservation notification	Ylöjärvi-Haveri (registr. Date 14.3.2017) (Adjacent to Oks)	9,505.51 hectares
		59,534.04 hectares





## SCHEDULE "B"

### NET SMELTER RETURNS ROYALTY AGREEMENT

This net smelter returns royalty agreement (this "**Royalty Agreement**") is dated effective \_\_\_\_\_, 20\_\_\_\_\_.

BETWEEN:

**MAGNUS MINERALS LTD.**, a corporation incorporated under the laws of Finland

(the "**Royalty Holder**")

#### OF THE FIRST PART

AND:

**SILVERSTONE RESOURCES CORP.**, a corporation existing under the laws of British Columbia

(the "**Payor**")

#### OF THE SECOND PART

### RECITALS

#### WHEREAS:

- A. Pursuant to the option agreement dated August 1, 2017 (the "**Option Agreement**") between the Royalty Holder and the Payor, the Payor acquired a 100% legal and beneficial interest in the Projects (defined below);
- B. As partial consideration for the sale to the Projects, the Payor agreed to grant to the Royalty Holder, a 1.5% Royalty (defined below) on all minerals mined, produced or otherwise recovered from the Projects (the "**Mined Products**");
- C. The Parties wish to enter into this Royalty Agreement to define and establish the conditions governing the Royalty.

**NOW THEREFORE**, for good and valuable consideration, including sale of the Projects to the Payor pursuant to the Option Agreement and other consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. **Definitions.** As used herein, the following terms shall have the meanings assigned to them as follows:
  - (a) "**Affiliate**" means, with respect to any Person, any other Person who directly or indirectly controls, is controlled by, or is under direct or indirect common control with, such Person, and includes any Person in like relation to an Affiliate. A Person shall be deemed to "control" another Person if such Person possesses, directly or indirectly, the

power to direct or cause the direction of the management and policies of such other Person, whether through the ownership of voting securities, by contract or otherwise; and the term “**controlled**” shall have a similar meaning.

- (b) “**Calendar Quarter**” means each three-month period ending March 31st, June 30th, September 30th and December 31st of each calendar year.
- (c) “**Dispose**” in relation to any interest, right or property means to, directly or indirectly in any manner whatsoever, sell, transfer, convey, assign, create a security interest over, declare oneself a trustee of or part with the benefit of or otherwise dispose of it or any legal or beneficial interest in it or any part of it including, without limitation, in relation to the Royalty Holder’s interest in the Royalty; and the term “**Disposal**” shall have a similar meaning.
- (d) “**Exploration Licences**” means the applications, reservations and exploration permits in respect of the Projects as further described in Schedule A attached hereto and includes any future extension, renewal, replacement, conversion or substitution of any of the foregoing including any renewal, replacement, conversion or substitution executed by Affiliate
- (e) “**Gold Price**” means the average London Bullion Market Association’s “initial” and “final” fixing prices for gold quoted in US dollars over the 30 consecutive London Bullion Market Association trading days immediately prior to the date.
- (f) “**Governmental Authority**” means:
  - (i) any domestic or foreign government, whether national, federal, provincial, state, territorial, municipal or local (whether administrative, legislative, executive or otherwise);
  - (ii) any agency, authority, ministry, department, regulatory body, court, central bank, bureau, board or other instrumentality having legislative, judicial, taxing, regulatory, prosecutorial or administrative powers or functions of, or pertaining to, government;
  - (iii) any court, tribunal, commission, individual, arbitrator, arbitration panel or other body having adjudicative, regulatory, judicial, quasi-judicial, administrative or similar functions; and
  - (iv) any other body or entity created under the authority of or otherwise subject to the jurisdiction of any of the foregoing, including any stock or other securities exchange or professional association such as the TSX Venture Exchange.
- (g) “**Mineral Content**” means all marketable ores, metals and minerals contained in Products as separately estimated by the Payor using head grade or assays taken prior to entering mill or heap leach facilities, mill or heap leach operation recovery levels, and adjustments at the refinery, as key components in the calculation of Mineral Content.
- (h) “**Mineral Price Quotation**” means (i) in the case of Product that is gold, the price of gold in U.S. dollars quoted by the London Bullion Market Association (currently in partnership with ICE Benchmark Administration), being the London P.M. gold fix; (ii) in the case of Product that is silver, the price of silver in U.S. dollars quoted by the London

Bullion Market Association (currently in partnership with ICE Benchmark Administration); (iii) in the case of base metal Products whose prices are listed or quoted by the London Metal Exchange, the price per unit in U.S. dollars for the relevant base metal Product listed or quoted by the London Metal Exchange; and (iv) for all other Products, the price per unit in U.S. dollars for the relevant Product as quoted in “**Metals Week**”. If for any reason the London Bullion Market Association is no longer in operation or the spot price of any Product that is gold or silver is not quoted by the London Bullion Market Association, the “**Mineral Price Quotation**” of Product that is gold or silver shall be determined by reference to the price of such Products on another commercial exchange mutually acceptable to the Parties. If for any reason the London Metal Exchange is no longer in operation or the spot price of any Product that is a base metal that is quoted by the London Metal Exchange is no longer quoted by the London Metal Exchange, the “**Mineral Price Quotation**” of any such base metal Product shall be determined by reference to the price of such Products on another commercial exchange mutually acceptable to the Parties.

- (i) “**Net Smelter Returns**” or “**NSR**” for a Calendar Quarter in respect of all of the Products means the sum of (i) for each of the Products, the average Mineral Price Quotation for the Product for a Calendar Quarter multiplied by the total number of appropriate units of measurement of the Product sold, disposed of or benefited by the Payor or credited by a smelter, refiner or other bona fide purchaser to or to the account of the Payor during that Calendar Quarter (“**Smelter Returns**”); less (ii) the deductions, adjustments and credits set forth in Section 3 below.
- (j) “**Payor**” has the meaning set forth on page 1 of this Royalty Agreement or its successors or assigns that becomes obligated to pay the Royalty, as provided in this Royalty Agreement.
- (k) “**Person**” is to be broadly interpreted and includes an individual, a corporation, a partnership, a trust, an unincorporated organization, a Governmental Authority, and the executors, administrators or other legal representatives of an individual in such capacity.
- (l) “**Products**” means all ores, cathodes, doré, concentrates, metals, minerals and mineral by-products, including tailings and other waste products that are produced or extracted by or on behalf of the Payor from the Projects.
- (m) “**Projects**” means the reservations and ore prospecting permit applications covering 59,534.04 hectares, that comprise the Riikonkoski (East and West), Jeesiö (including Jeesiö West) and Ylöjärvi (including Oks) projects in Finland, as more particularly described in Schedule A and “**Project**” means any one of the Projects (being the (i) Riikonkoski (East and West), (ii) Jeesiö (including Jeesiö West) and (iii) Ylöjärvi (including Oks) projects).
- (n) “**Royalty**” means the 1.5% Net Smelter Returns royalty (subject to the repurchase right provided for in this Agreement) on all minerals mined, produced or otherwise recovered from the Projects.
- (o) “**Royalty Holder**” has the meaning set forth on page 1 of this Royalty Agreement or its successors or assigns that becomes entitled to a Royalty, as provided in this Royalty Agreement.

(p) “**Smelter Returns**” has the meaning set forth in Section 1(i).

(q) “**Third Party**” means a person who is not a Party to this Royalty Agreement.

## **2. Reservation Of Royalty**

As of the date hereof, the Payor hereby irrevocably creates, grants and delivers to the Royalty Holder, the Royalty in accordance with this Royalty Agreement.

## **3. NSR Deductions**

In calculating the Net Smelter Returns, the Payor shall be entitled to deduct from Smelter Returns the following costs, to the extent incurred and borne by the Payor:

- (a) all smelting, minting and refining costs, and treatment charges and penalties at the smelter or refinery including, but without being limited to, metal deduction or losses and penalties for impurities;
- (b) all costs of transporting the Products from the Projects, including any and all costs of insurance in respect thereto, on the following basis:
  - (i) if the Products are concentrated or treated prior to its sale, the cost of transporting the Products to the location of the concentrator or treatment plant, and the cost of transporting the concentrate or treated Products from the concentrator or plant to the point of delivery to a smelter or other buyer;
  - (ii) if the Products are shipped to a smelter or refining plant facility, without prior enrichment or concentration, then the cost of the transportation of the Products from the Projects to the smelter or refining plant; or
  - (iii) if the Products are sold to a buyer, without requirement for prior concentrating, refining or treatment, then the cost of transporting the Products to the point of delivery to the buyer;
- (c) all sampling, assaying and representation charges in connection with sampling and assaying carried out after the Products have left the Projects;
- (d) costs and expenses of marketing the Products paid to a bona fide third party, if any;
- (e) direct taxes levied by any Governmental Authority on the value of Products produced or sold, included amounts paid to landowners under Finnish laws, but excluding income or capital taxes if such charges are actual costs payable out of the proceeds received from a bona fide purchaser or are shown as deductions therefrom.

Allowable Deductions will not include any costs that are in excess of those which would be incurred on an arm’s length basis, or which would not be NSR deductions if those Products were processed by an independent Third Party.

Notwithstanding the foregoing, the maximum ratio for NSR deductions for each Calendar Quarter is 10% of total revenue from Mined Products for that Calendar Quarter.

#### 4. General Provisions

- (a) **Arm's Length Provision.** If smelting and/or refining are carried out in facilities owned or controlled by the Payor, charges, costs and penalties for such operations, including transportation, shall mean the amount that the Payor would have incurred if such operations were carried out at facilities not owned or controlled by the Payor then offering similar custom services for comparable products on prevailing terms.
- (b) **Payment of the Royalty.** The Royalty payment will be payable on or before the 30th day following the end of each Calendar Quarter. Each such quarterly payment to the Royalty Holder shall be accompanied by a statement in reasonable detail showing the calculation of the payment. The Royalty payment shall be paid to the Royalty Holder by the Payor by certified cheque, bank draft or wire transfer in United States dollars. If a Royalty payment is to be made by wire transfer, the Payor shall not be in default and the time for making such Royalty payment will be extended if, at the time such Royalty payment is otherwise due, wire transfer facilities are not available for any reason, so long as the Payor makes payment as soon as practicable after wire transfer facilities becomes available. The Payor may rely on wire transfer instructions purported to be provided by the Royalty Holder and is not responsible for any payment made to an incorrect wire transfer account by reason of such reliance. Each such quarterly payment shall be subject to adjustment as provided below in the next quarterly payment or when the final report for the year is issued as specified below.
- (c) **Adjustments.** The following adjustments shall be taken into account in determining the Royalty payments and shall be specified in a statement which will accompany each payment:
  - (i) any adjustments to charges, costs, deductions or expenses imposed upon or given to the Payor but not taken into account in determining previous Royalty payments;
  - (ii) any adjustments in the number of appropriate units of measurement of Products, benefited by the Payor, or previously credited to the Payor by a smelter, refiner or bona fide purchaser of Products shipped or sold by the Payor;
  - (iii) any adjustments in Mineral Content and average percentage recovery; and
  - (iv) any payments that have not otherwise been credited against previous Royalty payments.
- (d) **Late Charge.** If the payment of the Royalty in respect of a Calendar Quarter is not made on or before 30 following the end of each Calendar Quarter, then interest at a rate equal to 10% of the amount of the delinquent Royalty payment shall be payable to the Royalty Holder, which late charge shall accrue from the day the delinquent Royalty payment was due to the date of payment of the Royalty in full, including accrued interest.
- (e) **Annual Final Report.** Within 90 days after the end of each calendar year, the Payor shall deliver or cause to be delivered to the Royalty Holder a final report for the year certified as being accurate by a responsible officer of the Payor showing in reasonable detail the calculation of the Royalty due the Royalty Holder for the prior year and all adjustments to the quarterly or other periodic reports and payments for the year. With such final report, the Payor shall, if applicable, make such additional Royalty payment as

is required by the report. If such report indicates that the Royalty Holder has received more than it should have been paid in respect of the Royalty due to the Royalty Holder, then the excess shall be deducted from the next payment obligation owed pursuant to the provisions of this Royalty Agreement or, in the event of a temporary or permanent cessation of production, the Royalty Holder shall repay the excess within 15 days of the annual report.

- (f) **Commingling.** Before any Mineral Content is commingled with ores or minerals from any other properties, including stockpiling, the Mineral Content shall be measured and sampled in accordance with standard mining and metallurgical practices. Representative samples of the Mineral Content shall be retained by the Payor and assays and appropriate analyses of these samples shall be made before commingling to determine metal, mineral, water and other appropriate content of the Mineral Content. From this information, the Payor shall determine the quantity of the Mineral Content subject to the Royalty notwithstanding that the Mineral Content has been commingled with ores or minerals from other properties. The Payor shall keep and maintain the materials and data required to be produced and kept by this section for a period of three (3) years from the date such materials and data are produced.
- (g) **Hedging Transactions.** All profits, losses and expenses resulting from the Payor or its Affiliates engaging in any commodity futures trading, option trading, metals trading, metal loans, and any other hedging transactions or any combination thereof (collectively “**Hedging Transactions**”) are specifically excluded from calculations of Royalty payments pursuant to this Royalty Agreement. All Hedging Transactions shall be for the Payor’s account and shall not affect the calculation and payment to the Royalty Holder of the Royalty payment, which shall be calculated and paid without regard for any Hedging Transactions.
- (h) **Assignment by Payor.** Upon any Disposal of the Exploration Licences or any portion thereof as the case may be, by the Payor, the Payor shall have no further obligation to the Royalty Holder in respect of the Exploration Licences or such portion, as the case may be; provided that, in the case of assignment or conveyance of all or any part of the Exploration Licences, it shall be a condition of any assignment or conveyance that the assignee or transferee shall have agreed to assume all of the Payor’s obligations and liabilities to the Royalty Holder under this Royalty Agreement in respect of that portion of the Exploration Licences Disposed of to such assignee or transferee; and further provided that, in the case of the granting of a security interest, encumbrance, lien, hypothec or other pledge or charge over or in respect of the Exploration Licences, it shall be a condition of any such granting or creation of a security interest, encumbrance, lien, hypothec or other pledge or charge that (i) the mortgagee, chargeholder or encumbrancer agree to be bound by the terms of this Royalty Agreement if they enforce or realize upon any such security interest, encumbrance, lien, hypothec or other pledge or charge, and (ii) the mortgagee, chargeholder or encumbrancer shall use commercially reasonable efforts to obtain an agreement in writing in favour of the Royalty Holder from any subsequent purchaser or transferee of such mortgagee, chargeholder or encumbrancer that such subsequent purchaser or transferee will be bound by the terms of this Royalty Agreement.
- (i) **Records and Provision for Audit to Resolve Objections.**
  - (i) All books and records used by the Payor to calculate the Royalty due hereunder shall be kept in accordance with generally accepted accounting principles varied

only by the specific provisions hereof. The Payor shall maintain up-to-date and complete records of the production of all Products. If treatment or smelting of Products is performed off the Projects, accounts records, statements and returns relating to such treatment and smelting arrangements shall be maintained by the Payor. The Royalty Holder shall have the right during normal business hours and upon not less than 48 hours advance notice, to inspect such accounts, records, statements and returns and make copies thereof at its own expense for the sole purpose of verifying the amount of the Royalty.

- (ii) All payments of the Royalty made pursuant to the final report that is to be issued within 90 days of the end of each calendar year shall be considered final and in full satisfaction of all obligations of the Payor with respect thereto, unless the Royalty Holder gives the Payor written notice describing and setting forth a specific objection to the calculation thereof within 90 days after receipt by the Royalty Holder of the annual final report herein provided in subsection 4(e). If the Royalty Holder objects to a particular quarterly statement delivered hereunder, the Royalty Holder shall, for a period of 90 days after the Payor's receipt of notice of such objection, have the right, upon reasonable notice and at a reasonable time, to have the Royalty payment in question audited by a firm of chartered accountants acceptable to the Royalty Holder and to the Payor (and if they cannot agree on a firm, by a firm of chartered accountants selected by the auditors of the Royalty Holder). If such audit determines that there has been a deficiency or an excess in the payment made to the Royalty Holder such deficiency or excess shall be resolved by adjusting the next quarterly payment due hereunder. The Royalty Holder shall pay all costs of such audit unless a deficiency of 5% or more of the amount due for the year under audit or \$30,000, whichever is greater, is determined to exist. The Payor shall pay the costs of such audit if a deficiency of 5% or more of the amount due for the year under audit or \$30,000, whichever is greater, is determined to exist. Failure on the part of the Royalty Holder to make claim on the Payor for adjustment in such 90-day period shall establish the correctness of the final report and preclude the filing of exceptions thereto or making of claims for adjustment thereon.
- (j) **Royalty Running With the Property.** This Royalty Agreement shall continue in perpetuity, it being the intent of the parties hereto that, subject to applicable laws, the Royalty shall constitute a covenant running with and binding upon the title to the Exploration Licences and all accessions thereto and all successions thereof, whether created privately or through governmental action, and binding upon the successors and assigns of the Payor and the successors in title to the Exploration Licences. If any right, power or interest of either party under this Royalty Agreement would violate the rule against perpetuities, then such right, power or interest shall terminate at the expiration of 20 years after the death of the last survivor of all the lineal descendants of Her Majesty, Queen Elizabeth II of England, living on the date of this Royalty Agreement.
- (k) **Registration.** The Royalty Holder may cause, at its own expense, the due registration of this Royalty Agreement or notice of this Royalty Agreement or its security interest in the Exploration Licences in any applicable registry system in Finland or Canada. The Payor covenants and agrees that it shall cooperate with such registration and provide its written consent or signature to any documents or things reasonably necessary to accomplish such registration in order to ensure that any successor or assignee or other acquiror or encumbrancer of the Payor's title to the Exploration Licences, or any interest therein, shall have public notice of this Royalty Agreement and its terms.

Despite the aforesaid it is agreed, that in case Payor is or becomes landowner in the area covering all or any portion of the Projects to the extent that a registration of the following nature is available under Finnish law, Payor will arrange to register in the applicable mining, real property or personal property registries (as applicable) in Finland notice and/or a security interest in respect of Royalty Holder's rights under this Royalty Agreement and in the Projects.

(l) **Payor to Determine Operations.**

- (i) The Payor will have complete discretion concerning the nature, timing and extent of all exploration, development, mining and other operations conducted on or for the benefit of the Projects and may suspend operations and production on the Projects at any time it considers prudent or appropriate to do so.
- (ii) The Payor may but will not be obligated to, treat, mill, heap leach, sort, concentrate, refine, smelt, or otherwise process, beneficiate or upgrade the ores, concentrates, and other Product at sites located on or off the Projects, prior to sale, transfer, or conveyance to a purchaser, user, or consumer.
- (iii) The Payor shall be entitled to temporarily stockpile, store or place ores, concentrates or other Products produced from the Projects in any locations owned, leased, rented or otherwise controlled by the Payor or its Affiliates, provided the same are appropriately identified as to ownership and origin and secured from loss, theft, tampering and contamination.
- (iv) The Payor will owe the Royalty Holder no duty to explore, develop or mine the Projects, or to do so at any rate or in any manner other than that which the Payor may determine in its sole and unfettered discretion.
- (v) For greater certainty, any items not listed here are decisions by the Payor in the normal course of business and practices and are at the complete discretion of the Payor.
- (vi) Subject at all times to the workplace rules and supervision of the Payor, and provided any rights of access do not interfere with any exploration, development, mining or milling work conducted on the Projects or at any mill at which Mineral Content from the Projects may be processed, the Royalty Holder shall at all reasonable times and upon reasonable notice, and at its sole risk and expense, have a right of access by its representatives to the Projects and to any mill or other processing facility used by the Payor or its Affiliates to process Mineral Content derived from the Projects.

(m) **Royalty Repurchase Right.** The Payor may, at its sole option, repurchase a total 0.5% of the Royalty rate to reduce the Royalty to a 1% Net Smelter Returns royalty on all minerals mined, produced or otherwise recovered from any one or more of the Projects. The repurchase right is exercisable at any point within 90 days of the Payor's receipt of a positive feasibility study that is in compliance with Canadian National Instrument 43-101 – *Standards of Disclosure for Mineral Project* on the Project or Projects to be repurchased, by paying the Royalty Holder an amount equal to 1,000 troy ounces of gold multiplied by the Gold Price.

(n) **No Partnership.** This Royalty Agreement is not intended to, and shall not be deemed to,

create any partnership relation between the Parties, including, without limitation, a mining partnership or commercial partnership. The obligations and liabilities of the Parties shall be several and not joint and neither Party shall have or purport to have any authority to act for or to assume any obligations or responsibility on behalf of the other Party. Nothing herein contained shall be deemed to constitute a Party the partner, agent or legal representative of the other Party.

(o) **Governing Law.** This Royalty Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable in therein.

(p) **Disputes.** In the event of any dispute, claim or disagreement (each a “**Dispute**”) arising out of or relating to this Royalty Agreement, which has not been resolved within 30 days of the delivery of a notice by a Party of such dispute, the matter shall be referred to binding arbitration. The arbitration shall be held in the City of Stockholm and determined by three arbitrators pursuant to the Arbitration Rules of the Arbitration Institute of the Stockholm Chamber of Commerce. Each Party shall appoint one arbitrator and the party appointed arbitrators (in consultation with the Parties) shall appoint the remaining arbitrator. The arbitration shall be conducted in English.

The award of the arbitrators shall be final and binding on each of the Parties and shall not be subject to any appeal on any ground, including an error of law. The arbitration shall be governed by the laws of Sweden, and judgement upon the award rendered by the arbitrators may be entered in any court having jurisdiction. The Parties covenant that they shall conduct all aspects of such arbitration having regard at all times to expediting the final resolution of such arbitration.

(q) **Enurement.** This Royalty Agreement shall enure to the benefit of and be binding upon the Parties hereto and their respective heirs, executors, administrators, personal representatives, successors and permitted assigns, as applicable.

(r) **Counterparts.** This Royalty Agreement may be executed in several counterparts, each of which shall be deemed to be an original, and all of which shall together constitute one and the same instrument, and delivery of an executed copy of this Royalty Agreement by email transmission or by other means of electronic communication capable of producing a printed copy shall be deemed to be execution and delivery of this Royalty Agreement as of the date first above written.

IN WITNESS WHEREOF, the parties hereto have entered into this Royalty Agreement effective as of the day and year first above written.

**MAGNUS MINERALS LTD.**

Per: \_\_\_\_\_  
Name:  
Title:

**SILVERSTONE RESOURCES CORP.**

Per: \_\_\_\_\_  
Name:  
Title:

## SCHEDULE A

### RESERVATIONS AND APPLICATIONS

<u>Description</u>	<u>Name</u>	<u>Area</u>
Reservation notification	Riikonkoski VA2016:0047	9,234.54 hectares
Reservation notification	Jeesiönjoki VA2017:0009	8,369.95 hectares
Appl. for exploration permit	Jeesiö ML2017:0013	776.45 hectares
Reservation notification	Jeesiö W VA2017:0022	31,546.01 hectares
Appl. for exploration permit	Oks: (registr. Date 3.3.2017)	101.58 hectares
Reservation notification	Ylöjärvi-Haveri (registr. Date 14.3.2017) (Adjacent to Oks)	9,505.51 hectares
		59,534.04 hectares

