

## ROYALTY PURCHASE AND ASSIGNMENT AGREEMENT

This agreement is dated effective September 8, 2021.

### BETWEEN:

**K2 RESOURCES INC.**, a company existing under the laws of British Columbia and having an office at Suite 1200-750 West Pender Street, Vancouver, British Columbia. (“**K2**”)

### AND:

**EXGEN RESOURCES, INC.**, a company existing under the laws of British Columbia and having an office at Suite 1240-1140 West Pender Street, Vancouver, British Columbia. (“**ExGen**”)

### WHEREAS:

- A. ExGen holds a 2.5% Net Smelter Returns interest (the “**Royalty**”) in the Empire Mine property located in Custer County, Idaho (the “**Property**”) granted pursuant to a Net Smelter Return Royalty Agreement dated April 5, 2021 between ExGen, Konnex Resources, Inc. and Phoenix Copper Limited attached hereto as Schedule “A” (collectively, the “**Royalty Agreement**”);
- B. K2 is the legal and beneficial owner of a 100% interest in the Empire Residual Interest, pursuant to an agreement between K2 and Vic Jang dated December 19, 2017 (the “**Empire Residual Interest**”), as more particularly described in Schedule “B” hereto.
- C. ExGen wishes to sell and assign the Royalty and its rights thereto under the Royalty Agreement to K2 and K2 wishes to purchase and accept such assignment in accordance with the terms and conditions of this Agreement; and
- D. K2 wishes to provide consideration to ExGen for the sale and assignment and ExGen wishes to accept the consideration for the sale and assignment in accordance with the terms and conditions of this Agreement.

**NOW THEREFORE THIS AGREEMENT WITNESSETH** that for and in consideration of the mutual promises made herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. **Definitions.** In addition to the capitalized words and phrases defined elsewhere in this Agreement, including the schedules hereto, for the purposes of this Agreement the following capitalized words and phrases when used herein have the following meanings:
  - (a) “**Agreement**” means this Royalty Purchase and Assignment Agreement, and all schedules hereto, as well as amendments made by written agreement between the Parties from time to time;
  - (b) “**Assignment**” has the meaning set out in Section 3 of this Agreement;
  - (c) “**Business Day**” means a day which is not a Saturday, Sunday or a day observed as a statutory holiday in the Province of British Columbia;

- (d) “**Closing**” has the meaning set out in Section 5 of this Agreement;
  - (e) “**Listing Transaction**” means: (i) the listing of the K2’s common shares on a recognized stock exchange in Canada or the United States; or (ii) the completion of a transaction (including a qualifying transaction, reverse takeover, reverse merger, amalgamation, merger, share exchange, plan of arrangement, business combination or similar transaction) between K2 and another company (or companies), partnership, trust or other entity which results in the shareholders of K2 receiving, in exchange for their securities of K2, securities of such other entity listed on a recognized stock exchange in Canada or the United States.
  - (f) “**Notice**” has the meaning set out in Section 12 of this Agreement;
  - (g) “**Parties**” means each of K2 and ExGen, and “**Party**” means any one of them, as applicable;
  - (h) “**Property**” has the meaning set out in the recitals of this Agreement;
  - (i) “**Royalty**” has the meaning set out in the recitals of this Agreement; and
  - (j) “**Royalty Agreement**” has the meaning set out in the recitals of this Agreement.
2. **Headings.** The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms “this Agreement”, “hereof”, “hereunder” and similar expressions refer to this Agreement and not to any particular Article, Section or other portion hereof and include any agreement supplemental hereto. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles and Sections are to Articles and Sections of this Agreement.
3. **Assignment.** Subject to the terms, conditions and provisions contained in this Agreement, ExGen hereby agrees to sell, assign and transfer to K2, and K2 hereby agrees to purchase and accept the assignment and transfer of, all of ExGen’s right, title, and interest in and to the Royalty under the Royalty Agreement (the “**Assignment**”), on Closing. For greater certainty, K2 will thereafter have the sole exclusive right to be paid the Royalty and all the rights associated therewith in accordance with the Royalty Agreement, other than as set forth herein. In connection with the sale, assignment and transfer of the Royalty, upon Closing (as hereinafter defined) K2 agrees to be bound by all of the terms and conditions of the Royalty Agreement as Royalty Holder under the Royalty Agreement and to assume all obligations of the Royalty Holder under the Royalty Agreement as though it were an original signatory thereto.
- For certainty, after the sale and assignment of the Royalty to K2, all payments due to ExGen as Royalty Holder under the Royalty Agreement will be due and payable to K2, including any and all payments made in connection with the repayment of shareholder loans made by ExGen to Konnex Resources, Inc. pursuant to Section 2.4 of the Royalty Agreement. To the extent that ExGen receives any such payments after Closing, ExGen will hold the proceeds of such payments in trust for K2 and will forward such proceeds to K2 within three business days of receipt thereof.
4. **Consideration for the Assignment.** As consideration for the Assignment, K2 will provide the following consideration to ExGen, which ExGen hereby confirms will constitute full payment for the Royalty:
- (a) K2 will pay ExGen a cash payment of C\$500,000 on the Closing date;

- (b) K2 will pay ExGen a cash payment of C\$500,000 on the earlier of: (i) within 10 days of K2's Listing Transaction; or (ii) 18 months from the Closing date of this Agreement;
  - (c) K2 will pay ExGen seven installments of C\$250,000 on the following quarterly schedule: a) C\$250,000 due on January 15, 2023; b) C\$250,000 due on April 15, 2023; c) C\$250,000 due on July 15, 2023; d) C\$250,000 due on October 15, 2023; e) C\$250,000 due on January 15, 2024; f) C\$250,000 due on April 15, 2024; g) C\$250,000 due on July 15, 2024. For a total of C\$1,750,000 in quarterly payments that K2 shall pay to ExGen.
  - (d) K2 will transfer to ExGen the Empire Residual Interest in the Empire Mine, on the Closing date;
5. **Closing.** The closing of the transactions contemplated in this Agreement (the "**Closing**") will occur within fifteen Business Days after ExGen has obtained TSX Venture Exchange approval for this Agreement and for the sale of the Royalty to K2.
6. **Covenants of ExGen.** ExGen covenants and agrees with K2 that prior to and following Closing, ExGen will:
- (a) do all such acts and things reasonably necessary to ensure that all of the representations and warranties of ExGen contained in this Agreement remain true and correct in all material respects and not do any such act or thing that would render any representation or warranty untrue or incorrect in any material respect; and
  - (b) execute any documents necessary to carry out the transactions contemplated hereby.
7. **Covenants of K2.** K2 covenants and agrees with ExGen that prior to and following Closing, K2 will:
- (a) do all such acts and things reasonably necessary to ensure that all of the representations and warranties of K2 contained in this Agreement remain true and correct in all material respects and not do any such act or thing that would render any representation or warranty untrue or incorrect in any material respect; and
  - (b) execute any documents necessary to carry out the transactions contemplated hereby.
8. **Representations of ExGen.** ExGen hereby represents and warrants that:
- (a) it is a company duly incorporated and validly subsisting and is in good standing under the laws of the jurisdiction of its incorporation;
  - (b) this Agreement constitutes a legal, valid and binding obligation of ExGen and is enforceable in accordance with its terms;
  - (c) it has the full power and absolute authority and capacity to enter into this Agreement and to carry out the transactions contemplated hereby;
  - (d) it has duly obtained all corporate authorizations for the execution, delivery and performance of this Agreement and such execution, delivery and performance and the consummation of the transactions herein contemplated will not conflict with, or accelerate the performance required by or result in any breach of any covenants or agreements

contained in or constitute a default under, or result in the creation of any encumbrance, lien or charge under the provisions of its constating documents or any shareholders' or directors' resolution, indenture, agreement or other instrument whatsoever to which it is a party or by which it is bound or to which it may be subject and will not contravene any applicable law;

- (e) it is the sole legal and beneficial owner of the Royalty and all rights and entitlements to the Royalty under the Royalty Agreement and no third party has any claim, right or entitlement to the Royalty; and
- (f) the Royalty Agreement is in good standing.

9. **Representations of K2.** K2 hereby represents and warrants that:

- (a) it is a company duly incorporated and validly subsisting and in good standing under the laws of the jurisdiction of its incorporation;
- (b) this Agreement constitutes a legal, valid and binding obligation of K2 and is enforceable in accordance with its terms;
- (c) it has full power and absolute authority and capacity to enter into this Agreement and to carry out the transactions contemplated hereby;
- (d) it has duly obtained all corporate authorizations for the execution, delivery and performance of this Agreement and such execution, delivery and performance and the consummation of the transactions herein contemplated will not conflict with, or accelerate the performance required by or result in any breach of any covenants or agreements contained in or constitute a default under, or result in the creation of any encumbrance, lien or charge under the provisions of its constating documents or any shareholders' or directors' resolution, indenture, agreement or other instrument whatsoever to which it is a party or by which it is bound or to which it may be subject and will not contravene any applicable law; and
- (e) it, or any entity or person that controls K2, is not bankrupt or insolvent, has not filed for protection or relief under any applicable bankruptcy or creditor protection statute and has not been threatened by creditors with an involuntary application of any applicable bankruptcy or creditor protection statute. K2 is not entering into this Agreement with the intent to defraud any creditor or to prefer the rights of one creditor over any other. The parties have negotiated this Agreement at arms-length.

10. **Releases.** ExGen hereby releases K2 from and against:

- (a) other than as set forth in this Agreement, including, without limitation, Section 4(c), any and all further obligations whatsoever owed to ExGen and their affiliates pursuant to the Royalty or Royalty Agreement; and
- (b) other than arising from or as a result of this Agreement, including, without limitation, Section 5(c), any and all actions, proceedings, calls, claims, demands, losses, damages, costs, expenses or liabilities of any kind whatsoever (including, without limitation, consequential losses, loss of profits, loss of opportunity and all interest, penalties and legal

and other professional costs and expenses) which ExGen may have, suffered or incurred in connection with the Royalty or the Royalty Agreement.

11. **TSXV Approval.** This agreement and the transactions contemplated herein will be subject to TSX Venture Exchange approval.
12. **Notices.** Notices, requests, demands and other communications under this Agreement (each, a “**Notice**”), required or permitted to be given under this Agreement will be in writing and delivered by email with receipt confirmed by the recipient, or by registered mail, courier or by hand, in each case addressed to the intended recipient at the address set out on the first page of this Agreement. Any Notice delivered by registered mail, courier or hand will be deemed to have been given on the day it was received. A Notice delivered by email is regarded as given and received at the time the email is sent. A Notice delivered by email will be sent to the Parties as set out below:
  - (a) **K2 RESOURCES INC.**

Attention: Jason Tong  
Email: [Redacted]

With a copy (which shall not constitute notice) to

MORTON LAW LLP  
Attention: Chris Lowe  
Email: [Redacted]
  - (b) **EXGEN RESOURCES, INC.**

Attention: Jason Riley  
Email: [Redacted]

With a copy (which shall not constitute notice) to

DLA Piper (Canada) LLP  
Attention: Derrick Auch  
Email: [Redacted]
13. **News Releases.** Except as otherwise required by law (including in order to comply with continuous disclosure or other requirements under securities laws), following the date hereof, the Parties may make reasonable disclosure of the completion and nature of the matters contemplated pursuant to this Agreement only with the prior consent of the other Party, such consent not to be unreasonably withheld or delayed.
14. **Currency.** Unless otherwise noted, all references to “C\$” or “dollars” are references to the lawful currency of Canada.
15. **Governing Law.** This Agreement and the rights and obligations and relations of the Parties will be governed and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein and the Parties agree that the courts of British Columbia will have sole jurisdiction to entertain any action or other legal proceedings based on any provisions of this Agreement, and the Parties agree to attorn to the jurisdiction of such courts.

16. **Fees and Costs.** Except as otherwise expressly provided herein, all costs and expenses, including fees and disbursements of counsel, financial advisors and accountants, incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the Party incurring such costs and expenses, whether or not the Closing shall have occurred.
17. **Entire Agreement.** This Agreement embodies the entire agreement and understanding among the Parties and supersedes all prior agreements and undertakings, whether oral or written, relative to the subject matter hereof.
18. **Time of the Essence.** Time will be of the essence of this Agreement.
19. **Further Assurances.** Each of the Parties hereto will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged or delivered all such further acts, deeds, documents, assignments, transfers, conveyances, powers of attorney and assurances as may be reasonably necessary or desirable to carry out the intent, purposes and terms of this Agreement.
20. **Enurement.** This Agreement will enure to the benefit of and be binding upon the Parties hereto and their respective successors and permitted assigns.
21. **Assignments.** Prior to Closing, this Agreement and the benefits, rights, duties and obligations of any Party hereunder may not be assigned by any Party, in whole or in part, without the prior written consent of the other Party. After Closing, K2 will have all the rights related to transfer and assignment of the Royalty and the Royalty Agreement that ExGen currently holds as Royalty Holder under the Royalty Agreement and nothing in this section will limit K2's right to transfer or assign its interest in the Royalty and the Royalty Agreement.
22. **Waiver.** No failure or delay on the Parties' part in exercising any power or right hereunder will operate as a waiver thereof. No waiver of any of the provisions of this Agreement shall constitute a waiver of any other provision, whether or not similar, nor shall any waiver be a continuing waiver. Except as expressly provided in this Agreement, no waiver shall be binding unless executed in writing by the party making the waiver. Either party may waive any provision of this Agreement intended for its benefit; provided, however, such waiver shall in no way excuse the other party from the performance of any of its other obligations under this Agreement.
23. **Amendments.** This Agreement may not be amended except by an instrument in writing signed by each of the Parties hereto.
24. **Severability.** Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity, illegality or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provisions of this Agreement or of such provisions or part thereof in any other jurisdiction.
25. **Survival.** Except as otherwise expressly provided herein, the Parties' representations and warranties, covenants and agreements shall not merge and shall survive the Closing indefinitely.
26. **Counterparts.** This Agreement may be executed by the Parties in any number of counterparts, including by way of email or other electronic means, and each of which will be deemed to be an original and all of which, collectively, will be deemed to be one and the same instrument.

*[Signature Page follows]*

**IN WITNESS WHEREOF** the Parties have executed this Agreement on the date first above written.

**K2 RESOURCES INC.**

Per: (signed) "Jason Tong"  
Authorized Signatory

Jason Tong, Director  
Print Name & Title

**EXGEN RESOURCES, INC.**

Per: (signed) "Jason Riley"  
Authorized Signatory

Jason Riley  
Print Name & Title

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**SCHEDULE A**

**ROYALTY AGREEMENT**

*[Attached]*

# NET SMELTER RETURN ROYALTY AGREEMENT

**THIS NET SMELTER RETURN ROYALTY AGREEMENT** (this "Agreement") is made as of the 5th day of April, 2021 ("Effective Date"), by and between:

**KONNEX RESOURCES, INC.** having an address at 313 W. Custer St., P.O. Box 329, Mackay, Idaho, 83251 (hereinafter referred to as "**Konnex**"); and

**PHOENIX COPPER LIMITED**, having an address at OMC Chambers, Wickhams Cay 1, Road Town, Tortola VG1110, BVI (hereinafter referred to as "**Phoenix**");

(Phoenix and Konnex separately and/or collectively referred to as the "**Payor**"); and

**EXGEN RESOURCES, INC.**, having an address at Suite 1240 – 1140 West Pender Street, Vancouver, BC V6E 4G1 (the "**Royalty Holder**").

## WHEREAS:

A. The Royalty Holder previously held 100% of the issued shares of Konnex, which holds a 100% beneficial and legal ownership interest in certain mineral leases comprising the Empire Mine property, as more particularly described in **Schedule "A"** hereto (the "**Property**");

B. The Parties entered into an option agreement dated July 15, 2015, a supplemental agreement dated November 9, 2016 and a second supplemental agreement dated April 21, 2017 (collectively, the "**Option Agreement**"), pursuant to which the Payor earned an 80% interest in and to the Property, subject to the reversion right pursuant to Clause 3 in the Supplemental Agreement dated November 9, 2016;

C. Pursuant to the Option Agreement, the Payor agreed to grant the Royalty Holder a 2.5% royalty on the proceeds from net smelter returns on the Property (the "**Royalty**") and to negotiate and settle the specific terms of the Royalty in an industry standard net smelter return agreement; and

D. The Parties wish to enter into this Agreement to formalize the grant of the Royalty to the Royalty Holder and the terms and procedures related to the payment of the Royalty by the Payor; and

E. The Parties further wish to memorialize their prior agreement that due to shareholder loans among the Parties the first \$657,702 in royalties otherwise due and payable by Payor to Royalty Holder as a Royalty shall not be due and payable and shall instead be paid to Royalty Holder as repayment of previously advanced loans.

**THIS AGREEMENT WITNESSES** that, in consideration of the mutual agreements set forth in this Agreement, and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Royalty Holder and the Payor (each, a "**Party**" and, together, the "**Parties**") hereby agree as follows:

(Initial)      (Initial)      (Initial)  
**Konnex**      **Phoenix**      **ExGen**

**ARTICLE 1**  
**DEFINITIONS; INTERPRETATION**

1.1 **Definitions.** As used in this Agreement, the following capitalized terms have the following meanings given:

(a) **"Adverse Consequences"** mean with respect to a Person, claims, actions, causes of action, damages, losses, liabilities, obligations, penalties, judgments, amounts paid in settlement, assessments, costs, disbursements and expenses (including reasonable attorneys' fees and costs, experts' fees and costs, and consultants' fees and costs) of any kind or nature against, suffered or incurred by the Person.

(b) **"Affiliate"** means with respect to a Person, any other Person that directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with, the subject Person. As used in this definition, the term "control" means (a) with respect to an entity, the ability, directly or indirectly through one or more intermediaries, to direct or cause the direction of the management and policies of the entity through the legal or beneficial ownership of voting securities or the right to appoint managers, directors or corporate management, or by contract, operating agreement, voting trust or otherwise, and (b) with respect to a natural person, the actual or legal ability to control the actions of another, through family relationship, agency, contract or otherwise.

(c) **"Annual Period"** means each calendar period of 365 days (or 366 days during a calendar period that includes February 29th) commencing on the Effective Date, as defined herein, and each subsequent anniversary of the Effective Date.

(d) **"Business Day"** means any day on which federally chartered banks are generally open for business in Idaho.

(e) **"Confidential Information"** means Data and other information that is applicable to the Property and that is developed or made available to a Party by the other Party under this Agreement.

(f) **"Data"** means (a) all records, information and data relating to title to the Property or environmental conditions at or pertaining to the Property, and (b) all maps, assays, surveys, technical reports, drill logs, samples, mine, mill, processing and smelter records, and metallurgical, geological, geophysical, geochemical, and engineering data, and interpretive reports derived therefrom, relating to the Property.

(g) **"Environmental Compliance"** means actions taken in connection with activities or operations on the Property to comply with the requirements of all Environmental Laws or contractual commitments related to reclamation of the Property or other compliance with Environmental Laws.

(h) **“Environmental Laws”** means Laws aimed at reclamation or restoration of the Property; abatement of pollution; protection of the environment; protection of wildlife, including endangered species; ensuring public safety from environmental hazards; protection of cultural or historic resources; management, storage or control of hazardous materials and substances; releases or threatened release of pollutants, contaminants, chemicals or industrial, toxic or hazardous substances as wastes into the environment, including ambient air, surface water and groundwater; and all other Laws relating to the manufacturing, processing, distribution, use, treatment, storage, disposal, handling or transport of pollutants, contaminants, chemicals or industrial, toxic or hazardous substances or wastes.

(i) **“Environmental Liabilities”** means any and all Adverse Consequences (including liabilities for studies, testing or investigatory costs, cleanup costs, response costs, removal costs, remediation costs, containment costs, restoration costs, corrective action costs, closure costs, reclamation costs, natural resource damages, property damages, business losses, personal injuries, penalties or fines) arising out of, based on or resulting from (a) the presence, release, threatened release, discharge or emission into the environment of any Hazardous Materials existing or arising on, beneath or above the Property or emanating, migrating or threatening to emanate or migrate from the Property to off-site Property, (b) physical disturbance of the environment, or (c) the violation or alleged violation of any Environmental Laws.

(j) **“Existing Data”** means all Data in Royalty Holder’s possession or reasonably available to Royalty Holder as of the Effective Date.

(k) **“Force Majeure Event”** means, with respect to Payor, any cause, condition, event or circumstance, whether foreseeable or unforeseeable, beyond its reasonable control, including the following to the extent beyond its reasonable control: (a) labor disputes (however arising and whether or not employee demands are reasonable or within Payor’s power to grant), (b) the inability to obtain on reasonably acceptable terms any governmental permit or authorization or private license, consent or other authorization, and any actions or inactions by any governmental authorities or private third parties that delay or prevent the issuance or granting of any permits or other authorization required to conduct exploration, development and related work beyond the reasonable expectations of Payor, including (i) the failure to complete any review and analysis required by the National Environmental Policy Act or any similar state law within twelve (12) months of initiation of that process, and (ii) an appeal of the issuance of a permit or authorization that revokes, suspends or curtails the right under the permit or authorization to conduct Operations, (c) changes in Law, and instructions, requests, judgments and orders of governmental authorities, (d) curtailments or suspensions of activities to remedy or avoid an actual or alleged, present or prospective violation of Environmental Laws, (e) acts of terrorism, acts of war, and conditions arising out of or attributable to terrorism or war, whether declared or undeclared, (f) riots, civil strife, insurrections and rebellions, (g) fires, explosions and acts of God, including earthquakes, storms, floods, sink holes, droughts and other adverse weather conditions, (h) delays and failures of suppliers to supply, or of transporters to deliver, materials, parts, supplies, services or equipment, (i) contractors’ or subcontractors’ shortage of, or inability to obtain, labor, transportation, materials, machinery, equipment, supplies, utilities or services, (j) accidents, (k) breakdowns of equipment, machinery or facilities, (l) actions by native rights groups, environmental groups, or other similar special interest groups, and (m) other causes, conditions,

events and circumstances, whether similar or dissimilar to the foregoing, beyond its reasonable control.

(l) **"Hazardous Materials"** means any substance: (a) the presence of which requires reporting, investigation, removal or remediation under any Environmental Law; (b) that is defined as a "hazardous waste," "hazardous substance," "extremely hazardous substance" or "pollutant" or "contaminant" under any Environmental Law; (c) that is toxic, explosive, corrosive, flammable, ignitable, infectious, radioactive, reactive, carcinogenic, mutagenic or otherwise hazardous and is regulated under any Environmental Law; (d) the presence of which on a property causes or threatens to cause a nuisance upon the property or to adjacent Property or poses or threatens to pose a hazard to the health or safety of natural persons on or about the property; (e) that contains gasoline, diesel fuel or other petroleum hydrocarbons; or (f) that contains PCBs, asbestos or urea formaldehyde foam insulation; in each case subject to exceptions provided in applicable Environmental Laws.

(m) **"Law"** means all applicable federal, state, local, municipal, tribal and foreign laws (statutory or common), rules, ordinances, regulations, grants, concessions, franchises, licenses, orders, directives, judgments, decrees, and other governmental restrictions, including permits and other similar requirements, whether legislative, municipal, administrative or judicial in nature.

(n) **"Payor Indemnified Parties"** means Payor and its Affiliates, and their respective directors, officers, employees and agents.

(o) **"Person"** means a natural person, corporation, joint venture, partnership, limited liability partnership, limited partnership, limited liability limited partnership, limited liability company, trust, estate, business trust, association, governmental authority or other entity.

(p) **"Minerals"** means all ores, minerals and mineral deposits or mineral substances of every kind or character located in, on or under the Property, excluding all geothermal resources, sand, gravel, shot rock, aggregate, clay and stone that can be crushed for construction purposes, limestone, anti-skid rock, peat, coal, lignite, oil, gas, other liquid or gaseous hydrocarbons, and all other substances occurring and producible naturally only as gases, liquids, or fluids from wells.

(q) **"Property"** means (i) the Property described in Schedule "A", together with all water and water rights, easements and rights-of-way, and other appurtenances attached to or associated with the Property, and (ii) all other interests in real property acquired hereafter as described at Article 8.

(r) **"Royalty Holder Indemnified Parties"** means Royalty Holder and its Affiliates, and their respective directors, officers, employees and agents.

**1.2 Interpretation.** In interpreting this Agreement, except as otherwise indicated in this Agreement or as the context may otherwise require, (a) the words "include," "includes," and "including" are deemed to be followed by "without limitation" whether or not they are in fact followed by those words or words of similar import, (b) the words "hereof," "herein," "hereunder,"

and comparable terms refer to the entirety of this Agreement, including the Appendix or Exhibits, and not to any particular Article, Section, or other subdivision of this Agreement or Appendix or Exhibit to this Agreement, (c) any pronoun shall include the corresponding masculine, feminine, and neuter forms, (d) the singular includes the plural and vice versa, (e) references to any agreement (including this Agreement) or other document are to the agreement or document as amended, modified, supplemented, and restated now or from time to time in the future, (f) references to any Law are to it as amended, modified, supplemented, and restated now or from time to time in the future, and to any corresponding provisions of successor Laws, (g) except as otherwise expressly provided in this Agreement, references to an "Article," "Section," "preamble," "recital," or another subdivision, or to the "Appendix" or an "Exhibit," are to an Article, Section, preamble, recital or subdivision of this Agreement, or to the "Appendix" or an "Exhibit" to this Agreement, (h) references to any Person include the Person's respective successors and permitted assigns, (i) references to "dollars" or "\$" shall mean the lawful currency of the United States of America, (j) references to a "day" or number of "days" (without the explicit qualification of "Business") refer to a calendar day or number of calendar days, (k) if interest is to be computed under this Agreement, it shall be computed on the basis of a 360-day year of twelve 30-day months, (l) if any action or notice is to be taken or given on or by a particular calendar day, and the calendar day is not a Business Day, then the action or notice may be taken or given on the next succeeding Business Day, and (m) any financial or accounting terms that are not otherwise defined herein shall have the meanings given under GAAP.

## ARTICLE 2 PRODUCTION ROYALTY

**2.1 Production Royalty.** Payor shall pay to Royalty Holder a production royalty (the "**Royalty**") of two and one-half percent (2.5%) of the Net Smelter Returns from the production (including any reprocessing of minerals), and sale of minerals from the Property as calculated according to Section 2.2 hereof.

**2.2 Net Smelter Return (NSR).** Is defined as the gross value of all Minerals, less the following costs, charges and expenses paid or incurred by Payor with respect to the refining and smelting of such Minerals:

(a) Charges for smelting and refining (including sampling, assaying and penalty charges), but not any charges or costs of agglomeration, beneficiation, crushing, extraction, milling, mining or other processing; and

(b) Actual costs of transportation (including freight, insurance, security, transaction taxes, handling, port, demurrage, delay and forwarding expenses incurred by reason of or in the course of such transportation) of ore, ore concentrates, or metal from the Property to the smelter or refinery, but not any charges or costs of transportation of Minerals or ores from any mine on the Property to an autoclave, concentrator, crusher, heap or other leach process, mill or plant which is not a smelter or refinery.

**2.3 Taxes, Fees and Expenses.** Each Party shall be solely responsible for the payment of all taxes applicable to it in connection with the net smelter returns received by each and shall pay its respective legal, accounting and other professional fees and expenses incurred by it in

(Initial)      (Initial)      (Initial)  
Konnex      Phoenix      EXGen

connection with the negotiation and settlement of this Agreement, the completion of the transactions contemplated hereby and the other matters pertaining hereto. Expenses of closing in the event Payor exercises its rights under Section 2.1(b) shall be equally divided between the parties.

**2.4 Credit to Royalty.** Notwithstanding anything herein to the contrary, there shall be no Royalty payment for the first \$657,702 in Royalty earned and calculated hereunder, which shall instead be withheld from Royalty payment and which shall be used by Payor to pay the outstanding shareholder loan advanced by Royalty Holder to Konnex.

**2.5 Payment Procedures.**

(a) *Accrual of Obligation.* Payor's obligation to pay the royalty shall accrue and become due and payable upon the receipt of sale proceeds from final sale of metals, dore metal, concentrates, ores or other Minerals or Minerals products or, if refined metals are produced, after the cost and charges in Section 2.2 (a) and Section 2.2 (b) have been tallied and settlement proceeds paid to the Payor.

(b) *Quarterly Calculations and Payments.* Net Smelter Returns royalties shall be determined on a calendar quarterly basis. Payor shall pay Royalty Holder each quarterly royalty payment within five (5) days after the end of each calendar quarter. Payor acknowledges that late payment by Payor to Royalty Holder of royalty payments will cause Royalty Holder to incur costs, the exact amount of which will be difficult to ascertain. Accordingly, if any amount due and payable by Payor is not received by Royalty Holder within ten (10) days after such amount is due, then Payor shall pay to Royalty Holder a late charge equal to ten percent (10%) of such overdue amount. Royalty Holder's acceptance of such late charge shall not constitute a waiver of Payor's default with respect to such overdue amount, nor prevent Royalty Holder from exercising any of Royalty Holder's other rights and remedies. If any amount payable by Payor remains delinquent for a period in excess of thirty (30) days, Payor shall pay to Royalty Holder, in addition to the late payment, interest from and after the due date at the statutory interest rate.

(c) *Payment.* Payment shall be made by bank wire transfer to the account of the Royalty Holder as set out in Schedule B hereto, or to such other account as the Royalty Holder may notify the Payor in writing from time to time.

**2.6 Statements.** At the time of payment of the royalty, Payor shall accompany such payment with a statement which shows in detail the quantities and grades of metals, dore metal, concentrates, ores or other Minerals or Minerals products sold and a summary of the amounts received resulting from such sales in the preceding quarter, and as applicable, costs and other deductions, and other pertinent information in detail to explain the calculation of the payment with respect to such quarter.

**2.7 Inventories and Stockpiles.** Payor shall include in all quarterly statements a description of the quantity and quality of any metals, dore metal, concentrates, ores or other Minerals or Minerals products that have been sold or are being smelted or refined and for which Payor has not yet received sale proceeds.

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**2.8 Audit.** Upon reasonable notice and at a reasonable time, the Royalty Holder shall have the right to audit and examine the Payor's accounts and records relating to the calculation of the Net Smelter Returns royalty payments. If such audit determines that there has been a deficiency or an excess in the payment made to Royalty Holder, such deficiency or excess shall be resolved by adjusting the next monthly royalty payment due Royalty Holder. Royalty Holder shall pay all costs of such audit unless a deficiency of three percent (3%) or more of the royalty payment due for the calendar month in question is determined to exist. All books and records used by Payor to calculate the royalty payments shall be kept in accordance with generally accepted accounting principles applicable to the mining industry.

**2.9 Sampling and Commingling.** Payor shall have the right to commingle Minerals and ores from the Property and materials from other properties, provided, that Payor first informs Royalty Holder, in writing, of Payor's intention to commingle and delivers to Royalty Holder a detailed written description of Payor's commingling plan. Royalty Holder shall have ninety (90) days during which to review and comment on Payor's proposed commingling plan. In any and all events, all Minerals and ores shall be measured and sampled by Payor in accordance with sound mining and metallurgical practices for metal and mineral content before commingling of any such Minerals or ores with materials from any other property. Representative samples of materials from the Property intended to be commingled shall be retained by Payor, and assays of these samples shall be made before commingling to determine the metal content of each ore. Accurate records shall be kept by Royalty Holder showing measurements, assays of metal content and gross metal content of the materials from the Property are commingled.

### **ARTICLE 3**

#### **REPRESENTATIONS AND WARRANTIES OF PAYOR**

**3.1 Representations and Warranties.** Payor represents and warrants to Royalty Holder as of the Effective Date as follows, and covenants that these representations and warranties will be true and correct throughout the term of this Agreement:

- (a) **Organization and Standing.** Payor is qualified to conduct business in Idaho.
- (b) **Power.** Payor has the requisite power and authority (i) to enter into this Agreement and all other agreements contemplated by this Agreement to be entered into by Payor, and (ii) to carry out and perform its obligations under this Agreement and all other agreements contemplated by this Agreement to be entered into by Payor.
- (c) **Authorization.** All requisite corporate action on the part of Payor, and its officers, directors, and shareholders, necessary for the execution, delivery, and performance of this Agreement and all other agreements contemplated by this Agreement to be entered into by Payor, have been taken. Assuming valid execution and delivery by Payor, this Agreement is, and when executed and delivered by Payor all other agreements contemplated by this Agreement to be entered into by Payor will be, legal, valid, and binding obligations of Payor enforceable against Payor in accordance with their respective terms. The execution, delivery and performance of this Agreement and all such other agreements by Payor will not violate any provision of Law; any order of any court or other agency of government; or any provision of any indenture, agreement or other instrument to which Payor is a party or by which its Property or assets are bound; or be in

conflict with, result in a breach of or constitute (with due notice and lapse of time) a default under any such indenture, agreement or other instrument. To the best of Payor's knowledge there is no Law, nor is there any judgment, decree or order of any court or governmental authority binding on Payor that would be contravened by the execution, delivery, performance, or enforcement by it of this Agreement or any other agreement contemplated by this Agreement to be entered into by Payor. Notwithstanding the foregoing, no representation is made as to (i) the remedy of specific performance or other equitable remedies for the enforcement of this Agreement or any other agreement contemplated hereby or (ii) rights to indemnity under this Agreement for securities law liability. Additionally, this representation is limited by applicable bankruptcy, insolvency, moratorium, and other similar laws affecting generally the rights and remedies of creditors and secured parties.

(d) Permits and Licenses. Payor has obtained all permits, licenses, approvals, authorizations and qualifications of all federal, state and local authorities required for it to carry on its operations at or on the Property. To the best of its knowledge, Payor is not in violation of and has no liability (other than liability for compliance with existing permits and laws, including but not limited to performance of reclamation) under any statute, rule or regulation of any governmental authority applicable to the Property.

(e) Title to the Property.

(i) Payor represents that, to the best of its knowledge, it is in exclusive possession of and has good and marketable title to the Property and that it has not pledged, conveyed or otherwise assigned (or agreed to pledge, convey or otherwise assign) any interest in the Property to any third party. With respect to each of the unpatented mining claims comprising the Property, Payor represents that, to the best of its knowledge, subject to the paramount title of the United States of America:

(A) the Claims were properly located and monumented on ground open to appropriation by mineral location;

(B) location notices and certificates were properly posted and recorded for each of the Claims;

(C) all filings and recordings required to maintain the Claims in good standing through the Effective Date, including evidence of proper performance of annual assessment work or payment of required claim maintenance fees, have been timely and properly made in the appropriate governmental offices;

(D) assessment work, performed reasonably and in good faith in accordance with accepted industry practice, which Payor believes was sufficient to satisfy the requirements for holding the Claims was performed through the assessment year ending August 31; and

(E) all required annual claim maintenance fees and other payments necessary to maintain the Claims through the assessment year ending August 31,

have been timely and properly made. Payor makes no representation or warranty as to the existence of a discovery of valuable minerals with respect to any of the Claims.

(ii) Payor represents and warrants that the Property is free and clear of all liens and encumbrances including any lease, right or license, except taxes not yet due and payable, arising by, through or under Payor and, to the best of its knowledge, any other third party.

(f) Environmental Compliance. To the best of Payor's knowledge, there is no condition or activity at the Property that constitutes a nuisance or which would result in a violation of or liability under any applicable Environmental Law. Payor has not received any notice of violation or any consent order issued under applicable federal, state or local laws, orders, regulations, directives or restrictions concerning protection of the environment and health and safety to which the Property or Payor's operations thereon are now subject or may become subject. There are no pending or, to the best of Payor's knowledge, threatened proceedings by or before any court or other governmental authority, arbitrator or arbitration panel with respect to operations on or the ownership of the Property alleged to be, or to have been, in violation of, or to be the basis of liability under, any Environmental Law, and Payor is not aware of any "release" (as defined in the U.S. Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended) of any Hazardous Materials at, from or affecting the Property.

(g) Material Contracts and Commitments. Payor has performed all material obligations required to be performed by it under any contracts and commitments affecting the Property to which it is a party, and is not in default, and will not be in default as a result of the consummation of the transactions contemplated by this Agreement, under any contract, agreement, commitment, mortgage, indenture, loan agreement, lease, license, or other instrument to which it is a party. True and correct copies of all such agreements and commitments, as amended, have been provided to Royalty Holder.

(h) Legality. To the best of its knowledge, Payor is not in material violation of any Law, including those relating to zoning, condemnation, mining, reclamation, environmental matters, equal employment, and federal, state, or local health and safety Laws, the lack of compliance with which could materially adversely affect the Property.

(i) Litigation and Claims. There are no actions, suits or proceedings pending or, to the best of Payor's knowledge, threatened against or affecting the Property, including any actions, suits, or proceedings being prosecuted by any federal, state or local department, commission, board, bureau, agency, or instrumentality. To the best of its knowledge, Payor is not subject to any order, writ, injunction, judgment or decree of any court or any federal, state or local department, commission, board, bureau, agency, or instrumentality that relates to the Property.

(j) Consents. To the best of its knowledge, Payor has obtained all consents, approvals, authorizations, declarations, or filings required by or under any federal, state, local, or other authority, stock exchange or any other third party whether by way of a contract with Payor or otherwise in connection with the valid execution, delivery, and performance by Payor of this Agreement and the consummation of the transactions contemplated by this Agreement.

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(k) Taxes. All federal, state and local excise, property and other taxes and assessments pertaining to or assessed against the Property have been timely and properly paid.

(l) Brokerage or Finder's Fee. All negotiations relative to this Agreement and the transactions contemplated by this Agreement have been carried on by Payor in such manner as not to give rise to any valid claim against Royalty Holder or any other third party for a brokerage commission, finder's fee, or other fee or commission arising by reason of the transactions contemplated by this Agreement.

(m) Representations. No statements, warranties, or representations made by Payor herein contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which such statements were or will be made, not misleading.

#### **ARTICLE 4**

### **REPRESENTATIONS AND WARRANTIES OF ROYALTY HOLDER**

**4.1 Representations and Warranties.** Royalty Holder represents and warrants to Payor as of the Effective Date as follows, and covenants that these representations and warranties will be true and correct throughout the term of this Agreement:

(a) Organization and Standing. Royalty Holder is qualified to conduct business in British Columbia, Canada.

(b) Power. Royalty Holder has the requisite corporate power and authority (i) to enter into this Agreement and all other agreements contemplated by this Agreement to be entered into by Royalty Holder, and (ii) to carry out and perform its obligations under this Agreement and all other agreements contemplated by this Agreement to be entered into by Royalty Holder.

(c) Brokerage or Finder's Fee. All negotiations relative to this Agreement and the transactions contemplated by this Agreement have been carried on by Royalty Holder in such manner as not to give rise to any valid claim against Payor or any other third party for a brokerage commission, finder's fee, or other fee or commission arising by reason of the transactions contemplated by this Agreement.

(d) Representations. No statements, warranties or representations made by Royalty Holder herein contain any untrue statement of material fact or omit to state a material fact necessary in order to make the statement made in light of the circumstances under which such statements were made or will be made, not misleading.

#### **ARTICLE 5**

### **NOTICES**

**5.1 Notices.** All notices given in connection with this Agreement shall be in writing to the applicable address below, and shall be given (i) by personal delivery or recognized international overnight courier, (ii) by electronic communication, with a confirmation of receipt

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requested to be sent back by electronic communication, or (iii) by registered or certified mail return receipt requested. All notices shall be effective and shall be deemed delivered (a) if by personal delivery or by overnight courier, on the date of delivery if delivered before 5:00 p.m. local destination time on a Business Day, otherwise on the next Business Day after delivery, (b) if by electronic communication on the Business Day after receipt of the electronic communication, and (c) if solely by mail, on the Business Day after actual receipt. A Party may change its address by notice to the other Party.

If to Payor:

Konnex Resources, Inc  
ATTN: Ryan McDermott  
313 W. Custer St.  
P.O. Box 329  
Mackay, Idaho, 83251  
Email: [Redacted]

Phoenix Copper Limited  
ATTN: Richard Wilkins  
8 Shepherd Market  
Suite 113  
London W1J 7JYI  
Email: [Redacted]

with a copy to:  
David P. Claiborne, Esq.  
Sawtooth Law Offices, PLLC  
P.O. Box 7985  
Boise, ID 83707  
Email: [Redacted]

If to Royalty Holder:

ExGen Resources, Inc.  
ATTN: Jason Riley  
Suite 1240 – 1140 West Pender Street  
Vancouver, BC V6E 4G1  
Email: [Redacted]

**ARTICLE 6**  
**INDEMNIFICATION**

**6.1 By Payor.** Payor shall defend, indemnify and hold harmless the Royalty Holder Indemnified Parties from and against any and all Adverse Consequences arising out of or related to (i) any breach by Payor of any representation, covenant or warranty of Payor in this Agreement, and (ii) any activities conducted on or in connection with the Property before the Effective Date,

and (iii) any activities conducted by or on behalf of Payor on or in connection with the Property after the Effective Date.

**6.2 By Royalty Holder.** Royalty Holder shall defend, indemnify and hold harmless the Payor Indemnified Parties from and against any and all Adverse Consequences arising out of or related to (i) any breach by Royalty Holder of any representation, covenant or warranty of Royalty Holder in this Agreement.

**6.3 Notification.** Any Party who has a claim giving rise to indemnification liability under this Agreement (an "**Indemnified Party**") that results from a claim by a third party or otherwise shall give prompt notice to the other Party (the "**Indemnifying Party**") of the claim, together with a reasonable description of the claim. Failure to provide such notice shall not relieve a Party of any of its indemnification obligations except to the extent the other Party is materially prejudiced by the failure. With respect to any claim by a third party against any Party to this Agreement that is subject to indemnification under this Agreement, the Indemnifying Party shall be afforded the opportunity, at its expense, to defend or settle the claim if it utilizes counsel reasonably satisfactory to the Indemnified Party, and promptly commences the defense of the claim and pursues the defense with diligence; *provided, however*, that the Indemnifying Party shall secure the consent of the Indemnified Party to any settlement, which consent shall not be unreasonably withheld. The Indemnified Party may participate in the defense of any claim at its expense, and until the Indemnifying Party has agreed to defend the claim, the Indemnified Party may file any motion, answer or other pleading or take such other action as it deems appropriate to protect its interests or those of the Indemnifying Party. If an Indemnifying Party does not elect to contest any third-party claim, the Indemnifying Party shall be bound by the results obtained by the Indemnified Party, including any settlement of the claim.

## **ARTICLE 7** **TERM AND TERMINATION**

**7.1 Term and Termination.** This Agreement is perpetual unless it is sooner terminated as a result of the exercise of the rights and options described in this Article 7.

**7.2 Termination by Breach.** In the event of a material default under this Agreement by one party, the non-breaching party shall give the breaching party written notice specifying the particular default or defaults asserted, and, in the case of a default the breaching party shall have 30 days after the receipt of the notice (or if the non-breaching party disputes the existence of the material default, 30 days after the entry by a final order by an arbitrator, as required by Section 7.3 hereof, finding such a default) within which either to cure, or to undertake diligent efforts to cure, the specified defaults. In the event of such a cure (or the commencement of diligent efforts to cure) by the non-breaching party, this Agreement shall continue in full force and effect as though no default had occurred. In the event such curative action is not so completed or diligent efforts to cure such defaults are not undertaken within the applicable 30-day period and thereafter diligently pursued to completion, the non-breaching party may elect to seek terminate of this Agreement through arbitration as required by Section 7.3. hereof.

**7.3 Mandatory Arbitration.** Any controversy or claim arising out of or relating to this Agreement, or the breach thereof, shall be settled and determined by mandatory and binding

arbitration administered by the American Arbitration Association in accordance with its Commercial Arbitration Rules, and judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. The arbitration shall be conducted before a panel of two (2) arbitrators, one selected by Payor and one selected by Royalty Holder. An arbitrator must be an attorney licensed to practice law in the State of Idaho. Arbitration hearings shall be conducted in Custer County, Idaho, but videoconference participation of parties and witnesses shall be permitted. The prevailing party in any arbitration proceeding, and subsequent proceedings to enforce the same, shall be entitled to an award of arbitrator's fees, attorney fees, expert witness fees, litigation/arbitration expenses, and items traditionally regarded as court costs, payable by the non-prevailing party. Any resultant award of money damages shall bear interest at the rate of 1.5% per month from the date of entry of the award.

**7.4 Effect of Termination.** Upon termination of this Agreement, all rights, duties and obligations of the parties cease and terminate, unless other terms hereof expressly provide that they survive termination.

## **ARTICLE 8** **AFTER-ACQUIRED INTERESTS; BINDING NATURE**

**8.1 After-Acquired Property.** This Agreement applies and extends to any further or additional right, title, interest or estate acquired by Payor before, on, or after the Effective Date in or to the Property or any part of the Property. If Payor acquires any such right, title, interest or estate, Payor will formally submit the same to Royalty Holder in an appropriate writing to the effect that the terms and conditions of this Agreement shall apply to and govern such interest, which shall become a portion of the Property for all intents and purposes under this Agreement. In addition, if any such right, title, interest or estate is acquired by Payor by way of a lease, that lease shall become a Lease for all intents and purposes under this Agreement (provided that Royalty Holder approves the terms and conditions of the lease in advance). Nothing in this section 8.1 shall limit the Area of Interest clause contained in Section 13 of the Option Agreement.

**8.2 Runs with the Land.** The Royalty comprises an interest in real property that runs with and forms part of the Property and shall bind the successors and assigns of the Payor. The Royalty shall attach to any amendments, relocations or conversions of any mining claims or leases comprising the Property, or to any renewals or extensions of leases. For certainty, the Royalty shall be applicable to the Property and all lands encompassed by any additional claims, concessions, tenures, licenses, leases, or any other property interests (the "Property Interests") that are added to the Property pursuant to the Area of Interest clause contained in Section 13 of the Option Agreement and become part of the "Claims" as defined in the Option Agreement. Any such Property Interests will be considered part of the Property as defined herein and subject to the Royalty contemplated in this Agreement.

## **ARTICLE 9** **MISCELLANEOUS**

**9.1 Confidentiality.**

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**Konnex**      **Phoenix**      **EJGen**

(a) Subject to Section 10.1(b), each Party shall keep confidential and not use, reveal, provide or transfer to any third party any Confidential Information without the prior written consent of the other Party, which consent shall not be unreasonably withheld or delayed, except (i) to the extent that disclosure to a third party is required by Law, (ii) information that, at the time of disclosure, is generally available to the public (other than as a result of a breach of this Agreement or any other confidentiality agreement to which such Person is a party or of which it has knowledge), as evidenced by generally available documents or publications, and (iii) information that was in the disclosing Party's possession before the Effective Date (as evidenced by appropriate written materials) and was not acquired directly or indirectly from the other Party.

(b) Notwithstanding Section 10.1(a), Confidential Information may be disclosed without consent to (i) a consultant, contractor, subcontractor, officer, director or employee of a Party or any of their respective Affiliates that has a bona fide need to be informed of the Confidential Information, (ii) any third party to whom the disclosing Party contemplates a permitted transfer of its interest in the Property or this Agreement, (iii) any actual or potential lender, underwriter or investor for the sole purpose of evaluating whether to make a loan to or an investment in the disclosing Party, or (iv) in connection with a press release or public announcement under Section 10.2.

(c) As to any disclosure under clause (i), (ii) or (iii) of Section 10.1(b), (i) the disclosing Party shall give notice to the other Party concurrently with the making of the disclosure, (ii) only such Confidential Information as the recipient has a legitimate business need to know shall be disclosed, (iii) the recipient shall first agree in writing to protect the Confidential Information from further disclosure to the same extent as the Party is obligated under this Section 10.1, and (iv) the disclosing Party shall be responsible and liable for any use or disclosure by any such recipient that would constitute an impermissible use or disclosure by the disclosing Party.

(d) A Party shall continue to be bound by this Section 10.1 until the date that is 2 years after the termination of this Agreement.

**9.2 Public Announcements.** Any Party may issue any press release or make any public disclosure concerning this Agreement or any Confidential Information that it believes in good faith is required by applicable Law or any listing or trading agreement concerning its publicly traded securities or the publicly traded securities of any of its Affiliates; *provided* that if a Party intends to issue such a press release or make such a disclosure, it shall use commercially reasonable efforts to advise the other Party before issuing the press release or making the disclosure. Except as provided in the previous sentence, no Party or any of its Affiliates shall issue any press release or make any public announcement relating to this Agreement or any Confidential Information without the prior written approval of the other Party.

**9.3 Headings.** The subject headings of the Articles, Sections and subsections of this Agreement and the Exhibits to this Agreement are included for purposes of convenience only, and shall not affect the construction or interpretation of any of their provisions.

**9.4 Waiver.** Except for waivers specifically provided for in this Agreement, rights under this Agreement may not be waived except by an instrument in writing signed by the Party to be charged with the waiver. The failure of a Party to insist on the strict performance of any

provision of this Agreement or to exercise any right, power or remedy upon a breach of this Agreement shall not constitute a waiver of any provision of this Agreement or limit the Party's rights thereafter to enforce any provision or exercise any right.

**9.5 Amendment.** No amendment, restatement, modification, or supplement of or to this Agreement shall be valid unless it is made in a writing duly executed by each Party, which writing specifically indicates that it is amending, restating, modifying or supplementing this Agreement.

**9.6 Severability.** If at any time any covenant or provision contained in this Agreement is deemed in a final ruling of a court or other body of competent jurisdiction to be invalid or unenforceable, such covenant or provision shall be considered divisible and shall be deemed immediately amended and reformed to include only such portion of such covenant or provision as such court or other body has held to be valid and enforceable. Such covenant or provision, as so amended and reformed, shall be valid and binding as though the invalid or unenforceable portion had not been included in this Agreement.

**9.7 Force Majeure.** The obligations of Payor, including the obligation of Payor to timely develop Net Smelter Returns and pay the Royalty, shall be suspended to the extent and for the period that performance is prevented in whole or in part by a Force Majeure Event. Payor shall promptly give notice to Royalty Holder of the Force Majeure Event and the suspension of performance, stating in the notice the nature of and the reasons for the Force Majeure Event and its estimated duration. Payor shall resume performance as soon as reasonably possible.

**9.8 Rules of Construction.** Each Party acknowledges that it has been represented by counsel during the negotiation, preparation and execution of this Agreement. Each such Party therefore waives the application of any Law or rule of construction providing that ambiguities in an agreement or other document shall be construed against the drafter of the agreement or document.

**9.9 Governing Law.** This Agreement, and the rights and liabilities of the Parties under this Agreement, shall be governed by and interpreted in accordance with applicable federal Laws and the Laws of the State of Idaho.

**9.10 Waiver of Jury Trial; Consent to Jurisdiction.** THE PARTIES HEREBY WAIVE ANY RIGHT TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING, WHETHER NOW EXISTING OR ARISING IN THE FUTURE, ARISING UNDER OR RELATING TO THIS AGREEMENT OR OPERATIONS ON THE PROPERTY, AND WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE. EACH PARTY AGREES THAT ANY OF THEM MAY FILE A COPY OF THIS SECTION 10.10 WITH ANY COURT AS WRITTEN EVIDENCE OF THE KNOWING, VOLUNTARY AND BARGAINED-FOR AGREEMENT IRREVOCABLY TO WAIVE A TRIAL BY JURY. Should any dispute not be resolved by binding arbitration as herein required, then each Party agrees and consents to be subject to the exclusive jurisdiction of the State courts located in the State of Idaho and their appellate courts in any action or proceeding seeking to enforce any provision of or based on any right arising under or relating to this Agreement.

**9.11 Further Assurances.** Each Party agrees to take from time to time such actions and execute such additional instruments as may be reasonably necessary or convenient to implement and carry out the intent and purpose of this Agreement.

**9.12 No Third Party Beneficiaries.** Except to the extent specifically provided in this Agreement with respect to the Payor Indemnified Parties and the Royalty Holder Indemnified Parties (who are express third party beneficiaries of this Agreement solely to the extent provided in this Agreement), this Agreement is for the sole benefit of the Parties, and no other Person (including any creditor of any Party), is intended to be a beneficiary of this Agreement or shall have any rights under this Agreement. No Person (including any third party beneficiary) other than a Party shall have the right to approve any amendment or modification of, or waiver under, this Agreement.

**9.13 Entire Agreement.** This Agreement contains the entire understanding of the Parties with respect to the subject matter of this Agreement, and supersedes all prior agreements, negotiations and understandings relating to the subject matter of this Agreement.

**9.14 Parties in Interest; Assignment.** This Agreement shall inure to the benefit of the permitted successors and permitted assigns of the Parties, and shall be binding upon the successors and assigns of the Parties (whether or not permitted). The rights, powers, privileges, and interests of a Party under this Agreement may be assigned, transferred, pledged or encumbered in whole or in part by either Party, without the prior written consent of the non-assigning Party, *provided, however,* that any Person to whom any rights, powers, privileges or interests under this Agreement are assigned shall agree in writing to be bound by all the terms and conditions of this Agreement.

**9.15 Other Business Opportunities.** This Agreement is, and the rights and obligations of the Parties are, strictly limited to the matters provided for in this Agreement. Subject to the provisions of Article 9 relating to after-acquired title, each Party shall have the free and unrestricted right to independently engage in and receive the full benefits of any and all business ventures of any sort whatever, whether or not competitive with the matters contemplated hereby, without consulting the other or inviting or allowing the other to participate therein. The doctrines of "corporate opportunity" or "business opportunity" shall not be applied to any other activity, venture, or operation of either Party, whether adjacent to, nearby, or removed from the Property, and neither Party shall have any obligation to the other with respect to any opportunity to acquire any interest in any property outside the Property at any time, or within the Property after termination of this Agreement, regardless of whether the incentive or opportunity of a Party to acquire any such property interest may be based, in whole or in part, upon information learned during the course of operations or activities under this Agreement.

**9.16 No Implied Covenants.** No implied term, covenant, condition or provision of any kind whatsoever shall affect any Party's rights and obligations under this Agreement, including rights and obligations with respect to exploration, development, mining, processing and marketing of minerals, and the only terms, covenants, conditions or provisions that shall in any way affect the Parties' respective rights and obligations shall be those expressly set forth in this Agreement.

**9.17 No Partnership.** Nothing contained in this Agreement shall be deemed to constitute either Party the partner of the other, nor, except as otherwise herein expressly provided,

to constitute either Party the agent or legal representative of the other, nor to create any fiduciary relationship between them. The Parties do not intend to create, nor shall this Agreement be construed to create, any mining, commercial, tax or other partnership. Neither Party shall have any authority to act for or to assume any obligation or responsibility on behalf of the other Party, except as otherwise expressly provided in this Agreement.

**9.18 Memorandum for Recording.** A Party may execute for recording purposes a written Short Form of this Agreement, suitable for recording in the State of Idaho, setting forth the basic terms and conditions of this Agreement as necessitated by Idaho Law.

**9.19 Counterparts.** This Agreement may be executed in multiple counterparts, and all such counterparts taken together shall constitute the same document.

**[Signatures on Next Page]**

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Konnex Phoenix ExGen

The Parties have executed this Agreement to be effective for all purposes as of the Effective Date.

**KONNEX RESOURCES, INC.**

Per: (signed) \_\_\_\_\_  
Authorized Signatory  
Ryan McDermott  
\_\_\_\_\_  
Name  
CEO  
\_\_\_\_\_  
Title

**EXGEN RESOURCES INC.**

Per: (signed) \_\_\_\_\_  
Authorized Signatory  
Jason Riley  
\_\_\_\_\_  
Name  
Chairman  
\_\_\_\_\_  
Title

**PHOENIX COPPER LIMITED**

Per: (signed) \_\_\_\_\_  
Authorized Signatory  
Ryan McDermott  
\_\_\_\_\_  
Name  
CEO  
\_\_\_\_\_  
Title

(Initial)      (Initial)      (Initial)  
Konnex      Phoenix      ExGen

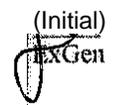
**SCHEDULE A**

**Phoenix Copper Limited Claims**

Claim Name	Claim Type	Case Type	County	Assessment/Property Tax Current
Hannibal	Patented	Lode	Custer	2021
Khedive	Patented	Lode	Custer	2021
Rio Vista	Patented	Lode	Custer	2021
Buena Vista	Patented	Lode	Custer	2021
Continental	Patented	Lode	Custer	2021
Occidental	Patented	Lode	Custer	2021
Wellington	Patented	Lode	Custer	2021
Sultan	Patented	Lode	Custer	2021
Sultana	Patented	Lode	Custer	2021
Pasha	Patented	Lode	Custer	2021
Eastern	Patented	Lode	Custer	2021
Remonitization	Patented	Lode	Custer	2021
Leslie W.	Patented	Lode	Custer	2021
Atlantic	Patented	Lode	Custer	2021
Pacific	Patented	Lode	Custer	2021
Western	Patented	Lode	Custer	2021
Copper Bullion	Patented	Lode	Custer	2021
Midwinter	Patented	Lode	Custer	2021
M.S. 1052	Patented	Lode	Custer	2021
Atlantic Millsite	Patented	Millsite	Custer	2021
Blue Jay	Patented	Lode	Custer	2021
Blue Jay 1	Patented	Lode	Custer	2021
Blue Jay 2	Patented	Lode	Custer	2021
Gem	Unpatented	Lode	Custer	2021
Antelope	Unpatented	Lode	Custer	2021
Cushing	Unpatented	Lode	Custer	2021
Hamilcar	Unpatented	Lode	Custer	2021
Farragut	Unpatented	Lode	Custer	2021
Evans	Unpatented	Lode	Custer	2021
Wainwright	Unpatented	Lode	Custer	2021
Washington	Unpatented	Lode	Custer	2021
Porter	Unpatented	Lode	Custer	2021
Mars	Unpatented	Lode	Custer	2021

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Decatur	Unpatented	Lode	Custer	2021
General Lawton	Unpatented	Lode	Custer	2021
Oriental	Unpatented	Lode	Custer	2021
Telephone	Unpatented	Lode	Custer	2021
White Knob	Unpatented	Lode	Custer	2021
Arctic	Unpatented	Lode	Custer	2021
Romulus	Unpatented	Lode	Custer	2021
Catherine	Unpatented	Lode	Custer	2021
Remus	Unpatented	Lode	Custer	2021
Stephen	Unpatented	Lode	Custer	2021
ML1	Unpatented	Lode	Custer	2021
ML3	Unpatented	Lode	Custer	2021
ML5	Unpatented	Lode	Custer	2021
ML7	Unpatented	Lode	Custer	2021
ML9	Unpatented	Lode	Custer	2021
ML11	Unpatented	Lode	Custer	2021
Pacific M.S.	Unpatented	Lode	Custer	2021
Granite 1	Unpatented	Lode	Custer	2021
Granite 2	Unpatented	Lode	Custer	2021
Granite 3	Unpatented	Lode	Custer	2021
Empire	Unpatented	Lode	Custer	2021
Eastern M.S.	Unpatented	Millsite	Custer	2021
Pasha M.S.	Unpatented	Millsite	Custer	2021
Sultana M.S.	Unpatented	Millsite	Custer	2021
Sultan M.S.	Unpatented	Millsite	Custer	2021
Oriental M.S.	Unpatented	Millsite	Custer	2021
HS-1 through HS-7	Unpatented	Lode	Custer	2021
HS-8 through HS-54	Unpatented	Lode	Custer	2021
WDC-1 through WDC-73	Unpatented	Lode	Custer	2021
NCC-1 through NCC-121	Unpatented	Lode	Custer	2021

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**SCHEDULE B**

<b>Wire Instructions:</b>		<b>Issuer's Contact and Delivery Instructions:</b>	
Bank:	Bank of Montreal	Address:	1240 – 1140 West Pender Street
Bank transit Number:	0004		Vancouver, BC V6E 4G1
SWIFT Code:	BOFMCAM2	Telephone:	778-809-1303
Account Number:	1846256	Email:	[Redacted]
Beneficiary Name:	ExGen Resources	Attention:	Jason Riley, Chairman/CEO
Inc.			

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Konnex

(Initial)

Phoenix

(Initial)

ExGen

**SCHEDULE B**

**EMPIRE MINE RESIDUAL INTEREST**

The operator of the Empire Mine property, Phoenix Copper Ltd., shall pay to the holder of the Empire Residual Interest the following payments:

(i) a cash payment of \$100,000 on completion of a NI 43-101 compliant Pre-Feasibility Study; and

(ii) on the date of filing a NI 43-101 compliant Feasibility Study, an additional cash payment of \$250,000 per each 100,000,000 lbs of copper reserves as determined by such NI 43-101 compliant Feasibility Study.