PURCHASE AND SALE AGREEMENT

This Agreement is made as of the 22nd day of July, 2022.

AMONG:

AZTEC MINERALS CORP., a company duly incorporated under the laws of the Province of British Columbia, having its head office at 810 – 625 Howe Street, Vancouver, BC V6C 2T6;

(the "**Parent**")

AND:

AZTEC MINERALS (MEXICO) CORP., a company duly incorporated under the laws of Canada, having its head office at 810 – 625 Howe Street, Vancouver, BC V6C 2T6;

(the "**Purchaser**")

AND:

KOOTENAY SILVER INC., a company continued into British Columbia pursuant to the British Columbia *Business Corporations Act* and having its head office at 1125 – 595 Howe Street, Vancouver, BC V6C 2T5;

(the "**Vendor**")

WHEREAS:

A. The Purchaser is a wholly-owned subsidiary of the Parent;

B. The Purchaser, the Vendor and Aztec Minerals (Mexico) JV Corp. (" **JV Corp.**") entered into a joint venture agreement (the "**JV Agreement**") dated December 16, 2020;

C. Pursuant to the JV Agreement, the total issued and outstanding shares of JV Corp. consists of 100,000 common shares ("**JV Shares**"), of which 35,000 JV Shares are held by the Vendor (the "**Purchased Shares**"), and the remaining 65,000 JV Shares are held by the Purchaser;

D. The Purchaser desires to purchase the Purchased Shares from the Vendor and the Vendor desires to sell the Purchased Shares to the Purchaser as of the Closing Date for their fair market value (the "**Purchase Price**") to be paid by issuing and delivering to the Vendor 10,000,000 common shares ("**Parent Shares**") in the capital of the Parent (the "**Consideration Shares**") and subject to the terms and conditions contained in this Agreement (the "**Transaction**");

E. It is the intention of the Vendor, the Purchaser and the Parent that the Purchase Price for the Purchased Shares shall be their fair market value as of the Closing Date, which the parties have determined to be C$2,500,000; and

F. Upon completion of the Transaction, JV Corp. will be a wholly owned subsidiary of the Parent.

THIS AGREEMENT WITNESSES THAT in consideration of the representations, warranties, covenants and agreements hereinafter set forth and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged) the Parties represent, warrant, covenant and agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions.

(a) "**Affiliate**" has the meaning set out in the *Business Corporations Act* (British Columbia);

(b) "**Agreement**" means this purchase and sale agreement, as amended, amended and restated or supplemented from time to time;

(c) "**Business Day**" means any day other than a Saturday, a Sunday or a day observed as a holiday in Vancouver, British Columbia under the laws of the Province of British Columbia or the federal laws of Canada applicable therein;

(d) "**Closing**" means the completion of the Transaction on the Closing Date at a time and location to be agreed to by the Parties in accordance with the terms of this Agreement;

(e) “**Closing Date**” means August 5, 2022 or such other date as the Parties may agree;

(f) “**Consideration Shares**” means the 10,000,000 Parent Shares to be issued by the Parent to the Vendor at Closing at the deemed price of $0.25 per Consideration Share;

(g) “**Encumbrances**” means any mortgage, charge, pledge, security interest, assignment, lien, hypothec, charge or other security agreement or arrangement, option, licence or licence fee, royalty, production payment, restrictive covenant or other encumbrance of any nature or any agreement to give or create any of the foregoing;

(h) “**Governmental Entity**” means any federal, provincial, state, regional, municipal, local or other government, governmental or public department, central bank or tribunal; subdivision, agent, commission, board, or authority of any of the foregoing; or quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing;

(i) “**JV Agreement**” has the meaning attributed to it in Recital B;

(j) “**JV Corp.**” means Aztec Minerals (Mexico) JV Corp.;

(k) “**JV Shares**” means the common shares in the authorized share capital of JV Corp.;

(l) “**Laws**” means any and all laws (statutory, common or otherwise), statutes, regulations, statutory rules, regulatory instruments, principles of law, orders, injunctions, judgments, published policies and guidelines (to the extent that they have the force of law), and terms and conditions of any grant of approval, permission, authority or license of any Governmental Entity, statutory body or self-regulatory authority, and the term “applicable” with respect to such Laws and in the context that refers to one or more Persons means that such Laws apply to such Person or Persons or its or their business, undertaking, property or securities and emanate from a Person having jurisdiction over the Person or Persons or its or their business, undertaking, property or securities;

(m) “**Outside Date**” means November 15, 2022 ;

(n) “**Parent Shares**” means the common shares in the authorized share capital of the Parent;

(o) “**Parent’s Public Record**” means collectively, all of the documents which have been filed by or on behalf of the Parent prior to the Closing Date with, or furnished by or on behalf of the Parent to the relevant securities regulatory authorities in Canada pursuant to the requirements of Securities Laws;

(p) “**Parties**” means, collectively, the Vendor, the Parent and the Purchaser and “**Party**” means any one of them;

(q) “**Person**” includes any individual, firm, partnership, joint venture, venture capital fund, association, trust, trustee, executor, administrator, legal personal representative, estate, group, body corporate, corporation, company, unincorporated association or organization, Governmental Entity, syndicate or other entity, whether or not having legal status;

(r) “**Purchase Price**” means $2,500,000, which shall be satisfied by the issuance of the Consideration Shares;

(s) “**Purchased Shares**” means the 35,000 JV Shares owned by the Vendor;

(t) “**Royalty Agreement**” means the royalty agreement to be entered into on the Closing Date between Minera Azteca Dorado S.A. de C.V. and the Vendor, in the form attached as Schedule A;

(u) “**Securities Laws**” means all applicable Canadian securities laws and the respective regulations made thereunder, together with applicable published fee schedules, prescribed forms, policy statements, notices, orders, blanket rulings and other regulatory instruments of the securities regulatory authorities in such provinces and all rules and policies of the TSX-V, as applicable;

(v) "**Transaction**" has the meaning attributed to it in Recital D; and

(w) "**TSX-V**" means the TSX Venture Exchange.

1.2 **Schedule "A"** – Form of Royalty Agreement is attached to and forms part of this Agreement.

1.3 **Interpretation Not Affected by Headings, etc.** The division of this Agreement into sections and other portions and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation hereof. Unless otherwise indicated, all references in this Agreement to a "Section" followed by a number and/or a letter refer to the specified section of this Agreement. Unless otherwise indicated, the terms "this Agreement", "hereof", "herein", "hereunder" and "hereby" and similar expressions refer to this Agreement, as amended or supplemented from time to time pursuant to the applicable provisions hereof, and not to any particular section or other portion hereof.

1.4 **Currency.** All sums of money referred to in this Agreement are expressed in lawful money of Canada unless otherwise stated.

1.5 **Number, etc.** Unless the context otherwise requires, words importing the singular shall include the plural and vice versa and words importing any gender shall include all genders.

1.6 **Date for Any Action.** In the event that any date on which any action is required to be taken hereunder by any of the Parties hereto is not a Business Day, such action shall be required to be taken on the next succeeding day which is a Business Day.

1.7 **Entire Agreement.** This Agreement constitutes the entire agreement between the Parties with respect to the Transaction and supersedes all other prior agreements, understandings, negotiations and discussions, whether oral or written, between the Parties with respect thereto. There are no representations, warranties, terms, conditions, undertakings or collateral agreements, express, implied or statutory, between the Parties with respect thereto except as expressly set forth in this Agreement.

1.8 **Construction.** In this Agreement, unless otherwise indicated:

(a) the words "include", "including" or "in particular", when following any general term or statement, shall not be construed as limiting the general term or statement to the specific items or matters set forth or to similar items or matters, but rather as permitting the general term or statement to refer to all other items or matters that could reasonably fall within the broadest possible scope of the general term or statement;

(b) a reference to a statute means that statute, as amended and in effect as of the date of this Agreement, and includes each and every regulation and rule made thereunder and in effect as of the date hereof; and

(c) where a word, term or phrase is defined, its derivatives or other grammatical forms have a corresponding meaning.

1.9 **Knowledge.** In this Agreement, the phrase "to the knowledge of" any Person, "to the best knowledge of" any Person, "known to" any Person, "of which it is aware" or any similar phrase means, unless otherwise indicated, (a) with respect to any Person who is an individual, the actual knowledge of such Person, and (b) with respect to any Person who is not an individual, the actual knowledge of the senior officers and directors of such Person and its Affiliates after reasonable enquiry, and to the extent that such reasonable enquiry was not conducted, includes the knowledge that a reasonable Person would have had if such reasonable enquiry had been conducted.

ARTICLE 2
PURCHASE & SALE

2.1 **<u>Purchase and Sale.</u>**

(a) Subject to the terms and conditions of this Agreement, the Vendor hereby agrees to sell, transfer and assign to the Purchaser all of the Vendor's right, title and interest in and to the Purchased Shares at Closing, free and clear of all Encumbrances.

(b) In consideration of the Purchased Shares and in satisfaction of the Purchase Price, the Parent, on behalf of the Purchaser, shall, on the Closing Date, issue from treasury the Consideration Shares to the Vendor.

(c) The Vendor acknowledges that the Consideration Shares shall be issued pursuant to a prospectus exemption under applicable Securities Laws and shall be subject to a four month, plus one day, statutory hold period.

(d) The Parent and the Purchaser shall be liable for and pay all of their respective sales taxes, registration charges and transfer fees payable upon and in connection with the sale and transfer of the Purchased Shares by the Vendor to the Purchaser. For greater certainty, the Vendor shall be responsible for any income, gain or other corporate taxes payable by the Vendor in connection with the sale of the Purchased Shares to the Purchaser.

2.2 **Resale Restrictions on Consideration Shares.** The Vendor consents to the application of a restrictive legend, on any certificates or documentation issued by the Purchaser to evidence the Consideration Shares, as may be required pursuant to applicable Securities Laws.

ARTICLE 3
REPRESENTATIONS AND WARRANTIES

3.1 **Vendor's Representations and Warranties.** To induce the Purchaser to enter into and complete the Transaction, and acknowledging and agreeing that the Purchaser has entered into this Agreement relying on the warranties and representations and other terms and conditions of this Agreement, the Vendor hereby represents and warrants, as representations and warranties that are true and correct as at the date of this Agreement and shall be true and correct on the Closing Date that:

(a) the Vendor:

(i) is a company duly organized, validly existing and in good standing under the laws of the Province of British Columbia; and

(ii) it has the full power, authority, right and capacity to dispose of the Purchased Shares, to execute and deliver this Agreement, to complete the Transaction and to duly observe and perform all of its covenants and obligations herein set forth;

(b) this Agreement has been duly and validly executed and delivered by the Vendor and constitutes a legal, valid and binding obligation of the Vendor, enforceable against the Vendor in accordance with its terms;

(c) neither the execution nor the delivery of this Agreement, or the other agreements and instruments contemplated hereby, nor the completion of the Transaction shall:

(i) constitute or result in the breach of or default under any terms, provisions or conditions of, or conflict with, violate or cause any, or give to any person, any right of, after the giving of a notice or lapse of time or otherwise, acceleration, termination or cancellation in or with respect to any of the following:

(A) any of its constating documents or any resolution of its directors or shareholders;

(B) any applicable Law; and

(C) any agreement, or other instrument or commitment to which it is a party or is subject, or

(ii) result in the creation of any Encumbrance on the Purchased Shares;

(d) except for TSX-V approval, no consent, approval, order, registration, notice, declaration or filing with, any Governmental Entity or other Person is required to be obtained by the Vendor in connection with the execution and delivery of this Agreement or any of the other agreements contemplated hereby, or the consummation by the Vendor of the transactions contemplated hereby or thereby;

(e) it is the sole legal and registered owner of all right, title and interest in the Purchased Shares, free and clear of any Encumbrances;

(f) apart from the Purchased Shares, neither the Vendor nor any of its Affiliates own or hold any other securities or other rights or interests whatsoever in or to JV Corp., however designated and whether voting or non-voting, warrants, options or other rights to acquire any of the foregoing and securities convertible into or exchangeable for any of the foregoing. No Person other than the Purchaser has, or has any right capable of becoming, any agreement, option, right or privilege for the purchase or other acquisition from the Vendor of any of the Purchased Shares. There are no restrictions of any kind on the transfer of the Purchased Shares except for those set out in JV Corp.'s constating documents or the JV Agreement. To the best of the knowledge of the Vendor, the Purchased Shares have been validly issued in compliance with applicable Law and are fully paid and non-assessable. There are no investigations, actions, suits or proceedings at Law or in equity or by or before any Governmental Entity now pending or, to the knowledge of the Vendor, threatened against or affecting the title of the Vendor to any of the Purchased Shares and, to the knowledge of the Vendor, there is no ground on which any such action, suit or proceeding might be commenced;

(g) no act or proceeding has been taken by or against it in connection with its dissolution, liquidation, winding up, bankruptcy or reorganization or for the appointment of a trustee, receiver, manager or other administrator of the Vendor or any of its properties or assets nor, to its knowledge, is any such act or proceeding threatened. It has not sought protection under the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada) or similar legislation;

(h) the Vendor is is an "accredited investor" within the meaning of that term in National Instrument 45-106 – *Prospectus Exemptions*; and

(i) the Vendor is not a non-resident of Canada within the meaning of the Tax Act.

3.2 **<u>Purchaser's Representations and Warranties.</u>** To induce the Vendor to enter into and complete the Transaction, and acknowledging and agreeing that the Vendor has entered into this Agreement relying on the warranties and representations and other terms and conditions of this Agreement, the Purchaser hereby represents and warrants, as representations and warranties that are true and correct as at the date of this Agreement and shall be true and correct on the Closing Date that:

(a) the Purchaser:

(i) is a company duly organized, validly existing and in good standing under the laws of Canada; and

(ii) has the full power, authority, right and capacity to acquire the Consideration Shares, to execute and deliver this Agreement, to complete the Transaction and to duly observe and perform all of its covenants and obligations herein set forth;

(b) this Agreement has been duly and validly executed and delivered by the Purchaser and constitutes a legal, valid and binding obligation of the Purchaser, enforceable against the Purchaser in accordance with its terms;

(c) neither the execution nor the delivery of this Agreement, or the other agreements and instruments contemplated hereby, nor the completion of the Transaction shall constitute or result in the breach of or default under any terms, provisions or conditions of, or conflict with, violate or cause any, or give to any person, any right of, after the giving of a notice or lapse of time or otherwise, acceleration, termination or cancellation in or with respect to any of the following:

(i) any constating documents of the Purchaser or any resolution of directors or shareholders of the Purchaser;

(ii) any agreement, or other instrument or commitment to which the Purchaser is a party or is subject; or

(iii) any applicable Law;

(d) no consent, approval, order, registration, notice, declaration or filing with, any Governmental Entity or other Person is required to be obtained by the Purchaser in connection with the execution and delivery of this Agreement or any of the other agreements contemplated hereby, or the consummation by the Purchaser of the transactions contemplated hereby or thereby; and

(e) the Purchaser is not a non-resident of Canada within the meaning of the Tax Act.

3.3 **<u>Parent's Representations and Warranties.</u>** To induce the Vendor to enter into and complete the Transaction, and acknowledging and agreeing that the Vendor has entered into this Agreement relying on the warranties and representations and other terms and conditions of this Agreement, the Parent hereby represents and warrants, as representations and warranties that are true and correct as at the date of this Agreement and shall be true and correct on the Closing Date that:

(a) the Parent is a company duly organized, validly existing and in good standing under the laws of British Columbia and has the full power, authority, right and capacity to execute and deliver this Agreement, to complete the Transaction and to duly observe and perform all of its covenants and obligations herein set forth;

(b) this Agreement has been duly and validly executed and delivered by the Parent and constitutes a legal, valid and binding obligation of the Parent, enforceable against the Parent in accordance with its terms;

(c) neither the execution nor the delivery of this Agreement, or the other agreements and instruments contemplated hereby, nor the completion of the Transaction shall constitute or result in the breach of or default under any terms, provisions or conditions of, or conflict with, violate or cause any, or give to any person, any right of, after the giving of a notice or lapse of time or otherwise, acceleration, termination or cancellation in or with respect to any of the following:

(i) any constating documents of the Parent or any resolution of directors or shareholders of the Parent;

(ii) any agreement, or other instrument or commitment to which the Parent is a party or is subject; or

(iii) any applicable Law;

(d) except for TSX-V approval, no consent, approval, order, registration, notice, declaration or filing with, any Governmental Entity or other Person is required to be obtained by the Parent in connection with the execution and delivery of this Agreement or any of the other agreements contemplated hereby, or the consummation by the Parent of the transactions contemplated hereby or thereby;

(e) the authorized capital of the Parent consists of an unlimited number of Parent Shares of which, as of the date hereof, there are 80,149,594 Parent Shares are issued and outstanding;

(f) the Parent is a reporting issuer (within the meaning of Securities Laws) in good standing in the each of Ontario, British Columbia and Alberta, is not on the list of defaulting issuers as maintained by the securities commissions in such provinces for a default of any requirement of any Securities Laws, and no order ceasing or suspending trading in the securities of the Parent or prohibiting the sale of the Parent Shares has been issued by any regulatory authority and is continuing in effect and no proceedings for that purpose have been instituted or are pending or, to the knowledge of the Parent, contemplated or threatened by any regulatory authority;

(g) the Parent Shares are listed and posted for trading on the TSX-V. The Parent has not taken any action which would be reasonably expected to result in the delisting or suspension of the Parent Shares on or from the TSX-V and the Parent is in compliance in all material respects with the rules and regulations of the TSX-V;

(h) the Consideration Shares to be issued to the Vendor pursuant to this Agreement shall, when issued and delivered, be duly and validly issued by the Parent on the date of their issue as fully paid and non-assessable shares and shall not be issued in violation of the terms of any agreement or other understanding at the time that such shares are issued and shall be issued in compliance with the constating documents of the Parent and all applicable Laws;

(i) the Parent is not subject to any cease trade or other order of any Governmental Entity, and, to the knowledge of the Parent, no inquiry, review or investigation (formal or informal) or other proceedings involving the Parent that may operate to prevent or restrict trading of any securities of the Parent are currently in progress or pending before any Governmental Entity;

(j) the information and statements set forth in the Parent's Public Record were, as of the date thereof, in compliance in all material respects with the Securities Laws and did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. There is no material fact known to the Parent which the Parent has not publicly disclosed which materially adversely affects the assets, liabilities (contingent or otherwise), affairs, business, prospects, operations or condition (financial or otherwise) of the Parent or the ability of the Parent to perform its obligations under this Agreement. The Parent has not filed any confidential material change reports with any securities regulatory authority that are still maintained on a confidential basis;

(k) since December 31, 2021, except as disclosed in the Parent's Public Record there has not been any material change in the assets, liabilities, obligations (absolute, accrued, contingent or otherwise), business, condition (financial or otherwise) or results of operations of the Parent;

(l) no act or proceeding has been taken by or against the Parent in connection with the dissolution, liquidation, winding up, bankruptcy or reorganization of the Parent or for the appointment of a trustee, receiver, manager or other administrator of the Parent or any of its respective properties or assets nor, to the knowledge of the Parent, is any such act or proceeding threatened. The Parent has not sought protection under the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada) or similar legislation; and

(m) the Parent is not a non-resident of Canada within the meaning of the Tax Act.

3.4 **Survival of Representations and Warranties.** The representations and warranties of each of the Vendor, the Purchaser and the Parent contained in Sections 3.1, 3.2 and 3.3 of this Agreement respectively shall survive the execution and delivery of this Agreement and shall continue in full force and effect until the date which is one year from the Closing Date. If notice for any claim for indemnity hereunder in respect of any breach of the representations and warranties contained in this Agreement has not been made hereunder prior to expiry of the applicable survival period specified in this Section 3.4, then no Party shall have any further liability hereunder with respect to any such representation or warranty.

ARTICLE 4
COVENANTS

4.1 **Closing Covenants of the Vendor.** The Vendor covenants and agrees with the Purchaser and the Parent that from the date hereof until the earlier of: (a) the Closing Date; and (b) the date of termination of this Agreement, as applicable, it shall:

(a) not sell or dispose of or transfer possession of all or any portion of the Purchased Shares, or any interest therein;

(b) promptly advise the Purchaser orally and, if then requested, in writing, with the full particulars of any:

(i) event occurring subsequent to the date of this Agreement that would render any representation or warranty of the Vendor contained in this Agreement (except any such representation or warranty which speaks as of a date prior to the date of this Agreement), if made on or as of the date of such event or the Closing Date, untrue or inaccurate in any material respect; and

(ii) breach by the Vendor of any covenant or agreement contained in this Agreement;

(c) perform all obligations required to be performed by it under this Agreement and shall do all such other acts and things as may be necessary in order to consummate and make effective, as soon as reasonably practicable, the transactions contemplated in this Agreement and without limiting the generality of the foregoing, the Vendor shall:

(i) use commercially reasonable efforts to obtain any consents as may be required in order to complete the Transaction;

(ii) defend all lawsuits or other legal, regulatory or other proceedings challenging or affecting this Agreement or the consummation of the transactions contemplated hereby; and

(iii) use commercially reasonable efforts to have lifted or rescinded any injunction or restraining order or other order relating to it which may adversely affect the ability of the Parties to consummate the transactions contemplated hereby; and

(d) use commercially reasonable efforts to satisfy all conditions precedent set forth in Section 5.1 and Section 5.4 of this Agreement.

4.2 **<u>Closing Covenants of the Purchaser.</u>** The Purchaser covenants and agrees with the Vendor that from the date hereof until the earlier of: (a) the Closing Date; and (b) the date of termination of this Agreement, as applicable, it shall:

(a) promptly advise the Vendor orally and, if then requested, in writing, with the full particulars of any:

(i) event occurring subsequent to the date of this Agreement that would render any representation or warranty of the Purchaser contained in this Agreement (except any such representation or warranty which speaks as of a date prior to the date of this Agreement), if made on or as of the date of such event or the Closing Date, untrue or inaccurate in any material respect; and

(ii) breach by the Purchaser of any covenant or agreement contained in this Agreement;

(b) perform all obligations required to be performed by it under this Agreement and shall do all such other acts and things as may be necessary in order to consummate and make effective, as soon as reasonably practicable, the transactions contemplated in this Agreement and without limiting the generality of the foregoing, the Purchaser shall:

(i) use commercially reasonable efforts to obtain any consents as may be required in order to complete the Transaction;

(ii) defend all lawsuits or other legal, regulatory or other proceedings challenging or affecting this Agreement or the consummation of the transactions contemplated hereby; and

(iii) use commercially reasonable efforts to have lifted or rescinded any injunction or restraining order or other order relating to it which may adversely affect the ability of the Parties to consummate the transactions contemplated hereby; and

(c) use commercially reasonable efforts to satisfy all conditions precedent set forth in Section 5.1 and Section 5.2 of this Agreement.

4.3 **<u>Closing Covenants of the Parent.</u>** The Parent covenants and agrees with the Vendor that from the date hereof until the earlier of: (a) the Closing Date; and (b) the date of termination of this Agreement, as applicable, it shall:

(a) promptly advise the Vendor orally and, if then requested, in writing, with the full particulars of any:

(i) event occurring subsequent to the date of this Agreement that would render any representation or warranty of the Parent contained in this Agreement (except any such representation or warranty which speaks as of a date prior to the date of this Agreement), if made on or as of the date of such event or the Closing Date, untrue or inaccurate in any material respect; and

(ii) breach by the Parent of any covenant or agreement contained in this Agreement;

(b) perform all obligations required to be performed by it under this Agreement and shall do all such other acts and things as may be necessary in order to consummate and make effective, as soon as reasonably practicable, the transactions contemplated in this Agreement and without limiting the generality of the foregoing, the Parent shall:

(i) use commercially reasonable efforts to obtain any consents as may be required in order to complete the Transaction;

(ii) defend all lawsuits or other legal, regulatory or other proceedings challenging or affecting this Agreement or the consummation of the transactions contemplated hereby; and

(iii) use commercially reasonable efforts to have lifted or rescinded any injunction or restraining order or other order relating to it which may adversely affect the ability of the Parties to consummate the transactions contemplated hereby; and

(c) use commercially reasonable efforts to satisfy all conditions precedent set forth in Section 5.1 and Section 5.3 of this Agreement.

4.4 **<u>Voting of Parent Shares.</u>** The Vendor covenants and agrees with the Parent that at any time, from time to time during the period of 3 years from Closing and any time thereafter when the Vendor together with any of its Affiliates to holds five percent (5%) or more of the issued and outstanding Parent Shares (calculated on an undiluted basis), the Vendor shall vote, or cause to be voted, all Parent Shares owned by the Vendor or any of its Affiliates, or over which the Vendor or any of its Affiliates has voting control in accordance with the recommendations of management of the Parent, as detailed in any management information circular of the Parent prepared and delivered in accordance with a duly called shareholders' meeting of the Parent.

4.5 **Orderly Sale.** The Vendor covenants and agrees (and agrees to cause any subsequent transferees by way of a transfer to an Affiliate) that the Vendor will use reasonable commercial efforts to effect any transfer of Parent Shares in an orderly manner of disposition that does not disrupt the market for the shares of the Parent. In furtherance of the foregoing, the Vendor agrees that Vendor shall not sell more than the greater of 100,000 Parent Shares and 10% of the daily volume of trading in Parent Shares on any day, except with prior written consent from Parent. From and after the date that the Vendor holds less than 400,000 Parent Shares (including Parent Shares currently held or subsequently acquired by the Vendor or its Affiliates), this Section 4.5 shall no longer have any force or effect.

4.6 **Standstill.** The Vendor covenants and agrees that, for a period of two years from the date of this Agreement, neither it nor any of its Affiliates will, without the prior written consent of the Parent, which consent may be withheld at the sole discretion of the Parent:

(a) acquire, offer or propose to acquire, or agree or seek to acquire, directly or indirectly, by purchase or otherwise, any securities or direct or indirect rights or options to acquire any securities of any of:

(i) the Parent;

(ii) any subsidiary of the Parent; or

(iii) any successor to, or person in control of, any of the foregoing,

(collectively, the "**Standstill Parties**"), or any assets of any Standstill Party;

(b) enter into or agree, offer, propose or seek to enter into, or otherwise be involved in or part of, directly or indirectly, any acquisition transaction, merger or other business combination relating to all or part of any Standstill Party or any acquisition transaction for all or part of the assets of any Standstill Party;

(c) make, or in any way participate in, directly or indirectly, any solicitation of proxies or consents to vote, or seek to advise or influence any person or entity with respect to the voting of, or the giving of consents with respect to, any voting securities of any Standstill Party;

(d) form, join or in any way participate in a group with respect to any voting securities of any Standstill Party;

(e) seek, propose or otherwise act alone or in concert with others, to influence or control the management, board of directors or policies of any Standstill Party;

(f) directly or indirectly enter into any discussions, negotiations, arrangements or understandings with any other person with respect to any of the foregoing activities or propose any of such activities to any other person;

(g) advise, assist, encourage, act as a financing source for or otherwise invest in any other person in connection with any of the foregoing activities; or

(h) disclose any intention, plan or arrangement inconsistent with the foregoing.

The Vendor also agrees that, during the two year period referred to above, neither it nor any of its Affiliates will take any initiative which could require the Parent to make a public announcement regarding: (i) such initiative; (ii) any of the activities referred to in (a) to (h) above; or (iii) the possibility of the Vendor or any other person acquiring control of the Parent, whether by means of a business combination or otherwise.

4.7 **Grant of Royalty.** The Purchaser covenants and agrees that at Closing to cause JV. Corp to cause Minera Azteca Dorada S.A. de C.V. to enter into a royalty agreement in the form attached as Schedule A hereto (the

"**Royalty Agreement**") whereby Minera Azteca Dorado S.A. de C.V. shall grant a 0.5% net smelter return royalty to the Vendor pursuant to the terms and conditions set forth in the Royalty Agreement.

ARTICLE 5
CONDITIONS

5.1 **Mutual Conditions Precedent.** The respective obligations of the Parties to complete the Transaction shall be subject to the satisfaction, on or before the Closing Date, of the following conditions precedent, each of which may only be waived by the mutual consent of the Parties:

(a) there shall not be in force any order or decree restraining or enjoining the consummation of the Transaction and there shall be no proceeding, of a judicial or administrative nature or otherwise, in progress or threatened that relates to or results from the transactions contemplated by this Agreement that would, if successful, result in an order or ruling that would preclude completion of the Transaction in accordance with the material terms hereof;

(b) the TSX-V shall have conditionally approved this Agreement (for both Parent and Vendor) the listing thereon, subject to customary conditions, of the Consideration Shares to be issued on the Closing Date;

(c) this Agreement shall not have been terminated pursuant to Section 7.2; and

(d) all other consents, waivers, permits, orders and approvals of any Governmental Entity, and the expiry of any waiting periods, in connection with, or required to permit the consummation of the Transaction herein shall have been obtained.

5.2 **Purchaser's Conditions Precedent.** The obligations of the Purchaser to complete the Transaction shall also be subject to the satisfaction, on or before the Closing Date, of each of the following conditions precedent (each of which is for the exclusive benefit of the Purchaser and may be waived by the Purchaser):

(a) all covenants and agreements of the Vendor under this Agreement to be performed or observed on or before the Closing Date shall have been performed and observed by the Vendor in all material respects and the Purchaser shall have received a certificate of the Vendor addressed to the Purchaser and dated the Closing Date, signed on behalf of the Vendor by a director or senior executive officer of the Vendor, confirming the same as at the Closing Date;

(b) the representations and warranties of the Vendor set forth in this Agreement shall be true and correct in all material respects as of the date of this Agreement and as of the Closing Date as if made on and as of such date (except to the extent such representations and warranties speak as of a specified date which is earlier than the date of this Agreement, in which event such representations and warranties shall be true and correct in all respects as of such earlier specified date, or except as affected by transactions contemplated or permitted by this Agreement or otherwise consented to by the Purchaser) and the Purchaser shall have received a certificate of the Vendor addressed to the Purchaser and dated the Closing Date, signed on behalf of the Vendor by a director or senior executive officer of the Vendor, confirming the same as at the Closing Date;

(c) the board of directors of the Vendor shall have adopted all necessary resolutions, and all other necessary corporate action shall have been taken by the Vendor to permit the consummation of the Transaction; and

(d) there shall not be pending or threatened any suit, action or proceeding by any Governmental Entity, in each case that has a reasonable likelihood of success:

(i) seeking to restrain or prohibit the consummation of the Transaction; or

(ii) seeking to impose any material limitation on the ability of the Purchaser to acquire the Purchased Shares.

The Purchaser may not rely on the failure to satisfy any of the above conditions precedent as a basis for non-compliance by it with its obligations under this Agreement if the condition precedent would have been satisfied but for a material default by the Purchaser in complying with its obligations hereunder.

5.3 **<u>Parent's Conditions Precedent.</u>** The obligations of the Parent to complete the Transaction shall also be subject to the satisfaction, on or before the Closing Date, of each of the following conditions precedent (each of which is for the exclusive benefit of the Parent and may be waived by the Parent):

(a) all covenants and agreements of the Vendor under this Agreement to be performed or observed on or before the Closing Date shall have been performed and observed by the Vendor in all material respects and the Parent shall have received a certificate of the Vendor addressed to the Parent and dated the Closing Date, signed on behalf of the Vendor by a director or senior executive officer of the Vendor, confirming the same as at the Closing Date;

(b) the representations and warranties of the Vendor set forth in this Agreement shall be true and correct in all material respects as of the date of this Agreement and as of the Closing Date as if made on and as of such date (except to the extent such representations and warranties speak as of a specified date which is earlier than the date of this Agreement, in which event such representations and warranties shall be true and correct in all respects as of such earlier specified date, or except as affected by transactions contemplated or permitted by this Agreement or otherwise consented to by the Parent) and the Parent shall have received a certificate of the Vendor addressed to the Parent and dated the Closing Date, signed on behalf of the Vendor by a director or senior executive officer of the Vendor, confirming the same as at the Closing Date;

(c) the board of directors of the Vendor shall have adopted all necessary resolutions, and all other necessary corporate action shall have been taken by the Vendor to permit the consummation of the Transaction; and

(d) there shall not be pending or threatened any suit, action or proceeding by any Governmental Entity, in each case that has a reasonable likelihood of success:

(i) seeking to restrain or prohibit the consummation of the Transaction; or

(ii) seeking to impose any material limitation on the ability of the Parent to acquire or hold the Purchased Shares.

The Parent may not rely on the failure to satisfy any of the above conditions precedent as a basis for non-compliance by it with its obligations under this Agreement if the condition precedent would have been satisfied but for a material default by the Parent in complying with its obligations hereunder.

5.4 **<u>Vendor's Conditions Precedent.</u>** The obligations of the Vendor to complete the Transaction shall also be subject to the satisfaction, on or before the Closing Date, of each of the following conditions precedent (each of which is for the exclusive benefit of the Vendor and may be waived by the Vendor):

(a) all covenants and agreements of the Purchaser and the Parent under this Agreement to be performed or observed on or before the Closing Date shall have been performed and observed by the Purchaser and the Parent, as applicable, in all material respects and the Vendor shall have received certificates of each of the Purchaser and the Parent, addressed to the Vendor and dated the Closing Date, signed on behalf of the Purchaser and the Parent, as applicable, by a director or senior executive officer of the Purchaser and the Parent, as applicable, confirming the same as at the Closing Date;

(b) the representations and warranties of the Purchaser and the Parent set forth in this Agreement shall be true and correct in all material respects as of the date of this Agreement and as of the Closing Date as if made on and as of such date (except to the extent such representations and warranties speak as of a specified date which is earlier than the date of this Agreement, in which event such representations and warranties shall be true and correct in all material respects as of such earlier specified date, or except as affected by transactions contemplated or permitted by this Agreement or otherwise consented to by the Vendor) and the Vendor shall have received certificates of the Purchaser and the Parent addressed to the Vendor and dated the Closing Date, signed on behalf of the Purchaser and the Parent, as applicable, by a director or senior executive officer of the Purchaser and the Parent, as applicable, confirming the same as at the Closing Date;

(c) between the date hereof and the Closing Date, there shall not have occurred, in the judgment of the Vendor, acting reasonably, a Parent Material Adverse Change;

(d) the board of directors of the Parent and the Purchaser shall have adopted all necessary resolutions, and all other necessary corporate action shall have been taken by the Parent to permit the consummation of the Transaction and the issue of the Consideration Shares; and

(e) there shall not be pending or threatened any suit, action or proceeding by any Governmental Entity, in each case that has a reasonable likelihood of success seeking to restrain or prohibit the consummation of the Transaction.

The Vendor may not rely on the failure to satisfy any of the above conditions precedent as a basis for non-compliance by the Vendor with its obligations under this Agreement if the condition precedent would have been satisfied but for a material default by the Vendor in complying with its obligations hereunder.

5.5 **Notice and Cure Provisions.** Each Party shall give prompt notice to the other of the occurrence, or failure to occur, at any time from the date hereof until the Closing Date, of any event or state of facts which occurrence or failure would, or would be reasonably likely to:

(a) cause any of the representations or warranties of such Party contained herein to be untrue or inaccurate in any material respect between the date hereof and the Closing Date;

(b) result in the failure to comply with or satisfy any covenant or agreement to be complied with or satisfied by such Party hereunder prior to the Closing Date; or

(c) result in the failure to satisfy any of the conditions precedent in favour of the other Party hereto contained in Sections 5.1, 5.2 or 5.3 as the case may be.

A Party may not exercise any termination right arising under this Agreement unless such Party has delivered a written notice to the other Party specifying in reasonable detail all breaches of covenants, representations and warranties or other matters which the Party delivering such notice is asserting as the basis for the exercise of the termination right. If any such notice is delivered and the Party receiving such notice is proceeding diligently to cure such matter, if such matter is susceptible to being cured, the Party delivering such notice may not terminate this Agreement until the earlier of the Outside Date and the expiration of a period of ten (10) Business Days from the date such notice was delivered to the other Party.

ARTICLE 6
DELIVERIES AT CLOSING

6.1 **Vendor's Deliveries.** At the Closing, the Vendor shall deliver or cause to be delivered to the Purchaser:

(a) a certificate of status or its equivalent under the laws of the jurisdiction of its incorporation with respect to the Vendor;

(b) original certificates representing the Purchased Shares;

(c) a transfer instrument for the Purchased Shares, duly executed by the Vendor;

(d) the executed certificates referred to in Sections 5.4(a) and 5.4(b);

(e) a resignation and release, in a form satisfactory to the Purchaser, acting reasonably, effective as of the Closing Date, from each director of JV Corp. appointed by the Vendor (including, for greater certainty, James McDonald) from the board of directors of JV Corp; and

(f) the duly executed Royalty Agreement.

6.2 **Purchaser's Deliveries.** At the Closing, the Purchaser shall deliver or cause to be delivered to the Vendor:

(a) a certificate of status or its equivalent under the laws of the jurisdiction of its incorporation with respect to the Purchaser;

(b) the executed certificates referred to in Sections 5.2(a) and 5.2(b); and

(c) the duly executed Royalty Agreement signed by Minera Azteca Dorado S.A de C.V.

6.3 **Parent's Deliveries.** At the Closing, the Parent shall deliver or cause to be delivered to the Vendor:

(a) a certificate of status or its equivalent under the laws of the jurisdiction of its incorporation with respect to the Parent;

(b) share certificate(s) representing the Consideration Shares registered in accordance with the written direction provided by the Vendor to the Parent or its legal counsel; and

(c) the executed certificates referred to in Sections 5.3(a) and 5.3(b).

6.4 **<u>Indemnification by the Vendor.</u>** In the event that the Transaction is completed, the Vendor shall indemnify and hold the Purchaser and the Parent harmless from and against any loss, damage, claim, legal proceeding, deficiency or expense, including all out-of-pocket costs, and including, without limitation, all reasonable legal and accounting fees relating to, arising from or in connection with the following matters:

(d) any misrepresentation or breach of any warranty of the Vendor contained in this Agreement or in any agreement, certificate, or other document delivered or given pursuant to this Agreement; and

(e) any failure by the Vendor to fully perform, fulfill or comply with any covenant agreement or obligation set forth herein or in any certificate, document or other instrument delivered pursuant to or in connection with this Agreement.

6.5 **<u>Indemnification by the Purchaser.</u>** In the event that the Transaction is completed, the Purchaser shall indemnify and hold the Vendor harmless from and against any loss, damage, claim, legal proceeding, deficiency or expense, including all out-of-pocket costs, and including, without limitation, all reasonable legal and accounting fees relating to, arising from or in connection with the following matters:

(a) any misrepresentation or breach of any warranty of the Purchaser contained in this Agreement or in any agreement, certificate, or other document delivered or given pursuant to this Agreement;

(b) any failure by the Purchaser to fully perform, fulfill or comply with any covenant agreement or obligation set forth herein or in any certificate, document or other instrument delivered pursuant to or in connection with this Agreement.

6.6 **<u>Indemnification by the Parent</u>.** In the event the Transaction is completed, the Parent shall indemnify and hold the Vendor harmless from and against any loss, damage, claim, legal proceeding, deficiency or expense, including all out-of-pocket costs, and including, without limitation, all reasonable legal and accounting fees relating to, arising from or in connection with the following matters:

(a) any misrepresentation or breach of any warranty of the Parent contained in this Agreement or in any agreement, certificate, or other document delivered or given pursuant to this Agreement;

(b) any failure by the Parent to fully perform, fulfill or comply with any covenant agreement or obligation set forth herein or in any certificate, document or other instrument delivered pursuant to or in connection with this Agreement.

6.7 **<u>Termination of JV Agreement.</u>** Upon completion of the Closing, the JV Agreement shall terminate and, except for payment of its proportionate share of expenses in accordance with the JV Agreement for the period ending June 30, 2022, the Vendor shall have no further obligations or liabilities thereunder.

ARTICLE 7
AMENDMENT AND TERMINATION

7.1 **<u>Amendment.</u>** This Agreement may be amended by mutual written agreement of the Parties hereto.

7.2 **<u>Termination.</u>** This Agreement may be terminated:

(a) by mutual written agreement of the Parties;

(b) by either the Purchaser, the Parent or the Vendor by written notice to the other Party if:

(i) subject to Section 5.5, the other Party is in default of a covenant or obligation hereunder such that the conditions contained in Sections 5.2(a), 5.3(a) or 5.4(a) as applicable, would be incapable of satisfaction, provided the Party seeking to terminate this Agreement is not then in breach of this Agreement so as to cause any condition in favour of both Parties or in favour of the other Party not to be satisfied;

(ii) subject to Section 5.5, any material representation or warranty of the other Party under this Agreement is untrue or incorrect and shall have become untrue or incorrect such that the condition contained in Sections 5.2(b), 5.3(b) or 5.4(b) as applicable, would be incapable of satisfaction, provided that the Party seeking to terminate this Agreement is not then in breach of this Agreement so as to cause any condition in favour of both Parties or in favour of the other Party not to be satisfied; or

(iii) the Closing Date does not occur on or prior to the Outside Date, provided that a Party may not terminate this Agreement pursuant to this Section 7.2(b)(iii) if the failure of the Closing

Date to so occur has been caused by, or is a result of, a breach by such Party of any of its representations or warranties or the failure of such Party to perform any of its covenants or agreements under this Agreement.

If this Agreement is terminated in accordance with the foregoing provisions of this Section 7.2, no Party shall have any further liability to perform its obligations hereunder, provided that nothing contained in this Section 7.2 shall relieve any Party from any liability for any breach by it of this Agreement, including from any inaccuracy in its representations and warranties and any non-performance by it of its covenants made herein.

ARTICLE 8
GENERAL PROVISIONS

8.1 **Notice.** Any notice, consent, waiver, approval, report, authorization or other communication which any Party is required or may desire to give to or make upon the other Party pursuant to this Agreement shall be effective and valid only if in writing and actually delivered by e-mail to the second-mentioned Party at the following e-mail address of the second-mentioned Party:

(a) To the Vendor:

595 Howe Street, Suite 1125
Vancouver, British Columbia
V6C 2T5

Attention: James McDonald, Chief Executive Officer and Director
Email: [Redacted - Personal Information]

With copies to (provided for information only and not to constitute notice):

Michael Varabioff
Maxis Law Corporation
800 West Pender Street, Suite 910
Vancouver, British Columbia
V6C 2V6
[Redacted - Personal Information]

(b) To the Purchaser and the Parent:

Suite 810 – 625 Howe Street,
Vancouver, BC
V6C 2T6

Attention: Simon Dyakowski, President and Chief Executive Officer
Email: [Redacted - Personal Information]

With copies to (provided for information only and not to constitute notice):

Kathleen Keilty
Blake, Cassels & Graydon LLP
2600 – 595 Burrard Street
Vancouver, British Columbia
V7X 1L3
[Redacted - Personal Information]

or at such other e-mail address as such second-mentioned Party may from time to time designate to such first mentioned Party by notice delivered in accordance with this subsection. Notice shall be deemed given when sent by e-mail.

8.2 **Time.** Time shall be of the essence of this Agreement.

8.3 **Enurement.** This Agreement shall enure to the benefit of and be binding upon the Vendor, the Purchaser and the Parent and each of them and, as applicable, their heirs, executors, administrators, successors and assigns.

8.4 **Further Assurances.** Each of the Parties shall, on request by the other Party, execute and deliver or cause to be executed and delivered all such further documents and instruments and do all such further acts and things as the other Party may reasonably require to evidence, carry out and give full effect to the terms, conditions, intent and meaning of this Agreement and to assure the completion of the Transaction.

8.5 **Modifications, Approvals and Consents.** No amendment, modification, supplement, termination or waiver of any provision of this Agreement shall be effective unless in writing signed by the appropriate Party or Parties, as applicable, and then only in the specific instance and for the specific purpose given.

8.6 **Counterparts.** This Agreement may be executed in any number of counterparts and delivery by facsimile or electronic mail, each of which shall together, for all purposes, constitute one and the same instrument, binding on the Parties, and each of which shall together be deemed to be an original, notwithstanding that all of the Parties are not signatory to the same counterpart.

8.7 **Assignment.** No Party may assign the benefit of this Agreement to any party without the consent of the other Parties, such consent not to be unreasonably withheld.

8.8 **Public Announcements.** No Party shall issue any press release or otherwise make written public statements with respect to the Transaction or this Agreement without the consent of the other Party (which consent shall not be unreasonably withheld, conditioned or delayed). No Party shall make any filing with any Governmental Authority with respect to the Transaction without prior consultation with the other Parties; provided, however, that the foregoing shall be subject to each Party's overriding obligation to make any disclosure or filing required under applicable Laws or stock exchange rules, and the Party making the disclosure shall use commercially reasonable efforts to give prior oral or written notice to the other Party and reasonable opportunity for the other Party to review or comment on the disclosure or filing (other than with respect to confidential information contained in such disclosure or filing). The Party making such disclosure shall give reasonable consideration to any comments made by the other Party or its counsel, and if such prior notice is not possible, to give notice immediately following the making of any such disclosure or filing.

8.9 **Governing Law and Forum.** This Agreement and all matters arising hereunder shall be governed by the Laws of the Province of British Columbia and the Laws of Canada applicable therein. The Parties submit to exclusive jurisdiction of the Courts of the Province of British Columbia in respect of all matters arising out of or relating to this Agreement its performance or subject matter.

8.10 **Severability.** If any one or more of the provisions contained in this Agreement should be invalid, illegal or unenforceable in any respect in any jurisdiction, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby, unless in either case as a result of such determination this Agreement would fail in its essential purpose.

[Remainder of page intentionally left blank]

The Parties hereto, intending to be legally bound have executed this Agreement as of the day and year first above written.

AZTEC MINERALS (MEXICO) CORP.
Per:

"Simon Dyakowski"
Name: Simon Dyakowski
Title: Chief Executive Officer

AZTEC MINERALS CORP.

Per:

"Simon Dyakowski"
Name: Simon Dyakowski
Title: Chief Executive Officer

KOOTENAY SILVER INC.

Per:

"Raj Kang"
Name: Raj Kang
Title: Chief Financial Officer

SCHEDULE A
FORM OF ROYALTY AGREEMENT

THIS IS SCHEDULE "A" TO THE PURCHASE AND SALE AGREEMENT (THE **"AGREEMENT"**) among Aztec Minerals (Mexico) Corp., Kootenay Silver Inc. and Aztec Minerals Corp. made as of the 22nd day of July, 2022.

NET SMELTER RETURN ROYALTY AGREEMENT

This Agreement is made as of the ___ day of _____________, 2022.

AMONG:

MINERA AZTECA DORADA S.A. DE C.V., a company duly incorporated under the laws of the Mexico;

(the "**Payor**")

AND:

KOOTENAY SILVER INC., a company continued into British Columbia pursuant to the British Columbia *Business Corporations Act* and having its head office at 1125 – 595 Howe Street, Vancouver, BC V6C 2T5;

(the "**Royalty holder**")

WHEREAS:

A. The Payor is the owner of a 100% interest in the Property (as defined herein); and

B. The Payor has agreed to grant to the Royalty holder a net smelter return royalty on Mineral Product (as defined herein) produced or extracted from the Property.

NOW THEREFORE, in consideration for the premises and covenants contained herein and for other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged) the Payor and the Royalty holder agree as follows:

PART 1 DEFINITIONS AND INTERPRETATION

1.1 **Definitions**. In this Agreement, unless the context otherwise requires:

(a) "**Affiliate**" means any person which directly or indirectly controls, is controlled by, or is under common control with, a Party. For purposes of the preceding sentence, "control" means, in relation to any person, possession, directly or indirectly, of the power to direct or cause direction of management and policies of that person through ownership of voting securities, contract, voting trust or otherwise;

(b) "**Agreement**" means this Agreement to which this Schedule is appended;

(c) "**Allowable Deductions**" means:

(i) all costs, penalties, fees, expenses, charges, and deductions, including tolling charges or deductions, representation expenses, metal losses, umpire charges, assaying and sampling charges, smelting costs, treatment charges and penalties for impurities, that are incurred by the Payor and its Affiliates relating to smelting or refining Mineral Products;

(ii) all costs, expenses and charges that are incurred by the Payor and its Affiliates relating to transportation (including insurance, shipping, freight, handling, loading, port, demurrage, security, delay and forwarding expenses and transaction taxes) of the Mineral Products from the Property, a mill or other place of ore treatment to a smelter or refinery, including such costs, expenses, and charges related to transportation from any such facility to another, and from there to the place or places of storage and sale to the place where sold, and will include costs or charges of any nature for or in connection with insurance, storage or representation at a smelter or refinery for Mineral Products. If the smelter or refiner is owned by the Payor the costs, expenses and charges related to the smelting and refining costs will be determined on an arm's length basis;

(iii) all taxes, duties, governmental royalties and other governmental charges, if any, payable by the Payor or its Affiliates with respect to the sale, import, export or transportation of ore, concentrates, doré, refined gold, refined silver, or other Mineral Products produced from the Property or in respect of the NSR Royalty, but excluding taxes based on net income, gross income or the value of the Property and excluding any value added or other taxes that are recoverable by the Payor or its Affiliates;

(iv) for the avoidance of doubt, Allowable Deductions will not, except as expressly stated otherwise in this section 1.1(c), include any Operating Costs; and

(v) where any Allowable Deductions are based upon costs incurred in respect of activities or services performed by the Payor or its Affiliates, the charges for such activities must be commercially reasonable and not exceed the charges or deductions that would be made for such activities or services by an independent contractor providing a competitive alternative. Allowable Deductions will not be duplicative of any deductions made by the purchaser of Mineral Products in determining the amount received by the Payor or its Affiliates from the sale of Mineral Products pursuant to the definition of Gross Proceeds in section 1.1.1(i).

(d) "**Average Spot Price**" for any expired Quarter means:

(i) in respect of gold, the arithmetic average of the London PM Fix Price for every day of the expired Quarter on which the London Bullion Market Association fixes a spot price for an ounce of gold;

(ii) in respect of other precious metals, the arithmetic average of the price of metal quoted on the London Metals Exchange in the Metals Bulletin, for every day of the expired Quarter on which the price of the metal is so quoted;

(iii) in respect to any other Mineral, the arithmetic average of the price of such Mineral on each business day of the expired Quarter, where such price is arrived at using the industry standard in Canada for establishing the average spot price of any other such Mineral;

(e) "**Commercial Production**" means the operation of all or part of the Property as a producing mine, but does not include bulk sampling or milling for the purpose of testing or milling by a pilot plant, and will be deemed to have commenced on the first day of the month following the first 15 consecutive days during which Minerals have been produced from a mine at an average rate of not less than 65% of the initial rated capacity if a plant is located on the Property or if no plant is located on the Property, the last day of the first period of 15 consecutive days during which ore has been shipped from the Property on a reasonably regular basis for the purpose of earning revenues, whether to a plant or facility constructed for that purpose or to a plant or facility already in existence;

(f) "**Dispute**" means any dispute, question or difference of opinion between the Parties concerning or arising out of or under this Agreement;

(g) "**Dispute Notice**" has the meaning given in section 10.1;

(h) "**Dispute Representative**" has the meaning given in section 10.2;

(i) "**Gross Proceeds**" means, subject to the provisions of section 2.3, in respect of an expired Quarter the aggregate of:

(i) the gross proceeds from the sale (whether immediate or for future delivery) during the expired Quarter of all Mineral Product extracted from the Property where the sale is effected on an arms-length basis on normal commercial terms;

(ii) if sales are effected on any other basis than on an arms-length basis on normal commercial terms, or if Mineral Product extracted from the Property is disposed of otherwise than by sale (whether immediate or for future delivery) during the expired Quarter, the Average Spot Price multiplied by the quantity of the Mineral Product extracted from the Property so sold or otherwise disposed of during the expired Quarter;

(iii) any insurance proceeds from the loss of Mineral Product excluding any losses incurred in the smelting and refining process;

(j) "**Interest Rate**" means the prime rate of the Royal Bank of Canada as announced by the Royal Bank of Canada at 9:00 a.m. (Pacific Time) on the due date for payment or, if the prime rate is not published on that day, on the day before the due date for payment on which the prime rate was most recently published;

(k) "**London PM Fix Price**" for a day means the spot price in United States dollars per troy ounce of gold fixed in the afternoon by the London Bullion Market Association on that day, converted into Canadian dollars per troy ounce of gold;

(l) "**Metal**" means any metallic element in whatever form and however contained, including, by way of example, gold, silver, platinum, palladium, copper, zinc, nickel, iron, lead, cobalt, titanium, iridium and uranium;

(m) "**Minerals**" means gold and all other Metals;

(n) "**Mineral Product**" means all Metals or Minerals extracted for use or commercial sale which is produced or extracted by or on behalf of the Payor from the Property (whether in concentrate or otherwise) including Stockpiled Material;

(o) "**Net Smelter Returns**" means the Gross Proceeds derived from the sale or disposition of Mineral Product less Allowable Deductions;

(p) "**NSR Royalty**" means the percentage of Net Smelter Returns to which the Royalty holder is entitled under this Agreement;

(q) "**Operating Costs**" means all items of outlay and expense whatsoever, direct or indirect, with respect to the exploration, construction and operations on the Property, and shall include all obligations and liabilities incurred or to be incurred with respect to the protection of the environment such as future decommissioning, reclamation and long-term care and monitoring, even if not then due and payable so long as the amounts can be estimated with reasonable accuracy, and whether or not a mine reclamation trust fund has been established;

(r) "**Party**" means the Royalty holder or the Payor (or Payors as the case may be) pursuant to this Agreement; and "**Parties**" means both of them;

(s) “**Payor**” means Minera Azteca Dorada S.A. de C.V.or its successors or assigns from time to time;

(t) “**Property**” means the Cervantes property or concessions more particularly described in Schedule “A” hereto;

(u) “**Quarter**” means a period of 3 calendar months ending on March 31, June 30, September 30, or December 31 and “Quarterly” has a corresponding meaning;

(v) “**Royalty holder**” means Kootenay Silver Inc. and its successors or assignors from time to time;

(w) “**Royalty Percentage**” means 0.5%;

(x) “**Royalty Statement**” has the meaning given in section 4.1;

(y) “**Rules**” has the meaning given in section 10.3;

(z) “**Stockpiled Material**” means Minerals or Mineral-bearing material that has been extracted from the Property whether located on the Property or elsewhere; and

(aa) “**Trading Activities**” has the meaning given in section 2.3.

1.2 **Interpretation**. In this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) “this Agreement” means this agreement dated **[●]**, 2022 as from time to time supplemented or amended by one or more agreements entered into pursuant to the applicable provisions of this Agreement;

(b) the headings are for convenience only and are not intended as a guide to interpretation of this Agreement or any portion thereof;

(c) the word “including”, when following any general statement or term, is not to be construed as limiting the general statement or term to the specific items or matters set forth or to similar items or matters, but rather as permitting the general statement or term to refer to all other items or matters that could reasonably fall within its broadest possible scope;

(d) all accounting terms not otherwise defined herein have the meanings assigned to them, and all calculations to be made hereunder are to be made, in accordance with generally accepted Canadian accounting principles in accordance with international financial reporting standards applied on a consistent basis;

(e) all references to currency, Dollars or $ mean Canadian currency unless otherwise specified;

(f) a reference to a statute includes all regulations made thereunder, all amendments to the statute or regulations in force from time to time, and any statute or regulation that supplements or supersedes such statute or regulations;

(g) a reference to an entity includes any successor to that entity;

(h) words importing the masculine gender include the feminine or neuter, words in the singular include the plural, words importing a corporate entity include individuals, and vice versa; and

(i) a reference to “approval”, “authorization” or “consent” means written approval, authorization or consent

PART 2 ROYALTY OBLIGATIONS

2.1 **Commencement of Obligations**. Upon the first receipt by the Payor of payment from the sale of Mineral Product from Commercial Production, the Payor owes the Royalty holder a royalty equal to the Net Smelter Returns multiplied by the Royalty Percentage. The Payor must advise the Royalty holder of the commencement of Commercial Production in respect of the Property by providing written notice to the Royalty holder within five business days before the start of Commercial Production.

2.2 **Commingling**. The Payor shall have the right to commingle ore mined from the Property (hereinafter called "**Property Ore**") with other ore. Before any commingling, the Property Ore and other ore shall be weighed and sampled by the Payor in accordance with sound mining and metallurgical practice for moisture and pay metal content. Representative samples of the Property Ore and other ore shall be retained by the Payor, and assays of these samples shall be made before commingling to determine the pay metal content of each ore. Detailed records shall be kept by the Payor showing weights, moisture, assays of pay metal content and gross pay mental content of the Property Ore and other ore. Before any commingling, the Payor shall conduct amenability tests and shall determine, for the Property Ore and for each other ore to be commingled, (1) the ratio of concentration and if applicable for each concentrate produced and (2) the percent mill recovery and if applicable for each concentrate produced. Ratio of concentration is the ratio of the weight of ore fed to the mill to the weight of concentrate produced. Percent mill recovery is the weight of metal in the concentrate divided by the weight of metal in the ore, expressed as a percent. The percent mill recovery, as determined by amenability tests on the Property Ore and on other ore, shall be used to determine the amount of and if applicable each pay metal from each ore and if applicable each concentrate. The ratio of concentration, as determined by amenability tests on the Property Ore and on other ore, shall be used to determine the weight of and if applicable each concentrate from each ore. In computing net smelter returns as defined herein, credits for and if applicable each pay metal shall be allocated proportionally between the Property Ore and other ore on the basis of the gross pay metal content of and if applicable each concentrate from each ore, and charges based on weight of concentrate shall be allocated proportionally between the Property Ore and other ore on the basis of the weight of and if applicable each concentrate from each ore, for the accounting (month) (quarter) used by the Payor.

2.3 **Trading Activities**. The Payor will have the right to engage in forward sales, futures trading or commodity options trading and other price hedging, forward sales, streaming agreements and similar programs, price protection, and speculative arrangements ("**Trading Activities**") which may involve the possible physical delivery of Mineral Product. The NSR Royalty will not apply to the proceeds generated by Trading Activities; nor will the Payor be entitled to deduct from the Gross Proceeds any losses suffered by Trading Activities. If the Payor engages in Trading Activities in respect of Product, then the Gross Proceeds will be determined on the basis of the Average Spot Price of such Mineral Product.

PART 3 PAYMENTS

3.1 **Manner of Payment**. The NSR Royalty will be due and payable Quarterly on the last business day of the month following the end of the Quarter for which the NSR Royalty accrued. All payments made hereunder must be made without demand, notice, set off, or reduction and will be made in $US unless otherwise agreed by the Parties.

3.2 **Interest on Late Payments**. If the Payor fails to pay the NSR Royalty or any amounts due hereunder on time, the Royalty holder shall have the right to charge simple interest, calculated daily at the Interest Rate on any outstanding amounts. The Royalty holder's right to charge interest under this section is without prejudice to any other rights the Royalty holder may have against the Payor at law or in equity.

3.3 **Objections to Calculations and Adjustments**. The Royalty holder shall have the right to object to the calculations of the NSR Royalty in any Royalty Statement, provided that the Royalty holder gives the Payor a notice of objection within 120 days of receiving the Royalty Statement. Upon receipt of the notice of objection by the Payor, the Party shall follow the procedures and conditions below:

(a) The Royalty holder shall select and engage, within 10 business days of the Payor's receipt of the notice of objection, a chartered professional accountant to audit the Payor's accounts and records (including mining and production records) relating to the calculation of the NSR Royalty payment in question, provided that the audit is commenced and concluded within a reasonable time period.

(b) The Payor shall grant access, upon reasonable notice and during regular business hours, to the chartered professional accountant of its accounts and records.

(c) If an audit conducted in accordance with this section 3.3 determines that there has been a deficiency or an excess in the payment made to the Royalty holder, such deficiency or excess will be resolved by adjusting the next Quarterly NSR Royalty payment due under this Agreement. If production has ceased, settlement will be made between the Party by cash payment within ten business days of the Payor's receipt of the audit report.

(d) The Royalty holder will pay all costs of the audit, unless a deficiency of 3% or more of the amount due to the Royalty holder is determined to exist in which case the Payor will pay all costs of such audit.

PART 4 REPORTING, BOOKS AND RECORDS

4.1 **Quarterly Royalty Statements**. The NSR Royalty payments will be accompanied by a statement (a "**Royalty Statement**") showing in reasonable detail:

(a) the quantities and grades of Mineral Product produced and sold or deemed sold by the Payor in the preceding Quarter;

(b) the proceeds of sale for Mineral Product on which the NSR Royalty is due (as the case may be) in the preceding Quarter;

(c) the applicable Allowable Deductions; and

(d) other pertinent information in sufficient detail to explain the calculation of the NSR Royalty payment.

4.2 **Books and Records**. The Payor must maintain accurate and proper records of all operations (including mining and processing operations) carried out upon the Property and of all Mineral Product derived from those operations.

4.3 **Accounting Principles**. All books and records used by the Payor to calculate the NSR Royalty must be kept according to Canadian generally accepted accounting principles or International Financial Reporting Standards.

PART 5 CONDUCT OF OPERATIONS

5.1 **Conduct of Operations**. All decisions concerning methods, the extent, times, procedures and techniques of any exploration, development, mining, leaching, milling, processing, extraction treatment, if any, and the materials to be introduced into the Property or produced therefrom, and except as otherwise provided in this Agreement all decisions concerning the sale or other disposition of Mineral Product (including, without limitation, decisions as to buyers, times of sale, whether to store or stockpile Mineral Product for a reasonable length of time without selling the same) shall be made by the Payor, acting reasonably and in accordance with good mining and engineering practice in the circumstances.

PART 6 MAINTENANCE OF PROPERTY

6.1 The Payor shall do all things and make all payments necessary or appropriate to maintain the right, title and interest of the Payor and Royalty holder in the Property and the Mineral Product and to maintain the Property in good standing. The Payor shall be entitled, from time to time, to abandon or surrender or allow to lapse or expire any part of parts of any concessions or other mineral tenures relating to or comprising the Property if the Payor determines, acting reasonably, that such part or parts are not economically viable or otherwise have insufficient value to warrant continued maintenance provided that the Payor first offers the right to the Royalty holder to have such surrendered interests transferred to the Royalty holder without charge and in good standing for not less than 6 months after transfer.

6.2 The Payor shall not abandon or surrender, or allow to lapse or expire, any mining claims or leases relating to or comprising the Property for the purpose of permitting any third party to reacquire such concession and avoid the NSR Royalty; and if the Payor, or any person with which the Payor does not deal at arm's length, reacquire any expired concessions relating to or comprising the Property, this Agreement shall include any such new concession.

6.3 Payor will not sell, assign or transfer the Property or any right, title or interest that it now has or may hereafter have therein, in whole or in part, to any person, firm or corporation, or agree to do so or grant any person, firm or corporation an option or right to acquire the Property or any right, title or interest that it now has or may hereafter have therein, in whole or in part, unless the intended transferee first provides an acknowledgement in writing to the Royalty holder, in form and content to the reasonable satisfaction of the Royalty holder, that it assumes this Agreement and the obligations of the Payor hereunder as if a named Party in the first instance.

PART 7 NATIONAL INSTRUMENT 43-101

7.1 At reasonable times and with the Payor's prior consent (which shall not be unreasonably withheld or delayed), at the sole risk and expense of the Royalty holder, the Royalty holder shall have a right of access by its representatives to the Property, and any mill, smelter, concentrator or other processing facility owned or operated by the Payor and/or its affiliates that is used to process Mineral Product produced from the Property, for the purpose of enabling the Royalty holder to monitor compliance by the Payor with the terms of this Agreement and to prepare, as required, technical reports on the Property, in compliance with National Instrument 43-101.

7.2 The Payor will cooperate with and will allow the Royalty holder access to technical information pertaining to the Property, to permit the Royalty holder to prepare, as required, technical reports on the Property, in accordance with National Instrument 43-101 at the sole cost and expense of the Royalty holder for its own purposes to comply with the Royalty holder's disclosure obligations under applicable Canadian and/or US securities laws and/or stock exchange rules and policies provided that: (i) to the extent permitted by law, the Royalty holder may use the same Qualified Person ("QP") (with the QP's consent) as the Payor to prepare all technical reports that the Royalty holder is required to prepare and to use (as the base), the same reports as the Payor (re-addressed to the Royalty holder); and (ii) if the Royalty holder is unable to use the same QP as the Payor to prepare a required technical report, it will choose another QP to write the technical report and the Royalty holder will not finalize the technical report until the Payor has been provided with a reasonable opportunity to comment on the contents of the technical report and the Royalty holder will act in good faith and will use its best efforts to incorporate the Payor's comments into the technical report. The Payor will promptly deliver to the Royalty holder any updated National Instrument 43-101 reports or mineral reserve and mineral resource estimates produced that pertain to the Property.

PART 8 NATURE OF ROYALTY

8.1 If and to the extent permitted by applicable law, the Royalty shall create a direct real property interest in the Property and the minerals in favour of the Royalty holder and is not merely contractual in nature. The Royalty shall continue in perpetuity, it being the intent of the Parties hereto that the Royalty will, to the extent permitted by applicable law, constitute a covenant running with the Property and the minerals and all successions thereof. If any right, power or interest of either Party pertaining to the Royalty would violate the rule against perpetuities, then such right, power or interest will 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 Agreement.

PART 9 RECORDING ROYALTY

9.1 To the extent permitted by applicable law, the Royalty holder shall have the right from time to time to register or record notice of this NSR Royalty, any other documents relating to or contemplated by the foregoing and any caution or other title document, against title to the Property with the Public Registry of Mining or elsewhere, and the Payor shall cooperate with all such registrations and recordings and provide its written consent or signature to any documents and do such other things from time to time as are necessary or desirable to effect all such registrations or recordings or otherwise to protect the interests of Royalty holder.

PART 10 DISPUTE RESOLUTION

10.1 **Dispute Resolution**. Subject to section 10.6, all Disputes must be resolved in accordance with the provisions of this section. In the event of a Dispute, a Party may give to the other Party a notice ("**Dispute Notice**") specifying the Dispute and requiring its resolution under this Part 10.

10.2 **Representatives to Seek Resolution**. If the Dispute is not resolved within 7 days after a Dispute Notice is given to the other Party, each Party must nominate one representative from its senior management to resolve the Dispute (each, a "**Dispute Representative**"), who must negotiate in good faith using their respective commercially reasonable efforts to attain a resolution of the Dispute.

10.3 **Submission to Arbitration**. If the Dispute is not resolved within 14 days of the Dispute being referred to the respective Dispute Representatives, then either Party may submit the Dispute to arbitration for resolution under the Rules of the British Columbia International Commercial Arbitration Centre ("**Rules**"), which Rules are deemed to be incorporated by reference into this section, in the following manner:

(a) The number of arbitrators will be three.

(b) Each Party will be entitled to nominate one arbitrator and the Chairman will be selected in accordance with the Rules.

(c) The seat, or legal place of arbitration, will be Vancouver, British Columbia, Canada. The language used in the arbitral proceedings will be English.

(d) The interpretation and construction of this section 10.3 will be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable in British Columbia.

10.4 **Enforcement**. The award rendered by an arbitrator may be enforced by judgment of any court having jurisdiction or an application may be made to such court for acceptance of the award and an order of enforcement, as the case may be.

10.5 **Performance of Obligations During Dispute**. During the existence of any Dispute, the Party must continue to perform all of their obligations under this Agreement without prejudice to their position in respect of such Dispute, unless the Party otherwise agree.

10.6 **Interlocutory Relief**. If a Dispute is to be resolved in accordance with section 10.1, then no Party may commence legal proceedings in respect of that Dispute in any court except for urgent interlocutory relief or to enforce an arbitration award.

PART 11 GENERAL PROVISIONS

11.1 **Notice**. Any notice, consent, waiver, approval, report, authorization or other communication which any Party is required or may desire to give to or make upon the other Party pursuant to this Agreement shall be effective and valid only if in writing and actually delivered by e-mail to the second-mentioned Party at the following e-mail address of the second-mentioned Party:

(a) To the Royalty holder:

595 Howe Street, Suite 1125
Vancouver, British Columbia
V6C 2T5

Attention: James McDonald, Chief Executive Officer and Director
Email: [Redacted - Personal Information]

(b) To the Payor:

Suite 810 - 625 Howe Street
Vancouver, BC
V6C 2T6

Attention: Simon Dyakowski, President and Chief Executive Officer
Email: [Redacted - Personal Information]

or at such other e-mail address as such second-mentioned Party may from time to time designate to such first mentioned Party by notice delivered in accordance with this subsection. Notice shall be deemed given when sent by e-mail.

11.2 **Time**. Time shall be of the essence of this Agreement.

11.3 **Enurement**. This Agreement shall enure to the benefit of and be binding upon the Royalty holder and the Payor and, as applicable, their heirs, executors, administrators, successors and assigns.

11.4 **Further Assurances**. Each of the Parties shall, on request by the other Party, execute and deliver or cause to be executed and delivered all such further documents and instruments and do all such further acts and things as the other Party may reasonably require to evidence, carry out and give full effect to the terms, conditions, intent and meaning of this Agreement.

11.5 **Equitable Remedies**. The Parties acknowledge and agree that a breach by either Party of any of the binding covenants contained in this Agreement could cause the other Party to incur irreparable injury, for which the other Parties would not have an adequate remedy in damages. Accordingly, each Party agrees that in the event of any such breach, the non-breaching Party shall be entitled to specific performance of such covenants and preliminary and permanent injunctive and other equitable relief in addition to any other remedy to which the non-breaching Party may be entitled at law or in equity.

11.6 **Modifications, Approvals and Consents**. No amendment, modification, supplement, termination or waiver of any provision of this Agreement shall be effective unless in writing signed by the appropriate Party or Parties, as applicable, and then only in the specific instance and for the specific purpose given.

11.7 **Counterparts**. This Agreement may be executed in any number of counterparts and delivery by facsimile or electronic mail, each of which shall together, for all purposes, constitute one and the same instrument, binding on the Parties, and each of which shall together be deemed to be an original, notwithstanding that all of the Parties are not signatory to the same counterpart.

11.8 **Governing Law and Forum**. This Agreement and all matters arising hereunder shall be governed by the Laws of the Province of British Columbia and the Laws of Canada applicable therein. The Parties submit to exclusive jurisdiction of the Courts of the Province of British Columbia in respect of all matters arising out of or relating to this Agreement its performance or subject matter.

11.9 **Severability**. If any one or more of the provisions contained in this Agreement should be invalid, illegal or unenforceable in any respect in any jurisdiction, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby, unless in either case as a result of such determination this Agreement would fail in its essential purpose.

The Parties hereto, intending to be legally bound have executed this Agreement as of the day and year first above written.

MINERA AZTECA DORADA S.A. DE C.V.
Per:

"Simon Dyakowski"

Name: Simon Dyakowski
Title: Chief Executive Officer

KOOTENAY SILVER INC.

Per:

"Raj Kang"

Name: Raj Kang
Title: Chief Financial Officer

SCHEDULE "A"
CONCESSIONS COMPRISING THE PROPERTY

THIS IS SCHEDULE "A" TO THE ROYALTY AGREEMENT between Kootenay Silver Inc. and Minera Azteca Dorada S.A. de C.V. made as of the _____ day of _________, 2022.

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Concession Name	Title Number	File Number	Surface (Hectares)	Term	Location	Registered Owner on Effective Date	Beneficial Owner
Ouijote	236064	082/33452	50.0000	04/05/10-03/05/60	Soyopa, Sonora	Minera JM S.A. de C.V.	Minera Azteca Dorada S.A. de C.V.
Cervantes	241947	082/38098	447.2222	10/04/13-09/04/63	Soyopa, Sonora	Minera JM S.A. de C.V.	Minera Azteca Dorada S.A. de C.V.
Sancho 1	246643	082/40254	475.5198	12/10/18-11/10/68	Soyopa, Sonora	Minera Azteca Dorada S.A. de C.V.	Minera Azteca Dorada S.A. de C.V.
Sancho 2	Pending	082/401117	4620.000	Pending	Soyopa, Sonora	Minera Azteca Dorada S.A. de C.V.	Minera Azteca Dorada S.A. de C.V.

[INSERT MAP OF CLAIMS]