

**FILING STATEMENT**

SILVER CROWN  
ROYALTIES INC.



**Silver Crown Royalties Inc.**

Application for the listing on Cboe Canada Inc. (formerly, the Neo Exchange Inc.) (the “**Exchange**”) of the common shares in the capital of Silver Crown Royalties Inc., the issuer resulting from the transactions described herein.

As of July 22, 2024.

**Neither the Exchange nor any securities regulatory authority has in any way passed upon the merits of the transactions described in this Filing Statement.**

All information contained in this Filing Statement with respect to 1287412 B.C. Ltd. (“**128**”) was supplied by 128 for inclusion herein.

All information contained in this Filing Statement with respect to Silver Crown Royalties Inc. (“**Silver Crown**”) was supplied by Silver Crown for inclusion herein.

## TABLE OF CONTENTS

	Page
<b>GLOSSARY OF TERMS</b>	<b>1</b>
<b>FORWARD-LOOKING STATEMENTS</b>	<b>6</b>
<b>TECHNICAL INFORMATION</b>	<b>8</b>
CIM DEFINITION STANDARDS.....	9
QUALIFIED PERSONS .....	9
<b>MARKET AND INDUSTRY DATA</b>	<b>10</b>
<b>EXCHANGE RATE AND CURRENCY INFORMATION</b>	<b>10</b>
<b>INFORMATION CONTAINED IN THIS FILING STATEMENT</b>	<b>10</b>
<b>PART I – SUMMARY OF FILING STATEMENT</b>	<b>11</b>
<b>PART II – INFORMATION CONCERNING THE TRANSACTION</b>	<b>18</b>
BACKGROUND OF TRANSACTION .....	18
REASONS FOR THE TRANSACTION .....	18
SUMMARY OF THE TRANSACTION AND RELATED TRANSACTIONS.....	18
THE AMALGAMATION AGREEMENT AND THE TRANSACTION .....	19
<i>Representations, Warranties and Covenants</i> .....	19
<i>Conditions of the Transaction</i> .....	20
<i>Conditions for the Benefit of 128</i> .....	20
<i>Conditions for the Benefit of Silver Crown</i> .....	20
<i>Covenants of the Parties during the Period prior to the Effective Date</i> .....	20
<i>Termination Rights</i> .....	20
<i>Directors and Officers of the Resulting Issuer</i> .....	21
<i>Transaction Steps</i> .....	21
CONTINUATION RESOLUTION .....	23
THE FINANCINGS .....	23
APPROVALS NECESSARY FOR THE TRANSACTION .....	24
<i>Shareholder Approval</i> .....	24
<i>Exchange Approval</i> .....	24
<b>PART III – INFORMATION CONCERNING 128</b>	<b>25</b>
CORPORATE STRUCTURE.....	25
<i>Name and Incorporation</i> .....	25
<i>Intercorporate Relationships</i> .....	25
GENERAL DEVELOPMENT OF THE BUSINESS .....	25
<i>Overview and History of 128</i> .....	25
<i>Narrative Description of the Business</i> .....	25
SELECTED CONSOLIDATED FINANCIAL INFORMATION .....	25
<i>Annual Information</i> .....	25
<i>Quarterly Information</i> .....	26
MANAGEMENT’S DISCUSSION & ANALYSIS .....	26
DESCRIPTION OF THE SECURITIES.....	26
<i>Common Shares</i> .....	26
<i>Warrants</i> .....	26
<i>Options</i> .....	26
<i>Stock Option Plan</i> .....	26
PRIOR SALES .....	26
TRADING PRICE.....	27
ARM’S LENGTH TRANSACTIONS .....	27
LEGAL PROCEEDINGS.....	27

AUDITOR, TRANSFER AGENT AND REGISTRAR.....	27
MATERIAL CONTRACTS.....	27
<b>PART IV – INFORMATION CONCERNING SILVER CROWN</b> .....	<b>28</b>
CORPORATE STRUCTURE.....	28
<i>Name and Incorporation</i> .....	28
INTERCORPORATE RELATIONSHIPS .....	28
GENERAL DEVELOPMENT OF THE BUSINESS .....	28
NARRATIVE DESCRIPTION OF THE BUSINESS.....	31
<i>Gold Mountain Royalty Agreement</i> .....	31
<i>Pilar Royalty Agreement</i> .....	32
<i>Tucano Royalty Agreement</i> .....	32
<i>Competitive Conditions</i> .....	32
<i>Employees</i> .....	32
<i>Specialized Skills and Knowledge</i> .....	33
<i>Government Regulation</i> .....	33
<i>Economic Dependence</i> .....	33
<i>Stated Business Objectives and Milestones</i> .....	33
MATERIAL ASSET – GOLD MOUNTAIN ROYALTY .....	33
<i>Summary</i> .....	34
<i>Location, Access, and Physiography</i> .....	34
<i>Ownership History</i> .....	34
<i>Exploration History</i> .....	35
<i>Geological Setting and Mineralization</i> .....	35
<i>2021 Exploration</i> .....	36
<i>Exploration Targets and Drill Database</i> .....	36
<i>Metallurgical Testing and Mineral Processing</i> .....	37
<i>Mineral Resource Estimate</i> .....	37
<i>Mineral Reserves Estimates</i> .....	38
<i>Mining Methods</i> .....	38
<i>Recovery Methods</i> .....	39
<i>Project Infrastructure</i> .....	39
<i>Environmental Studies, Permitting, and Social or Community Impact</i> .....	39
<i>Capital and Operating Costs</i> .....	39
<i>Interpretations, Conclusions and Recommendations</i> .....	40
ROYALTIES AND STREAMS GENERALLY.....	40
<i>What is a Royalty?</i> .....	40
<i>Revenue-Based Royalties</i> .....	41
<i>Profit-Based Royalties</i> .....	41
<i>Fixed Royalties</i> .....	41
SELECTED CONSOLIDATED FINANCIAL INFORMATION .....	41
<i>Annual Information</i> .....	41
<i>Quarterly Information</i> .....	41
MANAGEMENT DISCUSSION AND ANALYSIS .....	42
MANAGEMENT’S RESPONSIBILITY FOR FINANCIAL STATEMENTS .....	42
RISKS AND UNCERTAINTIES .....	42
DESCRIPTION OF SECURITIES.....	42
<i>Authorized Capital</i> .....	42
CONSOLIDATED CAPITALIZATION .....	42
PRIOR SALES .....	43
THE CONCURRENT FINANCING.....	44
<i>Concurrent Financing and Subscription Receipts</i> .....	44
EXECUTIVE COMPENSATION .....	44
<i>Compensation Discussion and Analysis</i> .....	44
MANAGEMENT CONTRACTS .....	45

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS .....	45
INVESTOR RELATIONS ARRANGEMENTS .....	45
NON-ARM'S LENGTH PARTY TRANSACTIONS .....	45
LEGAL PROCEEDINGS .....	45
AUDITOR, TRANSFER AGENT AND REGISTRAR .....	45
AGENT FOR SERVICE OF PROCESS .....	45
CONFLICTS OF INTEREST.....	45
MATERIAL CONTRACTS.....	46
<b>PART V – INFORMATION CONCERNING THE RESULTING ISSUER</b> .....	<b>47</b>
CORPORATE STRUCTURE OF THE RESULTING ISSUER .....	47
<i>Name and Incorporation</i> .....	47
<i>Intercorporate Relationships</i> .....	47
NARRATIVE DESCRIPTION OF THE BUSINESS.....	47
DESCRIPTION OF THE RESULTING ISSUER SECURITIES.....	48
<i>Resulting Issuer Shares</i> .....	48
<i>Resulting Issuer Replacement Warrants</i> .....	48
DIVIDENDS .....	48
PRO FORMA CONSOLIDATED CAPITALIZATION .....	48
FULLY DILUTED SHARE CAPITAL.....	48
SELECTED PRO FORMA FINANCIAL INFORMATION.....	49
<i>Pro Forma Consolidated Statement of Financial Position</i> .....	49
ESTIMATED AVAILABLE FUNDS .....	49
PRINCIPAL PURPOSES .....	50
PRINCIPAL SECURITYHOLDERS.....	50
DIRECTORS, OFFICERS AND PROMOTERS .....	51
<i>Summary Information on Proposed Directors and Officers</i> .....	51
<i>Biographical Information</i> .....	53
OTHER REPORTING ISSUER EXPERIENCE.....	54
AUDIT COMMITTEE .....	54
<i>Relevant Education and Experience</i> .....	55
<i>Audit Committee Oversight</i> .....	55
<i>Reliance on Certain Exemptions</i> .....	55
<i>Pre-Approval Policies and Procedures</i> .....	55
<i>External Auditor Service Fees</i> .....	55
<i>Exemption</i> .....	55
CORPORATE GOVERNANCE .....	56
<i>Board of Directors</i> .....	56
<i>Orientation and Continuing Education</i> .....	56
<i>Ethical Business Conduct</i> .....	56
<i>Nomination of Directors</i> .....	56
<i>Compensation Committee</i> .....	56
<i>Assessment</i> .....	57
NON-COMPETITION OR NON-DISCLOSURE AGREEMENTS .....	57
CORPORATE CEASE TRADE ORDERS OR BANKRUPTCIES.....	57
INDIVIDUAL BANKRUPTCIES .....	58
PENALTIES OR SANCTIONS .....	58
CONFLICTS OF INTEREST .....	58
PROPOSED EXECUTIVE COMPENSATION.....	58
<i>Compensation Discussion and Analysis</i> .....	58
<i>Research and Benchmarking</i> .....	59
<i>Mitigation of Compensation-Related Risk</i> .....	59
<i>Elements of the Resulting Issuer's Executive Compensation Program</i> .....	59
<i>Named Executive Officers</i> .....	60
<i>Summary Compensation Table</i> .....	60

<i>Management Contracts</i> .....	61
<i>External Management Companies</i> .....	61
<i>Stock Options and other Compensation Securities</i> .....	61
<i>Compensation of Directors</i> .....	61
<i>Termination and Change of Control Benefits</i> .....	61
<i>Pension Disclosure</i> .....	62
INDEBTEDNESS OF DIRECTORS AND OFFICERS.....	62
INVESTOR RELATIONS AND CAPITAL MARKETS ARRANGEMENTS.....	62
OPTIONS TO PURCHASE SECURITIES.....	62
<i>Option-Based Awards</i> .....	62
COMPENSATION PLAN.....	62
ESCROWED SECURITIES.....	64
MATERIAL CONTRACTS.....	65
STOCK EXCHANGE LISTING.....	65
AUDITORS.....	66
TRANSFER AGENT AND REGISTRAR.....	66
EXPERTS.....	66
RISK FACTORS.....	66
OTHER MATERIAL FACTS.....	66
<b>PART VI – RISK FACTORS</b> .....	<b>67</b>
RISKS RELATED TO THE TRANSACTION.....	67
<i>Completion of the Transaction and Exchange Approval</i> .....	67
<i>Termination of the Amalgamation Agreement in Certain Circumstances</i> .....	67
<i>The Transaction Will Have a Dilutive Effect on the Ownership Interest of 128 Shareholders</i> .....	67
<i>The Transaction May Divert the Attention of Management of Silver Crown</i> .....	67
<i>Tax Consequences</i> .....	67
<i>Silver Crown May Not Realize Anticipated Benefits of the Transaction</i> .....	68
<i>Pro Forma Financial Statements</i> .....	68
RISK FACTORS RELATING TO THE RESULTING ISSUER SHARES.....	68
<i>Market Price and Listing of Resulting Issuer Shares on Cboe</i> .....	68
<i>The Market Price of Resulting Issuer Shares May Be Volatile</i> .....	68
<i>Future Sales or Issuances of Debt or Equity Securities</i> .....	68
<i>Value Assigned to Silver Crown May Be Incorrect</i> .....	69
<i>No Assurance of Payment of Dividends</i> .....	69
<i>Evolving Corporate Governance and Public Disclosure Regulations</i> .....	69
<i>The Resulting Issuer May Not Use the Available Funds as Described in this Filing Statement</i> .....	69
<i>Liquidity</i> .....	69
<i>Market for Securities</i> .....	69
RISKS RELATED TO THE RESULTING ISSUER’S BUSINESS.....	70
<i>Changes in Silver and Commodity Prices</i> .....	70
<i>No or Limited Control over the Operation of Properties</i> .....	70
<i>The Gold Mountain Project is Significant to Silver Crown</i> .....	70
<i>Limited Operating History and Uncertainty of Future Revenues</i> .....	71
<i>Variations in Foreign Exchange Rates</i> .....	71
<i>Competition for Royalties</i> .....	71
<i>Delay Receiving or Failure to Receive Payments</i> .....	71
<i>Financing Risks</i> .....	72
<i>Third-Party Reporting</i> .....	72
<i>Disclosure Regarding Operations</i> .....	72
<i>Strategy for Acquisitions</i> .....	73
<i>Resulting Issuer Cash Flow Risk</i> .....	73
<i>Rights of other Interest Holders</i> .....	73
<i>Defects in Royalties</i> .....	73
<i>Change in Material Assets</i> .....	73

<i>Dependence on Key Personnel</i> .....	74
<i>Project Operators may not Respect Contractual Obligations</i> .....	74
<i>Enforceability of Royalty Interests</i> .....	74
<i>Conflicts of Interest</i> .....	74
<i>Global Financial Conditions</i> .....	74
<i>Natural Disasters, Terrorist Acts, Civil Unrest, Pandemics and Other Disruptions and Dislocations</i> .....	75
<i>Future Financing</i> .....	75
<i>Litigation Affecting Properties</i> .....	75
<i>Changes in Tax Laws Impacting the Resulting Issuer</i> .....	75
<i>Information Systems and Cybersecurity</i> .....	76
<i>Activist Shareholders</i> .....	76
<i>Reputational Damage</i> .....	76
<i>Expansion of Business Model</i> .....	76
<b>RISKS RELATED TO MINES AND MINING OPERATIONS</b> .....	77
<i>Risk Factors applicable to Owners and Operators of Properties in which the Resulting Issuer will hold an Interest</i> .....	77
<i>Exploration, Development and Operating Risks</i> .....	77
<i>Climate Change</i> .....	77
<i>Silver and Commodity Prices</i> .....	78
<i>Environmental Risks</i> .....	78
<i>Government Regulation, Permits and Authorizations</i> .....	78
<i>Permitting and Access</i> .....	79
<i>Infrastructure</i> .....	79
<i>Dependence on Operator Employees</i> .....	79
<i>Mineral Resource and Mineral Reserve Estimates</i> .....	79
<i>Uninsured or Uninsurable Risks</i> .....	80
<i>Land Title</i> .....	80
<i>International Interests</i> .....	80
<i>Permitting, Construction and Development</i> .....	80
<i>Indigenous Peoples</i> .....	81
<b>CERTIFICATE OF 1287412 B.C. LTD.</b>	<b>82</b>
<b>CERTIFICATE OF SILVER CROWN ROYALTIES INC.</b>	<b>83</b>
<b>SCHEDULE A – COMPENSATION PLAN</b>	<b>A-1</b>
<b>SCHEDULE B – AMALGAMATION AGREEMENT</b>	<b>B-1</b>
<b>SCHEDULE C – 128 FINANCIAL STATEMENTS AND MD&amp;A</b>	<b>C-1</b>
<b>SCHEDULE D – SILVER CROWN FINANCIAL STATEMENTS AND MD&amp;A</b>	<b>D-1</b>
<b>SCHEDULE E – PRO FORMA FINANCIAL STATEMENTS</b>	<b>E-1</b>
<b>SCHEDULE F – AUDIT COMMITTEE CHARTER</b>	<b>F-1</b>

## GLOSSARY OF TERMS

*Whenever used in this Filing Statement including the summary hereof, unless the context otherwise requires, the following terms shall have the indicated meanings and grammatical variations of such words and terms have corresponding meanings. Words importing the singular number, where the context requires, include the plural and vice versa and words importing any gender include all genders. In this Filing Statement, unless otherwise noted, all dollar amounts are expressed in Canadian dollars.*

“**128**” has the meaning set forth on the cover page;

“**128 Consolidation**” means the consolidation of the issued and outstanding 128 Shares on the basis of twenty-eight (28) pre-consolidation 128 Shares for one (1) post-consolidation 128 Share.

“**128 Dissenting Shareholder**” means a registered 128 Shareholder who exercises Dissent Rights in respect of the Amalgamation in strict compliance with the 128 Dissent Procedures;

“**128 Dissent Procedures**” means the dissent procedures provided to 128 Shareholders pursuant to section 238 of the BCBCA;

“**128 Financial Statements**” means the audited financial statements of 128 for the period beginning at incorporation on February 3, 2021 to December 31, 2021 and for the years ended December 31, 2022 and 2023 including the notes thereto and the report of the auditors thereon, and the unaudited condensed interim consolidated financial statements of 128 for the period ended on March 31, 2024, available on 128’s SEDAR+ profile at [sedarplus.ca](http://sedarplus.ca) and attached hereto as SCHEDULE C – 128 FINANCIAL STATEMENTS AND MD&A;

“**128 MD&A**” means the management discussion and analysis for the 128 Financial Statements, which are attached hereto as SCHEDULE C – 128 FINANCIAL STATEMENTS AND MD&A;

“**128 Offer**” means any form of offer that may reasonably be expected to lead to any activity, arrangement or transaction or propose any activities or solicitations in opposition to or in competition with the Amalgamation Agreement;

“**128 Shareholders**” means the holders of 128 Shares from time to time;

“**128 Shares**” means the common shares in the capital of 128 (prior to completion of the Transaction);

“**128 Written Resolution**” means the unanimous resolution of the 128 Shareholders, dated June 21, 2024 approving, among other things, the appointment of the New Slate (i.e., the Resulting Issuer Board), and the Compensation Plan, and all matters related thereto;

“**2023 Financing**” has the definition ascribed thereto in “PART IV – INFORMATION CONCERNING SILVER CROWN – General Development of the Business”;

“**2023 Silver Crown Warrants**” has the definition ascribed thereto in “PART IV – INFORMATION CONCERNING SILVER CROWN – General Development of the Business”;

“**Affiliate**” has the definition ascribed thereto in the BCBCA;

“**Amalgamation**” means the amalgamation of 128 and Silver Crown under Section 269 of the BCBCA pursuant to which 128 and Silver Crown amalgamate and continue as one entity being the “Resulting Issuer”, all in accordance with the terms and conditions of the Amalgamation Agreement;

“**Amalgamation Agreement**” means the amalgamation agreement entered into among 128 and Silver Crown on May 15, 2024 as amended on May 27, 2024, pursuant to section 269 of the BCBCA, pursuant to which 128 and Silver Crown have agreed to effect the Amalgamation;

“**Amalgamation Application**” means the amalgamation materials to be sent to the Registrar, as contemplated by the BCBCA;

“**Arm’s Length Transaction**” means a transaction which is not a Related Party Transaction;

“**Associate(s)**” has the definition ascribed thereto in the *Securities Act* (British Columbia);

“**Audit Committee**” means the audit committee of the Resulting Issuer, as defined by NI 52-110;

“**Authorizations**” means any order, permit, approval, consent, waiver, license, certificates, registrations or similar authorization of any Governmental Authority having jurisdiction including, but not limited to, environmental permits;

“**Baseline Production Trigger**” has the meaning ascribed thereto herein at “PART IV – INFORMATION CONCERNING SILVER CROWN – General Development of the Business”;

“**BCBCA**” means the *Business Corporations Act* (British Columbia), as from time to time amended or re-enacted;

“**Business Day**” means a day other than a Saturday, Sunday or day on which the chartered banks are closed in the City of Toronto, Ontario or the City of Vancouver, British Columbia;

“**Canaccord**” means Canaccord Genuity Corp.;

“**Canaccord Finder’s Fee Letter**” means the letter agreement between Silver Crown and Canaccord dated June 17, 2024;

“**Canaccord Finder Warrants**” has the definition ascribed thereto in “PART IV – INFORMATION CONCERNING SILVER CROWN – General Development of the Business”;

“**CEO**” means an individual who acted as chief executive officer of a company, or acted in a similar capacity, for any part of the most recently completed financial year;

“**CFO**” means an individual who acted as chief financial officer of a company, or acted in a similar capacity, for any part of the most recently completed financial year;

“**CIM Definition Standards**” means the Canadian Institute of Mining, Metallurgy and Petroleum Definition Standards for Mineral Resources and Mineral Reserves adopted by the CIM Council on May 10, 2014, which are incorporated by reference in NI 43-101;

“**Closing**” means the closing of the Transaction at the Closing Time on the Closing Date;

“**Closing Date**” means the closing date of the Transaction;

“**Closing Time**” means 5:00 p.m. (Toronto time) on the Closing Date or such other time as agreed to in writing by the parties involved;

“**Code**” means the code of business conduct to be adopted by the Resulting Issuer Board following the completion of the Transaction;

“**Compensation Committee**” means the Compensation Committee of the Resulting Issuer Board;

“**Compensation Plan**” means the omnibus compensation plan to be adopted by the Resulting Issuer;

“**Concurrent Financing**” means the private placement of 7,408,600 Subscription Receipts at a price of \$0.50 per Subscription Receipt for aggregate gross proceeds to Silver Crown of \$3,704,300, which closed on June 27, 2024, all on the terms and subject to the conditions set out in the subscription agreements entered into between the subscribers for Subscription Receipts and Silver Crown;

“**Continuance**” means the continuation of Silver Crown from Ontario, where it is governed by the OBCA, to British Columbia, where it would be governed by the BCBCA;



“**Continuation Resolution**” means the written resolution of the shareholders of Silver Crown approving the Continuance pursuant to which Silver Crown will be continued from Ontario, where it is governed by the OBCA, to British Columbia, where (if completed) it will be governed by the BCBCA;

“**Control Person**” has the meaning ascribed to that term in the *Securities Act* (British Columbia);

“**COVID-19**” means the novel coronavirus designated as a pandemic by the World Health Organization on March 11, 2020;

“**Dissent Rights**” mean the rights of the 128 Dissenting Shareholders and Silver Crown Dissenting Shareholders to dissent under section 238 of the BCBCA with respect to the Amalgamation;

“**Effective Date**” means the date shown on the certificate of amalgamation issued by the Registrar of Companies for British Columbia, giving effect to the Amalgamation;

“**Effective Time**” means the time on the Effective Date that the Amalgamation became effective;

“**Elk Gold**” means Elk Gold Mining Corp., a wholly-owned subsidiary of Gold Mountain Mining Corp.;

“**Encumbrance**” means any mortgage, charge, pledge, hypothecation, security interest, assignment, lien (statutory or otherwise), title retention agreement or arrangement, restrictive covenant or other encumbrance of any nature or any other arrangement or condition that, in substance secures payment or performance of an obligation;

“**Escrow Release Conditions**” means each of the following conditions, which conditions may be waived in whole or in part by Silver Crown: (i) the receipt of all necessary corporate, regulatory and shareholder approvals for the transactions contemplated by the Amalgamation Agreement; (ii) the completion or satisfaction of all conditions precedent to the Amalgamation, substantially in accordance with the Amalgamation Agreement; and (iii) Silver Crown having delivered the Escrow Release Notice to the Subscription Receipt Agent confirming that the conditions set forth in (i) to (ii) above have been met or waived;

“**Exchange**” means Cboe Canada Inc.;

“**Exchange Ratio**” means: (i) a 20:1 basis in the case of Silver Crown securityholders; and (ii) following the 128 Consolidation, 128 Shareholders will receive 100,000 Resulting Issuer Shares having a value of \$1,000,000 based on the deemed value of the Silver Crown Shares issued pursuant to the Concurrent Financing;

“**Filing Statement**” means this filing statement, together with all schedules attached hereto and including the summary hereof;

“**Final Exchange Bulletin**” means the Exchange Bulletin which is issued following the submission of all required documentation and that evidences the final Exchange acceptance of the Listing upon completion of the RTO;

“**Gold Mountain Royalty Agreement**” means the royalty purchase agreement between Silver Crown and Elk Gold Mining Corp. dated May 11, 2023 pursuant to which Silver Crown agreed to purchase a net smelter return royalty for 90% of the aggregate gross proceeds of silver produced from Elk Gold’s Elk Mine located in British Columbia, Canada;

“**Governmental Authorities**” means (i) any international, multinational, national, federal, provincial, state, municipal, local or other government or governmental or public ministry, department, court, commission, board, bureau, agency or instrumentality, domestic or foreign, (ii) any subdivision or authority of any of the foregoing, (iii) any quasi-governmental body exercising any regulatory, expropriation or taxing authority, or (iv) any stock exchange or securities market;

“**IFRS**” means International Financial Reporting Standards;

“**Insider**” has the definition ascribed thereto in the policies of the Exchange;

“**km**” means kilometer;

“**Law**” or “**Laws**” means all laws (including common law), by-laws, statutes, rules, regulations, principles of law and equity, orders, rulings, ordinances, judgements, injunctions, determinations, awards, decrees or other requirements, whether domestic or foreign, and the terms and conditions of any grant of approval, permission, authority or license of any governmental entity or self-regulatory authority (including the Exchange);

“**Letter of Intent**” means the letter of intent dated April 30, 2024 between Silver Crown and 128, with respect to, among other things, the Transaction;

“**Listing**” means the listing on the Exchange of the Resulting Issuer Shares;

“**Medalist**” means Medalist Capital Ltd.;

“**Medalist Capital Engagement Letter**” means the financial advisory engagement letter between Silver Crown and Medalist dated May 27, 2024;

“**NEO**” means each of the following individuals:

- (a) a CEO;
- (b) a CFO;
- (c) each of the three most highly compensated executive officers of the company, including any of its subsidiaries, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000, as determined in accordance with subsection 1.3(6) of Form 51-102F6 “*Statement of Executive Compensation*”, for that financial year; and
- (d) each individual who would be a NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the company or its subsidiaries, nor acting in a similar capacity, at the end of that financial year;

“**New Slate**” means the Silver Crown nominees for the Resulting Issuer Board;

“**NI 43-101**” means National Instrument 43-101 – *Standards of Disclosure for Mineral Projects*;

“**NI 52-110**” means National Instrument 52-110 – *Audit Committees*;

“**NI 58-101**” means National Instrument 58-101 – *Disclosure of Corporate Governance Practices*;

“**NP 58-201**” means National Policy 58-201 – *Corporate Governance Guidelines*;

“**Non-Arm’s Length Party**” means in relation to a company, a Promoter, officer, director, other Insider or Control Person of that company (including an issuer) and any Associates or Affiliates of any of such persons. In relation to an individual, means any Associate of the individual or any company of which the individual is a Promoter, officer, director, Insider or Control Person;

“**OBCA**” means the *Business Corporations Act* (Ontario), including the regulations promulgated thereunder, as amended from time to time;

“**Penalty Units**” has the meaning ascribed thereto herein at “PART IV – INFORMATION CONCERNING SILVER CROWN – General Development of the Business”;

“**Person**” includes an individual, partnership, association, body corporate, trustee, executor, administrator or legal representative;

“**Pilar Royalty Agreement**” means the definitive agreement between Silver Crown and Pilar Gold Inc. providing for the creation and purchase of a net smelter return royalty on up to 90% of the aggregate net proceeds of silver sold as a result of

processing of ores extracted from the PGDM Complex (as defined herein);

“**Promoter**” has the meaning ascribed thereto in the *Securities Act* (British Columbia);

“**Registrar**” means the British Columbia Registrar of Companies;

“**Related Party Transaction**” has the meaning ascribed to that term in Multilateral Instrument 61-101 - “*Protection of Minority Security Holders in Special Transactions*”, and includes a related party transaction that is determined by the Exchange to be a Related Party Transaction. The Exchange may deem a transaction to be a Related Party Transaction where the transaction involves Non-Arm’s Length Parties, or other circumstances exist which may compromise the independence of the issuer with respect to the transaction;

“**Resulting Issuer**” means the entity resulting from the amalgamation of 128 and Silver Crown after giving effect to the Transaction;

“**Resulting Issuer Awards**” means Awards (as defined in the Compensation Plan) granted to Eligible Participants (as defined in the Compensation Plan) pursuant to the Compensation Plan;

“**Resulting Issuer Board**” means the board of directors of the Resulting Issuer comprising of the New Slate;

“**Resulting Issuer Broker Warrants**” means, collectively, the Resulting Issuer Replacement Broker Warrants and the Canaccord Finder Warrants;

“**Resulting Issuer Escrow Agent**” means Odyssey Trust Company;

“**Resulting Issuer Escrowed Shares**” means the Resulting Issuer Shares subject to the Security Escrow Agreement;

“**Resulting Issuer Escrowed Warrants**” means the Resulting Issuer Warrants subject to the Security Escrow Agreement;

“**Resulting Issuer Officers**” means the officers of Resulting Issuer, following the completion of the Transaction;

“**Resulting Issuer Replacement Broker Warrants**” means broker warrants of the Resulting Issuer to be issued to holders of Silver Crown Broker Warrants pursuant to the Amalgamation Agreement;

“**Resulting Issuer Replacement Warrants**” means the warrants to purchase Resulting Issuer Shares to be issued by the Resulting Issuer to holders of Silver Crown Warrants;

“**Resulting Issuer Shares**” means the common shares in the capital of the Resulting Issuer (following completion of the Transaction);

“**Resulting Issuer Units**” means a unit consisting of one Resulting Issuer Share and one Resulting Issuer Warrant issued at a price of \$10.00 per Resulting Issuer Unit;

“**Resulting Issuer Warrants**” means a warrant of the Resulting Issuer exercisable into a Resulting Issuer Share at a price of \$16.00 for a period of 36 months from the date on which Silver Crown becomes a reporting issuer in any jurisdiction of Canada;

“**SEDAR+**” means the System for Electronic Document Analysis and Retrieval +;

“**Silver Crown**” has the meaning set forth on the cover page;

“**Silver Crown Board**” means the board of directors of Silver Crown as the same is constituted from time to time;

“**Silver Crown Broker Warrants**” means the broker warrants issued to certain brokers by Silver Crown in connection with the Concurrent Financing and in connection with prior financings as set out in “PART IV – INFORMATION CONCERNING SILVER CROWN – General Development of the Business”;

“**Silver Crown Dissent Procedures**” means the dissent procedures provided to Silver Crown Shareholders pursuant to section 238 of the BCBCA;

“**Silver Crown Dissenting Shareholder**” means a registered Silver Crown Shareholder who exercises Dissent Rights in respect of the Amalgamation in strict compliance with the Silver Crown Dissent Procedures;

“**Silver Crown Financial Statements**” means the audited financial statements of Silver Crown for the period from August 23, 2021 (incorporation) to December 31, 2021 and for the years ended December 31, 2022 and 2023, including the notes thereto and the report of the auditors thereon, and the unaudited condensed interim consolidated financial statements for the period ended on March 31, 2024;

“**Silver Crown MD&A**” means the management discussion and analysis in respect of the Silver Crown Financial Statements;

“**Silver Crown Royalty Performance Warrants**” means royalty performance warrants issued by Silver Crown to Elk Gold in connection with certain production bonuses that may be payable under the Gold Mountain Royalty Agreement, with each such royalty performance warrant exercisable into a Silver Crown Share at a price equal to the lower of: (i) the five-day volume weighted average price for such Silver Crown Shares on the Exchange; and (ii) the thirty-day volume weighted average price for such Silver Crown Shares on the Exchange, subject to the approval of the Exchange and a floor price of \$0.40 per Silver Crown Share;

“**Silver Crown Shareholders**” means the holders of Silver Crown Shares;

“**Silver Crown Shares**” means the common shares in the capital of Silver Crown as presently constituted;

“**Silver Crown Unit**” or “**Unit**” means a unit of Silver Crown comprising one Silver Crown Common Share and one Silver Crown Warrant issued pursuant to the conversion or exchange of the Subscription Receipts;

“**Silver Crown Warrants**” means warrants to purchase Silver Crown Common Shares. Each whole Silver Crown Warrant will entitle the holder to acquire a Silver Crown Share at a price of \$0.80 at any time until 36 months from the date on which Silver Crown becomes a reporting issuer in any jurisdiction of Canada;

“**Subscription Price**” means \$0.50;

“**Subscription Receipt Agent**” means Odyssey Trust Company;

“**Subscription Receipt Agreement**” means the subscription receipt agreement dated, among Silver Crown and the Subscription Receipt Agent governing the Subscription Receipts;

“**Subscription Receipts**” means subscription receipts issued by Silver Crown pursuant to the Concurrent Financing; upon satisfaction or waiver (to the extent such waiver is permitted) of the Escrow Release Conditions, each Subscription Receipt shall be automatically exchanged into a Silver Crown Unit immediately prior to the Effective Time,

“**Subsequent Financing**” means the offering of 100,000 Resulting Issuer Units for gross proceeds of \$1,000,000 to be completed within ten business days following Silver Crown’s listing on the Exchange;

“**Tax Act**” means the *Income Tax Act* (Canada), as amended;

“**Transaction**” means the business combination of 128 and Silver Crown by way of amalgamation pursuant to the terms of the Amalgamation Agreement under the provisions of the BCBCA, and will be read to include, collectively, as the context permits or requires, the Silver Crown Continuance, the 128 Consolidation, the Amalgamation, the appointment of the New Slate, any applicable name change and such other transactions contemplated by the Amalgamation Agreement; and

“**U.S. Securities Act**” means the United States Securities Act of 1933, as amended.

## **FORWARD-LOOKING STATEMENTS**

This Filing Statement contains certain forward-looking statements within the meaning of Canadian securities laws. These statements relate to future events or future performance and reflect management's expectations regarding the growth, results of operations, performance and business prospects and opportunities of Silver Crown or the Resulting Issuer. All statements other than statements of historical fact are forward-looking statements. Such forward-looking statements reflect management's current beliefs and are based on information currently available to management. In some cases, forward-looking statements can be identified by terminology such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "estimate", "predict", "potential", "continue", "target" or the negative of these terms or other comparable terminology. These statements are only predictions. In addition, this Filing Statement may contain forward-looking statements attributed to third party industry sources.

Forward-looking statements are necessarily based on estimates and assumptions made by management in light of management's experience and perception of historical trends, current conditions and expected future developments, as well as factors that management believe are appropriate. Forward-looking statements in this Filing Statement include, but are not limited to:

- the anticipated Closing and Effective Date;
- the Resulting Issuer's anticipated capital structure;
- the anticipated legal name of the Resulting Issuer;
- the anticipated escrow periods, release schedules and contractual restrictions on transfer affecting the securities of the Resulting Issuer;
- the proposed directors, officers and insiders of the Resulting Issuer and their holdings of securities of the Resulting Issuer;
- the expected executive compensation and corporate governance practices of the Resulting Issuer;
- the future growth, results of operations, performance and business prospects and opportunities of Silver Crown (and therefore, the Resulting Issuer);
- the funds available to the Resulting Issuer;
- the business objectives of Silver Crown (and therefore, the Resulting Issuer);
- the ability of Silver Crown to execute its business plan successfully or as disclosed herein, such that the future growth, results of operations, performance and business prospects and opportunities of Silver Crown will be as anticipated; and
- the lingering impacts of the COVID-19 pandemic or other global pandemics on the business and operations of Silver Crown (and therefore, the Resulting Issuer).

Although management of Silver Crown believes that the expectations reflected in the forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. Silver Crown cannot guarantee future results, levels of activity, performance, or achievements. Some of the risks and other factors, some of which are beyond the control of Silver Crown, which could cause results to differ materially from those expressed in the forward-looking statements contained in this Filing Statement include, but are not limited to:

- Silver Crown may not complete the Transaction or receive Exchange approval to list the Resulting Issuer Shares;
- the Amalgamation Agreement may be terminated in certain circumstances;
- the Transaction will have a dilutive effect on the shareholders of 128;
- the Transaction may divert the attention of the management of Silver Crown;
- the tax consequences of the Transaction to various stakeholders;
- Silver Crown may not realize anticipated benefits of the Transaction;
- pro forma financial statements are illustrative only;
- the listing of the Resulting Issuer Shares is dependent on satisfaction of Exchange requirements and may not occur;
- the market price of the Resulting Issuer Shares, if listed, may be volatile;
- the Resulting Issuer may issue additional equity securities thus diluting existing security holders;
- the value assigned to Silver Crown may be incorrect;
- there is no assurance that the Resulting Issuer will declare a dividend (and currently there are no plans to declare any dividends);
- evolving corporate governance and public disclosure regulations;

- the Resulting Issuer may not use the available funds as described in the Filing Statement;
- risks related to liquidity;
- a market for the securities of the Resulting Issuer may not develop;
- changes in the market price of metals; volatility in the price of silver;
- the Resulting Issuer will have limited, or no, control over the operation of properties in which it has a royalty interest;
- the significance of the Gold Mountain Project to Silver Crown;
- the limited operating history of Silver Crown;
- Silver Crown has a history of negative cash flow and no assurance can be given that the Resulting Issuer will ever attain positive cash flow;
- variations in foreign exchange rates;
- competition for royalties;
- delays in the receipt of payments or failure to receive payments;
- risks related to financing;
- risks related to third-party reporting;
- risks related to disclosure of mining operations;
- the acquisition strategy of the Resulting Issuer;
- risks related to cash flow of the Resulting Issuer;
- the rights of other interest holders;
- defects in royalty and other interests;
- changes in significant assets of the Resulting Issuer;
- dependence on key personnel;
- project operators may not respect contractual obligations;
- the enforceability of royalty interests;
- directors and officers may have conflicts of interest affecting operations;
- global financial conditions, including interest rates and inflation, may be volatile;
- natural disasters, terrorist acts, civil unrest, pandemics and other disruptions and dislocations;
- future financing and securities issuances;
- litigation affecting properties in which the Resulting Issuer has an interest;
- changes in tax laws impacting the Resulting Issuer;
- the information systems and cybersecurity of the Resulting Issuer;
- shareholder activism;
- reputational damage;
- expansion of the business model of the Resulting Issuer;
- risks applicable to owners and operators of mineral properties in which the Resulting Issuer has an interest;
- exploration, development and mining operations;
- additional costs to mineral property operators resulting from national or international climate control initiatives;
- risks related to silver and commodity prices and their effect on mining operations;
- operation and exploration activities are subject to environmental and endangered species laws and regulations;
- operations and exploration may be subject to governmental regulations, permits, and authorizations;
- permits and licences may not be forthcoming or available in a timely manner;
- adequate infrastructure may not be available to develop mineral properties;
- dependence and reliance on key employees of owners and operators of mineral properties;
- mineral resource and mineral reserve estimates;
- uninsured or uninsurable risks;
- risks related to international interests;
- risks related to permitting, construction and development; and
- risks related to indigenous peoples.

This list is not exhaustive of the factors that may affect any of the forward-looking statements regarding Silver Crown or the Resulting Issuer. Forward-looking statements are statements about the future and are inherently uncertain. Actual events or results could differ materially from those projected in the forward-looking statements including as a result of the matters set out in this Filing Statement generally and certain economic and business factors, some of which may be beyond the control of Silver Crown (and therefore the Resulting Issuer). Some of the important risks and uncertainties that could affect forward-

looking statements are described under the heading “PART VI – RISK FACTORS”. Neither Silver Crown nor the Resulting Issuer intends, and neither assumes any obligation, to update any of the forward-looking statements after the date of this Filing Statement so as to conform such statements to actual results or to changes in the expectations of Silver Crown, other than as required by applicable securities law. For all these reasons, readers should not place undue reliance on the forward-looking statements contained herein, as the Resulting Issuer’s actual results, performance or achievements may differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements if known or unknown risks, uncertainties or other factors affect the Resulting Issuer’s business, or if Silver Crown’s estimates or assumptions prove inaccurate. The forward-looking statements contained in this Filing Statement are expressly qualified by this cautionary statement.

## TECHNICAL INFORMATION

Except where otherwise stated, the disclosure in this Filing Statement relating to the Gold Mountain Project is based on the Gold Mountain Technical Report prepared and published in accordance with NI 43-101 entitled “National Instrument 43-101 Technical Report And Resource Update of the Elk Gold Project Merritt, British Columbia, Canada” dated January 21, 2022 with an effective date of December 7, 2021 (the “**Gold Mountain Technical Report**”). The disclosure in this Filing Statement regarding the Gold Mountain Project is qualified in its entirety to the full text of the Gold Mountain Technical Report which is available on [www.sedarplus.ca](http://www.sedarplus.ca) under Elk Gold’s profile.

Silver Crown is dependent on the operators of the properties and their qualified persons to provide information to Silver Crown or on publicly available information to prepare disclosure pertaining to properties and operations on the properties on which Silver Crown holds royalty interests. Silver Crown generally has limited or no ability to independently verify such information. The assumptions and methodologies underpinning estimates of Mineral Reserves and Mineral Resources on a property, and the classification of mineralization in categories of proven and probable and measured, indicated and inferred within the estimates of Mineral Reserves and Mineral Resources, respectively, and the assumptions and methodologies employed in proposed mining and recovery processes and production plans, were made by owners or operators and their qualified persons. Although Silver Crown does not have any knowledge that such information may be inaccurate, there can be no assurance that such third-party information is complete or accurate. Some information publicly reported by operators may relate to a larger property than the area covered by Silver Crown’s royalty interest. For the avoidance of doubt, nothing stated in this paragraph operates to relieve Silver Crown from liability for any misrepresentation contained in this Filing Statement under applicable Canadian securities laws.

The Gold Mountain Royalty is material to Silver Crown for the purposes of NI 43-101. Silver Crown will continue to assess the materiality of its assets as such assets undergo exploration and as new assets are acquired.

### **CIM Definition Standards**

Any reference to Measured Mineral Resource, Indicated Mineral Resource and Inferred Mineral Resource herein (including as used in the Gold Mountain Technical Report) have been used in accordance with the CIM Definition Standards, which are incorporated by reference in NI 43-101. The following definitions are reproduced from the CIM Definition Standards:

“**Indicated Mineral Resource**” means that part of a Mineral Resource (defined herein) for which quantity, grade or quality, densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of Modifying Factors as described below in sufficient detail to support mine planning and evaluation of the economic viability of the deposit. Geological evidence is derived from adequately detailed and reliable exploration, sampling and testing and is sufficient to assume geological and grade or quality continuity between points of observation. An Indicated Mineral Resource has a lower level of confidence than that applying to a Measured Mineral Resource (defined herein) and may only be converted to a Probable Mineral Reserve (defined herein).

“**Inferred Mineral Resource**” means that part of a Mineral Resource for which quantity and grade or quality are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade or quality continuity. An Inferred Mineral Resource has a lower level of confidence than that applying to an Indicated Mineral Resource and must not be converted to a Mineral Reserve. It is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration.

“**Measured Mineral Resource**” means that part of a Mineral Resource for which quantity, grade or quality, densities, shape,

and physical characteristics are estimated with confidence sufficient to allow the application of Modifying Factors to support detailed mine planning and final evaluation of the economic viability of the deposit. Geological evidence is derived from detailed and reliable exploration, sampling and testing and is sufficient to confirm geological and grade or quality continuity between points of observation. A Measured Mineral Resource has a higher level of confidence than that applying to either an Indicated Mineral Resource or an Inferred Mineral Resource. It may be converted to a Proven Mineral Reserve (defined herein) or to a Probable Mineral Reserve.

“**Mineral Reserve**” means the economically mineable part of a Measured and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined or extracted and is defined by studies at pre-feasibility or feasibility level as appropriate that include application of Modifying Factors. Such studies demonstrate that, at the time of reporting, extraction could reasonably be justified. The reference point at which Mineral Reserves are defined, usually the point where the minerals are delivered to the processing plant, must be stated. It is important that, in all situations where the reference point is different, such as for a saleable product, a clarifying statement is included to ensure that the reader is fully informed as to what is being reported. The public disclosure of a Mineral Reserve must be demonstrated by a Pre-Feasibility Study or Feasibility Study.

“**Mineral Resource**” means a concentration or occurrence of solid material of economic interest in or on the earth’s crust in such form, grade or quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade or quality, continuity and other geological characteristics of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling.

For the purposes of the CIM Definition Standards, “**Modifying Factors**” are considerations used to convert Mineral Resources to Mineral Reserves. These include, but are not restricted to, mining, processing, metallurgical, infrastructure, economic, marketing, legal, environmental, social and governmental factors.

#### **Qualified Persons**

Mitchell E. Lavery, P.Geol. is a qualified person for the purposes of NI 43-101 and has reviewed and approved the scientific and technical disclosure contained in this Filing Statement. Mr. Lavery is a consultant for Silver Crown.

#### **MARKET AND INDUSTRY DATA**

Market and industry data presented throughout this Filing Statement was obtained from third-party sources, and the market and industry data contained in this Filing Statement are based upon information from independent industry and other publications and Silver Crown’s management’s knowledge of, and experience in, the industry in which Silver Crown operates. None of the sources of market and industry data has provided any form of consultation, advice or counsel regarding any aspect of, or is in any way whatsoever associated with, the Transaction. Market and industry data are subject to variations and cannot be verified with complete certainty due to limits on the availability and reliability of raw data at any particular point in time, the voluntary nature of the data gathering process or other limitations and uncertainties inherent in any statistical survey. Accordingly, the accuracy and completeness of this data are not guaranteed. Silver Crown has not independently verified any of the data from third party sources referred to in this Filing Statement or ascertained the underlying assumptions relied upon by such sources. References in this Filing Statement to research reports or to articles and publications should not be construed as depicting the complete findings of the entire referenced report or article. The information in each report or article is expressly not incorporated by reference into this Filing Statement.

#### **EXCHANGE RATE AND CURRENCY INFORMATION**

Unless otherwise indicated, all references to “\$” or “Canadian dollars” in this Filing Statement refer to Canadian dollars. Silver Crown’s financial statements incorporated herein are reported in Canadian dollars and are prepared in accordance with IFRS.

#### **INFORMATION CONTAINED IN THIS FILING STATEMENT**

The information contained in this Filing Statement is given as at May 27, 2024, except where otherwise noted.

No Person has been authorized to give any information or to make any representation in connection with the Transaction and other matters described herein other than those contained in this Filing Statement and, if given or made, any such information



or representation should be considered not to have been authorized by Silver Crown or the Resulting Issuer and should not be relied upon.

The information concerning each party contained in this Filing Statement has been provided by management of that party. Although the parties have no specific knowledge that would indicate that any of such information regarding the other party is untrue or incomplete, the parties assume no responsibility for the accuracy or completeness of information or the failure by the other party to disclose events which may have occurred or may affect the completeness or accuracy of such information which are unknown to that party.

This Filing Statement does not constitute the solicitation of an offer to purchase any securities or the solicitation of a proxy by any Person in any jurisdiction.

Information contained in this Filing Statement should not be construed as legal, tax or financial advice and readers are urged to consult their own professional advisers in connection therewith.

All financial information in this Filing Statement has been prepared in accordance with IFRS, unless otherwise noted. The financial year end of Silver Crown is December 31. The financial year end of 128 is December 31.

Words importing the singular, where the context requires, include the plural and vice versa and words importing any gender include all genders.

*[PART I – SUMMARY OF FILING STATEMENT begins on following page]*

## **PART I – SUMMARY OF FILING STATEMENT**

The following is a summary of information relating to 128, Silver Crown and the Resulting Issuer (assuming completion of the Transaction) and should be read together with the more detailed information and financial data and statements contained elsewhere in this Filing Statement. Silver Crown financial statements are audited for the period from August 23, 2021 (incorporation) to December 31, 2021, and for the years ended December 31, 2022 and December 31, 2023. Silver Crown interim financial statements are unaudited for the period ended March 31, 2024. 128's financial statements are audited from the period of incorporation on February 3, 2021 to December 31, 2021 and for the years ended December 31, 2022 and 2023. 128's condensed interim financial statements are unaudited for the period ended on March 31, 2024. Reference is made to the Glossary of Terms for the definitions of certain abbreviations and terms used in this Filing Statement and in this summary. All information provided in this summary and in the Filing Statement is current as of May 27, 2024, unless stated otherwise.

### **Parties**

Silver Crown is a private company that was incorporated on August 23, 2021 under the laws of the Province of Ontario and is a revenue-generating silver-only royalty company focused on silver as by-product credits. Silver Crown aims to minimize the economic impact on mining projects while maximizing returns for its shareholders. Silver Crown presently owns two royalties on producing mines and continues to build on this foundation, targeting additional operational silver-producing projects and is focused on generating consistent and growing income sources through expanding portfolio of mining royalty interests. Silver Crown is looking all over the world for projects that have silver as a by-product and aim to monetize the silver value of those operations. For additional information about Silver Crown, please see “PART IV – INFORMATION CONCERNING SILVER CROWN”.

128 is a reporting issuer in the Provinces of British Columbia and Alberta and was incorporated under the laws of the Province of British Columbia on February 3, 2021. The 128 Shares are not listed on any stock exchange and 128's current business is to comply with all reporting requirements while endeavoring to find, acquire and finance a suitable business or project. For additional information about 128, please see “PART III – INFORMATION CONCERNING 128”.

### **The Transaction**

Pursuant to the Transaction it is expected Silver Crown (following the Continuance) and 128 (following the 128 Consolidation) will amalgamate pursuant to the provisions of the BCBCA and continue as a new entity, the “Resulting Issuer”. In connection with the Amalgamation and, in exchange for their respective securities of Silver Crown and 128, the securityholders of Silver Crown and 128 shall receive securities of the Resulting Issuer based on the Exchange Ratio. In connection with the Transaction, the Resulting Issuer will also change its name to “Silver Crown Royalties Inc.” and the New Slate will also be appointed. See “Directors, Officers and Promoters”.

Silver Crown and 128 have entered into the Amalgamation Agreement in connection with the Transaction. Following the Closing, the Resulting Issuer will carry on the business of Silver Crown under the name “Silver Crown Royalties Inc.”

The parties have applied to list the Resulting Issuer Shares on the Exchange under the symbol “SCRI”. Final approval of the Exchange for the listing will be subject to Silver Crown and 128 fulfilling all of the listing conditions of the Exchange set forth in the conditional approval letter dated July 17, 2024. See “Description of the Resulting Issuer Securities”.

### **Concurrent Financing**

In connection with the Transaction, Silver Crown completed the Concurrent Financing of 7,408,600 Subscription Receipts, at an issue price of \$0.50 per Subscription Receipt for aggregate gross proceeds of \$3,704,300.

In connection with the Transaction and immediately prior to the Effective Time, each Subscription Receipt will be automatically exchanged, without payment of any additional consideration or any further action by the holder thereof, into one Silver Crown Unit

(comprised of one Silver Crown Share and one Silver Crown Warrant), which Silver Crown Shares and Silver Crown Warrants will then be exchanged for Resulting Issuer Shares and Warrants on the basis of the Exchange Ratio.

Pursuant to the Amalgamation, each 20 Silver Crown Shares will automatically be exchanged for, without payment of any additional consideration or any further action by the holder thereof, one Resulting Issuer Share and each 20 Silver Crown Warrants will automatically be exchanged for one Resulting Issuer Replacement Warrant. Each Resulting Issuer Replacement Warrant will be exercisable for one (1) Resulting Issuer Share at an exercise price of \$16.00 per share for a period of 36 months from the date on which Silver Crown becomes a reporting issuer in any jurisdiction of Canada, except for the 413,011 Resulting Issuer Replacement Warrants replacing 8,260,250 2023 Silver Crown Warrants (as defined below) that were issued in connection with the 2023 Financing (as defined below), each of which Resulting Issuer Replacement Warrants will be exercisable for one (1) Resulting Issuer Share at an exercise price of \$8.00 per share for a period of 24 months from the applicable closing date of the 2023 Financing in accordance with the original terms of the 2023 Silver Crown Warrants.

The Silver Crown Subscription Receipts issued in connection with the Concurrent Financing were issued on a prospectus exempt basis to accredited investors (as defined in National Instrument 45-106 – Prospectus Exemptions), family, friends and business associates (as defined in National Instrument 45-106), U.S. accredited investors (as defined in Rule 501(a) of Regulation D under the U.S. Securities Act) and to purchasers resident outside Canada and the U.S. pursuant to section 2.4 of Ontario Securities Commission Rule 72-503.

Medalist served as a financial advisor to Silver Crown in connection with the Concurrent Financing and was paid an advisory fee of 82,000 Resulting Issuer Units at the closing of the Amalgamation in accordance with the terms of the Medalist Capital Engagement Letter. Canaccord Genuity Corp. was paid a cash finder's fee of 8% of the amount placed with subscribers introduced to Silver Crown by Canaccord in the Concurrent Financing and received 7,140 Canaccord Finder Warrants in accordance with the terms of the Canaccord Finder's Fee Letter.

See “The Financing” and “The Concurrent Financing”.

## **Principal Assets**

Pursuant to the Gold Mountain Royalty Agreement (as defined below), Silver Crown holds a net smelter return royalty for 90% of the cash equivalent of the aggregate net proceeds of silver produced, but no less than the cash equivalent of 6,000 ounces of silver quarterly priced at the London Bullion Market Association's daily average price for such quarter in U.S. dollars, from the Gold Mountain Project (as defined below) annually. The Gold Mountain Royalty is Silver Crown's only material asset. The Gold Mountain Royalty is paid quarterly.

Pursuant to the Pilar Royalty Agreement (as defined below), Silver Crown holds a net smelter return royalty for 31.05% of the cash equivalent of the aggregate net proceeds of silver sold as a result of processing of ores extracted from Pilar Gold Inc.'s PGDM Complex (as defined below), but no less than the cash equivalent of 1,380 ounces of silver quarterly priced at the London Bullion Market Association's daily average price for such quarter in U.S. dollars, from the PGDM Complex (as defined below) annually. The Pilar Royalty is paid quarterly.

Pursuant to the Tucano Royalty Agreement (as defined below), Silver Crown is in the process of acquiring a net smelter return royalty for 90% of the payable silver produced, but no less than 7,000 ounces annually, from Tucano Gold Inc.'s Mina Tucano Project in Amapa, Brazil. Minimum silver equivalent deliveries start January 1, 2025 and continue for up to ten years.

See “Narrative Description of the Business”.

## **Conditions to**

The completion of the Transaction is conditional upon, among other things, obtaining necessary

**Completion of the Transaction**

shareholder, regulatory and Exchange approval or consents, where applicable, and meeting the terms and conditions set forth in the Amalgamation Agreement. See “PART II – INFORMATION CONCERNING THE TRANSACTION”.

The Resulting Issuer has been granted waivers of certain initial listing requirements of the Exchange. The Silver Crown Shareholders approved the Amalgamation through a special resolution on June 25, 2024.

**Arm’s Length Transaction**

To the knowledge of 128 and Silver Crown, the Transaction is not a Non-Arm’s Length Transaction pursuant to the policies of the Exchange. See “Summary of the Transaction and Related Transactions” and “Arm’s Length Transactions”.

**Directors, Officers and Promoters of the Resulting Issuer**

Concurrently with the completion of the Transaction, 128 will cause all of the then current directors and officers of 128 to resign without payment by or any liability to 128 or the Resulting Issuer, and to cause each such director and officer to execute and deliver a release in favour of 128 and the Resulting Issuer, in a form acceptable to 128 and Silver Crown.

The Resulting Issuer Board will consist of the New Slate, being Peter Bures, Philip van den Berg, Peter Simeon and Peter Schloo.

The executive management of the Resulting Issuer will consist of Peter Bures as Chairman and Chief Executive Officer, Hassnain Raza as Chief Financial Officer, and Patrick Sullivan as Corporate Secretary.

It is anticipated that the number and percentage of Resulting Issuer Shares over which such new directors and officers, and the Associates and Affiliates of such new directors and officers, exercise control, will be as set forth below. See “*Directors, Officers and Promoters*”.

<b>Proposed Directors, Officers and Promoters</b>	<b>Number and Percentage of Resulting Issuer Shares upon Completion of the Transaction, Concurrent Financing, and Subsequent Financing and % of Class Held or controlled<sup>(1)</sup></b>
<b>Peter Bures</b> Chairman and Chief Executive Officer	225,000 9.67%
<b>Hassnain Raza</b> Chief Financial Officer	75,000 3.22%
<b>Patrick Sullivan</b> Corporate Secretary	6,250 0.26%
<b>Philip van den Berg</b> Independent Director	0 0%
<b>Peter Simeon</b> Independent Director	6,250 0.26%
<b>Peter Schloo</b> Independent Director	72,500 3.11%

**Note:**

- (1) Calculation on an undiluted basis and based on 2,324,666 Resulting Issuer Shares outstanding upon the completion of the Transaction, Concurrent Financing and Subsequent Financing, assuming the issuance of 100,000 Resulting Issuer Units under the Subsequent Financing. These figures do not account for participation, if any, in the Concurrent Financing and Subsequent Financing.

## Available Funds

The following table sets forth the funds anticipated to be available to the Resulting Issuer on a consolidated basis after giving effect to the Transaction:

Source of Funds	Amount (\$) <sup>(1)</sup>
Working capital of Silver Crown as at March 31, 2024	(183,870)
Working capital of 128 as at March 31, 2024	(135,019)
Net proceeds from the Concurrent Financing	3,500,000
Total Estimated Funds Available	3,181,111

**Note:**

- (1) These figures assume net proceeds of \$3,500,000 from the Concurrent Financing based on direct financing costs, including broker commissions, and do not account for proceeds, if any, of the Subsequent Financing.

See “Estimated Available Funds”.

## Principal Purposes of Funds

The following table summarizes the expenditures anticipated by the Resulting Issuer required to achieve its business objectives until July 22, 2025:

Use of Funds	Amount of Funds (\$)
Corporate Development	1,750,000
Professional Fees	200,000
Preliminary Transaction costs/other Exchange costs	250,000
Management	500,000
Investor Relations <sup>(1)</sup>	150,000
Working Capital	350,000
Total Estimated Funds Required	3,200,000
Total Estimated Funds Available <sup>(2)</sup>	3,298,277

**Notes:**

(1) Services to be provided by consultants as more fully described in section titled “PART V – INFORMATION CONCERNING THE RESULTING ISSUER – Investor Relations and Capital Markets Arrangements”

(2) The Resulting Issuer plans to conduct further financings over the next 12 months. Such financings would not be required for the Resulting Issuer to conduct its business over the next 12 months.

Notwithstanding the proposed uses of available funds discussed above, there may be circumstances where, for sound business reasons, a reallocation of funds may be necessary or prudent. It is difficult, at this time, to definitively project or allocate the funds necessary to effect the planned activities of the Resulting Issuer. For these reasons, management of 128 and Silver Crown consider it to be in the best interests of the Resulting Issuer and its shareholders to afford management a reasonable degree of flexibility as to how the funds are employed among the uses identified above, or for other purposes, as the need arises. For additional information, see “Estimated Available Funds”, “Principal Purposes” and “Narrative Description of the Business”. Further, the above uses of available funds should be considered estimates. See “FORWARD-LOOKING STATEMENTS”.

## Dividends

There will be no restrictions on the Resulting Issuer’s ability to pay dividends on the Resulting Issuer Shares other than the Resulting Issuer’s financial position. It is expected that Resulting Issuer will retain future profits to finance further growth and that no dividends will be paid in the immediate or foreseeable future following completion of the Transaction. However, the Resulting Issuer may consider paying dividends on the Resulting Issuer Shares in the future when circumstances permit, having regard to, among other things, its earnings, cash flow and

financial requirements, as well as relevant legal and business considerations. All of the Resulting Issuer Shares are entitled to an equal share in any dividends declared and paid. See “Dividends”.

**Selected Pro Forma Consolidated Capitalization of the Resulting Issuer**

The following table summarizes the distribution of securities that will be issued on completion of the Transaction, under the assumption that no Silver Crown Broker Warrants or Silver Crown Warrants are exercised prior to the Effective Time and that no additional securities are issued by 128 and Silver Crown.

Securityholder	Resulting Issuer Shares	Resulting Issuer RSUs	Resulting Issuer Warrants
128 Securityholders	100,000	-	-
Silver Crown Securityholders	1,672,236	66,250	567,397
Holders of Resulting Issuer Broker Warrants	-	-	62,740
Investors in the Concurrent Financing	370,430	-	377,570
Medalist in connection with the Concurrent Financing	82,000	-	82,000
Investors in the Subsequent Financing	100,000	-	100,000
<b>Total</b>	<b>2,324,666</b>	<b>66,250</b>	<b>1,189,707</b>

**Selected Pro Forma Financial Information of the Resulting Issuer**

	Silver Crown as at March 31, 2024 (\$)	128 as at March 31, 2024 (\$)	Pro Forma Adjustments <sup>(1)</sup> (\$)	Pro Forma Consolidated <sup>(1)</sup> (\$)
Cash	68,977	0	3,229,300	3,298,277
Total Assets	4,372,295	75	3,229,300	7,601,670
Total Liabilities	718,790	135,094	(133,129)	720,755
Total Shareholders' Equity	3,653,505	(135,019)	3,362,429	6,880,915
Total Liabilities and Shareholders' Equity	4,372,295	75	3,229,300	7,601,670

Note:

- (1) Includes net proceeds of the Concurrent Financing and does not account for proceeds of the Subsequent Financing, if any.

See SCHEDULE E – PRO FORMA FINANCIAL STATEMENT.

**Trading Price**

As the 128 Shares are not listed on a stock exchange, there is no trading price for 128 Shares.

See “Trading Price”.

**Shareholder Approval**

On June 21, 2024, 128 obtained written consent resolution of 128 Shareholder approving, among other things, the 128 Consolidation, the appointment of the New Slate (i.e., the Resulting Issuer Board), and the Compensation Plan.

The Silver Crown Shareholders approved the Amalgamation and Continuation Resolution by way of a special resolution of Silver Crown Shareholders on June 18, 2024.

### **Conflict of Interest**

To the knowledge of Silver Crown, there are no known material conflicts of interest, existing or potential, among Silver Crown's directors, officers or other members of management, or any person expected to be a director or executive officer of the Resulting Issuer, as a result of their outside business interests as of the date of this Filing Statement.

Certain proposed directors of the Resulting Issuer are, or may in the future be, directors, officers or shareholders of other companies that are, or may in future be, engaged in the business of, or enter into transactions with, the Resulting Issuer. Such associations and transactions may give rise to conflicts of interest from time to time. See "Conflicts of Interest".

### **Risk Factors**

Although management of Silver Crown believes that the expectations reflected in the forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. The following specific factors could materially adversely affect the Resulting Issuer and should be considered when deciding whether to make an investment in the Resulting Issuer. Other risks and uncertainties that management does not presently consider to be material, or of which management are not presently aware, may become important factors that affect management's future financial condition and results of operations. The occurrence of any of the risks discussed below could materially adversely affect the Resulting Issuer's business, prospects, financial condition, results of operations, cash flow or the trading price of its securities.

#### **Risks**

- Silver Crown may not complete the Transaction or receive Exchange approval to list the Resulting Issuer Shares;
- the Amalgamation Agreement may be terminated in certain circumstances;
- the Transaction will have a dilutive effect on the shareholders of 128;
- the Transaction may divert the attention of the management of Silver Crown;
- the tax consequences of the Transaction to various stakeholders;
- Silver Crown may not realize anticipated benefits of the Transaction;
- pro forma financial statements are illustrative only;
- the listing of the Resulting Issuer Shares is dependent on satisfaction of Exchange requirements and may not occur;
- the market price of the Resulting Issuer Shares, if listed, may be volatile;
- the Resulting Issuer may issue additional equity securities thus diluting existing security holders;
- the value assigned to Silver Crown may be incorrect;
- there is no assurance that the Resulting Issuer will declare a dividend (and currently there are no plans to declare any dividends);
- evolving corporate governance and public disclosure regulations;
- the Resulting Issuer may not use the available funds as described in the Filing Statement;
- risks related to liquidity;
- a market for the securities of the Resulting Issuer may not develop;
- changes in the market price of metals; volatility in the price of silver;
- the Resulting Issuer will have limited, or no, control over the operation of properties in which it has a royalty interest;
- the significance of the Gold Mountain Project to Silver Crown;
- the limited operating history of Silver Crown;
- Silver Crown has a history of negative cash flow and no assurance can be given that the Resulting Issuer will ever attain positive cash flow;

- variations in foreign exchange rates;
- competition for royalties;
- delays in the receipt of payments or failure to receive payments;
- risks related to financing;
- risks related to third-party reporting;
- risks related to disclosure of mining operations;
- the acquisition strategy of the Resulting Issuer;
- risks related to cash flow of the Resulting Issuer;
- the rights of other interest holders;
- defects in royalty and other interests;
- changes in significant assets of the Resulting Issuer;
- dependence on key personnel;
- project operators may not respect contractual obligations;
- the enforceability of royalty interests;
- directors and officers may have conflicts of interest affecting operations;
- global financial conditions, including interest rates and inflation, may be volatile;
- natural disasters, terrorist acts, civil unrest, pandemics and other disruptions and dislocations;
- future financing and securities issuances;
- litigation affecting properties in which the Resulting Issuer has an interest;
- changes in tax laws impacting the Resulting Issuer;
- the information systems and cybersecurity of the Resulting Issuer;
- shareholder activism;
- reputational damage;
- expansion of the business model of the Resulting Issuer;
- risks applicable to owners and operators of mineral properties in which the Resulting Issuer has an interest;
- exploration, development and mining operations;
- additional costs to mineral property operators resulting from national or international climate control initiatives;
- risks related to silver and commodity prices and their effect on mining operations;
- operation and exploration activities are subject to environmental and endangered species laws and regulations;
- operations and exploration may be subject to governmental regulations, permits, and authorizations;
- permits and licences may not be forthcoming or available in a timely manner;
- adequate infrastructure may not be available to develop mineral properties;
- dependence and reliance on key employees of owners and operators of mineral properties;
- mineral resource and mineral reserve estimates;
- uninsured or uninsurable risks;
- risks related to international interests;
- risks related to permitting, construction and development; and
- risks related to indigenous peoples.

The Resulting Issuer's future development and actual operating results may be very different from those expected as at the date of this Filing Statement. No representation is or can be made as to the future performance of the Resulting Issuer and there can be no assurance that the Resulting Issuer will achieve its objectives. Accordingly, readers should carefully consider the risk factors contained herein under "PART VI – RISK FACTORS".



**Conditional Approval**

The Exchange conditionally accepted the Listing on July 17, 2024, subject to 128 and Silver Crown fulfilling all of the listing requirements of the Exchange. There is no guarantee that 128 and Silver Crown or the Resulting Issuer will be able to satisfy the requirements of the Exchange such that the Exchange will issue the Final Exchange Bulletin. See “PART VI – RISK FACTORS”.

**Auditor**

The auditor of Silver Crown is Zeifmans LLP, at its principal office in Toronto, Ontario. Zeifmans LLP is independent with respect to Silver Crown within the meaning of the Code of Professional Conduct of the Chartered Professional Accountants of Ontario. Upon completion of the Transaction, Zeifmans LLP is expected to become the auditor of the Resulting Issuer. See “Auditor, Transfer Agent and Registrar”, “Auditors” and “Transfer Agent and Registrar”.

**Technical Disclosure**

Mitchell E. Lavery, P. Geo., is a “qualified person” for the purposes of NI 43-101, is independent of Silver Crown and verified and approved the technical and scientific disclosure contained in this Filing Statement. Mr. Lavery is a consultant for Silver Crown. See “*Material Asset – Gold Mountain*”.

[PART II – INFORMATION CONCERNING THE TRANSACTION *begins on following page]*

## **PART II – INFORMATION CONCERNING THE TRANSACTION**

The following is a summary of the material terms of the Amalgamation Agreement. This summary does not purport to be a complete summary of the Amalgamation Agreement and is qualified in its entirety by reference to the full text of the Amalgamation Agreement, a copy of which is available for review under 128's SEDAR+ profile at sedarplus.ca.

Terms used in this "PART II – INFORMATION CONCERNING THE TRANSACTION" but not otherwise defined in this Filing Statement shall have the meaning ascribed thereto in the Amalgamation Agreement.

### **Background of Transaction**

128 was incorporated under BCBCA as "1287412 B.C. Ltd." on February 3, 2021. 128 is a reporting issuer under the securities laws of the jurisdictions of Alberta and British Columbia and currently has 5,350,000 128 Shares issued and outstanding. None of its securities, including the 128 Shares, are listed or posted for trading on any stock exchange and no public market exists for any securities of 128. See "PART III – INFORMATION CONCERNING 128". 128's head office is located at 3400 22 Adelaide S.W., Toronto, ON M5H 4E3 and its registered and records offices are located at 1200 Waterfront Centre, 200 Burrard Street Vancouver, BC.

Silver Crown is a private company that was incorporated on August 23, 2021, under the laws of the Province of Ontario. Silver Crown is a revenue-generating silver-only royalty company focused on silver as by-product credits. Its ongoing objective is to minimize the economic impact on mining projects and simultaneously maximize returns for its shareholders. Silver Crown provides capital to a mining entity to apply towards some aspect of their operation, such as exploration, mine development, or facility construction, in exchange for receipt of a percentage of the miner's silver production. Silver Crown is continuing to build on this foundation, targeting additional operational silver-producing projects and is focused on generating consistent and growing income sources through expanding portfolio of mining royalty interests. Silver Crown is looking all over the world for projects that have silver as a by-product and aim to monetize the silver value of those operations.

Pursuant to the Gold Mountain Royalty Agreement (as defined below), Silver Crown holds a net smelter return royalty for 90% of the aggregate gross proceeds of silver, but not less than the cash equivalent of 6,000 ounces of silver annually priced at the London Bullion Market Association's daily average price in U.S. dollars, produced from the Gold Mountain Project located in British Columbia, Canada. The Gold Mountain Project and the Gold Mountain Royalty Agreement are discussed in detail below.

The Gold Mountain Royalty is Silver Crown's only material asset.

See "PART IV – INFORMATION CONCERNING SILVER CROWN".

On April 30, 2024, 128 entered into the Letter of Intent with Silver Crown, pursuant to which the parties intend to complete the Transaction. Silver Crown and 128 have applied to list the Resulting Issuer Shares on the Exchange concurrently with, or following, the completion of the Transaction.

On May 15, 2024, 128 and Silver Crown entered into the Amalgamation Agreement to, among other things, effect the Amalgamation.

### **Reasons for the Transaction**

The Transaction will provide Silver Crown with additional capital to pursue its business objectives. The Transaction will also provide Silver Crown with potentially greater access to capital markets in the future and may facilitate the completion of acquisitions on accretive terms in the future. Further, the Transaction provides the potential for liquidity to Silver Crown's Shareholders.

### **Summary of the Transaction and Related Transactions**

Pursuant to the Amalgamation Agreement, it is anticipated that the following transactions will be completed (collectively, the "Transaction"):

- (a) Silver Crown will complete the Concurrent Financing;
- (b) Silver Crown will complete the Continuance; 128 will complete the 128 Consolidation;
- (c) Immediately prior to the Effective Time, each Subscription Receipt will be automatically exchanged, without payment of any additional consideration or any further action by the holder thereof, into one Silver Crown Unit (comprised of one Silver Crown Share and one Silver Crown Warrant). On the Closing Date and at the Effective Time and pursuant to the Amalgamation: (i) Silver Crown and 128 will amalgamate under the provisions of the BCBCA to continue as one entity being the “Resulting Issuer”, (ii) Silver Crown Shares will be exchanged for Resulting Issuer Shares on the basis of the Exchange Ratio; and (iii) 128 Shares will be exchanged for Resulting Issuer Shares on the basis of the Exchange Ratio;
- (d) the Resulting Issuer Board will be appointed;
- (e) the Resulting Issuer will be renamed “Silver Crown Royalties Inc.”, or such other name as determined by Silver Crown.

The Transaction is intended to be completed prior to the Listing and will result in the reverse takeover of 128 by the shareholders of Silver Crown. Completion of the Transaction is subject to compliance with the terms and conditions set forth in the Amalgamation Agreement, which are discussed further below under the heading “Conditions of the Transaction”. If the terms and conditions of the Amalgamation Agreement are satisfied (or waived, as applicable), it is expected that the Transaction will be completed and become effective on or about June 28, 2024 or such other date as may be determined by the parties thereto. However, the effective date of the Transaction could be delayed for a number of reasons. See “PART VI – RISK FACTORS”.

A corporate organizational chart reflecting the expected corporate structure of the Resulting Issuer following the Effective Date is set forth in “Corporate Structure of the Resulting Issuer”.

The terms of the Transaction, as set out in the Amalgamation Agreement and summarized below, were established through arm’s length negotiations between the respective management of Silver Crown and 128.

### **The Amalgamation Agreement and the Transaction**

The Amalgamation Agreement provides for the reverse takeover of 128 by the shareholders of Silver Crown by way of amalgamation under the provisions of the BCBCA pursuant to the Amalgamation Agreement, pursuant to which Silver Crown and 128 will amalgamate and continue as one corporation to be named “Silver Crown Royalties Inc”. The following is a summary of the Amalgamation Agreement and is qualified in its entirety by the full text of the Amalgamation Agreement, which has been filed on SEDAR+ and is incorporated by reference herein.

#### *Representations, Warranties and Covenants*

Silver Crown and 128 have agreed to certain representations and warranties relating to, among other things: the power and authority to enter into and perform the obligations under the Amalgamation Agreement and its ancillary documents; the incorporation and registration of each party; authorization to issue shares; their options and other convertible securities; the absence of litigation; the Amalgamation Agreement being a binding agreement enforceable in accordance with its terms; absence of conflict; undisclosed liabilities; the financial statements of each party; non-arm’s length transactions; employment matters; no disagreements with auditors; has made no misrepresentation; taxes duly filed; books and records; the absence of bankruptcy, insolvency or receivership proceedings; the absence of prejudice to creditors; the absence of subsidiaries; no restrictions on activities or Transactions; each is not a party to or aware of any shareholder or voting agreements; and each is not subject to any cease trade order.

Silver Crown further represents and warrants that it is authorized to conduct business and is in compliance with the requirements of such authorization; it is not a reporting issuer; it is not an emerging market issuer; it has provided a complete and accurate list of all material contracts; it is not in material default under any such material contract; it is conducting business in the ordinary course; there are no undisclosed compensation plans or benefits; adequate insurance is or will be in place; there will not be a majority of shareholders not resident in Canada immediately prior to the Amalgamation; to its knowledge, there are

no adverse environmental conditions in the properties in which Silver Crown has an interest; it is being operated in compliance with applicable employment laws and has not received notice of any outstanding amounts owing pursuant to worker's compensation legislation; it is not party to any debt instrument or any agreement to create same; it has not received notice of any alleged violation of law or any investigation with respect to same; it has made its royalty title and operating documents available to 128 and to its knowledge there are no undisclosed material defaults of any obligation of same; there are no undisclosed commissions or fees payable; it is exempt from any requirement to file a NI 43-101 technical report; it will have good title to all material real and personal property owned at the effective time; and it has no undisclosed investment obligations.

128 further represents and warrants that 128 is a reporting issuer under the securities legislation of British Columbia and Alberta; is not party to any other material contracts; is current in its continuous disclosure obligations; and is current with all filings and fees required by securities commissions.

#### Conditions of the Transaction

The Amalgamation Agreement contains a number of conditions precedent to the obligations of 128 and Silver Crown. Unless all such conditions are satisfied or waived by the party for whom benefit such conditions exist, to the extent it may be capable of waiver, the Transaction will not proceed. There is no assurance that these conditions will be satisfied or waived on a timely basis, or at all. The conditions to the Transaction becoming effective are set out in the Amalgamation Agreement and are summarized below.

#### Conditions for the Benefit of 128 and Silver Crown

The completion of the Transaction is subject to the following conditions being satisfied at or prior to the Effective Date, which conditions are for the mutual benefit of 128 on the one hand and Silver Crown on the other hand and may be waived, in whole or in part, jointly by 128 and Silver Crown at any time:

- (a) the distribution of the securities of the Resulting Issuer issued in connection with the Proposed Transaction shall be exempt from the prospectus and registration requirements of applicable Canadian securities laws either by virtue of exemptive relief from the securities regulatory authorities of each of the provinces of Canada or by virtue of applicable exemptions under Canadian securities laws and shall not be subject to resale restrictions under applicable Canadian securities laws (other than as applicable to control persons or pursuant to section 2.6 of National Instrument 45-102);
- (b) the Resulting Issuer Shares to be issued pursuant to the Proposed Transaction shall be issuable as fully paid and non-assessable shares in the capital of 128, free and clear of any Encumbrance other than escrow restrictions pursuant to the policies of the Exchange and/or Applicable Canadian Securities Laws;
- (c) absence of material adverse events affecting 128, and absence of Material Adverse Changes in the condition (financial or otherwise) of the assets, liabilities, operations, earnings, business or prospects of 128;
- (d) absence of material adverse events affecting Silver Crown, and absence of Material Adverse Changes in the condition (financial or otherwise) of the assets, liabilities, operations, earnings, business or prospects of Silver Crown;
- (e) receipt by each of 128 and Silver Crown of all necessary board, shareholder and court approvals necessary or desirable in connection with the Proposed Transaction and the Concurrent Financing, including, without limitation, approval of any applicable name change, the New Slate, the Proposed Transaction, the Agreement (if required) and any consolidation (if required);
- (f) receipt of all governmental, court, regulatory, third person and other approvals, consents, waivers, orders, exemptions, agreements and all amendments and modifications to agreements, indentures and arrangements which either party require in connection with the Proposed Transaction shall have been obtained in form satisfactory to the parties, each acting reasonably, if required;
- (g) Silver Crown having completed the Concurrent Financing for aggregate proceeds which are sufficient to satisfy the minimum listing requirements of the Exchange;

- (h) satisfaction or waiver of all Escrow Conditions and conversion of all outstanding Subscription Receipts into underlying Silver Crown Units;
- (i) 128 having taken all necessary action to cause the board of directors and officers to be comprised of the New Slate;
- (j) the Exchange having conditionally approved the Listing Application and the listing of the shares of the Resulting Issuer on the Exchange;
- (k) 128 having delivered, effective on completion of the Proposed Transaction, resignations and releases of the directors and officers of 128;
- (l) the holders of the issued and outstanding shares of Silver Crown holding marketable title thereto, free and clear of any and all Encumbrances, liens, charges and demands of whatsoever nature;
- (m) the latest available financial statements for Silver Crown fairly and accurately representing the financial condition of Silver Crown and shall have been prepared in accordance with International Financial Reporting Standards, consistently applied, and shall meet the requirements for listing on the Exchange and as may be required under Applicable Canadian Securities Laws;
- (n) no action, suit or proceeding will have been taken or threatened under any applicable law or by any government or governmental or regulatory authority which makes it illegal or otherwise directly or indirectly restrains, enjoins or prohibits the completion of the Proposed Transaction by either party, or results or could reasonably be expected to result in a judgment, order, decree or assessment of damages directly or indirectly, relating to the Proposed Transaction which is, or could be, materially adverse to Silver Crown or 128, respectively, on a consolidated basis; and
- (o) the Amalgamation Agreement shall not have been terminated under Part 9 thereof.

Capitalized terms in the foregoing list of conditions not otherwise defined herein have the meanings given to them in the Amalgamation Agreement.

Conditions for the Benefit of 128

The completion of the Transaction is subject to the following conditions being satisfied at or prior to the Effective Date, which conditions are for the exclusive benefit of 128 and may be waived, in whole or in part, by 128 in its sole discretion:

- (a) Silver Crown shall have performed, satisfied and complied with all obligations, covenants and agreements to be performed and complied with by it on or before the Effective Date of the Amalgamation Agreement pursuant to the terms of the Amalgamation Agreement and that the representations and warranties of Silver Crown made in the Amalgamation Agreement shall be true and correct in all material respects as at the Effective Date of the Amalgamation Agreement with the same force and effect as if such representations and warranties had been made on and as of such date;
- (b) Silver Crown shall have furnished 128 with:
  - (i) Certified copies of the resolutions duly passed by the board of directors of Silver Crown approving the Amalgamation Agreement and the consummation of the transactions contemplated thereby;
  - (ii) Certified copy of the SCR Resolution duly approved by the SCR Shareholders;
  - (iii) Certified copies of Silver Crown's Constatng Documents;
  - (iv) A certificate of good standing of Silver Crown, dated within one day of the Effective Date of the Amalgamation Agreement;
  - (v) If applicable, duly executed investment agreements, including accredited investor certificates, for any SCR Shareholder resident in the United States, in a form satisfactory to 128 and its counsel, acting reasonably; and

- (vi) A certificate of Silver Crown addressed to 128 and dated the Effective Date of the Amalgamation Agreement, signed on behalf of Silver Crown by two senior officers of Silver Crown, confirming that the conditions in Section 7.2(a), (d) and (e) of the Amalgamation Agreement have been satisfied;
- (c) SCR Shareholders shall have entered into any escrow or lock-up arrangements if so required by the Exchange;
- (d) no act, action, suit, proceeding, objection or opposition shall have been taken against or affecting Silver Crown before or by any domestic or foreign court, tribunal or governmental agency or other regulatory or administrative agency or commission by any elected or appointed public official or private Person in Canada or elsewhere, whether or not having the force of law and no law, regulation, policy, judgment, decision, order, ruling or directive (whether or not having the force of law) shall have been enacted, promulgated, amended or applied, which in the sole judgment of 128, acting reasonably, in either case has had or, if the Amalgamation was consummated, would result in a Material Adverse Change respecting Silver Crown taken as a whole or would materially impede the ability of the Parties to the Amalgamation Agreement to complete the Amalgamation; and
- (e) there shall not have occurred any Material Adverse Change of Silver Crown taken as a whole.

Capitalized terms in the foregoing list of conditions not otherwise defined herein have the meanings given to them in the Amalgamation Agreement.

Conditions for the Benefit of Silver Crown

The completion of the Transaction is subject to the following conditions being satisfied at or prior to the Effective Time, which conditions are for the exclusive benefit of Silver Crown and may be waived, in whole or in part, by Silver Crown in its sole discretion:

- (a) 128 shall have performed, satisfied and complied with all obligations, covenants and agreements to be performed and complied with by 128 on or before the Effective Date pursuant to the terms of this Agreement, including, without limitation, effecting the Consolidation, and that the representations and warranties of 128 made in this Agreement shall be true and correct in all material respects as at the Effective Date with the same force and effect as if such representations and warranties had been made on and as of such date;
- (b) 128 shall have furnished Silver Crown with:
  - (i) certified copies of the resolutions duly passed by the board of directors of 128 approving the Amalgamation Agreement and the consummation of the transactions contemplated thereby;
  - (ii) certified copy of the 128 Resolution duly approved by the 128 Shareholders;
  - (iii) certified copies of 128's Constatng Documents;
  - (iv) evidence that 128 is a reporting issuer in the Provinces of British Columbia and Alberta and is not in default of any of the provisions therein;
  - (v) a certificate of good standing of 128, dated within one day of the Effective Date of the Amalgamation Agreement; and
  - (vi) a certificate of 128 addressed to Silver Crown and dated the Effective Date of the Amalgamation Agreement, signed on behalf of 128 by a senior officer of 128, confirming that the conditions in Section 7.3(a), (c) and (e) of the Amalgamation Agreement have been satisfied.
- (c) 128 Shareholders shall have entered into any escrow or lock-up arrangements if so required by the Exchange;
- (d) no act, action, suit, proceeding, objection or opposition shall have been taken against or affecting 128 before or by any domestic or foreign court, tribunal or governmental agency or other regulatory or administrative agency or commission by any elected or appointed public official or private Person in Canada or elsewhere, whether or not having the force of law

and no law, regulation, policy, judgment, decision, order, ruling or directive (whether or not having the force of law) shall have been enacted, promulgated, amended or applied, which in the sole judgment of Silver Crown, acting reasonably, in either case has had or, if the Amalgamation was consummated, would result in a Material Adverse Change respecting 128 taken as a whole or would materially impede the ability of the Parties to the Amalgamation Agreement to complete the Amalgamation; and

(e) there shall not have occurred any Material Adverse Change of 128.

Capitalized terms in the foregoing list of conditions not otherwise defined herein have the meanings given to them in the Amalgamation Agreement.

#### Covenants of the Parties during the Period prior to the Effective Date

During the period from the date of the Amalgamation until the Effective Date, each party will use its commercially reasonable efforts to take, or cause to be taken, all action and to do, or cause to be done, all things necessary, proper or advisable (i) to consummate and make effective as promptly as practicable the transactions contemplated by the Amalgamation Agreement; (ii) to comply with all provisions of the Amalgamation Agreement; and (iii) to cooperate with 128 in connection with the foregoing.

#### Termination Rights

The Amalgamation Agreement may be terminated at any time before the Effective Time:

- (a) by the mutual agreement of 128 and Silver Crown;
- (b) by either of Silver Crown or 128 by notice to the other party if a Governmental Authority has notified either party in writing that it will not permit the Transaction to proceed;
- (c) by either of Silver Crown or 128 by notice to the other party if there has been a misrepresentation, breach or non-performance by the breaching party of any representation, warranty, covenant or obligation contained in the Amalgamation Agreement, which could reasonably be expected to have a material adverse effect on the terminating party or the ability of either party to complete the Transaction in accordance with the terms of the Amalgamation Agreement, provided the breaching party has been given notice of and ten (10) days to cure any such misrepresentation, breach or non-performance;
- (d) by Silver Crown should the conditions for the benefit of Silver Crown not be met;
- (e) by 128 should the conditions for the benefit of 128 not be met; and
- (f) by either Silver Crown or 128, if the Transaction has not been completed on or before August 15, 2024, or such later date as may be agreed to by Silver Crown and 128, unless the failure to complete the Amalgamation by such date is the result, directly or indirectly, of a breach of this Agreement by the Party seeking to terminate the Amalgamation Agreement.

Upon the termination of the Amalgamation Agreement, the parties shall be released from their obligations other than as expressly contemplated in the Amalgamation Agreement, except as otherwise set forth therein, provided that nothing shall relieve a party from liability arising prior to such termination.

#### Directors and Officers of the Resulting Issuer

Concurrently with the completion of the Amalgamation, 128 will cause all of the then-current directors and officers of 128 to resign without payment by or any liability to 128 or the Resulting Issuer, and to cause each such director and officer to execute and deliver a release in favour of 128 and the Resulting Issuer, in a form acceptable to 128 and Silver Crown.

The Resulting Issuer Board will consist of Peter Bures, Philip van den Berg, Peter Simeon and Peter Schloo. Executive

management of the Resulting Issuer will consist of Peter Bures as Chief Executive Officer and Hassnain Raza as Chief Financial Officer.

Transaction Steps

Pursuant to the terms and conditions set forth in the Amalgamation Agreement:

- (a) Immediately prior to the Effective Time, all of the issued and outstanding Subscription Receipts issued in connection with the Concurrent Financing shall be automatically exchanged into Silver Crown Units on the basis of one Silver Crown Unit for every one Silver Crown Subscription Receipt.
- (b) On the Closing Date and subject to approval by the Exchange, Silver Crown and 128 will amalgamate, pursuant to the provisions of the BCBCA, by jointly completing and filing an Amalgamation Application with the Registrar, and shall continue as one corporation effective at the Effective Time, giving effect to the Amalgamation, subject to the terms of the Amalgamation Agreement.
- (c) At the Effective Time and as a result of the Amalgamation:
  - (i) each holder of Silver Crown Shares (other than Silver Crown Dissenting Shareholders) shall receive that many fully paid and non-assessable Resulting Issuer Shares equal to the number of Silver Crown Shares held by such holder multiplied by the Exchange Ratio (subject to certain exceptions regarding fractional shares);
  - (ii) each holder of 128 Shares (other than 128 Dissenting Shareholders) shall receive that many fully paid and non-assessable Resulting Issuer Shares equal to the number of 128 Shares held by such holder multiplied by the Exchange Ratio (subject to certain exceptions regarding fractional shares);
  - (iii) the Resulting Issuer shall add to the stated capital maintained in respect of the Resulting Issuer Shares an amount such that the stated capital of the Resulting Issuer Shares shall be equal to the aggregate paid-up capital for purposes of the Tax Act of the 128 Shares and the Silver Crown Shares immediately prior to the Effective Time; and
  - (iv) the Resulting Issuer shall continue under the name “Silver Crown Royalties Inc.”
- (d) At the Effective Time:
  - (i) the registered holders of Silver Crown Shares shall become the registered holders of the Resulting Issuer Shares to which they are entitled, calculated in accordance with the provisions hereof, and the holders of share certificates representing such Silver Crown Shares may surrender such certificates to Silver Crown’s transfer agent and, upon such surrender, shall be entitled to receive and, as soon as reasonably practicable following the Effective Time, shall receive share certificates or direct registration advices representing the number of Resulting Issuer Shares to which they are so entitled;
  - (ii) the registered holders of 128 Shares shall become the registered holders of the Resulting Issuer Shares to which they are entitled, calculated in accordance with the provisions hereof, and shall be entitled to receive a share certificate representing the number of Resulting Issuer Shares to which they are entitled, calculated in accordance with the provisions hereof; and
  - (iii) the New Slate of board members shall become effective.
- (e) At the Effective Time, the Silver Crown Warrants shall be exchanged for Resulting Issuer Replacement Warrants exercisable to acquire, on the same terms and conditions as were applicable to such Silver Crown Warrants immediately prior to the Effective Time, the number of 128 Shares (rounded down to the nearest whole number) equal to the product of: (A) the number of Silver Crown Shares subject to such Silver Crown Warrants, immediately prior to the Effective Time; and (B) the Exchange Ratio. The exercise price per 128 Share subject to a Resulting Issuer Replacement Warrant shall be an amount (rounded up to the nearest tenth of a cent) equal to the quotient of: (A) the



exercise price per Silver Crown Share subject to such Silver Crown Warrant, immediately prior to the Effective Time divided by (B) the Exchange Ratio. Except as set out above, the term to expiry, conditions to and manner of exercise and other terms and conditions of each Resulting Issuer Replacement Warrant shall be the same terms and conditions of the Silver Crown Warrant for which it was exchanged.

- (f) At the Effective Time, the Silver Crown Broker Warrants shall be exchanged for Resulting Issuer Replacement Broker Warrants exercisable to acquire, on the same terms and conditions as were applicable to such Silver Crown Broker Warrants immediately prior to the Effective Time, the number of 128 Shares (rounded down to the nearest whole number) equal to the product of: (A) the number of Silver Crown Common Shares subject to such Silver Crown Broker Warrants immediately prior to the Effective Time; and (B) the Exchange Ratio. The exercise price per 128 Share subject to a Resulting Issuer Replacement Broker Warrant shall be an amount (rounded up to the nearest tenth of a cent) equal to the quotient of: (A) the exercise price per Silver Crown Common Share subject to such Silver Crown Broker Warrant immediately prior to the Effective Time divided by (B) the Exchange Ratio. Except as set out above, the term to expiry, conditions to and manner of exercise and other terms and conditions of each Resulting Issuer Replacement Broker Warrant shall be the same terms and conditions of the Silver Crown Broker Warrant for which it was exchanged.
- (g) At the Effective Time, each 128 Share or Silver Crown Share held by a 128 Dissenting Shareholder or Silver Crown Dissenting Shareholder shall be deemed to be transferred by the holder thereof, without any further act or formality on its part, free and clear of any Encumbrance, to the Resulting Issuer, and the Resulting Issuer shall thereupon be obliged to pay the amount therefor determined and payable in accordance with the Amalgamation Agreement, the name of such holder shall be removed from the central securities register as a holder of 128 Shares or Silver Crown Shares and such 128 Dissenting Shareholder or Silver Crown Dissenting Shareholder will cease to have any rights as a 128 Shareholder or Silver Crown Shareholder, other than the right to be paid the fair value of its 128 Shares or Silver Crown Shares in accordance with the Amalgamation Agreement.
- (h) If a 128 Dissenting Shareholder or Silver Crown Dissenting Shareholder fails to perfect or effectively withdraws its claim under section 238 of the BCBCA or forfeits its right to make a claim under section 238 of the BCBCA or if its rights as a 128 Shareholder or Silver Crown Shareholder are otherwise reinstated, such holder's 128 Shares or Silver Crown Shares shall thereupon be deemed to have been exchanged as of the Effective Time as prescribed by the Amalgamation Agreement.
- (i) 128 Shares will only be issued to "U.S. Persons" that are accredited investors and shall be "restricted securities" as defined in Rule 144(a)(3) of the U.S. Securities Act and shall bear a legend in customary form restricting re-sale and transfer without registration under the U.S. Securities Act unless pursuant to an available exemption from registration under the U.S. Securities Act.

It is anticipated that immediately following completion of the foregoing steps, an aggregate of approximately 2,224,666 Resulting Issuer Shares will be issued and outstanding, and: (a) former Silver Crown Shareholders will hold 1,672,236 Resulting Issuer Shares, representing approximately 75.1% of the outstanding Resulting Issuer Shares; (b) current 128 Shareholders will hold 100,000 Resulting Issuer Shares, representing approximately 4.49% of the outstanding Resulting Issuer Shares, each on an undiluted basis; (c) participants in the Concurrent Financing will hold 370,430 Resulting Issuer Shares, representing approximately 16.65% of the outstanding Resulting Issuer Shares, each on an undiluted basis; and (d) Medalist will hold 86,500 Resulting Issuer Shares, representing approximately 3.88% of the outstanding Resulting Issuer Shares, each on an undiluted basis. These figures do not account for issuances, if any, under the Subsequent Financing.

### **Continuation Resolution**

Pursuant to the terms of the Amalgamation Agreement, Silver Crown has sought, and obtained, Silver Crown Shareholder approval of the Continuance, pursuant to which Silver Crown will be continued from Ontario, where it is governed by the OBCA, to British Columbia, where (if completed) it will be governed by the BCBCA. Silver Crown intends to complete the Continuance from Ontario to British Columbia pursuant to the Continuation Resolution prior to the Effective Time. Completion of the Continuance will be subject to Silver Crown obtaining all necessary regulatory consents and approvals. It is expected that continuing to British Columbia will be more appropriate and align better with its operations than remaining subject to the laws of Ontario.

## **The Financing**

In connection with the Transaction, Silver Crown completed the Concurrent Financing. See “The Concurrent Financing”.

### **Approvals Necessary for the Transaction**

#### Shareholder Approval

128 obtained written shareholder approval on June 21, 2024 for, among other things, the Amalgamation, the appointment of the New Slate (i.e., the Resulting Issuer Board), and the Compensation Plan.

All Silver Crown Shareholders eligible to vote on the Amalgamation approved the Amalgamation and the Continuation Resolution on June 18, 2024.

#### Exchange Approval

On July 17, 2024, the Exchange conditionally approved the Listing of the Resulting Issuer Shares, including those to be issued pursuant to the Amalgamation to the former Silver Crown Shareholders. Legally, the Effective Date of the Amalgamation will be on the date a certificate of amalgamation is issued in respect of the Amalgamation. However, the Listing will be completed on the date the Exchange issues a Final Exchange Bulletin in respect of the Listing, which is expected to occur within a reasonable time after the Effective Date, provided all required documentation is filed with the Exchange.

*[PART III – INFORMATION CONCERNING 128 begins on following page]*

### **PART III – INFORMATION CONCERNING 128**

The following information is presented prior to giving effect to the Transaction as at the date hereof or as otherwise specified herein. See “PART V – INFORMATION CONCERNING THE RESULTING ISSUER” for pro forma business, financial and share capital information relating to the Resulting Issuer.

#### **Corporate Structure**

##### **Name and Incorporation**

128 was incorporated under the BCBCA as “1287412 B.C. Ltd.” on February 3, 2021. 128 is a reporting issuer under the securities laws of the jurisdictions of British Columbia and Alberta and as at April 30, 2024 there were 3,850,000 128 Shares issued and outstanding. None of its securities, including the 128 Shares, are listed or posted for trading on any stock exchange and no public market exists for any securities of 128.

128’s head office is located at 3400 22 Adelaide S. W., Toronto, Ontario, M5H 4E3, Canada and its registered and records offices are located at 1200 Waterfront Centre, 200 Burrard Street, Vancouver BC V7X 1T2 Canada.

##### **Intercorporate Relationships**

128 has no subsidiaries.

#### **General Development of the Business**

##### **Overview and History of 128**

The principal business of 128 is to identify and evaluate assets or businesses with a view to potentially acquire them or an interest therein by completing a purchase transaction, by exercising an option or by any concomitant transaction.

##### **Narrative Description of the Business**

128 currently has no material assets and does not conduct any operations or active business, other than the identification and evaluation of acquisition opportunities to permit 128 to acquire a business or assets in order to conduct commercial operations. 128 does not have revenues from operations and relies on outside funding for its continuing financial liquidity. This may involve the raising of additional funds in order to carry on its business and to finance an acquisition. 128 may use cash, bank financing, the issuance of treasury shares, public debt or equity financing or a combination thereof in order to finance its business and an acquisition.

128 has no history of earnings.

#### **Selected Consolidated Financial Information**

The following table sets forth selected consolidated financial information of 128 for the period beginning at incorporation on February 3, 2021 to December 31, 2021 and for the years ended December 31, 2022 and 2023 and the period ended on March 31, 2024. Such information has been derived from and should be read in conjunction with the 128 Financial Statements and the 128 MD&A, attached hereto as SCHEDULE C – 128 FINANCIAL STATEMENTS AND MD&A.

##### **Annual Information**

	<b>Twelve Months ended December 31, 2023 (\$)</b>	<b>Twelve Months ended December 31, 2022 (\$)</b>	<b>Period from February 3, 2021 (incorporation) to December 31, 2021 (\$)</b>
Total assets	75	2,348	1,050
Total liabilities	(127,355)	(53,289)	(23,843)
Loss	(127,655)	(13,598)	(6,139)

Net and comprehensive income (loss)	(76,339)	(28,148)	(23,168)
Basic and diluted income (loss) per share	(0.020)	(0.008)	(0.009)

Quarterly Information

	Three Months ended March 31, 2024
Total assets	75
Net Income (Loss)	(7,739)
Net Income (Loss) Per Share (Basic)	(0.002)
Net Income (Loss) Per Share (Diluted)	(0.002)

**Management's Discussion & Analysis**

The 128 MD&A is attached hereto as SCHEDULE C – 128 FINANCIAL STATEMENTS AND MD&A and should be read in conjunction with the 128 Financial Statements. The information in the 128 MD&A has not been updated from the originally filed version and such information is superseded by any more current information contained in this Filing Statement.

**Description of the Securities**

Common Shares

128 is authorized to issue an unlimited number of 128 Shares, of which 5,350,000 are issued and outstanding as of the date hereof. There are no other 128 securities, including securities exchangeable or exercisable for or convertible into 128 Shares, outstanding.

The holders of 128 Shares are entitled to dividends if, as and when declared by the 128 Board to receive notice of and one vote per 128 Share at meetings of the 128 Shareholders and, upon liquidation, dissolution or winding up of 128, to share rateably in such assets of 128 as are distributable to the holders of 128 Shares. All 128 Shares which are to be outstanding after completion of the Transaction will be fully paid and non-assessable, and will not be subject to any pre-emptive rights, conversion or exchange rights, redemption, retraction, purchase for cancellation or surrender provisions, sinking or purchase fund provisions, provisions permitting or restricting the issuance of additional securities or provisions requiring a 128 Shareholder to contribute additional capital. This summary does not purport to be complete and reference is made to the notice of articles and articles of 128 for a complete description of these securities and the full text of their provisions.

Warrants

There are no outstanding warrants to purchase 128 Shares.

Options

There are currently no options to purchase 128 Shares outstanding.

Stock Option Plan

As of the date hereof, 128 does not have a stock option plan. Upon completion of the Transaction, the Resulting Issuer will adopt the Compensation Plan, which was approved under the 128 Written Resolution.

**Prior Sales**

The following table set outs the securities of 128 that have been issued within the twelve (12) months before the date of this Filing Statement:

Date	Type of Security	Number of Securities	Price Per Security	Aggregate Gross Proceeds
March 22, 2024	Common Shares	100,000	\$0.0001	\$10
May 14, 2024	Common Shares	1,500,000	\$0.0001	\$150

#### **Trading Price**

No securities of 128 are listed on any Canadian or foreign stock exchange or traded on any Canadian or foreign market.

#### **Arm's Length Transactions**

The Transaction is not a Non-Arm's Length Transaction within the meaning of the policies of the Exchange and 128 has not been a party to a Non-Arm's Length Transaction in the last twenty-four month period.

#### **Legal Proceedings**

To 128's knowledge, 128 is neither a party to, nor is any of its property the subject matter of, any legal proceedings, nor are any such proceedings known to 128 to be contemplated by any party since incorporation on February 3, 2021.

#### **Auditor, Transfer Agent and Registrar**

The auditor of 128 is MNP LLP, located at Suite 2000, 112 – 4<sup>th</sup> Avenue SW, Calgary, Alberta, T2P 0H3, Canada. MNP LLP is independent with respect to 128 in accordance with the Code of Professional Conduct of Chartered Professional Accountants of Ontario.

The transfer agent of 128 is Odyssey Trust Company, located at 702 – 67 Yonge St., Toronto, Ontario Canada M5E 1J8.

#### **Material Contracts**

128 has not entered into any material contracts, outside of the ordinary course of business, prior to the date hereof, other than the Amalgamation Agreement.

Copies of these agreements are available for inspection at the head office of 128 at 3400 22 Adelaide S. W., Toronto, Ontario, M5H 4E3, Canada during normal business hours until the completion of the Transaction and for a period of 30 days thereafter.

[PART IV – INFORMATION CONCERNING SILVER CROWN *begins on following page*]

## PART IV – INFORMATION CONCERNING SILVER CROWN

The following information has been provided by Silver Crown and is reflective of the current business, financial and share capital position of Silver Crown as of May 27, 2024. See also the Silver Crown Financial Statements and the Silver Crown MD&A attached hereto as SCHEDULE D – SILVER CROWN FINANCIAL STATEMENTS AND MD&A. See “PART V – INFORMATION CONCERNING THE RESULTING ISSUER” for pro forma business, financial and share capital information relating to the Resulting Issuer following the Transaction.

Although 128 has no knowledge that would indicate any statements contained herein relating to Silver Crown, its affiliates or the Silver Crown Shares taken from or based upon such information provided by Silver Crown are untrue or incomplete, neither 128 nor any of its officers or directors assumes any responsibility for the accuracy or completeness of the information relating to Silver Crown, its affiliates or the Silver Crown Shares, or for any failure by Silver Crown to disclose facts or events that may have occurred or may affect the significance or accuracy of any such information but which are unknown to 128.

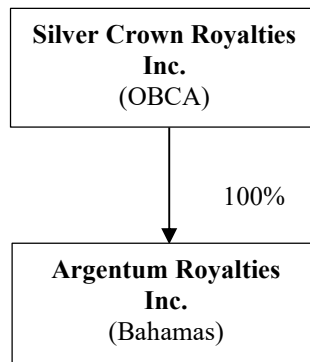
### **Corporate Structure**

#### Name and Incorporation

Silver Crown’s full name is “Silver Crown Royalties Inc.” Silver Crown is a private company that was incorporated on August 23, 2021, under the OBCA. Silver Crown’s registered office and principal place of business is located at 100 King Street West, 1 First Canadian Place, Suite 6200, Toronto, Ontario, Canada M5X 1B8.

### **Intercorporate Relationships**

Silver Crown has one subsidiary: Argentum Royalties Inc. (“**Argentum**”). The following chart sets forth the intercorporate relationship of Silver Crown:



Argentum was incorporated on September 11, 2023 under the laws of the Commonwealth of the Bahamas. Argentum is a wholly-owned subsidiary of Silver Crown.

### **General Development of the Business**

Silver Crown is a private company existing under the laws of the Province of Ontario incorporated on August 23, 2021.

During the year ended December 31, 2022, Silver Crown completed a non-brokered private placement issuing a total of 3,300,000 founder shares at a nominal price of \$0.05 per share for aggregate gross proceeds of \$165,000.

During the period from May 5, 2023 to June 15, 2023, Silver Crown completed a non-brokered private placement in four tranches, collectively consisting of 16,520,500 units at a unit price of \$0.20 per unit for aggregate gross proceeds of \$3,304,100 (the “**2023 Financing**”). Each unit consisted of one common share and one-half of one common share purchase warrant at an exercise price of \$0.40 for a period of two years following the closing (the “**2023 Silver Crown Warrants**”). In connection with this private placement, where applicable, Silver Crown paid a cash finder fee of 8% and issued 879,000 Silver Crown Broker Warrants (being the amount equal to 8% of the aggregate number of units sold by the broker) with each such Silver

Crown Broker Warrant being exercisable at an exercise price of \$0.40 for a period of two years from the closing.

On May 12, 2023, Silver Crown announced its entry into the Gold Mountain Royalty Agreement dated May 11, 2023 pursuant to which Silver Crown agreed to purchase a net smelter return royalty for 90% of the aggregate gross proceeds of silver (the “**Gold Mountain Royalty**”) produced from Elk Gold’s Elk Mine (the “**Gold Mountain Project**”) located in British Columbia, Canada.

On May 24, 2023, Silver Crown completed the acquisition of the Gold Mountain Royalty pursuant to the Gold Mountain Royalty Agreement pursuant to which Silver Crown purchased a net smelter return royalty for 90% of the aggregate gross proceeds of silver produced from the Gold Mountain Project located in British Columbia, Canada for cash consideration of \$2,500,000 and the issuance of 250,000 units.

On July 24, 2023, Silver Crown received payment from Elk Gold of \$29,169.31 in full satisfaction of Elk Gold’s obligation to pay the Gold Mountain Royalty for the period April 1, 2023 to June 30, 2023, pursuant to the Gold Mountain Royalty Agreement.

On August 1, 2023, Silver Crown announced the closing of the first tranche of a financing of units (the “**Pre-IPO Financing**”) at a price of \$0.40 per unit for gross proceeds of \$500,000. Each such unit consists of a common share of Silver Crown and one half of one common share purchase warrant. Each such warrant entitles the holder thereof to acquire an additional common share at a price of \$0.80 per common share for a period of 36 months from the date Silver Crown becomes a reporting issuer in any jurisdiction of Canada. The use of proceeds of this tranche was a \$500,000 bonus payment to Elk Gold as a result of the production of 6,666 ounces of silver from the Elk Gold Mine on a 6-month trailing annualized basis ending on May 31, 2023.

On August 1, 2023, Silver Crown announced the results of its annual and special general meeting of shareholders held on July 18, 2023. At the meeting, all of the management director nominees were elected: Peter Bures, Andres Tinajero, Peter Schloo and Peter Simeon. In addition, shareholders of Silver Crown approved Silver Crown’s omnibus equity incentive compensation plan as described in the management information circular dated July 7, 2023, as well as the re-appointment of Zeifmans LLP as the auditor of Silver Crown for the ensuing fiscal year and their related remuneration. Silver Crown further announced the appointment of Raymond Jannas to the board of Silver Crown.

On August 21, 2023, Silver Crown announced its entry into a definitive agreement providing for the creation and purchase of a net smelter return royalty (the “**Pilar Royalty**”) on 90% of the aggregate net proceeds of silver sold as a result of processing of ores extracted from Pilar Gold’s (“**Pilar**”) PGDM complex and related milling operations (the “**PGDM Complex**”) in Goias State, Brazil. The Pilar Royalty will close in tranches, with payments made by Silver Crown in exchange for a net smelter return royalty for up to 90% of the aggregate net proceeds of silver sold from the PGDM Complex as described above. The Pilar Royalty is currently in respect of 31.05% of the cash equivalent of the aggregate net proceeds of silver sold as a result of processing of ores extracted from Pilar Gold Inc.’s PGDM Complex (as defined below), but no less than the cash equivalent of 1,380 ounces of silver quarterly priced at the London Bullion Market Association’s daily average price for such quarter in U.S. dollars, from the PGDM Complex. The Pilar Royalty is paid quarterly. Pilar may, through successful mill optimization, increase the minimum payments under the Pilar Royalty to the cash equivalent of 32,000 ounces of silver per year by achieving such annualized level of silver production on a 6-month trailing basis. Pilar is to receive a bonus payment of US\$1,500,000, payable in Silver Crown common shares or cash in Silver Crown’s sole discretion. Any Silver Crown common shares issuable will be priced at: i) a deemed price C\$0.50 per Silver Crown common share if Silver Crown is a private company at the time of such issuance; or ii) a 5-day trailing VWAP if Silver Crown is a publicly listed company at the time of such issuance.

On October 10, 2023, Silver Crown announced the closing of the second tranche of the Pre-IPO Financing by issuing 1,801,250 units at a price of \$0.40 per unit for gross proceeds of \$720,500. Each such unit consists of a common share of Silver Crown and one half of one common share purchase warrant. Each such warrant entitles the holder thereof to acquire an additional common share at a price of \$0.80 per common share for a period of 36 months from the date Silver Crown becomes a reporting issuer in any jurisdiction of Canada. The use of proceeds of this tranche was to fund a portion of the purchase price of the Pilar Royalty as well as general corporate purposes.

On November 23, 2023, Silver Crown received payment from Elk Gold of \$42,627.21 in full satisfaction of Elk Gold’s obligation to pay the Gold Mountain Royalty for the period July 1, 2023 to September 30, 2023, pursuant to the Gold Mountain Royalty Agreement.

On November 28, 2023, Silver Crown closed the first tranche of the Pilar Royalty. To complete the first tranche, Silver Crown paid US\$500,000 (less transaction expenses) in cash in exchange for a net smelter return royalty for the cash equivalent of 22.5% of the silver produced from the PGDM Complex. In connection with the closing of the tranche, Silver Crown closed the third tranche of the Pre-IPO Financing by issuing 1,371,250 units at a price of C\$0.40 per Unit for gross proceeds of \$548,500. Each such unit consists of a common share of Silver Crown and one half of one common share purchase warrant. Each such warrant entitles the holder thereof to acquire an additional common share at a price of \$0.80 per common share for a period of 36 months from the date Silver Crown becomes a reporting issuer in any jurisdiction of Canada. The use of proceeds of this tranche was to fund the purchase price of the Pilar Royalty as well as general corporate purposes.

On January 18, 2024, Silver Crown announced its entry into a royalty purchase agreement with Tucano Gold Inc. whereby Tucano Gold Inc. will deliver 90% of the payable silver produced, but no less than the cash equivalent of 7,000 ounces annually from the Mina Tucano Project. Assuming closing of the transaction, minimum silver equivalent deliveries start January 1, 2025 and continue for up to ten years. The purchase price payable by Silver Crown to Tucano is \$1,000,000 that will be paid in 2,500,000 units of Silver Crown at a price of \$0.40 per unit with each unit consisting of one common share in the capital of Silver Crown, and one-half of one common share purchase warrant that entitles the holder to purchase one common share at a price of \$0.80 for a period of 36 months from the date of issuer. A bonus payment of \$500,000 will be issued in Silver Crown units to Tucano Gold if the minimum deliveries are increased to 10,000 ounces per year. Additionally, Silver Crown may be required to issue Tucano up to 2,500,000 additional units based on the pricing of Silver Crown's Going Public Transaction as follows:

<b>Pricing of Going Public Transaction</b>	<b>Contingent Purchase Price</b>
Greater than or equal to \$0.40	Nil
\$0.35 to \$0.39	500,000 units
\$0.30 to \$0.34	1,000,000 units
\$0.25 to \$0.29	1,500,000 units
\$0.21 to \$0.24	2,000,000 units
Less than or equal to \$0.20	2,500,000 units

On January 30, 2024, Silver Crown announced that it has appointed Philip van den Berg to the position of independent director and audit committee chair, and that Andres Tinajero resigned from his position as independent director and Chair of the audit committee to focus on his responsibilities as CFO at JHI Associates Inc. and Talisker Resources Ltd.

On March 13, 2024, Silver Crown received prorated payment from Pilar of \$7,816.13 in full satisfaction of Pilar's obligation to pay the Pilar Royalty for the Q4 2023 period, pursuant to the Pilar Royalty Agreement.

During the period from April 25, 2024, to May 14, 2024, Silver Crown announced the closing of the fourth and fifth tranches of the Pre-IPO Financing by issuing 1,503,225 units at a price of \$0.40 per unit for gross proceeds of \$601,290. Each such unit consists of a common share of Silver Crown and one half of one common share purchase warrant. Each such warrant entitles the holder thereof to acquire an additional common share at a price of \$0.80 per common share for a period of 36 months from the date Silver Crown becomes a reporting issuer in any jurisdiction of Canada. The use of proceeds of this tranche was to fund a portion of the purchase price of the Pilar Royalty as well as general corporate purposes. In connection with the Pre-IPO Financing, Silver Crown issued 233,000 Silver Crown Broker Warrants (being the amount equal to 8% of the aggregate number of units sold by the broker) with each such Silver Crown Broker Warrant being exercisable at an exercise price of \$0.40 for a period of three years from issuance.

On April 26, 2024, Silver Crown agreed to amend and restate the royalty agreement underlying the Pilar Royalty to upsize from 22.5% to 31.05% of the silver production from the PGDM Complex by paying US\$190,000, US\$23,336 of which



consisted of a credit for a royalty payment due to be paid by Pilar to Silver Crown on April 30, 2024.

On April 30, 2024, Silver Crown entered into a Letter of Intent with 128, pursuant to which the parties intend to complete the Transaction. Silver Crown and 128 have applied to list the Resulting Issuer Shares on the Exchange concurrently with, or following, the completion of the Transaction.

Elk Gold has been in default of its royalty payment obligations under the Gold Mountain Royalty Agreement since January 30, 2024, which totalled \$76,447.01 as of the date hereof. On Friday May 10, 2024, Elk Gold paid SCR \$10,000 by wire transfer of immediately available funds thereby reducing the amount of the payment in default from \$86,447.01 to \$76,447.01. SCR is working with Elk Gold on a daily basis to bring it up to date on its royalty payment obligations under the Gold Mountain Royalty Agreement and anticipates that the balance of the Q4, 2023 and Q1, 2024 royalty payments due to SCR, together with interest accrued thereon, will be satisfied through the issuance of common shares of Gold Mountain Mining Corp. to SCR, or some mixture of cash and common shares of Gold Mountain Mining Corp..

On May 15, 2024, Silver Crown announced that it had entered into the Amalgamation Agreement with 128, pursuant to which 128 and Silver Crown have agreed to effect the Amalgamation, and that it was undertaking the Concurrent Financing of Subscription Receipts.

Each subscription agreement entered into by Silver Crown in respect of the Pre-IPO Financing includes a provision providing that if Silver Crown is not a reporting issuer in any jurisdiction of Canada by June 30, 2024, then it will be required to issue the subscriber of units pursuant to such subscription agreement an additional number of penalty units equal to 10% of the number of units subscribed for pursuant to such subscription agreement (“**Penalty Units**”). Silver Crown ultimately issued 5,925,727 units pursuant to the Pre-IPO Financing. Accordingly, if the Amalgamation is not completed by June 30, 2024, Silver Crown will be required to issue 592,572 Penalty Units to subscribers of the Pre-IPO Financing.

On June 26, 2024, Silver Crown continued from Ontario, where it had been governed by the OBCA, to British Columbia, where it is governed by the BCBCA.

On June 27, 2024, Silver Crown closed the Concurrent Financing of 7,408,600 Subscription Receipts at a price of \$0.50 per Subscription Receipt for aggregate gross proceeds to Silver Crown of \$3,704,300, all on the terms and subject to the conditions set out in the subscription agreements entered into between the subscribers for Subscription Receipts and Silver Crown. In connection with the Concurrent Financing, Silver Crown issued 142,800 Silver Crown Broker Warrants to Canaccord Genuity Corp., which were subsequently replaced with 7,140 Resulting Issuer Broker Warrants (the “**Canaccord FINDER Warrants**”), with each such Canaccord FINDER Warrant being exercisable to purchase one Resulting Issuer Share at a purchase price of \$16.00 until three years from the date of issuance.

On June 28, 2024, Silver Crown effected the Amalgamation with 128, pursuant to the Amalgamation Agreement entered into among 128 and Silver Crown on May 15, 2024 as amended on May 27, 2024, pursuant to section 269 of the BCBCA.

## **Narrative Description of the Business**

Silver Crown is a private company that was incorporated on August 23, 2021, under the laws of the Province of Ontario. Silver Crown is a revenue-generating silver-only royalty company focused on silver as by-product credits. Its ongoing objective is to minimize the economic impact on mining projects and simultaneously maximize returns for its shareholders. Silver Crown provides capital to a mining entity to apply towards some aspect of their operation, such as exploration, mine development, or facility construction, in exchange for receipt of a percentage of the miner’s silver production. Silver Crown is continuing to build on this foundation, targeting additional operational silver-producing projects and is focused on generating consistent and growing income sources through expanding portfolio of mining royalty interests. Silver Crown is looking all over the world for projects that have silver as a by-product and aim to monetize the silver value of those operations.

### *Gold Mountain Royalty Agreement*

Silver Crown acquired the Gold Mountain Royalty pursuant to the Gold Mountain Royalty Agreement with Elk Gold. Pursuant to the Gold Mountain Royalty Agreement, Silver Crown holds a net smelter return royalty for 90% of the cash equivalent of the aggregate net proceeds of silver produced, but no less than the cash equivalent of 6,000 ounces of silver quarterly priced at the London Bullion Market Association’s daily average price for such quarter in U.S. dollars, from the Gold Mountain Project.

The Gold Mountain Royalty is Silver Crown's only material asset. The Gold Mountain Royalty is paid quarterly.

Pursuant to the terms of the Gold Mountain Royalty Agreement, Silver Crown is contingently liable to pay Elk Gold up to seven contingent production bonus payments of \$500,000 each (the "**Production Bonuses**"), for a total of up to \$3,500,000, upon Elk Gold achieving the following production milestones measured on a trailing annualized basis for six consecutive calendar months (an "**Annualized Basis**"):

- the sale of 8,888 contained ounces of silver;
- the sale of 11,110 contained ounces of silver;
- the sale of 13,332 contained ounces of silver;
- the sale of 15,554 contained ounces of silver;
- the sale of 17,776 contained ounces of silver;
- the sale of 19,998 contained ounces of silver; and
- the sale of 22,220 contained ounces of silver.

On July 24, 2023, Silver Crown paid Elk Gold the first Production Payment in the amount of \$500,000 as Elk Gold achieved the sale of 6,666 contained ounces of silver on an Annualized Basis. The Production Bonuses are due within sixty (60) days of Elk Gold providing notice that it achieved the applicable production target to Silver Crown for the first Production Bonus and then within thirty (30) days of notice for the remaining Production Bonuses. The Production Bonuses are payable in cash while Silver Crown is private, and in the event the securities of Silver Crown are listed for trading on an exchange, Silver Crown shall have the option to pay the Production Bonuses in cash or in common shares of Silver Crown.

In the event Elk Gold files a technical report disclosing aggregate measured, indicated and inferred silver ounces contained in the Gold Mountain Project in excess of 2,210,000 ounces (the total number in-situ silver ounces as disclosed in the Gold Mountain Technical Report), Silver Crown will, within thirty (30) days of the filing of such technical report, pay Elk Gold the lesser of (i) \$1.00; and (ii) 20% of the then average silver price, in respect of each ounce of silver contained in the Gold Mountain Project disclosed in any such technical report which is in excess of the number of silver ounces disclosed in the Gold Mountain Technical Report.

Elk Gold retains the right to repurchase fifty percent (50%) of the Gold Mountain Royalty at any time by making a payment in the amount of the purchase price and any bonuses paid to Elk Gold at the time of such election.

As at the date of this Filing Statement, Silver Crown's royalty on the Gold Mountain Project is its only material asset. A description of the Gold Mountain Project is included below.

#### Pilar Royalty Agreement

On August 21, 2023, Silver Crown announced its entry into a definitive agreement with Pilar Gold Inc. (the "**Pilar Royalty Agreement**") providing for the creation and purchase of a net smelter return royalty on up to 90% of the aggregate net proceeds of silver sold as a result of processing of ores extracted from the PGDM Complex. The Pilar Royalty will close in tranches, with payments made by Silver Crown in exchange for net smelter return royalties, up to 90% of the aggregate net proceeds of silver sold from the PGDM Complex as described above.

On November 28, 2023, Silver Crown announced the closing of the first tranche of the Pilar Royalty. To complete the first tranche, Silver Crown paid US\$500,000 (less transaction expenses) in cash in exchange for a net smelter return royalty for the cash equivalent of 22.5% of the silver produced from the PGDM Complex.

On April 26, 2024, Silver Crown and Pilar agreed to amend and restate the royalty agreement underlying the Pilar Royalty to upsize from 22.5% to 31.05% of the silver production from the PGDM Complex by paying US\$190,000, US\$23,336 of which consisted of a credit for a royalty payment due to be paid by Pilar to Silver Crown on April 30, 2024. Pursuant to the amended and restated Pilar Royalty Agreement, Silver Crown holds a net smelter return royalty for 31.05% of the cash equivalent of the aggregate net proceeds of silver sold as a result of processing of ores extracted from Pilar Gold Inc.'s PGDM Complex, but no less than the cash equivalent of 1,380 ounces of silver quarterly priced at the London Bullion Market Association's daily average price for such quarter in U.S. dollars, from the PGDM Complex. The Pilar Royalty is paid quarterly.

Pilar may, through successful mill optimization, increase the minimum payments under the Royalty to the cash equivalent of

32,000 ounces of silver per year by achieving such annualized level of silver production on a 6-month trailing basis (the “**Baseline Production Trigger**”). Pilar is to receive a bonus payment of US\$375,000, payable in Silver Crown common shares or cash in Silver Crown’s sole discretion. In the event that Silver Crown has exercised its option under the Pilar Royalty Agreement to acquire a royalty for 90% of the aggregate net proceeds of silver sold from the PGDM Complex by paying Pilar an additional US\$1,310,000, Pilar would be entitled to a bonus payment of \$1,500,000, payable in Silver Crown common shares or cash in Silver Crown’s sole discretion. Any Silver Crown common shares issuable will be priced at: i) a deemed price C\$0.50 per Silver Crown common share if Silver Crown is a private company at the time of such issuance; or ii) a 5-day trailing VWAP if Silver Crown is a publicly listed company at the time of such issuance.

#### Tucano Royalty Agreement

On January 18, 2024, Silver Crown announced its entry into a definitive agreement with Tucano Gold Inc. (“**Tucano**”) (the “**Tucano Royalty Agreement**”), which has yet to close, providing for the creation and purchase of a net smelter return royalty (the “**Tucano Royalty**”), whereby Tucano will deliver 90% of the payable silver produced, but no less than 7,000 ounces annually (the “**minimum delivery**”), from Tucano’s Mina Tucano Project. Minimum silver equivalent deliveries start January 1, 2025 and continue for up to ten years.

The purchase price payable by Silver Crown to Tucano is \$1,000,000 that will be paid in units of Silver Crown at a price of \$0.40 per unit, with each unit consisting of one common share in the capital of Silver Crown, and one-half of one common share purchase warrant that entitles the holder to purchase one common share at a price of \$0.80. A bonus payment of \$500,000 will be issued in Silver Crown equity to Tucano if the minimum deliveries are increased to 10,000 ounces per year.

#### Competitive Conditions

The mining industry is intensely competitive in all of its phases, and Silver Crown’s ability to compete with other royalty companies and individuals, which may have greater financial resources and technical facilities, to acquire attractive royalty, streaming and other interests in mining properties in the future will depend on its ability to select suitable properties, be successful in any competitive process initiated by a mine operator in respect of a property, and enter into attractive royalty agreements.

#### Employees

As of the date hereof, Silver Crown had no full time employees and three consultants. The operations of Silver Crown are managed by its directors and officers. Silver Crown engages reputable consulting firms from time to time as required.

Each director and officer of the Resulting Issuer will commit the necessary time and focus to diligently execute their responsibilities as officers and directors, while also upholding their fiduciary obligations in alignment with the provisions outlined in the BCBCA, adapting to the dynamic requirements of the Resulting Issuer’s operations as it continues to evolve.

It is anticipated that Peter Bures, Hassnain Raza, and Patrick Sullivan will agree to standard confidentiality and non-disclosure provisions as part of their respective employment or consulting agreements with the Resulting Issuer.

#### Specialized Skills and Knowledge

Silver Crown expects that it will hire, retain, and utilize specialized skills and knowledge in its initial stages as required. All of the necessary skills and knowledge to acquire attractive royalty, streaming and other interests in mining properties are readily available within the mining sector. In addition, governance, strategy, finance, marketing, and risk management expertise is required throughout all of these stages. The management team and Board members have extensive experience in all areas as well as established relationships to engage third parties where needed. See “Directors, Officers and Promoters”.

#### Government Regulation

The owners and operators of mining properties in which Silver Crown has interests are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions of spills, releases or emissions of various substances related to mining industry operations, which could result in environmental pollution. A breach of such legislation may result in imposition of fines and penalties. In addition, certain types of operations

require submissions to and approval of environmental impact assessments. Environmental legislation is evolving, which means stricter standards and enforcement, and fines and penalties for non-compliance are becoming more stringent. Environmental assessment of proposed projects carries a heightened degree of responsibility for companies and directors, officers and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect such operations, including its capital expenditures and competitive position.

### Economic Dependence

Silver Crown's business is substantially dependent on the Gold Mountain Royalty Agreement.

### Stated Business Objectives and Milestones

Silver Crown is primarily engaged in the acquisition of royalty interests. Silver Crown will continue to investigate and acquire additional royalties and similar interests. Assuming the successful completion of the Concurrent Financing, Silver Crown has sufficient working capital to meet its financial requirements for at least the next 12 months.

Silver Crown anticipates achieving its objectives through the following means: (i) by acquiring royalty assets through the issuance of securities and/or by making cash payments; and (ii) by raising additional capital through the issuance of treasury shares or the exercise of existing convertible securities.

### **Material Asset – Gold Mountain Royalty**

As of the date of this Filing Statement, Silver Crown's royalty on the Gold Mountain Project is its only material asset. A description of the Gold Mountain Project is included below.

On January 19, 2021, Elk Gold entered into a mining contract with Nhwelmen-Lake LP for contract mining services at the Gold Mountain Project (the "**Nhwelmen-Lake Mining Contract**"). Nhwelmen-Lake is a majority-owned Indigenous mining contractor. Pursuant to the terms of the Nhwelmen-Lake Mining Contract, Nhwelmen-Lake will be paid a fixed price per tonne mined over the first three years which is determined based on the planned production rate, mined volumes, haulage distances and equipment productivity. The scope of the Nhwelmen-Lake Mining Contract includes mining of mineralized material at a rate of 70,000 tonnes per annum (200 tonnes per day), waste mining, drilling, blasting, hauling, site supervision, supply of operating personnel, road maintenance, dust suppression as well as all the site preparation activities required prior to commencing mine operations, including topsoil stockpiling and preparing surface water management structures. Nhwelmen-Lake will also provide the haulage of plant feed material from the mine to the toll milling location. The Nhwelmen-Lake Mining Contract is for the life of mine while the price schedule carries a three-year term. The obligations of Elk Gold under the Nhwelmen-Lake Mining Contract begin upon Elk Gold delivering a notice of commencement to Nhwelmen-Lake.

### Summary

The following description of the Gold Mountain Project has been prepared in reliance, in part, on the Technical Report in relation to the Gold Mountain Project, which was prepared for Elk Gold by L. John Peters, P.Geo., Gregory Z. Mosher, P.Geo., and Marinus André de Ruijter, P.Eng., and filed under GMMC's SEDAR+ profile on January 21, 2022. Unless otherwise stated, the information that follows in this section relating to the Gold Mountain Project is derived from, and in some instances is an extract from the Gold Mountain Technical Report. The following information does not purport to be a complete summary of the Gold Mountain Technical Report. Reference should be made to the full text of the Gold Mountain Technical Report, which has been filed with certain Canadian securities regulatory authorities pursuant to NI-43-101 and is available for review under Elk Gold's profile on SEDAR+ at [sedarplus.ca](http://sedarplus.ca).

Because the following section is derived in part from the Gold Mountain Technical Report, defined terms in the following summary may differ from those used in this Filing Statement. As such, readers are encouraged to reference the Gold Mountain Technical Report.

### Location, Access, and Physiography

The Gold Mountain Project is located midway between Merritt and West Kelowna in south-central B.C., approximately 325 km northeast of Vancouver, B.C., and 55 km west of Okanagan Lake. The Gold Mountain Property straddles the border between

the Similkameen and Nicola Mining Districts and consists of 32 contiguous mineral claims and one mining lease encompassing 21,037 ha. Elk Gold, a wholly owned subsidiary of Bayshore Minerals Incorporated (“**Bayshore**”), has a 100% interest in all claims, subject to the Gold Mountain Royalty and a 2% net smelter return royalty. A further 1% NSR royalty is payable on production from the Agur Option block, approximately 4 km south of the Siwash North Zone. Exploration on the Gold Mountain Project site is regulated via two permits: Mining Permit M-199 for exploration work within the mining lease area and MX-4-387 for exploration on the surrounding claims.

Access to the Gold Mountain Project site is available via the four-lane Okanagan Connector (Highway 97C) to the Elkhart Road interchange, from which Elkhart Road leads southeast, then southwest on the Golden Hills Forest Service Road. All-weather logging roads and trails provide access to most parts of the Gold Mountain Property for all sizes of vehicles. The Siwash North open pits are 2.5 km south of the interchange. The Project is on the Thompson Plateau (eastern section), in the Trepanege Plateau highland, which, within the claims area, consists of rolling topography ranging from 1,300 m above sea level (asl) to 1,750 masl. A layer of glacial till of varying thickness is ubiquitous and bedrock outcrop is scarce. Forest cover is mainly lodgepole pine, with minor balsam, subalpine fir, and spruce. Alders are found along streams and in marshes. The claim area is about 60% clear-cut logged, and the clear-cut areas are in various stages of regrowth.

Claims comprising the Gold Mountain Property may be maintained by continuing to conduct work on the Gold Mountain Property or by cash payment in lieu. The tenure number and expiry date of each claim are included in Section 4. The mining lease may be maintained by paying a yearly rental and providing an annual reclamation report on the Property acceptable to the B.C. Ministry of Energy, Mines & Petroleum Resources.

#### Ownership History

Discovery of gold- and sulphide-bearing quartz vein float found at the Discovery Zone in 1986 led to Cordilleran Engineering Ltd. (“**Cordilleran**”) staking the initial Project claims for Fairfield Minerals Ltd. (“**Fairfield**”). Cordilleran, the exploration arm of Fairfield, investigated the area for gold from 1986 to 1991. Fairfield assumed operatorship in 1992 to mine a bulk sample. Almaden Resources Corporation amalgamated with Fairfield in 2002 to form Almaden Minerals Ltd. (“**Almaden**”), becoming the sole owner of the Property; then Almaden continued field exploration projects until late 2010, including drilling. Almadex Minerals Ltd. (“**Almadex**”) was spun off from Almaden in 2015 and became the royalty rights holder.

Beanstalk Capital Inc. purchased the Gold Mountain Project in 2011 and changed its name to Gold Mountain Mining Corp. upon being listed as a publicly traded company on the TSX under the symbol V.GUM. Elk Gold merged with Lowell Copper and Anthem United in October 2016, becoming a wholly owned subsidiary of the successor company, JDL Gold Corp. (“**JDL**”). JDL merged with Luna Gold in March 2017, with JDL as the succeeding company, which subsequently changed its name to Trek Mining Inc. (“**Trek**”). In December 2017, Trek merged with NewCastle Gold Ltd. and Anfield Gold Corp., with Trek being the surviving entity. Trek then changed its name to Equinox Gold Corp (“**Equinox**”), with Elk Gold remaining as a wholly owned Equinox subsidiary. In May 2019, Bayshore completed an agreement with Equinox to purchase the Gold Mountain Project. Under the terms of Bayshore’s purchase agreement, Equinox completed the sale of the Gold Mountain Property by way of Bayshore’s purchase of the shares of Equinox’s wholly owned subsidiary, Elk Gold. In December 2020, Freeform Capital Partners Inc. (“**Freeform**”) acquired 100% of Bayshore. As part of the overall acquisition, Freeform changed its name to Gold Mountain Mining Corp. and became the ultimate parent company. Bayshore is now a wholly owned subsidiary of Elk Gold. Bayshore’s subsidiary, Gold Mountain, changed its name to Elk Gold Mining Corp. Elk Gold owns 100% of the claims and mining lease comprising the Elk Gold Claims. Mining Permit M-199 is also issued in the name of Elk Gold Mining Corp.

#### Exploration History

Prospecting activities in the area date back to the early 1900s, and the first recorded work began in the 1960s and 1970s with several companies exploring for copper and molybdenum. In the 1960s and early 1970s, various operators explored the area for gold, copper, and molybdenum with little or no success. In 1986, gold- and sulphide-bearing quartz vein float found at the Discovery Zone led to Cordilleran staking the initial claims for Fairfield. Fairfield’s exploration arm, Cordilleran, investigated the area for gold from 1986 to 1991, identifying and drilling nine separate zones possessing gold-mineralized quartz vein systems. Since 1986, several exploration programs were completed, including geological mapping, soil, and litho-geochemical surveys; trenching; geophysical surveys, including airborne and ground magnetics, induced polarization (IP), and electromagnetic (EM); diamond drilling; underground development; and open pit bulk sampling. A total of 1,311 drill holes have been drilled on the Gold Mountain Property to date, including wireline core, reverse circulation, and percussion drilling,

totalling 148,580 m. Fairfield produced approximately 1,460,000 g (51,500 oz) of gold between 1992 and 1995, mainly from a bulk sample open pit (Pit 1). That work included underground mining, where drilling and limited underground test raising and stoping occurred. In 2012, after two years of infill and step-out drilling, Elk Gold initiated a bulk sample mining operation (Pit 2). All mineralized rock mined was processed at a toll mill in 2012 and 2014, plus 7,761 tonnes that remained from 1990s historical mining operations. The processed mineralized material had an average grade of 14.81 g/t Au, and, in total, Pit 2 yielded 6,596.7 tonnes of mineralized vein material at 16.65 g/t Au from 2,443.2 m<sup>3</sup> of the 4,000 m<sup>3</sup> of banked vein permitted under Permit M-199.

### Geological Setting and Mineralization

The Gold Mountain Property overlaps the Quesnellian and Post Accretionary Terranes of the Intermontane (tectonic) Belt of south-central B.C. The Gold Mountain Property is underlain by Triassic-aged Nicola Group volcanic sedimentary rocks in the western third of the Property and Jurassic-aged granitic rocks of the Osprey Lake Batholith in the Gold Mountain Property's eastern portion. Feldspar-porphyry stocks and dykes of the Upper Cretaceous-aged Otter Intrusions are mapped mainly in the southwest claim area and cut Nicola Group volcanic rocks and Osprey Lake granitic rocks. Early Jurassic-aged Pennask batholith intrusives occur in the Gold Mountain Property's northeast. Tertiary andesite dykes intrude all the above. Andesite dykes appear to be spatially related with structural corridors containing gold mineralization.

Gold mineralization occurs within quartz-sulphide veins and stringers, most often hosted by phyllic and silica-altered Osprey Lake intrusive rocks, composed of quartz monzonites, diorites, and granodiorites, and rarely within adjacent phyllic- and silica-altered Nicola volcanic rocks to the west. Pyrite is the most common sulphide mineral within the quartz veins, ranging from 5% to 80%, with higher percentages often associated with chalcopyrite and tetrahedrite. Gold occurs as fine-grained free gold (typically less than 50 µm) in quartz, within quartz-pyrite boxworks, and in fractures within veins. Gangue minerals include quartz and altered wall-rock clasts (xenoliths), with minor amounts of ankerite, calcite, barite, and fluorite. Most of the mine production in Pit 1 occurred within the quartz-monzonite and granodiorite border phase of the Osprey Lake batholith. Mine production from Pit 2 was all from the quartz-monzonite phase.

The Gold Mountain Property hosts nine zones containing confirmed gold mineralization intersected by drilling, including the Siwash North, Siwash East, Gold Creek, Lake, End, Discovery, South, Bullion, and Nicola zones. The most significant is known as the Siwash North Zone. The Siwash North 1000 and 2000 series vein complexes (historically called the B and WD Siwash Veins) are emplaced within fault/fracture zones that strike east-northeast and dip moderately to steeply southward. The veins are cut by a 3 m-wide, north-northwest-striking, near-vertically dipping, faulted, and altered andesite dyke known as the RBF. This dyke is a post-mineral structure that hosts no mineralization itself, but divides mineralized veins into two regions with little apparent offset. The gold-bearing veins change character across the dyke: west of the RBF, the Siwash North 1300 vein occurs as a single, moderately dipping, high-grade gold vein, whereas east of the RBF, the 1300 vein occurs as lower-grading multiple veins and gouge clusters.

### 2021 Exploration

Historically, exploration on the Gold Mountain Property has progressed in a logical sequence from prospecting and geological mapping to hand soil sampling and excavator trench sampling, followed by geophysical IP and widely spaced drilling. Grid diamond drilling to delineate resources led to open pit and test-scale underground mining; this was followed by additional diamond drilling to expand the resource base and test other Gold Mountain Property targets. A second round of bulk sample mining was initiated to confirm the results of the PEA, as outlined in the 2011 Technical Report on the Gold Mountain Property. The test mining and bulk sample program was also used to refine the mining technique and confirm parameters for full-scale operations.

A soil sampling and diamond drilling program was completed in 2021 (Phase 2) between 25 May and 21 October 2021; this added 2,168 samples to the existing soil geochemical database, consisting of 21,688 samples to aid in directing further exploration. The 2021 soil geochemistry program focussed on areas west of the Elusive Zone, over the Nicola Zone, over the South Zone, and encompassing the Otter grid, an area at the southern limit of the Gold Mountain Property. These surveys delineated gold and copper anomalies.

Diamond drilling tested the Siwash North Zone (34 holes), Lake Zone (5 holes), South Zone (6 holes), and Elusive Zone (6 holes). Drilling on the Siwash North Zone focussed primarily on targeting areas that would most effectively add to the previously reported Mineral Resource, including deeper testing of the 1000 and 2000 series veins, sampling gaps, and in an

area north of the previous testing. Two geotechnical drill holes were also drilled. Of the 34 holes drilled in the Siwash North Zone, all but one hole (SND21-022) intersected notable ( $>0.25$  g/t Au) gold mineralization. The additional sample intervals derived from the 2021 drilling program were added to the current Mineral Resource estimate that now includes all diamond drilling completed on the Siwash North Zone to October 2021.

Previous trenching and drilling exploration of the South, Lake, and Gold Creek zones has encountered mineralized veins that may be similar in style to those encountered in the Siwash North Zone. The five exploration holes drilled in the Lake Zone in 2021 tested infill targets between historical holes and along strike. All drill holes intersected multiple gold-mineralized intervals hosted by quartz monzonites of the Osprey Lake batholith. The six exploration holes drilled in the South Zone tested deeper targets and along strike to known mineralization. All drill holes intersected multiple gold-mineralized intervals hosted by quartz monzonites of the Osprey Lake batholith, including SND21-042, which tested the zone along strike 150 m east of previous drill testing. Current drilling results from the South and Lake Zones were combined with the historical database for diamond drilling results used in the current Mineral Resource estimation.

### Exploration Targets and Drill Database

Drilling at each of the mineralized-gold zones to date has intersected gold-mineralized veins over varying strike lengths, the largest to date being the Siwash North Zone (~5 km strike length). The Siwash North Zone has been drill tested by 1,154 drill holes, with analytical values grading up to 568 g/t Au over 1.14 m (SUD95-192) with an average of 2.6 g/t Au. By comparison, the Bullion Zone, to the north of the 2021 infill drilling north of Siwash North, has been drill tested by six holes, four of which contained notable gold intervals up to 13.66 g/t Au over 0.32 m (SND04-376). The Siwash East Zone, 1.5 km east of Siwash North, was drill tested by four holes, all of which intersected notable gold intersections grading up to 3.51 g/t Au over 0.3 m (SED06-447). The Gold Creek Zone, immediately south of the western extent of the Siwash North Zone, was tested by 24 drill holes, 16 of which intersected notable gold mineralization grading up to 84.6 g/t Au over 0.2 m (SND11-155). The End Zone, 650 m south of the Lake Zone, was tested by 7 drill holes, 4 of which intersected notable gold mineralization grading up to 24.41 g/t Au over 0.5 m (EZD95-158). The Discovery Zone, 800 m southwest of the End Zone, was tested by 12 drill holes, 8 of which intersected notable gold mineralization grading up to 13.6 g/t Au over 0.68 m (DSD95-159). The Nicola Zone has been tested by three drill holes with a high analytical gold result of 0.63 g/t Au over 0.3 m (NCD12-178). Notable copper mineralization intersected in the Nicola Zone graded up to 0.265% Cu over 0.8 m (NCD12-179). Although never drilled, the Elusive Zone remains a viable target, as defined by soil geochemistry. It should be noted that outside of the Siwash North Zone, and now the Lake and South zones, all zones are exploration targets only, and the potential quantity and grade is conceptual in nature; as of the date of the Gold Mountain Technical Report, there had been insufficient exploration to date to define a Mineral Resource, and it is uncertain if further exploration will result in the target being delineated as a Mineral Resource.

Elk Gold compiled and verified the historical exploration database for the Gold Mountain Project prior to their involvement in 2011, which has since been supplemented by approximately 292 drill holes (50,880 m) of drilling to date. A relatively small portion of the area covered by the drill-hole database was mined out during the bulk sample programs and, although the mined-out resources were not included in the Mineral Resource estimate, the data were still used to assist in estimating resources in the adjacent areas.

### Metallurgical Testing and Mineral Processing

Several test programs were completed on samples from the Project between 1990 and 2020. In 2008 and 2010, G&T Metallurgical Services Ltd. (G&T) completed the most relevant test work on composites with head grades close to the life-of-mine (LOM) average grade. This was followed by another test program conducted at Base Metallurgical Laboratories (BML) in 2020, which confirmed the flowsheet and the anticipated recovery methods.

Although several flowsheets were tested, the preferred flowsheet included gravity concentration together with gravity concentration and flotation, and gravity with and without whole-ore cyanide leaching. Both flowsheets resulted in gold recovery values of between 90% and 95% into a combined gravity and flotation concentrate having a grade of about 100 g/t Au.

A third alternative processing option was tested in the BML test program. In anticipation of the potential sale of the Project mineralized material to the New Afton Copper Mine, BML tested the effects of blending the Project plant feed with New Afton Mine mineralized material in a proportion of 10% to 90%, respectively, using the New Afton flotation process to recover a copper concentrate. The brief test program indicated that no detrimental interactions appeared to be present. The copper grades and recovery values were maintained, while the gold and silver grade values of the copper concentrate were enhanced as a

result of processing the higher-grade Project mineralized material. The recovery values of gold and silver were also improved, compared with the values obtained from the New Afton ore only.

### Mineral Resource Estimate

The Gold Mountain Technical Report contains an updated Mineral Resource estimate for the Siwash North Zone and maiden Mineral Resource estimates for the Lake and South Zones. The summary resource estimates for all three zones are presented in the following table, which is derived from the Gold Mountain Technical Report. The procedures and outcomes of the Mineral Resource estimates for each zone are discussed in the Gold Mountain Technical Report and readers should refer to the Gold Mountain Technical Report for detailed information on the procedures and outcomes for all three zones.

### **Elk Property Mineral Resource Summary December 2021**

<b>Elk Property Total Mineral Resource (Pit-Constrained and Underground) December 2021</b>							
<b>Classification</b>	<b>Tonnes</b>	<b>AuEq g/t</b>	<b>Au Cap g/t</b>	<b>Ag Cap g/t</b>	<b>Oz AuEq</b>	<b>Oz Au</b>	<b>Oz Ag</b>
Measured	169,000	10.4	10.3	10.9	56,000	56,000	59,000
Indicated	4,190,000	5.6	5.4	11.0	750,000	740,000	1,465,000
M & I	4,359,000	5.8	5.6	11.0	806,000	796,000	1,524,000
Inferred	1,497,000	5.4	5.3	14.4	262,000	259,000	686,000
<b>Siwash North Total Resource (Pit-Constrained and Underground) December 2021</b>							
<b>Classification</b>	<b>Tonnes</b>	<b>AuEq g/t</b>	<b>Au Cap g/t</b>	<b>Ag Cap g/t</b>	<b>Oz AuEq</b>	<b>Oz Au</b>	<b>Oz Ag</b>
Measured	169,000	10.4	10.3	10.9	56,000	56,000	59,000
Indicated	3,679,000	5.7	5.6	10.2	679,000	665,000	1,207,000
M & I	3,848,000	5.9	5.8	10.2	735,000	721,000	1,266,000
Inferred	1,323,000	5.4	5.2	12.8	229,000	223,000	545,000
<b>Lake Zone Total Mineral Resource (Pit-Constrained and Underground) December 2021</b>							
<b>Classification</b>	<b>Tonnes</b>	<b>AuEq g/t</b>	<b>Au Cap g/t</b>	<b>Ag Cap g/t</b>	<b>Oz AuEq</b>	<b>Oz Au Cap</b>	<b>Oz Ag Cap</b>
Indicated	391,000	4.0	3.8	19.5	50,000	47,000	246,000
Inferred	148,000	5.5	5.2	29.1	27,000	25,000	139,000
<b>South Zone Total Mineral Resource (Pit-Constrained and Underground) December 2021</b>							
<b>Classification</b>	<b>Tonnes</b>	<b>AuEq g/t</b>	<b>Au Cap g/t</b>	<b>Ag Cap g/t</b>	<b>Oz AuEq</b>	<b>Oz Au Cap</b>	<b>Oz Ag Cap</b>
Indicated	120,000	5.4	5.3	7.8	21,000	28,000	12,000
Inferred	26,000	7.0	6.9	13.4	6,000	11,000	2,000

### Mineral Reserves Estimates

A Mineral Reserve estimate for the Gold Mountain Project was not developed as part of the Gold Mountain Technical Report. Significant additional data collection and technical work are required to elevate the technical confidence of the Gold Mountain Project to a level consistent with Mineral Reserve estimation, in accordance with the CIM Definition Standards on Mineral Resources and Mineral Reserves, adopted by CIM Council, as amended, NI 43-101, 29 November 2019. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.

### Mining Methods

The Gold Mountain Project is envisioned to be developed as a conventional open pit mine. The operation will begin at a mined rate of 70,000 t/a for three years. Starting in Year 4 of operations, the mine will increase the production rate to 324,000 t/a and incorporate a narrow-vein, longhole-stopping underground mining method. The mine will be operated by Nhwelmen-Lake LP, which has a mining contract in place with Elk Gold Mining Corp. This study also contemplates delivering mineralized material to the New Afton Mine in Kamloops, B.C., under the Ore Purchase Agreement terms described in Section 24.4 of the Gold Mountain Technical Report. There is no on-site mill or tailings storage contemplated. Mineralized material is excavated from



the open pit and placed on a limestone-capped stockpile pad.

Material on the stockpile pad will be sampled and assayed for metal accounting before being shipped to the New Afton Mine via highway dump trucks. It is anticipated that once the initial 70,000 t/a operation is underway, the owners will investigate and initiate an Environmental Assessment (“EA”) review, which would be required to expand the mine. The historical PEA envisages that by Year 4 of operations, an EA Certificate will have been received. Non-mineralized rock will be stockpiled in a rock management storage facility west of the open pit, which is designed to have a low prominence and 2H:1V slopes that will be capped with overburden and topsoil upon mine closure. The total mine life will be 11 years, including processing 2.5 Mt of mineralized material grading 6.98 g/t Au and 11.73 g/t Ag. The plan includes 23.4 Mt of non-mineralized rock and an average strip ratio of 20:2 w:o.

Mining operations will be carried out by contract mobile mining equipment. The open pit fleet will include three 250 mm-diameter blasthole drills, three 5 m<sup>3</sup> excavators, one 2.5 m<sup>3</sup> excavator, six 90-tonne haul trucks, two 4 m-wide blade track dozers, one 3.8 m-blade rubber-tire dozer, one motor grader, and one water truck. The underground mining fleet will include two-boom jumbos for development drilling, long-hole drills for stope drillings, 3.0 m<sup>3</sup> load-haul-dump (LHD) loaders and 20-tonne underground haul trucks for mucking and hauling material.

#### Recovery Methods

Gold-bearing material from the Gold Mountain Project will be sold to the New Afton Copper Mine in Kamloops, B.C., 130 km from the Gold Mountain Project, under the terms of an OPA described in the Gold Mountain Technical Report. The mineralized material will be mined, sampled, and trucked to the New Afton processing plant for blending with the New Afton copper ore. The New Afton process uses flotation for concentrating copper, gold, and silver, and the Gold Mountain Project mineralized material has demonstrated a good response for gold and silver recovery using the flotation process.

#### Project Infrastructure

In the initial Gold Mountain Project phase, site infrastructure is limited to the facilities required to support the surface mining operation, including modular office facilities; dry/washroom facilities; a small-scale sample processing plant for plant feed assays; hazardous waste storage area; fuel storage; Emergency Response Team facilities; and equipment and explosives storage. Power requirements at this stage are limited to powering the office facility, lighting, and fuel pumps. In Year 4, when the underground mining operation begins, additional facilities for ventilation, services, mine rescue, and dry capacity will be required.

#### Environmental Studies, Permitting, and Social or Community Impact

Baseline environmental studies conducted at the Gold Mountain Project have included meteorology and climate; soil and rock geochemical characterization; water quantity; water quality; sediment quality; fisheries and aquatic resources; ecosystems and wildlife; archaeology; and cultural use.

Several receptors have been identified as being potentially affected by the Gold Mountain Project, including periphyton and aquatic plants, aquatic invertebrates, and, ultimately, fish (rainbow trout). Vegetation, and the mammals that feed on it, are also potential receptors and vectors to higher-order organisms. The studies concluded that robust management planning is needed to identify and mitigate these and other negative vectors. Working collaboratively with all potentially affected groups is desired to develop a plan that respects environmental and cultural needs. Mammals that feed on vegetation and/or other animals could be negatively affected if soils are not adequately isolated from mine pollutants. Dangerous mine-created cliff edges will need to have protective berms constructed for human and wildlife safety. Human activity and interactions with wildlife in the area, whether for employment, recreation, or cultural reasons, will need to be strictly controlled. Incidents that could potentially cause injuries or death due to unplanned interaction with heavy equipment or unprotected cliff edges will need to be closely monitored and mitigated.

Several mitigations of potential environmental effects were suggested in the Bayshore (2020) report. Prompt removal of mineralized material from the site will ensure acid-rock drainage does not lead to metal leaching and environmental contamination. Ninety percent of mined non-mineralized rock is non-acid generating (“NAG”); however, carefully managing mined NAG rock is essential to maintaining healthy hydrologic and hydrogeologic environments. Potential Gold Mountain Project impacts on vegetation supported by various ecosystems on the Gold Mountain Property could be mitigated by careful

planning and sequencing of mine operations. Invasive plants introduced or allowed a foothold in disturbed areas, which could threaten local vegetation, need to be controlled or eradicated.

Gold Mountain has been engaging with 26 Indigenous associations in conjunction with the 70,000 t/a mining and effluent discharge permit amendment submitted in May 2020. Of the 26 Indigenous groups, eight are participating in the Mine Review Committee related to that application. In parallel with the permit application consultation, Gold Mountain has completed three memoranda of understanding with Indigenous communities around the Project and is actively negotiating additional agreements with other communities.

### Capital and Operating Costs

The total potential life of mine (“**LOM**”) capital cost is anticipated to be \$63.5 million. This includes capital costs for the operation and associated owner’s costs. Initial mining capital costs are \$9.0 million, which is defined in Elk Gold’s agreement with Nhwelmen-Lake. The mine’s estimated sustaining capital costs of \$54.5 million include developing the underground, which starts in Year 4 of operations. Potential LOM owner’s costs are estimated to be \$16.7 million. There is no capital cost since the mineralized material will be sold to New Afton Mine for processing over the proposed LOM. Similarly, under the terms of the OPA with New Afton, there is no process operating cost to consider. New Afton’s consideration in the OPA comes from a split in the metals payable from the material delivered to the mill.

Reclamation and closure activities are estimated to cost \$10 million; that cost is spread over two years at the end of the mine life. Mine operating costs were developed based on planned equipment productivities, fuel consumption, and maintenance requirements, and they reflect the unit costs in EGMC’s contract mining agreement with Nhwelmen-Lake LP. The potential LOM operating cost for the mine is \$107 million, which equates to \$4.50/t mined or \$109/t milled. G&A costs include administrative staff, Mine Rescue costs, and associated supplies. The total yearly G&A cost is estimated to be \$468,000, which increases to a yearly \$950,000 when the underground operation comes online in Year 4.

### Interpretations, Conclusions and Recommendations

As with most projects, many risks could affect the Gold Mountain Project’s economic outcome. The significant external risks to the Gold Mountain Project are gold prices, Indigenous support, exchange rates, transport costs, smelter terms, government regulations, taxes, shareholder support, and the availability to raise financial resources. Opportunities exist that could improve the Project’s potential. Most of these opportunities are also potential risks, as explained in the Gold Mountain Technical Report. For example, pit-slope angles present both a risk and opportunity.

The Qualified Persons (QP) recommended the following for the next program, Phase 3:

- Additional drilling to target 1) the gold-in-soils in the Elusive Creek Zone, 2) the gold veins encountered from the 2021 (Phase 2) drilling in the area between Siwash North and Bullion zones (previously Yellow Brick Road Zone), 3) the 1300 Vein gold mineralization below depths previously tested, and 4) the area around the conceptual pit design using oriented core.
- Additional metallurgy to complement the PFS.
- Exploration—geological, geochemical, and geophysical surveys to identify new gold zones.

The QPs estimated the total cost of the recommended drilling program to be \$2.4 million, and an additional \$350,000 is estimated for additional metallurgy.

## **Royalties and Streams Generally**

### What is a Royalty?

A royalty is a payment to a royalty holder by a property owner or an operator of a property and is typically based on a percentage of the minerals or other products produced or the revenues or profits generated from the property. The granting of a royalty to a person usually arises as a result of paying part of the consideration payable to land owners, prospectors or junior mining companies for the purchase of their property interests; providing capital in exchange for granting a royalty; or converting a participating interest in a joint venture relationship into a royalty.

Royalties are not typically working interests in a property. Therefore, depending on the nature of the royalty interest and the

laws applicable to the royalty and project, the royalty holder is generally not responsible for, and has no obligation to contribute, additional funds, including, but not limited to, operating or capital costs, or environmental or reclamation liabilities. Typically, royalty interests are established through a contract between the royalty holder and the property owner, although many jurisdictions permit the holder to also register or otherwise record evidence of a royalty interest in applicable mineral title or land registries. The unique characteristics of royalties may provide royalty holders with special commercial benefits not available to the property owner because the royalty holder may enjoy the upside potential of the property with reduced risk.

Royalties can be commodity specific and, for instance, apply only to silver, or have varying royalty structures for different commodities from the same property. Royalties can be restricted or varied by metallurgy, ore type or even by stratigraphic horizon. Generally, the contract terms for royalties in the oil and gas business are more standardized than those found in the mineral business.

Revenue-Based Royalties

GRR (gross revenue royalties) and GORR (gross overriding royalties) are based on the total revenue stream from the sale of production from the property, which can sometimes include deductions. GPR (gross proceeds royalties) are, for the purposes of this discussion, comparable to GRR.

NSR (net smelter return) royalties are based on the value of production or net proceeds received by the operator from a smelter or refinery. These proceeds are usually subject to deductions or charges for transportation, insurance, smelting and refining costs, as set out in the royalty agreement. This type of royalty generally provides a cash flow that is free of any operating or capital costs or environmental liabilities. A smaller percentage NSR in a project can effectively equate to the economic value of a larger percentage profit or working interest in the same project.

NSR royalties are the type of royalties currently held by Silver Crown.

Profit-Based Royalties

NPI royalties (net profit interest royalties) are based on the profit realized after deducting costs related to production. Although the royalty holder is generally not responsible for providing capital, covering operating losses or environmental liabilities, increases in production costs will affect net profits and, as a result, the royalties payable.

Fixed Royalties

Fixed royalties are paid based on a set rate per tonne mined, produced or processed or even a minimum for a period of time rather than as a percentage of revenue or profits. These types of royalties are more common for iron ore, coal and industrial minerals and usually do not have exposure to changes in the underlying commodity price.

PRs (production royalties) are typically based on metal produced, often at a predetermined fixed price.

**Selected Consolidated Financial Information**

The following table sets forth selected consolidated audited financial information of Silver Crown for the period from August 23, 2021 (incorporation) to December 31, 2021, for the years ended December 31, 2022 and 2023, and for the period ended on March 31, 2024. Such information has been derived from and should be read in conjunction with the Silver Crown Financial Statements and the Silver Crown MD&A, attached to this Filing Statement as SCHEDULE D – SILVER CROWN FINANCIAL STATEMENTS AND MD&A.

Annual Information

	Twelve Months Ended December 31, 2023 (\$)	Twelve Months Ended December 31, 2022 (\$)	Period Beginning August 23, 2021 and Ended December 31, 2021 (\$)
Total assets	4,344,421	150,891	1,000

Total liabilities	404,957	10,000	-
Shareholder's equity (deficit)	3,939,464	140,891	1,000
Total income (loss)	124,772	-	-
Net and comprehensive income (loss)	(1,483,543)	(224,109)	-
Basic and diluted income (loss) per share	(0.07)	(0.11)	-

#### Quarterly Information

	Three Months Ended March 31, 2024 (\$)
Net Sales	74,425
Net Income (Loss)	(296,569)
Net Income (Loss) Per Share (Basic)	(0.01)
Net Income (Loss) Per Share (Diluted)	(0.01)

#### **Management Discussion and Analysis**

Included as SCHEDULE D – SILVER CROWN FINANCIAL STATEMENTS AND MD&A to this Filing Statement is Silver Crown's MD&A for the annual period ending December 31, 2023 and the interim period from December 31, 2023 to March 31, 2024. It includes financial information from, and should be read in conjunction with, the Silver Crown Financial Statements for the corresponding periods and the notes thereto, which are attached as SCHEDULE D – SILVER CROWN FINANCIAL STATEMENTS AND MD&A to this Filing Statement, as well as the disclosure contained throughout this Filing Statement.

#### **Management's Responsibility for Financial Statements**

The information provided in this Filing Statement, including the Silver Crown Financial Statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the Silver Crown Financial Statements. Management maintains a system of internal controls to provide reasonable assurance that Silver Crown's assets are safeguarded and to facilitate the preparation of relevant and timely information.

#### **Risks and Uncertainties**

Silver Crown is subject to a number of risks and uncertainties that could significantly affect its financial condition and performance. If and when Silver Crown grows and enters into new markets, these risks can change. These risk factors are not a definitive list of all risk factors associated with an investment in Silver Crown or in connection with Silver Crown's operations. Such risk factors are more particularly described in this Filing Statement under the heading "PART VI – RISK FACTORS".

#### **Description of Securities**

##### Authorized Capital

Silver Crown is currently authorized to issue an unlimited number of Silver Crown Shares, of which 33,444,727 Silver Crown Shares are issued and outstanding. Silver Crown is also authorized to issue preferred shares in series; none have been issued. There are also: (i) 12,460,113 Silver Crown Warrants outstanding; (ii) 8,750,000 Silver Crown Royalty Performance Warrants outstanding; and (iii) 1,325,000 Silver Crown Restricted Share Units ("RSUs") outstanding. There are no other Silver Crown securities, including securities exchangeable or exercisable for or convertible into Silver Crown Shares, outstanding.

Holders of Silver Crown Shares have the right to receive notice of any meeting of shareholders of Silver Crown, to attend such meeting and to vote thereat, with the exception of meetings at which only holders of other classes of shares are entitled to vote. Holders of Silver Crown Shares are entitled to receive, *pari passu* with one another, non-cumulative dividends if, as and when declared by the Silver Crown Board. Silver Crown Shares will be entitled to receive dividends or other distributions on the

Silver Crown Shares. Furthermore, holders of Silver Crown Shares are entitled to receive, on a *pari passu* basis, (i) the remaining property of Silver Crown upon its liquidation, dissolution or winding-up, and (ii) the remaining proceeds in the event of a change of control. As a private company, none of the securities of Silver Crown are currently listed or quoted for trading on any stock exchange.

### Consolidated Capitalization

The following table sets forth Silver Crown's capitalization as at the dates indicated below, as more particularly described in the Silver Crown Financial Statements, which are attached hereto as SCHEDULE D – SILVER CROWN FINANCIAL STATEMENTS AND MD&A.

Designation of Security or Debt	Amount Outstanding as of March 31, 2024	Amount Outstanding as of the Filing Statement Date (prior to giving effect to the Transaction)
Silver Crown Shares	31,903,500	33,444,727
Silver Crown Warrants	10,596,500	11,348,114
Silver Crown Royalty Performance Warrants	8,750,000	8,750,000
Silver Crown Restricted Share Units	1,325,000	1,325,000
Silver Crown Broker Warrants	1,112,000	1,112,000

### Prior Sales

The following table set outs the securities of Silver Crown that have been issued since incorporation on August 23, 2021:

Date	Type of Security	Number of Securities	Issue Price per Security	Aggregate Issue Price
August 23, 2021 <sup>(1)</sup>	Shares	20,000	\$0.05	\$1,000
May 31, 2022 <sup>(1)</sup>	Shares	3,280,000	\$0.05	\$164,000
Dec 31, 2022 <sup>(2)</sup>	Shares	4,000,000	\$0.05	\$200,000
March 31, 2023 <sup>(2)</sup>	Shares	1,500,000	\$0.05	\$75,000
May 5, 2023 <sup>(3)</sup>	Units	9,077,500	\$0.20	\$1,815,500
May 11, 2023 <sup>(7)</sup>	Units	250,000	\$0.20	\$50,000
May 19, 2023 <sup>(4)</sup>	Units	5,497,500	\$0.20	\$1,099,500
May 30, 2023 <sup>(5)</sup>	Units	500,000	\$0.20	\$100,000
June 16, 2023 <sup>(6)</sup>	Units	1,445,500	\$0.20	\$289,100
June 16, 2023 <sup>(2)</sup>	Units	1,825,500	\$0.20	\$365,100
July 21, 2023 <sup>(8)</sup>	Units	1,250,000	\$0.40	\$500,000
October 6, 2023 <sup>(9)</sup>	Units	1,801,250	\$0.40	\$720,500
November 22, 2023 <sup>(10)</sup>	Units	1,371,250	\$0.40	\$548,500
December 26, 2023 <sup>(13)</sup>	Shares	85,000	\$0.40	\$34,000
April 25, 2024 <sup>(11)</sup>	Units	756,227	\$0.40	\$302,490.80
May 14, 2024 <sup>(12)</sup>	Units	747,000	\$0.40	\$298,800
May 14, 2024 <sup>(13)</sup>	Shares	38,000	\$0.40	\$15,200
June 27, 2024 <sup>(14)</sup>	Subscription	7,408,600	\$0.50	\$3,704,300

	Receipts			
--	----------	--	--	--

**Notes:**

- (1) Founder shares issued in connection with a non-brokered private placement.
- (2) Issued in connection with shares-for-services agreements with certain consultants.
- (3) Issued in connection with the first tranche of a non-brokered private placement of units during the period from May 05, 2023 to June 15, 2023 (the “2023 Private Placement”), each such unit consisting of one common share in the capital of Silver Crown and one half of one common share purchase warrant at an exercise price of \$0.40 for a period of two years following closing.
- (4) Issued in connection with the second tranche of the 2023 Private Placement.
- (5) Issued in connection with the third tranche of the 2023 Private Placement.
- (6) Issued in connection with the fourth tranche of the 2023 Private Placement.
- (7) Issued in connection with the Gold Mountain Royalty Agreement.
- (8) Issued in connection with the first tranche of the Pre-IPO Financing. Each unit consists of one common share in the capital of Silver Crown and one half of one common share purchase warrant at an exercise price of \$0.80 for a period of 36 months from the date Silver Crown becomes a reporting issuer in any jurisdiction of Canada.
- (9) Issued in connection with the second tranche of the Pre-IPO Financing.
- (10) Issued in connection with the third tranche of the Pre-IPO Financing.
- (11) Issued in connection with the fourth tranche of the Pre-IPO Financing.
- (12) Issued in connection with the fifth tranche of the Pre-IPO Financing.
- (13) Issued to satisfy contractual obligation.
- (14) Issued in connection with the Concurrent Financing. Each Unit consists of one common share in the capital of Silver Crown and one common share purchase warrant at an exercise price of \$0.80 for a period of 36 months from the date Silver Crown becomes a reporting issuer in any jurisdiction of Canada.

There is currently no public market for the Silver Crown Shares. See “PART VI – RISK FACTORS”.

The following table shows, as of the date of this Filing Statement, prior to giving effect to the Transaction, each person who is known to Silver Crown, or its directors and officers, to beneficially own, directly or indirectly, or to exercise control or direction over securities carrying more than 10% of the voting rights attached to any class of outstanding voting securities of Silver Crown entitled to be voted at the Silver Crown meeting of Shareholders.

Name of Shareholder & Municipality of Residence	Number of Shares Owned (Percentage of Ownership)	
	Silver Crown Shares	Percentage of Voting Rights
Peter Bures, <sup>1</sup> (Toronto, Canada)	4,500,000	13.45%

**Notes:**

- (1) Beneficially held by Mr. Bures in part through Investor Stratum Resources Inc. and VLK Capital Inc.

**The Concurrent Financing**

On June 27, 2024, Silver Crown effected the Concurrent Financing under exemptions from the prospectus and registration requirements of applicable securities law pursuant to subscription agreements between each participant in the Concurrent Financing and Silver Crown.

It is intended that the net proceeds from the Financing will be used by the Resulting Issuer to fund corporate development as well as for general corporate purposes. See “Estimated Available Funds” and “Principal Purposes”.

*Concurrent Financing and Subscription Receipts*

On June 27, 2024, Silver Crown completed the Concurrent Financing, pursuant to which Silver Crown issued 7,408,600 Subscription Receipts, at an issue price of \$0.50 per Subscription Receipt, for aggregate gross proceeds of \$3,704,300.

Each Subscription Receipt will be automatically converted immediately prior to the Effective Time, subject to adjustment in certain instances, without payment of any additional consideration or any further action by the holder thereof, into one (1) Silver Crown Unit (comprised of one (1) Silver Crown Share and one (1) Silver Crown Warrant).

Pursuant to the Amalgamation, each 20 Silver Crown Shares will automatically be exchanged for, without payment of any additional consideration or any further action by the holder thereof, one Resulting Issuer Share and each 20 Silver Crown Warrants will automatically be exchanged for one Resulting Issuer Replacement Warrant. Each Resulting Issuer Warrant will be exercisable for one (1) Resulting Issuer Share at an exercise price of \$16.00 until 36 months from the date on which the Escrow Release Conditions are satisfied.

Medalist served as a financial advisor to Silver Crown in connection with the Concurrent Financing and was paid an advisory fee of 82,000 Resulting Issuer Units at the closing of the Concurrent Financing in accordance with the terms of the Medalist Capital Engagement Letter. Canaccord Genuity Corp. was paid a cash finder's fee of 8% of the amount placed with subscribers introduced to Silver Crown by Canaccord in the Concurrent Financing and 142,800 Silver Crown Broker Warrants in accordance with the terms of the Canaccord Finder's Fee Letter, which were subsequently replaced with 7,140 Canaccord Finder Warrants, with each such Canaccord Finder Warrant being exercisable to purchase one Resulting Issuer Share at a purchase price of \$16.00 until three years from the date of issuance.

## **Executive Compensation**

### *Compensation Discussion and Analysis*

At no time prior to the date of this Filing Statement was Silver Crown a reporting issuer for the purposes of Canadian securities laws. Significant elements of the compensation to be awarded to, earned by, paid to or payable to named executive officers of the Resulting Issuer following the Closing, to the extent it has been determined, is set forth in "Information Concerning the Resulting Issuer - Proposed Executive Compensation".

## **Management Contracts**

Management functions of Silver Crown are, and since incorporation have been, performed by certain individuals who are also directors of Silver Crown, and are not to any substantial degree performed by any other person or corporation. More information about management contracts with NEOs can be found in "Proposed Executive Compensation".

## **Interest of Management and Others in Material Transactions**

Other than as set out in this Filing Statement or below, within three years prior to the date of this Filing Statement, no director, executive officer, or person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10 percent of any class or series of outstanding voting securities of Silver Crown, or any known associates or Affiliates of such persons, has or has had any material interest, direct or indirect, in any transaction that has materially affected or is reasonably expected to materially affect Silver Crown.

In addition, other than as set out in this Filing Statement or below, within three years prior to the date of this Filing Statement, no director, no person expected to be a director, executive officer, or person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10 percent of any class or series of outstanding voting securities of the Resulting Issuer, or any known associates or Affiliates of such persons, has any material interest, direct or indirect, in any transaction that is reasonably expected to materially affect the Resulting Issuer.

## **Investor Relations Arrangements**

While the Company may consider such arrangements in the future, as of the date of this Filing Statement there is no written or oral agreement or understanding that has been reached with any Person to provide any promotional or investor relations services for the Company.

## **Non-Arm's Length Party Transactions**

Except as set forth below, the knowledge of Silver Crown, there have been no transactions before the date of this Filing Statement, or proposed, in which any director, officer, Promoter or principal stockholder of Silver Crown or Associates or Affiliates thereof have or have had a material interest.

On January 5, 2023, the Company entered into an agreement with the Studio C Group Inc. (“**Studio C**”), a private company in which all of the voting security are owned by the Chief Executive Officer of the Company and his spouse, in respect of back office, information technology and marketing support of the Company pursuant to which the Company has agreed to pay the Studio C Group Inc. US\$10,788.45 per quarter for such support services. On January 10, 2023, the Company entered into a second agreement with Studio C to license a trademark from Studio C for a price of US\$500.00 per month.

### **Legal Proceedings**

To the knowledge of Silver Crown, there are no legal proceedings to which Silver Crown is a party to, or in respect of which any of its assets are the subject of, which is or will be material to Silver Crown, and Silver Crown is not aware of any such legal proceedings that are contemplated.

### **Auditor, Transfer Agent and Registrar**

The auditor of Silver Crown is Zeifmans LLP, located at 251 Consumers Road, Suite 800, North York, Ontario Canada M2J 4R3. The transfer agent of Silver Crown is Odyssey Trust Company, located at 702 – 67 Yonge St., Toronto, Ontario Canada M5E 1J8.

### **Agent for Service of Process**

Philip van den Berg has appointed Silver Crown’s counsel, Osler, Hoskin & Harcourt LLP, located at 3000 – 1055 Dunsmuir Street, Vancouver, British Columbia, V7X 1K8, as their agent for service of process in British Columbia. It may not be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process.

### **Conflicts Of Interest**

There are potential conflicts of interest to which the directors and officers of Silver Crown may be subject in connection with their duties as a director, officer, promoter or member of management of other public corporations. Some of the directors and officers have been and will continue to be engaged in the identification and evaluation of investment opportunities, with a view to potential acquisition of interests in businesses and corporations on their own behalf and on behalf of other corporations, and situations may arise where the directors and officers will be in direct competition with Silver Crown. Conflicts, if any, will be subject to the procedures and remedies under the BCBCA, as the case may be.

### **Material Contracts**

Except for contracts entered into by Silver Crown in the ordinary course of business, the only current material contracts entered into or currently anticipated to be entered into by Silver Crown which can reasonably be regarded as presently material are:

- the Amalgamation Agreement;
- the Gold Mountain Royalty Agreement; and
- the Compensation Plan.

After completion of the Transaction, the material agreements listed above (the “**Silver Crown Material Contracts**”) will be considered to be the material agreements of the Resulting Issuer.

Copies of all material agreements referred to in this Filing Statement may be inspected at the head office of Silver Crown located at 100 King Street West, 1 First Canadian Place, Suite 6200, Toronto, Ontario, Canada M5X 1B8 during normal business hours until the closing of the Transaction and for a period of thirty (30) days thereafter.

The Silver Crown Material Contracts will also be available under the Resulting Issuer’s profile on SEDAR+ at [sedarplus.ca](http://sedarplus.ca).

[PART V – INFORMATION CONCERNING THE RESULTING ISSUER *begins on following page*]



## **PART V – INFORMATION CONCERNING THE RESULTING ISSUER**

The following information is presented on a post-Transaction basis and is reflective of the projected business, financial and share capital position of the Resulting Issuer. This section only includes information respecting the Resulting Issuer that is materially different from information provided earlier in this Filing Statement. Following the completion of the Transaction, the Resulting Issuer will carry on the businesses currently carried on by Silver Crown. See the various headings under “PART III – INFORMATION CONCERNING 128” and “PART IV – INFORMATION CONCERNING SILVER CROWN” for additional information regarding 128 and Silver Crown, respectively. See also the Pro Forma Financial Statements of the Resulting Issuer attached hereto as SCHEDULE E - PRO FORMA FINANCIAL STATEMENT.

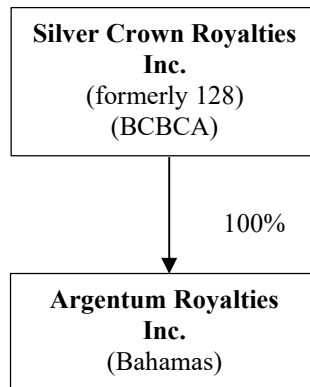
### **Corporate Structure of the Resulting Issuer**

#### **Name and Incorporation**

The Resulting Issuer will be the entity resulting from the Transaction and will be named “Silver Crown Royalties Inc.” and will be governed by the provisions of the BCBCA. The Resulting Issuer’s registered office and principal place of business will be located at 100 King Street West, 1 First Canadian Place, Suite 6200, Toronto, Ontario, Canada M5X 1B8.

#### **Intercorporate Relationships**

Pursuant to the Transaction, 128 will amalgamate with Silver Crown and continue as Silver Crown Royalties Inc. Following the Transaction, the Resulting Issuer will be the sole shareholder of Argentum. The Resulting Issuer will continue the business of Silver Crown and pursue listing on the Exchange. It is expected that the Resulting Issuer will continue under the laws of the Province of British Columbia prior to completion of the Transaction, subject to receipt of all regulatory approvals. The corporate structure of the Resulting Issuer as of the Effective Time is expected to be as follows:



### **Narrative Description of the Business**

The following disclosure contains forward-looking statements, including with respect to the Resulting Issuer’s business objectives and milestones. Such statements involve known and unknown risks, uncertainties and other factors outside of management’s control, including the risk factors set forth elsewhere in this Filing Statement that could cause results to differ materially from those described or anticipated in such forward-looking statements.

Upon completion of the Transaction, the Resulting Issuer will carry on the businesses of Silver Crown. See “Narrative Description of the Business”, “Estimated Available Funds” and “Principal Purposes”. Furthermore, upon completion of the Transaction, the Resulting Issuer Board will adopt such board committee charters, codes and policies as it deems necessary in accordance with good corporate governance practices given the stage of the Resulting Issuer. There are no social or environmental policies that are fundamental to the Resulting Issuer’s operations and the Resulting Issuer does not plan to implement any such policies.

The business of the Resulting Issuer will be the business of Silver Crown as currently conducted by Silver Crown and as conducted by Silver Crown prior to the date hereof. For a full description of the business of Silver Crown, including the stated objectives and milestones and information on specialized skills and knowledge, economic dependence and competitive conditions, see above under the heading “Narrative Description of the Business”.

In connection with Silver Crown’s listing on the Exchange, Silver Crown intends to complete the Subsequent Financing. Silver Crown anticipates that the Resulting Issuer Units issued at the closing of the Subsequent Financing, including the constituent Resulting Issuer Shares and Resulting Issuer Warrants, will be eligible for registered accounts.

### **Description of the Resulting Issuer Securities**

#### Resulting Issuer Shares

The Resulting Issuer will be authorized to issue an unlimited number of common shares with no par value. The holders of Resulting Issuer Shares will be entitled to receive notice of and attend all meetings of the shareholders of the Resulting Issuer and will be entitled to one vote in respect of each Resulting Issuer Share held at such meetings.

#### Resulting Issuer Replacement Warrants

The Resulting Issuer Replacement Warrants will be exercisable into one Resulting Issuer Share at a price of \$16.00 for a period of 36 months from the date Silver Crown became a reporting issuer in any jurisdiction of Canada, except for the 413,011 Resulting Issuer Replacement Warrants replacing 8,260,250 2023 Silver Crown Warrants (as defined below) that were issued in connection with the 2023 Financing (as defined below), each of which Resulting Issuer Replacement Warrants will be exercisable for one (1) Resulting Issuer Share at an exercise price of \$8.00 per share for a period of 24 months from the applicable closing date of the 2023 Financing in accordance with the original terms of the 2023 Silver Crown Warrants.

### **Dividends**

There will be no restrictions on the Resulting Issuer’s ability to pay dividends on the Resulting Issuer Shares other than the Resulting Issuer’s financial position. It is expected that Resulting Issuer will retain future profits to finance further growth and that any dividends will be paid in the immediate or foreseeable future following completion of the Transaction. However, the Resulting Issuer may consider paying dividends on the Resulting Issuer Shares in the future when circumstances permit, having regard to, among other things, its earnings, cash flow and financial requirements, as well as relevant legal and business considerations. All of the Resulting Issuer Shares are entitled to an equal share in any dividends declared and paid.

### **Pro Forma Consolidated Capitalization**

The following table sets forth the *pro forma* capitalization of the Resulting Issuer based on the pro forma unaudited statement of financial position of the Resulting Issuer set forth in SCHEDULE E – PRO FORMA FINANCIAL STATEMENT to this Filing Statement and should be read in conjunction with such pro forma unaudited statement of financial position and the notes thereto:

	Amount Authorized or to be Authorized	Amount Outstanding as at March 31, 2024 After Giving Effect to the Transaction, Concurrent Financing and Subsequent Financing <sup>1</sup>
<b>Designation of Security</b>		
Resulting Issuer Shares	Unlimited	2,324,666
Resulting Issuer Replacement Warrants <sup>2</sup>	N/A	1,026,967
Resulting Issuer Warrants	N/A	100,000
Resulting Issuer Broker Warrants <sup>3</sup>	N/A	62,740
Resulting Issuer RSUs	N/A	66,250

**Notes:**

- (1) Assumes that 100,000 Resulting Issuer Units will be sold under the Subsequent Financing at \$10 per Resulting Issuer Unit for gross proceeds of \$1,000,000.
- (2) This figure includes the 413,011 Resulting Issuer Replacement Warrants replacing 8,260,250 2023 Silver Crown Warrants (as defined below) that were issued in connection with the 2023 Financing.
- (3) This figure includes the 7,140 Canaccord Finder Warrants replacing 142,800 Silver Crown Broker Warrants that were issued in connection with the Concurrent Financing, and 55,600 Resulting Issuer Broker Warrants replacing 1,112,000 previously-issued Silver Crown Broker Warrants.

**Fully Diluted Share Capital**

In addition to the information set out in the capitalization table above, the following table sets out the fully diluted share capital of the Resulting Issuer immediately following completion of all of the transactions contemplated herein.

	Number of Resulting Issuer Shares	Percentage of Total Diluted Resulting Issuer Shares After Giving Effect to the Concurrent Financing, Subsequent Financing and the Transaction <sup>(1)</sup>
Resulting Issuer Shares issuable to 128 Shareholders in connection with the Transaction	100,000	2.79%
Resulting Issuer Shares issuable to Silver Crown Shareholders in connection with the Transaction	1,672,236	46.70%
Resulting Issuer Shares issuable to investors in the Concurrent Financing	370,430	10.34%
Resulting Issuer Shares issuable to Medalist in connection with the Concurrent Financing	82,000	2.29%
Resulting Issuer Shares issuable to investors in the Subsequent Financing <sup>1</sup>	100,000	2.79%
<b>TOTAL Undiluted</b>	2,324,666	64.92%
Resulting Issuer Shares issuable to the holders of Resulting Issuer Replacement Warrants <sup>2</sup>	1,026,967	28.68%
Resulting Issuer Shares issuable to the holders of Resulting Issuer Broker Warrants <sup>3</sup>	62,740	1.75%

	<b>Number of Resulting Issuer Shares</b>	<b>Percentage of Total Diluted Resulting Issuer Shares After Giving Effect to the Concurrent Financing, Subsequent Financing and the Transaction<sup>(1)</sup></b>
Resulting Issuer Shares issuable to the holders of Resulting Issuer Warrants (issued in connection with the Subsequent Financing) <sup>1</sup>	100,000	2.79%
Resulting Issuer RSUs	66,250	1.85%
<b>TOTAL Number of Fully Diluted Resulting Issuer Shares</b>	<b>3,580,623</b>	<b>100%</b>

**Notes:**

- (1) Assumes that 100,000 Resulting Issuer Units will be sold under the Subsequent Financing at \$10 per Resulting Issuer Unit for gross proceeds of \$1,000,000.
- (2) This figure includes the 413,011 Resulting Issuer Replacement Warrants replacing 8,260,250 2023 Silver Crown Warrants (as defined below) that were issued in connection with the 2023 Financing.
- (3) This figure includes the 7,140 Canaccord Finder Warrants replacing 142,800 Silver Crown Broker Warrants that were issued in connection with the Concurrent Financing, and 55,600 Resulting Issuer Broker Warrants replacing 1,112,000 previously-issued Silver Crown Broker Warrants.

**Selected Pro Forma Financial Information**

The unaudited pro forma statement of financial position of the Resulting Issuer is attached as SCHEDULE E – PRO FORMA FINANCIAL STATEMENT to this Filing Statement. The unaudited pro forma consolidated statement of financial position of the Resulting Issuer as at March 31, 2024 has been prepared from the financial statements of 128 (see SCHEDULE C – 128 FINANCIAL STATEMENTS AND MD&A) and the audited financial statements of Silver Crown (see SCHEDULE D – SILVER CROWN FINANCIAL STATEMENTS AND MD&A). The unaudited pro forma consolidated statement of financial position of the Resulting Issuer gives effect to the proposed Transaction and to the Concurrent Financing, as described below and in the notes to the unaudited pro forma statement of financial position of the Resulting Issuer. The unaudited pro forma consolidated statement of financial position and the notes thereto should be read in conjunction with the financial statements of 128 and Silver Crown, including the notes thereto, included at SCHEDULE C – 128 FINANCIAL STATEMENTS AND MD&A and SCHEDULE D – SILVER CROWN FINANCIAL STATEMENTS AND MD&A, respectively.

Pro Forma Consolidated Statement of Financial Position

	<b>As at March 31, 2024 after giving effect to the Transaction and the Concurrent Financing<sup>(1)</sup> (unaudited) (\$)</b>
Total Assets	4,372,370
Total Liabilities	853,884

**Notes:** (1) Does not account for proceeds of the Subsequent Financing, if any.

**Estimated Available Funds**

The following table sets forth the funds anticipated to be available to the Resulting Issuer on a consolidated basis after giving effect to the Transaction:

<b>Available Funds</b>	<b>Amount (\$)</b>
Working capital of Silver Crown as at March 31, 2024	(183,870)
Working capital of 128 as at March 31, 2024	(135,019)

Net proceeds from the Concurrent Financing	3,500,000
<b>Total Estimated Funds Available</b>	<b>3,181,111</b>

### Principal Purposes

The following table summarizes the expenditures anticipated by the Resulting Issuer required to achieve its business objectives until June 21, 2025:

Use of Funds	Amount of Funds (\$)
Corporate Development	1,750,000
Professional Fees	200,000
Preliminary Transaction costs/other Exchange costs	250,000
Management	500,000
Investor Relations <sup>(1)</sup>	150,000
Working Capital	350,000
<b>Total Estimated Funds Required</b>	<b>3,200,000</b>
<b>Total Estimated Funds Available<sup>(2)</sup></b>	<b>3,298,277</b>

**Notes:**

- (1) Services to be provided by consultants as more fully described in section titled “PART V – INFORMATION CONCERNING THE RESULTING ISSUER – Investor Relations and Capital Markets Arrangements”.
- (2) The Resulting Issuer plans to conduct further financings over the next 12 months.

The Resulting Issuer intends to spend the funds available to it as stated in the table above. However, there may be circumstances where, for sound business reasons, a reallocation of funds may be necessary for the Resulting Issuer to achieve its objectives or to pursue other opportunities that management believes are in the interests of the Resulting Issuer.

### Principal Securityholders

As at the date of this filing statement, the Resulting Issuer will have a total of 2,324,666 Resulting Issuer Shares issued and outstanding (on a non-diluted basis) following the completion of the Transaction and Concurrent Financing. To the knowledge of Silver Crown and 128, upon completion of the Transaction and Concurrent Financing, no Person will beneficially own, directly or indirectly, or exercise control or direction over, Resulting Issuer Shares carrying more than 10% of the voting rights attached to the Resulting Issuer Shares, other than as set out below:

Name and Municipality of Residence of Securityholder	Designation of Class of Security	Prior to Giving Effect to the Transaction		After Giving Effect to the Transaction and Concurrent Financing	
		No. of Securities	Percentage of Class	No. of Securities	Percentage of Class
Peter Bures <sup>(1)</sup> (Toronto, Canada)	Resulting Issuer Shares	-	-	225,000	9.67%

**Notes:**

- (1) Beneficially held by Mr. Bures in part through Investor Stratum Resources Inc. and VLK Capital Inc.
- (2) This table does not account for issuances, if any, under the Subsequent Financing.

### Directors, Officers and Promoters

#### Summary Information on Proposed Directors and Officers

The following are the names, age and municipalities of residence of those individuals who will serve as directors and officers of the Resulting Issuer, their positions and offices with the Resulting Issuer, their principal occupations during the last five years, the number of Resulting Issuer Shares and Resulting Issuer Replacement Warrants that each will hold upon completion of the Transaction, Concurrent Financing and Subsequent Financing and the percentage of the class that such holdings represent. Each proposed director of the Resulting Issuer will hold office until the next annual meeting of the Resulting Issuer unless his or her office is earlier vacated, in accordance with the BCBCA. The information concerning the initial directors of the Resulting Issuer is as furnished by such directors.

Name and Residence	Proposed Position(s) with Resulting Issuer	Principal Occupations During the Past Five Years	Number and Percentage of Resulting Issuer Shares Beneficially Owned or Controlled <sup>(4)</sup>	Number and Percentage of Resulting Issuer Warrants <sup>(4)</sup>
<b>Peter Bures,<sup>(1)</sup></b> Toronto, Canada	Chairman and Chief Executive Officer	Peter Bures is a Geological and Mineral Engineer with 25+ years of mining and metals capital market expertise. Recent experience includes CEO at C2C Gold, Co-Founder and Chief Business Development Officer at Star Royalties, Director Global Mining Sales at BMO Capital Markets (New York) and Portfolio Management at Sentry Investments where he co-managed several top-ranked funds. He also held various equity research roles, including VP Analyst at Canaccord Genuity, HSBC (New York and Toronto) and Orion Securities. Mr. Bures began his career as a mining engineer at Placer Dome and is a graduate BAsc Geo. Eng. University of Toronto.	225,000 9.67%	7,500 0.63%
<b>Hassnain Raza,<sup>(2)</sup></b> Toronto, Canada	Chief Financial Officer	Hassnain Raza is a CPA with 20+ years of financial experience in Canada, USA, Europe, Asia and the Caribbean serving both public and private sector clients. Mr Raza is the founding partner of a boutique consulting firm specializing in CFO advisory services to start-ups and SMEs. Previously held senior management and leadership roles at Namaste Technologies, and Senior Manager at KPMG. He is founder and patron of Allama Iqbal Model School in Pakistan, providing free education (kindergarten - grade 10).	75,000 3.22%	1,249 0.10%
<b>Patrick Sullivan,</b> Vancouver, Canada	Corporate Secretary	Patrick Sullivan is a mining, M&A and securities partner at the leading Canadian law firm Osler, Hoskin & Harcourt LLP. With over a decade of experience in the global mining industry, he has advised a wide range of clients in connection with mining capital markets, M&A, royalty and streaming, joint venture, option and mineral property acquisition transactions.	6,250 0.26%	-

<b>Philip van den Berg,</b> Cadiz, Spain	Director	Philip van den Berg has over 35 years of capital markets expertise in Europe managing capital market transactions, public listings and mergers and acquisitions. Past experience includes, investment analyst, head of research and investment policy committee member. The majority of Mr. van den Berg's sell-side experience was with Goldman Sachs (1987 London) European equities division, then Deutsche Morgan Grenfell (1995) re-establishing its European equities division. In 1997 he moved to the buy-side as co-founder of Olympus Capital Management, and Taler Asset Management (2006) in Gibraltar. In 2014 he became an active investor in various start-up companies in Europe and the US in director and CFO roles. Mr. van den Berg graduated 1985 cum laude in economics at the University of Amsterdam.	0 0%	-
<b>Peter Simeon,</b> Oakville, Canada	Director	Peter Simeon has over 20 years of experience as a lawyer focused on securities, corporate finance, and mergers and acquisitions. Since February 2015 he has been a partner at Gowling WLG (Canada) LLP and has extensive experience in corporate commercial and securities law. Prior to 2015, he was a partner at a boutique corporate law firm in Toronto. Mr. Simeon has a Bachelor of Arts from Queen's University and a law degree from Osgoode Hall at York University. Mr. Simeon acts as an independent director on several publicly traded companies in Canada.	6,250 0.26%	3,125 0.26%
<b>Peter Schloo,<sup>(3)</sup></b> Toronto, Canada	Director	Peter Schloo is a CPA, CA and CFA with 10+ years of progressive experience in capital markets, operations and assurance. He is also a license prospector in Ontario, Canada. Currently CEO at Heritage Mining Ltd. and a Director at Pacific Empire Minerals Corp. (PEMC), he has held Senior Executive positions in a number of private companies, a majority in the Precious Metals sector including Ion Energy Ltd. and Spirit Banner Capital Corp. Mr. Schloo's past successes include over C\$85M in associated capital raising opportunities involving public and private companies.	72,500 3.11%	-

**Notes:**

- (1) Beneficially held by Mr. Bures in part through Investor Stratum Resources Inc. and VLK Capital Inc.
- (2) Beneficially held by Mr. Raza through 100576981 Ontario Inc.
- (3) Beneficially held by Mr. Schloo through Great White Capital Ltd.

- (4) This table does not reflect participation in the Current Financing or Subsequent Financing, if any, and assumes the issuance of 100,000 Resulting Issuer Units under the Subsequent Financing.
- (5) Mr. van den Berg serves as Chair of the Audit Committee. Mr. Simeon serves as Chair of the Compensation Committee.

The executive officers and directors of the Resulting Issuer are expected to own, directly or indirectly, or exercise control or direction over: (i) 385,000 Resulting Issuer Shares, representing approximately 16.56% of the Resulting Issuer Shares expected to be issued and outstanding following the Transaction, Concurrent Financing, and Subsequent Financing; and (ii) 11,874 Resulting Issuer Warrants, representing approximately 1.00% of the Resulting Issuer Warrants expected to be outstanding following the Transaction, Concurrent Financing, and Subsequent Financing.

### Biographical Information

Biographical information regarding each such director and executive officer is presented below.

#### Peter Bures, Proposed Chairman and Chief Executive Officer – 47

Peter Bures is a Geological and Mineral Engineer with over 25 years of mining and metals capital market expertise. Recent experience includes CEO at C2C Gold, Co-Founder and Chief Business Development Officer at Star Royalties, Director Global Mining Sales at BMO Capital Markets (New York) and Portfolio Management at Sentry Investments where he co-managed several top-ranked funds. He also held various equity research roles, including VP Analyst at Canaccord Genuity, HSBC (New York and Toronto) and Orion Securities. Mr. Bures began his career as a mining engineer at Placer Dome and is a graduate BAsc Geo. Eng. University of Toronto.

#### Hassnain Raza, Proposed Chief Financial Officer – 44

Hassnain Raza is a CPA with over 20 years of financial experience in Canada, USA, Europe, Asia and the Caribbean serving both public and private sector clients. Mr Raza is the founding partner of a boutique consulting firm specializing in CFO advisory services to start-ups and SMEs. Previously held senior management and leadership roles at Namaste Technologies, and Senior Manager at KPMG. He is founder and patron of Allama Iqbal Model School in Pakistan, providing free education (kindergarten–grade 10).

#### Patrick Sullivan, Proposed Corporate Secretary – 35

Patrick Sullivan is a mining, M&A and securities partner at the leading Canadian law firm Osler, Hoskin & Harcourt LLP. With over a decade of experience in the global mining industry, he has advised a wide range of clients in connection with mining capital markets, M&A, royalty and streaming, joint venture, option and mineral property acquisition transactions.

#### Philip van den Berg, Proposed Director – 66

Philip van den Berg has over 35 years of capital markets expertise in Europe managing capital market transactions, public listings and mergers and acquisitions. Past experience includes investment analyst, head of research and investment policy committee member. A majority of Mr. van den Berg's sell-side experience was with Goldman Sachs' (1987 London) European equities division, then Deutsche Morgan Grenfell (1995) re-establishing its European equities division. In 1997 he moved to the buy-side as co-founder of Olympus Capital Management, and Taler Asset Management (2006) in Gibraltar. In 2014 he became an active investor in various start-up companies in Europe and the US in director and CFO roles. Mr. van den Berg graduated 1985 cum laude in economics at the University of Amsterdam.

#### Peter Simeon, Proposed Director – 47

Peter Simeon has over 20 years of experience as a lawyer focused on securities, corporate finance, and mergers and acquisitions. Since February 2015 he has been a partner at Gowling WLG (Canada) LLP and has extensive experience in corporate commercial and securities law. Prior to 2015, he was a partner at a boutique corporate law firm in Toronto. Mr. Simeon has a Bachelor of Arts from Queen's University and a law degree from Osgoode Hall at York University. Mr. Simeon acts as an independent director on several publicly traded companies in Canada.

#### Peter Schloo, Proposed Director – 35



Peter Schloo is CPA, CA and CFA with 10+ years of progressive experience in capital markets, operations and assurance. He is also a license prospector in Ontario, Canada. Currently CEO at Heritage Mining Ltd. and a Director at Pacific Empire Minerals Corp. (PEMC), he has held Senior Executive positions in a number of private companies, a majority in the Precious Metals sector including Ion Energy Ltd. and Spirit Banner Capital Corp. Mr. Schloo's past successes include over C\$85M in associated capital raising opportunities involving public and private companies.

### Other Reporting Issuer Experience

The following table describes each director's and officer's personal experience as a director or officer of another reporting issuer (or the equivalent in another jurisdiction) in the last five-year period:

Name	Name of Reporting Issuer	Name of Listing Exchange	Position	From	To
Peter Bures	C2C Metals Corp. (formerly known as C2C Gold Corp.)	Canadian Securities Exchange	CEO and Director	May, 2022	March, 2023
	Star Royalties	TSX Venture Exchange	Chief Business Development Officer	April, 2019	May, 2022
Hassnain Raza	N/A	N/A	N/A	N/A	N/A
Patrick Sullivan	Heritage Mining Ltd.	Canadian Securities Exchange	Corporate Secretary	October 2019	Present
Philip van den Berg	Akanda Corp.	NASDAQ	Director	September, 2021	June, 2022
	Eden Empire Inc.	N/A	Director and CEO	September, 2021	April, 2022
	Halo Collective Inc.	N/A	Director and CFO	July, 2018	April, 2022
Peter Simeon	Amilot Capital Inc.	NEX board of TSX Venture Exchange	Director	June, 2013	October, 2023
	Khiron Life Sciences Corp.	N/A	Director	May, 2018	May, 2019
	Choom Holdings Inc.	N/A	Director	September 2020	April, 2022
	Hercules Silver Corp.	TSX Venture Exchange	Director	August, 2018	Present
	US Critical Metals Corp.	Canadian Securities Exchange	Director	April, 2022	Present

	Simply Better Brands Corp.	TSX Venture Exchange	Director	December, 2018	May, 2020
	PlantX Life Inc.	Canadian Securities Exchange	Director	August, 2020	January 2023
	Atmofizer Technologies Inc.	Canadian Securities Exchange	Director	August, 2020	Present
	AF2 Capital Corp.	TSX Venture Exchange	Director	August, 2020	Present
	Newpath Resources Inc.	Newpath Resources Inc.	Director	June 2021	February, 2022
	Franchise Global Health Inc.	N/A	Director	April, 2021	December, 2022
	Phivida Holdings Inc.	N/A	Director	November 2017	September 2020
Peter Schloo	Heritage Mining Ltd.	Canadian Securities Exchange	CEO, President and Director	October 2019	Present
	Pacific Empire Minerals Corp.	TSX Venture Exchange	Director	August 2020	Present

### **Audit Committee**

Assuming completion of the Transaction, it is proposed that the Resulting Issuer will have an Audit Committee comprising Philip van den Berg, Peter Schloo and Peter Simeon, all of whom will be considered “independent” as that term is defined in National Instrument 52-110 – *Audit Committees*. Also, all of the Audit Committee members are expected to be “financially literate” as defined in National Instrument 52-110 – *Audit Committees*. The Resulting Issuer will adopt a Charter of the Audit Committee in substantially the form set out at SCHEDULE F – AUDIT COMMITTEE CHARTER.

The mandate of the Audit Committee will be to assist the Resulting Issuer Board in fulfilling its oversight responsibilities relating to financial accounting, reporting and internal controls for the Resulting Issuer. The Audit Committee will be responsible for: conducting reviews and discussions with management and the external auditors relating to the audit and financial reporting; assessing the integrity of internal controls and financial reporting procedures; ensuring implementation of internal controls and procedures; reviewing the quarterly and annual financial statements and management’s discussion and analysis of the Resulting Issuer; selecting and monitoring the independence, performance and remuneration of the external auditors; oversight of all disclosure relating to financial information; and pre-approving any non-audit services to be provided to the Resulting Issuer by any external auditors and the fees for those services. The Audit Committee will also be responsible for reviewing and following the procedures established in the Resulting Issuer’s codes, policies and guidelines as may be established from time to time.

### Relevant Education and Experience

All the proposed members of the Audit Committee are able to understand and interpret information related to financial statement analysis. Each of the proposed members of the Audit Committee has a general understanding of the accounting principles used by the Resulting Issuer to prepare its financial statements and will seek clarification from the Resulting Issuer’s

auditors, where required. Each of the proposed members of the Audit Committee also has direct experience in understanding accounting principles for private and reporting companies.

For additional details regarding the relevant experience of each member of the Resulting Issuer's Audit Committee, see the relevant biographical experiences for each of the Resulting Issuer's directors and officers under the heading "Summary Information on Proposed Directors and Officers".

#### Pre-Approval Policies and Procedures

The Audit Committee charter includes responsibilities regarding the provision of non-audit services by external auditors. This policy encourages consideration of whether the provision of services other than audit services is compatible with maintaining the auditor's independence and requires Audit Committee pre-approval of permitted audit and audit-related services.

### **Corporate Governance**

#### Board of Directors

The proposed Resulting Issuer Board intends to exercise independent supervision over management through meetings of the independent directors at which non independent directors and management of the Resulting Issuer will not be present. All of the directors of the Resulting Issuer will be considered "independent", as that term is defined in National Instrument 52-110 – *Audit Committees* except for Peter Bures who will not be considered independent as he will hold the office of Chief Executive Officer.

As not all the members of the Resulting Issuer Board will be independent within the meaning of section 1.4 of NI 52-110, it is anticipated that the independent directors will hold regularly scheduled meetings at which the non-independent directors and management of the Resulting Issuer will not be present.

The Board plans to adopt a written mandate reflecting its role to (i) assume responsibility for the overall strategy and oversight of management of the Resulting Issuer, and, operations with subsidiaries, (ii) identify the principal risks and opportunities of the Resulting Issuer's business and ensuring the implementation of appropriate systems to manage these risks, (iii) manage the cash reserve and token reserves, and (v) ensure the integrity of the Resulting Issuer's internal financial controls and management information systems.

#### Orientation and Continuing Education

The Resulting Issuer will not have a formal orientation and education program for new members of the Board, the Resulting Issuer plans to provide such orientation and education on an ad hoc and informal basis. The proposed directors believe that these procedures will be a practical and effective approach in light of the Resulting Issuer's particular circumstances, including the size of the Resulting Issuer and the number, experience and expertise of its proposed directors.

#### Ethical Business Conduct

As a responsible business and corporate citizen, the Resulting Issuer is committed to conducting its affairs with integrity, honesty, fairness and professionalism. In order to encourage and promote a culture of ethical business conduct, the Resulting Issuer Board will implement a Code of Business Conduct and Ethics which all employees, officers and directors will be expected to meet in the performance of their responsibilities.

The Resulting Issuer's reputation for honesty and integrity amongst its shareholders and other stakeholders is key to the success of its business. No employee or director will be permitted to achieve results through violation of laws or regulations, or through unscrupulous dealings.

Any director with a conflict of interest or who is capable of being perceived as being in conflict of interest with respect to the Resulting Issuer will be obligated to abstain from discussion and voting by the Board or any committee of the Board on any motion to recommend or approve the relevant agreement or transaction. The Board must comply with conflict of interest provisions of the *Business Corporations Act* (British Columbia).

### Nomination of Directors

Responsibility for identifying new candidates to join the Resulting Issuer Board will belong to the Resulting Issuer Board as a whole. The Resulting Issuer Board will encourage all directors to participate in the process of identifying and recruiting new candidates. While there are no specific criteria for Resulting Issuer Board membership, it is expected that the Resulting Issuer will seek to attract and retain directors with business knowledge and a particular expertise in mineral exploration and development or other areas of specialized knowledge (such as finance) which will assist in guiding the officers of the Resulting Issuer.

### Compensation Committee

The Resulting Issuer Board will form the Compensation Committee, which is expected to be comprised of Philip van den Berg, Peter Schloo and Peter Simeon, to assist the Resulting Issuer's board of directors in fulfilling its responsibilities for compensation philosophy and guidelines, and fixing compensation levels for the Resulting Issuer's executive officers. For more information on the anticipated Resulting Issuer compensation practices please see "Proposed Executive Compensation".

This Compensation Committee's responsibilities will include: reviewing and approving the compensation of the Chief Executive Officer and other officers of the Resulting Issuer appointed by the Resulting Issuer Board; reviewing and approving the compensation policies, plans and programs for the Resulting Issuer's executive officers and other senior management, as well as its overall compensation plans and structure; reviewing and discussing with management and recommending to the Resulting Issuer Board the disclosure to be included under the caption "Executive Compensation" for use in any annual reports, prospectuses, proxy circulars or information circulars; and recommending to the board of directors the compensation for directors; administering the Compensation Plan and share compensation arrangements.

The Compensation Committee will seek to ensure an objective process for determining compensation through compliance with the board's conflicts of interest guidelines. The Compensation Committee will review the various compensation elements both individually and in total to seek alignment with the Resulting Issuer's compensation program objectives. The Compensation Committee will then make recommendations on all executive pay, short-term incentives and long-term incentive options to the Resulting Issuer Board for approval.

### Assessment

The Resulting Issuer Board will not use formal assessments given the stage of the Resulting Issuer's business and operations. However, the proposed directors believe that nomination to the Resulting Issuer Board is not open ended and that directorships should be reviewed carefully for alignment with the strategic needs of the Resulting Issuer. To this extent, the proposed directors will constantly review (i) individual director performance and the performance of the board of directors as a whole, including processes and effectiveness; and (ii) the performance of the Chair, if any, of the Resulting Issuer Board. A more formal assessment process will be instituted if and when the Resulting Issuer Board considers it to be advisable.

### **Non-Competition or Non-Disclosure Agreements**

Except as provided for herein, none of the proposed directors or officers of Resulting Issuer have entered into any non-compete or non-disclosure agreements with the Resulting Issuer, nor do any of the proposed directors or officers of Resulting Issuer propose to do so with the Resulting Issuer, except as otherwise contemplated herein.

### **Corporate Cease Trade Orders or Bankruptcies**

Except as described below, no director, proposed director or executive officer of Resulting Issuer is at the date hereof, or within the ten years prior to the date hereof has been, a director, chief executive officer or chief financial officer of any company (including Silver Crown) that, while that person was acting in that capacity:

- (i) was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days; or
- (ii) was subject to a cease trade order or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the

proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Except as described below, no proposed director of Resulting Issuer is at the date hereof, or within the ten years prior to the date hereof has been, a director or executive officer of any company (including Silver Crown) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

### **Individual Bankruptcies**

No proposed director, officer, promoter or principal shareholder of Resulting Issuer is or has, within ten years prior to the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of that individual.

### **Penalties or Sanctions**

Except as described below, no proposed director or officer of Resulting Issuer has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by any securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or been subject to any other penalties or sanctions imposed by a court or regulatory body or self-regulatory authority that would be likely to be considered important to a reasonable investor making a decision about the Transaction.

### **Conflicts of Interest**

Certain directors and officers of Resulting Issuer currently, or may in the future, act as directors or officers of other companies and, consequently, it is possible that a conflict may arise between their duties as a director or officer of Resulting Issuer and their duties as a director or officer of any other such company. There is no guarantee that while performing their duties for Resulting Issuer, the directors or officers of Resulting Issuer will not be in situations that could give rise to conflicts of interest. There is no guarantee that these conflicts will be resolved in favour of Resulting Issuer. The proposed directors and officers of Resulting Issuer are aware of the existence of laws governing accountability of directors and officers for corporate opportunity and requiring disclosure by directors and officers of conflicts of interest and the fact that Resulting Issuer will rely upon such laws in respect of any director's or officer's conflicts of interest or in respect of any breaches of duty by any of its directors or officers. All such conflicts must be disclosed by such directors or officers in accordance with the BCBCA, and they will govern themselves in respect thereof to the best of their ability in accordance with the obligations imposed upon them by law.

### **Proposed Executive Compensation**

The following information is presented in accordance with Form 51-102F6 - Statement of Executive Compensation and provides details of all proposed compensation for each proposed director and NEO of the Resulting Issuer for the first 12 months following the Effective Date.

#### *Compensation Discussion and Analysis*

The Resulting Issuer expects to provide a market-based blend of base salaries, bonuses and equity incentive components in the form of Resulting Issuer Awards to further align the interests of management with the interests of the Resulting Issuer's shareholders.

The Resulting Issuer expects to pay compensation to officers, directors, employees and consultants of the Resulting Issuer for their services; however, the board of directors of Silver Crown has not yet determined the salaries and other compensation payable to its executives, leaving that decision to be made by the Resulting Issuer's Compensation Committee. Therefore, there is currently no proposed compensation to be reported with regard to the NEOs of the Resulting Issuer during the first 12 months following the Effective Date.

It is expected that the Resulting Issuer's policies on compensation for its NEOs will be intended to provide appropriate compensation for executives that is internally equitable, externally competitive and reflects individual achievements in the context of the Resulting Issuer. The overriding principles in establishing executive compensation provide that compensation should:

- (a) reflect fair and competitive compensation commensurate with an individual's experience and expertise in order to attract and retain highly qualified executives;
  - (b) reflect recognition and encouragement of leadership, entrepreneurial spirit and teamwork;
  - (c) reflect an alignment of the financial interests of the executives with the financial interest of the shareholders;
  - (d) include options and, in certain circumstances, bonuses to reward individual performance and contribution to the achievement of corporate performance and objectives;
  - (e) reflect a contribution to enhancement of shareholder value; and
  - (f) provide incentive to the executives to continuously improve operations and execute on corporate strategy.
- It is anticipated that the Resulting Issuer's executive compensation program will encompass three elements as follows:

- (i) base salary;
- (ii) short-term compensation incentives for management through cash bonuses; and
- (iii) long-term compensation incentives (primarily options) related to long-term increases in share value.

#### Research and Benchmarking

Silver Crown has not engaged in, and the Resulting Issuer may not immediately engage in, formal benchmarking with an independent advisory firm for the purpose of establishing the executive compensation program relative to any predetermined level or specified peer group of companies when considering the design of its program. It is anticipated that initially the Compensation Committee will make reference to internally prepared comparative analysis to peer companies provided by management to evaluate the appropriateness and competitiveness of its executive compensation program.

#### Mitigation of Compensation-Related Risk

As part of its annual review of the Resulting Issuer's compensation policies and practices, including the setting of annual corporate performance objectives, the Compensation Committee is expected to consider risks associated with such policies and practices. The Resulting Issuer Board and the Compensation Committee are expected to consider and assess, as necessary, risks relating to compensation prior to entering into or amending employment contracts with NEOs and when setting the compensation of directors. The Resulting Issuer Board and the Compensation Committee intend to establish compensation policies and practices are appropriate for its industry and stage of business and that such policies and practices do not have associated with them any risks that are reasonably likely to have a material adverse effect on the Resulting Issuer or which would encourage a NEO to take any inappropriate or excessive risks. The Compensation Committee is anticipated to continually review the Resulting Issuer's compensation policies, including its compensation-related risk profile, as necessary, to ensure its compensation policies and practices are not reasonably likely to have a material adverse effect on the Resulting Issuer or encourage a NEO to take any inappropriate or excessive risks.

#### Elements of the Resulting Issuer's Executive Compensation Program

##### *Base Salary*

Base salary represents a key component of an executive officer's compensation package as it is the first step in ensuring a competitive structure based on a number of factors, including peer group comparison.

It is anticipated that the base salary for each of the executive officers of the Resulting Issuer will be reviewed and established annually, typically during the first quarter of the fiscal year with changes to be implemented as of the beginning of each fiscal year. Base salaries are expected to be determined according to the particular executive officer's personal performance and seniority, contribution to the business of the Resulting Issuer and the size and stage of development of the Resulting Issuer. Base salaries will also be reviewed from time to time to ensure comparability with industry norms. The Resulting Issuer anticipates hiring qualified management from around the world and therefore will likely look to compensation paid by Canadian competitors.

### Short-Term Compensation Incentives

It is anticipated that the Resulting Issuer’s compensation program will include a cash bonus program for executives and certain managers within the organization. Any cash bonus program will be designed to provide motivation to all participants to achieve near-term objectives aligned with the corporate strategy and to reward them when such objectives are met or exceeded. Annual awards at target levels under the cash bonus program may range from one to four months’ salary depending on each individual’s position and responsibilities and the Compensation Committee will have the ability to apply its discretion to either increase or decrease an award where circumstances warrant.

### Long-Term Compensation Incentives

Long-term incentive compensation for executive officers is initially expected to be provided through grants of awards pursuant to the Compensation Plan, a copy of which is attached as SCHEDULE A – COMPENSATION PLAN and a summary of which appears below under “Compensation Plan”.

Awards are anticipated to be made to executive officers periodically as the Compensation Committee determines appropriate. The number of Resulting Issuer Awards to be granted is expected to be based on each individual’s position, responsibility and performance and take into account the number and terms of Resulting Issuer Awards that have been previously granted to that individual. It is anticipated that the Resulting Issuer’s Board granting of Resulting Issuer Awards to the executive officers and share ownership by such executive officers will serve to motivate the achievement of the Resulting Issuer’s long-term strategic objectives and will help align the financial interests of the executive officers with the financial interest of the shareholders.

The purpose of the Compensation Plan is to advance the interests of the Resulting Issuer, through the grant of Resulting Issuer Awards, by: (i) providing an incentive mechanism to foster the interests of eligible participants under the plan (which includes directors, officers, employees and service providers of the Resulting Issuer and its subsidiaries) in the success of the Resulting Issuer, its affiliates and its subsidiaries, if any; (ii) encouraging such eligible participants to remain with the Resulting Issuer, its affiliates or its subsidiaries, if any; and (iii) attracting new directors, officers, employees and service providers. The Compensation Plan provides that the maximum number of Resulting Issuer Shares that may be reserved for issuance upon the exercise of all Resulting Issuer Awards granted under the Compensation Plan shall not exceed, on a rolling basis, 10% of the aggregate number of Resulting Issuer Shares issued and outstanding from time to time.

### Named Executive Officers

The Resulting Issuer’s “NEOs” include its Chief Executive Officer and Chief Financial Officer (or an individual that served in a similar capacity). There are no other executive officers whose total compensation exceeded \$150,000.

### Summary Compensation Table

The following table sets forth the proposed compensation to be earned by the Named Executive Officers and directors of the Resulting Issuer during the first 12 months following the Effective Date.

Name and Principal Position	Year	Salary/ Consulting Fees (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total (\$)
					Annual incentive plans	Long-term incentive plans			
<i>Peter Bures, Chairman and Chief Executive Officer</i>	2024	249,999.96 <sup>(1)</sup>	-	-	249,999.96 <sup>(2)</sup>	-	-	Discretionary <sup>(3)</sup>	499,999.92
<i>Hassnain Raza, Chief</i>	2024	124,999.92 <sup>(4)</sup>	-	-	124,999.92 <sup>(5)</sup>	-	-	Discretionary <sup>(6)</sup>	249,999.84

<i>Financial Officer</i>									
<i>Philip van den Berg, Director</i>	2024	-	-	-	60,000.00	-	-	-	60,000.00
<i>Peter Simeon, Director</i>	2024	-	-	-	60,000.00	-	-	-	60,000.00
<i>Peter Schloo, Director</i>	2024	-	-	-	60,000.00	-	-	-	60,000.00

**Notes:**

- (1) Payable quarterly in cash or Silver Crown Shares pursuant to a Consulting Agreement dated January 1, 2024 with Investor Stratum Resources Inc. (the “**Stratum Consulting Agreement**”), an entity controlled by Mr. Bures.
- (2) Monthly grant of Awards (as defined in Silver Crown’s equity compensation plan dated July 6, 2023) at a price per Award equal to the fair market value of the Silver Crown Shares at the time of grant, pursuant to the Stratum Consulting Agreement.
- (3) Annual discretionary bonus up to a maximum amount equal to Consulting Fees for a given fiscal year, pursuant to the Stratum Consulting agreement. Any bonus will be determined by the Compensation Committee of the Board in its sole discretion, paid following the completion of such fiscal year, and is not earned or accrued until the payout date.
- (4) Payable quarterly in cash or Silver Crown Shares pursuant to a Consulting Agreement dated January 1, 2024 with FTAB Consulting Inc. (the “**FTAB Consulting Agreement**”), an entity controlled by Mr. Raza.
- (5) Monthly grant of Awards (as defined in Silver Crown’s equity compensation plan dated July 6, 2023) at a price per Award equal to the fair market value of the Silver Crown Shares at the time of grant, pursuant to the FTAB Consulting Agreement.
- (6) Annual discretionary bonus up to a maximum amount equal to Consulting Fees for a given fiscal year, pursuant to the Stratum Consulting agreement. Any bonus will be determined by the Compensation Committee of the Board in its sole discretion, paid following the completion of such fiscal year, and is not earned or accrued until the payout date.

*Management Contracts*

Management functions of the Resulting Issuer are expected to be performed by the directors and NEOs of Silver Crown and are not to any substantial degree performed by any other person or corporation. Each of the Resulting Issuer’s NEOs has or will be retained as independent contractors to provide the services for the consideration discussed in the above table.

*External Management Companies*

There are no proposed individuals that will act as Named Executive Officers for the first 12 months following the Effective Date that are not proposed employees or consultants of the Resulting Issuer.

*Stock Options and other Compensation Securities*

As at the date of this Filing Statement, there is no information concerning the proposed granting of Resulting Issuer Awards during the first 12 months following the effective date for each NEO and director. It is anticipated that the Compensation Committee and Resulting Issuer Board will determine Compensation Plan grants following Closing. It is currently anticipated that the Resulting Issuer Board will meet following Closing to determine the Resulting Issuer Awards to be rewarded in the next 12 months to Participants under the Compensation Plan.

*Compensation of Directors*

The compensation of directors will be determined following Closing; however, it is expected that compensation of non-management directors will comprise a monthly grant of approximately \$5,000 in RSUs on account of carrying out director functions and any committee involvement. In order to align better with the interests of shareholders, the Resulting Issuer Board expects to award securities underlying the Compensation Plan as its equity instruments for directors. It is currently anticipated that the Compensation Committee will meet shortly after completion of the Transaction to set director and officer share based compensation.

It is anticipated that non-management directors will be reimbursed for transportation and other out-of-pocket expenses incurred for attendance at board of directors meetings and in connection with discharging their director functions.

*Termination and Change of Control Benefits*



It is anticipated that, following Closing, the Resulting Issuer will enter into employment agreements with the CEO and CFO (collectively, the “**Senior Officers**”), which agreements will contain a termination clause that states, among other things, that said employment agreement can be terminated by the Resulting Issuer for just cause in the event that the respective Senior Officer engages in: (i) dishonesty or fraud; (ii) theft; (iii) breach of fiduciary duties; (iv) being guilty of bribery or attempted bribery; (v) or gross mismanagement.

In the event of the termination without cause, it is anticipated that the Senior Officers would be entitled to a payment equivalent to twenty-four months of their respective base fees within thirty days of the termination.

The Resulting Issuer recognizes that the enhancement of shareholder value could possibly involve the Resulting Issuer being acquired by a third party and it is anticipated that the Resulting Issuer Board will seek to reward its executive officers for enhancing shareholder value in the event of a change of control through the employment agreements with the Senior Officers that provide for payments to be determined in the event a change of control does occur.

#### Pension Disclosure

No retirement or pension benefits for directors and executive officers is implemented or proposed for the Resulting Issuer at this time.

#### **Indebtedness of Directors and Officers**

As of the completion of the Transaction, no proposed director, executive officer or senior officer of the Resulting Issuer or any Associate thereof, will be indebted to the Resulting Issuer or any of its subsidiaries, or has been at any time during the preceding financial year.

#### **Investor Relations and Capital Markets Arrangements**

While the Resulting Issuer may consider such arrangements in the future, as of the date of this Filing Statement there is no written or oral agreement or understanding that has been reached with any Person to provide any promotional or investor relations services for the Resulting Issuer.

#### **Options to Purchase Securities**

##### Option-Based Awards

The Resulting Issuer intends to grant Resulting Issuer Awards to its directors, officers, employees and consultants; however, the details of certain of such grants have not yet been determined and will be subject to the prior approval of the Resulting Issuer’s board of directors. Such Resulting Issuer Awards are expected to be granted under the Compensation Plan in effect upon completion of the Transaction and subject to Exchange approval. For an overview of the Compensation Plan, please see the discussion under the heading “*Compensation Plan*”.

#### **Compensation Plan**

It is anticipated that the Resulting Issuer will adopt the Compensation Plan. The following description of the Compensation Plan is a summary only and is qualified in its entirety by the full text of the Compensation Plan, which is attached hereto as SCHEDULE A – COMPENSATION PLAN. Terms used in such summary are defined in the Compensation Plan. Copies of the Compensation Plan may be inspected at no charge during regular business hours upon received written request one (1) Business Day in advance at the principal offices of Silver Crown until Closing and at the principal offices of the Resulting Issuer for a period of 30 days thereafter.

##### *Compensation Plan Summary*

##### Eligible Participants

Eligible Participants under the Plan include Eligible Directors, officers and employees of the Resulting Issuer or a subsidiary of the Resulting Issuer, as well as consultants providing ongoing services to the Resulting Issuer and its subsidiaries, who the

Board may determine from time to time, in its sole discretion.

### Shares Reserved for Issuance

Subject to certain adjustment provisions contained within the Plan, the Plan operates as a “rolling up to 10% and fixed up to 10%” security-based compensation plan. Under the rolling component, the total number of Common Shares that are issuable pursuant to the exercise of Options granted thereunder shall not exceed 10% of the total issued and outstanding Common Shares (on a non-diluted basis) as at the date of any Option grant. Additionally, under the fixed component, the number of Common Shares that are issuable pursuant to all Awards other than Options granted thereunder and under any other security-based compensation plan of Silver Crown, in aggregate, is a maximum of 10% of the number of Common Shares (on a non-diluted basis) as at the effective date of implementation of the Plan, being the listing date.

Further, no more than 2% of the total issued and outstanding Common Shares (on a non-diluted basis) from time to time, shall be reserved and available for grant and issuance pursuant to Awards to the Eligible Directors.

### Awards Available Under the Plan

The Awards available under the Plan include Options, Deferred Share Units, Restricted Share Units and Performance Share Units, as outlined below. The determination of what, if any Awards to make, including the form of Award, is in the discretion of the Board as recommended by its Committee.

### Options

Options are the right to acquire, for each option issued, one Common Share at the exercise price determined by the Board (each an “**Option**”). The exercise price cannot be less than the Market Value of such Common Shares on the trading day immediately preceding the day upon which the Option is granted. The Board shall: (i) designate the Eligible Participants who may receive Options; (ii) fix the number of Options, if any, to be granted to each Eligible Participant; (iii) the date or dates on which such Options shall be granted; and (iv) the relevant vesting provisions (including performance criteria) if applicable, of the Options, as well as the period during which the Option is exercisable (which cannot exceed ten years).

Unless otherwise specified by the Board at the time of granting the particular Option, and except as otherwise provided in the Plan or in any Option agreement, the Plan assumes that each Option will vest and be exercisable on the first anniversary of the grant, with the result that the entire Option subject to the grant shall be vested and exercisable as of the first anniversary of the date upon which the Option is granted.

### Deferred Share Units

Deferred Share Units are the right of an Eligible Participant that is granted Awards (a “**Participant**”) to receive payment based on the value of one Common Share, subject to restrictions and conditions, which may include the achievement of pre-established performance criteria (“**Deferred Share Unit**” or “**DSU**”). The Board shall: (i) designate the Eligible Participants who may receive DSUs; (ii) fix the number of DSUs, if any, to be granted to each Eligible Director and the date or dates on which such DSUs shall be granted; (iii) determine the relevant conditions and vesting provisions of such DSUs; and (iv) whether each DSU awarded to a Participant shall entitle the Participant: (a) to receive one Common Share issued from treasury or purchased on the open market; (b) to receive the Cash Equivalent (as defined in the Plan) of one Common Share; or (c) to elect to receive a combination thereof.

A Participant who: (i) ceases to be a director of the Resulting Issuer; (ii) ceases to be employed by the Resulting Issuer or its subsidiaries; or (iii) ceases to provide services to the Resulting Issuer or its subsidiaries, as applicable, may request the settlement of all (but not less than all) of their DSUs at any time between the date on which they cease said services and the last business day of the calendar year following the year that the Participant ceased the services.

### Restricted Share Units

Restricted Share Units are Awards that are granted for services rendered in a particular year entitling the Participant to receive payment based on the value of one Common Share, subject to such restrictions and conditions as the Board may determine at the time of grant of the Award (“**Restricted Share Unit**” or “**RSU**”). Conditions may be based on continuing employment (or

engagement) with the Resulting Issuer or a subsidiary of the Resulting Issuer. The Board shall: (i) designate the Eligible Participants who may receive RSUs under the Plan; (ii) fix the number of RSUs, if any, to be granted to each Eligible Participant and the date or dates on which such RSUs shall be granted; (iii) determine the relevant conditions and vesting provisions and the day upon which the RSUs are settled; and (iv) whether each RSU awarded to a Participant shall entitle the Participant: (a) to receive one Common Share issued from treasury or purchased on the open market; (b) to receive the Cash Equivalent (as defined in the Plan) of one Common Share; or (c) to elect to receive a combination thereof.

Unless provided in the Plan or in any RSU agreement, the Plan assumes that 1/3 of the RSU will vest on each of the first, second and third anniversary of the date upon which the RSU is granted. The RSUs are to be settled no later than the last business day of the calendar year that is three years after the calendar year in which the services related to the RSUs were performed.

#### Performance Share Units

Performance Share Units are Awards that are granted for services rendered in a particular year entitling the Participant to receive payment based on the value of one Common Share, subject to such restrictions and conditions (most often related to corporate, or personal, performance or a combination of both) as the Board may determine at the time of grant of the Award (“**Performance Share Units**” or “**PSUs**”). Conditions may be based on continuing employment (or engagement) with the Resulting Issuer or a subsidiary of the Resulting Issuer and performance criteria. The Board shall: (i) designate the Eligible Participants who may receive PSUs under the Plan; (ii) fix the number of PSUs, if any, to be granted to each Eligible Participant and the date or dates on which such PSUs shall be granted, (iii) determine the relevant conditions, performance criteria and vesting provisions and the date upon which the PSUs are settled; and (iv) whether each PSU awarded to a Participant shall entitle the Participant: (a) to receive one Common Share issued from treasury or purchased on the open market; (b) to receive the Cash Equivalent (as defined in the Plan) of one Common Share; or (c) to elect to receive a combination thereof.

Unless provided in the Plan or in any PSU agreement, the Plan assumes that 1/3 of the PSU will vest on each of the first, second and third anniversary of the date upon which the PSU is granted. The PSUs are to be settled no later than the last business day of the calendar year that is three years after the calendar year in which the services related to the PSUs were performed.

#### **Escrowed Securities**

Pursuant to the Exchange Listing Manual section 9.03(4), upon listing of the Resulting Issuer Shares, all securities of the Resulting Issuer that are held by “principals” of the Resulting Issuer must be placed into escrow. Upon completion of the Transaction, it is expected that there will be an aggregate of 346,500 Resulting Issuer Shares and 10,687 Resulting Issuer Warrants held pursuant to a Security Escrow Agreement (collectively, the “**Escrowed Securities**”) entered into among the Resulting Issuer Escrow Agent, the Resulting Issuer and the Escrowed Shareholders. The Escrowed Securities will be released as follows:

On the Listing Date	25% of Escrowed Securities
6 months after the Listing Date	25% of Escrowed Securities
12 months after the Listing Date	25% of Escrowed Securities
18 months after the Listing Date	Remaining Escrowed Securities

The following lists the Escrowed Shareholders who hold Resulting Issuer Escrowed Shares:

Name and Municipality of Residence of Securityholder	Designation of Class of Security	After Giving Effect to the Transaction, Concurrent Financing and Subsequent Financing	
		No. of Securities Held in Escrow	Percentage of Class
Peter Bures <sup>(1)</sup> Toronto, ON, Canada	Resulting Issuer Shares	202,500	8.71%
Hassnain Raza <sup>(2)</sup> Toronto, ON, Canada	Resulting Issuer Shares	67,500	2.9%

<b>Patrick Sullivan</b> Vancouver, BC, Canada	Resulting Issuer Shares	5,625	0.24%
<b>Peter Simeon</b> Oakville, ON, Canada	Resulting Issuer Shares	5,625	0.24%
<b>Peter Schloo<sup>(3)</sup></b> Toronto, ON, Canada	Resulting Issuer Shares	65,250	2.8%
<b>Total:</b>		346,500	14.90%

**Notes:**

- (1) Beneficially held by Mr. Bures in part through Investor Stratum Resources Inc. and VLK Capital Inc.
- (2) Beneficially held by Mr. Raza through 100576981 Ontario Inc.
- (3) Beneficially held by Mr. Schloo through Great White Capital Ltd.
- (4) Assuming the issuance of 100,000 Resulting Issuer Units under the Subsequent Financing and no participation by the Escrowed Shareholders therein.

The following lists the Escrowed Shareholders who hold Resulting Issuer Escrowed Warrants:

Name and Municipality of Residence of Securityholder	Designation of Class of Security	After Giving Effect to the Transaction	
		No. of Securities Held in Escrow	Percentage of Class
<b>Peter Bures<sup>(1)</sup></b> Toronto, ON, Canada	Resulting Issuer Replacement Warrants	6,750	0.29%
<b>Hassnain Raza<sup>(2)</sup></b> Toronto, ON, Canada	Resulting Issuer Replacement Warrants	1,124	0.04%
<b>Peter Simeon</b> Oakville, ON, Canada	Resulting Issuer Replacement Warrants	2,812	0.12%
<b>Total:</b>		10,687	0.45%

**Notes:**

- (1) Beneficially held by Mr. Bures in part through Investor Stratum Resources Inc. and VLK Capital Inc.
- (2) Beneficially held by Mr. Raza through 100576981 Ontario Inc.

### Material Contracts

The material contracts of the Resulting Issuer are the material contracts of 128 as described under “Material Contracts” and Silver Crown as described under “Material Contracts”.

### Stock Exchange Listing

128 is a “reporting issuer” under the securities laws of the Provinces of British Columbia and Alberta and the Resulting Issuer will continue to be a reporting issuer in those jurisdictions and become a reporting issuer in Ontario following the closing of the Transactions. 128 is not listed on any stock exchange. The Exchange has conditionally accepted the listing of the Resulting Issuer Shares subject to 128 and Silver Crown fulfilling all of the requirements of the Exchange. The Resulting Issuer, if listed, expects to trade its common shares under the symbol “SCRI”.

### Auditors

It is proposed that Zeifmans LLP will be appointed as the auditors of the Resulting Issuer.

### Transfer Agent and Registrar

It is proposed that Odyssey Trust Company will be the transfer agent and registrar for the Resulting Issuer Shares, and the warrant agent for the Resulting Issuer Replacement Warrants.

### Experts

Certain legal matters in connection with the Transaction will be reviewed and passed upon by Osler, Hoskin & Harcourt LLP (“**Osler**”) on behalf of Silver Crown. Osler and the partners and associates thereof beneficially own, directly or indirectly, 6,250 outstanding Silver Crown Shares.

Certain legal matters in connection with the Transaction will be reviewed and passed upon by Borden Ladner Gervais LLP (“**BLG**”) on behalf of 128. BLG and the partners and associates thereof beneficially own, directly or indirectly, no outstanding securities of 128.

MNP LLP are the auditors of 128 and are independent of 128 in accordance with the Code of Professional Conduct of the Chartered Professional Accountants of Ontario.

Zeifmans LLP are the auditors of Silver Crown and are independent of Silver Crown within the meaning of the Code of Professional Conduct of the Chartered Professional Accountants of Ontario.

Elk Gold engaged L. John Peters, P.Geo., Gregory Z. Mosher, P.Geo., and Marinus André de Ruijter, P.Eng. to prepare the Gold Mountain Technical Report. The disclosure in this Filing Statement regarding the Gold Mountain Project is qualified in its entirety to the full text of the Gold Mountain Technical Report which is available on [www.sedarplus.ca](http://www.sedarplus.ca) under Elk Gold’s profile.

Mitchell E. Lavery, P.Geo. is a qualified person for the purposes of NI 43-101 and has reviewed and approved the scientific and technical disclosure contained in this Filing Statement. The QP is a “qualified person” as such term is defined in NI 43-101. All of the scientific and technical mining disclosure contained in this Filing Statement has been reviewed and approved by the QP.

#### **Risk Factors**

Following the completion of the Transaction, the Resulting Issuer will carry on the same activities as those carried on by Silver Crown as described in this Filing Statement. See “*PART VI – RISK FACTORS*”.

#### **Other Material Facts**

Neither 128 nor Silver Crown is aware of any other material facts except as otherwise set forth herein.

*[PART VI – RISK FACTORS begins on following page]*

## **PART VI – RISK FACTORS**

An investment in the securities of Silver Crown or the Resulting Issuer is highly speculative, involves a high degree of risk and should be undertaken only by persons whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. Prior to investing in such securities, you should carefully consider the risks described below, together with other information included in or incorporated by reference into this Filing Statement and filed on SEDAR+ at sedarplus.ca. If any of the following risks materialize, the business, financial condition, results of operation and future prospects of Silver Crown and the Resulting Issuer will likely be materially and adversely affected. This could cause actual future events to differ materially from those described in forward-looking statements and may cause the trading price of the Resulting Issuer's securities to decline.

The risks presented below should not be considered exhaustive and may not be all the risks the Resulting Issuer may face. Management of Silver Crown believes that factors set out below could cause actual results to be different from expected and historical results. Other sections of this Filing Statement include additional factors that could have an effect on the business and financial performance of the Resulting Issuer's business following the completion of the Transaction. New risks may emerge from time to time and management may not be able to predict all of them, or be able to predict how they may cause actual results to be different from those contained in any forward-looking statements. You should not rely upon forward-looking statements as a prediction of future results.

References below to "Silver Crown" will, as the context permits or requires, be read to include the "Resulting Issuer" upon the completion of the Transaction. Furthermore, references below to the "Resulting Issuer" refer to the Resulting Issuer and all of its subsidiaries, as applicable.

### **Risks Related to the Transaction**

#### **Completion of the Transaction and Exchange Approval**

The completion of the Transaction is subject to several conditions precedent. There can be no assurance that the Transaction will be completed on the terms set out in the Amalgamation Agreement, as negotiated, or at all. In the event that any of the conditions precedent are not satisfied or waived, the Transaction may not be completed. In addition, there is no guarantee that the Resulting Issuer will be able to satisfy the requirements of the Exchange such that it will issue the Final Exchange Bulletin. See "Conditions of the Transaction". There is no certainty that these conditions will be satisfied on a timely basis or at all.

If the Transaction is not completed, Silver Crown and 128 will each remain liable for significant consulting, accounting, legal and other costs relating to the Transaction and Concurrent Financing, and will not realize anticipated benefits of the Transaction.

#### **Termination of the Amalgamation Agreement in Certain Circumstances**

Each of Silver Crown and 128 has the right to terminate the Amalgamation Agreement in certain circumstances. Accordingly, there is no certainty, nor can the parties provide any assurances that the Amalgamation Agreement will not be terminated by any of Silver Crown and 128 before the completion of the Transaction. Certain costs related to the Transaction, such as legal and accounting fees, must be paid by Silver Crown and 128 regardless of whether or not the Transaction is completed. See "Termination Rights".

#### **The Transaction Will Have a Dilutive Effect on the Ownership Interest of 128 Shareholders**

The issuance of Resulting Issuer Shares pursuant to the Transaction will have a very significant dilutive effect on the ownership interest of the current 128 Shareholders.

#### **The Transaction May Divert the Attention of Management of Silver Crown**

The Transaction could cause the attention of management of Silver Crown to be diverted from their day-to-day operations. These disruptions could be exacerbated by a delay in completion of the Transaction and could have an adverse effect on the business, operating results or prospects of Silver Crown regardless of whether the Transaction is ultimately completed, or of the Resulting Issuer if the Transaction is completed.

### Tax Consequences

The transactions described herein may have tax consequences in Canada, or elsewhere, depending on each particular existing or prospective shareholder's specific circumstances. Such tax consequences are not described herein and this Filing Statement is not intended to be, nor should it be construed to be, legal or tax advice to any particular shareholder. Existing and prospective shareholders should consult their own tax advisors with respect to any such tax considerations.

### Silver Crown May Not Realize Anticipated Benefits of the Transaction

The Transaction is proposed to strengthen the position of Silver Crown in the mining royalties industry and to create the opportunity to realize certain benefits. Achieving the benefits of the Transaction depends in part on the ability of Silver Crown to effectively capitalize on its scale, to realize the anticipated capital and operating synergies, to profitably sequence the growth prospects of its asset base and to maximize the potential of its improved growth opportunities and capital funding opportunities. A variety of factors, including those risk factors set forth in this Filing Statement may adversely affect the ability of Silver Crown to achieve the anticipated benefits of the Transaction.

### Pro Forma Financial Statements

The pro forma financial statements attached to this Filing Statement and information derived therefrom contained in this Filing Statement are presented for illustrative purposes only and may not be an indication of Silver Crown's financial condition following the Transaction for several reasons. For example, such pro forma financial statements have been derived from the historical financial statements of Silver Crown and certain assumptions have been made. The information upon which these assumptions have been made is historical, preliminary and subject to change. Moreover, the pro forma financial statements do not reflect all costs that are expected to be incurred by Silver Crown in connection with the Transaction. In addition, the assumptions used in preparing the pro forma financial statements may not prove to be accurate.

### **Risk Factors Relating to the Resulting Issuer Shares**

#### Market Price and Listing of Resulting Issuer Shares on Cboe

The Resulting Issuer is seeking to have the Resulting Issuer Shares listed and posted for trading on the Exchange. The listing of the Resulting Issuer Shares will be subject to the satisfaction of all of the Exchange's initial listing requirements. If the Resulting Issuer receives final approval for listing the Resulting Issuer Shares on the Exchange, there is no assurance that it will maintain such listing on the Exchange or a listing on any other exchange or quotation service. There can be no assurance that an active trading market will develop or be sustained for the Resulting Issuer Shares. Shareholders may not be able to resell the Resulting Issuer Shares, which may affect the pricing of the Resulting Issuer Shares in the secondary market, the transparency and availability of trading prices and the liquidity of the Resulting Issuer Shares. If an active or liquid market for the Resulting Issuer Shares fails to develop or be sustained, the price at which the Resulting Issuer Shares trade may be adversely affected. An investment in Silver Crown's securities is highly speculative, due to the high-risk nature of its business, lack of diversification and the present stage of its development. Shareholders of the Resulting Issuer may lose their entire investment.

If the Resulting Issuer Shares are publicly traded, the market price of the Resulting Issuer Shares may be affected by many variables not directly related to the corporate performance of Silver Crown, including the market in which it is traded, the strength of the economy generally, the availability and attractiveness of alternative investments and the breadth of the public market for its shares. The effect of these and other factors on the market price of the Resulting Issuer Shares in the future cannot be predicted. The lack of an active public market could have a material adverse effect on the price of the Resulting Issuer Shares.

#### The Market Price of Resulting Issuer Shares May Be Volatile

The market price of Resulting Issuer Shares could be subject to significant fluctuations following completion of the Transaction. In addition, securities markets worldwide have experienced, and are likely to continue to experience, significant price and volume fluctuations. This market volatility, as well as general economic, market or political conditions and the risk factors described in this Filing Statement could subject the market price of Resulting Issuer Shares to wide price fluctuations regardless of the Resulting Issuer's operating performance.

### Future Sales or Issuances of Debt or Equity Securities

The Resulting Issuer may sell or issue additional debt or equity securities in offerings to finance our operations, acquisitions or other projects. Significant shareholders of the Resulting Issuer may also sell the securities they hold or may hold in the future. The Resulting Issuer cannot predict the size of future sales and issuances of debt or equity securities or the effect, if any, that future sales and issuances of debt or equity securities will have on the market price of its securities. Sales or issuances of a substantial number of equity securities, or the perception that such sales could occur, may adversely affect prevailing market prices for the Resulting Issuer's securities. With any additional sale or issuance of equity securities, investors will suffer dilution of their voting power and may experience dilution in the Resulting Issuer's earnings per share. Sales of the securities of the Resulting Issuer by shareholders might also make it more difficult for the Resulting Issuer to sell equity securities at a time and price that it deems appropriate.

### Value Assigned to Silver Crown May Be Incorrect

The valuation placed on Silver Crown for the purposes of the Transaction has been determined by negotiation among Silver Crown and 128. There can be no assurance that the number of Resulting Issuer Shares will not, in the fullness of time, prove to be excessive. If the market determines that the number of Resulting Issuer Shares is excessive, the market price of the Resulting Issuer Shares will be adversely affected.

### No Assurance of Payment of Dividends

The declaration, timing, amount and payment of dividends are at the discretion of the board of directors of the Resulting Issuer and will depend upon the Resulting Issuer's future earnings, cash flows, acquisition capital requirements and financial condition, and other relevant factors. There can be no assurance that the Resulting Issuer will declare a dividend on a quarterly, annual or other basis.

### Evolving Corporate Governance and Public Disclosure Regulations

The Resulting Issuer will be subject to changing rules and regulations promulgated by a number of governmental and self-regulated organizations, including but not limited to the Canadian Securities Administrators, the Exchange, and the International Accounting Standards Board. These rules and regulations continue to evolve in scope and complexity making compliance more difficult and uncertain. The Resulting Issuer's efforts to comply with these and other new and existing rules and regulations are likely to result in increased general and administrative expenses and a diversion of management time and attention from revenue-generating activities to compliance activities.

### The Resulting Issuer May Not Use the Available Funds as Described in this Filing Statement

The Resulting Issuer currently intends to use its available funds as set out in this Filing Statement. However, the Resulting Issuer Board and management will have discretion in the actual application of the available funds and may elect to allocate them differently from that described in the Filing Statement if they believe it would be in the Resulting Issuer's best interests to do so. Shareholders may not agree with the manner in which the Resulting Issuer Board or management chooses to allocate and spend the net proceeds. The failure by the Resulting Issuer Board or management to apply these funds effectively could have a material adverse effect on the Resulting Issuer's profitability, results of operations and financial condition and the trading price of its securities.

### Liquidity

Shareholders of the Resulting Issuer may be unable to sell significant quantities of securities into the public trading markets without a significant reduction in the price of their securities, or at all. There can be no assurance that there will be sufficient liquidity of the securities of the Resulting Issuer on the trading market, or that the Resulting Issuer will continue to meet the listing requirements of the Exchange or achieve listing on any other public listing exchange.

### Market for Securities

There is currently no market through which the securities of the Resulting Issuer may be sold. As a consequence, purchasers may not be able to resell the securities that they hold. This may affect the pricing of the securities of the Resulting Issuer in the



secondary market, the transparency and availability of trading prices, the liquidity of these securities and the extent of issuer regulation. There can be no assurance that an active trading market for the securities of the Resulting Issuer will develop or, if developed, that any such market will be sustained.

## **Risks Related to the Resulting Issuer's Business**

### *Changes in Silver and Commodity Prices*

The revenue derived by the Resulting Issuer from its asset portfolio will be significantly affected by changes in the price of the commodities, including silver, underlying the royalties, streams and other interests. Commodity prices, including those to which the Resulting Issuer is exposed, fluctuate on a daily basis and are affected by numerous factors beyond the control of the Resulting Issuer, including levels of supply and demand, industrial investment levels, inflation and the level of interest rates, the strength of the US dollar and geopolitical events. Such external economic factors are in turn influenced by changes in international investment patterns, monetary systems and political developments.

Future material price declines may result in a decrease in revenue or, in the case of severe declines that cause a suspension or termination of production by relevant operators, a complete cessation of revenue from royalties, streams or other interests applicable to one or more relevant commodities. Moreover, the broader commodity market tends to be cyclical, and a general downturn in overall commodity prices could result in a significant decrease in overall revenue. Any such price decline may result in a material adverse effect on the Resulting Issuer's profitability, results of operations and financial condition and the trading price of its securities.

### *No or Limited Control over the Operation of Properties*

Silver Crown is not directly involved in the operation of mines. The revenue derived from its asset portfolio is based on production by third-party property owners and operators. The owners and operators generally will have the power to determine the manner in which the properties are exploited, including decisions to expand, continue or reduce, suspend or discontinue production from a property, decisions about the marketing of products extracted from the property and decisions to advance exploration efforts and conduct development of non-producing properties. The interests of third-party owners and operators and those of the Resulting Issuer on the relevant properties may not always be aligned. As an example, it will usually be in the interest of the Resulting Issuer to advance development and production on properties as rapidly as possible in order to maximize near-term cash flow, while third-party owners and operators may take a more cautious approach to development as they are at risk on the cost of development and operations. Likewise, it may be in the interest of property owners to invest in the development of and emphasize production from projects or areas of a project that are not subject to royalty, stream or other interests. The inability of the Resulting Issuer to control the operations for the properties in respect of which it has a royalty or stream interest may result in a material adverse effect on the Resulting Issuer's profitability, results of operations and financial condition and the trading price of its securities. In addition, the owners or operators may take action contrary to the Resulting Issuer's policies or objectives, be unable or unwilling to fulfill their obligations under their contracts with the Resulting Issuer, have difficulty obtaining or be unable to obtain the financing necessary to advance projects or experience financial, operational or other difficulties, including insolvency, which could limit the owner or operator's ability to perform its obligations under arrangements with the Resulting Issuer.

At any time, any of the operators of the properties in respect of which the Resulting Issuer will hold a royalty or stream interest or their successors may decide to suspend or discontinue operations. The Resulting Issuer may not be entitled to any material compensation if any of the properties in respect of which it holds a royalty, stream or other interest shuts down or discontinues their operations on a temporary or permanent basis.

### *The Gold Mountain Project is Significant to Silver Crown*

The stream on the Gold Mountain Project is currently the only material project for Silver Crown. As new assets are acquired or move into production, the materiality of each of our assets will be reconsidered. Any adverse development affecting the development or operation of, production from or recoverability of Mineral Reserves from the Gold Mountain Project or any other significant property in the asset portfolio from time to time, such as, but not limited to, unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, pit wall failures, tailings dam failures, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage, or the inability to hire suitable personnel and engineering

contractors or secure supply agreements on commercially suitable terms, may have a material adverse effect on the Resulting Issuer's profitability, results of operations and financial condition and the trading price of its securities. Any adverse decision made by the owners and operators, including for example, alterations to development or mine plans or production schedules, may impact the timing and amount of revenue that the Resulting Issuer receives and may have a material adverse effect on the Resulting Issuer's profitability, results of operations and financial condition and the trading price of its securities.

#### Limited Operating History and Uncertainty of Future Revenues

Silver Crown has a limited operating history and does not have any history of earnings or profitability. Accordingly, potential investors will have a limited basis on which to evaluate the Resulting Issuer's ability to achieve its business objectives. The future success of the Resulting Issuer is dependent on management's ability to implement its strategy. Although management of Silver Crown and 128 are optimistic about the Resulting Issuer's prospects, there is no certainty that anticipated outcomes and sustainable revenue streams will be achieved and there is no certainty that the Resulting Issuer will successfully make profitable acquisition of royalties, streams or other interests. In particular, its future growth and prospects will depend on its ability to expand its operations and gain additional revenue streams whilst at the same time maintaining effective cost controls. Any failure to expand is likely to have a material adverse effect on the Resulting Issuer's business, financial condition and results of operations.

#### Variations in Foreign Exchange Rates

Foreign exchange rates have seen significant fluctuation in recent years. A depreciation in the value of the Canadian dollar against one or more of the currencies in which the Resulting Issuer will receive payments under its royalty interests could have a material adverse effect on the profitability of the Resulting Issuer, its results of operations and financial condition.

The Resulting Issuer's consolidated revenue, expenses and financial position may be impacted by fluctuations in foreign exchange rates as payments in foreign currencies are translated into Canadian dollars. The Resulting Issuer has not hedged its exposure to currency fluctuations. The operations of the Resulting Issuer are subject to foreign currency fluctuations and inflationary pressures, which may have a material adverse effect on the profitability of the Resulting Issuer, its result of operations and financial condition. There can be no assurance that the steps taken by management to address such fluctuations will eliminate the adverse effects and the Resulting Issuer may suffer losses due to adverse foreign currency fluctuations.

#### Competition for Royalties

Many companies are engaged in the search for and the acquisition of investments including royalties, streams and other interests, and there is a limited supply of desirable mineral interests. The mineral exploration and mining businesses are competitive in all phases. Many companies are engaged in the acquisition of mineral interests, including large, established companies with substantial financial resources, operational capabilities and long earnings records. The Resulting Issuer may be at a competitive disadvantage in acquiring those interests, whether by way of royalty, stream or other form of investment, as competitors may have greater financial resources and technical staffs. There can be no assurance that the Resulting Issuer will be able to compete successfully against other companies in acquiring new royalties, streams or other interests. In addition, the Resulting Issuer may be unable to acquire royalties, streams or other interests at acceptable valuations which may result in a material adverse effect on the Resulting Issuer's profitability, results of operations and financial condition and the trading price of its securities.

#### Delay Receiving or Failure to Receive Payments

Silver Crown is dependent to a large extent upon the financial viability and operational effectiveness of owners and operators of the relevant mines and mineral properties underlying the Resulting Issuer's Royalties. Payments from production generally flow through the operator and there is a risk of delay and additional expense in receiving such revenues. Payments may be delayed by restrictions imposed by lenders, delays in the sale or delivery of products, the ability or willingness of smelters and refiners to process mine products, recovery by the operators of expenses incurred in the operation of the Royalty properties, the establishment by the operators of reserves for such expenses or the insolvency of the operator. Silver Crown's rights to payment under the Royalties must, in most cases, be enforced by contract without the protection of the ability to liquidate a property. This inhibits Silver Crown's ability to collect amounts owing under its royalty interests upon a default. Additionally, some agreements may provide limited recourse in particular circumstances which may further inhibit Silver Crown's ability to recover or obtain equitable relief in the event of a default under such agreements. In the event of a bankruptcy of an operator

or owner, it is possible that an operator may claim that the Resulting Issuer should be treated as an unsecured creditor and, therefore, have a limited prospect for full recovery of revenue and a possibility that a creditor or the operator may claim that the royalty agreement should be terminated in the insolvency proceeding. Failure to receive payments from the owners and operators of the relevant properties or termination of the Resulting Issuer's rights may result in a material and adverse effect on the Resulting Issuer's profitability, results of operations and financial condition.

#### *Royalties and other interests may not be honoured*

Royalties and other interests in respect of natural resource properties are largely contractual in nature. Parties to contracts do not always honor contractual terms and contracts themselves may be subject to interpretation or technical defects. To the extent grantors of royalties and other interests do not abide by their contractual obligations, the Resulting Issuer would be forced to take legal action to enforce its contractual rights. Such legal action may be time consuming and costly and there is no guarantee of success. Any pending proceedings or actions or any decisions determined adversely to the Resulting Issuer, may have a material adverse effect on the Resulting Issuer's profitability, results of operations and financial condition and the trading price of its securities.

#### Financing Risks

Silver Crown expects to be substantially dependent upon the equity and debt capital markets or alternative sources of funding to pursue additional investments. There can be no assurance that such financing will be available to Silver Crown on acceptable terms or at all.

From time to time, the Resulting Issuer may rely on debt financing for a portion of its business activities, including capital and operating expenditures. There are no assurances that the Resulting Issuer will be able to comply at all times with any covenants under its debt arrangements, if applicable; nor are there assurances that the Resulting Issuer will be able to secure new financing that may be necessary to finance its operations and capital growth program. Any failure of the Resulting Issuer to secure financing or refinancing, to obtain new financing or to comply with applicable covenants under its borrowings could have a material adverse effect on the Resulting Issuer's financial results. Further, any inability of the Resulting Issuer to obtain new financing may limit its ability to support future growth.

Additional equity or debt financings may significantly dilute positions held by shareholders of Silver Crown, increase Silver Crown's leverage or require Silver Crown to grant security over its assets. If Silver Crown is unable to obtain such financing, it may not be able to execute on its business strategy. If Silver Crown is unable to obtain financing for business activities, it may determine to allocate income, if any, from other investments to finance business activities.

#### Third-Party Reporting

Silver Crown relies on public disclosure and other information regarding specific mines or projects that is received from the owners or operators of the mines or other independent experts. The information received may be susceptible to being imprecise as the result of it being compiled by certain third parties. The disclosure created by the Resulting Issuer may be inaccurate if the information received contains inaccuracies or omissions, which could create a material adverse effect on the Resulting Issuer. Further, the Resulting Issuer must rely on the accuracy and timeliness of the public disclosure and other information it receives from the owners and operators of the mining operations, and uses such information in its analyses, forecasts and assessments relating to its own business and to prepare its disclosure with respect to the royalties. If the information provided by such third parties to the Resulting Issuer contains material inaccuracies or omissions, the Resulting Issuer's disclosure may be inaccurate and its ability to accurately forecast or achieve its stated objectives may be materially impaired, which may have a material adverse effect on the Resulting Issuer.

In addition, a royalty agreement may require an owner or operator to provide the Resulting Issuer with production and operating information that may, depending on the completeness and accuracy of such information, enable the Resulting Issuer to detect errors in the calculation of royalty payments that it receives. As a result, the ability of the Resulting Issuer to detect payment errors through its associated internal controls and procedures is limited, and the possibility exists that the Resulting Issuer will need to make retroactive revenue adjustments. Of the royalty agreements that the Resulting Issuer enters into, some may provide the Resulting Issuer the right to audit the operational calculations and production data for associated payments; however, such audits may occur many months following the recognition by the Resulting Issuer of the applicable revenue and may require the Resulting Issuer to adjust its revenue in later periods.

As a holder of an interest in a royalty, the Resulting Issuer will have limited access to data on the operations or to the actual properties underlying the royalty. This limited access to data or disclosure regarding operations could affect the ability of the Resulting Issuer to assess the performance of the royalty. This could result in delays in cash flow from that which is anticipated by the Resulting Issuer based on the stage of development of the properties covered by the assets within the portfolio of the Resulting Issuer.

#### Disclosure Regarding Operations

Some royalties may be subject to confidentiality arrangements which govern the disclosure of information with regard to the royalty and, as such, the Resulting Issuer may not be in a position to publicly disclose non-public information with respect to certain royalties. The limited access to data and disclosure regarding the operations of the properties in which the Resulting Issuer has an interest, may restrict the ability of the Resulting Issuer to enhance its performance which may result in a material and adverse effect on the profitability of the Resulting Issuer, results of operations for the Resulting Issuer and financial condition. There can be no assurance that the Resulting Issuer will be successful in obtaining these rights when negotiating the acquisition of royalties.

#### Strategy for Acquisitions

As the Resulting Issuer executes on its business plan it intends to seek to purchase additional royalties from third parties. The Resulting Issuer cannot offer any assurance that it can complete any acquisition or proposed business transactions on favourable terms or at all, or that any completed acquisitions or proposed transactions will benefit the Resulting Issuer. At any given time the Resulting Issuer may have various types of transactions and acquisition opportunities in various stages of review, including submission of indications of interest and participation in discussions or negotiations in respect of such transactions. This process also involves the engagement of consultants and advisors to assist in analyzing particular opportunities. Any such acquisition or transaction could be material to the Resulting Issuer and may involve the issuance of securities by the Resulting Issuer to fund any such acquisition. Any such issuance of securities may result in substantial dilution to existing shareholders and may result in the creation of new control positions. In addition, any such acquisition or other royalty transaction may have other transaction specific risks associated with it, including risks related to the completion of the transaction, the project operators or the jurisdictions in which assets may be acquired.

Additionally, the Resulting Issuer may consider opportunities to restructure its royalties where it believes such a restructuring may provide a long-term benefit to the Resulting Issuer, even if such restructuring may reduce near-term revenues or result in the Resulting Issuer incurring transaction-related costs. The Resulting Issuer may enter into one or more acquisitions, restructurings or other royalty transactions at any time.

#### Resulting Issuer Cash Flow Risk

Silver Crown is not directly involved in the ownership or operation of mines. Silver Crown's royalty and other interests in properties or projects are subject to most of the significant risks of the operating mining company. The Resulting Issuer's cash flow will be dependent on the activities of third parties which could create risk that those third parties may, have targets inconsistent to the Resulting Issuer's targets, take action contrary to the Resulting Issuer's goals, policies or objectives, be unwilling or unable to fulfill their contractual obligations owed to the Resulting Issuer, or experience financial, operational or other difficulties or setbacks, including bankruptcy or insolvency proceedings, which could limit a third-party's ability to perform under a specific third-party arrangement. Specifically, the Resulting Issuer could be negatively impacted by an operator's ability to continue its mining operations as a going concern and have access to capital. A lack of access to capital could result in a third party entering a bankruptcy proceeding, which would result in the Resulting Issuer being unable to realize any value for its royalty or other interest.

#### Rights of other Interest Holders

Royalty interests may be subject to: (i) buy-down right provisions, pursuant to which an operator may buy-back all or a portion of the royalty, (ii) pre-emptive rights, pursuant to which certain parties have the right of first refusal or first offer with respect to a proposed sale or assignment of a royalty to Silver Crown, or (iii) claw back rights, pursuant to which the seller of a royalty to Silver Crown has the right to re-acquire the royalty. Holders may exercise these rights such that certain royalty interests would no longer be held by the Resulting Issuer. Any compensation received as a result may be significantly less than the

Resulting Issuer had budgeted receiving for the applicable royalty and may have a material adverse effect on the Resulting Issuer's income and business.

#### Defects in Royalties

A defect in a royalty and/or the underlying contract may arise to defeat or impair the claim of the Resulting Issuer to such royalty. Unknown defects in a royalty may result in a material and adverse effect on the Resulting Issuer's profitability, results of operations, financial condition and the trading price of the Resulting Issuer's securities.

#### Change in Material Assets

As at the date hereof, the Gold Mountain Royalty is currently a material asset to Silver Crown, although as new assets are acquired or move into production, the materiality of each of the assets of the Resulting Issuer will be reconsidered. Any adverse development affecting the operation of, production from or recoverability of mineral reserves from the Gold Mountain Project, or any other significant property in the asset portfolio from time to time, such as, but not limited to, unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage, or the inability to hire suitable personnel and engineering contractors or secure supply agreements on commercially suitable terms, may have a material adverse effect on the profitability, financial condition, and results of the operations of the Resulting Issuer.

#### Dependence on Key Personnel

The Resulting Issuer will be dependent on the services of a small number of key management personnel. The ability of the Resulting Issuer to manage its activities and its business will depend in large part on the efforts of these individuals. There can be no assurance that the Resulting Issuer will be successful in engaging or retaining key personnel. The loss of the services of a member of management could have a material adverse effect on the Resulting Issuer. From time to time, the Resulting Issuer may also need to identify and retain additional skilled management and specialized technical personnel to efficiently operate its business. The number of persons skilled in the acquisition of royalties is limited and competition for such persons is intense. Recruiting and retaining qualified personnel is critical to the success of the Resulting Issuer and there can be no assurance that the Resulting Issuer will be successful in recruiting and retaining the personnel it needs to successfully operate its business. If the Resulting Issuer is not successful in attracting and retaining qualified personnel, the ability of the Resulting Issuer to execute on its business model and strategy could be affected, which could have a material and adverse impact on its profitability, results of operations and financial condition.

#### Project Operators may not Respect Contractual Obligations

Royalties and other interests in properties or projects are contractual in nature. Parties to contracts do not always honour contractual terms and contracts themselves may be subject to interpretation or technical defects. To the extent grantors of royalties and other interests do not abide by their contractual obligations, the Resulting Issuer may be forced to take legal action to enforce its contractual rights. Such litigation may be time consuming and costly and there is no guarantee of success. Further, any such litigation may also be required to be pursued in foreign jurisdictions. Any pending proceedings or actions or any decisions determined adversely to the Resulting Issuer, may have a material and adverse effect on the Resulting Issuer's profitability, results of operations, financial condition, and the trading price of the securities of the Resulting Issuer.

#### Enforceability of Royalty Interests

The status of royalty interests at law can be uncertain and varies from jurisdiction to jurisdiction and in certain jurisdictions a royalty may not be a registrable interest which runs with the land. As a result it may be difficult for the Resulting Issuer to enforce its rights with respect to royalties against a third party. Such a failure may result in the loss of the Resulting Issuer's rights to such a royalty in the event a third party assigns title to the underlying property.

#### Registrations may not fully protect Royalties

The right to record or register royalties or other interests in various registries or mining recorders offices may not necessarily provide any protection to the royalty or interest holder. Accordingly, the royalty or interest holder may be subject to risk from

third parties. While Silver Crown seeks to confirm the existence, validity, enforceability, terms and geographic extent of its royalty interests, there can be no assurance that disputes or other problems concerning these and other matters will not arise. Confirming these matters is complex and is subject to the application of the laws of each jurisdiction to the particular circumstances of each parcel of mining property and to the documents reflecting the stream or royalty interests. Similarly, royalty interests in many jurisdictions are contractual in nature, rather than interests in land, and therefore may be subject to change of control, bankruptcy or insolvency of operators, and Silver Crown's royalty interests could be materially restricted, reduced or set aside through judicial or administrative proceedings. Silver Crown may often not have the protection of security interests, or its security interests may be found to be unenforceable, that could increase its recovery in such situations. In addition, Silver Crown will be subject to the risk that its counterparties under royalty arrangements do not have or lose valid title to the mineral property.

*Operators of mines may not be able to replace depleted mineral reserves and mineral resources, which would reduce revenue from royalties and other interests*

The revenue generated from Silver Crown's royalties is principally based on the exploitation of mineral reserves on assets underlying its royalties or other interests. mineral reserves are continually being depleted through extraction and the long-term viability of the Resulting Issuer's asset portfolio will depend on the replacement of mineral reserves through new producing assets and increases in mineral reserves on existing producing assets. As a mine matures, it can expect overall declines in production over the years unless operators are able to replace mineral reserves that are mined through mine expansion or successful new exploration. Exploration for minerals is a speculative venture necessarily involving substantial risk. There is no certainty that the expenditures made by the operator of any given project will result in discoveries of commercial quantities of minerals on properties underlying the asset portfolio or that discoveries will be located on properties covered by the relevant royalty or other interest. Even in those cases where a significant mineral deposit is identified and covered by the royalty or other interest, there is no guarantee that the deposit can be economically extracted. Substantial expenditures are required to establish mineral reserves through drilling, to develop processes to extract the resources and, in the case of new properties, to develop the extraction and processing facilities and infrastructure at any site chosen for extraction. Although substantial benefits may be derived from the discovery of a major deposit covered by the royalty or other interest, no assurance can be given that new mineral reserves will be identified to replace or increase the amount of mineral reserves currently in the asset portfolio. This includes mineral resources, as the resources that have been discovered have not been subjected to sufficient analysis to justify commercial operations or the allocation of funds required for development. The inability by operators to add additional mineral reserves or to replace existing mineral reserves through either the development of existing mineral resources or the acquisition of new mineral producing assets, in each case covered by a royalty or other interest, may result in a material adverse effect on the Resulting Issuer's profitability, results of operations and financial condition and the trading price of its securities.

#### Conflicts of Interest

Certain directors and officers of Silver Crown also serve as directors and/or officers of other companies that are involved in natural resource explorations, development and mining operations, and consequently there exists the possibility for such directors and officers to be in a position where there is a conflict of interest. Any decision made by any such directors and officers will be made in accordance with their duties and obligations to deal in good faith and in the best interests of the Resulting Issuer and its shareholders. Each director that is in a conflict of interest is required to declare such conflict and abstain from voting on a matter in which that director is conflicted in accordance with applicable law.

#### Global Financial Conditions

Global financial conditions have been characterized by ongoing volatility. Global financial conditions could suddenly and rapidly destabilize in response to future events, as government authorities may have limited resources to respond to future crises. Global capital markets have continued to display increased volatility in response to global events. Future crises may be precipitated by any number of causes, including natural disasters, pandemics, geopolitical instability, changes to energy prices or sovereign defaults.

Market events and conditions, including disruptions in the international credit markets and other financial systems, in China, Japan and Europe, along with political instability in the Middle East and Russia and falling currency prices expressed in United States dollars have resulted in commodity prices remaining volatile. These conditions have also caused a loss of confidence in global credit markets, excluding the United States, resulting in the collapse of, and government intervention in, major banks,

financial institutions and insurers and creating a climate of greater volatility, tighter regulations, less liquidity, widening credit spreads, less price transparency, increased credit losses and tighter credit conditions. Notwithstanding various actions by governments, concerns about the general condition of the capital markets, financial instruments, banks and investment banks, insurers and other financial institutions caused the broader credit markets to be volatile and interest rates to remain at historical lows. These events are illustrative of the effect that events beyond the Resulting Issuer's control may have on commodity prices, demand for metals, including silver, availability of credit, investor confidence, and general financial market liquidity, all of which may adversely affect the Resulting Issuer's business. Global financial conditions have always been subject to volatility. Access to public financing has been negatively impacted by sovereign debt concerns in Europe and emerging markets, as well as concerns over global growth rates and conditions. Any sudden or rapid destabilization of global economic conditions could negatively impact the Resulting Issuer's ability, or the ability of the operators of the properties in which the Resulting Issuer will hold royalties or other interests, to obtain equity or debt financing or make other suitable arrangements to finance their projects.

These factors may impact the ability of the Resulting Issuer to obtain both debt and equity financing in the future and, if obtained, on terms favourable to the Resulting Issuer. Increased levels of volatility and market turmoil can adversely impact the operations of the Resulting Issuer and the value and the price of the securities of the Resulting Issuer could be adversely affected.

#### *Natural Disasters, Terrorist Acts, Civil Unrest, Pandemics and Other Disruptions and Dislocations*

Natural disasters, terrorist acts, civil unrest, pandemics and other disruptions and dislocations, such as the recent COVID-19 (coronavirus), may adversely affect the Resulting Issuer. Upon the occurrence of a natural disaster, or upon an incident of war, riot or civil unrest, the impacted country, province, state or region may not efficiently and quickly recover from such event, which could have a materially adverse effect on the Resulting Issuer and/or its businesses or operations. Terrorist attacks, public health crises including epidemics, pandemics or outbreaks of new infectious disease or viruses including, most recently, the COVID-19 outbreak, domestic and global trade disruptions, infrastructure disruptions, civil disobedience or unrest, natural disasters, national emergencies, acts of war, technological attacks and related events can result in volatility and disruption to local and global supply chains, operations, mobility of people and the financial markets, which could affect interest rates, credit ratings, credit risk, inflation, business, financial conditions, results of operations and other factors relevant to the Resulting Issuer and/or its businesses or operations, which may have a material adverse effect on the Resulting Issuer's reputation, business, financial conditions or operating results.

#### *Future Financing*

There can be no assurance that the Resulting Issuer will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could impede the funding obligations of the Resulting Issuer or result in delay or postponement of further business activities which may result in a material and adverse effect on the Resulting Issuer's profitability, results of operations and financial condition. The Resulting Issuer may require new capital to continue to grow its business and there are no assurances that capital will be available when needed, if at all.

#### *Litigation Affecting Properties*

Potential litigation may arise on a property on which the Resulting Issuer holds or has a royalty interest (for example, litigation between joint venture partners or between operators and original property owners or neighbouring property owners). The Resulting Issuer will not generally have any influence on the litigation and will not generally have access to data. Any such litigation that results in the cessation or reduction of production from a property (whether temporary or permanent) could have a material and adverse effect on the Resulting Issuer's profitability, results of operations, financial condition and the trading price of the securities of the Resulting Issuer.

#### *Changes in Tax Laws Impacting the Resulting Issuer*

There can be no assurance that new tax laws, regulations, policies or interpretations will not be enacted or brought into being in the jurisdictions where the Resulting Issuer has interests that could have a material adverse effect on the Resulting Issuer. Any such change or implementation of new tax laws or regulations could adversely affect the Resulting Issuer's ability to conduct its business. No assurance can be given that new taxation rules or accounting policies will not be enacted or that existing rules will not be applied in a manner which could result in the profits of the Resulting Issuer being subject to additional

taxation or which could otherwise have a material adverse effect on the profitability of the Resulting Issuer, the Resulting Issuer's results of operations, financial condition and the trading price of the securities of the Resulting Issuer. In addition, the introduction of new tax rules or accounting policies, or changes to, or differing interpretations of, or application of, existing tax rules or accounting policies could make royalties or other investments by the Resulting Issuer less attractive to counterparties. Such changes could adversely affect the ability of the Resulting Issuer to acquire new assets or make future investments.

#### Information Systems and Cybersecurity

The Resulting Issuer's information systems, and those of its counterparties under the Royalty agreements and vendors, are vulnerable to an increasing threat of continually evolving cybersecurity risks. Unauthorized parties may attempt to gain access to these systems or the Resulting Issuer's information through fraud or other means of deceiving the Resulting Issuer's counterparties. The Resulting Issuer's operations depend, in part, on how well the Resulting Issuer and its suppliers, as well as counterparties under royalty, streaming and other agreements, protect networks, equipment, information technology systems and software against damage from a number of threats. The failure of information systems or a component of information systems could, depending on the nature of any such failure, adversely impact the Resulting Issuer's reputation and results of operations. Although to date the Resulting Issuer has not experienced any material losses relating to cyberattacks or other information security breaches, there can be no assurance that the Resulting Issuer will not incur such losses in the future. The Resulting Issuer's risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As a result, cybersecurity and the continued development and enhancement of controls, processes and practices designed to protect systems, computers, software, data and networks from attack, damage or unauthorized access remain an area of attention.

#### Activist Shareholders

Publicly-traded companies are often subject to demands or publicity campaigns from activist shareholders advocating for changes to corporate governance practices, such as executive compensation practices, social issues, or for certain corporate actions or reorganizations. There can be no assurance that *the Resulting Issuer* will not be subject to any such campaign, including proxy contests, media campaigns or other activities. Responding to challenges from activist shareholders can be costly and time consuming and may have an adverse effect on *the Resulting Issuer's* reputation. In addition, responding to such campaigns would likely divert the attention and resources of *the Resulting Issuer's* management and board of directors, which could have an adverse effect on *the Resulting Issuer's* business and results of operations. Even if *the Resulting Issuer* were to undertake changes or actions in response to activism, activist shareholders may continue to promote or attempt to effect further changes and may attempt to acquire control of *the Resulting Issuer*. If shareholder activists are ultimately elected to the board of directors, this could adversely affect *the Resulting Issuer's* business and future operations. This type of activism can also create uncertainty about *the Resulting Issuer's* future strategic direction, resulting in loss of future business opportunities, which could adversely affect *the Resulting Issuer's* business, future operations, profitability and *the Resulting Issuer's* ability to attract and retain qualified personnel.

#### Reputational Damage

Reputational damage can be the result of the actual or perceived occurrence of any number of events, and could include any negative publicity, whether true or not. While the Resulting Issuer will not ultimately have direct control over how it is perceived by others, reputational loss could have a material adverse impact on our financial performance, financial condition, cash flows and growth prospects.

#### Expansion of Business Model

Silver Crown's operations and expertise have been focused on the acquisition and management of royalty interests. The Resulting Issuer may pursue acquisitions outside this area, including acquiring and/or investing in and/or developing resource projects. Expansion of the Resulting Issuer's activities into new areas would present challenges and risks that it has not faced in the past, including many of the risks described under the below section *Risks Related to Mines and Mining Operations*. The failure to manage these challenges and risks successfully may result in a material and adverse effect on the Resulting Issuer's profitability, results of operations, financial condition and the trading price of the Resulting Issuer's securities.

### **Risks Related to Mines and Mining Operations**



### Risk Factors applicable to Owners and Operators of Properties in which the Resulting Issuer will hold an Interest

To the extent that they relate to the production of minerals from or the continued operation of, properties in which the Resulting Issuer will hold a royalty interest, the Resulting Issuer will be subject to the risk factors applicable to the owners and operators of such mines or projects.

#### Exploration, Development and Operating Risks

Mining involves a high degree of risk. Mines and projects in which the Resulting Issuer has or may enter into a royalty agreement are subject to all of the hazards and risks normally encountered in the exploration, development and production of metals, including weather-related events, unusual and unexpected geology formations, seismic activity, rock bursts, cave-ins, pit-wall failures, flooding, environmental hazards and the discharge of toxic chemicals, explosions and other conditions involved in the drilling, blasting and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to property, injury or loss of life, environmental damage, work stoppages, delays in production, increased production costs and possible legal liability. Any of these hazards and risks and other acts of God could shut down mining operations temporarily or permanently. Mining operations are subject to hazards such as equipment failure or failure of retaining dams around tailings disposal areas which may result in environmental pollution and consequent liability for the owners or operators of the mining operations.

The exploration for, development, mining and processing of mineral deposits involves significant risks which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenditures may be required to locate and establish mineral reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that the exploration or development programs planned by the owners or operators of mining operations will result in profitable commercial mining operations. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: cash costs associated with extraction and processing, the particular attributes of the deposit, such as size, grade and proximity to infrastructure; metal prices which are highly cyclical; government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection; and political stability. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in one or more of the mining operations not receiving an adequate return on invested capital. Accordingly, there can be no assurance the mining operations which are not currently in production will be brought into a state of commercial production.

#### Climate Change

Governments are moving to introduce climate change legislation and treaties at the international, national, state/provincial and local levels. Regulation relating to emission levels (such as carbon taxes) and energy efficiency is becoming more stringent. The Paris climate accord was signed by 195 countries in December 2015 and marked a global shift toward a low-carbon economy. If the current regulatory trend continues, The Resulting Issuer expects that this will result in increased costs at some of the mining operations which could adversely impact the profitability or viability of such operations and may result in reduction or cessation of production which in turn would have an impact on the Resulting Issuer's revenue. In addition, the physical risks of climate change may also have an adverse effect on some of the mining operations. These risks include the following:

- *Sea level rise:* changes in sea level could affect ocean transportation and shipping facilities which are used to transport supplies, equipment and workforce to mining operations and products from those operations to world markets.
- *Extreme weather events:* extreme weather events (such as increased frequency or intensity of hurricanes, increased snowpack, prolonged drought) have the potential to disrupt mining operations. Extended disruptions to supply lines could result in interruption to production.
- *Resource shortages:* some of the mining operations depend on regular supplies of consumables (diesel, tires, sodium cyanide, etc.) and reagents to operate efficiently. In the event that the effects of climate change or extreme weather events cause prolonged disruption to the delivery of essential commodities, production efficiency at some of the mining operations is likely to be reduced.

There is no assurance that efforts to mitigate the risks of climate change will be effective and that the physical risk of climate change will not have an adverse effect on mining operations and their profitability.

### Silver and Commodity Prices

The prices of silver and other metals are subject to fluctuation and any future significant decline could result in mines, mining operations and project development to cease. Owners and operators of mines and development projects could be forced to cease operations or discontinue development of a particular project, which could materially adversely affect the Resulting Issuer's business operations and profitability.

### Environmental Risks

All phases of mine operation or development are subject to governmental regulation including environmental regulation in the various jurisdictions in which they operate. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and heightened responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the mines and projects in which the Resulting Issuer has an interest. Also, unknown environmental hazards may exist on the properties at present which were caused by previous or existing owners or operators of the properties and which could impair the commercial success, levels of production and continued feasibility and project development and mining operations on these properties. One or more of the mining companies may become liable for such environmental hazards caused by previous owners or operators of the properties.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in mining operations or in the exploration or development of mineral properties may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

### Government Regulation, Permits and Authorizations

The exploration and development activities related to mine operations are subject to extensive laws and regulations governing exploration, development, production, exports, taxes, labour standards, waste disposal, protection and remediation of the environment, reclamation, historic and cultural resources preservation, mine safety and occupational health, handling, storage and transportation of hazardous substances and other matters.

The costs of discovering, evaluating, planning, designing, developing, constructing, operating and closing specific mine operations in compliance with such laws and regulations are significant. It is possible that the costs and delays associated with compliance with such laws and regulations could become such that the owners or operators of mines or projects would not proceed with the development of, or continue to operate, a mine. Moreover, it is possible that future regulatory developments, such as increasingly strict environmental protection laws, regulations and enforcement policies thereunder and claims for damages to property and persons resulting from mining operations could result in substantial costs and liabilities for the owners or operators of mines or projects in the future such that they would not proceed with the development of, or continue to operate, a mine.

Government approvals, licences and permits are currently, and will in the future be, required in connection with mining operations. To the extent such approvals are required and not obtained, mining operations may be curtailed or prohibited from proceeding with planned operations, which could have an impact on the business and financial condition of the Resulting Issuer. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed. Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on mining operations, resulting in increased capital expenditures or production costs, reduced levels of production at producing properties or abandonment or delays in development of properties.

### Permitting and Access

The operation of a mine or project is subject to receipt and maintenance of permits from appropriate governmental authorities. The owners and operators of the mines and projects in which the Resulting Issuer has an interest may be subject to delays in connection with obtaining access to the property and all necessary renewals of permits for existing operations, additional permits for any possible future changes to operations, or additional permits associated with new legislation. Prior to any development on any of the properties, permits from appropriate governmental authorities may be required. There can be no assurance that the owners or operators of the mines or projects will continue to hold all permits necessary to develop or continue operating at any particular property.

### Infrastructure

Natural resource exploration, development and mining activities are dependent on the availability of mining, drilling and related equipment in the particular areas where such activities are conducted. A limited supply of such equipment or access restrictions may affect the availability of such equipment to the owners and operators of mines or projects and may delay exploration, development or extraction activities. Certain equipment may not be immediately available or may require long lead time orders. The lack of availability on acceptable terms or the delay in the availability of any one or more of these items could prevent or delay exploration, development or production at a mine or project. Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants which affect capital and operating costs. Unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect operations at a mine or project.

### Dependence on Operator Employees

Production from the properties in which the Resulting Issuer holds an interest depends on the efforts of operators' employees. There is competition for persons with mining expertise. The ability of the owners and operators of such properties to hire and retain geologists and persons with mining expertise is key to those operations. Further, relations with employees may be affected by changes in the scheme of labour relations that may be introduced by the relevant governmental authorities in the jurisdictions in which those operations are conducted. Changes in such legislation or otherwise in the relationships of the owners and operators of such properties with their employees may result in strikes, lockouts or other work stoppages, any of which could have a material adverse effect on such operations, results of operations and financial condition of the Resulting Issuer. If these factors cause the owners and operators of such properties to decide to cease production at one or more of the properties, such decision could have a material adverse effect on the business and financial condition of the Resulting Issuer.

### Mineral Resource and Mineral Reserve Estimates

Mineral reserve and or mineral resource estimates for a specific mine or project may not be correct. Any and all figures for mineral resources and mineral reserves in this Filing Statement are estimates only and were obtained from public disclosure in respect of the Gold Mountain Project. There can be no assurance that estimated mineral reserves and mineral resources will ever be recovered or recovered at the rates as estimated. Mineral reserve and mineral resource estimates are based on sampling and geological interpretation, and are uncertain because samples used may not be representative. Mineral reserve and mineral resource estimates require revision (either to demonstrate an increase or decrease) based on production from the mine or project. The fluctuations of commodity prices and production costs, as well as changes in recovery rates, may render certain mineral reserves and mineral resources uneconomic and may result in a restatement of estimated reserves and/or mineral resources. Mineral resources that are not mineral reserves do not have demonstrated economic viability. Due to the uncertainty of inferred mineral resources, there is no assurance that inferred mineral resources will be upgraded to proven and probable mineral reserves as a result of continued exploration.

### Uninsured or Uninsurable Risks

The mining industry is subject to significant risks that could result in damage to, or destruction of, mineral properties or producing facilities, personal injury or death, environmental damage, delays in mining, monetary losses and possible legal liability. Mining companies may or may not maintain insurance in adequate amounts, including insurance for workers' compensation, theft, general liability, all risk property, automobile, directors and officers liability and fiduciary liability and others. Such insurance, however, contains exclusions and limitations on coverage. Accordingly, a mining company's insurance policies may not provide coverage for all losses related to their business (and may not cover environmental liabilities and

losses). The occurrence of losses, liabilities or damage not covered by such insurance policies could have a material adverse effect on the mining companies' profitability, results of operations and financial condition.

#### Land Title

Although title to specific mines or projects has been or will be reviewed by or on behalf of Silver Crown, no assurances can be given that there are no title defects affecting the properties and mineral claims owned or used by specific mines or projects. Companies may not have conducted surveys of the claims in which they hold direct or indirect interests; therefore, the precise area and location of such claims may be in doubt. It is possible that a specific mine or project may be subject to prior unregistered liens, agreements, transfers or claims, including native land claims, and title may be affected by, among other things, undetected defects. In addition, mining companies may be unable to operate the specific mine or project as permitted or to enforce their rights with respect to that specific mine or project which may ultimately impair the ability of these owners and operators to fulfill their obligations under their agreements.

#### International Interests

Certain operations that underlie Silver Crown's royalty interests are conducted, or will be conducted, outside of Canada, and could be exposed to political, economic or other risks or uncertainties. These types of risks or uncertainties may differ between countries and can include but are not limited to, terrorism, hostage taking, military repression, crime, political instability, currency controls, fluctuations in currency exchange rates, inflation rates, labour unrest, risk of war or civil unrest, expropriation and nationalization, renegotiation or nullification of mining or mineral concessions, licenses, permits, authorizations and contracts, illegal mining or mineral exploration, taxation changes, modifications, amendments or changes to mining and mineral laws, regulations, policies, and changes to government regulations in respect of foreign investment and mining.

Changes, if any, in mining or investment policies or shifts in political attitude may adversely affect the operations or profitability of mining operations in these countries. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, currency remittance, income taxes, expropriation of property, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use, mine safety and the rewarding of contracts to local contractors or requiring foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction or the imposition of additional local or foreign parties as joint venture partners with carried or other interests. Failure to comply strictly with applicable laws, regulations and local practices relating to mineral right applications and tenure, could result in loss, reduction or expropriation, cancellation or dispute of licenses or entitlements which could result in substantial costs, losses and liabilities in the future.

The occurrence of these various factors and uncertainties related to the economic and political risks for operations in foreign jurisdictions cannot be accurately predicted and could have an adverse effect on mining operations resulting in substantial costs, losses and liabilities in the future.

Certain operators are subject to risks normally associated with the conduct of business in developing economies. Risks may include, among others, problems relating to power supply, labour disputes, delays or invalidation of governmental orders and permits, corruption, uncertain political and economic environments, civil disturbances and crime, arbitrary changes in laws or policies, foreign taxation and exchange controls, nationalization of assets, opposition to mining from environmental or other non-governmental organizations or changes in the political attitude towards mining, empowerment of previously disadvantaged people, local ownership requirements, limitations on foreign ownership, power supply issues, limitations on repatriation of earnings, infrastructure limitations and increased financing costs. The above risks may limit, disrupt or negatively impact the operator's business activities.

#### Permitting, Construction and Development

The Resulting Issuer may hold royalties over mines and projects that may be in various stages of permitting, construction, development and expansion. Construction, development and expansion of such mines or projects is subject to numerous risks, including, but not limited to: delays in obtaining equipment, materials, and services essential to completing construction of such projects in a timely manner; delays or inability to obtain all required permits; changes in environmental or other government regulations; currency exchange rates; labour shortages; and fluctuation in silver and other metal prices. There can be no assurance that the owners or operators of such mines or projects will have the financial, technical and operational

resources to complete the permitting, construction, development and expansion of such mines or projects in accordance with current expectations or at all.

Indigenous Peoples

Various international and national laws, codes, resolutions, conventions, guidelines, and other materials relate to the rights of indigenous peoples. The Resulting Issuer may hold royalty interests on operations located in some areas presently or previously inhabited or used by indigenous peoples. Many of these materials impose obligations on government to respect the rights of indigenous people. Some mandate that government consult with indigenous people regarding government actions which may affect indigenous people, including actions to approve or grant mining rights or permits. The obligations of government and private parties under the various international and national materials pertaining to indigenous people continue to evolve and be defined. The mining companies' current or future operations are subject to a risk that one or more groups of indigenous people may oppose continued operation, further development, or new development on those projects or operations on which the Resulting Issuer holds a royalty interest. Such opposition may be directed through legal or administrative proceedings or protests, roadblocks or other forms of public expression against the Resulting Issuer or the owner/operators' activities. Opposition by indigenous people to such activities may require modification of or preclude operation or development of projects or may require the entering into of agreements with indigenous people. Claims and protests of indigenous people may disrupt or delay activities of the owners/operators of the Resulting Issuer's royalty assets.

**CERTIFICATE OF 1287412 B.C. LTD.**

The foregoing document constitutes full, true and plain disclosure of all material facts relating to the securities of 1287412 B.C. Ltd., assuming completion of the Transaction.

*"Peter Bures"*

\_\_\_\_\_  
**Chief Executive Officer**

*"Hassnain Raza"*

\_\_\_\_\_  
**Chief Financial Officer**

*"Peter Simeon"*

\_\_\_\_\_  
**Director**

*"Philip van den Berg"*

\_\_\_\_\_  
**Director**

**SCHEDULE A – COMPENSATION PLAN**

**SILVER CROWN ROYALTIES INC.**  
**OMNIBUS EQUITY INCENTIVE COMPENSATION PLAN**  
**JULY 6, 2023**

**TABLE OF CONTENTS**

ARTICLE 1 ESTABLISHMENT, PURPOSE AND DURATION .....	1
1.1 Establishment of the Plan.....	1
1.2 Purpose of the Plan.....	1
1.3 Duration of the Plan.....	1
ARTICLE 2 DEFINITIONS .....	1
ARTICLE 3 ADMINISTRATION.....	7
3.1 General.....	7
3.2 Authority of the Committee.....	7
3.3 Delegation.....	8
ARTICLE 4 SHARES SUBJECT TO THE PLAN AND MAXIMUM AWARDS.....	8
4.1 Number of Shares Available for Awards.....	8
4.2 Specific Allocations .....	8
4.3 Limits for Individuals.....	8
4.4 Limits for Consultants.....	8
4.5 Reserved.....	9
4.6 Minimum Price for Security Based Compensation other than Options.....	9
4.7 Hold Period and Escrow.....	9
4.8 Other Restrictions.....	9
4.9 Blackout Periods .....	10
4.10 Adjustments in Authorized Shares.....	11
ARTICLE 5 ELIGIBILITY AND PARTICIPATION .....	11
5.1 Eligibility.....	11
5.2 Actual Participation.....	12
ARTICLE 6 STOCK OPTIONS .....	12
6.1 Grant of Options.....	12
6.2 Additional Terms for Options .....	12
6.3 Award Agreement.....	12
6.4 Option Price.....	13
6.5 Duration of Options.....	13
6.6 Exercise of Options.....	13
6.7 Payment.....	13
6.8 Restrictions on Share Transferability.....	14
6.9 Death and Termination of Employment.....	14
6.10 Non-transferability of Options.....	15
ARTICLE 7 RESTRICTED SHARE UNITS .....	15
7.1 Grant of Restricted Share Units.....	15
7.2 Restricted Share Unit Agreement.....	16
7.3 Non-transferability of Restricted Share Units.....	16
7.4 Other Restrictions.....	16
7.5 Voting Rights.....	16
7.6 Dividends and Other Distributions.....	16
7.7 Death and other Termination of Employment.....	17
7.8 Payment in Settlement of Restricted Share Units.....	18



**TABLE OF CONTENTS**

(continued)

	<b>Page</b>
ARTICLE 8 DEFERRED SHARES UNITS .....	18
8.1 Grant of Deferred Share Units.....	18
8.2 Deferred Share Unit Agreement.....	18
8.3 Non-transferability of Deferred Share Units.....	19
8.4 Termination of Employment, Consultancy or Directorship.....	19
ARTICLE 9 PERFORMANCE UNITS .....	19
9.1 Grant of Performance Units.....	19
9.2 Value of Performance Units.....	19
9.3 Earning of Performance Units.....	19
9.4 Form and Timing of Payment of Performance Units.....	19
9.5 Dividends and Other Distributions.....	20
9.6 Death and other Termination of Employment.....	20
9.7 Non-transferability of Performance Units.....	21
ARTICLE 10 BENEFICIARY DESIGNATION .....	21
10.1 Beneficiary.....	21
10.2 Discretion of the Committee.....	21
ARTICLE 11 RIGHTS OF PERSONS ELIGIBLE TO PARTICIPATE .....	22
11.1 Employment.....	22
11.2 Participation.....	22
11.3 Rights as a Shareholder.....	22
ARTICLE 12 CHANGE OF CONTROL .....	22
12.1 Accelerated Vesting and Payment.....	22
12.2 Alternative Awards.....	23
ARTICLE 13 AMENDMENT, MODIFICATION, SUSPENSION AND TERMINATION.....	23
13.1 Amendment, Modification, Suspension and Termination.....	23
13.2 Adjustment of Awards Upon the Occurrence of Unusual or Nonrecurring Events.....	24
13.3 Awards Previously Granted.....	24
ARTICLE 14 WITHHOLDING.....	25
14.1 Withholding.....	25
14.2 Acknowledgement.....	25
ARTICLE 15 SUCCESSORS .....	25
ARTICLE 16 GENERAL PROVISIONS .....	25
16.1 Forfeiture Events.....	25
16.2 Legend.....	26
16.3 Delivery of Title.....	26
16.4 Investment Representations.....	26
16.5 Uncertificated Shares.....	26
16.6 Unfunded Plan.....	26
16.7 No Fractional Shares.....	27
16.8 Other Compensation and Benefit Plans.....	27
16.9 No Constraint on Corporate Action.....	27
16.10 Compliance with Canadian Securities Laws.....	27
ARTICLE 17 LEGAL CONSTRUCTION.....	27
17.1 Gender and Number.....	27
17.2 Severability.....	27
17.3 Requirements of Law.....	27
17.4 Governing Law.....	28
17.5 Compliance with Section 409A of the Code.....	28

## ARTICLE 1

### ESTABLISHMENT, PURPOSE AND DURATION

#### 1.1 Establishment of the Plan.

Silver Crown Royalties Inc., a corporation incorporated under the laws of Ontario (the “**Corporation**”), hereby establishes an incentive compensation plan to be known as the Omnibus Equity Incentive Compensation Plan (the “**Plan**”). The Plan permits the grant of Options, Restricted Share Units, Deferred Share Units and Performance Units. The Plan shall be adopted and become effective on the date approved by the Board (the “**Effective Date**”), subject to the prior approval of the Plan by Cboe Canada Inc. (the “**Exchange**”).

#### 1.2 Purpose of the Plan.

The purposes of the Plan are: (i) to promote a significant alignment between Officers and employees of the Corporation and its Affiliates (as defined below) and the growth objectives of the Corporation; (ii) to associate a portion of participating employees’ compensation with the performance of the Corporation over the long term; and (iii) to attract, motivate and retain the critical employees to drive the business success of the Corporation.

#### 1.3 Duration of the Plan.

The Plan shall commence as of the Effective Date, as described in Section 1.1 herein, and shall remain in effect until terminated by the Board (as defined below) pursuant to Article 13 hereof.

## ARTICLE 2

### DEFINITIONS

Whenever used in the Plan, the following terms shall have the respective meanings set forth below, unless the context clearly requires otherwise, and when such meaning is intended, such term shall be capitalized.

“**Affiliate**” means any corporation, partnership or other entity (i) in which the Corporation, directly or indirectly, has majority ownership interest or (ii) which the Corporation controls. For the purposes of this definition, the Corporation is deemed to “control” such corporation, partnership or other entity if the Corporation possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of such corporation, partnership or other entity, whether through the ownership of voting securities, by contract or otherwise, and includes a corporation which is considered to be a subsidiary for purposes of consolidation under International Financial Reporting Standards.

“**Award**” means, individually or collectively, a grant under this Plan of Options, Deferred Share Units, Restricted Share Units or Performance Units, in each case subject to the terms of this Plan.

“**Award Agreement**” means either (i) a written agreement entered into by the Corporation or an Affiliate of the Corporation and a Participant setting forth the terms and provisions applicable to Awards granted under this Plan; or (ii) a written statement issued by the Corporation or an Affiliate of the Corporation to a Participant describing the terms and provisions of such Award. All Award Agreements shall be deemed to incorporate the provisions of the Plan. An Award Agreement need not be identical to other Award Agreements either in form or substance.

“**Blackout Period**” means a period of time during which the Participant cannot sell Shares, due to applicable law or policies of the Corporation in respect of insider trading.

“**Board**” or “**Board of Directors**” means the Board of Directors of the Corporation.

“**Cashless Exercise**” has the meaning given to it in Section 6.6(a).

“**Cause**” means any of:

- (a) dishonesty of the Participant as it relates to the performance of his duties in the course of his employment by, or as an Officer or Director of, the Corporation or an Affiliate;
- (b) fraud committed by the Participant;
- (c) willful disclosure of confidential or private information regarding the Corporation or an Affiliate by the Participant;
- (d) the Participant aiding a competitor of the Corporation or an Affiliate;
- (e) misappropriation of a business opportunity of the Corporation or an Affiliate by the Participant;
- (f) willful misconduct or gross negligence in the performance of the Participant’s duties under his or her employment agreement;
- (g) a breach by the Participant of a material provision of his or her employment agreement or the Code of Business Conduct and Ethics adopted by the Corporation from time to time;
- (h) the willful and continued failure on the part of the Participant to substantially perform duties in the course of his employment by, or as an Officer of, the Corporation or an Affiliate, unless such failure results from an incapacity due to mental or physical illness;
- (i) willfully engaging in conduct that is demonstrably and materially injurious to the Corporation or an Affiliate, monetarily or otherwise; or
- (j) any other act or omission by the Participant which would amount to just cause for termination at common law.

“**Change of Control**” shall occur if any of the following events occur:

- (a) the acquisition, directly or indirectly and by any means whatsoever, by any person, or by a group of persons acting jointly or in concert, of beneficial ownership or control or direction over that number of Voting Securities which is greater than 50% of the total issued and outstanding Voting Securities immediately after such acquisition, unless such acquisition arose as a result of or pursuant to:
  - (i) an acquisition or redemption by the Corporation of Voting Securities which, by reducing the number of Voting Securities outstanding, increases the proportionate number of Voting Securities beneficially owned by such person to 50% or more of the Voting Securities then outstanding;

- (ii) acquisitions of Voting Securities which were made pursuant to a dividend reinvestment plan of the Corporation;
- (iii) the receipt or exercise of rights issued by the Corporation to all the holders of Voting Securities to subscribe for or purchase Voting Securities or securities convertible into Voting Securities, provided that such rights are acquired directly from the Corporation and not from any other person;
- (iv) a distribution by the Corporation of Voting Securities or securities convertible into Voting Securities for cash consideration made pursuant to a public offering or by way of a private placement by the Corporation (“Exempt Acquisitions”);
- (v) a stock-dividend, a stock split or other event pursuant to which such person receives or acquires Voting Securities or securities convertible into Voting Securities on the same pro rata basis as all other holders of securities of the same class (“Pro-Rata Acquisitions”); or
- (vi) the exercise of securities convertible into Voting Securities received by such person pursuant to an Exempt Acquisition or a Pro-Rata Acquisition (“Convertible Security Acquisitions”);

provided, however, that if a person shall acquire 50% or more of the total issued and outstanding Voting Securities by reason of any one or a combination of (1) acquisitions or redemptions of Voting Securities by the Corporation, (2) Exempt Acquisitions, (3) Pro-Rata Acquisitions, or (4) Convertible Security Acquisitions and, after such share acquisitions or redemptions by the Corporation or Exempt Acquisitions or Pro-Rata Acquisitions or Convertible Security Acquisitions, acquires additional Voting Securities exceeding one per cent of the Voting Securities outstanding at the date of such acquisition other than pursuant to any one or a combination of Exempt Acquisitions, Convertible Security Acquisitions or Pro-Rata Acquisitions, then as of the date of such acquisitions such acquisition shall be deemed to be a “Change of Control”;

- (b) the replacement by way of election or appointment at any time of one-half or more of the total number of the then incumbent members of the Board of Directors, unless such election or appointment is approved by 50% or more of the Board of Directors in office immediately preceding such election or appointment in circumstances where such election or appointment is to be made other than as a result of a dissident public proxy solicitation, whether actual or threatened; and
- (c) any transaction or series of transactions, whether by way of reorganization, consolidation, amalgamation, arrangement, merger, transfer, sale or otherwise, whereby all or substantially all of the shares or assets of the Corporation become the property of any other person (the “Successor Entity”), (other than a subsidiary of the Corporation) unless:
  - (i) individuals who were holders of Voting Securities immediately prior to such transaction hold, as a result of such transaction, in the aggregate, more than 50% of the voting securities of the Successor Entity;
  - (ii) a majority of the members of the board of directors of the Successor Entity is comprised of individuals who were members of the Board of Directors immediately prior to such transaction; and

- (iii) after such transaction, no person or group of persons acting jointly or in concert, holds more than 50% of the voting securities of the Successor Entity unless such person or group of persons held securities of the Corporation in the same proportion prior to such transaction.

**“Change of Control Price”** means (i) the highest price per Share offered in conjunction with any transaction resulting in a Change of Control (as determined in good faith by the Committee if any part of the offered price is payable other than in cash), or (ii) in the case of a Change of Control occurring solely by reason of a change in the composition of the Board, the highest Fair Market Value of the Shares on any of the thirty (30) trading days immediately preceding the date on which a Change of Control occurs, except if the relevant participant is subject to taxation under the ITA such Change of Control price shall be deemed to be a price determined by the Committee based on the closing price of a Share on the Exchange on the trading day preceding the Change of Control date or based on the volume weighted average trading price of the Shares on the Exchange for the five trading days immediately preceding the Change of Control date.

**“Code”** means the U.S. Internal Revenue Code of 1986, as amended from time to time, or any successor thereto.

**“Committee”** means the Board of Directors or if so delegated in whole or in part by the Board, or any duly authorized committee of the Board appointed by the Board to administer the Plan.

**“Company”** unless specifically indicated otherwise, means a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual.

**“Consultant”** means, in relation to the Corporation, an individual (other than a Director, Officer or Employee of the Corporation or of any of its subsidiaries) or Company that:

- (a) is engaged to provide on an ongoing bona fide basis, consulting, technical, management or other services to the Corporation or to any of its subsidiaries, other than services provided in relation to a distribution;
- (b) provides the services under a written contract between the Corporation or any of its subsidiaries and the individual or the Corporation, as the case may be; and
- (c) in the reasonable opinion of the Corporation, spends or will spend a significant amount of time and attention on the affairs and business of the Corporation or of any of its subsidiaries.

**“Consultant Company”** means a Consultant that is a Company.

**“Corporation”** means Silver Crown Royalties Inc., a corporation incorporated under the laws of the Ontario, and any successor thereto as provided in Article 15 herein.

**“Deferred Share Unit”** means an Award denominated in units that provides the holder thereof with a right to receive Shares upon settlement of the Award, granted under Article 8 herein and subject to the terms of this Plan.

**“Director”** means any individual who is a director (as defined under Securities Laws) of the Corporation or of any of its subsidiaries.

**“Dividend Equivalent”** means a right with respect to an Award to receive cash, Shares or other property equal in value and form to dividends declared by the Board and paid with respect to outstanding Shares. Dividend Equivalents shall not apply to an Award unless specifically provided for in the Award Agreement, and if specifically provided for in the Award Agreement shall be subject to the Plan and such other terms and conditions set forth in the Award Agreement as the Committee shall determine.

**“Employee”** means:

- (a) an individual who is considered an employee of the Corporation or of its subsidiary under the Income Tax Act (Canada) and for whom income tax, employment insurance and Canada Pension Plan deductions must be made at source;
- (b) an individual who works full-time for the Corporation or its subsidiary providing services normally provided by an employee and who is subject to the same control and direction by the Corporation or its subsidiary over the details and methods of work as an employee of the Corporation or of the subsidiary, as the case may be, but for whom income tax deductions are not made at source; or
- (c) an individual who works for the Corporation or its subsidiary on a continuing and regular basis for a minimum amount of time per week (the number of hours should be disclosed in the submission) providing services normally provided by an employee and who is subject to the same control and direction by the Corporation or its subsidiary over the details and methods of work as an employee of the Corporation or of the subsidiary, as the case may be, but for whom income tax deductions are not made at source.

**“Exchange”** means Cboe Canada Inc. or, if at any time the Shares are not listed and posted for trading by Cboe Canada Inc., shall be deemed to mean such other stock exchange or trading platform upon which the Shares trade and which has been designated by the Committee.

**“Fair Market Value”** or **“FMV”** means, unless otherwise required by any applicable provision of the Code or any regulations thereunder or by any applicable accounting standard for the Corporation’s desired accounting for Awards or by the rules of the Exchange, a price that is determined by the Committee, provided that such price cannot be less than the greater of (i) the volume weighted average trading price of the Shares on the Exchange for the five trading days immediately prior to the grant date, (ii) the closing price of the Shares on the Exchange on the trading day immediately prior to the grant date or (iii) the closing price of the Shares on the Exchange on the grant date.

**“Fiscal Year”** means the Corporation’s fiscal year commencing on January 1 and ending on December 31 or such other fiscal year as approved by the Board.

**“Insider”** shall have the meaning ascribed thereto in the Listing Manual.

**“Issued Shares”** means, at any time, the number of Shares of the Corporation that are then issued and outstanding on a non-diluted basis and, in the discretion of the Exchange, may include a number of

securities of the Corporation, other than Security Based Compensation, warrants and convertible debt, that are convertible into Shares of the Corporation.

“**ITA**” means the *Income Tax Act* (Canada).

“**Listing Manual**” means the Listing Manual of the Exchange.

“**Material Information**” means a Material Fact and/or Material Change as such terms are defined by applicable Securities Laws and Exchange policies.

“**Management Company Employee**” means an individual employed by a Company providing management services to the Corporation, which services are required for the ongoing successful operation of the business enterprise of the Corporation.

“**New Exercise**” has the meaning given to it in Section 6.6(b).

“**Notice Period**” means any period of contractual notice or reasonable notice that the Corporation or the Affiliate may be required at law, by contract or otherwise agrees to provide to a Participant upon termination of employment, whether or not the Corporation or Affiliate elects to pay severance in lieu of providing notice to the Participant, provided that where a Participant’s employment contract provides for an increased severance or termination payment in the event of termination following a Change of Control, the Notice Period for the purposes of the Plan shall be the Notice Period under such contract applicable to a termination which does not follow a Change of Control.

“**Officer**” means an officer (as defined under Securities Laws) of the Corporation or of any of its subsidiaries.

“**Option**” means the conditional right to purchase Shares at a stated Option Price for a specified period of time subject to the terms of this Plan.

“**Option Price**” means the price at which a Share may be purchased by a Participant pursuant to an Option, as determined by the Committee.

“**Participant**” means a Director, Officer, Employee, Management Company Employee or Consultant that is the recipient of an Award granted or issued by the Corporation.

“**Performance Goal**” means a performance criterion selected by the Committee for a given Award.

“**Performance Period**” means the period of time during which the assigned performance criteria must be met in order to determine the degree of payout and/or vesting with respect to an Award.

“**Performance Unit**” means an Award granted under Article 9 herein and subject to the terms of this Plan, denominated in units, the value of which at the time it is payable is determined as a function of the extent to which corresponding performance criteria have been achieved.

“**Period of Restriction**” means the period when an Award of Restricted Share Units is subject to forfeiture based on the passage of time, the achievement of performance criteria, and/or upon the occurrence of other events as determined by the Committee, in its discretion.

“**Person**” shall have the meaning ascribed to such term in Section 1(1) of the Securities Act.

“**Related Person**” shall have the meaning ascribed thereto in the Listing Manual.

“**Restricted Share Unit**” means an Award denominated in units subject to a Period of Restriction, with a

right to receive Shares upon settlement of the Award, granted under Article 7 herein and subject to the terms of this Plan.

“**Securities Act**” means the *Securities Act* (Ontario), as may be amended from time to time.

“**Securities Laws**” means securities legislation, securities regulation and securities rules, as amended, and the policies, notices, instruments and blanket orders in force from time to time that are applicable to the Corporation.

“**Security Based Compensation**” has the meaning ascribed thereto in the Listing Manual.

“**Security Based Compensation Arrangement**” has the meaning ascribed thereto in the Listing Manual.

“**Shares**” means common shares in the capital of the Corporation.

“**Successor Entity**” has the meaning ascribed thereto under subsection (c) of the definition of Change of Control.

“**Trading Day**” means a day when trading occurs through the facilities of the Exchange.

“**Voting Securities**” shall mean any securities of the Corporation ordinarily carrying the right to vote at elections of Directors and any securities immediately convertible into or exchangeable for such securities.

“**VWAP**” means the volume weighted average trading price of the Corporation’s Shares on the Exchange calculated by dividing the total value by the total volume of such securities traded for the five Trading Days immediately preceding the exercise of the subject Stock Option, provided that where appropriate, the Exchange may exclude internal crosses and certain other special terms trades from the calculation.

## ARTICLE 3

### ADMINISTRATION

#### 3.1 General.

The Committee shall be responsible for administering the Plan. The Committee may employ attorneys, consultants, accountants, agents and other individuals, any of whom may be an Employee, and the Committee, the Corporation, and its Officers and Directors shall be entitled to rely upon the advice, opinions or valuations of any such persons. All actions taken and all interpretations and determinations made by the Committee shall be final, conclusive and binding upon the Participants, the Corporation, and all other interested parties.

#### 3.2 Authority of the Committee.

The Committee shall have full and exclusive discretionary power to interpret the terms and the intent of the Plan and any Award Agreement or other agreement ancillary to or in connection with the Plan, to determine eligibility for Awards, and to adopt such rules, regulations and guidelines for administering the Plan as the Committee may deem necessary or proper. Such authority shall include, but not be limited to, selecting Award recipients, establishing all Award terms and conditions, including grant, exercise price, issue price



and vesting terms, determining Performance Goals applicable to Awards and whether such Performance Goals have been achieved, making adjustments under Section 4.10 and, subject to Article 13, adopting modifications and amendments, or subplans to the Plan or any Award Agreement, including, without limitation, any that are necessary or appropriate to comply with the laws or compensation practices of the jurisdictions in which the Corporation and Affiliates operate.

### **3.3 Delegation.**

The Committee may delegate to one or more of its members any of the Committee's administrative duties or powers as it may deem advisable; provided, however, that any such delegation must be permitted under applicable corporate law.

## **ARTICLE 4**

### **SHARES SUBJECT TO THE PLAN AND MAXIMUM AWARDS**

#### **4.1 Number of Shares Available for Awards.**

The Plan is (a) "rolling" plan pursuant to which the number of Shares that are issuable pursuant to the exercise of Options granted hereunder shall not exceed 10% of the Issued Shares of the Corporation as at the date of any Option grant, and (b) a "fixed" plan under which the number of Shares of the Corporation that are issuable pursuant to all Awards other than Options granted hereunder in aggregate is a maximum of 10% of the issued Shares of the Corporation as at the effective date of the listing date, in each case, subject to adjustment as provided in Section 4.10 herein.

#### **4.2 Specific Allocations**

The Corporation cannot grant or issue an Award hereunder unless and until the Award has been allocated to a particular Participant.

#### **4.3 Limits for Individuals**

Unless the Corporation has obtained the requisite disinterested shareholder approval pursuant to the Listing Manual, the maximum aggregate number of Shares of the Corporation that are issuable pursuant to all Security Based Compensation granted or issued in any 12 month period to any one Person must not exceed 5% of the Issued Shares of the Corporation, calculated as at the date any Security Based Compensation is granted or issued to the Person, except as expressly permitted and accepted by the Exchange for filing under the Listing Manual shall not be included in calculating this 5% limit.

#### **4.4 Limits for Consultants**

The maximum aggregate number of Shares of the Corporation that are issuable pursuant to all Security Based Compensation granted or issued in any 12 month period to any one Consultant must not exceed 2% of the Issued Shares of the Corporation, calculated as at the date any Security Based Compensation is granted or issued to the Consultant, except that securities that are expressly permitted and accepted for filing under the Listing Manual shall not be included in calculating this 2% limit.

**4.5 Reserved.**

*[Intentionally deleted.]*

**4.6 Minimum Price for Security Based Compensation other than Options**

The minimum exercise price of an Option is set out in Section 6.4 and the same principles apply to other Awards where the value of the Award is initially tied to market price.

**4.7 Hold Period and Escrow**

All Awards and Shares issuable thereunder are subject to any applicable resale restrictions under Securities Laws and the policies of the Exchange, and shall have affixed thereto any legends required under Securities Laws and the policies of the Exchange.

**4.8 Other Restrictions**

The Plan is subject to the following provisions:

- (a) Awards shall not entitle a Participant to any shareholder rights (including, without limitation, voting rights, dividend entitlement or rights on liquidation) until such time as underlying Shares are issued to such Participant; provided, other than an accrual of dividends accepted by the Exchange;
- (b) all Awards are non-assignable and non-transferable;
- (c) the maximum aggregate number of Shares that are issuable pursuant to all Awards granted or issued to Insiders (as a group) shall not exceed 10% of the Issued Shares of the Corporation at any point in time (unless the Corporation has obtained the requisite disinterested Shareholder approval pursuant to subsection 10.12(7) of the Listing Manual);
- (d) the maximum aggregate number of Shares of the Corporation that are issuable pursuant to all Awards granted or issued in any 12 month period to Insiders (as a group) shall not

exceed 10% of the Issued Shares of the Corporation, calculated as at the date any Award is granted or issued to any Insider (unless the Corporation has obtained the requisite disinterested Shareholder approval pursuant to subsection 10.12(7) of the Listing Manual);

- (e) the maximum aggregate number of Shares of the Corporation that are issuable pursuant to all Awards granted or issued in any 12 month period to any one Person (and where permitted under this Plan, any Companies that are wholly owned by that Person) shall not exceed 5% of the Issued Shares of the Corporation, calculated as at the date any Award is granted or issued to the Person (unless the Corporation has obtained the requisite disinterested Shareholder approval pursuant to subsection 10.12(7) of the Listing Manual);
- (f) the maximum aggregate number of Shares of the Corporation that are issuable pursuant to all Awards granted or issued in any 12 month period to any one Consultant shall not exceed 2% of the Issued Shares of the Corporation, calculated as at the date any Award is granted or issued to the Consultant;
- (g) if a Participant's heirs or administrators are entitled to any portion of an outstanding Award, the period in which they can make such claim shall not exceed one year from the Participant's death;
- (h) for Awards granted or issued to Employees, Consultants or Management Company Employees, the Corporation and the Participant are responsible for ensuring and confirming that the Participant is a bona fide Employee, Consultant or Management Company Employee, as the case may be; and
- (i) any Award granted or issued to any Participant who is a Director, Officer, Employee, Consultant or Management Company Employee shall expire in accordance with the provisions of the Plan, but in any event, within a reasonable period, not exceeding 12 months, following the date the Participant ceases to be an eligible Participant under the Plan.

#### **4.9 Blackout Periods**

Notwithstanding the expiry date, redemption date or settlement date of any Award, such expiry date, redemption date or settlement date, as applicable, of the Award shall be extended to the tenth business day following the last day of a Blackout Period if the expiry date would otherwise occur in a Blackout Period. The following requirements are applicable to any such automatic extension provision:

- (a) the Blackout Period must be formally imposed by the Corporation pursuant to its internal trading policies as a result of the bona fide existence of undisclosed Material Information;
- (b) the automatic extension of the expiry date, redemption date or settlement date, as applicable, of a Participant's Award is not to be permitted where the Participant or the Corporation is subject to a cease trade order (or similar order under Securities Laws) in respect of the Corporation's securities; and
- (c) the automatic extension is available to all eligible Participants under the Plan under the same terms and conditions.

#### **4.10 Adjustments in Authorized Shares.**

Subject to the approval of the Exchange, where applicable, in the event of any corporate event or transaction (collectively, a “**Corporate Reorganization**”) (including, but not limited to, a change in the Shares of the Corporation or the capitalization of the Corporation) such as a merger, arrangement or amalgamation that does not constitute a Change of Control under Article 12, or a consolidation, reorganization, recapitalization, separation, stock dividend, extraordinary dividend, stock split, reverse stock split, split up, spin-off or other distribution of stock or property of the Corporation, combination of securities, exchange of securities, dividend in kind, or other like change in capital structure or distribution (other than normal cash dividends) to shareholders of the Corporation, or any similar corporate event or transaction, the Committee shall make or provide for such adjustments or substitutions, as applicable, in the number and kind of Shares that may be issued under the Plan, the number and kind of Shares subject to outstanding Awards, the Option Price or Grant Price applicable to outstanding Awards, the number of Shares eligible to be issued hereunder, the limit on issuing Awards other than Options granted with a Grant Price equal to at least the FMV of a Share on the date of grant, and any other value determinations applicable to outstanding Awards or to this Plan, as are equitably necessary to prevent dilution or enlargement of Participants’ rights under the Plan that otherwise would result from such Corporate Reorganization. In connection with a Corporate Reorganization, the Committee shall have the discretion to permit a holder of Options to purchase (at the times, for the consideration, and subject to the terms and conditions set out in this Plan) and the holder will then accept on the exercise of such Option, in lieu of the Shares that such holder would otherwise have been entitled to purchase, the kind and amount of shares or other securities or property that such holder would have been entitled to receive as a result of the Corporate Reorganization if, on the effective date thereof, that holder had owned all Shares that were subject to the Option. Such adjustments shall be made automatically, without the necessity of Committee action, on the customary arithmetical basis in the case of any stock split, including a stock split effected by means of a stock dividend, and in the case of any other dividend paid in Shares.

The Committee shall also make appropriate adjustments in the terms of any Awards under the Plan as are equitably necessary to reflect such Corporate Reorganization and may modify any other terms of outstanding Awards, including modifications of performance criteria and changes in the length of Performance Periods. The determination of the Committee as to the foregoing adjustments, if any, shall be conclusive and binding on Participants under the Plan, provided that any such adjustments shall comply with Section 409A of the Code with respect to any U.S. Participants and the rules of any stock exchange or market upon which such Shares are listed or traded.

Subject to the provisions of Article 11 and any applicable law or regulatory requirement, without affecting the number of Shares reserved or available hereunder, the Committee may authorize the issuance, assumption, substitution or conversion of Awards under this Plan in connection with any such corporate event or transaction, upon such terms and conditions as it may deem appropriate. Additionally, the Committee may amend the Plan, or adopt supplements to the Plan, in such manner as it deems appropriate to provide for such issuance, assumption, substitution or conversion as provided in the previous sentence.

### **ARTICLE 5**

#### **ELIGIBILITY AND PARTICIPATION**

##### **5.1 Eligibility.**

Only a Director, Officer, Employee, Management Company Employee or Consultant of the Corporation or of any of its subsidiaries is eligible to participate in the Plan. Except in relation to Consultant Companies, Awards may be granted only to an individual or to a Company that is wholly owned by individuals eligible

to receive Awards.

## **5.2 Actual Participation.**

Subject to the provisions of the Plan, the Committee may, from time to time, in its sole discretion select from among eligible Directors, Officers, Employees, Management Company Employees and Consultants of the Corporation or of any of its subsidiaries, those to whom Awards shall be granted under the Plan, and shall determine in its discretion the nature, terms, conditions and amount of each Award in accordance with the Plan.

# **ARTICLE 6**

## **STOCK OPTIONS**

### **6.1 Grant of Options.**

Subject to the terms and provisions of the Plan, Options may be granted to Participants in such number, and upon such terms, and at any time and from time to time as shall be determined by the Committee in its discretion, and subject to the terms of the Plan.

### **6.2 Additional Terms for Options**

The following provisions apply to all Option Awards:

- (a) Options can be exercisable for a maximum of 10 years from the date of grant, subject to extension where the expiry date falls within a Blackout Period, as provided for in Section 4.9; and
- (b) disinterested Shareholder approval shall be obtained for any reduction in the exercise price of an Option, or the extension of the term of an Option, if the Participant is an Related Person of the Corporation at the time of the proposed amendment.

### **6.3 Award Agreement.**

Each Option grant shall be evidenced by an Award Agreement that shall specify the Option Price, the duration of the Option, the number of Shares to which the Option pertains, the conditions upon which an Option shall become vested and exercisable, and any such other provisions as the Committee shall determine.

#### **6.4 Option Price.**

The Option Price for each grant of an Option under this Plan shall be determined by the Committee and shall be specified in the Award Agreement. The minimum exercise price of an Option shall be equal to Fair Market Value. A minimum exercise price cannot be established unless the Options are allocated to particular Persons.

#### **6.5 Duration of Options.**

Subject to Section 4.9 and Section 6.2(a), each Option granted to a Participant shall expire at such time as the Committee shall determine at the time of grant.

#### **6.6 Exercise of Options.**

Options granted under this Article 6 shall be exercisable at such times and on the occurrence of such events, and be subject to such restrictions and conditions, as the Committee shall in each instance approve, which need not be the same for each grant or for each Participant. Without limiting the foregoing, the Committee may, in its sole discretion, permit the exercise of an Option through either:

- (a) a cashless exercise (a “**Cashless Exercise**”) mechanism, whereby the Corporation has an arrangement with a brokerage firm pursuant to which the brokerage firm:
  - (i) agrees to loan money to a Participant to purchase the Shares underlying the Options to be exercised by the Participant;
  - (ii) then sells a sufficient number of Shares to cover the exercise price of the Options in order to repay the loan made to the Participant; and
  - (iii) receives an equivalent number of Shares from the exercise of the Options and the Participant receives the balance of Shares pursuant to such exercise, or the cash proceeds from the sale of the balance of such Shares (or in such other portion of Shares and Cash as the broker and Participant may otherwise agree); or
- (b) a net exercise (a “**Net Exercise**”) mechanism, whereby Options are exercised without the Participant making any cash payment so the Corporation does not receive any cash from the exercise of the subject Options, and instead the Participant receives only the number of underlying Shares that is the equal to the quotient obtained by dividing:
  - (i) the product of the number of Options being exercised multiplied by the difference between the VWAP of the underlying Shares and the exercise price of the subject Options; by
  - (ii) the VWAP of the underlying Shares.

#### **6.7 Payment.**

Options granted under this Article 6 shall be exercised by the delivery of a notice of exercise to the Corporation or an agent designated by the Corporation in a form specified or accepted by the Committee, or by complying with any alternative procedures which may be authorized by the Committee, setting forth the number of Shares with respect to which the Option is to be exercised, accompanied by full payment for

the Shares. The Option Price upon exercise of any Option shall be payable to the Corporation in full either: (a) by certified cheque or wire transfer; or (b) by any other method approved or accepted by the Committee in its sole discretion subject to the rules of the Exchange and such rules and regulations as the Committee may establish. Subject to Section 6.8 and any governing rules or regulations, as soon as practicable after receipt of a notification of exercise and full payment for the Shares, the Shares in respect of which the Option has been exercised shall be issued as fully-paid and non-assessable shares of the Corporation. As of the business day the Corporation receives such notice and such payment, the Participant (or the person claiming through him, as the case may be) shall be entitled to be entered on the share register of the Corporation as the holder of the number of Shares in respect of which the Option was exercised and to receive as promptly as possible thereafter a certificate or evidence of book entry representing the said number of Shares. The Corporation shall cause to be delivered to or to the direction of the Participant Share certificates or evidence of book entry Shares in an appropriate amount based upon the number of Shares purchased under the Option(s) as soon as reasonably practicable following the issuance of such Shares.

### **6.8 Restrictions on Share Transferability.**

The Committee may impose such restrictions on any Shares acquired pursuant to the exercise of an Option granted pursuant to this Plan as it may deem advisable, including, without limitation, requiring the Participant to hold the Shares acquired pursuant to exercise for a specified period of time, or restrictions under applicable laws or under the requirements of any stock exchange or market upon which such Shares are listed and/or traded.

### **6.9 Death and Termination of Employment.**

- (a) Death: If a Participant dies while an Employee, Director of, or Consultant to, the Corporation or an Affiliate:
  - (i) the executor or administrator of the Participant's estate may exercise Options of the Participant equal to the number of Options that were exercisable at the Termination Date (as defined at Section 6.9(c) below);
  - (ii) the right to exercise such Options terminates on the earlier of: (i) the date that is 12 months after the Termination Date; and (ii) the date on which the exercise period of the particular Option expires. Any Options held by the Participant that are not yet vested at the Termination Date immediately expire and are cancelled and forfeited to the Corporation on the Termination Date; and
  - (iii) such Participant's eligibility to receive further grants of Options under the Plan ceases as of the Termination Date.
- (b) Termination of Employment: Except as may otherwise be set out in a Participant's employment agreement (which shall have paramountcy over this clause), where a Participant's employment or term of office or engagement terminates (for any reason other than death (whether such termination occurs with or without any or adequate notice or reasonable notice, or with or without any or adequate compensation in lieu of such notice)), then:
  - (i) any Options held by the Participant that are exercisable at the Termination Date continue to be exercisable by the Participant until the earlier of:
    - (A) the date that is three months after the Termination Date; and

- (B) the date on which the exercise period of the particular Option expires, except as otherwise provided in the Participant's employment contract or such date as is otherwise determined by the Board. Notwithstanding the foregoing or any term of an employment contract, in no event shall such right extend beyond the Option Period or one year from the Termination Date.
- (ii) any Options held by the Participant that are not yet vested at the Termination Date immediately expire and are cancelled and forfeited to the Corporation on the Termination Date,
- (iii) the eligibility of a Participant to receive further grants under the Plan ceases as of the date that the Corporation or an Affiliate, as the case may be, provides the Participant with written notification that the Participant's employment or term of office or engagement, is terminated, notwithstanding that such date may be prior to the Termination Date, and
- (iv) notwithstanding 6.9(b)(i) and 6.9(b)(ii) above, unless the Committee, in its sole discretion, otherwise determines, at any time and from time to time, Options are not affected by a change of employment arrangement within or among the Corporation or an Affiliate for so long as the Participant continues to be an employee of the Corporation or an Affiliate.
- (c) For purposes of Section 6.9, the term, "Termination Date" means, in the case of a Participant whose employment or term of office or engagement with the Corporation or an Affiliate terminates:
- (i) by reason of the Participant's death, the date of death;
- (ii) for any reason whatsoever other than death, the date of the Participant's last day actively at work for or actively engaged by the Corporation or the Affiliate, as the case may be; and for greater certainty "Termination Date" in any such case specifically does not mean the date on which any period of contractual notice or reasonable notice that the Corporation or the Affiliate, as the case may be, may be required at law to provide to a Participant would expire.

#### **6.10 Non-transferability of Options.**

An Option granted under this Article 6 may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than by will or by the laws of descent and distribution.

### **ARTICLE 7**

#### **RESTRICTED SHARE UNITS**

##### **7.1 Grant of Restricted Share Units.**

Subject to the terms and conditions of the Plan, the Committee, at any time and from time to time, may grant Restricted Share Units to Participants in such amounts and upon such terms as the Committee shall determine.



## **7.2 Restricted Share Unit Agreement.**

Each Restricted Share Unit grant shall be evidenced by an Award Agreement that shall specify the Period(s) of Restriction, the number of Restricted Share Units granted, the settlement date for Restricted Share Units, and any such other provisions as the Committee shall determine, provided that, no Restricted Share Unit shall vest (i) earlier than one year, or (ii) later than three years after the date of grant, except that the Committee may in its sole discretion accelerate the vesting required by this Section 7.2 for a Participant who dies or who ceases to be an eligible Participant under the Plan in connection with a Change of Control.

## **7.3 Non-transferability of Restricted Share Units.**

The Restricted Shares Units granted herein may not be sold, transferred, pledged, assigned or otherwise alienated or hypothecated or disposed of by the Participant, whether voluntarily or by operation of law, otherwise than by testate succession of the laws of descent and distribution, until the end of the applicable Period of Restriction specified in the Award Agreement until the date of settlement through delivery or other payment, and any attempt to do so will cause such Restricted Share Units to be null and void. A vested Restricted Share Unit shall be redeemable only by the Participant and, upon the death of a Participant, the person to whom the rights shall have passed by testate succession or by the laws of decent and distribution may redeem any vested Restricted Share Units in accordance with the provisions of Section 7.7.

## **7.4 Other Restrictions.**

The Committee shall impose, in the Award Agreement at the time of grant or anytime thereafter, such other conditions and/or restrictions on any Restricted Share Units granted pursuant to this Plan as it may deem advisable, including, without limitation, a requirement that Participants pay a stipulated purchase price for each Restricted Share Unit, restrictions based upon the achievement of specific performance criteria, time-based restrictions on vesting following the attainment of the performance criteria, time-based restrictions, restrictions under applicable laws or under the requirements of any stock exchange or market upon which such Shares are listed or traded, or holding requirements or sale restrictions placed on the Shares by the Corporation upon vesting of such Restricted Share Units.

To the extent deemed appropriate by the Committee, the Corporation may retain the certificates representing Shares delivered in settlement of Restricted Share Units, in the Corporation's possession until such time as all conditions and/or restrictions applicable to such Shares have been satisfied or lapse. Restricted Share Units shall be settled through payment in Shares.

## **7.5 Voting Rights.**

A Participant shall have no voting rights with respect to any Restricted Share Units granted hereunder.

## **7.6 Dividends and Other Distributions.**

During the Period of Restriction, Participants holding Restricted Share Units granted hereunder may, if the Committee so determines, be credited with dividends paid with respect to the underlying Shares or Dividend Equivalents while they are so held in accordance with the Plan and otherwise in such a manner determined by the Committee in its sole discretion. Dividend Equivalents shall not apply to an Award unless specifically provided for in the Award Agreement. The Committee may apply any restrictions to the dividends or Dividend Equivalents that the Committee deems appropriate. The Committee, in its sole discretion, may determine the form of payment of dividends or Dividend Equivalents, including cash, Shares and Restricted Share Units, provided that any Dividend Equivalents paid in the form of additional Awards shall reduce the applicable pool of Shares available for issuance of Awards. Further, any additional

Restricted Share Units credited to the Participant's account in satisfaction of payment of dividends or Dividend Equivalents will vest in proportion to and will be paid under the Plan in the same manner as the Restricted Share Units to which they relate.

**7.7 Death and other Termination of Employment.**

- (a) Death: If a Participant dies while an Employee, Director of, or Consultant to, the Corporation or an Affiliate:
  - (i) any Restricted Share Units held by the Participant that have not vested as at the Termination Date (as defined at Section 7.7(c) below) shall vest immediately;
  - (ii) any Restricted Share Units held by the Participant that have vested (including Restricted Share Units vested in accordance with Section 7.7(a)(i)) as at the Termination Date (as defined at Section 7.7(c) below), shall be paid to the Participant's estate in accordance with the terms of the Plan and Award Agreement; and
  - (iii) such Participant's eligibility to receive further grants of Restricted Share Units under the Plan ceases as of the Termination Date.
  
- (b) Termination other than Death: Unless determined otherwise by the Committee, or as may otherwise be set out in a Participant's employment agreement (which shall have paramountcy over this clause), where a Participant's employment or term of office or engagement terminates for any reason other than death (whether such termination occurs with or without any or adequate notice or reasonable notice, or with or without any or adequate compensation in lieu of such notice), then:
  - (i) any Restricted Share Units held by the Participant that have vested before the Termination Date (as defined at Section 7.7(c) below) shall be paid to the Participant. Any Restricted Share Units held by the Participant that are not yet vested at the Termination Date (as defined at Section 7.7(c) below) will be immediately cancelled and forfeited to the Corporation on the Termination Date;
  - (ii) the eligibility of a Participant to receive further grants under the Plan ceases as of the date that the Corporation or an Affiliate provides the Participant with written notification that the Participant's employment or term of office or engagement, is terminated, notwithstanding that such date may be prior to the Termination Date; and
  - (iii) notwithstanding Section 7.7(b)(i), unless the Committee, in its sole discretion, otherwise determines, at any time and from time to time, Restricted Share Units are not affected by a change of employment arrangement within or among the Corporation or an Affiliate for so long as the Participant continues to be an employee of the Corporation or an Affiliate.
  - (iv) Any settlement or redemption of any Restricted Share Units shall occur within one year following the Termination Date.

- (c) For purposes of the Plan, the term, "Termination Date" means, in the case of a Participant whose employment or term of office or engagement with the Corporation or an Affiliate terminates:
- (i) by reason of the Participant's death, the date of death;
  - (ii) by reason of termination for Cause, resignation by the Participant, the Participant's last day actively at work for or actively engaged by the Corporation or an Affiliate;
  - (iii) for any reason whatsoever other than death, termination for Cause, the later of the (A) date of the Participant's last day actively at work for or actively engaged by the Corporation or the Affiliate, and (B) the last date of the Notice Period; and
  - (iv) the resignation of a Director and the expiry of a Director's term on the Board without re-election (or nomination for election) shall each be considered to be a termination of his or her term of office.

### **7.8 Payment in Settlement of Restricted Share Units.**

When and if Restricted Share Units become payable, the Participant issued such units shall be entitled to receive payment from the Corporation in settlement of such units, Shares (issued from treasury) of equivalent value (based on the FMV, as defined in the Award Agreement at the time of grant or thereafter by the Committee).

## **ARTICLE 8**

### **DEFERRED SHARES UNITS**

#### **8.1 Grant of Deferred Share Units.**

Subject to the terms and conditions of the Plan, the Committee, at any time and from time to time, may grant Deferred Share Units to Participants in such amounts and upon such terms as the Committee shall determine, provided that, no Deferred Share Unit shall vest earlier than one year after the date of grant, except that the Committee may in its sole discretion accelerate the vesting required by this Section 8.1 for a Participant who dies or who ceases to be an eligible Participant under the Plan in connection with a Change of Control.

#### **8.2 Deferred Share Unit Agreement.**

Each Deferred Share Unit grant shall be evidenced by an Award Agreement that shall specify the number of Deferred Share Units granted, the settlement date for Deferred Share Units, and any other provisions as the Committee shall determine, including, but not limited to a requirement that Participants pay a stipulated purchase price for each Deferred Share Unit, restrictions based upon the achievement of specific performance criteria, time-based restrictions, restrictions under applicable laws or under the requirements of any stock exchange or market upon which the Shares are listed or traded, or holding requirements or sale restrictions placed on the Shares by the Corporation upon vesting of such Deferred Share Units.

### **8.3 Non-transferability of Deferred Share Units.**

The Deferred Share Units granted herein may not be sold, transferred, pledged, assigned or otherwise alienated or hypothecated. All rights with respect to the Deferred Share Units granted to a Participant under the Plan shall be available during such Participant's lifetime only to such Participant.

### **8.4 Termination of Employment, Consultancy or Directorship**

Each Award Agreement shall set forth the extent to which the Participant shall have the right to retain Deferred Share Units following termination of the Participant's employment or other relationship with the Corporation or Affiliates. Such provisions shall be determined in the sole discretion of the Committee, need not be uniform among all Deferred Share Units issued pursuant to the Plan, and may reflect distinctions based on the reasons for termination. Any settlement or redemption of any Deferred Share Units shall occur within one year following the Termination Date.

## **ARTICLE 9**

### **PERFORMANCE UNITS**

#### **9.1 Grant of Performance Units.**

Subject to the terms and conditions of the Plan, the Committee, at any time and from time to time, may grant Performance Units to Participants in such amounts and upon such terms as the Committee shall determine, provided that, no Performance Units shall vest earlier than one year after the date of grant, except that the Committee may in its sole discretion accelerate the vesting required by this Section 9.1 for a Participant who dies or who ceases to be an eligible Participant under the Plan in connection with a Change of Control.

#### **9.2 Value of Performance Units.**

Each Performance Unit shall have an initial value equal to the FMV of a Share on the date of grant. The Committee shall set performance criteria for a Performance Period in its discretion, which, depending on the extent to which they are met, will determine, in the manner determined by the Committee and set forth in the Award Agreement, the value and/or number of each Performance Unit that will be paid to the Participant.

#### **9.3 Earning of Performance Units.**

Subject to the terms of this Plan and the applicable Award Agreement, after the applicable Performance Period has ended, the holder of Performance Units shall be entitled to receive payout on the value and number of Performance Units, determined as a function of the extent to which the corresponding performance criteria have been achieved. Notwithstanding the foregoing, the Corporation shall have the ability to require the Participant to hold any Shares received pursuant to such Award for a specified period of time.

#### **9.4 Form and Timing of Payment of Performance Units.**

Payment of vested Performance Units shall be as determined by the Committee and as set forth in the Award Agreement. Subject to the terms of the Plan, the Committee will pay vested Performance Units in the form of Shares issued from treasury equal to the value of the vested Performance Units at the end of the applicable

Performance Period. Any Shares may be issued subject to any restrictions deemed appropriate by the Committee.

### **9.5 Dividends and Other Distributions.**

During the Period of Restriction, Participants holding Performance Units granted hereunder may, if the Committee so determines, be credited with dividends paid with respect to the underlying Shares or Dividend Equivalents while they are so held in accordance with the Plan and otherwise in such a manner determined by the Committee in its sole discretion. Dividend Equivalents shall not apply to an Award unless specifically provided for in the Award Agreement. The Committee may apply any restrictions to the dividends or Dividend Equivalents that the Committee deems appropriate. The Committee, in its sole discretion, may determine the form of payment of dividends or Dividend Equivalents, including cash, Shares and Performance Units, provided that any Dividend Equivalents paid in the form of additional Awards shall reduce the applicable pool of Shares available for issuance of Awards. Further, any additional Performance Units credited to the Participant's account in satisfaction of payment of dividends or Dividend Equivalents will vest in proportion to and will be paid under the Plan in the same manner as the Performance Units to which they relate.

### **9.6 Death and other Termination of Employment.**

- (a) Death: If a Participant dies while an Employee, Director of, or Consultant to, the Corporation or an Affiliate:
  - (i) the number of Performance Units held by the Participant that have not vested shall be adjusted as set out in the applicable Award Agreement (collectively referred to in this Section 9.6 as "**Deemed Awards**");
  - (ii) any Deemed Awards shall vest immediately;
  - (iii) any Performance Units held by the Participant that have vested (including Deemed Awards vested in accordance with Section 9.6(a)(ii)) shall be paid to the Participant's estate in accordance with the terms of the Plan and Award Agreement;
  - (iv) any settlement or redemption of any Performance Units shall occur within one year following the Termination Date; and
  - (v) such Participant's eligibility to receive further grants of Performance Units under the Plan ceases as of the Termination Date (as defined at Section 9.6(c) below).
- (b) Termination other than Death: Unless determined otherwise by the Committee, or as may otherwise be set out in a Participant's employment agreement (which shall have paramountcy over this clause), where a Participant's employment or term of office or engagement terminates for any reason other than death (whether such termination occurs with or without any or adequate notice or reasonable notice, or with or without any or adequate compensation in lieu of such notice), then:
  - (i) any Performance Units held by the Participant that have vested before the Termination Date shall be paid to the Participant in accordance with the terms of the Plan and Award Agreement, and any Performance Units held by the Participant

that are not yet vested at the Termination Date will be immediately cancelled and forfeited to the Corporation on the Termination Date;

- (ii) the eligibility of a Participant to receive further grants under the Plan ceases as of the date that the Corporation or an Affiliate provides the Participant with written notification that the Participant's employment or term of office or engagement, is terminated, notwithstanding that such date may be prior to the Termination Date;
  - (iii) any settlement or redemption of any Performance Units shall occur within one year following the Termination Date; and
  - (iv) unless the Committee, in its sole discretion, otherwise determines, at any time and from time to time, Performance Units are not affected by a change of employment arrangement within or among the Corporation or an Affiliate for so long as the Participant continues to be an employee of the Corporation or an Affiliate.
- (c) For purposes of this Section 9.6, the term, "Termination Date" has the meaning set out in Section 7.7(c).

#### **9.7 Non-transferability of Performance Units.**

Performance Units may not be sold, transferred, pledged, assigned or otherwise alienated or hypothecated, other than by will or by the laws of descent and distribution. Further, a Participant's rights under the Plan shall inure during such Participant's lifetime only to such Participant.

### **ARTICLE 10**

#### **BENEFICIARY DESIGNATION**

##### **10.1 Beneficiary.**

A Participant's "beneficiary" is the person or persons entitled to receive payments or other benefits or exercise rights that are available under the Plan in the event of the Participant's death. A Participant may designate a beneficiary or change a previous beneficiary designation at such times as prescribed by the Committee and by using such forms and following such procedures approved or accepted by the Committee for that purpose. If no beneficiary designated by the Participant is eligible to receive payments or other benefits or exercise rights that are available under the Plan at the Participant's death, the beneficiary shall be the Participant's estate.

##### **10.2 Discretion of the Committee.**

Notwithstanding the provisions above, the Committee may, in its discretion, after notifying the affected Participants, modify the foregoing requirements, institute additional requirements for beneficiary designations, or suspend the existing beneficiary designations of living Participants or the process of determining beneficiaries under this Article 10, or both, in favor of another method of determining beneficiaries.

## ARTICLE 11

### RIGHTS OF PERSONS ELIGIBLE TO PARTICIPATE

#### 11.1 Employment.

Nothing in the Plan or an Award Agreement shall interfere with or limit in any way the right of the Corporation or an Affiliate to terminate any Participant's employment, consulting or other service relationship with the Corporation or an Affiliate at any time, nor confer upon any Participant any right to continue in the capacity in which he or she is employed or otherwise serves the Corporation or an Affiliate.

Neither an Award nor any benefits arising under this Plan shall constitute part of an employment or service contract with the Corporation or an Affiliate, and, accordingly, subject to the terms of this Plan, this Plan may be terminated or modified at any time in the sole and exclusive discretion of the Committee or the Board without giving rise to liability on the part of the Corporation or an Affiliate for severance payments or otherwise, except as provided in this Plan.

For purposes of the Plan, unless otherwise provided by the Committee, a transfer of employment of a Participant between the Corporation and an Affiliate or among Affiliates, shall not be deemed a termination of employment. The Committee may provide in a Participant's Award Agreement or otherwise the conditions under which a transfer of employment to an entity that is spun off from the Corporation or an Affiliate shall not be deemed a termination of employment for purposes of an Award.

#### 11.2 Participation.

No Employee or other Person eligible to participate in the Plan shall have the right to be selected to receive an Award. No person selected to receive an Award shall have the right to be selected to receive a future Award, or, if selected to receive a future Award, the right to receive such future Award on terms and conditions identical or in proportion in any way to any prior Award.

#### 11.3 Rights as a Shareholder.

A Participant shall have none of the rights of a shareholder with respect to Shares covered by any Award until the Participant becomes the record holder of such Shares.

## ARTICLE 12

### CHANGE OF CONTROL

#### 12.1 Accelerated Vesting and Payment.

Subject to the provisions of Section 12.2 or as otherwise provided in the Plan or the Award Agreement, in the event of a Change of Control, the Committee shall have the discretion to unilaterally determine that all outstanding Awards shall be cancelled upon a Change of Control, and that the value of such Awards, as determined by the Committee in accordance with the terms of the Plan and the Award Agreements, shall be paid out in cash in an amount based on the Change of Control Price within a reasonable time subsequent to the Change of Control, subject to the approval of the Exchange.

## **12.2 Alternative Awards.**

Notwithstanding Section 12.1, no cancellation, acceleration of vesting, lapsing of restrictions or payment of an Award shall occur with respect to any Award if the Committee reasonably determines in good faith prior to the occurrence of a Change of Control that such Award shall be honored or assumed, or new rights substituted therefor (with such honored, assumed or substituted Award hereinafter referred to as an “**Alternative Award**”) by any successor to the Corporation or an Affiliate as described in Article 14; provided, however, that any such Alternative Award must:

- (a) be based on stock which is traded on a recognized stock exchange;
- (b) provide such Participant with rights and entitlements substantially equivalent to or better than the rights, terms and conditions applicable under such Award, including, but not limited to, an identical or better exercise or vesting schedule (including vesting upon termination of employment) and identical or better timing and methods of payment;
- (c) recognize, for the purpose of vesting provisions, the time that the Award has been held prior to the Change of Control;
- (d) provide for similar eligibility requirements for such Alternative Award as provided for in the Plan; and
- (e) have substantially equivalent economic value to such Award (determined prior to the time of the Change of Control).

## **ARTICLE 13**

### **AMENDMENT, MODIFICATION, SUSPENSION AND TERMINATION**

#### **13.1 Amendment, Modification, Suspension and Termination.**

- (a) Except as set out in clauses (b) and (c) below, and as otherwise provided by law, or Exchange rules, the Committee or Board may, at any time and from time to time, alter, amend, modify, suspend or terminate the Plan or any Award in whole or in part without notice to, or approval from, shareholders, including, but not limited to for the purposes of:
  - (i) making any amendments to the general vesting provisions of any Award;
  - (ii) making any amendments to the general term of any Award provided that (i) no Award held by a Related Person may be extended beyond its original expiry date and (ii) that the exercise price of such Award is not lower than the prevailing market price;
  - (iii) making any amendments to add covenants or obligations of the Corporation for the protection of Participants;
  - (iv) making any amendments not inconsistent with the Plan as may be necessary or desirable with respect to matters or questions which, in the good faith opinion of the Board, it may be expedient to make, including amendments that are desirable as a result of changes in law or as a “housekeeping” matter; or



- (v) making such changes or corrections which are required for the purpose of curing or correcting any ambiguity or defect or inconsistent provision or clerical omission or mistake or manifest error.
- (b) Other than as expressly provided in an Award Agreement or as set out in Section 12.2 hereof or with respect to a Change of Control, the Committee shall not alter or impair any rights or increase any obligations with respect to an Award previously granted under the Plan without the consent of the Participant.
- (c) The following amendments to the Plan shall require the prior approval of the Corporation's disinterested shareholders and directors, other than, in respect of the amendments contemplated under Sections 13.1(c)(i)-(iii) below, those carried out pursuant to Section 4.10 hereof:
  - (i) A reduction in the Option Price of a previously granted Option benefitting an Related Person of the Corporation or one of its Affiliates.
  - (ii) Any amendment or modification which would increase the total number of Shares available for issuance under the Plan.
  - (iii) An increase to the limit on the number of Shares issued or issuable under the Plan to Related Persons of the Corporation;
  - (iv) An extension of the expiry date of an Option other than as otherwise permitted hereunder in relation to a Blackout Period;
  - (v) Any amendment to the amendment provisions of the Plan under this Section 13.1.

### **13.2 Adjustment of Awards Upon the Occurrence of Unusual or Nonrecurring Events**

Subject to the approval of the Exchange, the Committee may make adjustments in the terms and conditions of, and the criteria included in, Awards in recognition of unusual or nonrecurring events in addition to the events described in Section 4.10 hereof affecting the Corporation or the financial statements of the Corporation or of changes in applicable laws, regulations or accounting principles, whenever the Committee determines that such adjustments are appropriate in order to prevent unintended dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan.

The determination of the Committee as to the foregoing adjustments, if any, shall be conclusive and binding on Participants under the Plan.

### **13.3 Awards Previously Granted.**

Notwithstanding any other provision of the Plan to the contrary, no termination, amendment, suspension or modification of the Plan shall adversely affect in any material way any Award previously granted under the Plan, without the written consent of the Participant holding such Award.

## ARTICLE 14

### WITHHOLDING

#### 14.1 Withholding.

The Corporation or any Affiliate shall have the power and the right to deduct or withhold, or require a Participant to remit to the Corporation or any Affiliate, an amount sufficient to satisfy federal, state and local taxes or provincial, domestic or foreign, required by law or regulation to be withheld with respect to any taxable event arising or as a result of this Plan or any Award hereunder. The Committee may provide for Participants to satisfy withholding requirements by having the Corporation withhold and sell Shares or the Participant making such other arrangements, including the sale of Shares, in either case on such conditions as the Committee specifies.

#### 14.2 Acknowledgement.

Participant acknowledges and agrees that the ultimate liability for all taxes legally payable by Participant is and remains Participant's responsibility and may exceed the amount actually withheld by the Corporation. Participant further acknowledges that the Corporation: (a) makes no representations or undertakings regarding the treatment of any taxes in connection with any aspect of this Plan; and (b) does not commit to and is under no obligation to structure the terms of this Plan to reduce or eliminate Participant's liability for taxes or achieve any particular tax result. Further, if Participant has become subject to tax in more than one jurisdiction, Participant acknowledges that the Corporation may be required to withhold or account for taxes in more than one jurisdiction.

## ARTICLE 15

### SUCCESSORS

Rights and obligations under the Plan may be assigned by the Corporation (without the consent of Participants) to a successor in the business of the Corporation, any company resulting from any amalgamation, reorganization, combination, merger or arrangement of the Corporation, or any company acquiring all or substantially all of the assets or business of the Corporation. Any obligations of the Corporation or an Affiliate under the Plan with respect to Awards granted hereunder shall be binding on any successor to the Corporation or Affiliate, respectively, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation or otherwise, of all or substantially all of the businesses and/or assets of the Corporation or Affiliate, as applicable.

## ARTICLE 16

### GENERAL PROVISIONS

#### 16.1 Forfeiture Events.

Without limiting in any way the generality of the Committee's power to specify any terms and conditions of an Award consistent with law, and for greater clarity, the Participant's rights, payments and benefits with respect to an Award shall, at the sole discretion of the Committee, be subject to reduction, cancellation, forfeiture of any vested and unvested Awards or recoupment of any payments or settlements made in the current Fiscal Year or immediately prior Fiscal Year (provided such determination is made within 45 days of the end of that Fiscal Year) upon the occurrence of certain specified events, in addition to any otherwise applicable vesting or performance conditions of an Award. Such specified events shall include, but shall

not be limited to, any of: (a) the Participant's failure to accept the terms of the Award Agreement, violation of material Corporation and Affiliate policies, breach of non-competition, confidentiality, non-solicitation, non-interference, corporate property protection or other agreements that may apply to the Participant, or other conduct by the Participant that is detrimental to the business or reputation of the Corporation and Affiliates; (b) the Participant's misconduct, fraud, gross negligence; and (c) the restatement of the financial statements of the Corporation that resulted in Awards which should not have vested, settled, or been paid had the original financial statements been properly stated. Except as expressly otherwise provided in this Plan or an Award Agreement, the termination and the expiry of the period within which an Award will vest and may be exercised by a Participant shall be based upon the last day of actual service by the Participant to the Corporation and specifically does not include any period of notice that the Corporation may be required to provide to the Participant under applicable employment law.

## **16.2 Legend.**

The certificates for Shares may include any legend that the Committee deems appropriate to reflect any restrictions on transfer of such Shares.

## **16.3 Delivery of Title.**

The Corporation shall have no obligation to issue or deliver evidence of title for Shares issued under the Plan prior to:

- (a) Obtaining any approvals from governmental agencies that the Corporation determines are necessary or advisable; and
- (b) Completion of any registration or other qualification of the Shares under any applicable law or ruling of any governmental body that the Corporation determines to be necessary or advisable.

## **16.4 Investment Representations.**

The Committee may require each Participant receiving Shares pursuant to an Award under this Plan to represent and warrant in writing that the Participant is acquiring the Shares for investment and without any present intention to sell or distribute such Shares.

## **16.5 Uncertificated Shares.**

To the extent that the Plan provides for issuance of certificates to reflect the transfer of Shares, the transfer of such Shares may be effected on a non-certificated basis to the extent not prohibited by applicable law or the rules of any applicable stock exchange.

## **16.6 Unfunded Plan.**

Participants shall have no right, title or interest whatsoever in or to any investments that the Corporation or an Affiliate may make to aid it in meeting its obligations under the Plan. Nothing contained in the Plan, and no action taken pursuant to its provisions, shall create or be construed to create a trust of any kind, or a fiduciary relationship between the Corporation or an Affiliate and any Participant, beneficiary, legal representative or any other person. Awards shall be general unsecured obligations of the Corporation, except that if an Affiliate executes an Award Agreement instead of the Corporation the Award shall be a general unsecured obligation of the Affiliate and not any obligation of the Corporation. To the extent that any individual acquires a right to receive payments from the Corporation or an Affiliate, such right shall be

no greater than the right of an unsecured general creditor of the Corporation or Affiliate, as applicable. All payments to be made hereunder shall be paid from the general funds of the Corporation or Affiliate, as applicable, and no special or separate fund shall be established and no segregation of assets shall be made to assure payment of such amounts except as expressly set forth in the Plan.

**16.7 No Fractional Shares.**

No fractional Shares shall be issued or delivered pursuant to the Plan or any Award Agreement. In such an instance, unless the Committee determines otherwise, fractional Shares and any rights thereto shall be forfeited or otherwise eliminated.

**16.8 Other Compensation and Benefit Plans.**

Nothing in this Plan shall be construed to limit the right of the Corporation or an Affiliate to establish other compensation or benefit plans, programs, policies or arrangements. Except as may be otherwise specifically stated in any other benefit plan, policy, program or arrangement, no Award shall be treated as compensation for purposes of calculating a Participant's rights under any such other plan, policy, program or arrangement.

**16.9 No Constraint on Corporate Action.**

Nothing in this Plan shall be construed (i) to limit, impair or otherwise affect the Corporation's or an Affiliate's right or power to make adjustments, reclassifications, reorganizations or changes in its capital or business structure, or to merge or consolidate, or dissolve, liquidate, sell or transfer all or any part of its business or assets, or (ii) to limit the right or power of the Corporation or an Affiliate to take any action which such entity deems to be necessary or appropriate.

**16.10 Compliance with Canadian Securities Laws.**

All Awards and the issuance of Shares underlying such Awards issued pursuant to the Plan will be issued pursuant to an exemption from the prospectus requirements of Canadian securities laws where applicable.

**ARTICLE 17**

**LEGAL CONSTRUCTION**

**17.1 Gender and Number.**

Except where otherwise indicated by the context, any masculine term used herein also shall include the feminine, the plural shall include the singular, and the singular shall include the plural.

**17.2 Severability.**

In the event any provision of this Plan shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of the Plan, and the Plan shall be construed and enforced as if the illegal or invalid provision had not been included.

**17.3 Requirements of Law.**

The granting of Awards and the issuance of Shares under the Plan shall be subject to all applicable laws, rules and regulations, and to such approvals by any governmental agencies or securities exchanges as may be required. The Corporation or an Affiliate shall receive the consideration required by law for the issuance

of Awards under the Plan. The inability of the Corporation or an Affiliate to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Corporation or an Affiliate to be necessary for the lawful issuance and sale of any Shares hereunder, shall relieve the Corporation or Affiliate of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority shall not have been obtained.

#### **17.4 Governing Law.**

The Plan and each Award Agreement shall be governed by the laws of the Province of British Columbia excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of the Plan to the substantive law of another jurisdiction.

#### **17.5 Compliance with Section 409A of the Code.**

- (a) To the extent the Plan is applicable to a particular Participant subject to the Code, it is intended that this Plan and any Awards made hereunder shall not provide for the payment of “deferred compensation” within the meaning of Section 409A of the Code or shall be structured in a manner and have such terms and conditions that would not cause such a Participant to be subject to taxes and interest pursuant to Section 409A of the Code. This Plan and any Awards made hereunder shall be administrated and interpreted in a manner consistent with this intent.
- (b) To the extent that any amount or benefit in favour of a Participant who is subject to the Code would constitute “deferred compensation” for purposes of Section 409A of the Code would otherwise be payable or distributable under this Plan or any Award Agreement by reason of the occurrence of a Change of Control or the Participant’s disability or separation from service, such amount or benefit will not be payable or distributable to the Participant by reason of such circumstance unless: (i) the circumstances giving rise to such Change of Control, disability or separation from service meet the description or definition of “change in control event,” “disability,” or “separation from service,” as the case may be, in Section 409A of the Code and applicable proposed or final treasury regulations thereunder, and (ii) the payment or distribution of such amount or benefit would otherwise comply with Section 409A of the Code and not subject the Participant to taxes and interest pursuant to Section 409A of the Code. This provision does not prohibit the vesting of any Award or the vesting of any right to eventual payment or distribution of any amount or benefit under this Plan or any Award Agreement.
- (c) The Committee shall use its reasonable discretion to determine the extent to which the provisions of this Article 17.5 will apply to a Participant who is subject to taxation under the ITA.

**SCHEDULE B – AMALGAMATION AGREEMENT**

**AMALGAMATION AGREEMENT**  
**BETWEEN**  
**1287412 B.C. LTD.**  
**AND**  
**SILVER CROWN ROYALTIES INC.**

## TABLE OF CONTENTS

<b>Part 1 Interpretation</b> .....	<b>1</b>
Definitions .....	1
Interpretation.....	9
Exhibits .....	11
<b>Part 2 The Amalgamation</b> .....	<b>11</b>
Agreement to Amalgamate .....	11
Effect of Amalgamation.....	11
Name .....	12
Registered Office .....	12
Authorized Share Structure.....	12
Fiscal Year .....	12
Business .....	12
Initial Directors of Amalco .....	12
Initial Officers of Amalco.....	13
Determination of SCR Share Exchange Ratio and ShellCo Share Exchange Ratio.....	13
Exchange of ShellCo Shares and SCR Shares for Amalco Shares .....	13
Convertible Securities .....	14
Completion of the Amalgamation and Effective Date.....	14
Acknowledgment of Escrow and Resale Restrictions .....	14
Share Certificates .....	15
<b>Part 3 Covenants</b> .....	<b>15</b>
Mutual Covenants .....	15
Additional Covenants of ShellCo .....	18
Additional Covenants of SCR.....	18
<b>Part 4 Representations and Warranties</b> .....	<b>19</b>
Representations and Warranties of ShellCo .....	19
Representations and Warranties of SCR.....	23
Survival of Representation and Warranties .....	30
<b>Part 5 Agreements</b> .....	<b>30</b>
SCR Resolution.....	30
ShellCo Resolution .....	31
Proposed Transaction.....	31
Listing Application .....	32
Preparation of Filings.....	32
Concurrent Financing .....	32
<b>Part 6 Indemnification</b> .....	<b>33</b>
Indemnification by SCR .....	33
Indemnification by ShellCo .....	33
Limitation on Indemnification .....	34
Procedure for Indemnification .....	34
Sole Remedy .....	35



<b>Part 7 Conditions Precedent .....</b>	<b>35</b>
Mutual Conditions Precedent.....	35
Additional Conditions to Obligations of ShellCo.....	37
Additional Conditions to Obligations of SCR .....	38
Notice and Effect of Failure to Comply with Conditions .....	39
Satisfaction of Conditions.....	40
<b>Part 8 Amendment.....</b>	<b>40</b>
Amendment.....	40
<b>Part 9 Termination .....</b>	<b>40</b>
Termination.....	40
<b>Part 10 General .....</b>	<b>41</b>
Notices .....	41
Binding Effect.....	42
Assignment .....	42
Entire Agreement.....	42
Public Communications.....	42
No Solicitation and Standstill .....	42
Costs.....	43
Confidentiality .....	44
Severability .....	45
Further Assurances .....	45
Time of Essence.....	45
Applicable Law and Enforcement .....	45
Waiver.....	46
Counterparts.....	46
<b>Exhibit “A” Form of Amalgamation Application.....</b>	<b>48</b>
<b>Exhibit “B” Form of Articles of Amalco.....</b>	<b>49</b>
<b>Exhibit “C” Description of the Royalties.....</b>	<b>50</b>

## AMALGAMATION AGREEMENT

**THIS AMALGAMATION AGREEMENT** is dated as of the 15<sup>th</sup> day of May, 2024.

### **BETWEEN**

**1287412 B.C. LTD.**, a corporation incorporated under the laws of the Province of British Columbia (“**ShellCo**”)

### **AND**

**SILVER CROWN ROYALTIES INC.**, a corporation incorporated under the laws of the Province of Ontario (“**SCR**”)

### **WHEREAS:**

- A. It is intended SCR will continue from Ontario as a corporation under the *Business Corporations Act* (Ontario) (the “**OBCA**”) to British Columbia as a corporation under the *Business Corporations Act* (British Columbia) (the “**BCBCA**”);
- B. It is intended that ShellCo will consolidate the issued and outstanding ShellCo Shares (as defined herein) on the basis of twenty-eight (28) pre-consolidation ShellCo Shares for one (1) post-consolidation ShellCo Share (the “**Consolidation**”);
- C. Following the Continuance and the Consolidation, it is intended that SCR and ShellCo will amalgamate (the “**Amalgamation**”) and form one corporation under the provisions of BCBCA and on the terms and subject to the conditions set forth herein;
- D. ShellCo is a reporting issuer in the Provinces of British Columbia and Alberta and upon completion of the Amalgamation it is intended that the common shares of Amalco (as defined herein) will be listed on the Exchange (as defined herein);
- E. Upon the Amalgamation taking effect, shareholders of SCR and ShellCo will receive common shares of Amalco in the proportion and to the extent set out herein;

**NOW THEREFORE**, in consideration of the covenants and agreements herein contained and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Parties hereto do hereby covenant and agree as follows:

### **Part 1** **Interpretation**

#### **Definitions**

- 1.1 In this Agreement, the following defined terms have the meanings hereinafter set forth:
  - (a) “**Acquisition Proposal**” has the meaning ascribed thereto in Section 10.6;

- (b) “**Action**” means, with respect to any Person, any litigation, legal action, lawsuit, claim, audit, arbitration or other proceeding (whether civil, administrative, quasi-criminal or criminal) before any Governmental Authority against such Person or its business or affecting any of its assets;
- (c) “**Agreement**” means this Amalgamation Agreement (including the exhibits hereto) as supplemented, modified or amended, and not to any particular article, section, schedule, exhibit or other portion hereof;
- (d) “**Amalco**” means the amalgamated corporation continuing from the Amalgamation;
- (e) “**Amalco Convertible Securities**” means any securities of Amalco that have a right to acquire Amalco Shares;
- (f) “**Amalco Incentive Plan**” has the meaning ascribed thereto in Section 3.1(h);
- (g) “**Amalco Options**” means the outstanding options of Amalco issued pursuant to the Amalco Incentive Plan;
- (h) “**Amalco Shares**” means the common shares in the capital of Amalco;
- (i) “**Amalco Warrants**” means the outstanding warrants of Amalco entitling the holders thereof to acquire Amalco Shares on certain terms and conditions;
- (j) “**Amalco Unit Warrants**” means warrants to acquire Amalco Shares to be issued in replacement of the SCR Unit Warrants outstanding immediately prior to the Effective Time, each Amalco Unit Warrant entitles the holder thereof to purchase one Amalco Share at a price equal to the quotient arrived at by dividing the original exercise price per SCR Share of each such SCR Unit Warrant immediately prior to the Effective Time by the SCR Share Exchange Ratio, subject to adjustment as applicable, until the expiry date of each such SCR Unit Warrant being replaced by a Amalco Unit Warrant, in accordance with its terms;
- (k) “**Amalgamation**” has the meaning ascribed thereto in the recitals;
- (l) “**Amalgamation Application**” means the amalgamation materials to be sent to the Registrar, as contemplated by the BCBCA, in substantially the form set out in Exhibit “A” hereto;
- (m) “**Applicable Canadian Securities Laws**” means, collectively, and as the context may require, the applicable securities legislation of each of the provinces and territories of Canada, and the rules, regulations, instruments, orders and policies published and/or promulgated thereunder, as such may be amended from time to time prior to the Effective Date;
- (n) “**Applicable Laws**” means, in the context that refers to one or more Persons, any domestic or foreign, federal, state, provincial or local law (statutory, common or otherwise), constitution, treaty, convention, ordinance, code, rule, regulation, order,

injunction, judgment, decree, ruling or other similar requirement enacted, adopted, promulgated or applied by a Governmental Authority, and any terms and conditions of any grant of approval, permission, authority or license of any Governmental Authority, that is binding upon or applicable 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;

- (o) “**Argentum Royalties**” means SCR’s wholly owned Subsidiary, Argentum Royalties Inc., a corporation incorporated under the laws of the Commonwealth of the Bahamas;
- (p) “**Articles**” means the Articles of the Resulting Issuer to be in substantially the form set out in Exhibit “A” to this Agreement;
- (q) “**BCBCA**” has the meaning ascribed thereto in the recitals;
- (r) “**Business**” means the business and activities carried on by SCR as at the date hereof;
- (s) “**Business Day**” means a day other than a Saturday, Sunday or other day when banks in the City of Vancouver, British Columbia or the City of Toronto, Ontario, are not generally open for business;
- (t) “**Cboe**” or “**Exchange**” means Cboe Canada Inc.;
- (u) “**Claims**” means any and all debts, costs, expenses, liabilities, obligations, losses and damages, penalties, proceedings, actions, suits, assessments, reassessments or claims of whatsoever nature or kind including regulatory or administrative (whether or not under common law, on the basis of contract, negligence, strict or absolute liability or liability in tort, or arising out of requirements of Applicable Laws), imposed on, incurred by, suffered by, or asserted against any Person or any property, absolute or contingent, and, except as otherwise expressly provided herein, includes all reasonable out-of-pocket costs, disbursements and expenses paid or incurred by such Person in defending any action;
- (v) “**Closing**” means the closing of the Proposed Transaction;
- (w) “**Concurrent Financing**” means the private placement by SCR of Subscription Receipts under the Subscription Receipt Agreement, for aggregate minimum gross proceeds to SCR of \$3.5 million, on such terms as to be determined by SCR and ShellCo;
- (x) “**Confidential Information**” has the meaning ascribed thereto in Section 10.9;
- (y) “**Consolidation**” has the meaning ascribed thereto in the recitals;

- (z) “**Constating Documents**” means as to each of the Parties, its respective certificate of incorporation, notice of articles, articles and bylaws, as applicable, as in effect as of the date of this Agreement;
- (aa) “**Continuance**” has the meaning ascribed thereto in Section 2.1;
- (bb) “**Corporate Records**” means, the corporate records of each of the Parties, including its respective Constating Documents, share registers, registers of directors, list of bank accounts and signing authorities and minutes of shareholders’ and directors’ meetings;
- (cc) “**Debt Instrument**” has the meaning ascribed thereto in Section 4.2(ee);
- (dd) “**Disclosing Party**” has the meaning ascribed thereto in Section 10.8;
- (ee) “**Dissent Rights**” means the right of SCR Shareholders to dissent under the applicable provisions of the OBCA in respect of the Continuance, and the right of SCR Shareholders and ShellCo Shareholders to dissent under the applicable provisions of the BCBCA in respect of the Amalgamation;
- (ff) “**Dissenting Shareholder**” means a registered holder of ShellCo Shares or SCR Shares, as applicable, who has validly exercised its Dissent Rights under the applicable provisions of the OBCA in respect of the Continuance, or the BCBCA, in respect of the Amalgamation, as the case may be;
- (gg) “**Effective Date**” means the effective date of the Amalgamation as set forth in the Certificate of Amalgamation issued to Amalco;
- (hh) “**Effective Time**” means the effective time of the Amalgamation as set forth in the Certificate of Amalgamation issued to Amalco;
- (ii) “**Encumbrances**” means any encumbrance of any kind whatsoever and includes any pledge, lien, charge, security interest, lease, title retention agreement, mortgage, hypothec, restriction, royalty, right of first refusal, development or similar agreement, option or adverse Claim or encumbrance of any kind or character whatsoever or howsoever arising, and any right or privilege capable of becoming any of the foregoing;
- (jj) “**Environmental Approvals**” means, with respect to any Person, all permits, certificates, licences, authorizations, consents, instructions, registrations, directions, approvals, decisions, decrees, conditions, notifications, orders, demands or Claims issued or required by any Governmental Authority pursuant to any Environmental Laws, which are binding upon or applicable to such Person or its business, assets or securities;
- (kk) “**Environmental Laws**” means all Applicable Laws whether foreign or domestic, including applicable common law and civil law, for the protection of the natural environment and human health and safety and for the regulation of contaminants,

pollutants, waste, toxic and hazardous substances, and includes Environmental Approvals;

- (ll) “**Escrow Conditions**” means the conditions to be set out in the Subscription Receipt Agreement, including, without limitation, receipt of all requisite corporate, regulatory and shareholder approvals for the Proposed Transaction, that must be met or waived prior to the automatic conversion of the Subscription Receipts into the underlying SCR Units;
- (mm) “**Governmental Authority**” means any federal, state, provincial and municipal government, regulatory authority, governmental department, ministry, agency, commission, bureau, official, minister, crown corporation, court, board, tribunal, stock exchange, dispute settlement panel or body or other law, rule or regulation-making entity having jurisdiction;
- (nn) “**IFRS**” means International Financial Reporting Standards applicable as of the date of the financial statements, document or event in question;
- (oo) “**Indemnified Party**” has the meaning ascribed thereto in Section 6.3;
- (pp) “**Indemnifying Party**” has the meaning ascribed thereto in Section 6.3;
- (qq) “**ITA**” means the *Income Tax Act* (Canada), as amended, including the regulations promulgated thereunder, as amended from time to time;
- (rr) “**Listing Application**” means the filing statement to be filed by the Resulting Issuer in respect of the Proposed Transaction pursuant to the policies of the Exchange;
- (ss) “**Material Adverse Change**” or “**Material Adverse Effect**” means, in respect of ShellCo or SCR, any change, event, occurrence, effect or circumstance, either individually or in the aggregate, that is or would reasonably be expected to be material and adverse to the business, affairs, capitalization, financial condition, operations, assets (tangible or intangible), liabilities, properties, or results of operations of that Party and its Subsidiaries taken as a whole, other than changes, events, occurrences, effects, state of facts or circumstances resulting from or arising in connection with:
  - (i) any change in global, national or regional political, economic, financial or capital market conditions or political, economic, business, banking, regulatory, currency exchange, interest rate, inflationary conditions or financial, capital markets conditions or commodity prices or market conditions (which includes, without limitation, any change in prices of base or precious metals);
  - (ii) any change in Applicable Laws, IFRS or regulatory accounting or tax requirements, or in the interpretation, application or non-application of the foregoing by any Governmental Authority;

- (iii) any action taken or not taken as provided for, or required by, this Agreement or upon the written request or with the written consent of a Party to this Agreement;
- (iv) changes, developments or conditions generally affecting the mining industry in which such Person and its Subsidiaries operate;
- (v) any act or escalation of sabotage or terrorism or any outbreak of hostilities or declared or undeclared war;
- (vi) any epidemics, pandemics or disease outbreak or other public health condition (excluding COVID-19 or any variation or worsening thereof), earthquakes, volcanoes, tsunamis, hurricanes, tornados or other natural disasters or similar occurrence;
- (vii) any failure by the Party or its Subsidiaries to meet any internal or published projections, forecast or estimates of, or guidance related to, revenues, earnings, cash flows or other financial metrics before, on or after the date hereof (it being understood that the causes underlying such failure may, to the extent not otherwise excluded from the definition of Material Adverse Effect, be taken into account in determining whether a Material Adverse Effect as occurred); and
- (viii) the execution, announcement or performance of this Agreement or the Amalgamation or the implementation of the Amalgamation, any loss or threatened loss of, or adverse change or threatened adverse change in, the relationship of such Person or any of its Subsidiaries with any Governmental Authority or any of its or their current or prospective employees, customers, security holders, financing sources, vendors, distributors, suppliers, counterparties, partners, licensors or lessor,

but provided in the case of (i), (ii), (iii), (iv) and (v) such change, event, occurrence, effect or circumstance does not have a materially disproportionately greater impact or effect on the Party and its Subsidiaries, taken as a whole, as compared to comparable companies operating in comparable industries and in the same jurisdictions in which such Party or any of its Subsidiaries operate;

- (tt) **“Material Change”** and **“Material Fact”** have the meanings ascribed thereto under Applicable Canadian Securities Laws;
- (uu) **“Material Contract”** means those contracts, agreements, understandings or arrangements entered into by SCR or ShellCo which have individual payment obligations on the part of SCR or ShellCo that exceed \$25,000, are for a term extending in excess of one year after the Effective Time, have been entered into out of the ordinary course of business, or are otherwise material to SCR or ShellCo, as applicable;
- (vv) **“New Slate”** has the meaning ascribed thereto in Section 2.12;

- (ww) “**NI 43-101**” means National Instrument 43-101 - *Standards of Disclosure for Mineral Projects*;
- (xx) “**NI 45-102**” means National Instrument 45-102 – *Resale of Securities*;
- (yy) “**Notice of Articles**” means the notice of articles of the Resulting Issuer to be in the form set out in Amalgamation Application;
- (zz) “**OBCA**” has the meaning ascribed thereto in the recitals;
- (aaa) “**Outside Date**” means August 15, 2024 or such other date as agreed to by the Parties in writing, acting reasonably;
- (bbb) “**Parties**” means, collectively, the parties to this Agreement, and “**Party**” means any one of them;
- (ccc) “**Person**” is to be broadly interpreted and means any individual, partnership, limited partnership, limited liability partnership, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, unincorporated association, trust, trustee, executor, administrator or other legal personal representative, regulatory body or agency, government or governmental agency, authority or entity however designated or constituted;
- (ddd) “**Proposed Transaction**” means the proposed Amalgamation of SCR and ShellCo to form the Resulting Issuer;
- (eee) “**Public Record**” means all information filed by ShellCo with any securities commission or similar regulatory authority which are available through the SEDAR+ website as of the date hereof;
- (fff) “**Receiving Party**” has the meaning ascribed thereto in Section 10.8;
- (ggg) “**Registrar**” means the British Columbia Registrar of Companies;
- (hhh) “**Resulting Issuer**” means Amalco upon completion of the Amalgamation, the Concurrent Financing, and the listing of the Amalco Shares on the Exchange;
- (iii) “**Royalties**” means the interests held by SCR in the mineral properties set out in Exhibit “C” hereto;
- (jjj) “**SCR**” has the meaning ascribed thereto in the recitals;
- (kkk) “**SCR Convertible Securities**” means the SCR Royalty Warrants, SCR RSUs, SCR Unit Warrants, and SCR Warrants;
- (lll) “**SCR Disclosure Letter**” means the disclosure letter executed by SCR and delivered to ShellCo concurrently with the execution of this Agreement;



- (mmm) “**SCR Financial Statements**” means the audited financial statements for the years ended December 31, 2021, 2022, and 2023 and interim financial statements for the three months ended March 31, 2024 of SCR;
- (nnn) “**SCR Indemnified Party**” has the meaning ascribed thereto in Section 6.2;
- (ooo) “**SCR Insurance**” has the meaning ascribed thereto in Section 4.2(s);
- (ppp) “**SCR Resolution**” means the resolution of SCR Shareholders to authorize, approve and adopt the Continuance, the Amalgamation, the Amalco Incentive Plan and related matters;
- (qqq) “**SCR Royalty Warrants**” means the outstanding performance royalty purchase warrants of SCR entitling the holders thereof to acquire SCR Shares on certain terms and conditions;
- (rrr) “**SCR RSUs**” means the outstanding restricted share units of SCR entitling the holders thereof to acquire SCR Shares on certain terms and conditions;
- (sss) “**SCR Share Exchange Ratio**” has the meaning ascribed thereto in Section 2.14;
- (ttt) “**SCR Shareholders**” means, collectively, the holders of SCR Shares, and “**SCR Shareholder**” means any one of them;
- (uuu) “**SCR Shareholders Meeting**” has the meaning ascribed thereto in Section 5.1(a);
- (vvv) “**SCR Shares**” means the common shares in the capital of SCR;
- (www) “**SCR Units**” means the units in the capital of SCR to be issued on conversion of the Subscription Receipts, with each such unit consisting of one SCR Share and one SCR Unit Warrant exercisable at a price of \$0.80 for a period of 3 years from the date SCR becomes a reporting issuer in any jurisdiction of Canada;
- (xxx) “**SCR Unit Warrants**” means a share purchase warrant in the capital of SCR, entitling the holder thereof to acquire one SCR Share at a price of \$0.80 per share for a period of 3 years from the date SCR becomes a reporting issuer in any jurisdiction of Canada;
- (yyy) “**SCR Warrants**” means the outstanding common share purchase warrants of SCR entitling the holders thereof to acquire SCR Shares on certain terms and conditions;
- (zzz) “**Securities Act**” means the *Securities Act* (British Columbia), as amended, including the regulations promulgated thereunder;
- (aaaa) “**Securities Regulatory Authority**” has the meaning ascribed thereto in Section 4.1(q);
- (bbbb) “**ShellCo**” has the meaning ascribed thereto in the recitals;
- (cccc) “**ShellCo Indemnified Party**” has the meaning ascribed thereto in Section 6.1;

- (dddd) “**ShellCo Resolution**” means the resolution of ShellCo Shareholders to authorize, approve and adopt the Consolidation, the Amalgamation, the Amalco Incentive Plan and related matters;
- (eeee) “**ShellCo Share Exchange Ratio**” means the number of Amalco Shares to be received for each ShellCo Share, as determined in Section 2.14;
- (ffff) “**ShellCo Shareholders**” means, collectively, the holders of ShellCo Shares and “**ShellCo Shareholder**” means any one of them;
- (gggg) “**ShellCo Shareholders Meeting**” has the meaning ascribed thereto in Section 5.2(a);
- (hhhh) “**ShellCo Shares**” means the common shares in the capital of ShellCo, on a pre-Consolidation or post-Consolidation basis, as the context requires;
- (iiii) “**Subscription Receipt Agreement**” means the subscription receipt agreement between Odyssey Trust Company, as subscription receipt agent, SCR, and ShellCo, governing the Subscription Receipts and pursuant to which the proceeds of the Concurrent Financing will be held in escrow until completion of the Proposed Transaction;
- (jjjj) “**Subscription Receipts**” means the subscription receipts to be issued under the Concurrent Financing and pursuant to the terms of the Subscription Receipt Agreement, each such Subscription Receipt being automatically converted immediately prior to the Effective Time into one SCR Unit;
- (kkkk) “**Subsidiary**” has the meaning ascribed thereto in the Securities Act;
- (llll) “**Termination Date**” has the meaning ascribed thereto in Section 9.1;
- (mmmm) “**U.S. Person**” means a “U.S. person” as such term is defined in Rule 902(k) of Regulation S under the U.S. Securities Act; and
- (nnnn) “**U.S. Securities Act**” means the United States Securities Act of 1933, as amended, and the rules, regulations and orders promulgated thereunder.

## **Interpretation**

1.2 For the purposes of this Agreement, except as otherwise expressly provided:

- (a) the division of this Agreement into articles, sections and subsections is for convenience of reference only and does not affect the construction or interpretation of this Agreement. The terms “this Agreement”, “hereto”, “herein” and “hereunder” and similar expressions refer to this Agreement (including exhibits hereto) and not to any particular article, section or other portion hereof and include any agreement or instrument supplementary or ancillary hereto;

- (b) words importing the singular number include the plural and vice versa, and words importing the use of any gender include all genders;
- (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) if any date on which any action is required to be taken hereunder by any of the Parties is not a Business Day in the place where an action is required to be taken, such action is required to be taken on the next succeeding day which is a Business Day in such place;
- (e) any reference in this Agreement to any statute or any section thereof shall, unless otherwise expressly stated, be deemed to be a reference to such statute or section as amended, restated or re-enacted from time to time, and to any regulations promulgated thereunder. References to any agreement or document shall be to such agreement or document (together with all schedules and exhibits thereto), as it may have been or may hereafter be amended, supplemented, replaced or restated from time to time;
- (f) all sums of money that are referred to in this Agreement are expressed in lawful money of Canada unless otherwise noted;
- (g) unless otherwise stated, all accounting terms used in this Agreement shall have the meanings attributable thereto under IFRS and all determinations of an accounting nature are required to be made shall be made in a manner consistent with IFRS;
- (h) all representations, warranties, covenants and opinions in or contemplated by this Agreement as to the enforceability of any covenant, agreement or document are subject to enforceability being limited by applicable bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other laws relating to or affecting creditors’ rights generally, and the discretionary nature of certain remedies (including specific performance and injunctive relief and general principals of equity);
- (i) where any representation or warranty contained in this Agreement is expressly qualified by reference to the knowledge of a Party, with respect to SCR it refers to the actual knowledge of Peter Bures and Hassnain Raza and with respect to ShellCo it refers to the actual knowledge of James Ward, in each case after due inquiry; and
- (j) the Parties hereto acknowledge that their respective legal counsel have reviewed and participated in settling the terms of this Agreement, and the Parties agree that any rule of construction to the effect that any ambiguity is to be resolved against the drafting Party will not be applicable in the interpretation of this Agreement.

## **Exhibits**

1.3 The following exhibits attached hereto are incorporated into and form an integral part of this Agreement:

**Exhibit “A” – Form of Amalgamation Application**

**Exhibit “B” – Form of Articles of Amalco**

**Exhibit “C” – Description of the Royalties**

## **Part 2** **The Amalgamation**

### **Agreement to Amalgamate**

- 2.1 The Parties agree that SCR shall continue as a corporation under the BCBCA (the “**Continuance**”).
- 2.2 The Parties agree that SCR shall complete the Concurrent Financing for aggregate proceeds which are sufficient to satisfy the minimum listing requirements of the Exchange.
- 2.3 The Parties agree that prior to the Effective Time, ShellCo shall complete and give effect to the Consolidation including making any necessary filings, upon and subject to the terms of this Agreement to take effect prior to the Effective Time;
- 2.4 The Parties agree that immediately prior to the Effective Time, in accordance with the terms of the Subscription Receipt Agreement, the Subscription Receipts shall be automatically converted into SCR Units; and
- 2.5 The Parties agree that ShellCo and SCR shall amalgamate, following the completion of the Continuance, the Concurrent Financing and the Consolidation set out in Sections 2.1, 2.2, 2.3 above, pursuant to the provisions of the BCBCA as of the Effective Date and continue as one corporation on the terms and conditions set out in this Agreement.

### **Effect of Amalgamation**

- 2.6 Upon the terms and subject to the conditions set forth in this Agreement, at the Effective Time:
  - (a) the Amalgamation of ShellCo and SCR and their continuance as one corporation shall become effective;
  - (b) the property of each of ShellCo and SCR shall continue to be the property of Amalco;
  - (c) Amalco shall continue to be liable for the obligations of each of ShellCo and SCR;
  - (d) any existing cause of action, claim or liability to prosecution shall be unaffected;

- (e) any civil, criminal or administrative action or proceeding pending by or against either ShellCo or SCR may be continued to be prosecuted by or against Amalco;
- (f) a conviction against, or ruling, order or judgment in favour of or against, either ShellCo or SCR may be enforced by or against Amalco; and
- (g) the notice of articles contained in the Amalgamation Application shall be deemed to be the notice of articles of Amalco, the articles of SCR shall be deemed to be the articles of Amalco, and the Certificate of Amalgamation shall be deemed to be the certificate of incorporation of Amalco.

**Name**

2.7 The name of Amalco shall be “Silver Crown Royalties Inc.”.

**Registered Office**

2.8 The registered office of Amalco shall be 3000-1055 Dunsmuir St, Vancouver, British Columbia, V7X 1K8.

**Authorized Share Structure**

2.9 The authorized share structure of Amalco shall consist of no maximum number of common shares without par value which shall have the rights, privileges, restrictions and conditions set out in the Articles.

**Fiscal Year**

2.10 The fiscal year end of Amalco shall be December 31 of each calendar year.

**Business**

2.11 There shall be no restriction on the business which Amalco is authorized to carry on.

**Initial Directors of Amalco**

2.12 The first directors of Amalco shall be the persons whose name and address appear below:

<u>Name</u>	<u>Address</u>
Philip van den Berg	[REDACTED]
	[REDACTED]
	[REDACTED]
	[REDACTED]
Peter Bures	[REDACTED]
	[REDACTED]
	[REDACTED]
Peter Schloo	[REDACTED]

Name	Address
Peter Simeon	[REDACTED] [REDACTED] [REDACTED]

Such directors (the “**New Slate**”) shall hold office until the first annual meeting of shareholders of Amalco or until his successor is elected or appointed. SCR may, in its sole discretion, add additional directors to form the New Slate and/or change the list of directors comprising the New Slate, in any case, prior to Closing.

**Initial Officers of Amalco**

2.13 The first officers of Amalco shall be the persons whose name and position appear below:

Name	Position
Peter Bures	Chief Executive Officer
Hassnain Raza	Chief Financial Officer
Patrick Sullivan	Corporate Secretary

**Determination of SCR Share Exchange Ratio and ShellCo Share Exchange Ratio**

2.14 The SCR Shares shall be exchanged for Amalco Shares on the basis of one Amalco Share for each 20 SCR Shares (the “**SCR Share Exchange Ratio**”).

2.15 Concurrently with the completion of the Concurrent Financing, the Parties shall determine the ShellCo Share Exchange Ratio as follows:

- (a) the aggregate number of Amalco Shares to be received by ShellCo Shareholders shall be that number of Amalco Shares that has a value of \$1,000,000, as determined by the deemed value of SCR Shares issued pursuant to the Concurrent Financing.

**Exchange of ShellCo Shares and SCR Shares for Amalco Shares**

2.16 Following the determination of the ShellCo Share Exchange Ratio pursuant to Section 2.15, upon the terms and subject to the conditions set forth in this Agreement, at the Effective Time:

- (a) all of the SCR Shares outstanding immediately prior to the Effective Time shall be cancelled, and holders of SCR Shares immediately prior to the Effective Time, shall receive, subject to Section 2.22, that number of Amalco Shares each SCR Shareholder is entitled to pursuant to Section 2.14;
- (b) all of the ShellCo Shares outstanding immediately prior to the Effective Time shall be cancelled, and holders of ShellCo Shares immediately prior to the Effective

Time, shall receive, subject to Section 2.22, that number of Amalco Shares each ShellCo Shareholder is entitled to pursuant to Section 2.15.

### **Convertible Securities**

- 2.17 The Parties acknowledge that, as at the Effective Time,
- (a) the SCR RSUs shall become exercisable into Amalco Shares in accordance with their terms subject to adjustment for the SCR Share Exchange Ratio and the Amalco Incentive Plan to be approved by the Parties;
  - (b) the SCR Royalty Warrants shall become exercisable in Amalco Shares in accordance with their terms subject to adjustment for the SCR Share Exchange Ratio;
  - (c) the SCR Warrants shall become exercisable in Amalco Shares in accordance with their terms subject to adjustment for the SCR Share Exchange Ratio; and
  - (d) the SCR Unit Warrants shall become exercisable in Amalco Shares in accordance with their terms subject to adjustment for the SCR Share Exchange Ratio.

### **Completion of the Amalgamation and Effective Date**

- 2.18 Upon the satisfaction or waiver of the conditions herein contained in favour of each Party, the Parties shall, jointly and together, file with the Registrar the Amalgamation Application in the form attached as Schedule “A” to this Agreement. The Amalgamation shall become effective at the Effective Time.

### **Acknowledgment of Escrow and Resale Restrictions**

- 2.19 Each of SCR and ShellCo acknowledges and agrees that in accordance with the policies of the Exchange, the Amalco Shares issued to certain SCR Shareholders and ShellCo Shareholders will be subject to escrow under the policies of the Exchange and Applicable Laws.
- 2.20 In addition to any other resale restrictions that may be imposed, any SCR Shareholder or ShellCo Shareholder who is a U.S. Person shall be required to complete an accredited investor certificate and will receive Amalco Shares in exchange for SCR Shares or ShellCo Shares, as applicable, which will bear a legend substantially in the following form:

“THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “U.S. SECURITIES ACT”) OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. THE HOLDER HEREOF, BY PURCHASING SUCH SECURITIES, AGREES FOR THE BENEFIT OF THE COMPANY THAT SUCH SECURITIES MAY BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, ONLY (A) TO THE COMPANY; (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT;

(C) IN ACCORDANCE WITH THE EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY (I) RULE 144 OR (II) RULE 144A, THEREUNDER, IF AVAILABLE, AND IN COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS; OR (D) IN A TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT AND ANY APPLICABLE STATE SECURITIES LAWS, AND, IN THE CASE OF PARAGRAPH (C) OR (D), THE SELLER FURNISHES TO THE COMPANY AN OPINION OF COUNSEL OF RECOGNIZED STANDING IN FORM AND SUBSTANCE SATISFACTORY TO THE COMPANY TO SUCH EFFECT.

THE PRESENCE OF THIS LEGEND MAY IMPAIR THE ABILITY OF THE HOLDER HEREOF TO EFFECT “GOOD DELIVERY” OF THE SECURITIES REPRESENTED HEREBY ON A CANADIAN STOCK EXCHANGE.”

### **Share Certificates**

2.21 Except for such shareholders that may receive physical certificates representing Amalco Shares pursuant to Section 2.20 or that are subject to escrow restrictions as contemplated by Section 2.19, as soon as practicable after the Effective Date and in accordance with normal commercial practice and this Part, Amalco shall issue or cause to be issued direct registration statements representing the appropriate number of Amalco Shares to the former SCR Shareholders and ShellCo Shareholders.

### **Fractional Shares**

2.22 No fractional Amalco Shares will be delivered to any SCR Shareholder or ShellCo Shareholder otherwise entitled thereto, any such fractions will be rounded down to the nearest whole number and no cash amount will be payable in lieu thereof. In calculating such fractional interests, all securities registered in the name of or beneficially held by such securityholder or their nominee shall be aggregated.

## **Part 3** **Covenants**

### **Mutual Covenants**

- 3.1 From the date of this Agreement until the earlier of the Effective Date and the termination of this Agreement in accordance with Part 9, except as otherwise expressly permitted or specifically contemplated by this Agreement, as set out in the SCR Disclosure Letter or as required by Applicable Laws, each of the Parties shall:
- (a) cause the Amalco Shares to be issued pursuant to the Proposed Transaction to be issuable as fully paid and non-assessable shares in the capital of Amalco, free and clear of any Encumbrance other than escrow restrictions as applicable pursuant to the policies of the Exchange and/or Applicable Canadian Securities Laws;
  - (b) carry on its business in a prudent and business-like manner in the ordinary course and in a manner consistent with its past practice;



- (c) not incur any indebtedness other than in the ordinary course of business consistent with its past practice, or as required in connection with the transactions contemplated by this Agreement;
- (d) not alter or amend its Constatng Documents as the same exist at the date of this Agreement, except as required in connection with the transactions contemplated by this Agreement;
- (e) take, or cause to be taken, all action and to do, or cause to be done, all other things necessary, proper or advisable under Applicable Laws to complete the Amalgamation, including using reasonable commercial efforts:
  - (i) to obtain all necessary consents, assignments, waivers and amendments to or terminations of any agreements and take such measures as may be appropriate to fulfill its obligations hereunder and to carry out the transactions contemplated hereby;
  - (ii) to effect all necessary registrations, filings and submissions of information requested by any Governmental Authority required to be effected by it in connection with the Amalgamation;
  - (iii) to obtain Exchange acceptance of the Proposed Transaction;
  - (iv) to oppose, lift or rescind any injunction or restraining or other order seeking to stop, or otherwise adversely affecting its ability to consummate, the Amalgamation and to defend, or cause to be defended, any proceedings to which it is a party or brought against it or its directors or officers challenging this Agreement, or the consummation of the transactions contemplated hereby; and
  - (v) to reasonably cooperate with the other Parties and their tax advisors in structuring the Amalgamation and other transactions contemplated to occur in conjunction with the Amalgamation in a tax effective manner and assist the other Parties and their tax advisors in making such investigations and enquiries with respect to such Parties in that regard, as the other Parties and its tax advisors shall consider necessary, acting reasonably;
- (f) not take any action that would render, or may reasonably be expected to render, any representation or warranty made by such Party in this Agreement untrue in any material respect;
- (g) obtain and maintain the third-party approvals required to effect the transactions contemplated by this Agreement and provide the same to the other Parties on or prior to the Effective Date;
- (h) cooperate in the preparation of an employee incentive plan which complies with the policies of the Exchange to govern any securities of Amalco issued to an employee as security-based compensation (the “**Amalco Incentive Plan**”);

- (i) cooperate in the preparation of the Listing Application, in a form mutually acceptable to the Parties, acting reasonably, and each Party shall provide the other Party with the necessary information in respect of it to ensure that the Listing Application provides information in compliance in all material respects with Exchange policies on the date of filing thereof;
- (j) complete the Amalgamation as soon as reasonably practicable, but in any event no later than the Outside Date;
- (k) except as provided in this Agreement, not amalgamate or consolidate with, or enter into any other corporate reorganization with, any other corporation or Person or perform any act or enter into any transaction or negotiation which, in the opinion of SCR or ShellCo acting reasonably, interferes or is inconsistent with the completion of the transactions contemplated hereby. Without limiting the foregoing, except as provided in this Agreement, none of the Parties shall (i) make any distribution by way of dividend, return of capital or otherwise to or for the benefit of its shareholders, (ii) subdivide, consolidate or reclassify their share capital, or (iii) issue any of its shares or other securities convertible into shares or enter into any commitment or agreement (other than on the exercise of convertible securities) except pursuant to the consent of the other party or pursuant to the Concurrent Financing;
- (l) furnish to the other Parties such information, in addition to the information contained in this Agreement, relating to its financial condition, business, properties and affairs as may reasonably be requested by another Party, which information shall be true and complete in all material respects and shall not contain an untrue statement of any Material Fact or omit to state any Material Fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances in which they are made, not misleading and will notify the other Parties of any significant development or Material Change relating to it promptly after becoming aware of any such development or change;
- (m) promptly notify the other Parties in writing of any change in any representation or warranty provided in this Agreement which change is or may be of such a nature as to render any representation or warranty misleading or untrue in any material respect and the Parties shall in good faith discuss with the other Parties such change in circumstances (actual, anticipated, contemplated, or to its knowledge, threatened) which is of such a nature that there may be a reasonable question as to whether notice need to be given to the other Parties pursuant to this Section 3.1(m);
- (n) promptly notify the other Parties in writing of any material breach by such Party of any covenant, obligation or agreement contained in this Agreement; and
- (o) not, directly or indirectly, solicit, initiate, assist, facilitate, promote or knowingly encourage the initiation of proposals or offers from, entertain or enter into discussions or negotiations with any Person other than the other Parties hereto, with respect to any amalgamation, merger, consolidation, arrangement, restructuring, sale of any material assets or part thereof of such Party, unless such action, matter

or transaction is part of the transactions contemplated in this Agreement or is required as a result of the duties of directors and officers of the applicable Party in compliance with Applicable Laws.

### **Additional Covenants of ShellCo**

- 3.2 From the date of this Agreement until the earlier of the Effective Date and the termination of this Agreement in accordance with Part 9, except as expressly permitted or specifically contemplated by this Agreement or required by Applicable Laws, ShellCo covenants and agrees that:
- (a) it shall use its reasonable commercial efforts to satisfy or cause the satisfaction of the conditions set forth in Section 7.1 and Section 7.3 as soon as reasonably practicable, to the extent the fulfillment of the same is within the control of ShellCo;
  - (b) it shall use reasonable commercial efforts to seek shareholder approval of the ShellCo Resolution, together with such matters as are required to effect the ShellCo Resolution, and complete the transactions contemplated therein;
  - (c) it shall not take any action contrary to or in opposition to the Proposed Transaction;
  - (d) it shall not have incurred or otherwise accepted liability for any contractual obligation, liability or expense out of the ordinary course of its business, other than a contractual obligation, liability or expense of ShellCo directly related to the Proposed Transaction;
  - (e) it shall not, nor shall it enter into any agreement to, issue, sell, grant, pledge, lease, dispose of, or encumber, or create any Encumbrance on, any shares of, or any options, warrants, calls, conversion privileges or rights of any kind to acquire ShellCo Shares;
  - (f) it shall use reasonable commercial efforts to cause ShellCo Shareholders to enter into escrow or lock-up agreements if so required by the Exchange policies; and
  - (g) it shall cooperate with SCR to complete the Proposed Transaction.

### **Additional Covenants of SCR**

- 3.3 From the date of this Agreement until the earlier of the Effective Date and the termination of this Agreement in accordance with Part 9, except as expressly permitted or specifically contemplated by this Agreement or required by Applicable Laws, SCR covenants and agrees that:
- (a) it shall use its reasonable commercial efforts to satisfy or cause the satisfaction of the conditions set forth in Section 7.1 and Section 7.2 as soon as reasonably practicable, to the extent the fulfillment of the same is within the control of SCR;

- (b) it shall use reasonable commercial efforts to seek shareholder approval of the SCR Resolution, together with such matters as are required to effect the SCR Resolution, and complete the transactions contemplated therein;
- (c) it shall hold, or maintain valid options to acquire, all of the rights and interest in and to the Royalties;
- (d) it shall use reasonable commercial efforts to complete the Concurrent Financing for aggregate proceeds and for any remaining distribution requirements which are sufficient to satisfy the minimum listing requirements of the Exchange;
- (e) it shall not, directly or indirectly, issue, sell, grant, lease, dispose of, encumber or create any Encumbrance, or agree to issue, sell, grant, pledge, lease, dispose of, or encumber, or create any Encumbrance on, any shares of, or any options, warrants, calls, conversion privileges or rights of any kind to acquire SCR Shares other than in connection with the Concurrent Financing;
- (f) the latest available financial statements of SCR shall meet the requirements for listing on the Exchange and as may be required under Applicable Canadian Securities Laws and in particular the interim unaudited financial statements of SCR for the period ended March 31, 2024 shall be reviewed by SCR's auditor;
- (g) it shall not take any action contrary to or in opposition to the Proposed Transaction;
- (h) if required by Applicable Law, it shall have received consents from SCR nominees to act as directors of Amalco with effect as of the Effective Date and take all other necessary action to cause the board of directors to be comprised of the New Slate;
- (i) it shall use reasonable commercial efforts to cause SCR Shareholders to enter into escrow or lock-up agreements if so required by the Exchange policies;
- (j) cause Amalco to provide and maintain reasonable directors and officers insurance in favour of the former directors and officers of ShellCo; and
- (k) it shall cooperate with ShellCo to complete the Proposed Transaction.

#### **Part 4**

#### **Representations and Warranties**

#### **Representations and Warranties of ShellCo**

- 4.1 ShellCo represents and warrants to SCR as follows, and acknowledges that SCR is relying upon such representations and warranties in connection with the matters contemplated by this Agreement:
- (a) ShellCo has good and sufficient right and authority to enter into this Agreement and carry out its intentions hereunder;

- (b) ShellCo is duly incorporated under the BCBCA, is currently in good standing, has all corporate powers required to carry on its business as now conducted and is not subject to any regulatory decision or order prohibiting or restricting trading in its shares;
- (c) ShellCo is a “reporting issuer” (as such term is defined in the Securities Act) in good standing in British Columbia and Alberta and has not been placed on the list of defaulting issuers as maintained by the securities commissions of such jurisdictions;
- (d) ShellCo is authorized to issue no maximum number of ShellCo Shares, of which 5,350,000 ShellCo Shares are issued and outstanding;
- (e) there are no other shares, options, warrants, convertible notes or debentures, agreements, documents, instruments or other writings of any kind whatsoever which constitute a “security” of ShellCo (as that term is defined in the Securities Act) and, except as provided in this Agreement, ShellCo has no agreements or commitments of any character whatsoever convertible into, or exchangeable or exercisable for or otherwise requiring the issuance, sale or transfer by ShellCo of any ShellCo Shares or any securities convertible into, or exchangeable or exercisable for, or otherwise evidencing a right to acquire, any ShellCo Shares;
- (f) there are no outstanding actions, suits, litigations, judgments, investigations, Claims, complaints, grievances or proceedings of any kind whatsoever, including appeals and applications for review, in progress, against or affecting ShellCo at law or in equity or before or by any court, arbitration panel or Governmental Authority which, if determined, would materially and adversely affect ShellCo, nor are there, to its knowledge, any such matters pending or threatened;
- (g) this Agreement is a binding agreement on ShellCo, enforceable against it in accordance with its terms and conditions (subject to such limitations and prohibitions as may exist or may be enacted in applicable laws relating to bankruptcy, insolvency, liquidation, moratorium, reorganization, arrangement or winding-up and other laws, rules and regulations of general application affecting the rights, powers, privileges, remedies and/or interests of creditors generally, and except as limited by the application of equitable principles when equitable remedies are sought and by the fact that rights to waiver, indemnity and contribution, and the ability to sever unenforceable terms, may be limited by applicable law);
- (h) ShellCo is not a party to any Material Contracts other than this Agreement;
- (i) neither the execution and delivery of this Agreement, nor the consummation of the Amalgamation, will conflict with or result in any breach of any of the terms or provisions of, or constitute a default under, any of the Material Contracts or the Constatng Documents of ShellCo, director or shareholder minutes of ShellCo, any agreement or instrument to which ShellCo is a party or by which ShellCo is bound, or any order, decree, statute, regulation, covenant or restriction applicable to ShellCo;

- (j) ShellCo has no liabilities, obligations or indebtedness (whether accrued, absolute, contingent or otherwise) of any kind whatsoever, and, there is no basis for assertion against ShellCo of any liabilities, obligations or indebtedness (whether accrued, absolute, contingent or otherwise) of any kind, other than liabilities disclosed or reflected in the financial statements of ShellCo, incurred in the ordinary course of business following the dates of the most recent financial statements of ShellCo or for professional fees accrued but not yet invoiced, and ShellCo has not granted general security over its assets or security in any particular asset;
- (k) the financial statements of ShellCo are prepared in accordance with IFRS and present fairly, in all material respects, the financial position of ShellCo as at such date, and do not omit to state any Material Fact that is required by Applicable Laws to be stated or reflected therein or which is necessary to make the statements contained therein not misleading;
- (l) ShellCo has no loan or other indebtedness outstanding which has been made to or from any of its shareholders, officers, directors or employees, past or present, or any Person not dealing at “arm’s length” (as such term is defined in the ITA);
- (m) ShellCo has never had any employees and it is a party to no written or verbal contracts of employment;
- (n) there has never been a “disagreement” (within the meaning of National Instrument 51-102 – *Continuous Disclosure Obligations*) with the past or present auditors of ShellCo;
- (o) the documents and materials comprising the Public Record of ShellCo are, to ShellCo’s knowledge, in all material respects accurate and up to date and contain no misrepresentation, nor omit any facts, the omission of which makes the Public Record or any particulars therein, materially misleading or incorrect;
- (p) the information in the Listing Application relating to ShellCo will be true, correct and complete in all material respects and not contain any untrue statement of any Material Fact, nor omit to state any Material Fact required to be stated therein or necessary in order to make the statements therein not misleading in light of the context in which they are to be made;
- (q) ShellCo is not subject to any cease trade or other order of any applicable federal, state and provincial securities commissions and/or other securities regulators in Canada and the United States, including the Securities and Exchange Commission, and any stock exchanges or other self-regulatory agencies having authority over ShellCo and SCR, including the Exchange (each a “**Securities Regulatory Authority**”) and, to the knowledge of ShellCo, no investigation or other proceedings involving ShellCo that may operate to prevent or restrict trading of any securities of ShellCo are currently in progress or pending before any applicable Securities Regulatory Authority;
- (r) ShellCo is up to date and current with all filings and fees required by the securities commissions of British Columbia and Alberta and all such filings were true and

accurate in all material respects as at the respective dates thereof and ShellCo has not filed any confidential material change reports;

- (s) ShellCo has promptly made all required tax filings and to the knowledge of ShellCo no such tax filings are currently outstanding;
- (t) the Corporate Records of ShellCo are complete and accurate in all material respects and all corporate proceedings and actions reflected in the Corporate Records have been conducted or taken in compliance with all Applicable Laws and with the Constatng Documents of ShellCo. Without limiting the generality of the foregoing, in respect of the Corporate Records of ShellCo (i) the minute books contain complete and accurate minutes of all meetings of the directors and shareholders held since incorporation and all such meetings were properly called and held, (ii) the minute books contain all resolutions passed by the directors and shareholders (and committees, if any) and all such resolutions were properly passed, (iii) the share certificate books, register of shareholders and register of transfers are complete and accurate, all transfers have been properly completed and approved and any tax payable in connection with the transfer of any securities has been paid, and (iv) the registers of directors and officers are complete and accurate and all former and present directors and officers were properly elected or appointed, as the case may be;
- (u) no proceedings have been taken, are pending or authorized by ShellCo or by any other Person, in respect of the bankruptcy, insolvency, liquidation or winding up of ShellCo;
- (v) as at the date hereof, there are no reasonable grounds for believing that any creditor of ShellCo will be prejudiced by the Amalgamation;
- (w) as at the date hereof, ShellCo has no subsidiaries;
- (x) there are no agreements, covenants, undertakings, rights of first refusal or other commitments of ShellCo or any instruments binding on it or its assets:
  - (i) which would preclude it from entering into this Agreement;
  - (ii) under which the Amalgamation would have the effect of imposing restrictions or obligations on Amalco greater than those imposed upon ShellCo;
  - (iii) which would give a third party, as a result of the transactions contemplated in this Agreement, the right to terminate any material agreement to which ShellCo is a party or to purchase any of ShellCo's or Amalco's assets; or
  - (iv) which would impose restrictions on the ability of Amalco:
    - (A) to carry on any business which it might choose to carry on within any geographical area;

- (B) to acquire property or dispose of its property and assets as an entirety;
  - (C) to pay dividends, redeem shares or make other distributions to its shareholders;
  - (D) to borrow money or to mortgage and pledge its property as security therefore; or
  - (E) to change its corporate status;
- (y) ShellCo is not a party to any agreement, nor is ShellCo aware of any agreement, which in any manner affects the voting control of any of the ShellCo Shares or other securities of ShellCo; and
- (z) all information supplied by ShellCo or its representatives to SCR in the course of SCR's due diligence review in respect of the transactions contemplated by this Agreement, is accurate and correct in all material respects, except as would not reasonably be expected to have a Material Adverse Effect.

### **Representations and Warranties of SCR**

4.2 SCR represents and warrants to ShellCo as follows, and acknowledges that ShellCo is relying upon such representations and warranties in connection with the matters contemplated by this Agreement:

- (a) it has good and sufficient right and authority to enter into this Agreement and carry out its intentions hereunder;
- (b) it is duly incorporated under the OBCA and is currently in good standing, and is not subject to any regulatory decision or order prohibiting or restricting trading in its shares;
- (c) SCR has full corporate power, capacity and authority and is duly qualified, licensed or registered to or possesses all material certificates, authority, permits and licenses issued by the appropriate Governmental Authority to undertake and conduct its Business as now conducted by it, and as proposed to be conducted, in all jurisdictions in which the nature of SCR's assets or Business makes such qualification necessary, and it conducts its Business in compliance in all material respects with such certificates, authorities, permits or licenses and has not received any notice of proceedings related to the revocation or modification of any such certificate, authority, permit or license which, singly or in the aggregate, if the subject of an unfavourable decision, order, finding or ruling, would materially and adversely affect the conduct of the Business, operations, financial condition or income of SCR;
- (d) it is authorized to issue an unlimited number of SCR Shares and immediately prior to Closing but excluding any SCR Shares issued under the Concurrent Financing, there will be 33,444,727 SCR Shares issued and outstanding and no other SCR



Shares issued or outstanding. All SCR Shares will be duly issued in compliance with all Applicable Laws including, without limitation, Applicable Canadian Securities Laws;

- (e) other than: (a) 1,325,000 SCR RSUs; (b) 12,460,113 SCR Warrants; (c) 10,000,000 SCR Royalty Warrants; and (d) the securities which may be issued in connection with the Concurrent Financing, there are no other shares, options, warrants, convertible notes or debentures, agreements, documents, instruments or other writings of any kind whatsoever which constitute a “security” of SCR (as that term is defined in the Securities Act) and SCR has no agreements or commitments of any character whatsoever convertible into, or exchangeable or exercisable for or otherwise requiring the issuance, sale or transfer by SCR of any SCR Shares or any securities convertible into, or exchangeable or exercisable for, or otherwise evidencing a right to acquire, any SCR Shares;
- (f) other than Argentum Royalties, SCR has no subsidiaries, and SCR is not a partner, co-tenant, joint venture or otherwise in any partnership, co-tenancy or other similarly joint owned business;
- (g) SCR is not a “reporting issuer” nor an associate of a “reporting issuer” (as such term is defined in the Securities Act) and SCR Shares do not trade on any exchange;
- (h) SCR is not an emerging market issuer as defined under the policies of the Exchange;
- (i) there are no outstanding actions, suits, litigations, judgments, investigations, Claims, complaints, grievances or proceedings of any kind whatsoever, including appeals and applications for review, in progress, against or affecting SCR at law or in equity or before or by any court, arbitration panel or Governmental Authority which, if determined, would have a Material Adverse Effect on SCR, nor are there, to its knowledge, any pending or threatened;
- (j) this Agreement is a binding agreement on SCR, enforceable against it in accordance with its terms and conditions (subject to such limitations and prohibitions as may exist or may be enacted in applicable laws relating to bankruptcy, insolvency, liquidation, moratorium, reorganization, arrangement or winding-up and other laws, rules and regulations of general application affecting the rights, powers, privileges, remedies and/or interests of creditors generally, and except as limited by the application of equitable principles when equitable remedies are sought and by the fact that rights to waiver, indemnity and contribution, and the ability to sever unenforceable terms, may be limited by applicable law);
- (k) Schedule 4.2(k) of the SCR Disclosure Letter provides a complete and accurate list of all Material Contracts of SCR. Each of the Material Contracts constitutes a valid and legally binding obligation of SCR, enforceable against it in accordance with its terms and conditions (subject to such limitations and prohibitions as may exist or may be enacted in applicable laws relating to bankruptcy, insolvency, liquidation, moratorium, reorganization, arrangement or winding-up and other laws, rules and

regulations of general application affecting the rights, powers, privileges, remedies and/or interests of creditors generally, and except as limited by the application of equitable principles when equitable remedies are sought and by the fact that rights to waiver, indemnity and contribution, and the ability to sever unenforceable terms, may be limited by applicable law);

- (l) neither the execution and delivery of this Agreement, nor the consummation of the Amalgamation, will conflict with or result in any breach of any of the terms or provisions of, or constitute a default under, the Material Contracts, the Constatting Documents of SCR, director or shareholder minutes of SCR, any agreement or instrument to which SCR is a party or by which SCR is bound, or any order, decree, statute, regulation, covenant or restriction application to SCR, in each case which would, individually or in the aggregate, have a Material Adverse Effect on SCR;
- (m) SCR is not in material default under any Material Contract to which it is a party and there has not occurred any event which, with the lapse of time or giving of notice or both, would constitute a default under any Material Contract by SCR, as applicable. Each Material Contract is in full force and effect, unamended by written or oral agreement, and SCR is entitled to the full benefit and advantage of each Material Contract in accordance with its terms. SCR has not received any notice of a default by SCR or a dispute between SCR and any other party in respect of any Material Contract;
- (n) SCR has no liabilities, obligations or indebtedness (whether accrued, absolute, contingent or otherwise) of any kind whatsoever, and, there is no basis for assertion against SCR of any liabilities, obligations or indebtedness (whether accrued, absolute, contingent or otherwise) of any kind, other than liabilities disclosed or reflected in or provided for in SCR Financial Statements or incurred in the ordinary course of business following the dates of SCR Financial Statements;
- (o) SCR Financial Statements are prepared in accordance with IFRS and present fairly, in all material respects, the financial position of SCR as at such date, and do not omit to state any Material Fact that is required by Applicable Laws to be stated or reflected therein or which is necessary to make the statements contained therein not misleading;
- (p) the SCR Financial Statements are not required under Applicable Canadian Securities Laws to include carve out financial statements relating to the properties in which it holds a royalty interest;
- (q) since the date of the most recent SCR Financial Statements, other than as disclosed in Schedule 4.2(q) of the SCR Disclosure Letter, SCR has carried on its Business and conducted its operations and affairs only in the ordinary course;
- (r) other than as disclosed in Schedule 4.2(r) of the SCR Disclosure Letter, there are currently no plans for retirements, bonus, stock purchase, profit sharing, stock option, deferred compensation, severance or termination pay, insurance, medical, hospital, dental, vision care, drug, sick leave, disability, salary continuation, legal

benefits, unemployment benefits, vacation, incentive or otherwise contributed to or required to be contributed to, by SCR for the benefit of any current or former director, officer, employee or consultant of SCR;

- (s) SCR either currently has in place or will use commercially reasonable efforts to ensure that policies of insurance will be put in place shortly after Closing naming SCR as an insured that adequately cover all risks as are customarily covered in the industry in which SCR operates. SCR's assets will be insured in such amounts and against such risks to adequately cover all risks as are customarily covered by companies in the industry in which SCR operates. SCR will use commercially reasonable efforts to ensure that there is adequate insurance coverage as may be required by any Material Contract (collectively the "**SCR Insurance**").
- (t) other than as set out Schedule 4.2(t) of the SCR Disclosure Letter or the SCR Financial Statements, SCR has no liabilities, obligations or indebtedness (whether accrued, absolute, contingent or otherwise) of any kind whatsoever, and, to the knowledge of SCR there is no basis for assertion against SCR of any liabilities, obligations or indebtedness (whether accrued, absolute, contingent or otherwise) of any kind, other than liabilities disclosed or reflected in SCR Financial Statements, incurred in the ordinary course of business following the dates of the most recent SCR Financial Statements or for professional fees accrued but not yet invoiced and SCR has not granted general security over its assets or security in any particular asset;
- (u) the information in the Listing Application relating to SCR will be true, correct and complete in all material respects and will not contain any untrue statement of any Material Fact, nor omit to state any Material Fact required to be stated therein or necessary in order to make the statements therein not misleading in light of the context in which they are to be made;
- (v) after completion of the Concurrent Financing and immediately prior to the Amalgamation, no non-resident of Canada (as such term is defined in the ITA) nor any group of non-resident persons, each member of which does not deal at arm's length with the other members, either individually or collectively, will hold over 50% of the voting shares of SCR or the Resulting Issuer as a result of the Amalgamation or as part of a subsequent transaction or series of transactions that includes the Amalgamation;
- (w) SCR has no outstanding taxes due and payable and there exist no facts or circumstances which may reasonably be expected to result in the issuance of assessment or reassessment of tax that could have a Material Adverse Effect;
- (x) SCR has duly and on a timely basis prepared and filed all tax returns required to be filed by it prior to the date hereof and such returns and documents are complete and correct. SCR has no knowledge of any contingent tax liabilities or any ground which would prompt an assessment or reassessment of any of such returns or reports, including aggressive treatment of income and expenses in filing any tax returns. Complete and correct copies of all such returns and other documents filed

in respect of the last fiscal year ending prior to the date hereof have been provided to ShellCo prior to the date hereof;

- (y) the Corporate Records of SCR are complete and accurate in all material respects and all corporate proceedings and actions reflected in the Corporate Records have been conducted or taken in compliance with all Applicable Laws and with the Constatng Documents of SCR. Without limiting the generality of the foregoing, in respect of the Corporate Records of SCR (i) the minute books contain complete and accurate minutes of all meetings of the directors and shareholders held since incorporation and all such meetings were properly called and held, (ii) the minute books contain all resolutions passed by the directors and shareholders (and committees, if any) and all such resolutions were properly passed, (iii) the share certificate books, register of shareholders and register of transfers are complete and accurate, all transfers have been properly completed and approved and any tax payable in connection with the transfer of any securities has been paid, and (iv) the registers of directors and officers are complete and accurate and all former and present directors and officers were properly elected or appointed, as the case may be;
- (z) no proceedings have been taken, are pending or authorized by SCR or by any other Person, in respect of the bankruptcy, insolvency, liquidation or winding up of SCR;
- (aa) as at the date hereof there are no reasonable grounds for believing that any creditor of SCR will be prejudiced by the Amalgamation;
- (bb) to the knowledge of SCR, after due inquiry, all the properties in which SCR have any freehold, leasehold, licence or other interest are free and clear of any hazardous or toxic material, pollution, or other adverse environmental conditions which may give rise to any and all Claims (including, without limitation, attorneys' fees and costs, experts' fees and costs, and consultant's fees and costs) of any kind or of any nature whatsoever that are asserted against SCR alleging liability (including, without limitation, liability for studies, testing or investigatory costs, cleanup costs, response costs, removal costs, remediation costs, contaminant 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 (i) the presence, release, threatened release, discharge or emission into the environment of any hazardous materials or substances existing or arising on, beneath or above properties and/or emanating or migrating and/or threatening to emanate or migrate from such properties to off-site properties; (ii) physical disturbance of the environment; and (iii) the violation or alleged violation of all Applicable Laws aimed at reclamation or restoration of such properties; abatement of pollution; protection of the environment, protection of wildlife, including endangered species; ensuring public safety from environmental hazards; protection of cultural and historic resources; management, storage or control of hazardous materials and substances; releases or threatened releases of pollutants, contaminants, chemicals or industrial, toxic or hazardous substances as wastes into the environment, including without limitation, ambient air, surface water and groundwater; and all other Environmental Laws; and to the knowledge

of SCR, after due inquiry, all Environmental Approvals required pursuant to Environmental Laws with respect to activities carried out on any part of the lands covered by such properties, have been obtained, are valid and in full force and effect and have been complied with; and there are no proceedings commenced or threatened to revoke or amend any such Environmental Approvals;

- (cc) other than as set out in Schedule 4.2(cc) of the SCR Disclosure Letter, SCR does not have any loan or other indebtedness outstanding which has been made to any of its shareholders, officers, directors or employees, past or present, or any Person not dealing at “arm’s length” (as such term is defined in the ITA);
- (dd) to the knowledge of SCR, SCR has been and is being operated in compliance, in all material respects, with Applicable Laws relating to employment, including employment standards, occupational health and safety, human rights, labour relations, workers compensation, pay equity and employment equity and SCR has not received notice of any outstanding assessments, penalties, fines, liens, charges, surcharges, or other amounts due or owing pursuant to any workers’ compensation legislation and SCR has not been reassessed in any material respect under such legislation;
- (ee) except as disclosed in SCR Financial Statements, SCR is not party to any loan, bond, debenture, promissory note or other instrument evidencing indebtedness (demand or otherwise) for borrowed money (each a “**Debt Instrument**”) or any agreement contract or commitment to create, assume or issue any Debt Instrument;
- (ff) there are no agreements, covenants, undertakings, rights of first refusal or other commitments of SCR or any instruments binding on their assets:
  - (i) which would preclude SCR from entering into this Agreement;
  - (ii) under which the Amalgamation would have the effect of imposing restrictions or obligations on Amalco greater than those imposed upon SCR;
  - (iii) which would give a third party, as a result of the transactions contemplated in this Agreement, the right to terminate any material agreement to which SCR is a party or to purchase any of SCR’s or Amalco’s assets; or
  - (iv) which would impose restrictions on the ability of Amalco:
    - (A) to carry on any business which it might choose to carry on within any geographical area except pursuant to area of interest restrictions in existing contracts;
    - (B) to acquire property or dispose of its property and assets as an entirety except pursuant to area of interest restrictions in existing contracts;
    - (C) to pay any dividends, redeem shares or make other distributions to its shareholders;

- (D) to borrow money or to mortgage and pledge its property as security therefor; or
- (E) to change its corporate status;
- (gg) SCR has not received written notice, correspondence or warning of any alleged violation, offence or breach of, and to the knowledge of SCR, is not under investigation or subject to any Action or complaint with respect to and has not been threatened to be charged with or notified of any alleged violation, offence or breach of, any Applicable Law, or any other applicable licences and permits issued by any applicable Governmental Authority, any Applicable Laws relating in whole or in part to information privacy, personal information, employment, employment practices, labour (including pay equity and wages, termination and severance, and unfair labour practice), health and safety and/or Environmental Laws, laws relating to bribery of the foreign public officials (including the *Corruption of Foreign Public Officials Act*) and anti-money laundering and proceeds of crime legislation (including the *Proceeds of Crime (Money Laundering) Act*), in each case except as would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect with respect to SCR;
- (hh) SCR has made available, or caused to be made available, to ShellCo true and correct copies of the agreements, contracts, instruments and other documents relating to the Royalties, including all material amendments or modifications thereto (“**Royalty Title and Operating Documents**”). Except as set out in Schedule 4.2(hh) of the SCR Disclosure Letter, to the knowledge of SCR, no other party to the Royalty Title and Operating Documents is in default of any obligation under the Royalty Title and Operating Documents, which would reasonably be considered to be a material default thereunder. Except as would not have a Material Adverse Effect, except as set out in Schedule 4.2(hh) of the SCR Disclosure Letter no operator has withheld, failed to pay, or threatened to not make payment of any material amount in respect of any period for which such payment is or was required to be made under any Royalty Title and Operating Document. There are no outstanding disagreements with respect to the calculation of any material payment under any Royalty Title and Operating Document.
- (ii) other than as disclosed in SCR Financial Statements, or in connection with the Concurrent Financing and the transaction contemplated by this Agreement, SCR does not have any responsibility or obligation to pay any commission, royalty, licence, fee or similar payment to any Person;
- (jj) SCR is exempt from any requirement to file a technical report under NI 43-101 in respect of any mineral properties in which it holds a royalty interest;
- (kk) at the Effective Time, SCR will have good and valid title to all material real estate and personal property owned or leased by it, free and clear of any Encumbrances, except as would not have a Material Adverse Effect with respect to SCR.

- (ll) except as disclosed herein, SCR is not subject to any obligation to make any investment in or to provide funds by way of loan, capital contribution or otherwise to any Person;
- (mm) SCR is not a party to or bound or affected by any commitment, agreement or document containing any covenant which expressly limits the freedom of SCR to compete in any line of business, or to transfer or move any of its assets or operations or which materially or adversely affects the business practices, operations or condition of SCR or which would prohibit or restrict SCR from entering into and completing the Amalgamation;
- (nn) SCR is not aware of any pending or contemplated change to any Applicable Law or governmental position that would materially affect the Business taken as a whole or the legal environments under which SCR operates;
- (oo) SCR is not a party to any agreement, nor is SCR aware of any agreement, which in any manner affects the voting control of any of SCR Shares or other securities of SCR; and
- (pp) SCR is not subject to any cease trade or other order of the Securities Regulatory Authority and, to the knowledge of SCR, no investigation or other proceedings involving SCR that may operate to prevent or restrict trading of any securities of SCR are currently in progress or pending before any application Securities Regulatory Authority.

### **Survival of Representation and Warranties**

- 4.3 The representations and warranties herein shall survive the performance of the Parties respective obligations hereunder and the termination of this Agreement but shall expire and be terminated and extinguished at the Effective Date.

## **Part 5** **Agreements**

### **SCR Resolution**

- 5.1 As promptly as practical following the execution of this Agreement and in compliance with Applicable Laws (including Applicable Canadian Securities Laws and applicable corporate laws), SCR shall:
- (a) take all actions necessary to call and properly hold a meeting of SCR Shareholders (the “**SCR Shareholders Meeting**”) as promptly as practical to consider the SCR Resolution;
  - (b) prepare an information circular in the form and containing the information required by all Applicable Laws, including the Applicable Canadian Securities Laws and all applicable corporate laws, and not containing any misrepresentation with respect thereto, other than with respect to any information relating to and provided by ShellCo;

- (c) provide ShellCo with adequate time to review and comment on the information circular to be sent to SCR Shareholders in connection with the SCR Shareholders Meeting;
- (d) take all commercially reasonable lawful action to solicit proxies in favour of the Amalgamation; and
- (e) promptly advise ShellCo of any material communication (written or oral) from or Claims brought by (or threatened to be brought by) any Dissenting Shareholder in opposition to the Amalgamation.

### **ShellCo Resolution**

5.2 As promptly as practical following the execution of this Agreement and in compliance with Applicable Laws (including Applicable Canadian Securities Laws and applicable corporate laws), ShellCo shall:

- (a) take all actions necessary to call and properly hold a meeting of ShellCo Shareholders (the “**ShellCo Shareholders Meeting**”) as promptly as practical to consider the ShellCo Resolution unless it otherwise obtains a written resolution of all of the ShellCo Shareholders approving the ShellCo Resolution;
- (b) if applicable, prepare an information circular in the form and containing the information required by all Applicable Laws, including the Applicable Canadian Securities Laws and all applicable corporate laws, and not containing any misrepresentation with respect thereto, other than with respect to any information relating to and provided by SCR;
- (c) if applicable, provide SCR with adequate time to review and comment on the information circular to be sent to ShellCo Shareholders in connection with the ShellCo Shareholders Meeting;
- (d) if applicable, take all commercially reasonable lawful action to solicit proxies in favour of the Continuance and Amalgamation; and
- (e) if applicable, promptly advise SCR of any material communication (written or oral) from or Claims brought by (or threatened to be brought by) any Dissenting Shareholder in opposition to the Continuance or the Amalgamation.

### **Proposed Transaction**

5.3 SCR and ShellCo shall:

- (a) as soon as practicable apply to the Exchange and diligently seek the approval of the Exchange for the Proposed Transaction and the listing of the Amalco Shares;
- (b) as soon as practicable deliver to the Exchange the Listing Application as contemplated by this Agreement; and



- (c) use their reasonable commercial efforts to consummate the transactions contemplated by this Agreement.

### **Listing Application**

- 5.4 As soon as practicable following the execution of this Agreement, and in compliance with Applicable Laws (including Applicable Canadian Securities Laws) and the policies of the Exchange:
- (a) SCR and ShellCo shall cooperate in the preparation of the Listing Application, in a form mutually acceptable to the Parties, acting reasonably, and each Party shall provide the other Party with the necessary information in respect of it to ensure that the Listing Application provides information in compliance in all material respects with Exchange policies on the date of filing thereof; and
  - (b) SCR and ShellCo shall make commercially reasonable efforts to cause the Listing Application to be filed with applicable regulatory authorities in all jurisdictions where the same is required to be filed.

### **Preparation of Filings**

- (c) SCR and ShellCo shall cooperate in the taking of all such action as may be required under the BCBCA, the OBCA, Applicable Canadian Securities Laws, Exchange policies and other Applicable Laws in connection with the transactions contemplated by this Agreement.
- (d) Each of SCR and ShellCo shall promptly furnish to the other all information concerning it as may be required for the effectuation of the actions described in this Agreement and the provisions of this Section 5.4.

### **Concurrent Financing**

- 5.5 SCR will use commercially reasonable efforts to complete the Concurrent Financing prior to the Effective Date. Pursuant to the Concurrent Financing, SCR will issue Subscription Receipts at an issuance price of \$0.50 per Subscription Receipt. Subject to the satisfaction or waiver of the Escrow Conditions, each Subscription Receipt will automatically convert into one SCR Unit prior to the Effective Time in accordance with their terms on the basis of one SCR Unit for each outstanding Subscription Receipt.
- 5.6 SCR may pay cash fees in connection with the Concurrent Financing.
- 5.7 The Parties will co-operate to structure and complete the Concurrent Financing in such a way to ensure that the Resulting Issuer meets the Exchange's distribution requirements and

the Parties understand and agree that the Concurrent Financing will be the mechanism by which such distribution requirements are met.

## **Part 6** **Indemnification**

### **Indemnification by SCR**

6.1 Subject to Section 6.3, SCR hereby covenants and agrees with ShellCo, and its directors, officers, employees, agents, advisors and representatives (the Persons being indemnified by SCR are hereinafter individually referred to as the “**ShellCo Indemnified Party**”), to indemnify and save harmless the ShellCo Indemnified Parties from and against any and all Claims which may be suffered or incurred by the ShellCo Indemnified Parties as a result of, or arising out of:

- (a) any non-fulfillment of any covenant or agreement on the part of the Indemnifying Party under this Agreement; or
- (b) any incorrectness in or breach of any representation or warranty of the Indemnifying Party contained in this Agreement,

except that SCR shall not be liable in any such case to the extent that any such Claims arise out of or are based upon the fraud, negligence or willful misconduct of a ShellCo Indemnified Party or the material non-compliance by a ShellCo Indemnified Party with any requirement of Applicable Laws in connection with the transactions contemplated by this Agreement.

### **Indemnification by ShellCo**

6.2 Subject to Section 6.3, ShellCo hereby covenants and agrees with SCR and its directors, officers, employees, agents, advisors and representatives (the Persons being indemnified by ShellCo are hereinafter individually referred to as the “**SCR Indemnified Party**”), to indemnify and save harmless SCR Indemnified Parties from and against any and all Claims which may be suffered or incurred by SCR Indemnified Parties as a result of, or arising out of:

- (a) any non-fulfillment of any covenant or agreement on the part of the Indemnifying Party under this Agreement; or
- (b) any incorrectness in or breach of any representation or warranty of the Indemnifying Party contained in this Agreement,

except that ShellCo shall not be liable in any such case to the extent that any such Claims arise out of or are based upon the fraud, negligence or willful misconduct of a SCR Indemnified Party or the material non-compliance by a SCR Indemnified Party with any requirement of Applicable Laws in connection with the transactions contemplated by this Agreement.

## Limitation on Indemnification

- 6.3 The indemnification obligations of SCR pursuant to Section 6.1 and the indemnification obligations of ShellCo pursuant to Section 6.2 (each an “**Indemnifying Party**”) shall be subject to the following:
- (a) the Claim shall have been made in writing in accordance with Section 6.4 within one year of the Effective Date; and
  - (b) an Indemnifying Party shall not be required to indemnify a ShellCo Indemnified Party or a SCR Indemnified Party, as applicable (each an “**Indemnified Party**”) until the aggregate Claims sustained by that Indemnified Party exceeds a value of \$50,000, in which case, the Indemnifying Party shall be obligated to the Indemnified Party for all Claims.

## Procedure for Indemnification

- 6.4 The following provisions shall apply to any Claims for which the Indemnifying Party may be obligated to indemnify an Indemnified Party pursuant to this Agreement:
- (a) upon receipt from a third party by the Indemnified Party of notice of a Claim or the Indemnified Party becoming aware of any Claims in respect of which the Indemnified Party proposes to demand indemnification from the Indemnifying Party, the Indemnified Party shall give notice to that effect to the Indemnifying Party with reasonable promptness, provided that failure to give such notice shall not relieve the Indemnifying Party from any liability it may have to the Indemnified Party except to the extent that the Indemnifying Party is prejudiced thereby;
  - (b) in the case of Claims arising from third parties, the Indemnifying Party shall have the right by notice to the Indemnified Party not later than 30 days after receipt of the notice described in Section 6.4(a) above to assume the control of the defense, compromise or settlement of the Claims, provided that such assumption shall, by its terms, be without costs to the Indemnified Party and the Indemnifying Party shall at the Indemnified Party’s request furnish it with reasonable security against any costs or other liabilities to which it may be or become exposed by reason of such defense, compromise or settlement;
  - (c) upon the assumption of control by the Indemnifying Party as aforesaid, the Indemnifying Party shall diligently proceed with the defense, compromise or settlement of the Claims at its sole expense, including employment of counsel reasonably satisfactory to the Indemnified Party and, in connection therewith, the Indemnified Party shall co-operate fully, but at the expense of the Indemnifying Party, to make available to the Indemnifying Party all pertinent information and witnesses under the Indemnified Party’s control, make such assignments and take such other steps as in the opinion of counsel for the Indemnifying Party are necessary to enable the Indemnifying Party to conduct such defense; provided always that the Indemnified Party shall be entitled to reasonable security from the Indemnifying Party for any expense, costs or other liabilities to which it may be or may become exposed by reason of such co-operation;

- (d) the final determination of any such Claims arising from third parties, including all related costs and expenses, will be binding and conclusive upon the Parties as to the validity or invalidity, as the case may be, of such Claims against the Indemnifying Party hereunder; and
- (e) should the Indemnifying Party fail to give notice to the Indemnified Party as provided in Section 6.4(b) above, the Indemnified Party shall be entitled to make such settlement of the Claims as in its sole discretion may appear reasonably advisable, and such settlement or any other final determination of the Claims shall be binding upon the Indemnifying Party.

### **Sole Remedy**

- 6.5 No Party may make any Claim against any other Party except by making a Claim pursuant to and in accordance with the provisions of this Part 6; provided, however, that if the provisions of this Part 6 shall be invalid or unenforceable, the Parties shall have any other rights and remedies available to them under law or in equity.

## **Part 7** **Conditions Precedent**

### **Mutual Conditions Precedent**

- 7.1 The respective obligations of the Parties to consummate the transactions contemplated hereby, and in particular the completion of the Amalgamation, are subject to the satisfaction, on or before the Effective Date or such other time specified, of the following conditions:
- (a) the distribution of the securities of the Resulting Issuer issued in connection with the Proposed Transaction shall be exempt from the prospectus and registration requirements of applicable Canadian securities laws either by virtue of exemptive relief from the securities regulatory authorities of each of the provinces of Canada or by virtue of applicable exemptions under Canadian securities laws and shall not be subject to resale restrictions under applicable Canadian securities laws (other than as applicable to control persons or pursuant to section 2.6 of National Instrument 45-102);
  - (b) the Amalco Shares to be issued pursuant to the Proposed Transaction shall be issuable as fully paid and non-assessable shares in the capital of ShellCo, free and clear of any Encumbrance other than escrow restrictions pursuant to the policies of the Exchange and/or Applicable Canadian Securities Laws;
  - (c) absence of material adverse events affecting ShellCo, and absence of Material Adverse Changes in the condition (financial or otherwise) of the assets, liabilities, operations, earnings, business or prospects of ShellCo;
  - (d) absence of material adverse events affecting SCR, and absence of Material Adverse Changes in the condition (financial or otherwise) of the assets, liabilities, operations, earnings, business or prospects of SCR;

- (e) receipt by each of ShellCo and SCR of all necessary board, shareholder and court approvals necessary or desirable in connection with the Proposed Transaction and the Concurrent Financing, including, without limitation, approval of any applicable name change, the New Slate, the Proposed Transaction, the Agreement (if required) and any consolidation (if required);
- (f) receipt of all governmental, court, regulatory, third person and other approvals, consents, waivers, orders, exemptions, agreements and all amendments and modifications to agreements, indentures and arrangements which either party require in connection with the Proposed Transaction shall have been obtained in form satisfactory to the parties, each acting reasonably, if required;
- (g) SCR having completed the Concurrent Financing for aggregate proceeds which are sufficient to satisfy the minimum listing requirements of the Exchange;
- (h) satisfaction or waiver of all Escrow Conditions and conversion of all outstanding Subscription Receipts into underlying SCR Units;
- (i) ShellCo having taken all necessary action to cause the board of directors and officers to be comprised of the New Slate;
- (j) the Exchange having conditionally approved the Listing Application and the listing of the shares of the Resulting Issuer on the Exchange;
- (k) ShellCo having delivered, effective on completion of the Proposed Transaction, resignations and releases the directors and officers of ShellCo;
- (l) the holders of the issued and outstanding shares of SCR holding marketable title thereto, free and clear of any and all Encumbrances, liens, charges and demands of whatsoever nature;
- (m) the latest available financial statements for SCR fairly and accurately representing the financial condition of SCR and shall have been prepared in accordance with International Financial Reporting Standards, consistently applied, and shall meet the requirements for listing on the Exchange and as may be required under Applicable Canadian Securities Laws;
- (n) no action, suit or proceeding will have been taken or threatened under any applicable law or by any government or governmental or regulatory authority which makes it illegal or otherwise directly or indirectly restrains, enjoins or prohibits the completion of the Proposed Transaction by either party, or results or could reasonably be expected to result in a judgment, order, decree or assessment of damages directly or indirectly, relating to the Proposed Transaction which is, or could be, materially adverse to SCR or ShellCo, respectively, on a consolidated basis.; and
- (o) this Agreement shall not have been terminated under Part 9;

Each of SCR and ShellCo will use its respective commercially reasonable efforts to satisfy all of the conditions precedent to the completion of the Proposed Transaction and will use its respective commercially reasonable efforts to apply for and obtain, and will cooperate with each other in applying for and obtaining, such consents, orders and approvals necessary for SCR or ShellCo, respectively, or their subsidiaries, as the case may be, to complete the Proposed Transaction.

The foregoing conditions are for the mutual benefit of ShellCo on the one hand and SCR on the other hand and may be waived, in whole or in part, jointly by the Parties at any time. If any of the foregoing conditions are not satisfied or waived on or before the Effective Date then a Party may terminate this Agreement by written notice to the other Parties in circumstances where the failure to satisfy any such condition is not the result, directly or indirectly, of such terminating Party's breach of this Agreement.

### **Additional Conditions to Obligations of ShellCo**

7.2 The obligations of ShellCo to consummate the transactions contemplated hereby, and in particular to complete the Amalgamation, are subject to the satisfaction, on or before the Effective Date or such other time specified, of the following conditions:

- (a) SCR shall have performed, satisfied and complied with all obligations, covenants and agreements to be performed and complied with by it on or before the Effective Date pursuant to the terms of this Agreement and that the representations and warranties of SCR made in this Agreement shall be true and correct in all material respects as at the Effective Date with the same force and effect as if such representations and warranties had been made on and as of such date;
- (b) SCR shall have furnished ShellCo with:
  - (i) certified copies of the resolutions duly passed by the board of directors of SCR approving this Agreement and the consummation of the transactions contemplated hereby;
  - (ii) certified copy of the SCR Resolution duly approved by the SCR Shareholders;
  - (iii) certified copies of SCR's Constatting Documents;
  - (iv) a certificate of good standing of SCR, dated within one day of the Effective Date;
  - (v) if applicable, duly executed investment agreements, including accredited investor certificates, for any SCR Shareholder resident in the United States, in a form satisfactory to ShellCo and its counsel, acting reasonably; and
  - (vi) a certificate of SCR addressed to ShellCo and dated the Effective Date, signed on behalf of SCR by two senior officers of SCR, confirming that the conditions in Section 7.2(a), (d) and (e) have been satisfied;

- (c) SCR Shareholders shall have entered into any escrow or lock-up agreements if so required by the Exchange;
- (d) no act, action, suit, proceeding, objection or opposition shall have been taken against or affecting SCR before or by any domestic or foreign court, tribunal or governmental agency or other regulatory or administrative agency or commission by any elected or appointed public official or private Person in Canada or elsewhere, whether or not having the force of law and no law, regulation, policy, judgment, decision, order, ruling or directive (whether or not having the force of law) shall have been enacted, promulgated, amended or applied, which in the sole judgment of ShellCo, acting reasonably, in either case has had or, if the Amalgamation was consummated, would result in a Material Adverse Change respecting SCR taken as a whole or would materially impede the ability of the Parties to complete the Amalgamation; and
- (e) there shall not have occurred any Material Adverse Change of SCR taken as a whole.

The conditions in this Section 7.2 are for the exclusive benefit of ShellCo and may be asserted by ShellCo regardless of the circumstances or may be waived by ShellCo in its sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which ShellCo may have. If any of the foregoing conditions in this Section 7.2 are not satisfied or waived on or before the Effective Date then ShellCo may terminate this Agreement by written notice to SCR in circumstances where the failure to satisfy any such condition is not the result, directly or indirectly, of ShellCo's breach of this Agreement.

### **Additional Conditions to Obligations of SCR**

7.3 The obligations of SCR to consummate the transactions contemplated hereby, and in particular to complete the Amalgamation, is subject to the satisfaction, on or before the Effective Date or such other time specified, of the following conditions:

- (a) ShellCo shall have performed, satisfied and complied with all obligations, covenants and agreements to be performed and complied with by ShellCo on or before the Effective Date pursuant to the terms of this Agreement, including, without limitation, effecting the Consolidation, and that the representations and warranties of ShellCo made in this Agreement shall be true and correct in all material respects as at the Effective Date with the same force and effect as if such representations and warranties had been made on and as of such date;
- (b) ShellCo shall have furnished SCR with:
  - (i) certified copies of the resolutions duly passed by the boards of directors of ShellCo approving this Agreement and the consummation of the transactions contemplated hereby;
  - (ii) certified copy of the ShellCo Resolution duly approved by the ShellCo Shareholders;

- (iii) certified copies of ShellCo's Constatng Documents;
  - (iv) evidence that ShellCo is a reporting issuer in the Province of British Columbia and Alberta and is not in default of any of the provisions therein;
  - (v) certificates of good standing of ShellCo dated within one day of the Effective Date; and
  - (vi) a certificate of ShellCo addressed to SCR and dated the Effective Date, signed on behalf of ShellCo by a senior officer of ShellCo, confirming that the conditions in Section 7.3(a), (c), and (e) have been satisfied.
- (c) ShellCo Shareholders shall have entered into any escrow or lock-up agreements if so required by the Exchange policies;
- (d) no act, action, suit, proceeding, objection or opposition shall have been taken against or affecting ShellCo before or by any domestic or foreign court, tribunal or governmental agency or other regulatory or administrative agency or commission by any elected or appointed public official or private Person in Canada or elsewhere, whether or not having the force of law and no law, regulation, policy, judgment, decision, order, ruling or directive (whether or not having the force of law) shall have been enacted, promulgated, amended or applied, which in the sole judgment of SCR, acting reasonably, in either case has had or, if the Amalgamation was consummated, would result in a Material Adverse Change respecting ShellCo or would materially impede the ability of the Parties to complete the Amalgamation; and
- (e) there shall not have occurred any Material Adverse Change of ShellCo.

The conditions in this Section 7.3 are for the exclusive benefit of SCR and may be asserted by SCR regardless of the circumstances or may be waived by SCR in its sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which SCR may have. If any of the foregoing conditions in this Section 7.3 are not satisfied or waived on or before the Effective Date then SCR may terminate this Agreement by written notice to ShellCo in circumstances where the failure to satisfy any such condition is not the result, directly or indirectly, of SCR's breach of this Agreement.

#### **Notice and Effect of Failure to Comply with Conditions**

7.4 Each of SCR and ShellCo shall give prompt notice to the other of the occurrence, or failure to occur, at any time from the date hereof to the Effective Date of any event or state of facts which occurrence or failure would, or would be likely to: (i) cause any of the representations or warranties of such Party contained herein to be untrue or inaccurate in any material respect; or (ii) result in the failure to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by any Party hereunder; provided, however, that no such notification will affect the representations or warranties of the Parties or the conditions to the obligations of the Parties hereunder.



## Satisfaction of Conditions

- 7.5 The conditions set out in this Part 7 are conclusively deemed to have been satisfied, waived or released when, with the agreement of the Parties, the Amalgamation Application is filed under the BCBCA to give effect to the Amalgamation.

## **Part 8** **Amendment**

### **Amendment**

- 8.1 This Agreement may at any time and from time to time on or before the Effective Date be amended by written agreement of the Parties hereto.

## **Part 9** **Termination**

### **Termination**

- 9.1 (a) This Agreement may be terminated at any time in each of the following circumstances (the date of the occurrence of such event, the “**Termination Date**”):
- (i) by written agreement executed and delivered by SCR and ShellCo;
  - (ii) by any Party if the Effective Date shall not have occurred by the Outside Date unless the failure to complete the Amalgamation by such date is the result, directly or indirectly, of a breach of this Agreement by the Party seeking to terminate the Agreement, in which case this Agreement shall not be terminated pursuant to this Section 9.1;
  - (iii) as set out in Sections 7.1, 7.2 and 7.3 of this Agreement; or
  - (iv) by a non-breaching Party, in the event of a material breach of a material representation, warranty or covenant contained herein which is not cured within 10 Business Days of a non-breaching Party providing written notice of the breach to the breaching Party.
- (b) If this Agreement is terminated in accordance with the foregoing provisions of this Section 9.1, this Agreement shall forthwith become void and no Party shall have any liability or further obligation to the other Parties hereunder except for each Party’s obligations under Part 6, Sections 10.5, 10.7, 10.8, 10.9, 10.10, 10.11 and 10.12 hereunder, which shall survive such termination, and provided that neither the termination of this Agreement nor anything contained in this Section 9.1 shall relieve any Party from any liability for any breach by it of this Agreement, including from any inaccuracy in any of its representations and warranties and any non-performance by it of its covenants made herein, prior to the date of such termination.

**Part 10**  
**General**

**Notices**

10.1 All notices that may be or are required to be given pursuant to any provision of this Agreement are to be given or made in writing and served personally, delivered by courier or sent by electronic transmission:

(a) in the case of SCR, to:

Silver Crown Royalties Inc.  
3901-33 Charles St. East  
Toronto, Ontario, M4Y 0A2  
Attention: Peter Bures  
Email: pbures@silvercrownroyalties.com

with a copy to (which shall not constitute notice):

Osler, Hoskin & Harcourt LLP  
Suite 3000, Bentall Four  
1055 Dunsmuir Street  
Vancouver, BC V7X 1K8  
Attention: Patrick Sullivan  
Email: psullivan@osler.com

(b) in the case of ShellCo, to:

1287412 B.C. Ltd.  
1200 Waterfront Centre  
200 Burrard Street  
Vancouver, BC V6C 3L6  
Attention: Patrick McBride  
Email: Pat@hicksongroup.com

with a copy to (which shall not constitute notice):

Borden Ladner Gervais LLP  
520 – 3<sup>rd</sup> Avenue SW, Suite 1900  
Calgary, Alberta T2P 0R3  
Attention: Robb McNaughton  
Email: rmcnaughton@blg.com

or such other address as the Parties may, from time to time, advise the other Parties hereto by notice in writing. The date or time of receipt of any such notice will be deemed to be the date of delivery or the time such facsimile or other electronic transmission is received.

### **Binding Effect**

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

### **Assignment**

10.3 Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any of the Parties hereto without the prior written consent of the other Parties hereto.

### **Entire Agreement**

10.4 This Agreement, together with the agreements and documents referred to herein, constitute the entire agreement between the Parties pertaining to the subject matter hereof and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, between the Parties with respect to the subject matter hereof.

### **Public Communications**

10.5 Each of SCR and ShellCo agree to consult with each other prior to issuing any press releases or otherwise making public statements with respect to this Agreement or the Amalgamation or making any filing with any Governmental Authority with respect thereto. Without limiting the generality of the foregoing, no Party shall issue any press release regarding the Amalgamation, this Agreement or any transaction relating to this Agreement without first providing a draft of such press release to the other Party and reasonable opportunity for comment; provided, however, that the foregoing shall be subject to each Party's overriding obligation to make any such disclosure required in accordance with Applicable Laws. If such disclosure is required and the other Party has not reviewed or commented on the disclosure, the Party making such disclosure shall use all commercially reasonable efforts to give prior oral or written notice to the other Party, and if such prior notice is not possible, to give such notice promptly following such disclosure. The Parties agree to issue a press release upon execution of this Agreement and in accordance with this section 10.5.

### **No Solicitation and Standstill**

10.6 (a) Except as otherwise set forth herein, during the period commencing on the date hereof and ending on the Termination Date, each party agrees that it will not, directly or indirectly, through any affiliates, Representative or otherwise, take any direct or indirect action to: (a) solicit, initiate, encourage, engage in or respond to any inquiries, submissions, proposals or offers regarding any merger, amalgamation, share exchange, business combination, take-over bid, sale or other disposition of material assets, recapitalization, reorganization, liquidation, sale or issuance of a material number of treasury securities (except upon the due exercise of convertible or exchangeable securities outstanding on the

date hereof) or rights or interests therein or thereto or rights or options to acquire any material number of treasury securities or any type of similar transaction involving it, other than with the other party (each, an “**Acquisition Proposal**”); (b) encourage or participate in any discussions or negotiations regarding any Acquisition Proposal; (c) agree to, approve or recommend an Acquisition Proposal; or (d) enter into any agreement related to an Acquisition Proposal; and for greater certainty, this Section 10.6(a) shall not apply to the Concurrent Financing.

(b) The parties hereby represent and warrant that as of the date hereof they are not currently engaged in an Acquisition Proposal and have no outstanding obligations to any other party in respect of an Acquisition Proposal.

(c) From the date hereof until the Termination Date, the parties will operate their respective businesses in a prudent and business-like manner in the ordinary course and in a manner consistent with past practice.

(d) Subject to applicable law and except as permitted by the provisions hereof, each party shall use its reasonable commercial efforts to (i) cause all of its shareholders to vote in favour of the Proposed Transaction and all related matters, (ii) not take any action contrary to or in opposition to the Proposed Transaction; and (iii) to cooperate with the other party and to complete the Proposed Transaction.

## **Costs**

10.7 SCR shall be responsible for its costs and expenses incurred with respect to the transactions contemplated herein including, without limitation, all legal and accounting fees and disbursements relating to preparing the Proposed Transaction documents or otherwise relating to the transactions contemplated herein. For the purposes of clarity, SCR shall be responsible for paying the costs and fees payable to the Exchange regarding their review of the Proposed Transaction and the Personal Information Forms to be submitted by the proposed executive officers and directors of the Resulting Issuer following the completion of the Proposed Transaction and SCR shall be responsible for all fees incurred in connection with the Concurrent Financing, structuring the Proposed Transaction and tax advice, obtaining any shareholder or court approvals, any geological report, business valuation or commercial valuation, sponsorship fees and all the listing fees incurred as a result of the Proposed Transaction. SCR shall be primarily responsible for the expenses for the preparation of the Listing Application related to the Proposed Transaction; however, each party shall permit the other party to review the preparation of all documentation to be sent to shareholders of such party or otherwise used in connection with the approval of the Proposed Transaction. ShellCo’s legal costs shall be capped at \$80,000 plus HST and disbursements unless the parties agree otherwise in writing.

Notwithstanding the foregoing, and despite anything to the contrary herein, each party shall be responsible for its own costs and expenses (and, for greater certainty, SCR shall not be obligated for any of ShellCo’s costs or expenses) in the event the Proposed Transaction is not completed or cannot be completed for reasons reasonably attributable to ShellCo’s circumstances, actions or inactivity, including (i) ShellCo entering into an Acquisition Proposal or similar transaction, (ii) any regulatory authority having jurisdiction threatening

or launching any investigation or enforcement action against ShellCo that would have the effect (in SCR's reasonable judgement) of rendering the Proposed Transaction unreasonably difficult or uneconomical to complete, (iii) any regulatory authority having jurisdiction advising that it will not approve the Proposed Transaction for reasons related to ShellCo, (iv) there being some materially and demonstrably adverse fact in relation to ShellCo discovered by SCR during its due diligence investigations that would have the effect (in SCR's reasonable judgment) of rendering the Proposed Transaction unreasonably difficult or uneconomical to complete, and (v) ShellCo advising that it will not continue with the Proposed Transaction. In the event any of the foregoing events occur, SCR will have no obligation to fund any of ShellCo's costs or expenses and ShellCo shall immediately reimburse SCR for any costs or expenses incurred by ShellCo which have been funded by SCR up to the date of the occurrence of any such events pursuant to the first paragraph of this Section 10.7.

### **Confidentiality**

- 10.8 Each party acknowledges that all information to be disclosed by the other party in connection with the Proposed Transaction is highly sensitive, confidential and proprietary in nature. Except as and to the extent required by law, each party and its affiliates and representatives (as applicable, the "**Receiving Party**") shall not disclose or use, and it shall cause its affiliates and representatives not to disclose or use, any Confidential Information (as defined below) with respect to the other party, its affiliates or representatives (the "**Disclosing Party**") furnished, or to be furnished, by the Disclosing Party to the Receiving Party in connection herewith at any time or in any manner, other than in connection with the evaluation of the Proposed Transaction and in accordance with this Agreement.
- 10.9 "**Confidential Information**" means all information of a party that a prudent business person would deem to be of such sensitive nature that its unauthorized dissemination would cause material harm, including, without limitation: information concerning or relating to the Disclosing Party's properties, resources, business, affairs, financial position, assets, operations, activities, prospects, trade secrets, technology, technical, information, marketing information and marketing plans and strategies, customer and prospective customer lists, records, and information, together with all compilations, notes, or other documents prepared by or for the Disclosing Party containing or based upon such information, but shall not include:
- (a) information which is or becomes available to the public, other than as a result of disclosure by the Receiving Party;
  - (b) information which the Receiving Party can prove was, at the time of disclosure, already in the possession of the Receiving Party on a non-confidential and lawful basis; and
  - (c) has become available to the Receiving Party or its representatives on a non-confidential basis from a person who is not, to the knowledge of the Receiving Party or its representatives, otherwise bound by confidentiality obligations to the

provider of such information or otherwise prohibited from transmitting the information to the Receiving Party or its representatives.

10.10 Except with the prior written consent of the Disclosing Party, each Receiving Party will hold all Confidential Information in strictest confidence, except such information and documents that are required to be disclosed by Applicable Laws.

10.11 If this Agreement is terminated pursuant to Section 9.1: (a) each Receiving Party shall promptly upon request return to the Disclosing Party any Confidential Information in the Receiving Party's possession; and (b) the terms of Sections 10.7, 10.8, 10.9, 10.10, and this Section 10.11 shall survive termination of this Agreement for a period of two years from the date this Agreement was terminated.

### **Severability**

10.12 If any one or more of the provisions or parts thereof contained in this Agreement should be or become invalid, illegal or unenforceable in any respect, the remaining provisions or parts thereof contained herein shall be and shall be conclusively deemed to be severable therefrom and the validity, legality or enforceability of such remaining provisions or parts thereof shall not in any way be affected or impaired by the severance of the provisions or parts thereof severed. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the fullest extent possible.

### **Further Assurances**

10.13 Each Party hereto shall, from time to time and at all times hereafter, at the request of the other Parties hereto, but without further consideration, do all such further acts, and execute and deliver all such further documents and instruments and provide all such further assurances as may be reasonably required in order to fully perform and carry out the terms and intent hereof.

10.14 The Parties acknowledge that the Listing Application and the listing of the Amalco Shares will require the acceptance of the Exchange and the Parties intend, at the appropriate time, to use all reasonable commercial efforts to obtain such acceptance. SCR and ShellCo will fully cooperate in the compilation and drafting of the Listing Application, to be submitted by ShellCo to the Exchange to list the Amalco Shares on the Exchange upon completion of the Proposed Transaction.

### **Time of Essence**

10.15 Time shall be of the essence of this Agreement.

### **Applicable Law and Enforcement**

10.16 This Agreement shall be governed, including as to validity, interpretation and effect, by the laws of the Province of British Columbia and the laws of Canada applicable therein.

The Parties hereby irrevocably submit and attorn to the non-exclusive jurisdiction of the courts of the Province of British Columbia.

### **Waiver**

10.17 Any Party may, on its own behalf only, (i) extend the time for the performance of any of the obligations or acts of the other Parties, (ii) waive compliance with the other Parties' agreements or the fulfillment of any conditions to its own obligations contained herein, or (iii) waive inaccuracies in the other Parties' representations or warranties contained herein or in any document delivered by the other Parties; provided, however, that any such extension or waiver shall be valid only if set forth in an instrument in writing and, unless otherwise provided in the written waiver, will be limited to the specific breach or condition waived.

### **Counterparts**

10.18 This Agreement and any amendments thereto (and any other agreements, notices or documents contemplated thereby) may be executed and delivered by facsimile transmission or other form of electronic recorded transmission (including via electronic mail via the Internet) and in any number of counterparts and all such facsimile or other electronically transmitted copies and counterparts shall be deemed to be an original hereof and for all purposes constitute one agreement, be binding on the Parties, provided each Party has executed and delivered at least one counterpart to the other Parties, and each may be relied upon by each Party as such for any and all purposes.

*[remainder of page intentionally left blank - signature page immediately follows]*

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first above written.

**1287412 B.C. LTD.**

**SILVER CROWN ROYALTIES INC.**

By: "James Ward"  
Name: James Ward  
Title: *Authorized Signatory*

By: "Peter Bures"  
Name: Peter Bures  
Title: President and Chief Executive Officer

By: "Hassnain Raza"  
Name: Hassnain Raza  
Title: Chief Financial Officer



**EXHIBIT "A"**  
**FORM OF AMALGAMATION APPLICATION**

## AMALGAMATION APPLICATION

BUSINESS CORPORATIONS ACT, section 275

Telephone: 1 877 526-1526  
www.bcreg.ca

Mailing Address: PO Box 9431 Stn Prov Govt  
Victoria BC V8W 9V3

Courier Address: 200 – 940 Blanshard Street  
Victoria BC V8W 3E6

**DO NOT MAIL THIS FORM to BC Registry Services unless you are instructed to do so by registry staff. The Regulation under the *Business Corporations Act* requires the electronic version of this form to be filed on the Internet at [www.corporateonline.gov.bc.ca](http://www.corporateonline.gov.bc.ca)**

**Freedom of Information and Protection of Privacy Act (FOIPPA):** Personal information provided on this form is collected, used and disclosed under the authority of the FOIPPA and the *Business Corporations Act* for the purposes of assessment. Questions regarding the collection, use and disclosure of personal information can be directed to the Manager of Registries Operations at 1 877 526-1526, PO Box 9431 Stn Prov Govt, Victoria BC V8W 9V3.

**A INITIAL INFORMATION** – *When the amalgamation is complete, your company will be a BC limited company.*

What kind of company(ies) will be involved in this amalgamation?

(Check all applicable boxes.)

- BC company
- BC unlimited liability company

**B NAME OF COMPANY** – *Choose one of the following:*

- The name SILVER CROWN ROYALTIES INC. is the name reserved for the amalgamated company. The name reservation number is: 9817973,

**OR**

- The company is to be amalgamated with a name created by adding “B.C. Ltd.” after the incorporation number,

**OR**

- The amalgamated company is to adopt, as its name, the name of one of the amalgamating companies.

The name of the amalgamating company being adopted is:

\_\_\_\_\_

The incorporation number of that company is: \_\_\_\_\_

*Please note: If you want the name of an amalgamating corporation that is a foreign corporation, you must obtain a name approval before completing this amalgamation application.*

**C AMALGAMATION STATEMENT** – *Please indicate the statement applicable to this amalgamation.*

- With Court Approval:**  
This amalgamation has been approved by the court and a copy of the entered court order approving the amalgamation has been obtained and has been deposited in the records office of each of the amalgamating companies.

**OR**

- Without Court Approval:**  
This amalgamation has been effected without court approval. A copy of all of the required affidavits under section 277(1) have been obtained and the affidavit obtained from each amalgamating company has been deposited in that company's records office.

**D AMALGAMATION EFFECTIVE DATE** – Choose **one** of the following:

The amalgamation is to take effect at the time that this application is filed with the registrar.

YYYY / MM / DD

The amalgamation is to take effect at 12:01a.m. Pacific Time on \_\_\_\_\_  
being a date that is not more than ten days after the date of the filing of this application.

YYYY / MM / DD

The amalgamation is to take effect at \_\_\_\_\_  a.m. or  p.m. Pacific Time on \_\_\_\_\_  
being a date and time that is not more than ten days after the date of the filing of this application.

**E AMALGAMATING CORPORATIONS**

Enter the name of each amalgamating corporation below. For each company, enter the incorporation number. If the amalgamating corporation is a foreign corporation, enter the foreign corporation's jurisdiction and if registered in BC as an extraprovincial company, enter the extraprovincial company's registration number. Attach an additional sheet if more space is required.

NAME OF AMALGAMATING CORPORATION	BC INCORPORATION NUMBER, OR EXTRAPROVINCIAL REGISTRATION NUMBER IN BC	FOREIGN CORPORATION'S JURISDICTION
1. Silver Crown Royalties Inc.	[NTD: To be continued in BC]	
2. 1287412 B.C. LTD	BC1287412	
3.		
4.		
5.		

**F FORMALITIES TO AMALGAMATION**

If any amalgamating corporation is a foreign corporation, section 275 (1)(b) requires an authorization for the amalgamation from the foreign corporation's jurisdiction to be filed.

This is to confirm that each authorization for the amalgamation required under section 275(1)(b) is being submitted for filing concurrently with this application.

**G CERTIFIED CORRECT** – I have read this form and found it to be correct.

This form must be signed by an authorized signing authority for each of the amalgamating companies as set out in Item E.

NAME OF AUTHORIZED SIGNING AUTHORITY FOR THE AMALGAMATING CORPORATION	SIGNATURE OF AUTHORIZED SIGNING AUTHORITY FOR THE AMALGAMATING CORPORATION	DATE SIGNED YYYY / MM / DD
1. James Ward	X	
NAME OF AUTHORIZED SIGNING AUTHORITY FOR THE AMALGAMATING CORPORATION	SIGNATURE OF AUTHORIZED SIGNING AUTHORITY FOR THE AMALGAMATING CORPORATION	DATE SIGNED YYYY / MM / DD
2. Peter Bures	X	
NAME OF AUTHORIZED SIGNING AUTHORITY FOR THE AMALGAMATING CORPORATION	SIGNATURE OF AUTHORIZED SIGNING AUTHORITY FOR THE AMALGAMATING CORPORATION	DATE SIGNED YYYY / MM / DD
3.	X	
NAME OF AUTHORIZED SIGNING AUTHORITY FOR THE AMALGAMATING CORPORATION	SIGNATURE OF AUTHORIZED SIGNING AUTHORITY FOR THE AMALGAMATING CORPORATION	DATE SIGNED YYYY / MM / DD
4.	X	
NAME OF AUTHORIZED SIGNING AUTHORITY FOR THE AMALGAMATING CORPORATION	SIGNATURE OF AUTHORIZED SIGNING AUTHORITY FOR THE AMALGAMATING CORPORATION	DATE SIGNED YYYY / MM / DD
5.	X	

## NOTICE OF ARTICLES

**A NAME OF COMPANY**

Set out the name of the company as set out in Item B of the Amalgamation Application.

SILVER CROWN ROYALTIES INC.

**B TRANSLATION OF COMPANY NAME**

Set out every translation of the company name that the company intends to use outside of Canada.

**C DIRECTOR NAME(S) AND ADDRESS(ES)**

Set out the full name, delivery address and mailing address (if different) of every director of the company. The director may select to provide either (a) the delivery address and, if different, the mailing address for the office at which the individual can usually be served with records between 9 a.m. and 4 p.m. on business days or (b) the delivery address and, if different, the mailing address of the individual's residence. The delivery address must not be a post office box. Attach an additional sheet if more space is required.

LAST NAME	FIRST NAME	MIDDLE NAME		
van den Berg	Philip			
DELIVERY ADDRESS	PROVINCE/STATE	COUNTRY	POSTAL CODE/ZIP CODE	
[REDACTED]		[REDACTED]	[REDACTED]	
MAILING ADDRESS	PROVINCE/STATE	COUNTRY	POSTAL CODE/ZIP CODE	
LAST NAME	FIRST NAME	MIDDLE NAME		
Bures	Peter			
DELIVERY ADDRESS	PROVINCE/STATE	COUNTRY	POSTAL CODE/ZIP CODE	
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	
MAILING ADDRESS	PROVINCE/STATE	COUNTRY	POSTAL CODE/ZIP CODE	
LAST NAME	FIRST NAME	MIDDLE NAME		
Schloo	Peter			
DELIVERY ADDRESS	PROVINCE/STATE	COUNTRY	POSTAL CODE/ZIP CODE	
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	
MAILING ADDRESS	PROVINCE/STATE	COUNTRY	POSTAL CODE/ZIP CODE	
LAST NAME	FIRST NAME	MIDDLE NAME		
Simeon	Peter			
DELIVERY ADDRESS	PROVINCE/STATE	COUNTRY	POSTAL CODE/ZIP CODE	
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	
MAILING ADDRESS	PROVINCE/STATE	COUNTRY	POSTAL CODE/ZIP CODE	

**D REGISTERED OFFICE ADDRESSES**

DELIVERY ADDRESS OF THE COMPANY'S REGISTERED OFFICE

1055 Dunsmuir Street, Suite 3000 Vancouver

PROVINCE

BC

POSTAL CODE

V7X 1K8

MAILING ADDRESS OF THE COMPANY'S REGISTERED OFFICE

1055 Dunsmuir Street, Suite 3000 Vancouver

PROVINCE

BC

POSTAL CODE

V7X 1K8

**E RECORDS OFFICE ADDRESSES**

DELIVERY ADDRESS OF THE COMPANY'S RECORDS OFFICE

1055 Dunsmuir Street, Suite 3000 Vancouver

PROVINCE

BC

POSTAL CODE

V7X 1K8

MAILING ADDRESS OF THE COMPANY'S RECORDS OFFICE

1055 Dunsmuir Street, Suite 3000 Vancouver

PROVINCE

BC

POSTAL CODE

V7X 1K8

**F AUTHORIZED SHARE STRUCTURE**

Identifying name of class or series of shares	Maximum number of shares of this class or series of shares that the company is authorized to issue, or indicate there is no maximum number.		Kind of shares of this class or series of shares.			Are there special rights or restrictions attached to the shares of this class or series of shares?	
	THERE IS NO MAXIMUM (✓)	MAXIMUM NUMBER OF SHARES AUTHORIZED	WITHOUT PAR VALUE (✓)	WITH A PAR VALUE OF (\$)	Type of currency	YES (✓)	NO (✓)
Common	✓		✓				✓

**EXHIBIT “B”  
FORM OF ARTICLES OF AMALCO**

**(see attached)**

*Incorporation number:* \_\_\_\_\_

**ARTICLES  
of  
SILVER CROWN ROYALTIES INC.  
(the “Company”)**

**TABLE OF CONTENTS**

1.	INTERPRETATION.....	1
1.1	Definitions.....	1
1.2	Business Corporations Act and Interpretation Act Definitions Applicable.....	2
2.	SHARES AND SHARE CERTIFICATES.....	2
2.1	Authorized Share Structure.....	2
2.2	Form of Share Certificate.....	2
2.3	Shareholder Entitled to Certificate or Acknowledgement.....	2
2.4	Delivery by Mail.....	2
2.5	Replacement of Worn Out or Defaced Certificate or Acknowledgement.....	2
2.6	Replacement of Lost, Stolen or Destroyed Certificate or Acknowledgement.....	3
2.7	Recovery of New Share Certificate.....	3
2.8	Splitting Share Certificates.....	3
2.9	Certificate Fee.....	3
2.10	Recognition of Trusts.....	4
3.	ISSUE OF SHARES.....	4
3.1	Board Authorized.....	4
3.2	Commissions and Discounts.....	4
3.3	Brokerage.....	4
3.4	Conditions of Issue.....	4
3.5	Share Purchase Warrants and Rights.....	5
4.	SHARE REGISTERS.....	5
4.1	Central Securities Register.....	5
4.2	Closing Register.....	5
5.	SHARE TRANSFERS.....	5
5.1	Registering Transfers.....	5
5.2	Waivers of the Requirement of Transfer.....	6
5.3	Form of Instrument of Transfer.....	6
5.4	Transferor Remains Shareholder.....	6
5.5	Signing of Instrument of Transfer.....	6
5.6	Enquiry as to Title Not Required.....	6
5.7	Transfer Fee.....	7
6.	TRANSMISSION OF SHARES.....	7
6.1	Legal Personal Representative Recognized on Death.....	7
6.2	Rights of Legal Personal Representative.....	7
7.	PURCHASE OF SHARES.....	7

7.1	Company Authorized to Purchase or Otherwise Acquire Shares .....	7
7.2	Purchase, Redemption or Other Acquisition When Insolvent .....	7
7.3	Sale and Voting of Purchased, Redeemed or Otherwise Acquired Shares .....	8
8.	BORROWING POWERS.....	8
9.	ALTERATIONS .....	8
9.1	Alteration of Authorized Share Structure .....	8
9.2	Special Rights and Restrictions .....	9
9.3	No Interference with Class or Series Rights without Consent.....	9
9.4	Change of Name .....	9
9.5	Other Alterations to Articles.....	9
10.	MEETINGS OF SHAREHOLDERS.....	10
10.1	Annual General Meetings .....	10
10.2	Resolution Instead of Annual General Meeting.....	10
10.3	Calling and Location of Meetings of Shareholders .....	10
10.4	Electronic Meetings .....	10
10.5	Notice for Meetings of Shareholders .....	10
10.6	Record Date for Notice .....	11
10.7	Record Date for Voting.....	11
10.8	Failure to Give Notice and Waiver of Notice .....	11
10.9	Notice of Special Business at Meetings of Shareholders.....	11
10.10	Notice of Dissent Rights .....	12
10.11	Class Meetings and Series Meetings of Shareholders .....	12
10.12	Advance Notice Provisions.....	12
11.	PROCEEDINGS AT MEETINGS OF SHAREHOLDERS.....	16
11.1	Special Business.....	16
11.2	Special Majority .....	16
11.3	Quorum .....	16
11.4	One Shareholder May Constitute Quorum .....	17
11.5	Persons Entitled to Attend Meeting .....	17
11.6	Requirement of Quorum .....	17
11.7	Lack of Quorum.....	17
11.8	Lack of Quorum at Succeeding Meeting .....	17
11.9	Chair.....	17
11.10	Selection of Alternate Chair.....	18
11.11	Adjournments.....	18
11.12	Notice of Adjourned Meeting .....	18
11.13	Decisions by Show of Hands or Poll .....	18
11.14	Electronic Voting .....	18
11.15	Declaration of Result .....	18
11.16	Motion Need Not be Seconded.....	19
11.17	Casting Vote.....	19
11.18	Manner of Taking Poll.....	19
11.19	Demand for Poll on Adjournment.....	19
11.20	Chair Must Resolve Dispute .....	19
11.21	Casting of Votes.....	19
11.22	No Demand for Poll on Election of Chair .....	20



11.23	Demand for Poll Not to Prevent Continuance of Meeting.....	20
11.24	Retention of Ballots and Proxies.....	20
12.	<b>VOTES OF SHAREHOLDERS</b> .....	20
12.1	Number of Votes by Shareholder or by Shares .....	20
12.2	Votes of Persons in Representative Capacity .....	20
12.3	Votes by Joint Holders.....	20
12.4	Legal Personal Representatives as Joint Shareholders .....	21
12.5	Representative of a Corporate Shareholder .....	21
12.6	Proxy Provisions Do Not Apply to All Companies .....	21
12.7	Appointment of Proxy Holders.....	22
12.8	Alternate Proxy Holders .....	22
12.9	When Proxy Holder Need Not Be Shareholder .....	22
12.10	Deposit of Proxy .....	22
12.11	Validity of Proxy Vote.....	23
12.12	Form of Proxy .....	23
12.13	Revocation of Proxy .....	23
12.14	Revocation of Proxy Must Be Signed.....	24
12.15	Chair May Determine Validity of Proxy .....	24
12.16	Production of Evidence of Authority to Vote .....	24
13.	<b>DIRECTORS</b> .....	24
13.1	First Directors; Number of Directors .....	24
13.2	Change in Number of Directors.....	25
13.3	Board’s Acts Valid Despite Vacancy .....	25
13.4	Qualifications of Directors.....	25
13.5	Remuneration of Directors.....	25
13.6	Reimbursement of Expenses of Directors.....	25
13.7	Special Remuneration for Directors.....	25
13.8	Gratuity, Pension or Allowance on Retirement of Director .....	25
14.	<b>ELECTION AND REMOVAL OF DIRECTORS</b> .....	26
14.1	Election at Annual General Meeting.....	26
14.2	Consent to be a Director .....	26
14.3	Failure to Elect or Appoint Directors.....	26
14.4	Places of Retiring Directors Not Filled.....	27
14.5	Directors May Fill Casual Vacancies .....	27
14.6	Remaining Directors’ Power to Act.....	27
14.7	Shareholders May Fill Vacancies .....	27
14.8	Additional Directors.....	27
14.9	Ceasing to be a Director.....	27
14.10	Removal of Director by Shareholders.....	28
14.11	Removal of Director by Directors.....	28
15.	<b>POWERS AND DUTIES OF DIRECTORS</b> .....	28
15.1	Powers of Management.....	28
15.2	Appointment of Attorney of Company .....	28
16.	<b>INTERESTS OF DIRECTORS AND OFFICERS</b> .....	29
16.1	Obligation to Account for Profits .....	29
16.2	Restrictions on Voting by Reason of Interest .....	29

16.3	Interested Director Counted in Quorum .....	29
16.4	Disclosure of Conflict of Interest or Property.....	29
16.5	Director Holding Other Office in the Company .....	29
16.6	No Disqualification.....	29
16.7	Professional Services by Director or Officer .....	29
16.8	Director or Officer in Other Corporations .....	30
17.	PROCEEDINGS OF THE BOARD .....	30
17.1	Meetings of the Board.....	30
17.2	Voting at Meetings.....	30
17.3	Chair of Meetings .....	30
17.4	Meetings by Telephone or Other Communications Medium .....	30
17.5	Calling of Meetings.....	31
17.6	Notice of Meetings.....	31
17.7	When Notice Not Required.....	31
17.8	Meeting Valid Despite Failure to Give Notice .....	31
17.9	Waiver of Notice of Meetings.....	31
17.10	Quorum .....	32
17.11	Validity of Acts Where Appointment Defective .....	32
17.12	Consent Resolutions in Writing.....	32
18.	EXECUTIVE AND OTHER COMMITTEES .....	32
18.1	Appointment and Powers of Executive Committee.....	32
18.2	Appointment and Powers of Other Committees .....	33
18.3	Obligations of Committees .....	33
18.4	Powers of Board.....	33
18.5	Committee Meetings.....	34
19.	OFFICERS .....	34
19.1	Board May Appoint Officers .....	34
19.2	Functions, Duties and Powers of Officers .....	34
19.3	Qualifications .....	34
19.4	Remuneration and Terms of Appointment .....	34
20.	INDEMNIFICATION.....	35
20.1	Definitions.....	35
20.2	Mandatory Indemnification of Eligible Parties.....	35
20.3	Indemnification of Other Persons .....	35
20.4	Non-Compliance with Business Corporations Act.....	35
20.5	Company May Purchase Insurance.....	36
21.	DIVIDENDS.....	36
21.1	Payment of Dividends Subject to Special Rights .....	36
21.2	Declaration of Dividends .....	36
21.3	No Notice Required .....	36
21.4	Record Date .....	36
21.5	Manner of Paying Dividend.....	36
21.6	Settlement of Difficulties .....	37
21.7	When Dividend Payable .....	37
21.8	Dividends to be Paid in Accordance with Number of Shares.....	37
21.9	Receipt by Joint Shareholders.....	37

21.10	Dividend Bears No Interest.....	37
21.11	Fractional Dividends.....	37
21.12	Payment of Dividends.....	37
21.13	Capitalization of Retained Earnings or Surplus.....	38
21.14	Unclaimed Dividends.....	38
22.	ACCOUNTING RECORDS.....	38
22.1	Recording of Financial Affairs.....	38
22.2	Inspection of Accounting Records.....	38
23.	NOTICES.....	38
23.1	Method of Giving Notice.....	38
23.2	Deemed Receipt.....	39
23.3	Certificate of Sending.....	39
23.4	Notice to Joint Shareholders.....	39
23.5	Notice to Legal Personal Representatives and Trustees.....	40
23.6	Undelivered Notices.....	40
24.	SEAL AND EXECUTION OF INSTRUMENTS.....	40
24.1	Who May Attest Seal.....	40
24.2	Sealing Copies.....	40
24.3	Mechanical Reproduction of Seal.....	41
24.4	Execution of Instruments.....	41
25.	FORUM FOR ADJUDICATION OF CERTAIN DISPUTES.....	41
26.	PROHIBITIONS.....	41
26.1	Definitions.....	41
26.2	Application.....	42
26.3	Consent Required for Transfer of Shares or Transfer Restricted Securities.....	42

Signature and full name of the Incorporator	Date of signing
	<p style="text-align: center;">_____</p>

**ARTICLES**  
**of**  
**SILVER CROWN ROYALTIES INC.**  
**(the “Company”)**

**1. INTERPRETATION**

**1.1 Definitions**

In these Articles (the “**Articles**”), unless the context otherwise requires:

- (1) “**applicable securities laws**” means the applicable securities legislation of the United States and each relevant province and territory of Canada, as amended from time to time, the written rules, regulations and forms made or promulgated under any such statute and the published national instruments, multilateral instruments, policies, bulletins and notices of the securities commissions and similar regulatory authorities of the United States and each province and territory of Canada;
- (2) “**appropriate person**” has the meaning assigned in the Securities Transfer Act;
- (3) “**board of directors**”, “**directors**” and “**board**” mean the directors or sole director of the Company for the time being;
- (4) “**Business Corporations Act**” means the *Business Corporations Act* (British Columbia) from time to time in force and all amendments thereto and includes all regulations and amendments thereto made pursuant to that Act;
- (5) “**Interpretation Act**” means the *Interpretation Act* (British Columbia) from time to time in force and all amendments thereto and includes all regulations and amendments thereto made pursuant to that Act;
- (6) “**legal personal representative**” means the personal or other legal representative of a shareholder;
- (7) “**protected purchaser**” has the meaning assigned in the Securities Transfer Act;
- (8) “**registered address**” of a shareholder means the shareholder’s address as recorded in the central securities register;
- (9) “**seal**” means the seal of the Company, if any;
- (10) “**Securities Act**” means the *Securities Act* (British Columbia) from time to time in force and all amendments thereto and includes all regulations and amendments thereto made pursuant to that Act;
- (11) “**Securities Transfer Act**” means the *Securities Transfer Act* (British Columbia) from time to time in force and all amendments thereto and includes all regulations and amendments thereto made pursuant to that Act.

## **1.2 Business Corporations Act and Interpretation Act Definitions Applicable**

The definitions in the Business Corporations Act and the definitions and rules of construction in the Interpretation Act, with the necessary changes, so far as applicable, and unless the context requires otherwise, apply to these Articles as if they were an enactment. If there is a conflict between a definition in the Business Corporations Act and a definition or rule in the Interpretation Act relating to a term used in these Articles, the definition in the Business Corporations Act will prevail in relation to the use of the term in these Articles. If there is a conflict or inconsistency between these Articles and the Business Corporations Act, the Business Corporations Act will prevail.

## **2. SHARES AND SHARE CERTIFICATES**

### **2.1 Authorized Share Structure**

The authorized share structure of the Company consists of shares of the class or classes and series, if any, described in the Notice of Articles of the Company.

### **2.2 Form of Share Certificate**

Each share certificate issued by the Company must comply with, and be signed as required by, the Business Corporations Act.

### **2.3 Shareholder Entitled to Certificate or Acknowledgement**

Except in respect of shares that are uncertificated shares within the meaning of the Business Corporations Act, each shareholder is entitled, without charge, to (a) one share certificate representing the shares of each class or series of shares registered in the shareholder's name or (b) a non-transferable written acknowledgement of the shareholder's right to obtain such a share certificate, provided that in respect of a share held jointly by several persons, the Company is not bound to issue more than one share certificate or acknowledgement and delivery of a share certificate or an acknowledgement to one of several joint shareholders or to a duly authorized agent of one of the joint shareholders will be sufficient delivery to all.

### **2.4 Delivery by Mail**

Any share certificate or non-transferable written acknowledgement of a shareholder's right to obtain a share certificate may be sent to the shareholder by mail at the shareholder's registered address and neither the Company nor any director, officer or agent of the Company (including the Company's transfer agent or legal counsel) is liable for any loss to the shareholder because the share certificate or acknowledgement is lost in the mail or stolen.

### **2.5 Replacement of Worn Out or Defaced Certificate or Acknowledgement**

If the Company is satisfied that a share certificate or a non-transferable written acknowledgement of the shareholder's right to obtain a share certificate is worn out or defaced, it must, on production to it of the share certificate or acknowledgement, as the case may be, and on such other terms, if any, as it thinks fit:

- (1) order the share certificate or acknowledgement, as the case may be, to be cancelled; and
- (2) issue a replacement share certificate or acknowledgement, as the case may be.

## **2.6 Replacement of Lost, Stolen or Destroyed Certificate or Acknowledgement**

If a share certificate or a non-transferable written acknowledgement of a shareholder's right to obtain a share certificate is lost, stolen or destroyed, a replacement share certificate or acknowledgement, as the case may be, must be issued to the person entitled to that share certificate or acknowledgement, as the case may be, if the Company receives:

- (1) a request for a replacement share certificate or acknowledgement, as the case may be, before the Company has notice that the share certificate has been acquired by a protected purchaser;
- (2) any indemnity the Company considers adequate, to protect the Company from any loss that the Company may suffer by issuing a new certificate; and
- (3) any other reasonable requirements imposed by the Company.

A person entitled to a share certificate may not assert against the Company a claim for a new share certificate where a share certificate has been lost, apparently destroyed or wrongfully taken if that person fails to notify the Company of that fact within a reasonable time after that person has notice of it and the Company registers a transfer of the shares represented by the certificate before receiving a notice of the loss, apparent destruction or wrongful taking of the share certificate.

## **2.7 Recovery of New Share Certificate**

If, after the issue of a new share certificate, a protected purchaser of the original share certificate presents the original share certificate for the registration of transfer, then in addition to any rights under any indemnity, the Company may recover the new share certificate from a person to whom it was issued or any person taking under that person other than a protected purchaser.

## **2.8 Splitting Share Certificates**

If a shareholder surrenders a share certificate to the Company with a written request that the Company issue in the shareholder's name two or more share certificates, each representing a specified number of shares and in the aggregate representing the same number of shares as the share certificate so surrendered, the Company must cancel the surrendered share certificate and issue replacement share certificates in accordance with that request.

## **2.9 Certificate Fee**

There must be paid to the Company, in relation to the issue of any share certificate under Articles 2.5, 2.6 or 2.8, the amount, if any and which must not exceed the amount prescribed under the Business Corporations Act, determined by the board.

## **2.10 Recognition of Trusts**

Except as required by law or statute or these Articles, no person will be recognized by the Company as holding any share upon any trust, and the Company is not bound by or compelled in any way to recognize (even when having notice thereof) any equitable, contingent, future or partial interest in any share or fraction of a share or (except as required by law or statute or these Articles or as ordered by a court of competent jurisdiction) any other rights in respect of any share except an absolute right to the entirety thereof in the shareholder.

## **3. ISSUE OF SHARES**

### **3.1 Board Authorized**

Subject to the Business Corporations Act and the rights of the holders of issued shares of the Company, the Company may allot, issue, sell or otherwise dispose of the unissued shares, and issued shares held by the Company, at the times, to the persons, including directors, in the manner, on the terms and conditions and for the issue prices (including any premium at which shares with par value may be issued) that the board may determine. The issue price for a share with par value must be equal to or greater than the par value of the share.

### **3.2 Commissions and Discounts**

The Company may at any time pay a reasonable commission or allow a reasonable discount to any person in consideration of that person purchasing or agreeing to purchase shares of the Company from the Company or any other person or procuring or agreeing to procure purchasers for shares of the Company.

### **3.3 Brokerage**

The Company may pay such brokerage fee or other consideration as may be lawful for or in connection with the sale or placement of its securities.

### **3.4 Conditions of Issue**

Except as provided for by the Business Corporations Act, no share may be issued until it is fully paid. A share is fully paid when:

- (1) consideration is provided to the Company for the issue of the share by one or more of the following:
  - (a) past services performed for the Company;
  - (b) property;
  - (c) money; and
- (2) the value of the consideration received by the Company equals or exceeds the issue price set for the share under Article 3.1.

### **3.5 Share Purchase Warrants and Rights**

Subject to the Business Corporations Act, the Company may issue share purchase warrants, options and rights upon such terms and conditions as the board determines, which share purchase warrants, options and rights may be issued alone or in conjunction with debentures, debenture stock, bonds, shares or any other securities issued or created by the Company from time to time.

## **4. SHARE REGISTERS**

### **4.1 Central Securities Register**

As required by and subject to the Business Corporations Act, the Company must maintain a central securities register, which may be kept in electronic form. The board may, subject to the Business Corporations Act, appoint an agent to maintain the central securities register. The board may also appoint one or more agents, including the agent which keeps the central securities register, as transfer agent for its shares or any class or series of its shares, as the case may be, and the same or another agent as registrar for its shares or such class or series of its shares, as the case may be. The board may terminate such appointment of any agent at any time and may appoint another agent in its place.

### **4.2 Closing Register**

The Company must not at any time close its central securities register.

## **5. SHARE TRANSFERS**

### **5.1 Registering Transfers**

Subject to Article 26, the Business Corporations Act and the Securities Transfer Act, the Company must register the transfer of a share of the Company if:

- (1) The Company or the transfer agent or registrar for the class or series of share to be transferred has received:
  - (a) in the case of a share certificate that has been issued by the Company in respect of the share to be transferred, that share certificate and a written instrument of transfer (which may be on a separate document or endorsed on the share certificate) made by the shareholder or other appropriate person or by an agent who has actual authority to act on behalf of that person;
  - (b) in the case of a share that is represented by a non-transferable written acknowledgement of the shareholder's right to obtain a share certificate that has been issued by the Company in respect of the share to be transferred, a written instrument of transfer, made by the shareholder or other appropriate person or by an agent who has actual authority to act on behalf of that person;
  - (c) in the case of a share that is an uncertificated share, a written instrument of transfer, made by the shareholder or other appropriate person or by an agent who has actual authority to act on behalf of that person; and



- (d) such other evidence, if any, as the Company or the transfer agent or registrar for the class or series of share to be transferred may require to prove the title of the transferor or the transferor's right to transfer the share, and that the written instrument of transfer is genuine and authorized and that the transfer is rightful or to a protected purchaser; or
- (2) All the preconditions for a transfer of a share under the Securities Transfer Act have been met and the Company is required under the Securities Transfer Act to register the transfer.

## **5.2 Waivers of the Requirement of Transfer**

The Company may waive any of the requirements set out in Article 5.1(1) and any preconditions referred to in Article 5.1(2).

## **5.3 Form of Instrument of Transfer**

The instrument of transfer in respect of any share of the Company must be either in the form, if any, on the back of the Company's share certificates or in any other form that may be approved by the Company or the transfer agent from time to time.

## **5.4 Transferor Remains Shareholder**

Except to the extent that the Business Corporations Act otherwise provides, the transferor of shares is deemed to remain the holder of the shares until the name of the transferee is entered in a securities register of the Company in respect of the transfer.

## **5.5 Signing of Instrument of Transfer**

If a shareholder, or other appropriate person or an agent who has actual authority to act on behalf of that person, signs an instrument of transfer in respect of shares registered in the name of the shareholder, the signed instrument of transfer constitutes a complete and sufficient authority to the Company and its directors, officers and agents to register the number of shares specified in the instrument of transfer or specified in any other manner, or, if no number is specified but share certificates are deposited with the instrument of transfer, all the shares represented by such share certificates:

- (1) in the name of the person named as transferee in that instrument of transfer; or
- (2) if no person is named as transferee in that instrument of transfer, in the name of the person on whose behalf the instrument is deposited for the purpose of having the transfer registered.

## **5.6 Enquiry as to Title Not Required**

Neither the Company nor any director, officer or agent of the Company is bound to inquire into the title of the person named in the instrument of transfer as transferee or, if no person is named as transferee in the instrument of transfer, of the person on whose behalf the instrument is deposited for the purpose of having the transfer registered or is liable for any claim related to registering the transfer by the shareholder or by any intermediate owner or holder of the shares, of any interest in

the shares, of any share certificate representing such shares or of any written acknowledgement of a right to obtain a share certificate for such shares.

## **5.7 Transfer Fee**

Subject to the rules of any stock exchange on which securities of the Company are listed, there must be paid to the Company, in relation to the registration of any transfer, the amount, if any, determined by the board.

## **6. TRANSMISSION OF SHARES**

### **6.1 Legal Personal Representative Recognized on Death**

In the case of the death of a shareholder, the legal personal representative of the shareholder, or in the case of shares registered in the shareholder's name and the name of another person in joint tenancy, the surviving joint holder, will be the only person recognized by the Company as having any title to the shareholder's interest in the shares. Before recognizing a person as a legal personal representative of a shareholder, the board may require proof of appointment by a court of competent jurisdiction, the original court certified grant of letters probate, letters of administration, or such other evidence or documents as the board considers appropriate.

### **6.2 Rights of Legal Personal Representative**

The legal personal representative of a shareholder has the same rights, privileges and obligations that attach to the shares held by the shareholder, including the right to transfer the shares in accordance with these Articles and applicable securities laws, provided appropriate evidence of appointment or incumbency within the meaning of the Securities Transfer Act has been deposited with the Company. This Article 6.2 does not apply in the case of the death of a shareholder with respect to shares registered in the shareholder's name and the name of another person in joint tenancy.

## **7. PURCHASE OF SHARES**

### **7.1 Company Authorized to Purchase or Otherwise Acquire Shares**

Subject to Article 7.2, the special rights and restrictions attached to the shares of any class or series of shares, the Business Corporations Act, and applicable securities laws, the Company may, if authorized by the board, purchase or otherwise acquire any of its shares at the price and upon the terms determined by the board.

### **7.2 Purchase, Redemption or Other Acquisition When Insolvent**

The Company must not make a payment or provide any other consideration to purchase, redeem or otherwise acquire any of its shares if there are reasonable grounds for believing that:

- (1) the Company is insolvent; or
- (2) making the payment or providing the consideration would render the Company insolvent.

### **7.3 Sale and Voting of Purchased, Redeemed or Otherwise Acquired Shares**

If the Company retains a share purchased, redeemed or otherwise acquired by it, the Company may sell, gift or otherwise dispose of the share, but, while such share is held by the Company, it:

- (1) is not entitled to vote the share at a meeting of its shareholders;
- (2) must not pay a dividend in respect of the share; and
- (3) must not make any other distribution in respect of the share.

## **8. BORROWING POWERS**

The Company, if authorized by the board, may:

- (1) borrow money in the manner and amount, on the security, from the sources and on the terms and conditions that the board considers appropriate;
- (2) issue bonds, debentures and other debt obligations either outright or as security for any liability or obligation of the Company or any other person and at such discounts or premiums and on such other terms as the board considers appropriate;
- (3) guarantee the repayment of money by any other person or the performance of any obligation of any other person; and
- (4) mortgage, charge, whether by way of specific or floating charge, grant a security interest in, or give other security on, the whole or any part of the present and future assets and undertaking of the Company.

## **9. ALTERATIONS**

### **9.1 Alteration of Authorized Share Structure**

Subject to Article 9.2, Article 9.3, the Business Corporations Act and the special rights and restrictions attached to the shares of any class or series of shares, the Company may:

- (1) by ordinary resolution:
  - (a) create one or more classes or series of shares or, if none of the shares of a class or series of shares are allotted or issued, eliminate that class or series of shares;
  - (b) increase, reduce or eliminate the maximum number of shares that the Company is authorized to issue out of any class or series of shares or establish a maximum number of shares that the Company is authorized to issue out of any class or series of shares for which no maximum is established;
  - (c) if the Company is authorized to issue shares of a class of shares with par value:
    - (i) decrease the par value of those shares; or

- (ii) if none of the shares of that class of shares are allotted or issued, increase the par value of those shares;
- (d) change all or any of its unissued, or fully paid issued, shares with par value into shares without par value or any of its unissued shares without par value into shares with par value;
- (e) alter the identifying name of any of its shares; or
- (f) otherwise alter its shares or authorized share structure when required or permitted to do so by the Business Corporations Act;

and, if applicable, alter its Notice of Articles and, if applicable, its Articles, accordingly; and

- (2) by directors' resolution or ordinary resolution, subdivide or consolidate all or any of its unissued, or fully paid issued, shares and, if applicable, alter its Notice of Articles and, if applicable, its Articles accordingly.

## **9.2 Special Rights and Restrictions**

Subject to Article 9.3, the Business Corporations Act and the special rights and restrictions attached to the shares of any class or series of shares, the Company may by ordinary resolution:

- (1) create special rights or restrictions for, and attach those special rights or restrictions to, the shares of any class or series of shares, whether or not any or all of those shares have been issued; or
- (2) vary or delete any special rights or restrictions attached to the shares of any class or series of shares, whether or not any or all of those shares have been issued;

and alter its Articles and Notice of Articles accordingly.

## **9.3 No Interference with Class or Series Rights without Consent**

A right or special right attached to issued shares must not be prejudiced or interfered with under the Business Corporations Act, the Notice of Articles or these Articles unless the holders of shares of the class or series of shares to which the right or special right is attached consent by a special separate resolution of the holders of such class or series of shares.

## **9.4 Change of Name**

The Company may by directors' resolution or ordinary resolution authorize an alteration of its Notice of Articles in order to change its name or adopt or change any translation of that name.

## **9.5 Other Alterations to Articles**

If the Business Corporations Act does not specify the type of resolution and these Articles do not specify another type of resolution, the Company may by ordinary resolution alter these Articles.

## **10. MEETINGS OF SHAREHOLDERS**

### **10.1 Annual General Meetings**

Unless an annual general meeting is deferred or waived in accordance with the Business Corporations Act, the Company must hold its first annual general meeting within 18 months after the date on which it was incorporated or otherwise recognized, and after that must hold an annual general meeting at least once in each calendar year and not more than 15 months after the last annual reference date at such time and place as may be determined by the board.

### **10.2 Resolution Instead of Annual General Meeting**

If all the shareholders who are entitled to vote at an annual general meeting consent by a unanimous resolution to all of the business that is required to be transacted at that annual general meeting, the annual general meeting is deemed to have been held on the date of the unanimous resolution. The shareholders must, in any unanimous resolution passed under this Article 10.2, select as the Company's annual reference date a date that would be appropriate for the holding of the applicable annual general meeting.

### **10.3 Calling and Location of Meetings of Shareholders**

The board may, at any time, call a meeting of shareholders. The location of a meeting of shareholders shall be determined by the board and may be within or outside British Columbia.

### **10.4 Electronic Meetings**

The board may determine that a meeting of shareholders shall be a fully electronic meeting or a partially electronic meeting. If the Company holds a meeting of shareholders that is not an electronic meeting, the Company is not obligated to take any action or provide any facility to permit or facilitate the use of telephone or any communications medium at the meeting. If the Company holds a meeting of shareholders that is an electronic meeting, the Company must permit and facilitate participation in the meeting by telephone or other communications medium. If one or more shareholders or proxy holders participate in, including voting at, a meeting of shareholders that is an electronic meeting, each such shareholder or proxy holder is deemed to be present at the meeting, and the meeting is deemed to be held at the location, if any, specified in the notice of the meeting.

### **10.5 Notice for Meetings of Shareholders**

The Company must send notice of the date, time and location of any meeting of shareholders in the manner provided in these Articles, or in such other manner, if any, as may be prescribed by ordinary resolution (whether previous notice of the resolution has been given or not), to each shareholder entitled to attend the meeting, to each director and to the auditor of the Company, unless these Articles otherwise provide, at least the following number of days before the meeting:

- (1) if and for so long as the Company is a public company, 21 days;
- (2) otherwise, 10 days.

## **10.6 Record Date for Notice**

The board may set a date as the record date for the purpose of determining shareholders entitled to notice of any meeting of shareholders. The record date must not precede the date on which the meeting is to be held by more than two months or, in the case of a general meeting requisitioned by shareholders under the Business Corporations Act, by more than four months. The record date must not precede the date on which the meeting is held by fewer than:

- (1) if and for so long as the Company is a public company, 21 days;
- (2) otherwise, 10 days.

If no record date is set, the record date is 5:00 p.m. (Vancouver time) on the day immediately preceding the first date on which the notice is sent or, if no notice is sent, the beginning of the meeting.

## **10.7 Record Date for Voting**

The board may set a date as the record date for the purpose of determining shareholders entitled to vote at any meeting of shareholders. The record date must not precede the date on which the meeting is to be held by more than two months or, in the case of a general meeting requisitioned by shareholders under the Business Corporations Act, by more than four months. If no record date is set, the record date is 5:00 p.m. (Vancouver time) on the day immediately preceding the first date on which the notice is sent or, if no notice is sent, the beginning of the meeting.

## **10.8 Failure to Give Notice and Waiver of Notice**

The accidental omission to send notice of any meeting of shareholders to, or the non-receipt of any notice by, any of the persons entitled to notice does not invalidate any proceedings at that meeting. Any person entitled to notice of a meeting of shareholders may, in writing or otherwise, waive that entitlement or agree to reduce the period of notice of such meeting. Attendance of a person at a meeting of shareholders is a waiver of entitlement to notice of the meeting, unless that person attends the meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

## **10.9 Notice of Special Business at Meetings of Shareholders**

If a meeting of shareholders is to consider special business within the meaning of Article 11.1, the notice of meeting must:

- (1) state the general nature of the special business; and
- (2) if the special business includes considering, approving, ratifying, adopting or authorizing any document or the signing of or giving of effect to any document, have attached to it a copy of the document or state that a copy of the document will be available for inspection by shareholders:
  - (a) at the Company's records office, or at such other reasonably accessible location in British Columbia as is specified in the notice; and

- (b) during statutory business hours on any one or more specified days before the day set for the holding of the meeting.

### **10.10 Notice of Dissent Rights**

The Company must send to each of its shareholders, whether or not their shares carry the right to vote, a notice of any meeting of shareholders at which a resolution entitling shareholders to dissent is to be considered specifying the date of the meeting and containing a statement advising of the right to send a notice of dissent together with a copy of the proposed resolution at least the following number of days before the meeting:

- (1) if and for so long as the Company is a public company, 21 days;
- (2) otherwise, 10 days.

### **10.11 Class Meetings and Series Meetings of Shareholders**

Unless otherwise specified in these Articles, the provisions of these Articles relating to a meeting of the shareholders will apply with the necessary changes and so far as they are applicable, to the class meeting or series meeting of the shareholders holding a particular class or series of shares.

### **10.12 Advance Notice Provisions**

#### **(1) Nomination of Directors**

Subject only to the Business Corporations Act and these Articles, only persons who are nominated in accordance with the procedures set out in this Article 10.12 shall be eligible for election as directors to the board. Nominations of persons for election to the board may only be made at an annual meeting of shareholders, or at a special meeting of shareholders called for any purpose at which the election of directors is a matter specified in the notice of meeting, as follows:

- (a) by or at the direction of the board or an authorized officer of the Company, including pursuant to a notice of meeting;
- (b) by or at the direction or request of one or more shareholders pursuant to a valid proposal made in accordance with the provisions of the Business Corporations Act or a valid requisition of shareholders made in accordance with the provisions of the Business Corporations Act; or
- (c) by any person entitled to vote at such meeting (a “**Nominating Shareholder**”), who:
  - (i) is, at the close of business on the date of giving notice provided for in this Article 10.12 and on the record date for notice of such meeting, either entered in the central securities register of the Company as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting and provides evidence of such beneficial ownership to the Company; and

- (ii) has given timely notice in proper written form as set forth in this Article 10.12.

(2) **Exclusive Means**

For the avoidance of doubt, this Article 10.12 shall be the exclusive means for any person to bring nominations for election to the board before any annual or special meeting of shareholders of the Company.

(3) **Timely Notice**

In order for a nomination made by a Nominating Shareholder to be timely notice (a “**Timely Notice**”), the Nominating Shareholder’s notice must be received by the corporate secretary of the Company at the principal executive offices or registered office of the Company:

- (a) in the case of an annual meeting of shareholders (including an annual and special meeting), not later than 5:00 p.m. (Vancouver time) on the 35th day before the date of the meeting; provided, however, if the first public announcement made by the Company of the date of the meeting (each such date being the “**Notice Date**”) is less than 50 days before the meeting date, notice by the Nominating Shareholder may be given not later than the close of business on the 10th day following the Notice Date; and
- (b) in the case of a special meeting (which is not also an annual meeting) of shareholders called for any purpose which includes the election of directors to the board, not later than the close of business on the 15th day following the Notice Date;

provided that, in either instance, if notice-and-access (as defined in National Instrument 54 - 101 - *Communication with Beneficial Owners of Securities of a Reporting Issuer*) is used for delivery of proxy related materials in respect of a meeting described in Article 10.12(3)(a) or 10.12(3)(b) and the Notice Date in respect of the meeting is not less than 50 days before the date of the applicable meeting, the notice must be received not later than the close of business on the 40th day before the date of the applicable meeting.

(4) **Proper Form of Notice**

To be in proper written form, a Nominating Shareholder’s notice to the corporate secretary must comply with all the provisions of this Article 10.12 and disclose or include, as applicable:

- (a) as to each person whom the Nominating Shareholder proposes to nominate for election as a director (a “**Proposed Nominee**”):
  - (i) the name, age, business and residential address of the Proposed Nominee;
  - (ii) the principal occupation/business or employment of the Proposed Nominee, both presently and for the past five years;



- (iii) the number of securities of each class of securities of the Company or any of its subsidiaries beneficially owned, or controlled or directed, directly or indirectly, by the Proposed Nominee, as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice;
  - (iv) full particulars of any relationships, agreements, arrangements or understandings (including financial, compensation or indemnity related) between the Proposed Nominee and the Nominating Shareholder, or any affiliates or associates of, or any person or entity acting jointly or in concert with, the Proposed Nominee or the Nominating Shareholder;
  - (v) any other information that would be required to be disclosed in a dissident proxy circular or other filings required to be made in connection with the solicitation of proxies for election of directors pursuant to the Business Corporations Act or applicable securities laws; and
  - (vi) a written consent of each Proposed Nominee to being named as nominee and certifying that such Proposed Nominee is not disqualified from acting as director under the provisions of subsection 124(2) of the Business Corporations Act; and
- (b) as to each Nominating Shareholder giving the notice, and each beneficial owner, if any, on whose behalf the nomination is made:
- (i) their name, business and residential address;
  - (ii) the number of securities of the Company or any of its subsidiaries beneficially owned, or controlled or directed, directly or indirectly, by the Nominating Shareholder or any other person with whom the Nominating Shareholder is acting jointly or in concert with respect to the Company or any of its securities, as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice;
  - (iii) their interests in, or rights or obligations associated with, any agreement, arrangement or understanding, the purpose or effect of which is to alter, directly or indirectly, the person's economic interest in a security of the Company or the person's economic exposure to the Company;
  - (iv) any relationships, agreements or arrangements, including financial, compensation and indemnity related relationships, agreements or arrangements, between the Nominating Shareholder or any affiliates or associates of, or any person or entity acting jointly or in concert with, the Nominating Shareholder and any Proposed Nominee;
  - (v) full particulars of any proxy, contract, relationship arrangement, agreement or understanding pursuant to which such person, or any of its affiliates or associates, or any person acting jointly or in concert with such person, has

any interests, rights or obligations relating to the voting of any securities of the Company or the nomination of directors to the board;

- (vi) a representation as to whether such person intends to deliver a proxy circular and/or form of proxy to any shareholder of the Company in connection with such nomination or otherwise solicit proxies or votes from shareholders of the Company in support of such nomination; and
- (vii) any other information relating to such person that would be required to be included in a dissident proxy circular or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to the Business Corporations Act or as required by applicable securities laws.

Reference to “Nominating Shareholder” in this Article 10.12(4) shall be deemed to refer to each shareholder that nominated or seeks to nominate a person for election as director in the case of a nomination proposal where more than one shareholder is involved in making the nomination proposal.

**(5) Currency of Nominee Information**

All information to be provided in a Timely Notice pursuant to this Article 10.12 shall be provided as of the date of such notice. The Nominating Shareholder shall provide the Company with an update to such information forthwith so that it is true and correct in all material respects as of the date that is 10 business days before the date of the meeting, or any adjournment or postponement thereof.

**(6) Delivery of Information**

Notwithstanding Article 23, any notice, or other document or information required to be given to the corporate secretary pursuant to this Article 10.12 may only be given by personal delivery or courier to the corporate secretary at the address of the principal executive offices or registered office of the Company, and shall be deemed to have been given and made on the date of delivery; provided such delivery is made on a business day and the delivery was made prior to 5:00 p.m. (Vancouver time) on that business day and otherwise such delivery shall be deemed to have been made on the subsequent day that is a business day.

**(7) Defective Nomination Determination**

The chair of any meeting of shareholders of the Company shall have the power to determine whether any proposed nomination is made in accordance with the provisions of this Article 10.12, and if any proposed nomination is not in compliance with such provisions, must as soon as practicable following receipt of such nomination and prior to the meeting declare that such defective nomination shall not be considered at any meeting of shareholders.

**(8) Waiver**

The board may, in its sole discretion, waive any requirement in this Article 10.12.

**(9) Definitions**

For the purposes of this Article 10.12, “public announcement” means disclosure in a press release disseminated by the Company through a national news service in Canada, or in a document filed by the Company for public access under its profile on the System of Electronic Document Analysis and Retrieval at [www.sedarplus.ca](http://www.sedarplus.ca).

## **11. PROCEEDINGS AT MEETINGS OF SHAREHOLDERS**

### **11.1 Special Business**

At a meeting of shareholders, the following business is special business:

- (1) at a meeting of shareholders that is not an annual general meeting, all business is special business except business relating to the conduct of or voting at the meeting;
- (2) at an annual general meeting, all business is special business except for the following:
  - (a) business relating to the conduct of or voting at the meeting;
  - (b) consideration of any financial statements of the Company presented to the meeting;
  - (c) consideration of any reports of the directors or auditor;
  - (d) the setting or changing of the number of directors;
  - (e) the election or appointment of directors;
  - (f) the appointment of an auditor;
  - (g) the setting of the remuneration of an auditor;
  - (h) business arising out of a report of the directors not requiring the passing of a special resolution or an exceptional resolution;
  - (i) any other business which, under these Articles or the Business Corporations Act, may be transacted at a meeting of shareholders without prior notice of the business being given to the shareholders; and
  - (j) any non-binding advisory vote (i) proposed by the Company, (ii) required by the rules of any stock exchange on which securities of the Company are listed or (iii) required by applicable securities laws.

### **11.2 Special Majority**

The majority of votes required for the Company to pass a special resolution at a general meeting of shareholders is two-thirds of the votes cast on the resolution.

### **11.3 Quorum**

Subject to the special rights and restrictions attached to the shares of any class or series of shares and to Article 11.4, the quorum for the transaction of business at a meeting of shareholders is two

persons who are, or who represent by proxy, shareholders who, in the aggregate, hold at least 5% of the issued shares entitled to be voted at the meeting.

#### **11.4 One Shareholder May Constitute Quorum**

If there is only one shareholder entitled to vote at a meeting of shareholders:

- (1) the quorum is one person who is, or who represents by proxy, that shareholder, and
- (2) that shareholder, present in person or by proxy, may constitute the meeting.

#### **11.5 Persons Entitled to Attend Meeting**

In addition to those persons who are entitled to vote at a meeting of shareholders, the only other persons entitled to be present at the meeting are the directors, the officers, any lawyer for the Company, the auditor of the Company, any other persons invited to be present at the meeting by the board or by the chair of the meeting and any persons entitled or required under the Business Corporations Act or these Articles to be present at the meeting; but if any of those persons does attend the meeting, that person is not to be counted in the quorum and is not entitled to vote at the meeting unless that person is a shareholder or proxy holder entitled to vote at the meeting.

#### **11.6 Requirement of Quorum**

No business, other than the election of a chair of the meeting and the adjournment of the meeting, may be transacted at any meeting of shareholders unless a quorum of shareholders entitled to vote is present at the commencement of the meeting, but such quorum need not be present throughout the meeting.

#### **11.7 Lack of Quorum**

If, within one-half hour from the time set for the holding of a meeting of shareholders, a quorum is not present:

- (1) in the case of a general meeting requisitioned by shareholders, the meeting is dissolved; and
- (2) in the case of any other meeting of shareholders, the meeting stands adjourned to the same day in the next week at the same time and place or to the time and place determined by the chair of the board.

#### **11.8 Lack of Quorum at Succeeding Meeting**

If, at the meeting to which the meeting referred to in Article 11.7(2) was adjourned, a quorum is not present within one-half hour from the time set for the holding of the meeting, the person or persons present and being, or representing by proxy, one or more shareholders entitled to attend and vote at the meeting constitute a quorum.

#### **11.9 Chair**

The following individual is entitled to preside as chair at a meeting of shareholders:

- (1) the chair of the board, if any; or
- (2) if the chair of the board is absent or unwilling to act as chair of the meeting, the president, if any.

#### **11.10 Selection of Alternate Chair**

If, at any meeting of shareholders, there is no chair of the board or president present within 15 minutes after the time set for holding the meeting, or if the chair of the board and the president are unwilling to act as chair of the meeting, or if the chair of the board and the president have advised the secretary, if any, or any director present at the meeting, that they will not be present at the meeting, the directors present must choose one of their number to be chair of the meeting or if all of the directors present decline to take the chair or fail to so choose or if no director is present, the shareholders entitled to vote at the meeting who are present in person or by proxy may choose any person present at the meeting to chair the meeting.

#### **11.11 Adjournments**

The chair of a meeting of shareholders may, and if so directed by the meeting must, adjourn the meeting from time to time and from place to place, but no business may be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

#### **11.12 Notice of Adjourned Meeting**

It is not necessary to give any notice of an adjourned meeting of shareholders or of the business to be transacted at an adjourned meeting of shareholders except that, when a meeting is adjourned for 30 days or more, notice of the adjourned meeting must be given as in the case of the original meeting.

#### **11.13 Decisions by Show of Hands or Poll**

Subject to the Business Corporations Act and applicable securities laws, every motion put to a vote at a meeting of shareholders will be decided on a show of hands (or its functional equivalent) unless a poll, before or on the declaration of the result of the vote by show of hands (or its functional equivalent), is directed by the chair or demanded by any shareholder entitled to vote who is present in person or by proxy.

#### **11.14 Electronic Voting**

Any vote at a meeting of shareholders may be held entirely or partially by means of telephonic, electronic or other communications facilities, if the board determines to make them available, whether or not persons entitled to attend participate in the meeting by means of communications facilities.

#### **11.15 Declaration of Result**

The chair of a meeting of shareholders must declare to the meeting the decision on every question in accordance with the result of the show of hands (or its functional equivalent) or the poll, as the

case may be, and that decision must be entered in the minutes of the meeting. A declaration of the chair that a resolution is carried by the necessary majority or is defeated is, unless a poll is directed by the chair or demanded under Article 11.13, conclusive evidence without proof of the number or proportion of the votes recorded in favour of or against the resolution.

#### **11.16 Motion Need Not be Seconded**

No motion proposed at a meeting of shareholders need be seconded unless the chair of the meeting rules otherwise, and the chair of any meeting of shareholders is entitled to propose or second a motion.

#### **11.17 Casting Vote**

In the case of an equality of votes, the chair of a meeting of shareholders does not, either on a show of hands (or its functional equivalent) or on a poll, have a second or casting vote in addition to the vote or votes to which the chair may be entitled as a shareholder.

#### **11.18 Manner of Taking Poll**

Subject to Article 11.19, if a poll is duly demanded at a meeting of shareholders:

- (1) the poll must be taken:
  - (a) at the meeting, or within seven days after the date of the meeting, as the chair of the meeting directs; and
  - (b) in the manner, at the time and at the place that the chair of the meeting directs;
- (2) the result of the poll is deemed to be the decision of the meeting at which the poll is demanded; and
- (3) the demand for the poll may be withdrawn by the person who demanded it.

#### **11.19 Demand for Poll on Adjournment**

A poll demanded at a meeting of shareholders on a question of adjournment must be taken immediately at the meeting.

#### **11.20 Chair Must Resolve Dispute**

In the case of any dispute as to the admission or rejection of a vote given on a poll, the chair of the meeting must determine the dispute, and the chair's determination made in good faith is final and conclusive.

#### **11.21 Casting of Votes**

On a poll, a shareholder entitled to more than one vote need not cast all the votes in the same way.

### **11.22 No Demand for Poll on Election of Chair**

No poll may be demanded in respect of the vote by which a chair of a meeting of shareholders is elected.

### **11.23 Demand for Poll Not to Prevent Continuance of Meeting**

The demand for a poll at a meeting of shareholders does not, unless the chair of the meeting so rules, prevent the continuation of a meeting for the transaction of any business other than the question on which a poll has been demanded.

### **11.24 Retention of Ballots and Proxies**

The Company or its agent must, for at least three months after a meeting of shareholders, keep each ballot cast on a poll and each proxy voted at the meeting, and, during that period, make them available for inspection during normal business hours by any shareholder or proxyholder entitled to vote at the meeting. At the end of such three month period, the Company may destroy such ballots and proxies.

## **12. VOTES OF SHAREHOLDERS**

### **12.1 Number of Votes by Shareholder or by Shares**

Subject to any special rights or restrictions attached to any shares and to the restrictions imposed on joint shareholders under Article 12.3:

- (1) on a vote by show of hands (or its functional equivalent), every person present who is a shareholder or proxy holder and entitled to vote on the matter has one vote; and
- (2) on a poll, every shareholder entitled to vote on the matter has one vote in respect of each share entitled to be voted on the matter and held by that shareholder and may exercise that vote either in person or by proxy.

### **12.2 Votes of Persons in Representative Capacity**

A person who is not a shareholder may vote at a meeting of shareholders, whether on a show of hands (or its functional equivalent) or on a poll, and may appoint a proxy holder to act at the meeting, if, before doing so, the person satisfies the chair of the meeting, or the board, that the person is a legal personal representative or a trustee in bankruptcy for a shareholder who is entitled to vote at the meeting.

### **12.3 Votes by Joint Holders**

If there are joint shareholders registered in respect of any share:

- (1) any one of the joint shareholders may vote at any meeting of shareholders, personally or by proxy, in respect of the share as if that joint shareholder were solely entitled to it; or
- (2) if more than one of the joint shareholders is present at any meeting of shareholders, personally or by proxy, and more than one of them votes in respect of that share, then only

the vote of the joint shareholder present whose name stands first on the central securities register in respect of the share will be counted.

#### **12.4 Legal Personal Representatives as Joint Shareholders**

Two or more legal personal representatives of a shareholder in whose sole name any share is registered are, for the purposes of Article 12.3, deemed to be joint shareholders registered in respect of that share.

#### **12.5 Representative of a Corporate Shareholder**

If a corporation, that is not a subsidiary of the Company, is a shareholder, that corporation may appoint an individual person to act as its representative at any meeting of shareholders of the Company, and:

- (1) for that purpose, the instrument appointing a representative must be received:
  - (a) at the registered office of the Company or at any other place specified, in the notice calling the meeting, for the receipt of proxies, at least the number of business days specified in the notice for the receipt of proxies, or if no number of days is specified, two business days before the day set for the holding of the meeting or any adjourned or postponed meeting; or
  - (b) at the meeting or any adjourned or postponed meeting, by the chair of the meeting or adjourned or postponed meeting or by a person designated by the chair of the meeting or adjourned or postponed meeting;
- (2) if a representative is appointed under this Article 12.5:
  - (a) the representative is entitled to exercise in respect of and at that meeting the same rights on behalf of the corporation that the representative represents as that corporation could exercise if it were a shareholder who is an individual, including, without limitation, the right to appoint a proxy holder; and
  - (b) the representative, if present at the meeting, is to be counted for the purpose of forming a quorum and is deemed to be a shareholder present in person at the meeting.

Evidence of the appointment of any such representative may be sent to the Company by written instrument, fax or any other method of transmitting legibly recorded messages.

#### **12.6 Proxy Provisions Do Not Apply to All Companies**

If and for so long as the Company is a public company Articles 12.7 to 12.16 apply only insofar as they are not inconsistent with any applicable securities laws, or any rules of any stock exchange on which securities of the Company are listed.



## **12.7 Appointment of Proxy Holders**

Every shareholder of the Company, including a corporation that is a shareholder but not a subsidiary of the Company, entitled to vote at a meeting of shareholders of the Company may, by proxy, appoint one or more (but not more than five) proxy holders to attend and act at the meeting in the manner, to the extent and with the powers conferred by the proxy.

## **12.8 Alternate Proxy Holders**

A shareholder may appoint one or more alternate proxy holders to act in the place of an absent proxy holder.

## **12.9 When Proxy Holder Need Not Be Shareholder**

A person must not be appointed as a proxy holder unless the person is a shareholder, although a person who is not a shareholder may be appointed as a proxy holder if:

- (1) the person appointing the proxy holder is a corporation or a representative of a corporation appointed under Article 12.5;
- (2) the Company has at the time of the meeting for which the proxy holder is to be appointed only one shareholder entitled to vote at the meeting;
- (3) the shareholders present in person or by proxy at and entitled to vote at the meeting for which the proxy holder is to be appointed, by a resolution on which the proxy holder is not entitled to vote but in respect of which the proxy holder is to be counted in the quorum, permit the proxy holder to attend and vote at the meeting; or
- (4) the Company is a public company.

## **12.10 Deposit of Proxy**

A proxy for a meeting of shareholders must:

- (1) be received at the registered office of the Company or at any other place specified, in the notice calling the meeting, for the receipt of proxies, at least the number of business days specified in the notice, or if no number of days is specified, two business days before the day set for the holding of the meeting or any adjourned meeting;
- (2) unless the notice provides otherwise, be received, at the meeting or any adjourned meeting, by the chair of the meeting or adjourned meeting or by a person designated by the chair of the meeting or adjourned meeting; or
- (3) be received in any other manner determined by the board or chair of the meeting.

A proxy may be sent to the Company by written instrument, or any other method of transmitting legibly recorded messages or by using such available internet or telephone voting services as may be approved by the board.

### 12.11 Validity of Proxy Vote

A vote given in accordance with the terms of a proxy is valid notwithstanding the death or incapacity of the shareholder giving the proxy and despite the revocation of the proxy or the revocation of the authority under which the proxy is given, unless notice in writing of that death, incapacity or revocation is received:

- (1) at the registered office of the Company, at any time up to and including the last business day before the day set for the holding of the meeting or any adjourned meeting at which the proxy is to be used; or
- (2) at the meeting or any adjourned meeting, by the chair of the meeting or adjourned meeting, before any vote in respect of which the proxy has been given has been taken.

### 12.12 Form of Proxy

A proxy, whether for a specified meeting or otherwise, must be either in the following form or in any other form approved by the board or the chair of the meeting:

**Silver Crown Royalties Inc.**  
(the “Company”)

The undersigned, being a shareholder of the Company, hereby appoints [name] or, failing that person, [name], as proxy holder for the undersigned to attend, act and vote for and on behalf of the undersigned at the meeting of shareholders of the Company to be held on [month, day, year] and at any adjournment of that meeting.

Number of shares in respect of which this proxy is given (if no number is specified, then this proxy is given in respect of all shares registered in the name of the undersigned): \_\_\_\_\_

Signed [month, day, year]

\_\_\_\_\_  
[Signature of shareholder]

\_\_\_\_\_  
[Name of shareholder-printed]

### 12.13 Revocation of Proxy

Subject to Article 12.14 and 12.15, every proxy may be revoked by an instrument in writing that is received:

- (1) at the registered office of the Company at any time up to and including the last business day before the day set for the holding of the meeting or any adjourned meeting at which the proxy is to be used; or
- (2) at the meeting or any adjourned meeting, by the chair of the meeting or adjourned meeting, before any vote in respect of which the proxy has been given has been taken.

### **12.14 Revocation of Proxy Must Be Signed**

An instrument referred to in Article 12.13 must be signed as follows:

- (1) if the shareholder for whom the proxy holder is appointed is an individual, the instrument must be signed by the shareholder or the shareholder's legal personal representative or trustee in bankruptcy;
- (2) if the shareholder for whom the proxy holder is appointed is a corporation, the instrument must be signed by the corporation or by a representative appointed for the corporation under Article 12.5.

### **12.15 Chair May Determine Validity of Proxy**

The chair of any meeting of shareholders may determine whether or not a proxy deposited for use at the meeting, which may not strictly comply with the requirements of this Article 12 as to form, execution, accompanying documentation, time of filing or otherwise, shall be valid for use at the meeting, and any such determination made in good faith shall be final, conclusive and binding upon the meeting.

### **12.16 Production of Evidence of Authority to Vote**

The chair of any meeting of shareholders may, but need not, inquire into the authority of any person to vote at the meeting and may, but need not, demand from that person production of evidence as to the existence of the authority to vote.

## **13. DIRECTORS**

### **13.1 First Directors; Number of Directors**

The first directors are the persons designated as directors of the Company in the Notice of Articles that applies to the Company when it is recognized under the Business Corporations Act. The number of directors, excluding additional directors appointed under Article 14.8, is set at:

- (1) subject to paragraphs (2) and (3), the number of directors that is equal to the number of the Company's first directors;
- (2) if the Company is a public company, the greater of three and the most recently set of:
  - (a) the number of directors set by directors' resolution or ordinary resolution (whether or not previous notice of the resolution was given); and
  - (b) the number of directors set under Article 14.4;
- (3) if the Company is not a public company, the most recently set of:
  - (a) the number of directors set by directors' resolution or ordinary resolution (whether or not previous notice of the resolution was given); and
  - (b) the number of directors set under Article 14.4.

### **13.2 Change in Number of Directors**

If the number of directors is set under Articles 13.1(2)(a) or 13.1(3)(a):

- (1) the shareholders may elect or appoint the directors needed to fill any vacancies in the board of directors up to that number;
- (2) if the shareholders do not elect or appoint the directors needed to fill any vacancies in the board of directors up to that number, then the board may, subject to Article 14.8, appoint, or the shareholders may elect or appoint, directors to fill those vacancies.

No decrease in the number of directors will shorten the term of an incumbent director.

### **13.3 Board's Acts Valid Despite Vacancy**

An act or proceeding of the board is not invalid merely because fewer than the number of directors set or otherwise required under these Articles is in office.

### **13.4 Qualifications of Directors**

A director is not required to hold a share in the capital of the Company as qualification for the director's office but must be qualified as required by the Business Corporations Act to become, act or continue to act as a director.

### **13.5 Remuneration of Directors**

The directors are entitled to the remuneration for acting as directors, if any, as the board may from time to time determine. If the board so decides, the remuneration of the directors, if any, will be determined by the shareholders. That remuneration may be in addition to any salary or other remuneration paid to any officer or employee of the Company as such, who is also a director.

### **13.6 Reimbursement of Expenses of Directors**

The Company must reimburse each director for the reasonable expenses that the director may incur in and about the business of the Company.

### **13.7 Special Remuneration for Directors**

If any director performs any professional or other services for the Company that in the opinion of the board are outside the ordinary duties of a director, or if any director is otherwise specially occupied in or about the Company's business, the director may be paid remuneration fixed by the board, or, at the option of that director, fixed by ordinary resolution, and such remuneration may be either in addition to, or in substitution for, any other remuneration that the director may be entitled to receive.

### **13.8 Gratuity, Pension or Allowance on Retirement of Director**

Unless otherwise determined by ordinary resolution, the board on behalf of the Company may pay a gratuity or pension or allowance on retirement to any director who has held any salaried office or place of profit with the Company or to the director's spouse or dependants and may make

contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.

## **14. ELECTION AND REMOVAL OF DIRECTORS**

### **14.1 Election at Annual General Meeting**

At every annual general meeting and in every unanimous resolution contemplated by Article 10.2:

- (1) the shareholders entitled to vote at the annual general meeting for the election of directors must elect, or in the unanimous resolution appoint, a board of directors consisting of the number of directors for the time being set under these Articles; and
- (2) all the directors cease to hold office immediately before the election or appointment of directors under paragraph (1), but are eligible for re-election or re-appointment.

### **14.2 Consent to be a Director**

No election, appointment or designation of an individual as a director is valid unless:

- (1) that individual consents to be a director in the manner provided for in the Business Corporations Act;
- (2) that individual is elected or appointed at a meeting at which the individual is present and the individual does not refuse, at the meeting, to be a director; or
- (3) with respect to first directors, the designation is otherwise valid under the Business Corporations Act.

### **14.3 Failure to Elect or Appoint Directors**

If:

- (1) the Company fails to hold an annual general meeting, and all the shareholders who are entitled to vote at an annual general meeting fail to pass the unanimous resolution contemplated by Article 10.2, on or before the date by which the annual general meeting is required to be held under the Business Corporations Act; or
- (2) the shareholders fail, at the annual general meeting or in the unanimous resolution contemplated by Article 10.2, to elect or appoint any directors;

then each director then in office continues to hold office until the earlier of:

- (3) when the director's successor is elected or appointed; and
- (4) when the director otherwise ceases to hold office under the Business Corporations Act or these Articles.

#### **14.4 Places of Retiring Directors Not Filled**

If, at any meeting of shareholders at which there should be an election of directors, the places of any of the retiring directors are not filled by that election, those retiring directors who are not re-elected and who are asked by the newly elected directors to continue in office will, if willing to do so, continue in office to complete the number of directors for the time being set pursuant to these Articles until further new directors are elected at a meeting of shareholders convened for that purpose. If any such election or continuance of directors does not result in the election or continuance of the number of directors for the time being set pursuant to these Articles, the number of directors of the Company is deemed to be set at the number of directors actually elected or continued in office.

#### **14.5 Directors May Fill Casual Vacancies**

Any casual vacancy occurring in the board of directors may be filled by the board.

#### **14.6 Remaining Directors' Power to Act**

The board may act notwithstanding any vacancy in the board of directors, but if the Company has fewer directors in office than the number set pursuant to these Articles as the quorum of directors, the board may only act for the purpose of appointing directors up to that number or of calling a meeting of shareholders for the purpose of filling any vacancies on the board of directors or, subject to the Business Corporations Act, for any other purpose.

#### **14.7 Shareholders May Fill Vacancies**

If the Company has no directors or fewer directors in office than the number set pursuant to these Articles as the quorum of directors, the shareholders may elect or appoint directors to fill any vacancies on the board of directors.

#### **14.8 Additional Directors**

Notwithstanding Articles 13.1 and 13.2, between annual general meetings or unanimous resolutions contemplated by Article 10.2, the board may appoint one or more additional directors, but the number of additional directors appointed under this Article 14.8 must not at any time exceed:

- (1) one-third of the number of first directors, if, at the time of the appointments, one or more of the first directors have not yet completed their first term of office; or
- (2) in any other case, one-third of the number of the current directors who were elected or appointed as directors other than under this Article 14.8.

Any director so appointed ceases to hold office immediately before the next election or appointment of directors under Article 14.1(1), but is eligible for re-election or re-appointment.

#### **14.9 Ceasing to be a Director**

A director ceases to be a director when:

- (1) the term of office of the director expires;
- (2) the director dies;
- (3) the director resigns as a director by notice in writing provided to the Company or a lawyer for the Company; or
- (4) the director is removed from office pursuant to Articles 14.10 or 14.11.

#### **14.10 Removal of Director by Shareholders**

The Company may remove any director before the expiration of the director's term of office by special resolution. In that event, the shareholders may elect, or appoint by ordinary resolution, a director to fill the resulting vacancy. If the shareholders do not elect or appoint a director to fill the resulting vacancy contemporaneously with the removal, then the board may appoint or the shareholders may elect, or appoint by ordinary resolution, a director to fill that vacancy.

#### **14.11 Removal of Director by Directors**

The board may remove any director before the expiration of the director's term of office if the director is convicted of an indictable offence, or if the director ceases to be qualified to act as a director of a company and does not promptly resign, and the board may appoint a director to fill the resulting vacancy.

### **15. POWERS AND DUTIES OF DIRECTORS**

#### **15.1 Powers of Management**

The board must, subject to the Business Corporations Act and these Articles, manage or supervise the management of the business and affairs of the Company and have the authority to exercise all such powers of the Company as are not, by the Business Corporations Act or by these Articles, required to be exercised by the shareholders of the Company.

#### **15.2 Appointment of Attorney of Company**

The board may from time to time, by power of attorney or other instrument, under seal if so required by law, appoint any person to be the attorney of the Company for such purposes, and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the board under these Articles and excepting the power to fill vacancies in the board of directors, to remove a director, to change the membership of, or fill vacancies in, any committee of the board, to appoint or remove officers appointed by the board and to declare dividends) and for such period, and with such remuneration and subject to such conditions as the board may think fit. Any such power of attorney may contain such provisions for the protection or convenience of persons dealing with such attorney as the board thinks fit. Any such attorney may be authorized by the board to sub-delegate all or any of the powers, authorities and discretions for the time being vested in such attorney.

## **16. INTERESTS OF DIRECTORS AND OFFICERS**

### **16.1 Obligation to Account for Profits**

A director or senior officer who holds a disclosable interest (as that term is used in the Business Corporations Act) in a contract or transaction into which the Company has entered or proposes to enter is liable to account to the Company for any profit that accrues to the director or senior officer under or as a result of the contract or transaction only if and to the extent provided in the Business Corporations Act.

### **16.2 Restrictions on Voting by Reason of Interest**

A director who holds a disclosable interest in a contract or transaction into which the Company has entered or proposes to enter is not entitled to vote on any directors' resolution to approve that contract or transaction, unless all the directors have a disclosable interest in that contract or transaction, in which case any or all of those directors may vote on such resolution.

### **16.3 Interested Director Counted in Quorum**

A director who holds a disclosable interest in a contract or transaction into which the Company has entered or proposes to enter and who is present at the meeting of directors at which the contract or transaction is considered for approval may be counted in the quorum at the meeting whether or not the director votes on any or all of the resolutions considered at the meeting.

### **16.4 Disclosure of Conflict of Interest or Property**

A director or senior officer who holds any office or possesses any property, right or interest that could result, directly or indirectly, in the creation of a duty or interest that materially conflicts with that individual's duty or interest as a director or senior officer, must disclose the nature and extent of the conflict as required by the Business Corporations Act.

### **16.5 Director Holding Other Office in the Company**

A director may hold any office or place of profit with the Company, other than the office of auditor of the Company, in addition to the director's office of director for the period and on the terms (as to remuneration or otherwise) that the board may determine.

### **16.6 No Disqualification**

No director or intended director is disqualified by the director's office from contracting with the Company either with regard to the holding of any office or place of profit the director holds with the Company or as vendor, purchaser or otherwise, and no contract or transaction entered into by or on behalf of the Company in which a director is in any way interested is liable to be voided for that reason.

### **16.7 Professional Services by Director or Officer**

Subject to the Business Corporations Act, a director or officer, or any person in which a director or officer has an interest, may act in a professional capacity for the Company, except as auditor of



the Company, and the director or officer or such person is entitled to remuneration for professional services as if that director or officer were not a director or officer.

### **16.8 Director or Officer in Other Corporations**

A director or officer may be or become a director, officer or employee of, or otherwise interested in, any person in which the Company may be interested as a shareholder or otherwise, and, subject to the Business Corporations Act, the director or officer is not accountable to the Company for any remuneration or other benefits received by the director or officer as director, officer or employee of, or from the director's or officer's interest in, such other person.

## **17. PROCEEDINGS OF THE BOARD**

### **17.1 Meetings of the Board**

The board may meet together for the conduct of business, adjourn and otherwise regulate its meetings as the board thinks fit, and meetings of the board held at regular intervals may be held at the place, at the time and on the notice, if any, as the board may from time to time determine.

### **17.2 Voting at Meetings**

Questions arising at any meeting of the board are to be decided by a majority of votes and, in the case of an equality of votes, the chair of the meeting does not have a second or casting vote.

### **17.3 Chair of Meetings**

The following individual is entitled to preside as chair at a meeting of the board:

- (1) the chair of the board, if any;
- (2) in the absence of the chair of the board, the president, if any, if the president is a director; or
- (3) any other director chosen by the board if:
  - (a) neither the chair of the board nor the president, if a director, is present at the meeting within 15 minutes after the time set for holding the meeting;
  - (b) neither the chair of the board nor the president, if a director, is willing to chair the meeting; or
  - (c) the chair of the board and the president, if a director, have advised the secretary, if any, or any other director, that they will not be present at the meeting.

### **17.4 Meetings by Telephone or Other Communications Medium**

A director may participate in a meeting of the board or of any committee of the board:

- (1) in person;

- (2) by telephone; or
- (3) with the consent of all directors who wish to participate in the meeting, by other communications medium;

if all the directors participating in the meeting, whether in person, by telephone or by other communications medium, are able to communicate with each other. A director who participates in a meeting in a manner contemplated by this Article 17.4 is deemed for all purposes of the Business Corporations Act and these Articles to be present at the meeting and to have agreed to participate in that manner.

### **17.5 Calling of Meetings**

A director may, and the secretary or an assistant secretary of the Company, if any, on the request of a director must, call a meeting of the board at any time.

### **17.6 Notice of Meetings**

Other than for meetings held at regular intervals as determined by the board pursuant to Article 17.1 or as provided in Article 17.7, reasonable notice of each meeting of the board, specifying the place, day and time of that meeting must be given to each of the directors by any method set out in Article 23.1 or orally or by telephone.

### **17.7 When Notice Not Required**

It is not necessary to give notice of a meeting of the board to a director if:

- (1) the meeting is to be held immediately following a meeting of shareholders at which that director was elected or appointed, or is the meeting of the board at which that director is appointed; or
- (2) the director has waived notice of the meeting.

### **17.8 Meeting Valid Despite Failure to Give Notice**

The accidental omission to give notice of any meeting of board to, or the non-receipt of any notice by, any director does not invalidate any proceedings at that meeting.

### **17.9 Waiver of Notice of Meetings**

Any director may send to the Company a document signed by the director waiving notice of any past, present or future meeting or meetings of the board and may at any time withdraw that waiver with respect to meetings held after that withdrawal. After sending a waiver with respect to all future meetings and until that waiver is withdrawn, no notice of any meeting of the board need be given to that director and, unless the director otherwise requires by notice in writing to the Company and all meetings of the board so held are deemed not to be improperly called or constituted by reason of notice not having been given to such director.

Attendance of a director at a meeting of the board is a waiver of notice of the meeting, unless that director attends the meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

### **17.10 Quorum**

The quorum necessary for the transaction of the business of the board may be set by the board and, if not so set, is deemed to be set at two directors or, if the number of directors is set at one, is deemed to be set at one director, and that director may constitute a meeting.

### **17.11 Validity of Acts Where Appointment Defective**

Subject to the Business Corporations Act, an act of a director or officer is not invalid merely because of an irregularity in the election or appointment or a defect in the qualification of that director or officer.

### **17.12 Consent Resolutions in Writing**

A resolution of the board or of any committee of the board may be passed without a meeting:

- (1) in all cases, if each of the directors entitled to vote on the resolution consents to it in writing; or
- (2) in the case of a resolution to approve a contract or transaction in respect of which a director has disclosed that the director has or may have a disclosable interest, if each of the other directors who have not made such a disclosure consents in writing to the resolution.

A consent in writing under this Article 17.12 may be by any written instrument, e-mail or any other method of transmitting legibly recorded messages in which the consent of the director is evidenced, whether or not the signature of the director is included in the record. A consent in writing may be in two or more counterparts which together are deemed to constitute one consent in writing. A resolution of the board or of any committee of the board passed in accordance with this Article 17.12 is effective on the date stated in the consent in writing or on the latest date stated on any counterpart and is deemed to be a proceeding at a meeting of the board or of the committee of the board and to be as valid and effective as if it had been passed at a meeting of the board or of the committee of the board that satisfies all the requirements of the Business Corporations Act and all the requirements of these Articles relating to meetings of the board or of a committee of the board.

## **18. EXECUTIVE AND OTHER COMMITTEES**

### **18.1 Appointment and Powers of Executive Committee**

The board may, by resolution, appoint an executive committee consisting of the director or directors that it considers appropriate, and during the intervals between meetings of the board all of the board's powers are delegated to the executive committee, except:

- (1) the power to fill vacancies in the board of directors;

- (2) the power to remove a director;
- (3) the power to change the membership of, or fill vacancies in, any committee of the board; and
- (4) such other powers, if any, as may be set out in the resolution or any subsequent directors' resolution.

### **18.2 Appointment and Powers of Other Committees**

The board may, by resolution:

- (1) appoint one or more committees (other than the executive committee) consisting of the director or directors that they consider appropriate;
- (2) delegate to a committee appointed under paragraph (1) any of the board's powers, except:
  - (a) the power to fill vacancies in the board of directors;
  - (b) the power to remove a director;
  - (c) the power to change the membership of, or fill vacancies in, any committee of the board; and
  - (d) the power to appoint or remove officers appointed by the board; and
- (3) make any delegation referred to in paragraph (2) subject to the conditions set out in the resolution or any subsequent directors' resolution.

### **18.3 Obligations of Committees**

Any committee appointed under Articles 18.1 or 18.2, in the exercise of the powers delegated to it, must:

- (1) conform to any rules that may from time to time be imposed on it by the board; and
- (2) report every act or thing done in exercise of those powers at such times as the board may require.

### **18.4 Powers of Board**

The board may, at any time, with respect to a committee appointed under Articles 18.1 or 18.2:

- (1) revoke or alter the authority given to the committee, or override a decision made by the committee, except as to acts done before such revocation, alteration or overriding;
- (2) terminate the appointment of, or change the membership of, the committee; and
- (3) fill vacancies in the committee.

## **18.5 Committee Meetings**

Subject to Article 18.3(1) and unless the board otherwise provides in the resolution appointing the committee or in any subsequent resolution, with respect to a committee appointed under Articles 18.1 or 18.2:

- (1) the committee may meet and adjourn as it thinks proper;
- (2) the committee may elect a chair of its meetings but, if no chair of a meeting is elected, or if at a meeting the chair of the meeting is not present within 15 minutes after the time set for holding the meeting, the directors present who are members of the committee may choose one of their number to chair the meeting;
- (3) a majority of the members of the committee constitutes a quorum of the committee; and
- (4) questions arising at any meeting of the committee are determined by a majority of votes of the members present, and in case of an equality of votes, the chair of the meeting does not have a second or casting vote.

## **19. OFFICERS**

### **19.1 Board May Appoint Officers**

The board may, from time to time, appoint such officers, if any, as the board determines and the board may, at any time, terminate any such appointment.

### **19.2 Functions, Duties and Powers of Officers**

The board may, for each officer:

- (1) determine the functions and duties of the officer;
- (2) delegate to the officer any of the powers exercisable by the board on such terms and conditions and with such restrictions as the board thinks fit; and
- (3) revoke, withdraw, alter or vary all or any of the functions, duties and powers of the officer.

### **19.3 Qualifications**

No officer may be appointed unless that officer is qualified in accordance with the Business Corporations Act. One person may hold more than one position as an officer of the Company. Any person appointed as the chair of the board or as a managing director must be a director. Any other officer need not be a director.

### **19.4 Remuneration and Terms of Appointment**

All appointments of officers are to be made on the terms and conditions and at the remuneration (whether by way of salary, fee, commission, participation in profits or otherwise) that the board thinks fit and are subject to termination at the pleasure of the board, and an officer may in addition

to such remuneration be entitled to receive, after the officer ceases to hold such office or leaves the employment of the Company, a pension or gratuity.

## **20. INDEMNIFICATION**

### **20.1 Definitions**

In this Article 20:

- (1) “**eligible penalty**” means a judgment, penalty or fine awarded or imposed in, or an amount paid in settlement of, an eligible proceeding;
- (2) “**eligible proceeding**” means a legal proceeding or investigative action, whether current, threatened, pending or completed, in which a director or former director or an officer or former officer of the Company (each an “**eligible party**”) or any of the heirs and legal personal representatives of the eligible party, by reason of the eligible party being or having been a director or officer of the Company:
  - (a) is or may be joined as a party; or
  - (b) is or may be liable for or in respect of a judgment, penalty or fine in, or expenses related to, the proceeding;
- (3) “**expenses**” has the meaning set out in the Business Corporations Act.
- (4) “**officer**” means a person appointed by the board as an officer of the Company.

### **20.2 Mandatory Indemnification of Eligible Parties**

Subject to the Business Corporations Act, the Company must indemnify an eligible party and an eligible party’s heirs and legal personal representatives against all eligible penalties to which such person is or may be liable, and the Company must, after the final disposition of an eligible proceeding, pay the expenses actually and reasonably incurred by such person in respect of that proceeding to the fullest extent permitted by the Business Corporations Act. Each eligible party is deemed to have contracted with the Company on the terms of the indemnity contained in this Article 20.2.

### **20.3 Indemnification of Other Persons**

Subject to any restrictions in the Business Corporations Act, the Company may indemnify any person, including directors, officers, employees, agents and representatives of the Company.

### **20.4 Non-Compliance with Business Corporations Act**

The failure of a director or officer of the Company to comply with the Business Corporations Act or these Articles or, if applicable, any former Companies Act or former Articles, does not invalidate any indemnity to which the director or officer is entitled under this Part.

## **20.5 Company May Purchase Insurance**

The Company may purchase and maintain insurance for the benefit of any person (or any person's heirs or legal personal representatives) who:

- (1) is or was a director, officer, employee or agent of the Company;
- (2) is or was a director, officer, employee or agent of a corporation at a time when the corporation is or was an affiliate of the Company;
- (3) at the request of the Company, is or was a director, officer, employee or agent of a corporation or of a partnership, trust, joint venture or other unincorporated entity;
- (4) at the request of the Company, holds or held a position equivalent to that of a director or officer of a partnership, trust, joint venture or other unincorporated entity;

against any liability incurred by the person as such director, officer, employee or agent or person who holds or held such equivalent position.

## **21. DIVIDENDS**

### **21.1 Payment of Dividends Subject to Special Rights**

The provisions of this Article 21 are subject to the rights, if any, of shareholders holding shares with special rights as to dividends.

### **21.2 Declaration of Dividends**

Subject to the Business Corporations Act, the board may from time to time declare and authorize payment of such dividends as they may deem advisable.

### **21.3 No Notice Required**

The board need not give notice to any shareholder of any declaration under Article 21.2.

### **21.4 Record Date**

The board may set a date as the record date for the purpose of determining shareholders entitled to receive payment of a dividend. The record date must not precede the date on which the dividend is to be paid by more than two months. If no record date is set, the record date is 5:00 p.m. (Vancouver time) on the date on which the board passes the resolution declaring the dividend.

### **21.5 Manner of Paying Dividend**

A resolution declaring a dividend may direct payment of the dividend wholly or partly in money or by the distribution of specific assets or of fully paid shares or of bonds, debentures or other securities of the Company or any other corporation, or in any one or more of those ways.

## **21.6 Settlement of Difficulties**

If any difficulty arises in regard to a distribution under Article 21.5, the board may settle the difficulty as they deem advisable, and, in particular, may:

- (1) set the value for distribution of specific assets;
- (2) determine that money in substitution for all or any part of the specific assets to which any shareholders are entitled may be paid to any shareholders on the basis of the value so fixed in order to adjust the rights of all parties; and
- (3) vest any such specific assets in trustees for the persons entitled to the dividend.

## **21.7 When Dividend Payable**

Any dividend may be made payable on such date as is fixed by the board.

## **21.8 Dividends to be Paid in Accordance with Number of Shares**

All dividends on shares of any class or series of shares must be declared and paid according to the number of such shares held.

## **21.9 Receipt by Joint Shareholders**

If several persons are joint shareholders of any share, any one of them may give an effective receipt for any dividend, bonus or other money payable in respect of the share.

## **21.10 Dividend Bears No Interest**

No dividend bears interest against the Company.

## **21.11 Fractional Dividends**

If a dividend to which a shareholder is entitled includes a fraction of the smallest monetary unit of the currency of the dividend, that fraction may be disregarded in making payment of the dividend and that payment represents full payment of the dividend.

## **21.12 Payment of Dividends**

Any dividend or other distribution payable in money in respect of shares may be paid:

- (1) by cheque, made payable to the order of the person to whom it is sent, and mailed to the registered address of the shareholder, or in the case of joint shareholders, to the registered address of the joint shareholder who is first named on the central securities register, or to the person and to the address the shareholder or joint shareholders may direct in writing; or
- (2) by electronic transfer, if so authorized by the shareholder.



The mailing of such cheque or the forwarding by electronic transfer will, to the extent of the sum represented by the cheque or transfer (plus the amount of the tax required by law to be deducted), discharge all liability for the dividend unless such cheque is not paid on presentation, or the amount of tax so deducted is not paid to the appropriate taxing authority.

### **21.13 Capitalization of Retained Earnings or Surplus**

Notwithstanding anything contained in these Articles, the board may from time to time capitalize any retained earnings or surplus of the Company and may from time to time issue, as fully paid, shares or any bonds, debentures or other securities of the Company as a dividend representing the retained earnings or surplus so capitalized or any part thereof.

### **21.14 Unclaimed Dividends**

Any dividend unclaimed after a period of six years from the date on which the same has been declared to be payable shall be forfeited and shall revert to the Company. The Company shall not be liable to any person in respect of any dividend which is forfeited to the Company or delivered to any public official pursuant to any applicable abandoned property, escheat or similar law.

## **22. ACCOUNTING RECORDS**

### **22.1 Recording of Financial Affairs**

The board must cause adequate accounting records to be kept to record properly the financial affairs and condition of the Company and to comply with the Business Corporations Act.

### **22.2 Inspection of Accounting Records**

Unless the board determines otherwise, or unless otherwise determined by ordinary resolution, no shareholder of the Company is entitled to inspect or obtain a copy of any accounting records of the Company.

## **23. NOTICES**

### **23.1 Method of Giving Notice**

Unless the Business Corporations Act or these Articles provides otherwise, a notice, statement, report or other record required or permitted by the Business Corporations Act or these Articles to be sent by or to a person may be sent by any one of the following methods:

- (1) mail addressed to the person at the applicable address for that person as follows:
  - (a) for a record mailed to a shareholder, the shareholder's registered address;
  - (b) for a record mailed to a director or officer, the prescribed address for mailing shown for the director or officer in the records kept by the Company or the mailing address provided by the recipient for the sending of that record or records of that class;
  - (c) in any other case, the mailing address of the intended recipient;

- (2) delivery at the applicable address for that person as follows, addressed to the person:
  - (a) for a record delivered to a shareholder, the shareholder's registered address;
  - (b) for a record delivered to a director or officer, the prescribed address for delivery shown for the director or officer in the records kept by the Company or the delivery address provided by the recipient for the sending of that record or records of that class;
  - (c) in any other case, the delivery address of the intended recipient;
- (3) unless the intended recipient is the auditor of the Company, sending the record by e-mail to the e-mail address provided by the intended recipient for the sending of that record or records of that class;
- (4) physical delivery to the intended recipient;
- (5) creating and providing a record posted on or made available through a generally accessible electronic source and providing written notice by any of the foregoing methods as to the availability of such record; or
- (6) as otherwise permitted by applicable securities legislation.

### **23.2 Deemed Receipt**

A notice, statement, report or other record that is:

- (1) mailed to a person by ordinary mail to the applicable address for that person referred to in Article 23.1 is deemed to be received by the person to whom it was mailed on the day, Saturdays, Sundays and holidays excepted, following the date of mailing;
- (2) e-mailed to a person to the e-mail address provided by that person referred to in Article 23.1 is deemed to be received by the person to whom it was e-mailed on the day it was e-mailed; and
- (3) delivered in accordance with Article 23.1(5), is deemed to be received by the person on the day such written notice is sent.

### **23.3 Certificate of Sending**

A certificate signed by the secretary, if any, or other officer of the Company or of any other corporation acting in that capacity on behalf of the Company stating that a notice, statement, report or other record was sent in accordance with Article 23.1 is conclusive evidence of that fact.

### **23.4 Notice to Joint Shareholders**

A notice, statement, report or other record may be provided by the Company to the joint shareholders of a share by providing such record to the joint shareholder first named in the central securities register in respect of the share.

### **23.5 Notice to Legal Personal Representatives and Trustees**

A notice, statement, report or other record may be provided by the Company to the persons entitled to a share in consequence of the death, bankruptcy or incapacity of a shareholder by:

- (1) mailing the record, addressed to them:
  - (a) by name, by the title of the legal personal representative of the deceased or incapacitated shareholder, by the title of trustee of the bankrupt shareholder or by any similar description; and
  - (b) at the address, if any, supplied to the Company for that purpose by the persons claiming to be so entitled; or
- (2) if an address referred to in paragraph 23.5(1)(b) has not been supplied to the Company, by giving the notice in a manner in which it might have been given if the death, bankruptcy or incapacity had not occurred.

### **23.6 Undelivered Notices**

If, on two consecutive occasions, a notice, statement, report or other record is sent to a shareholder pursuant to Article 23.1 and on each of those occasions any such record is returned because the shareholder cannot be located, the Company shall not be required to send any further records to the shareholder until the shareholder informs the Company in writing of the shareholder's new address.

## **24. SEAL AND EXECUTION OF INSTRUMENTS**

### **24.1 Who May Attest Seal**

Except as provided in Articles 24.2 and 24.3, the Company's seal, if any, must not be impressed on any record except when that impression is attested by the signatures of:

- (1) any two directors;
- (2) any officer, together with any director;
- (3) if the Company only has one director, that director; or
- (4) any one or more directors or officers or persons as may be determined by the board.

### **24.2 Sealing Copies**

For the purpose of certifying under seal a certificate of incumbency of the directors or officers of the Company or a true copy of any resolution or other document, despite Article 24.1, the impression of the seal may be attested by the signature of any director or officer, or the signature of any other person as may be determined by the board.

### **24.3 Mechanical Reproduction of Seal**

The board may authorize the seal to be impressed by third parties on share certificates or bonds, debentures or other securities of the Company as they may determine appropriate from time to time. To enable the seal to be impressed on any share certificates or bonds, debentures or other securities of the Company, whether in definitive or interim form, on which facsimiles of any of the signatures of the directors or officers of the Company are, in accordance with the Business Corporations Act or these Articles, printed or otherwise mechanically reproduced, there may be delivered to the person employed to engrave, lithograph or print such definitive or interim share certificates or bonds, debentures or other securities one or more unmounted dies reproducing the seal and such persons as are authorized under Article 24.1 to attest the Company's seal may in writing authorize such person to cause the seal to be impressed on such definitive or interim share certificates or bonds, debentures or other securities by the use of such dies. Share certificates or bonds, debentures or other securities to which the seal has been so impressed are for all purposes deemed to be under and to bear the seal impressed on them.

### **24.4 Execution of Instruments**

Deeds, transfers, assignments, contracts, obligations, certificates and other instruments shall be signed on behalf of the Company by any director or officer. In addition, the board may from time to time direct the manner in which and the person or persons by whom any particular instrument or class of instruments may or shall be signed.

## **25. FORUM FOR ADJUDICATION OF CERTAIN DISPUTES**

Unless the Company consents in writing to the selection of an alternative forum, the Supreme Court of British Columbia, Canada and the appellate courts therefrom, shall, to the fullest extent permitted by law, be the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of the Company; (ii) any action or proceeding asserting a claim of breach of a fiduciary duty owed by any director, officer, or other employee of the Company to the Company; (iii) any action or proceeding asserting a claim arising pursuant to any provision of the Business Corporations Act or these Articles (as either may be amended from time to time); or (iv) any action or proceeding asserting a claim otherwise related to the relationships among the Company, its affiliates and their respective shareholders, directors and/or officers, but this paragraph (iv) does not include claims related to the business carried on by the Company or such affiliates. If any action or proceeding the subject matter of which is within the scope of the preceding sentence is filed in a court other than a court located within the Province of British Columbia (a "**Foreign Action**") in the name of any securityholder, such securityholder shall be deemed to have consented to (i) the personal jurisdiction of the provincial and federal courts located within the Province of British Columbia in connection with any action or proceeding brought in any such court to enforce the preceding sentence and (ii) having service of process made upon such securityholder in any such action or proceeding by service upon such securityholder's counsel in the Foreign Action as agent for such securityholder.

## **26. PROHIBITIONS**

### **26.1 Definitions**

In this Article 26:

- (a) **“security”** has the meaning assigned in the Securities Act;
- (b) **“transfer restricted security”** means
  - (i) a share of the Company;
  - (ii) a security of the Company convertible into shares of the Company; or
  - (iii) any other security of the Company which must be subject to restrictions on transfer in order for the Company to satisfy the requirement for restrictions on transfer under the “private issuer” exemption of Canadian securities legislation or under any other exemption from prospectus or registration requirements of Canadian securities legislation similar in scope and purpose to the “private issuer” exemption.

## **26.2 Application**

Article 26.3 does not apply to the Company if and for so long as it is a public company.

## **26.3 Consent Required for Transfer of Shares or Transfer Restricted Securities**

No share or other transfer restricted security may be sold, transferred or otherwise disposed of without the consent of the board and the board is not required to give any reason for refusing to consent to any such sale, transfer or other disposition.

**EXHIBIT “C”**  
**DESCRIPTION OF THE ROYALTIES**

Pursuant to a royalty agreement dated May 11, 2023 between Elk Gold Mining Corp. and SCR (the “**Gold Mountain Royalty Agreement**”), SCR holds a net smelter return royalty for 90% of the cash equivalent of the aggregate net proceeds of silver produced, but no less than the cash equivalent of 6,000 ounces of silver quarterly priced at the London Bullion Market Association’s daily average price for such quarter in U.S. dollars, from the Gold Mountain Project (as defined in the Gold Mountain Royalty Agreement) annually (the “**Gold Mountain Royalty**”). The Gold Mountain Royalty is Silver Crown’s only material asset. The Gold Mountain Royalty is paid quarterly.

Pursuant to an amended and restated royalty agreement dated April 26, 2024 among Pilar De Goias Desenvolvimento Mineral Ltda., Pilar Gold Inc. and SCR (the “**Pilar Royalty Agreement**”), SCR holds a net smelter return royalty for 31.05% of the cash equivalent of the aggregate net proceeds of silver sold as a result of processing of ores extracted from Pilar Gold Inc.’s PGDM Complex (as defined below), but no less than the cash equivalent of 1,380 ounces of silver quarterly priced at the London Bullion Market Association’s daily average price for such quarter in U.S. dollars, from the PGDM Complex (as defined in the Pilar Royalty Agreement) annually (the “**Pilar Royalty**”). The Pilar Royalty is paid quarterly.

**SCHEDULE C – 128 FINANCIAL STATEMENTS AND MD&A**

---

**1287412 B.C. LTD.**

**FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

(Expressed in Canadian Dollars)

---



To the Shareholders of 1287412 B.C. Ltd.:

## Opinion

We have audited the financial statements of 1287412 B.C. Ltd. (the "Company"), which comprise the statement of financial position as at December 31, 2023, and the statements of loss and comprehensive loss, changes in shareholders' deficit and cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

## Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Company incurred a net loss during the year ended December 31, 2023 and, as of that date, the Company had negative working capital and accumulated losses. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no other key audit matters to communicate in our report.

## Other Matter

The financial statement for the year ended December 31, 2022 were audited by another auditor who expressed an unmodified opinion on those statements on May 1, 2023.

## Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Brad Frampton.

Calgary, Alberta

April 12, 2024

*MNP LLP*

Chartered Professional Accountants

**1287412 B.C. LTD.**  
**STATEMENTS OF FINANCIAL POSITION**  
**As at December 31, 2023 and 2022**  
(Expressed in Canadian Dollars)

	Note	December 31, 2023		December 31, 2022	
<b>ASSETS</b>					
Current assets					
Amounts receivable		\$	75	\$	2,348
<b>Total assets</b>		<b>\$</b>	<b>75</b>	<b>\$</b>	<b>2,348</b>
<b>LIABILITIES</b>					
Current liabilities					
Accounts payable and accrued liabilities		\$	68,730	\$	19,146
Due to a related party	3		58,625		34,143
			127,355		53,289
<b>SHAREHOLDERS' DEFICIT</b>					
Share capital	4		375		375
Deficit			(127,655)		(51,316)
			(127,280)		(50,941)
<b>Total liabilities and shareholders' deficit</b>		<b>\$</b>	<b>75</b>	<b>\$</b>	<b>2,348</b>

Nature of operations and going concern (Note 1)

**Approved and authorized on behalf of the Board of Directors on April 12, 2024**

Director \_\_\_\_\_ James Ward (signed) \_\_\_\_\_

Director \_\_\_\_\_ Stephen Sandusky (signed) \_\_\_\_\_

The accompanying notes are an integral part of these financial statements.

**1287412 B.C. LTD.**  
**STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**  
**For the Years Ended December 31, 2023 and 2022**  
(Expressed in Canadian Dollars)

	<b>2023</b>	<b>2022</b>
<b>EXPENSES</b>		
Accounting and corporate secretarial fees	\$ 12,000	\$ 12,000
Professional fees	57,959	11,316
Regulatory and transfer agent fees	6,380	4,832
	<u>\$ (76,339)</u>	<u>\$ (28,148)</u>
<b>NET LOSS AND COMPREHENSIVE LOSS FOR THE YEAR</b>	<u>\$ (76,339)</u>	<u>\$ (28,148)</u>
<b>NET LOSS PER SHARE – BASIC AND DILUTED</b>	<u>\$ (0.020)</u>	<u>\$ (0.008)</u>
<b>WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING (Note 4)</b>	<u>3,750,001</u>	<u>3,750,001</u>

The accompanying notes are an integral part of these financial statements.

**1287412 B.C. LTD.**  
**STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIT**  
**For the Years Ended December 31, 2023 and 2022**  
(Expressed in Canadian Dollars)

	Number of Shares		Share Capital		Deficit		Total
<b>Balance, December 31, 2021</b>	3,750,001	\$	375	\$	(23,168)	\$	(22,793)
Net loss and comprehensive loss for the year	-		-		(28,148)		(28,148)
<b>Balance, December 31, 2022</b>	3,750,001	\$	375	\$	(51,316)	\$	(50,941)
Net loss and comprehensive loss for the year	-		-		(76,339)		(76,339)
<b>Balance, December 31, 2023</b>	3,750,001	\$	375	\$	(127,655)	\$	(127,280)

The accompanying notes are an integral part of these financial statement

**1287412 B.C. LTD.**  
**STATEMENTS OF CASH FLOWS**  
**For the Years Ended December 31, 2023 and 2022**  
(Expressed in Canadian Dollars)

	<b>2023</b>	<b>2022</b>
<b>Operating activities:</b>		
Net loss for the year	\$ (76,339)	\$ (28,148)
Changes in non-cash working capital:		
Amounts receivable	2,273	(1,298)
Accounts payable and accrued liabilities	49,584	6,298
Due to a related party (Note 3)	24,482	23,148
<b>Net cash provided by (used in) operating activities</b>	<b>-</b>	<b>-</b>
Increase in cash during the year	-	-
Cash – beginning of the year	-	-
<b>Cash – end of the year</b>	<b>\$ -</b>	<b>\$ -</b>

The accompanying notes are an integral part of these financial statements.

**1287412 B.C. LTD.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Years Ended December 31, 2023 and 2022**  
(Expressed in Canadian Dollars)

---

**1. NATURE OF OPERATIONS AND GOING CONCERN**

1287412 B.C. Ltd. (“the Company” or “412 BC”) was incorporated under the Business Corporations Act of British Columbia on February 3, 2021. The principal business of the Company is to identify and evaluate assets or businesses with a view to potentially acquire them or an interest therein by completing a purchase transaction, by exercising of an option or by any concomitant transaction. The Company’s head office is located at 3400 – 22 Adelaide S. W. Toronto, Ontario, M5H 4E3.

**Plan of arrangement**

The Company was a wholly owned subsidiary of 1289625 B.C. Ltd. (“1289625”) (formerly, 2583262 Ontario Inc.) until a plan of arrangement was completed on April 21, 2021 under which the Company’s common shares were distributed to shareholders of 1289625 on a pro-rata basis.

**Going Concern**

These financial statements have been prepared assuming the Company will continue as a going concern, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. As at December 31, 2023, the Company had accumulated a loss of \$127,655 and negative working capital of \$127,280 and, for the year then ended, incurred a net loss of \$76,339. The continuation of the Company is dependent upon obtaining necessary financing to meet its ongoing operational levels of corporate overhead. These conditions indicate material uncertainties that may cast significant doubt upon the Company’s ability to continue as a going concern and, therefore, that it may be unable to discharge its liabilities in the normal course of business. Additional funds will be required to enable the Company to continue its operations and there can be no assurance that financing will be available on terms which are acceptable to the Company. These financial statements do not give effect to any adjustments to the amounts and classifications of assets and liabilities which might be necessary should the Company be unable to continue its operations as a going concern.

**2. MATERIAL ACCOUNTING POLICIES**

a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and related IFRS Interpretations Committee (“IFRIC’s”) interpretations as issued by the International Accounting Standards Board (“IASB”). These financial statements were approved by the board of directors for issue on April 12, 2024.

b) Basis of presentation

These financial statements have been prepared on a historical cost basis, except for certain financial instruments which are measured at fair value. In addition, these financial statements are prepared using the accrual basis of accounting, aside from cash flow information.

c) Foreign currencies

These financial statements are presented in Canadian dollars, which is also the functional currency of the Company. Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary assets and liabilities are translated using the historical rate on the date of the transaction. All gains and losses on translation of these foreign currency transactions are charged to profit or loss.



**1287412 B.C. LTD.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Years Ended December 31, 2023 and 2022**  
(Expressed in Canadian Dollars)

---

d) Financial instruments

*Recognition and classification*

The Company recognizes a financial asset or financial liability on the statement of financial position when it becomes party to the contractual provisions of the financial instrument.

The Company classifies its financial instruments in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of financial instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics.

Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

*Measurement*

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in profit or loss in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income (loss).

Financial assets at FVTOCI

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses recognized in other comprehensive income (loss).

Financial assets and liabilities at amortized cost

The contractual cash flows received from the financial assets are solely payments of principal and interest and are held within a business model whose objective is to collect the contractual cash flows. These financial assets and financial liabilities are subsequently measured at amortized cost using the effective interest method.

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

**1287412 B.C. LTD.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Years Ended December 31, 2023 and 2022**  
(Expressed in Canadian Dollars)

---

d) Financial instruments (continued)

*Derecognition*

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in profit or loss. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (loss).

Financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets, is recognized in profit or loss.

e) Share capital

Equity instruments are contracts that give a residual interest in the net assets of the Company. The Company's common shares are classified as equity instruments.

Costs directly identifiable with the raising of share capital financing are charged against share capital. Share issuance costs incurred in advance of share subscriptions are recorded as deferred assets. Share issuance costs related to uncompleted share subscriptions are recognized in profit or loss.

Equity financing transactions may involve the issuance of units. Units comprise common shares and share purchase warrants. The Company accounts for unit offering proceeds between common shares and share purchase warrants using the residual value method, wherein the fair value of the common shares is based on the fair value ascribed to the shares issued and the balance, if any, is allocated to the attached warrants.

f) Taxes

Tax comprises current and deferred tax. Current tax is recognized in the statement of loss and comprehensive loss except to the extent that it relates to items recognized directly in equity, in which case the tax is also recognized directly in equity.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous periods.

In general, deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the statement of financial position date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered.

Deferred tax assets and liabilities are presented as non-current.

**1287412 B.C. LTD.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Years Ended December 31, 2023 and 2022**  
(Expressed in Canadian Dollars)

---

g) Loss per share

Basic loss per share represents the loss for the period, divided by the weighted average number of common shares outstanding during the period. Diluted loss per share represents the loss for the period, divided by the weighted average number of common shares outstanding during the period plus the weighted average number of dilutive shares resulting from the exercise of stock options, warrants and other similar instruments where the inclusion of these would not be anti-dilutive.

h) Estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates

**Estimates**

The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the amounts recognized in the financial statements are:

*Taxes*

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

**Judgments**

The key areas of judgment that have a significant risk of causing material adjustment to the amounts recognized in the financial statements are:

*Taxes*

The Company recognizes deferred tax assets to the extent that it is probable that future taxable profits will be available to utilize the Company's deductible temporary differences which are based on management's judgement on the degree of future taxable profits. To the extent that future taxable profits differ significantly from the estimates impacts the amount of the deferred tax assets management judges is probable.

*Going Concern*

Management has applied judgments in the assessment of the Company's ability to continue as a going concern when preparing these financial statements. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period.

i) Recent accounting pronouncements

International Accounting Standard ("IAS") 1 and IFRS Practice Statement ("PS") 2: In February 2021, the IASB issued amendments to IAS 1 and the IFRS PS 2, Making Materiality Judgements, to provide guidance on the application of materiality judgments to accounting policy disclosures. The amendments to IAS 1 replace the requirement to disclose "significant" accounting policies with a requirement to disclose "material" accounting policies. The standard was adopted by the Company on January 1, 2023.

**1287412 B.C. LTD.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Years Ended December 31, 2023 and 2022**  
(Expressed in Canadian Dollars)

---

**3. RELATED PARTY TRANSACTIONS**

As at December 31, 2023, the Company has \$58,625 (December 31, 2022 - \$34,143) owing to 1289625 B.C. LTD., a company related by a common director and chief financial officer, for reimbursable expenses incurred on behalf of the Company. These related party liabilities are due on demand, unsecured and bear no interest.

**4. SHARE CAPITAL**

- a) Authorized – Unlimited common shares without par value.
- b) Issued and outstanding – 3,750,001 common shares as at December 31, 2023 and 2022

Stock Options

On April 21, 2021, the Company granted 100,000 stock options to its CEO. The stock options vest immediately, exercisable at \$0.10 per common share and will expire 5 years from the date of grant.

As at December 31, 2023 and 2022, the Company has the following stock options outstanding and exercisable:

Number of Options	Expiry Date	Exercise Price	Remaining Life (in Years)
100,000	April 28, 2026	\$0.10	2.33

Subsequent to the year end, 100,000 options were converted into common shares on non-cash basis.

Loss per share

Basic per share amounts are calculated using the weighted average number of shares outstanding during the year ended December 31, 2023 and 2022 of 3,750,001. The calculation of diluted loss per share equals basic loss per share.

**5. MANAGEMENT OF CAPITAL**

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. In the management of capital, the Company includes the components of shareholders' deficit of \$127,280 at December 31, 2023 (December 31, 2022 - \$50,941).

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash.

## **6. FINANCIAL INSTRUMENTS**

For financial instruments held by the Company, management classifies amounts receivable, accounts payable and accrued liabilities, and due to a related party at amortized cost.

### a) Fair value of financial instruments

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

As at December 31, 2023, the Company believes that the carrying value of amounts receivable, accounts payables and accrued liability and due to a related party approximates their fair value because of their nature and relatively short maturity date or duration.

### b) Management of risks arising from financial instruments

Discussions of risks associated with financial assets and liabilities are detailed below:

#### *Credit risk*

Credit risk is the risk associated with the counterparty's inability to fulfil its payment obligations. The Company is exposed to credit risk from amounts receivable. Management has assessed the credit risk to be minimal.

#### *Interest rate risk*

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk that the Company will realize such a loss is limited because the Company has no interest-bearing financial instruments.

#### *Liquidity risk*

The Company manages liquidity risk by maintaining sufficient sources of funding to enable settlement of transactions as they come due. Management monitors the Company's contractual obligations and other expenses to ensure adequate liquidity is maintained. As at December 31, 2023, the Company had a net working capital deficiency of \$127,280 (December 31, 2022 - \$50,941). All of the Company's current liabilities are expected to be settled within the next 12 months.

**1287412 B.C. LTD.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Years Ended December 31, 2023 and 2022**  
(Expressed in Canadian Dollars)

**7. TAXES**

The tax recovery differs from the amount that would be computed by applying the expected tax rates to the loss before taxes. The reasons for the difference are as follows:

	<b>2023</b>	<b>2022</b>
<b>Net loss for the year</b>	<b>\$ (76,339)</b>	<b>\$ (28,148)</b>
Tax rate	<b>26.50%</b>	<b>26.50%</b>
Total Expected income tax recovery	<b>(20,230)</b>	<b>(7,459)</b>
Deferred tax assets not recognized	<b>20,230</b>	<b>7,459</b>
<b>Taxes</b>	<b>\$ -</b>	<b>\$ -</b>

As at December 31, 2023, the Company has accumulated non-capital losses of \$127,655 (December 31, 2022 - \$51,316). The non-capital losses will begin to expire starting 2042 if unused.

The Company has not recorded deferred tax assets related to these unused carry forward losses as it is not probable that future taxable profits will be available against which these can be deducted.

**8. SUBSEQUENT EVENT**

On March 22, 2024, 100,000 options granted to the CEO were converted into common shares on non-cash basis.

---

**1287412 B.C. LTD.**

**MANAGEMENT DISCUSSION AND ANALYSIS**

**FOR THE YEAR ENDED DECEMBER 31, 2023**

(Expressed in Canadian Dollars)

---

## **INTRODUCTION**

This Management's Discussion and Analysis ("MD&A") is an overview of the activities of 1287412 B.C. LTD. (the "Company" or "412 BC") for the year ended December 31, 2023. The MD&A is intended to help the reader understand the Company's operations, financial performance and present and future business environment. The MD&A should be read in conjunction with the audited financial statements and related notes thereto of the Company for the year ended December 31, 2023, which were prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are stated in Canadian dollars.

The date of this MD&A is April 12, 2024.

Additional information regarding the Company can be found on the Company's page at [www.sedarplus.ca](http://www.sedarplus.ca).

## **FORWARD LOOKING STATEMENTS**

*This MD&A contains certain forward-looking statements or forward-looking information within the meaning of applicable Canadian securities laws. All statements and information, other than statements of historical fact, included in or incorporated by reference into this MD&A are forward-looking statements and forward-looking information, including, without limitation, statements regarding activities, events or developments that we expect or anticipate may occur in the future. Such forward-looking statements and information can be identified by the use of forward-looking words such as "will", "expect", "intend", "plan", "estimate", "anticipate", "believe" or "continue" or similar words and expressions or the negative thereof. There can be no assurance that the plans, intentions or expectations upon which such forward-looking statements and information are based will occur or, even if they do occur, will result in the performance, events or results expected.*

*The forward-looking statements and forward-looking information reflect the current beliefs of the Company, and are based on currently available information. Accordingly, these statements are subject to known and unknown risks, uncertainties and other factors which could cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed in or implied by the forward-looking statements. This forward-looking information includes estimates, forecasts, plans, priorities, strategies and statements as to the Company's current expectations and assumptions concerning, among other things, ability to access sufficient funds to carry on operations, compliance with current or future regulatory regimes, particularly in the case of ambiguities, financial and operational performance and prospects, collection of receivables, anticipated conclusions of negotiations to acquire projects or investments, our ability to attract and retain skilled staff and consultants, expectations of market prices and costs, expansion plans and objectives, requirements for additional capital, the availability of financing, and the future development and costs and outcomes of the Company's projects or investments. The foregoing list of assumptions is not exhaustive. Events or circumstances could cause actual results to vary materially.*

*We caution readers of this MD&A not to place undue reliance on forward-looking statements and information contained herein, which are not a guarantee of performance, events or results and are subject to a number of risks, uncertainties and other factors that could cause actual performance, events or results to differ materially from those expressed or implied by such forward-looking statements and information. These factors include: unanticipated future operational difficulties (including cost escalation, unavailability of materials and equipment, industrial disturbances or other job action and unanticipated events related to health, safety and environmental matters); social unrest; failure of counterparties to perform their contractual obligations; changes in priorities, plans, strategies and prospects; general economic, industry, business and market conditions; disruptions or changes in the credit or securities markets; changes in law, regulation, or application and interpretation of the same; the ability to implement business plans and strategies, and to pursue business opportunities; rulings by courts or arbitrators, proceedings and investigations; inflationary pressures; and various other events, conditions or circumstances that could disrupt the Company's priorities, plans, strategies and prospects including those detailed from time to time in the Company's reports and public filings with the Canadian securities administrators, filed on [www.sedarplus.ca](http://www.sedarplus.ca).*



**1287412 B.C. Ltd.**  
**Management Discussion and Analysis**  
**For the Year Ended December 31, 2023**  
(Expressed in Canadian Dollars)

---

*This information speaks only as of the date of this MD&A. The Company undertakes no obligation to revise or update forward-looking information after the date of this document, nor to make revisions to reflect the occurrence of future unanticipated events, except as may be required under applicable securities laws or the policies of the TSX-V exchange.*

## **THE COMPANY**

1287412 B.C. Ltd. ("412 BC" or "the Company") was incorporated in the province of British Columbia on February 3, 2021. The Company is a reporting issuer but does not trade on a stock exchange.

The principal business of the Company is to identify and evaluate assets or businesses with a view to potentially acquire them or an interest therein by completing a purchase transaction, by exercising of an option or by any concomitant transaction. The head office and principal address of the Company is 3400 – 22 Adelaide S. W. Toronto, Ontario, M5H 4E3.

## **RECENT EVENTS**

On March 22, 2024, 100,000 options granted to the CEO were converted into common shares on non-cash basis.

## **SELECTED ANNUAL INFORMATION**

---

		<b>For the year ended December 31, 2023</b>	<b>For the year ended December 31, 2022</b>	<b>For the period from incorporation on February 3, 2021 to December 31, 2021</b>
Net loss and Comprehensive loss	\$	(76,339)	\$ (28,148)	\$ (23,168)
Net loss per share, basic and fully diluted	\$	(0.020)	\$ (0.008)	\$ (0.009)
Total assets	\$	75	\$ 2,348	\$ 1,050
Total liabilities	\$	(127,355)	\$ (53,289)	\$ (23,843)

---

## **DISCUSSION OF OPERATIONS**

### ***Net loss for the three months ended December 31, 2023***

Net loss and comprehensive loss were \$58,583 (2022 - \$5,327). The primary contributors were accounting and corporate secretarial fees, professional fees, and regulatory fees.

### ***Net loss for the year ended December 31, 2023***

Net loss and comprehensive loss were \$76,339 (2022 - \$28,148). The primary contributors were accounting and corporate secretarial fees, professional fees, and regulatory fees.

**1287412 B.C. Ltd.**  
**Management Discussion and Analysis**  
**For the Year Ended December 31, 2023**  
(Expressed in Canadian Dollars)

---

## SUMMARY OF QUARTERLY RESULTS

<b>Quarter ended</b>	<b>Revenue <sup>(1)</sup></b>	<b>Income (Loss) for the quarter</b>	<b>Income (Loss) per Share</b>
December 31, 2023	\$ Nil	\$ (58,583)	\$ (0.016)
September 30, 2023	\$ Nil	\$ (4,865)	\$ (0.001)
June 30, 2023	\$ Nil	\$ (6,268)	\$ (0.002)
March 31, 2023	\$ Nil	\$ (6,623)	\$ (0.002)
December 31, 2022	\$ Nil	\$ (5,327)	\$ (0.001)
September 30, 2022	\$ Nil	\$ (5,417)	\$ (0.001)
June 30, 2022	\$ Nil	\$ (12,448)	\$ (0.003)
March 31, 2022	\$ Nil	\$ (4,956)	\$ (0.001)

(1) This being a corporation without a revenue-generating business, there are no revenues from operations or investments.

## LIQUIDITY AND CAPITAL RESOURCES

The Company had a working capital deficit of \$127,280 as at December 31, 2023 (December 31, 2022 - \$50,941). The Company does not have revenues from operations and relies on outside funding for its continuing financial liquidity. The Company will need additional financing in order to continue operations.

Management cautions that the Company's ability to raise additional funding is not certain. Additional funds will be required in order to pursue the Company's current business plans. An inability to raise additional funds would adversely impact the future assessment of the Company as a going concern.

## OFF BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet arrangements.

## RELATED PARTY DISCLOSURES

As at December 31, 2023, the Company has \$58,625 (December 31, 2022 - \$34,143) owing to 1289625 B.C. LTD., a company related by a common director and chief financial officer, for reimbursable expenses incurred on behalf of the Company. These related party liabilities are due on demand, unsecured and bear no interest.

## PROPOSED TRANSACTIONS

There is no proposed transaction as of the date of this MD&A.

## CHANGES IN ACCOUNTING POLICIES

The Company has applied the same accounting policies as set out in the Company's audited annual financial statements for the year ended December 31, 2023 (Note 2)

## Changes in Internal Controls over Financial Reporting

There were no changes in the Company's internal controls over financial reporting during the year ended December 31, 2023.

## **FINANCIAL INSTRUMENTS**

For financial instruments held by the Company, management classifies amounts receivable, accounts payable and accrued liabilities, and due to a related party at amortized cost.

### **a) Fair value of financial instruments**

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

As at December 31, 2023, the Company believes that the carrying value of amounts receivable, accounts payables and accrued liability and due to a related party approximates their fair value because of their nature and relatively short maturity date or duration.

### **b) Management of risks arising from financial instruments**

Discussions of risks associated with financial assets and liabilities are detailed below:

#### *Credit risk*

Credit risk is the risk associated with the counterparty's inability to fulfil its payment obligations. The Company is exposed to credit risk from amounts receivable. Management has assessed the credit risk to be minimal.

#### *Interest rate risk*

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk that the Company will realize such a loss is limited because the Company has no interest-bearing financial instruments.

#### *Liquidity risk*

The Company manages liquidity risk by maintaining sufficient sources of funding to enable settlement of transactions as they come due. Management monitors the Company's contractual obligations and other expenses to ensure adequate liquidity is maintained. As at December 31, 2023, the Company had a net working capital deficiency of \$127,280 (December 31, 2022 - \$50,941). All of the Company's current liabilities are expected to be settled within the next 12 months.

## **RISK FACTORS AND MANAGEMENT'S RESPONSIBILITY OVER FINANCIAL REPORTING**

### ***Risk Factors – General***

The Company is focused on gaining exposure to commodity prices by making strategic investments in mining interests, including royalties, streams, debt and equity investments in mining companies. Resource exploration and development is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but also from finding mineral deposits, which, though present, are insufficient in quantity and quality to return a profit from production. The marketability of minerals acquired or discovered may be affected by numerous factors which are beyond the control of the Company and which cannot be accurately predicted, such as market fluctuations of metal prices, the proximity and capacity of milling facilities, mineral markets, processing reagents and equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environment protection, the combination of which factors may result in the Company not receiving an adequate return on investment.

## **OUTSTANDING COMMON SHARES DATA**

The following section updates the outstanding share data provided in the audited financial statements for the year ended December 31, 2023.

	Number of Shares
Common Shares outstanding as at April 12, 2024	3,850,001

---

**1287412 B.C. LTD.**

**MANAGEMENT DISCUSSION AND ANALYSIS**

**FOR THE THREE MONTHS ENDED MARCH 31, 2024**

(Expressed in Canadian Dollars)

---

## **INTRODUCTION**

This Management's Discussion and Analysis ("MD&A") is an overview of the activities of 1287412 B.C. LTD. (the "Company" or "412 BC") for the three months ended March 31, 2024. The MD&A is intended to help the reader understand the Company's operations, financial performance and present and future business environment. The MD&A should be read in conjunction with the interim financial statements and related notes thereto of the Company for the three months ended March 31, 2024, the audited financial statements and related notes thereto of the Company for the year ended December 31, 2023, which were prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are stated in Canadian dollars.

The date of this MD&A is May 23, 2024.

Additional information regarding the Company can be found on the Company's page at [www.sedarplus.ca](http://www.sedarplus.ca).

## **FORWARD LOOKING STATEMENTS**

*This MD&A contains certain forward-looking statements or forward-looking information within the meaning of applicable Canadian securities laws. All statements and information, other than statements of historical fact, included in or incorporated by reference into this MD&A are forward-looking statements and forward-looking information, including, without limitation, statements regarding activities, events or developments that we expect or anticipate may occur in the future. Such forward-looking statements and information can be identified by the use of forward-looking words such as "will", "expect", "intend", "plan", "estimate", "anticipate", "believe" or "continue" or similar words and expressions or the negative thereof. There can be no assurance that the plans, intentions or expectations upon which such forward-looking statements and information are based will occur or, even if they do occur, will result in the performance, events or results expected.*

*The forward-looking statements and forward-looking information reflect the current beliefs of the Company, and are based on currently available information. Accordingly, these statements are subject to known and unknown risks, uncertainties and other factors which could cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed in or implied by the forward-looking statements. This forward-looking information includes estimates, forecasts, plans, priorities, strategies and statements as to the Company's current expectations and assumptions concerning, among other things, ability to access sufficient funds to carry on operations, compliance with current or future regulatory regimes, particularly in the case of ambiguities, financial and operational performance and prospects, collection of receivables, anticipated conclusions of negotiations to acquire projects or investments, our ability to attract and retain skilled staff and consultants, expectations of market prices and costs, expansion plans and objectives, requirements for additional capital, the availability of financing, and the future development and costs and outcomes of the Company's projects or investments. The foregoing list of assumptions is not exhaustive. Events or circumstances could cause actual results to vary materially.*

*We caution readers of this MD&A not to place undue reliance on forward-looking statements and information contained herein, which are not a guarantee of performance, events or results and are subject to a number of risks, uncertainties and other factors that could cause actual performance, events or results to differ materially from those expressed or implied by such forward-looking statements and information. These factors include: unanticipated future operational difficulties (including cost escalation, unavailability of materials and equipment, industrial disturbances or other job action and unanticipated events related to health, safety and environmental matters); social unrest; failure of counterparties to perform their contractual obligations; changes in priorities, plans, strategies and prospects; general economic, industry, business and market conditions; disruptions or changes in the credit or securities markets; changes in law, regulation, or application and interpretation of the same; the ability to implement business plans and strategies, and to pursue business opportunities; rulings by courts or arbitrators, proceedings and investigations; inflationary pressures; and various other events, conditions or circumstances that could disrupt the Company's priorities, plans, strategies and prospects including those detailed from time to time in the Company's reports and public filings with the Canadian securities administrators, filed on [www.sedarplus.ca](http://www.sedarplus.ca).*

**1287412 B.C. Ltd.**  
**Management Discussion and Analysis**  
**For the Three Months Ended March 31, 2024**  
(Expressed in Canadian Dollars)

---

*This information speaks only as of the date of this MD&A. The Company undertakes no obligation to revise or update forward-looking information after the date of this document, nor to make revisions to reflect the occurrence of future unanticipated events, except as may be required under applicable securities laws or the policies of the TSX-V exchange.*

## THE COMPANY

1287412 B.C. Ltd. ("412 BC" or "the Company") was incorporated in the province of British Columbia on February 3, 2021. The Company is a reporting issuer but does not trade on a stock exchange.

The principal business of the Company is to identify and evaluate assets or businesses with a view to potentially acquire them or an interest therein by completing a purchase transaction, by exercising of an option or by any concomitant transaction. The head office and principal address of the Company is 3400 – 22 Adelaide S. W. Toronto, Ontario, M5H 4E3.

## RECENT EVENTS

On March 22, 2024, 100,000 options granted to the CEO were converted into common shares on non-cash basis.

On May 14, 2024, the Company closed a private placement of 1,500,000 Common Shares at a purchase price of \$0.0001 per Common Share for gross proceeds of \$150.00.

On May 16, 2024, the Company entered into an amalgamation agreement with Silver Crown Royalties Inc. ("SCRi"). SCRi is conducting a concurrent financing of up to \$5,000,000 through the sale of 10,000,000 Subscription Receipts at \$0.50 each. Each Subscription Receipt will convert into one unit consisting of a common share of SCRi and a three-year warrant with an 80c strike price upon completion of the amalgamation. The proceeds will fund a go-public transaction and support Silver Crown's growth strategy focused on silver-only royalty opportunities. Additionally, a 20:1 share consolidation is anticipated upon transaction closure.

## SELECTED ANNUAL INFORMATION

---

		<b>For the year ended December 31, 2023</b>	<b>For the year ended December 31, 2022</b>	<b>For the period from incorporation on February 3, 2021 to December 31, 2021</b>
Net loss and Comprehensive loss	\$	(76,339)	\$ (28,148)	\$ (23,168)
Net loss per share, basic and fully diluted	\$	(0.020)	\$ (0.008)	\$ (0.009)
Total assets	\$	75	\$ 2,348	\$ 1,050
Total liabilities	\$	(127,355)	\$ (53,289)	\$ (23,843)

---

## DISCUSSION OF OPERATIONS

### **Net loss for the three months ended March 31, 2023**

Net loss and comprehensive loss were \$7,739 (2023 - \$6,623). The primary contributors were accounting and corporate secretarial fees, professional fees, and regulatory fees.

**1287412 B.C. Ltd.**  
**Management Discussion and Analysis**  
**For the Three Months Ended March 31, 2024**  
(Expressed in Canadian Dollars)

---

## **SUMMARY OF QUARTERLY RESULTS**

<b>Quarter ended</b>	<b>Revenue <sup>(1)</sup></b>	<b>Income (Loss) for the quarter</b>	<b>Income (Loss) per Share</b>
March 31, 2024	\$ Nil	\$ (7,739)	\$ (0.002)
December 31, 2023	\$ Nil	\$ (58,583)	\$ (0.016)
September 30, 2023	\$ Nil	\$ (4,865)	\$ (0.001)
June 30, 2023	\$ Nil	\$ (6,268)	\$ (0.002)
March 31, 2023	\$ Nil	\$ (6,623)	\$ (0.002)
December 31, 2022	\$ Nil	\$ (5,327)	\$ (0.001)
September 30, 2022	\$ Nil	\$ (5,417)	\$ (0.001)
June 30, 2022	\$ Nil	\$ (12,448)	\$ (0.003)

(1) This being a corporation without a revenue-generating business, there are no revenues from operations or investments.

## **LIQUIDITY AND CAPITAL RESOURCES**

The Company had a working capital deficit of \$135,019 as at March 31, 2024 (December 31, 2023 - \$127,280). The Company does not have revenues from operations and relies on outside funding for its continuing financial liquidity. The Company will need additional financing in order to continue operations.

Management cautions that the Company's ability to raise additional funding is not certain. Additional funds will be required in order to pursue the Company's current business plans. An inability to raise additional funds would adversely impact the future assessment of the Company as a going concern.

## **OFF BALANCE SHEET ARRANGEMENTS**

The Company has not entered into any off-balance sheet arrangements.

## **RELATED PARTY DISCLOSURES**

As at March 31, 2024, the Company has \$133,129 (December 31, 2023 - \$58,625) owing to 1289625 B.C. LTD., a company related by a common director and chief financial officer, for reimbursable expenses incurred on behalf of the Company. These related party liabilities are due on demand, unsecured and bear no interest.

## **PROPOSED TRANSACTIONS**

There is no proposed transaction as of the date of this MD&A.

## **CHANGES IN ACCOUNTING POLICIES**

The Company has applied the same accounting policies as set out in the Company's audited annual financial statements for the year ended December 31, 2023 (Note 2)

## **Changes in Internal Controls over Financial Reporting**

There were no changes in the Company's internal controls over financial reporting during the period ended March 31, 2024.



## **FINANCIAL INSTRUMENTS**

For financial instruments held by the Company, management classifies amounts receivable, accounts payable and accrued liabilities, and due to a related party at amortized cost.

### **a) Fair value of financial instruments**

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

As at March 31, 2024, the Company believes that the carrying value of amounts receivable, accounts payables and accrued liability and due to a related party approximates their fair value because of their nature and relatively short maturity date or duration.

### **b) Management of risks arising from financial instruments**

Discussions of risks associated with financial assets and liabilities are detailed below:

#### *Credit risk*

Credit risk is the risk associated with the counterparty's inability to fulfil its payment obligations. The Company is exposed to credit risk from amounts receivable. Management has assessed the credit risk to be minimal.

#### *Interest rate risk*

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk that the Company will realize such a loss is limited because the Company has no interest-bearing financial instruments.

#### *Liquidity risk*

The Company manages liquidity risk by maintaining sufficient sources of funding to enable settlement of transactions as they come due. Management monitors the Company's contractual obligations and other expenses to ensure adequate liquidity is maintained. As at March 31, 2024, the Company had a net working capital deficiency of \$135,019 (December 31, 2023 - \$127,280). All of the Company's current liabilities are expected to be settled within the next 12 months.

## **RISK FACTORS AND MANAGEMENT’S RESPONSIBILITY OVER FINANCIAL REPORTING**

### ***Risk Factors – General***

The Company is focused on gaining exposure to commodity prices by making strategic investments in mining interests, including royalties, streams, debt and equity investments in mining companies. Resource exploration and development is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but also from finding mineral deposits, which, though present, are insufficient in quantity and quality to return a profit from production. The marketability of minerals acquired or discovered may be affected by numerous factors which are beyond the control of the Company and which cannot be accurately predicted, such as market fluctuations of metal prices, the proximity and capacity of milling facilities, mineral markets, processing reagents and equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environment protection, the combination of which factors may result in the Company not receiving an adequate return on investment.

## **OUTSTANDING COMMON SHARES DATA**

The following section updates the outstanding share data provided in the condensed interim financial statements for the period ended March 31, 2024.

	Number of Shares
Common Shares outstanding as at May 23, 2024	5,350,001

**SCHEDULE D – SILVER CROWN FINANCIAL STATEMENTS AND MD&A**

**SILVER CROWN  
ROYALTIES INC**



Consolidated Financial Statements of  
**SILVER CROWN ROYALTIES INC.**  
Years ended December 31, 2023 and 2022  
(Expressed in Canadian dollars)

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Silver Crown Royalties Inc.

### **Opinion**

We have audited the consolidated financial statements of Silver Crown Royalties Inc. and its subsidiary (together the "Group"), which comprise the consolidated statements of financial position as at December 31, 2023, and 2022, and the consolidated statements of net loss and comprehensive loss, changes in shareholders' equity and cash flows for the years ended December 31, 2023, and 2022, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023, and 2022 and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

### **Basis for Opinion**

We conducted our audits in accordance with Canadian generally accepted auditing standards ("GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audits of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Material Uncertainty Related to Going Concern**

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Group incurred a net loss of \$1,483,543 for the year ended December 31, 2023, and, as of that date, had an accumulated deficit of \$1,707,652. As stated in Note 1, these events and conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.



## **Auditor's Responsibilities for the Audits of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with GAAS, we exercise professional judgement and maintain professional skepticism throughout the audits. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to audits in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audits. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

Toronto, Ontario  
May 15, 2024

*Zeifmans LLP*  
Chartered Professional Accountants  
Licensed Public Accountants

## SILVER CROWN ROYALTIES INC.

Consolidated Statements of Financial Position

As at December 31, 2023 and 2022

(Expressed in Canadian dollars)

	Notes	2023	2022
		\$	\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash at bank	4	142,399	44,728
Term deposit	5	-	101,163
Accounts receivable	6	130,938	5,000
Prepaid expenses		262,052	-
Total current assets		535,389	150,891
<b>Non-current assets</b>			
Royalties' interests	7	3,809,032	-
<b>TOTAL ASSETS</b>		<b>4,344,421</b>	<b>150,891</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		404,957	10,000
<b>TOTAL LIABILITIES</b>		<b>404,957</b>	<b>10,000</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	8	5,120,404	365,000
Subscriptions received in advance		6,000	-
Contributed surplus	8	520,712	-
Deficit		(1,707,652)	(224,109)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>3,939,464</b>	<b>140,891</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>4,344,421</b>	<b>150,891</b>

General information and going concern (note 1)

Subsequent events (note 13)

These consolidated financial statements were approved by the Board of Directors of the Company on May 15, 2024, and signed on their behalf by:

"Peter Bures" (signed)  
Director

"Peter Simeon" (signed)  
Director

The accompanying notes are an integral part of these consolidated financial statements.

## SILVER CROWN ROYALTIES INC.

Consolidated Statements of Net Loss and Comprehensive Loss  
For the years ended December 31, 2023 and December 31, 2022  
(Expressed in Canadian dollars)

	Notes	2023	2022
		\$	\$
<b>REVENUE</b>			
Royalties' income	7	124,772	-
<b>EXPENSES</b>			
Consulting fees	10	1,133,626	200,000
Marketing and business development		385,069	15,882
Legal and professional fees		76,713	10,000
Depletion	7	14,538	-
General and administrative expenses		7,484	-
Total expenses		1,617,430	225,882
<b>OTHER INCOME</b>			
Interest income		9,115	1,773
Net loss and comprehensive loss		(1,483,543)	(224,109)
<b>Net loss per share for the year</b>			
Basic and diluted		(0.07)	(0.11)
<b>Weighted average number of shares outstanding</b>			
Basic and diluted		21,351,871	2,022,192

The accompanying notes are an integral part of these consolidated financial statements.



## SILVER CROWN ROYALTIES INC.

Consolidated Statements of Changes in Shareholders' Equity

For the years ended December 31, 2023 and 2022

(Expressed in Canadian dollars except for number of common shares)

	Number of common shares	Share capital	Subscriptions received in advance	Contributed surplus	Retained earnings (deficit)	Total
		\$	\$	\$	\$	\$
Balance on December 31, 2021	20,000	1,000	-	-	-	1,000
Issue of shares under founders' round	3,280,000	164,000	-	-	-	164,000
Issue of shares for services	4,000,000	200,000	-	-	-	200,000
Net loss and comprehensive loss	-	-	-	-	(224,109)	(224,109)
Balance on December 31, 2022	7,300,000	365,000	-	-	(224,109)	140,891
Private placements	20,943,000	4,615,832	-	457,268	-	5,073,100
Share issuance costs	-	(380,262)	-	59,178	-	(321,084)
Issue of shares for services	3,410,500	474,100	-	-	-	474,100
Issue of shares to acquire royalty interest	250,000	45,734	-	4,266	-	50,000
Subscription received in advance	-	-	6,000	-	-	6,000
Net loss and comprehensive loss	-	-	-	-	(1,483,543)	(1,483,543)
Balance on December 31, 2023	31,903,500	5,120,404	6,000	520,712	(1,707,652)	3,939,464

The accompanying notes are an integral part of these consolidated financial statements.

## SILVER CROWN ROYALTIES INC.

Consolidated Statements of Cash Flows  
For the years ended December 31, 2023 and 2022  
(Expressed in Canadian dollars)

	2023	2022
	\$	\$
<b>Cash flows from operating activities</b>		
Net loss	(1,483,543)	(224,109)
Adjustments for non-cash items:		
Depletion	14,538	-
Expense for shares issued against services	474,100	200,000
Interest income	(9,115)	(1,773)
	(1,004,020)	(25,882)
Changes in non-cash working capital:		
Accounts receivable	(125,938)	(4,000)
Prepaid expenses	(262,052)	-
Accounts payable and accrued liabilities	394,957	10,000
Net cash used in operating activities	(997,053)	(19,882)
<b>Cash flows from investing activities</b>		
Purchase of royalty interest	(3,773,570)	-
Investment in term deposit	101,163	(100,000)
Interest received	9,115	610
Net cash used in investing activities	(3,663,292)	(99,390)
<b>Cash flows from financing activities</b>		
Gross proceeds from issuance of shares	5,073,100	164,000
Share issuance costs	(321,084)	-
Subscriptions received in advance	6,000	-
Net cash provided by financing activities	4,758,016	164,000
Net increase in cash	97,671	44,728
Cash, beginning of the year	44,728	-
Cash, end of the year	142,399	44,728

Non-cash transaction for issuance of share capital against purchase of royalty interest are excluded from this statement (see note 8).

The accompanying notes are an integral part of these consolidated financial statements.

# SILVER CROWN ROYALTIES INC.

Notes to Consolidated Financial Statements

December 31, 2023 and 2022

(Expressed in Canadian dollars)

---

## 1. General information and going concern

Silver Crown Royalties Inc. (“Silver Crown” or the “Company”) is an entity formed under the laws of the Province of Ontario, Canada by articles of incorporation dated August 23, 2021. Silver Crown is a royalty and streaming investment company primarily in the silver metal space. The Company’s registered office is at First Canadian Place 6200-100 King Street West Toronto Ontario.

The consolidated financial statements comprise the Company and its subsidiary (collectively referred to as the “Group”). Following are the details of the subsidiary as at December 31, 2023:

<b>Entity</b>	<b>Percentage holding</b>	<b>Country of incorporation</b>
Argentum Royalties Inc.	100%	Commonwealth of The Bahamas

These consolidated financial statements (the “financial statements”) have been prepared on a going concern basis of accounting, which assumes that the Group will continue operations for the foreseeable future and be able to realize the carrying value of its assets and discharge its liabilities and commitments in the normal course of business. For the year ended December 31, 2023, the Group incurred a net loss of \$1,483,543 (2022: \$224,109) and has an accumulated deficit of \$1,707,652 (2022 - \$224,109). The Group used net cash of \$997,053 (2022 - \$19,882) in operating activities.

These conditions indicate the existence of material uncertainties that cast significant doubt on the Company's ability to continue as a going concern. The Company will need to raise capital in order to fund its operations. To address its financing requirements, management has been able to raise sufficient new equity to finance its operations and will need to continue to do so to fund operations in the future as well as to generate revenue from its royalties’ interests. Should the Company no longer be able to continue as a going concern, certain assets and liabilities may require restatement on a liquidation basis, which may differ materially from the going concern basis. No adjustments to the carrying values of the assets and liabilities have been made in these financial statements.

## 2. Material accounting policy information

### (a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”), and Interpretations of the International Financial Reporting Interpretation Committee (“IFRIC”). The accounting policies set out below were consistently applied to all periods presented unless otherwise noted.

These financial statements were approved and authorized by the Board of Directors of the Company on May 15, 2024. The Board of Directors of the Company has the power to amend the financial statements after issue.

# SILVER CROWN ROYALTIES INC.

Notes to Consolidated Financial Statements

December 31, 2023 and 2022

(Expressed in Canadian dollars)

---

(b) *Basis of measurement*

These financial statements have been prepared on an accrual basis and are based on historical cost.

(c) *Functional and presentation currency*

These financial statements are presented in Canadian dollars (“dollar”), which is the Group’s presentation currency. All amounts have been rounded to the nearest dollar unless otherwise indicated.

The functional currencies of the Company and its subsidiary are as follows:

<b>Entity</b>	<b>Functional currency</b>
Silver Crown Royalties Inc.	Canadian dollar
Argentum Royalties Inc.	U.S. dollar

---

(d) *Basis of consolidation*

Subsidiaries

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of the subsidiaries are included in these financial statements from the date on which control commences until the date on which control ceases. Details of the subsidiary are included in note 1. There were no significant transactions and balances in the subsidiary as of and for the year ended December 31, 2023.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated on consolidation.

(e) *Foreign currency*

Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in consolidated statement of net loss and comprehensive loss.

# SILVER CROWN ROYALTIES INC.

Notes to Consolidated Financial Statements

December 31, 2023 and 2022

(Expressed in Canadian dollars)

---

## Foreign operations

The assets and liabilities of foreign operations are translated into Canadian dollars at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into Canadian dollars at the average exchange rates for the period. Foreign currency differences are recognized in other comprehensive income (loss) and accumulated in the translation reserve. During the current year, there were no such translation differences to be recognized.

### (f) *Cash at bank and term deposit*

Cash at the bank consists of bank balances held in Canadian financial institutions. As at December 31, 2023, and 2022, the Group did not have any cash equivalents.

Guaranteed Investment Certificates with an original maturity of more than three months are presented as term deposits and stated at amortized cost.

### (g) *Financial instruments*

#### Financial assets

##### Recognition and initial measurement

The Group recognizes financial assets when it becomes a party to the contractual provisions of the instrument. Financial assets are measured initially at their fair value plus, in the case of financial assets not subsequently measured at fair value through profit or loss, transaction costs that are directly attributable to their acquisition. Transaction costs attributable to the acquisition of financial assets subsequently measured at fair value through profit or loss are expensed in profit or loss when incurred.

##### Classification and subsequent measurement

On initial recognition, financial assets are classified as subsequently measured at amortized cost, fair value through other comprehensive income (“FVOCI”) or fair value through profit or loss (“FVTPL”). The Group determines the classification of its financial assets, together with any embedded derivatives, based on the business model for managing the financial assets and their contractual cash flow characteristics. Financial assets are classified as follows:

- Designated at fair value through profit or loss (FVTPL) – On initial recognition, the Group may irrevocably designate a financial asset to be measured at fair value through profit or loss in order to eliminate or significantly reduce an accounting mismatch that would otherwise arise from measuring assets or liabilities, or recognizing the gains and losses on them, on different bases. All interest income and changes in the financial assets’ carrying amount are recognized in profit or loss.
- Amortized cost - Assets that are held for collection of contractual cash flows where those cash flows are solely payments of principal and interest are measured at amortized cost. Interest revenue is calculated using the effective interest method and gains or losses arising from an impairment, foreign exchange and derecognition are recognized in profit or loss.

## SILVER CROWN ROYALTIES INC.

Notes to Consolidated Financial Statements

December 31, 2023 and 2022

(Expressed in Canadian dollars)

---

- Fair value through other comprehensive income - Assets that are held for collection of contractual cash flows and for selling the financial assets, and for which the contractual cash flows are solely payments of principal and interest, are measured at fair value through other comprehensive income. Interest income calculated using the effective interest method and gains or losses arising from impairment and foreign exchange are recognized in profit or loss. All other changes in the carrying amount of the financial assets are recognized in other comprehensive income. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified to profit or loss.
- Mandatorily at fair value through profit or loss - Assets that do not meet the criteria to be measured at amortized cost, or fair value through other comprehensive income, are measured at fair value through profit or loss. All interest income and changes in the financial assets' carrying amount are recognized in profit or loss.

Classification and measurement of the financial instruments is as follows:

<b>Financial instrument</b>	<b>Classification</b>
Cash	Amortized cost
Term deposit	Amortized cost
Accounts receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost

### Write-off

Financial assets are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the counterparty does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

### Business model assessment

The Group assesses the objective of its business model for holding a financial asset at a level of aggregation that best reflects the way the business is managed, and information is provided to management. Information considered in this assessment includes stated policies and objectives.

### Contractual cash flow assessment

The cash flows of financial assets are assessed as to whether they are solely payments of principal and interest on the basis of their contractual terms. For this purpose, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money, the credit risk associated with the principal amount outstanding, and other basic lending risks and costs. In performing this assessment, the Group considers factors that would alter the timing and amount of cash flows such as prepayment and extension features, terms that might limit the Group's claim to cash flows, and any features

## **SILVER CROWN ROYALTIES INC.**

Notes to Consolidated Financial Statements

December 31, 2023 and 2022

(Expressed in Canadian dollars)

---

that modify consideration for the time value of money.

### Impairment of financial assets

The Group assesses all information available, including on a forward-looking basis the expected credit losses (ECL) associated with any financial assets carried at amortized cost.

- A maximum 12-month allowance for ECL is recognized from initial recognition reflecting the portion of lifetime cash shortfalls that would result if a default occurs in the 12 months after the reporting date, weighted by the risk of a default occurring.
- A lifetime ECL allowance is recognized if a significant increase in credit risk is detected subsequent to the instruments initial recognition reflecting lifetime cash shortfalls that would result over the expected life of a financial instrument.
- A lifetime ECL allowance is recognized for credit impaired financial instruments.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full or when the financial asset is more than 90 days past due.

The carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts.

### Derecognition of financial assets

The Group derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the statements of income (loss) and comprehensive income (loss).

### Financial instruments recorded at fair value

Financial instruments recorded at fair value on the statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

# SILVER CROWN ROYALTIES INC.

Notes to Consolidated Financial Statements

December 31, 2023 and 2022

(Expressed in Canadian dollars)

---

## Financial liabilities

### Recognition and initial measurement

The Group recognizes a financial liability when it becomes a party to the contractual provisions of the instrument. At initial recognition, the Group measures financial liabilities at their fair value plus transaction costs that are directly attributable to their issuance, except for financial liabilities subsequently measured at fair value through profit or loss for which transaction costs are immediately recorded in profit or loss. Where an instrument contains both a liability and equity component, these components are recognized separately based on the substance of the instrument, with the liability component measured initially at fair value and the equity component assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component.

### Classification and subsequent measurement

Subsequent to initial recognition, all financial liabilities are measured at amortized cost using the effective interest rate method. Interest, gains and losses relating to a financial liability are recognized in profit or loss. Financial liabilities measured at amortized cost are comprised of accrued liabilities.

### Derecognition of financial liabilities

The Group derecognizes a financial liability only when its contractual obligations are discharged, cancelled or expire.

#### *(h) Royalty interests*

Royalty interests consist of acquired royalty agreements. Royalty interests acquired in an asset acquisition are recorded at cost and capitalized as either tangible or intangible assets with finite lives depending on the nature of the royalty agreement. They are subsequently measured at cost less accumulated depletion and accumulated impairment losses, if any. The cost of the royalty interest is comprised of its purchase price and any costs directly attributable to acquiring the asset. Project evaluation costs that are not related to a specific agreement are expensed in the period incurred. Producing royalty interests are depleted using the units-of-production method over the life of the property to which the interests relate, which are estimated using available information of proven and probable reserves. The Group relies on information available to it under contracts with operators and/or public disclosures for information on reserves and resources from the operators of the producing mineral interests. Acquisition costs of exploration-stage royalty interests are capitalized and not depleted until revenue-generating activities begin.

#### *(i) Impairment of royalty interests*

Evaluation of the carrying values of each royalty interest is undertaken when events or changes in circumstances indicate that the carrying values may not be recoverable. Impairment is assessed at the level of cash-generating units, which are identified as the smallest identifiable group of assets that generates cash inflows and largely independent of the cash inflows from other assets. This is usually at the individual royalty interest level for each property from which



## SILVER CROWN ROYALTIES INC.

Notes to Consolidated Financial Statements

December 31, 2023 and 2022

(Expressed in Canadian dollars)

---

cash inflows are generated. An assessment is made at each reporting period if there is any indication that a previous impairment loss may no longer exist or has decreased. If indications are present, the carrying value of the royalty interest is increased to the revised estimate of its recoverable amount to the extent that the increased carrying amount does not exceed the carrying amount net of depletion that would have been determined had no impairment loss been recognized for the royalty interest in previous periods. Royalty interests classified as exploration and evaluation assets are assessed for impairment whenever indicators of impairment exist in accordance with IFRS 6. An impairment loss is recognized for the amount by which the asset's carrying value exceeds its recoverable amount. An impairment loss is recognized for the amount by which the asset's carrying value exceeds its recoverable amount, which is the higher of its fair value less costs of disposal ("FVLCD") and its value in use ("VIU"). Estimated future cash flows are calculated using estimated production, sales prices and a discount rate. Estimated future production is determined using current reserves and the portion of resources expected to be classified as mineral reserves, as well as exploration potential expected to be converted into reserves. Estimated sales prices are determined by reference to an average of long-term metal price forecasts by research analysts and management's expectations. The discount rate is estimated using an average discount rate incorporating research analyst views used to value precious metal royalty and streaming companies.

(j) *Revenue recognition*

The Group has determined that each unit of a commodity that is delivered to a customer under a royalty interest arrangement is a performance obligation for the delivery of a good that is separate from each other unit of the commodity to be delivered under the same arrangement. For royalty interests, revenue is recognized in accordance with the relevant terms of the specific royalty agreement. Such terms may stipulate that the Group has a right to revenue upon settlement from the end customer to the operator of the royalty property or when control of the relevant commodity is transferred to the end customer by the operator of the royalty property. At this point in time the Group has an unconditional right to payment. Revenue is measured at the fair value of the consideration received or receivable when management can reliably estimate the amount, pursuant to the terms of the royalty agreement with the operator of each mining property. In some instances, the Group will not have access to sufficient information to make a reasonable estimate of consideration to which it expects to be entitled and, accordingly, revenue recognition is deferred until management can make a reasonable estimate. Differences between estimates and actual amounts are adjusted and recorded in the period that the actual amounts are known.

(k) *Share-Based Payments*

Share-based payments are arrangements in which the Group receives goods or services in consideration for its equity instruments granted to non-employees. These are accounted for as equity-settled share-based payment transactions and measured at the fair value of goods and services received. If the fair value of the goods or services received cannot be estimated reliably, the share-based payment transaction is measured at the fair value of the equity instruments granted at the date, the Group receives the goods or services. The Group grants

## SILVER CROWN ROYALTIES INC.

Notes to Consolidated Financial Statements

December 31, 2023 and 2022

(Expressed in Canadian dollars)

---

share-based awards to its employees and service providers in the form of restricted share units (“RSUs”). RSUs are equity-settled awards. The Group determines the fair value of the awards on the date of grant. This fair value is expensed to the statement of loss and comprehensive loss using a graded vesting attribution method over the vesting period of the awards, with a corresponding credit to the contributed surplus. When the restricted share units are exercised, the applicable amounts of contributed surplus are transferred to share capital.

(l) *Warrants*

The Group measures the fair value of warrants issued using the Black-Scholes option pricing model. The fair value of each warrant is estimated based on their respective issuance dates considering volatility, expected life, the dividend rate, and the risk-free interest rate. Equity-settled warrants are recorded in equity as contributed surplus, are fair valued at the grant date and are not remeasured subsequently. When shares are issued against warrants, the related amount in contributed surplus together with any proceeds received are transferred to share capital. The fair value of warrants issued to brokers in conjunction with a financing is charged to share issue costs with an offsetting amount recorded to contributed surplus.

Cash-settled warrants, if any, are recognized as liability, initially measured at grant date and are remeasured at each reporting date subsequently, with any differences recognized in statement of loss and comprehensive loss.

(m) *Provisions*

Provisions are recognized when the Group has a present obligation (legal or constructive) that has arisen as a result of a past event, it is probable that a future outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense. A provision for onerous contracts is recognized when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

(n) *Income taxes*

Income taxes are comprised of current and deferred balances and are recognized in income (expense) except to the extent that the taxes relate to a business combination, or to items recognized directly in equity or in comprehensive income (loss). Current and deferred taxes are charged or credited to other comprehensive income (loss) if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income (loss).

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustments to income tax payable in respect of previous years. Current income taxes are determined using tax rates and laws that have been enacted or substantively enacted by the year-end date.

## SILVER CROWN ROYALTIES INC.

Notes to Consolidated Financial Statements

December 31, 2023 and 2022

(Expressed in Canadian dollars)

---

Deferred income taxes are calculated by measuring the temporary differences arising between the tax basis of an asset or liability and its carrying value. Deferred income tax assets or liabilities are calculated using enacted or substantively enacted income tax rates expected to apply in the period in which the temporary differences are expected to be recovered or settled.

The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the statement of net loss and comprehensive loss in the period that substantive enactment occurs.

Recognition of a deferred tax asset for unused tax losses, tax credits and deductible temporary differences is recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that all or part of the related tax benefit will be realized.

*(o) Share capital*

Share capital is presented at the fair value of the shares issued. Costs related to the issuance of shares are reported in equity, net of income tax, as a deduction from the issuance proceeds. The Company follows the residual value method with respect to the measurement of common shares and warrants issued as units and bifurcate the value of warrants and shares in units. The proceeds from the issuance of units are allocated between share capital and warrants. The warrant component is recorded in equity as contributed surplus.

*(p) Earnings (loss) per share*

The basic and diluted earnings (loss) per share data for its common shares. Basic earnings (loss) per share is computed by dividing the net earnings (loss) for the period by the weighted average number of shares outstanding during the period.

Diluted earnings per share reflects the potential dilution of common share equivalents, such as convertible preferred shares, convertible debentures, in the weighted average number of shares outstanding during the period.

*(p) Related party transactions*

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or entities. A transaction is considered to be a related party transaction when there is transfer of resources or obligations between related parties.

## SILVER CROWN ROYALTIES INC.

Notes to Consolidated Financial Statements

December 31, 2023 and 2022

(Expressed in Canadian dollars)

---

### *(q) Adoption of New Accounting Standards*

The following standards were effective and implemented for the annual period as of January 1, 2023:

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

This amendment requires companies to provide more specific disclosures about their accounting policies and the judgments made in applying these policies that have the most significant effect on the financial statements. The new definition of significant accounting policies, now material accounting policy information, is broader in scope, capturing accounting policy information that is important to understanding the judgments made in preparing the financial statements, and those policies that require the most significant judgments and estimates by the Group. There was no significant impact to the Group's disclosure of accounting policies because of the amendments.

- Definition of Accounting Estimates (Amendments to IAS 8)

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". There was no significant impact to the current period or comparative periods presented because of these amendments.

- Deferred Tax related to Assets and Liabilities arising from Single Transaction (Amendment to IAS 12)

This amendment clarifies the accounting for deferred tax arising from single transactions, such as business combinations and asset acquisitions, by requiring companies to recognize deferred tax for temporary differences that arise from the initial recognition of assets and liabilities in a single transaction. The adoption of this amendment did not have a material impact on the Group's consolidated financial statements.

### New Accounting Standards Issued but Not Yet Effective:

Certain new accounting standards have been published that are not mandatory for the current period and have not been early adopted. The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted.

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

This amendment clarifies that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period. This amendment is effective for annual reporting periods beginning on or after January 1, 2024. The Group does not expect the adoption of this amendment to have a material impact on its consolidated financial statements.

# SILVER CROWN ROYALTIES INC.

Notes to Consolidated Financial Statements

December 31, 2023 and 2022

(Expressed in Canadian dollars)

---

### 3. Use of management estimates, judgments and measurement uncertainty

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions concerning the future. Actual results may differ from these estimates. The Group's management reviews these estimates, judgments, and assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted prospectively in the period in which the estimates are revised. The following are deemed to be critical accounting estimates by management for the year ended December 31, 2022, as these require a high level of subjectivity and judgement and could have a material impact on Silver Crown's financial statements.

#### (a) *Accounting for royalty interests*

The Group from time to time will acquire royalty interests. Each royalty interest agreement has its own unique terms and significant judgment is required to assess the appropriate accounting treatment.

#### (b) *Impairment of royalty interests*

Assessment of impairment of royalty interests at the end of each reporting period requires the use of judgments, assumptions and estimates when assessing whether there are any indicators that give rise to the requirement to conduct a formal impairment test on the Group's royalty interests. Indicators which could trigger an impairment test include, but are not limited to, a significant change in operator reserve and resource estimates, industry, or economic trends, current or forecast commodity prices, and other relevant operator information. The assessment of fair values requires the use of estimates and assumptions for recoverable production, long-term commodity prices, discount rates, reserve/resource conversion, foreign exchange rates, future capital expansion plans and the associated production implications.

In addition, the Group may use other approaches in determining fair value which may include judgment and estimates related to (i) dollar value per ounce or pound of reserve/resource; (ii) cash-flow multiples; and (iii) market capitalization of comparable assets. Changes in any of the assumptions and estimates used in determining the fair value of the royalty and stream could impact the impairment analysis.

#### (c) *Estimation of depletion*

The Group's royalty interests that generate economic benefits are considered depletable and are depleted on a unit-of-production basis over the units of production that are expected to generate the cash flows that will be attributable to the Group. These calculations require the use of estimates and assumptions, including the estimated quantity of commodities to be received, the recovery rates, and payable rates. Changes to these assumptions may impact the depletion rates used. Changes to depletion rates due to new information are accounted for prospectively.

## **SILVER CROWN ROYALTIES INC.**

Notes to Consolidated Financial Statements

December 31, 2023 and 2022

(Expressed in Canadian dollars)

---

*(d) Deferred tax assets*

Deferred tax assets, including those arising from un-utilized tax losses, require management to assess the likelihood that the Group will generate sufficient taxable earnings in future periods in order to utilize recognized deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. In addition, future changes in tax laws could limit the ability of the Group to obtain tax deductions in future periods. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realize the net deferred tax assets recorded at the reporting date could be impacted.

*(e) Going concern*

These financial statements have been prepared on the assumption that the Group will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Management routinely plans future activities including forecasting future cash flows and forming judgements collectively with the directors of the Group.

*(f) Provisions*

Accounting for provisions including assessments of possible legal contingencies requires judgment whether a present obligation is probable. The nature and type of risks for these provisions differ and judgement is applied regarding the nature and extent of obligations in deciding if an outflow of resources is probable or not.

## SILVER CROWN ROYALTIES INC.

Notes to Consolidated Financial Statements

December 31, 2023 and 2022

(Expressed in Canadian dollars)

### 4. Cash at bank

	2023	2022
Cash at bank, unrestricted	\$ 117,337	44,728
Cash at bank, restricted	25,062	-
Total	\$ 142,399	44,728

The restricted cash balance represents a segregated account fund set up by a counterparty with an initial amount of \$25,000 as required under one of the royalty interests. The corresponding liability of this balance is shown in accounts payable and accrued liabilities in these financial statements.

### 5. Term deposit

	2023	2022
Term deposit and accrued interest thereon	\$ -	101,163

It represents a Guaranteed Investment Certificate with an original maturity of twelve months with an annual interest of 2.05%.

### 6. Accounts receivable

	2023	2022
Royalties' receivable	\$ 52,976	-
Goods and service tax receivable	77,962	-
Other receivables	-	5,000
Total	\$ 130,938	5,000

## SILVER CROWN ROYALTIES INC.

Notes to Consolidated Financial Statements

December 31, 2023 and 2022

(Expressed in Canadian dollars)

### 7. Royalties' interests

		Elk Gold	Pilar Gold	Others	Total
<b>COST</b>					
Balance at January 1 2022 and 2023	\$	-	-	-	-
Additions		3,081,661	716,376	25,533	3,823,570
Balance atn December 31, 2023	\$	3,081,661	716,376	25,533	3,823,570
<b>ACCUMULATED DEPLETION</b>					
Balance at January 1 2022 and 2023	\$	-	-	-	-
Depletion		13,742	796	-	14,538
Balance at December 31, 2023	\$	13,742	796	-	14,538
<b>NET BOOK VALUE</b>					
Balance at December 31, 2022	\$	-	-	-	-
Balance at December 31, 2023	\$	3,067,919	715,580	25,533	3,809,032

#### Elk Gold, British Columbia, Canada

During May 2023, the Company entered into a royalty purchase agreement (the "Royalty Purchase Agreement") with Elk Gold Mining Corp. (the "Elk Gold") whereby the Company purchased a royalty on 90% of the aggregate gross proceeds of silver sold from Elk Gold project located in British Columbia, Canada. Pursuant to the terms of the Royalty Purchase Agreement, the Company paid the following purchase price for the Royalty:

- \$2,500,000 in cash; and
- 250,000 units at a deemed unit price of \$0.20 with each such unit consisting of one common share and one-half of one share purchase warrant exercisable for a period of 24 months, from the date of issuance, at an exercise price of \$0.40.
- Cash bonus pay of \$500,000

Under the Royalty Purchase Agreement, the Company is contingently liable to pay certain production bonuses, upto a maximum of \$4,000,000, linked to underlying production milestones as specified in the Royalty Purchase Agreement. The production bonuses are payable in cash or in common shares of the Company at sole discretion of Elk Gold while the Company is private. In the event the Company goes public, the Company has the option to pay the production bonuses in cash or in its common shares at its sole discretion. At the time of purchase of royalty, the Company issued 10,000,000 performance warrants at an exercise price of \$0.40 which are exercisable when underlying production milestones have been met and the common shares are required to be issued. Based on the publicly available information and the information provided by Elk Gold for quarterly production and royalty reports, no production milestones have been met to trigger additional payments up to the date of issuance of these financial statements. The estimation of any milestones



## SILVER CROWN ROYALTIES INC.

Notes to Consolidated Financial Statements

December 31, 2023 and 2022

(Expressed in Canadian dollars)

---

to be achieved is highly subjective, significantly uncertain and cannot be done with any degree of reliability. Therefore, no amounts are recognized in these financial statements either for performance warrants or possible cash commitment.

The Company also retains the right to repurchase fifty (50%) of the Royalty at any time by making a payment in the amount of the purchase price and any bonuses paid to the Company at the time of this election.

### **Pilar Gold, Brazil**

The Company acquired the first tranche of net smelter return royalty for up to 90% of the cash equivalent of silver produced from Pilar Gold (“Pilar”) PGDM Complex. To complete the first tranche, the Company paid US\$500,000 in cash in exchange for a net smelter return royalty for the cash equivalent of 22.5% of the silver produced from the PGDM Complex. On April 26, 2024, the Company acquired additional net smelter return royalty of 8.55% by paying an additional amount of US\$190,000.

### **Others**

Other royalty interests represent direct costs incurred on ongoing projects which have just started, and management believes will result in future economic benefits to the Company once respective transaction is closed.

## **8. Shareholders’ equity**

### *(a) Authorized share capital*

The Company is authorized to issue an unlimited number of common shares with no par value. As at December 31, 2023, the Company had 31,903,500 common shares (2022: 7,300,000 common shares) issued and outstanding.

### *(b) Issued share capital*

During the year ended December 31, 2023, the following transactions were entered by the Company:

#### *(i) Private placement at \$0.20 per unit*

During the period from May 05, 2023, to June 15, 2023, the Company completed a non-brokered private placement, in tranches, consisting of 16,520,500 units at a unit price of \$0.20 per unit for an aggregate gross amount of \$3,304,100. Each unit consisted of one common share and one-half of one common share purchase warrant at an exercise price of \$0.40 for a period of two years following the closing date. In connection with this private placement, where applicable, the Company paid a cash finder fee of 8% and issued broker warrants equal to 8% of the aggregate number of units sold by the broker with an exercise price of \$0.40 for a period of two years from the closing.

## **SILVER CROWN ROYALTIES INC.**

Notes to Consolidated Financial Statements

December 31, 2023 and 2022

(Expressed in Canadian dollars)

---

(ii) Private placement at \$0.40 per unit

During the period from July 21, 2023, to November 22, 2023, the Company completed three tranches of an ongoing non-brokered private placement, consisting of 4,422,500 units at a unit price of \$0.40 per unit for aggregate gross proceeds of \$1,769,000. Each unit consisted of one common share and one-half of one common share purchase warrant at an exercise price of \$0.80 for a period of three years following the closing. In connection with this private placement, where applicable, the Company paid a cash finder fee of 8% and issued broker warrants equal to 8% of the aggregate number of units sold by the broker with an exercise price of \$0.40 for a period of three years from the closing.

(iii) Shares issued for services

The Company issued 3,410,500 common shares valued at \$474,100 for services rendered by various individuals or corporations controlled by key management personnel or third parties.

During the year ended December 31, 2022, the following transactions were entered by the Company:

(i) Private placement at \$0.05 per share

The Company completed a non-brokered private placement issuing a total of 3,300,000 founder shares at a nominal price of \$0.05 per share for aggregate gross proceeds of \$165,000.

(ii) Shares issued for services

The Company issued a total of 4,000,000 common shares at a price of \$0.05 for services rendered by key management personnel.

## SILVER CROWN ROYALTIES INC.

Notes to Consolidated Financial Statements

December 31, 2023 and 2022

(Expressed in Canadian dollars)

### (c) Share purchased warrants

As at December 31, 2023, the following share purchase warrants were outstanding:

	No. of share Purchase warrants	Weighted average exercise price
		\$
Balance on January 1	-	-
Issued under private placement at \$0.20 per unit	8,260,250	0.40
Issued to acquire a royalty interest	125,000	0.40
Issued under private placement at \$0.40 per unit	2,211,250	0.80
Balance on December 31	10,596,500	0.48

The fair value of the warrants was estimated using the Black-Scholes option pricing model using the following assumptions.

	Issued under \$0.20 per unit round	Issued under \$0.40 per unit round
Risk-free rate	3.66%	4.49%-4.53%
Expected life	2 years	3 years
Expected volatility	64%	62%-64%
Expected dividend per share	Nil	Nil

No share purchase warrants were issued and outstanding as of December 31, 2022.

### (d) Brokers warrants

As at December 31, 2023, the following broker warrants were outstanding:

	No. of broker warrants	Weighted average exercise price
		\$
Balance on January 1	-	-
Issued under private placement at \$0.20 per unit	879,000	0.40
Issued under private placement at \$0.40 per unit	233,000	0.40
Balance on December 31	1,112,000	0.24

The fair value of the warrants was estimated using the Black-Scholes option pricing model using the following assumptions.

## SILVER CROWN ROYALTIES INC.

Notes to Consolidated Financial Statements  
December 31, 2023 and 2022  
(Expressed in Canadian dollars)

	Issued under \$0.20 per unit private placement	Issued under \$0.40 per unit private placement
Risk-free rate	3.66%	4.49%-4.53%
Expected life	2 years	3 years
Expected volatility	64%	62%-64%
Expected dividend per share	Nil	Nil

The fair value of the broker warrants issued under private placement of \$0.20 per unit was estimated to be \$35,329(2022: \$nil). The fair value of the broker warrants issued under private placement of \$0.40 per unit was estimated to be \$23,849 (2022: \$nil).

In addition, there are 10,000,000 performance warrants outstanding, as disclosed in note 7.

### (e) Restricted Shares Unites (RSUs)

The RSUs plan is a compensation program designed to reward eligible participants for their services rendered to the Company. RSUs are awarded at the discretion of the board of directors, with each unit representing the right to receive payment equivalent to the value of one common share of the Company, subject to specified conditions and restrictions. These conditions often include continued employment or engagement with the Company. The RSUs plan aims to align the interests of participants with the long-term performance and success of the Company while providing a mechanism for incentivizing and retaining key talent. Unless otherwise set forth in the RSUs Agreement, RSUs vest 50% on the first anniversary of the grant date, and the remaining 50% on the second anniversary of the grant date.

As at December 31, 2023, 712,500 RSUs were granted to settle payable of \$285,000 to key management personnel against their services rendered from July to December 2023. These RSUs will vest equally in the year ended 31 December 2024, and 2025. No common shares were issued against these RSUs.

## 9. Income taxes

A reconciliation between tax expense and the product of accounting loss multiplied by the Group's domestic tax rate for the years ended December 31, 2023, and 2022, is as follows:

	2023	2022
Net loss before income taxes	\$ (1,483,543)	(224,109)
Statutory Canadian tax rate	26.50%	26.50%
Expected income tax recovery based on statutory rate	393,139	59,389
Accelerated depletion	(1,856)	-
Change in unrecognized deferred tax assets	(391,283)	(59,389)
	\$ -	-

## SILVER CROWN ROYALTIES INC.

Notes to Consolidated Financial Statements

December 31, 2023 and 2022

(Expressed in Canadian dollars)

The significant components of the Group's deferred tax assets, resulting from temporary differences, unused tax losses, that have not been included on the statements of financial position, are as follows:

	2023	2022
Non-capital loss carried forward	\$ 450,672	59,389
Less: valuation allowance	(450,672)	(59,389)
	\$ -	-

These deferred tax assets have not been recognized because it is not probable that future taxable profit will be available against which the Group will be able to use these potential benefits.

As at December 31, 2023, the Group has non-capital losses in Canada, which under certain circumstances can be used to reduce the taxable income of future years. The non-capital losses expire as follows:

	Amount
2042	\$ 224,109
2043	1,476,543
Total	\$ 1,700,652

### 10. Related party balances and transactions

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly. Key management personnel include the Group's executive officers and members of the board of directors.

The Group incurred the following transactions with key management personnel during the year ended December 31, 2023, and 2022:

	2023	2022
Consulting fees	\$ 965,000	200,000

### 11. Capital management

The Group's objectives for managing capital are:

- (i) to maintain a flexible capital structure which optimizes the cost/risk equation; and
- (ii) to manage capital in a manner that maximizes the interests of stockholder.

The Group considers capital as the total equity disclosed on the statement of financial position.

Management does not establish quantitative return on capital criteria, however management

## SILVER CROWN ROYALTIES INC.

Notes to Consolidated Financial Statements

December 31, 2023 and 2022

(Expressed in Canadian dollars)

reviews its capital management approach on an on-going basis and believes that this approach, given the relative size of the Group, is appropriate. As at December 31, 2023 and 2022, the Group was not subject to any externally imposed capital requirements.

### 12. Financial instruments and associated risks

#### (a) Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

Following is the summary of the financial instruments as at December 31, 2023, and 2022:

	2023	2022
<b>Financial assets:</b>		
Cash	\$ 142,399	44,728
Term deposit	-	101,163
Accounts receivable	130,938	5,000
	<u>\$ 273,337</u>	<u>150,891</u>
<b>Financial liabilities:</b>		
Accounts payable and accrued liabilities	\$ 404,957	10,000
	<u>\$ 404,957</u>	<u>10,000</u>

The carrying values of financial instruments and fair value amounts of all the Group's financial instruments approximate their fair values as at December 31, 2023, and 2022.

#### (b) Risk management

A summary of the Group's risk exposures as it relates to financial instruments are reflected below:

##### (i) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk.

##### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As at December 31, 2023 and 2022, the Group has determined its exposure to interest rate risk is minimal.

##### Foreign currency risk

Foreign currency risk is the risk that changes in foreign exchange rates may have an effect on future cash flows associated with financial instruments. The Group is not exposed to

# SILVER CROWN ROYALTIES INC.

Notes to Consolidated Financial Statements

December 31, 2023 and 2022

(Expressed in Canadian dollars)

significant foreign currency risk as most of its financial instruments are not denominated in currencies other than its functional currency.

## Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Group is not exposed to significant other price risk.

## (ii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or a counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk is limited to its cash, term deposit and accounts receivable.

Cash and term deposit are held with a reputable financial institution and are closely monitored by management. As at December 31, 2023, the Group has \$nil (2022 - \$nil) of impaired accounts receivable. The carrying amount of financial assets represents the maximum credit exposure.

## (iii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group's liquidity and operating results may be adversely affected if the Group's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Group. During 2023 and 2022, the Group generated cash flow primarily from its financing activities.

The following are the remaining undiscounted contractual maturities of financial liabilities at December 31:

	Carrying value	less than 6 months	7 - 12 months	Over 12 months
<b><u>2023</u></b>				
Accounts payable and accrued liabilities	\$ 404,957	119,957	142,500	142,500
	\$ 404,957	119,957	142,500	142,500
<b><u>2022</u></b>				
Accounts payable and accrued liabilities	\$ 10,000	10,000	-	-
	\$ 10,000	10,000	-	-

# SILVER CROWN ROYALTIES INC.

Notes to Consolidated Financial Statements

December 31, 2023 and 2022

(Expressed in Canadian dollars)

---

## 13. Subsequent events

- (a) During the period from April 25, 2024, to May 14, 2024, the Company completed two tranches of an ongoing non-brokered private placement, consisting of 1,503,225 units at a unit price of \$0.40 per unit for an aggregate amount of \$601,290. Each unit consisted of one common share and one-half of one common share purchase warrant at an exercise price of \$0.40 for a period of three years following the closing. In connection with this private placement, where applicable, the Company paid a cash finder fee of 8% and issued broker warrants equal to 8% of the aggregate number of units sold by the broker with an exercise price of \$0.40 for a period of three years from the closing.
- (b) Effective January 17, 2024, the Company entered into a royalty purchase agreement with Mina Tucano Ltda. (“Tucano”), whereby the Company purchased a royalty on 90% of the aggregate gross proceeds of silver sold from Tucano Gold project located in Brazil for a consideration of \$1,000,000 payable in 2,500,000 units at a deemed value of \$0.40 per unit. Each unit consisted of one common share and one-half of one common share purchase warrant at an exercise price of \$0.40 for a period of three years following the closing.
- (c) As outlined in note 7, the Company acquired an additional royalty of 8.55% on April 26, 2024, by amending the royalty purchase agreement previously signed and by paying an additional amount of US\$190,000.
- (d) Amalgamation agreement

Subsequent to the date reporting date, the Company has signed a letter of intent and is in the process of signing definitive amalgamation agreement with 1287412 B.C. Ltd. which is a reporting issuer in the Provinces of British Columbia and Alberta, and it is expected that the combined entity resulting from the transaction will have its common shares listed on the Cboe Exchange by way of listing statement in the form of a non-offering prospectus.



**SILVER CROWN  
ROYALTIES INC**



Interim Condensed Consolidated Financial Statements of  
**SILVER CROWN ROYALTIES INC.**

For the three months ended March 31, 2024 and 2023  
(Unaudited - Expressed in Canadian dollars)

## **NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3(3), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The accompanying unaudited interim condensed consolidated financial statements of Silver Crown Royalties Inc. have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these interim condensed consolidated financial statements in accordance with the standards established by the Canadian Institute of Chartered Professional Accountants for a review of interim financial statements by an entity's auditor.

## SILVER CROWN ROYALTIES INC.

Interim Condensed Consolidated Statements of Financial Position

As at March 31, 2024 and December 31, 2023

(Unaudited - Expressed in Canadian dollars)

	Notes	2024	2023
		\$	\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash at bank	4	68,977	142,399
Accounts receivable	5	212,998	130,938
Prepaid expenses		252,945	262,052
Total current assets		534,920	535,389
<b>Non-current assets</b>			
Royalty interests	6	3,837,375	3,809,032
<b>TOTAL ASSETS</b>		<b>4,372,295</b>	<b>4,344,421</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	4, 9	718,790	404,957
<b>TOTAL LIABILITIES</b>		<b>718,790</b>	<b>404,957</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	7	5,120,014	5,120,404
Subscriptions received in advance		17,000	6,000
Contributed surplus	7	520,712	520,712
Accumulated deficit		(2,004,221)	(1,707,652)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>3,653,505</b>	<b>3,939,464</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>4,372,295</b>	<b>4,344,421</b>

General information and going concern (note 1)

Subsequent events (note 11)

These interim condensed consolidated financial statements were approved by the Board of Directors of the Company on May 27, 2024, and signed on their behalf by:

"Peter Bures" (signed)  
Director

"Peter Simeon" (signed)  
Director

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

## SILVER CROWN ROYALTIES INC.

Interim Condensed Consolidated Statements of Net Loss and Comprehensive Loss

For the three months ended March 31, 2024 and 2023

(Unaudited - Expressed in Canadian dollars)

	Notes	2024	2023
		\$	\$
<b>REVENUE</b>			
Royalty income	6	74,425	-
<b>EXPENSES</b>			
Personnel costs	9	297,832	124,698
Marketing and business development	9	41,295	50,572
Legal and professional fees		22,112	7,500
Depletion	6	7,107	-
General and administrative expenses		2,972	362
Total expenses		371,318	183,132
<b>OTHER INCOME</b>			
Interest income		324	504
Net loss and comprehensive loss		(296,569)	(182,628)
<b>Net loss per share for the year - basic and diluted</b>			
		(0.01)	(0.02)
<b>Weighted average number of shares outstanding - basic and diluted</b>			
		31,903,500	7,816,667

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

## SILVER CROWN ROYALTIES INC.

Interim Condensed Consolidated Statements of Changes in Shareholders' Equity

For the three months ended March 31, 2024 and 2023

(Unaudited - Expressed in Canadian dollars except for number of common shares)

	Number of common shares	Share capital	Subscriptions received in advance	Contributed surplus	Accumulated deficit	Total
		\$	\$	\$	\$	\$
Balance on December 31, 2022	7,300,000	365,000	-	-	(224,109)	140,891
Issue of shares for services (note 7)	1,500,000	75,000	-	-	-	75,000
Subscription received in advance	-	-	15,000	-	-	15,000
Net loss and comprehensive loss	-	-	-	-	(182,628)	(182,628)
Balance on March 31, 2023	8,800,000	440,000	15,000	-	(406,737)	48,263
Balance on December 31, 2023	31,903,500	5,120,404	6,000	520,712	(1,707,652)	3,939,464
Share issuance costs	-	(390)	-	-	-	(390)
Subscription received in advance	-	-	11,000	-	-	11,000
Net loss and comprehensive loss	-	-	-	-	(296,569)	(296,569)
Balance on March 31, 2024	31,903,500	5,120,014	17,000	520,712	(2,004,221)	3,653,505

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

## SILVER CROWN ROYALTIES INC.

Interim Condensed Consolidated Statements of Cash Flows

For the three months ended March 31, 2024 and 2023

(Unaudited - Expressed in Canadian dollars)

	2024	2023
	\$	\$
<b>Cash flows from operating activities</b>		
Net loss	(296,569)	(182,628)
Adjustments for non-cash items:		
Depletion (note 6)	7,107	-
Expense for shares issued against services (note 7)	-	75,000
Interest income	(324)	(504)
	(289,786)	(108,132)
Changes in non-cash working capital:		
Accounts receivable	(82,060)	(2,984)
Prepaid expenses	9,107	-
Accounts payable and accrued liabilities	313,833	12,771
Net cash used in operating activities	(48,906)	(98,345)
<b>Cash flows from investing activities</b>		
Additions to royalty interests (note 6)	(35,450)	(4,665)
Investment in term deposit	-	79,754
Interest received	324	375
Net cash (used in) provided by investing activities	(35,126)	75,464
<b>Cash flows from financing activities</b>		
Share issuance costs	(390)	-
Subscriptions received in advance	11,000	15,000
Net cash provided by financing activities	10,610	15,000
Net decrease in cash	(73,422)	(7,881)
Cash, beginning of the year	142,399	44,728
Cash, end of the year	68,977	36,847

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

# SILVER CROWN ROYALTIES INC.

Notes to Interim Condensed Consolidated Financial Statements  
For the three months ended March 31, 2024 and 2023  
(Unaudited - Expressed in Canadian dollars)

---

## 1. General information and going concern

Silver Crown Royalties Inc. (“Silver Crown” or the “Company”) is an entity formed under the laws of the Province of Ontario, Canada by articles of incorporation dated August 23, 2021. Silver Crown is a royalty and streaming investment company primarily in the silver metal space. The Company’s registered office is at First Canadian Place 6200-100 King Street West Toronto Ontario.

The consolidated financial statements comprise the Company and its subsidiary (collectively referred to as the “Group”). Following are the details of the subsidiary as at December 31, 2023:

<b>Entity</b>	<b>Percentage holding</b>	<b>Country of incorporation</b>
Argentum Royalties Inc.	100%	Commonwealth of The Bahamas

These interim condensed consolidated financial statements (the “financial statements”) have been prepared on a going concern basis of accounting, which assumes that the Group will continue operations for the foreseeable future and be able to realize the carrying value of its assets and discharge its liabilities and commitments in the normal course of business. For the three months ended March 31, 2024, the Group incurred a net loss of \$296,569 (2023: \$182,628) and has an accumulated deficit of \$2,004,221 as at March 31, 2024 (December 31, 2023 - \$1,707,652). For the three months ended March 31, 2024, the Group used net cash of \$48,906 (2023 - \$98,345) in operating activities.

These conditions indicate the existence of material uncertainties that cast significant doubt on the Company's ability to continue as a going concern. The Company will need to raise capital to fund its operations. To address its financing requirements, management has been able to raise sufficient new equity to finance its operations and will need to continue to do so to fund operations in the future as well as to generate revenue from its royalties’ interests. Should the Company no longer be able to continue as a going concern, certain assets and liabilities may require restatement on a liquidation basis, which may differ materially from the going concern basis. No adjustments to the carrying values of the assets and liabilities have been made in these financial statements.

## 2. Material accounting policy information

### (a) Statement of compliance

These financial statements for the three months ended March 31, 2024, have been prepared in accordance with International Accounting Standard (“IAS”) 34, *Interim Financial Reporting*, and should be read in conjunction with the Group’s consolidated financial statements as at and for the year ended December 31, 2023 (“last annual financial statements”). These financial statements do not include all the information and disclosures required for a complete set of annual financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to understanding of the changes in Group’s financial position and performance since the last annual financial statements.

## SILVER CROWN ROYALTIES INC.

Notes to Interim Condensed Consolidated Financial Statements

For the three months ended March 31, 2024 and 2023

(Unaudited - Expressed in Canadian dollars)

---

The accounting policies adopted in the preparation of these financial statements are consistent with those set out in note 2 “Material accounting policy information” of the Group’s last annual financial statements.

These financial statements were approved and authorized by the Board of Directors of the Company on May 27, 2024. The Board of Directors of the Company has the power to amend the financial statements after issue.

*(b) Basis of measurement*

These financial statements have been prepared on an accrual basis and are based on historical cost.

*(c) Functional and presentation currency*

These financial statements are presented in Canadian dollars (“dollar”), which is the Group’s presentation currency. All amounts have been rounded to the nearest dollar unless otherwise indicated.

The functional currencies of the Company and its subsidiary are as follows:

<b>Entity</b>	<b>Functional currency</b>
Silver Crown Royalties Inc.	Canadian dollar
Argentum Royalties Inc.	U.S. dollar

---

*(d) Basis of consolidation*

Subsidiaries

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of the subsidiaries are included in these financial statements from the date on which control commences until the date on which control ceases. Details of the subsidiary are included in note 1. There were no significant transactions and balances in the subsidiary as of and for the year ended December 31, 2023.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated on consolidation.

*(e) New Accounting Standards Issued but Not Yet Effective:*

The Company has performed an assessment of new and revised standards issued by the IASB that are not yet effective. The Company has assessed that the impact of adopting these accounting standards on its financial statements would not be material.



## SILVER CROWN ROYALTIES INC.

Notes to Interim Condensed Consolidated Financial Statements

For the three months ended March 31, 2024 and 2023

(Unaudited - Expressed in Canadian dollars)

---

### 3. Use of management estimates, judgments, and measurement uncertainty

The preparation of these financial statements in conformity with IFRS requires management to make certain estimates, judgments, and assumptions concerning the future. Actual results may differ from these estimates. The Group's management reviews these estimates, judgments, and assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted prospectively in the period in which the estimates are revised.

The critical judgments and significant estimates in applying accounting policies that have the most significant effect on the amounts recognised in these financial statements are outlined in note 3 of the last annual financial statements. There have been no significant changes in the Group's judgments and estimates applied during the three months ended March 31, 2024, relative to those described in the last annual financial statements.

### 4. Cash at bank

---

		2024	2023
Cash at bank, unrestricted	\$	43,686	117,337
Cash at bank, restricted		25,291	25,062
	\$	68,977	142,399

---

The restricted cash balance represents a segregated account fund set up by a counterparty with an initial amount of \$25,000 as required under one of the royalty interests and includes the interest earned on this account. The corresponding liability of this balance is shown in accounts payable and accrued liabilities in these financial statements.

### 5. Accounts receivable

---

		2024	2023
Royalty receivables	\$	117,063	52,976
Goods and service tax receivable		95,935	77,962
	\$	212,998	130,938

---

## SILVER CROWN ROYALTIES INC.

Notes to Interim Condensed Consolidated Financial Statements

For the three months ended March 31, 2024 and 2023

(Unaudited - Expressed in Canadian dollars)

### 6. Royalty interests

		Elk Gold	Pilar Gold	Others	Total
<b>Cost:</b>					
Balance at January 1, 2023	\$	-	-	-	-
Additions		3,081,661	716,376	25,533	3,823,570
Balance at December 31, 2023	\$	3,081,661	716,376	25,533	3,823,570
Additions	\$	-	11,049	24,401	35,450
Balance at March 31, 2024	\$	3,081,661	727,425	49,934	3,859,020
<b>Accumulated depletion:</b>					
Balance at January 1, 2023	\$	-	-	-	-
Depletion		13,742	796	-	14,538
Balance at December 31, 2023	\$	13,742	796	-	14,538
Depletion		4,719	2,388	-	7,107
Balance at March 31, 2024	\$	18,461	3,184	-	21,645
<b>Net book value:</b>					
Balance at December 31, 2023	\$	3,067,919	715,580	25,533	3,809,032
Balance at March 31, 2024	\$	3,063,200	724,241	49,934	3,837,375

#### Elk Gold, British Columbia, Canada

During May 2023, the Company entered into a royalty purchase agreement (the "Royalty Purchase Agreement") with Elk Gold Mining Corp. (the "Elk Gold") whereby the Company purchased a royalty on 90% of the aggregate gross proceeds of silver sold from Elk Gold project located in British Columbia, Canada. Under the terms of the Royalty Purchase Agreement, the Company paid the following at the time of purchase:

- \$2,500,000 in cash; and
- 250,000 units at a deemed unit price of \$0.20 with each such unit consisting of one common share and one-half of one share purchase warrant exercisable for a period of 24 months, from the date of issuance, at an exercise price of \$0.40.

Under the Royalty Purchase Agreement, the Company is contingently liable to pay certain production bonuses (the "Production Bonus" or "Production Bonuses"), up to a maximum of \$4,000,000, contingent upon Elk Gold achieving certain production milestones as specified in the Royalty Purchase Agreement. The Production Bonuses are payable, in cash or common shares of the Company, at the sole discretion of either Elk Gold (when the Company is private) or the Company (when the Company is public). The Company also issued 10,000,000 performance warrants to Elk Gold with the same vesting schedule as the schedule of production milestones to earn Production Bonuses. Upon the Company's payment of a Production Bonus in cash, 1,250,000 production warrants will be automatically cancelled without further action by the Company. In the event the Company elects to pay any Production Bonus in common shares, such number of royalty

## **SILVER CROWN ROYALTIES INC.**

Notes to Interim Condensed Consolidated Financial Statements

For the three months ended March 31, 2024 and 2023

(Unaudited - Expressed in Canadian dollars)

---

performance warrants as is required to satisfy payment of such Production Bonus in common shares shall be exercisable into common shares of the Company at a price equal to the lower of: (i) the five-day volume weighted average price for such shares on the Stock Exchange; and (ii) the thirty-day volume weighted average price for such shares on the stock exchange upon which the common shares are listed on, subject to the approval of such stock exchange and a floor price of \$0.40 per common share (the “VWAP”), and the Company at its election will pay such Production Bonus through the issuance of common shares priced at the VWAP. No performance warrants shall be exercisable unless the Company elects to pay a Production Bonus in common shares. In July 2023, Elk Gold met its first production milestone and earned its first Production Bonus of \$500,000 in cash and 1,250,000 performance warrants held by Elk Gold were automatically cancelled.

Based on the publicly available information and the information provided by Elk Gold for quarterly production and royalty reports, no additional production milestones have been met to trigger any additional Production Bonus, up to the date of issuance of these financial statements. The estimation of any milestones to be achieved is highly subjective, significantly uncertain, and cannot be done with any degree of reliability. Therefore, no amounts are recognized in these financial statements either for performance warrants or possible cash commitment.

Elk Gold also retains the right to repurchase fifty (50%) of the Royalty at any time by making a payment in the amount of the purchase price and any bonuses paid to Elk Gold at the time of this election.

### **Pilar Gold, Brazil**

The Company acquired the first tranche of net smelter return royalty for up to 90% of the cash equivalent of silver produced from Pilar Gold’s PGDM Complex (“Pilar Gold”). To complete the first tranche, the Company paid US\$500,000 in cash in exchange for a net smelter return royalty for the cash equivalent of 22.5% of the silver produced from the Pilar Gold. On April 26, 2024, the Company acquired an additional net smelter return royalty of 8.55% by paying US\$190,000.

### **Others**

Other royalty interests represent direct costs incurred on ongoing projects which have just started, and management believes will result in future economic benefits to the Company once the respective transaction is closed.

Others include a royalty interest acquired effective January 17, 2024, whereby the Company entered into a royalty purchase agreement with Mina Tucano Ltda. (“Tucano”), purchasing a royalty on 90% of the aggregate gross proceeds of silver sold from the Tucano Gold project located in Brazil for a consideration of \$1,000,000 payable in 2,500,000 units at a deemed value of \$0.40 per unit. Each unit consisted of one common share and one-half of one common share purchase warrant at an exercise price of \$0.40 for a period of three years following the closing. This transaction is not closed as of the reporting date and the units required to be issued are not yet recognised in these financial statements.

## SILVER CROWN ROYALTIES INC.

Notes to Interim Condensed Consolidated Financial Statements  
For the three months ended March 31, 2024 and 2023  
(Unaudited - Expressed in Canadian dollars)

---

### 7. Shareholders' equity

#### (a) *Authorized share capital*

The Company is authorized to issue an unlimited number of common shares with no par value. As at December 31, 2023, the Company had 31,903,500 common shares (2022: 7,300,000 common shares) issued and outstanding.

#### (b) *Issued share capital*

During the three months ended March 31, 2024, no major equity transactions were entered by the Company.

During the three months ended March 31, 2023, the Company issued 1,500,000 common shares valued at \$75,000 for services rendered by various individuals or corporations controlled by key management personnel or third parties.

During the year ended December 31, 2023, the following transactions were entered by the Company:

#### (i) Private placement at \$0.20 per unit

During the period from May 05, 2023, to June 15, 2023, the Company completed a non-brokered private placement, in tranches, consisting of 16,520,500 units at a unit price of \$0.20 per unit for an aggregate gross amount of \$3,304,100. Each unit consisted of one common share and one-half of one common share purchase warrant at an exercise price of \$0.40 for a period of two years following the closing date. In connection with this private placement, where applicable, the Company paid a cash finder fee of 8% and issued broker warrants equal to 8% of the aggregate number of units sold by the broker with an exercise price of \$0.40 for a period of two years from the closing.

#### (ii) Private placement at \$0.40 per unit

During the period from July 21, 2023, to November 22, 2023, the Company completed three tranches of an ongoing non-brokered private placement, consisting of 4,422,500 units at a unit price of \$0.40 per unit for aggregate gross proceeds of \$1,769,000. Each unit consisted of one common share and one-half of one common share purchase warrant at an exercise price of \$0.80 for a period of three years from the date the Company becomes a reporting issuer in any jurisdiction of Canada. In connection with this private placement, where applicable, the Company paid a cash finder fee of 8% and issued broker warrants equal to 8% of the aggregate number of units sold by the broker with an exercise price of \$0.40 for a period of three years from the closing.

#### (iii) Shares issued for services

The Company issued 3,410,500 common shares valued at \$474,100 for services rendered by various individuals or corporations controlled by key management personnel or third parties.

## SILVER CROWN ROYALTIES INC.

Notes to Interim Condensed Consolidated Financial Statements

For the three months ended March 31, 2024 and 2023

(Unaudited - Expressed in Canadian dollars)

### (c) Share purchased warrants

As at March 31, 2024, and December 31, 2023, the following share purchase warrants were outstanding:

	No. of share Purchase warrants	Weighted average exercise price
		\$
Balance on January 1, 2023	-	-
Issued under private placement at \$0.20 per unit	8,260,250	0.40
Issued to acquire a royalty interest	125,000	0.40
Issued under private placement at \$0.40 per unit	2,211,250	0.80
Balance on December 31, 2023 and March 31, 2024	10,596,500	0.48

The fair value of the warrants was estimated using the Black-Scholes option pricing model using the following assumptions.

	Issued under \$0.20 per unit round	Issued under \$0.40 per unit round
Risk-free rate	3.66%	4.49%-4.53%
Expected life	2 years	3 years
Expected volatility	64%	62%-64%
Expected dividend per share	Nil	Nil

### (d) Brokers warrants

As at March 31, 2024 and December 31, 2023, the following broker warrants were outstanding:

	No. of broker warrants	Weighted average exercise price
		\$
Balance on January 1, 2023	-	-
Issued under private placement at \$0.20 per unit	879,000	0.40
Issued under private placement at \$0.40 per unit	233,000	0.40
Balance on December 31, 2023 and March 31, 2024	1,112,000	0.24

## SILVER CROWN ROYALTIES INC.

Notes to Interim Condensed Consolidated Financial Statements

For the three months ended March 31, 2024 and 2023

(Unaudited - Expressed in Canadian dollars)

The fair value of the warrants was estimated using the Black-Scholes option pricing model using the following assumptions.

	Issued under \$0.20 per unit private placement	Issued under \$0.40 per unit private placement
Risk-free rate	3.66%	4.49%-4.53%
Expected life	2 years	3 years
Expected volatility	64%	62%-64%
Expected dividend per share	Nil	Nil

The fair value of the broker warrants issued under the private placement of \$0.20 per unit was estimated to be \$35,329. The fair value of the broker warrants issued under the private placement of \$0.40 per unit was estimated to be \$23,849.

In addition, 8,750,000 performance warrants are outstanding, as disclosed in note 6.

### (e) Restricted Shares Unites (RSUs)

The RSUs plan is a compensation program designed to reward eligible participants for their services rendered to the Company. RSUs are awarded at the discretion of the board of directors, with each unit representing the right to receive payment equivalent to the value of one common share of the Company, subject to specified conditions and restrictions. These conditions often include continued employment or engagement with the Company. The RSUs plan aims to align the interests of participants with the long-term performance and success of the Company while providing a mechanism for incentivizing and retaining key talent. Unless otherwise set forth in the RSUs Agreement, RSUs vest 50% on the first anniversary of the grant date, and the remaining 50% on the second anniversary of the grant date.

As at December 31, 2023, 712,500 RSUs were granted to settle payable of \$285,000, mostly to key management personnel against their services rendered from July 2023 to December 2023. These RSUs will vest 50% on December 31, 2024, and the remaining 50% on December 31, 2025. Accordingly, no common shares were issued against these RSUs.

## 8. Related party balances and transactions

Related parties include key management personnel and individuals or companies controlled by key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the Group, directly or indirectly. Key management personnel include the Group's executive officers and members of the board of directors.

## SILVER CROWN ROYALTIES INC.

Notes to Interim Condensed Consolidated Financial Statements  
For the three months ended March 31, 2024 and 2023  
(Unaudited - Expressed in Canadian dollars)

Following are the related party balances as at March 31, 2024, and December 31, 2023, along with related party transactions during the three months ended March 31, 2024, and 2023:

	2024	2023
<b>Related party balances</b>		
Accounts payable	\$ 96,262	24,185
Accrued liabilities (notes 7(e) and 11(c))	318,750	180,000
<b>Related party transactions</b>		
Personnel costs	237,832	124,698
Marketing and business development	\$ 13,866	21,686

### 9. Capital management

The Group's objectives for managing capital are:

- (i) to maintain a flexible capital structure which optimizes the cost/risk equation; and
- (ii) to manage capital in a manner that maximizes the interests of stockholders.

The Group considers capital as the total equity disclosed on the statement of financial position.

Management does not establish quantitative return on capital criteria, however, management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Group, is appropriate. As at December 31, 2023, and 2022, the Group was not subject to any externally imposed capital requirements.

### 10. Financial instruments and associated risks

#### (a) Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

Following is the summary of the financial instruments as at March 31, 2024, and December 31, 2023:

	2024	2023
<b>Financial assets:</b>		
Cash at bank	\$ 68,977	142,399
Accounts receivable	212,998	130,938
	\$ 281,975	273,337
<b>Financial liabilities:</b>		
Accounts payable and accrued liabilities	\$ 718,790	404,957
	\$ 718,790	404,957

## SILVER CROWN ROYALTIES INC.

Notes to Interim Condensed Consolidated Financial Statements

For the three months ended March 31, 2024 and 2023

(Unaudited - Expressed in Canadian dollars)

---

The carrying values of financial instruments and fair value amounts of all the Group's financial instruments approximate their fair values as at March 31, 2024, and December 31, 2023.

(b) *Risk management*

A summary of the Group's risk exposures as it relates to financial instruments are reflected below:

(i) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As at March 31, 2024, and December 31, 2023, the Group has determined its exposure to interest rate risk is minimal.

Foreign currency risk

Foreign currency risk is the risk that changes in foreign exchange rates may have an effect on future cash flows associated with financial instruments. The Group is not exposed to significant foreign currency risk as most of its financial instruments are not denominated in currencies other than its functional currency.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Group is not exposed to significant other price risk.

(ii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or a counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk is limited to its cash, term deposit and accounts receivable.

Cash is held with a reputable financial institution and is closely monitored by management. As at March 31, 2024 and December 31, 2023, the Group has determined that no accounts receivable were impaired. The carrying amount of financial assets represents the maximum credit exposure.

(iii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group's liquidity and operating results may be adversely affected if the Group's access to the capital market is hindered, whether as a result of a downturn in stock market conditions



## SILVER CROWN ROYALTIES INC.

Notes to Interim Condensed Consolidated Financial Statements

For the three months ended March 31, 2024 and 2023

(Unaudited - Expressed in Canadian dollars)

generally or related to matters specific to the Group. During 2024 and 2023, the Group generated cash flow primarily from its financing activities.

The following are the remaining undiscounted contractual maturities of financial liabilities at March 31, 2024, and December 31, 2023:

	Carrying value	less than 6 months	7 - 12 months	Over 12 months
<b>2024:</b>				
Accounts payable and accrued liabilities	\$ 718,790	224,749	142,500	351,541
	\$ 718,790	224,749	142,500	351,541
<b>2023:</b>				
Accounts payable and accrued liabilities	\$ 404,957	119,957	142,500	142,500
	\$ 404,957	119,957	142,500	142,500

### 11. Subsequent events

- (a) During the period from April 25, 2024, to May 14, 2024, the Company completed two tranches of an ongoing non-brokered private placement, consisting of 1,503,225 units at a unit price of \$0.40 per unit for an aggregate amount of \$601,290. Each unit consisted of one common share and one-half of one common share purchase warrant at an exercise price of \$0.80 for a period of three years from the date the Company becomes a reporting issuer in any jurisdiction of Canada. In connection with this private placement, where applicable, the Company paid a cash finder fee of 8% and issued broker warrants equal to 8% of the aggregate number of units sold by the broker with an exercise price of \$0.40 for a period of three years from the closing.
- (b) As outlined in note 6, the Company acquired an additional royalty of 8.55% on April 26, 2024, by amending the royalty purchase agreement previously signed and by paying an additional amount of US\$190,000.
- (c) Effective May 14, 2024, 612,500 RSUs were granted to settle payable, included in accounts payable and accrued liabilities, of \$245,000, payable mostly to key management personnel against their services rendered from January 2024 to April 2024. These RSUs will vest 50% on May 14, 2025, and the remaining 50% on May 14, 2026. Accordingly, no common shares were issued against these RSUs.
- (d) Effective May 15, 2024, the Company has signed a definitive amalgamation agreement with 1287412 B.C. Ltd. which is a reporting issuer in the Provinces of British Columbia and Alberta, and it is expected that the combined entity resulting from the transaction will have its common shares listed on the Cboe Exchange by way of a listing statement in the form of a non-offering prospectus.

**SILVER CROWN  
ROYALTIES INC**



**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED  
DECEMBER 31, 2023**

## Introduction

This Management's Discussion and Analysis ("MD&A") of Silver Crown Royalties Inc. is the responsibility of management and covers the years ended December 31, 2023 and 2022. The MD&A takes into account information available up to, and is dated, May 27, 2024 and should be read together with the audited annual financial statements for the years ended December 31, 2023 and 2022.

Throughout this document, the terms "we", "us", "our", the "Company", "SCRi", "Silver Crown" and "Silver Crown Royalties" refer to Silver Crown Royalties Inc. All financial information in this document is prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and is presented in United States ("US") Dollars unless otherwise indicated.

This document contains forward-looking statements. Please refer to "Note Regarding Forward-Looking Statements" of this MD&A.

## DESCRIPTION OF BUSINESS

Silver Crown is a private company that was incorporated on August 23, 2021, under the laws of the Province of Ontario. Silver Crown is a revenue-generating silver-only royalty company focused on silver as by-product credits. Its ongoing objective is to minimize the economic impact on mining projects and simultaneously maximize returns for its shareholders.

Silver Crown operates a unique business model within the royalty space, which it believes offers it a competitive advantage. Of these advantages, some are inherent to the Company's business model, such as providing capital to a mining entity that is then applied to a certain aspect of the Company's operation, such as exploration, mine development, or facility construction, in exchange for receiving a percentage of the miner's silver production. Silver Crown is continuing to build on this foundation, targeting additional operational silver-producing projects, and is focused on generating consistent and growing income sources through an expanding portfolio of mining royalty interests. Silver Crown is looking worldwide for projects with silver as a byproduct and with the goal of monetizing the silver value of those operations.

The Company's current royalty and stream interests are located in Canada and Brazil.

## CORPORATE DEVELOPMENTS

### Assets acquisitions

The Company currently holds the following royalty assets:

Asset	Key Terms	Commodity	Jurisdiction	Stage	Operator
Elk Gold Project	90% Net Smelter Return ("NSR") Silver Royalty	Silver	British Columbia, Canada	Production	Gold Mountain Mining Corp.
PDGM Complex	31% NSR Silver Royalty	Silver	Goias, Brazil	Production	Pilar Gold

Additionally, the Company has a definitive agreement in place to acquire the following royalty asset:

Asset	Key Terms	Commodity	Jurisdiction	Stage	Operator
Tucano	90% NSR Silver Royalty	Silver	Amapa, Brazil	Restart	Tucano Gold

### 1. Elk Gold Project

Silver Crown acquired the Gold Mountain Royalty pursuant to the Gold Mountain Royalty Agreement with Elk Gold. Pursuant to the Gold Mountain Royalty Agreement, Silver Crown holds a net smelter return royalty for 90% of the cash equivalent of the aggregate net proceeds of silver produced, but no less than the cash equivalent of 6,000 ounces of silver quarterly priced at the London Bullion Market Association's daily average price for such quarter in U.S. dollars, from the Gold Mountain Project. The Gold Mountain Royalty is Silver Crown's only material asset. The Gold Mountain Royalty is paid quarterly.

At the time of signing the Gold Mountain Royalty Agreement, Silver Crown was required to pay Elk Gold up to eight contingent production bonus payments of \$500,000 each (the "**Production Bonuses**"), for a total of up to \$4,000,000, upon Elk Gold achieving the following production milestones measured on a trailing annualized basis for six consecutive calendar months (an "**Annualized Basis**"):

- the sale of 6,666 contained ounces of silver;
- the sale of 8,888 contained ounces of silver;
- the sale of 11,110 contained ounces of silver;
- the sale of 13,332 contained ounces of silver;
- the sale of 15,554 contained ounces of silver;
- the sale of 17,776 contained ounces of silver;
- the sale of 19,998 contained ounces of silver; and
- the sale of 22,220 contained ounces of silver.

On July 24, 2023, Silver Crown paid Elk Gold, the first Production Bonus payment in the amount of \$500,000 as Elk Gold achieved a sale of 6,666 contained ounces of silver on an Annualized Basis. The Production Bonuses are due within sixty (60) days of Elk Gold providing notice that it achieved the applicable production target to Silver Crown for the first Production Bonus and then within thirty (30) days of notice for the remaining Production Bonuses. The Production Bonuses are payable in cash while Silver Crown is private, and in the event the securities of Silver Crown are listed for trading on an exchange, Silver Crown shall have the option to pay the Production Bonuses in cash or in common shares of Silver Crown.

In addition to Production Bonuses, Silver Crown is required to pay additional bonuses (the "**Resource Bonus**") in the event Elk Gold files a technical report disclosing aggregate measured, indicated and inferred silver ounces contained in the Gold Mountain Project in excess of the 2,210,000 ounces (the total number of in-situ silver ounces as disclosed in the Gold Mountain Technical Report), Silver Crown will, within thirty (30) days of the filing of such a technical report, pay Elk Gold the lesser of (i) \$1.00; and (ii) 20% of the then average silver price, in respect of each ounce of silver contained in the Gold Mountain Project disclosed in any such technical report that is in excess of the number of silver ounces disclosed in the latest available Gold Mountain Technical Report.

Elk Gold retains the right to repurchase fifty percent (50%) of the Gold Mountain Royalty at any time by making a payment in the amount of the purchase price and any bonuses paid to Elk Gold at the time of such election.

## 2. *Pilar Royalty Agreement*

On August 21, 2023, Silver Crown announced its entry into a definitive agreement with Pilar Gold Inc. (the "**Pilar Royalty Agreement**") providing for the creation and purchase of a net smelter return royalty on up to 90% of the aggregate net proceeds of silver sold as a result of processing of ores extracted from the PGDM Complex. The Pilar Royalty is expected to close in tranches, with payments made by Silver Crown in exchange for net smelter return royalties, up to 90% of the aggregate net proceeds of silver sold from the PGDM Complex as described above.

On November 28, 2023, Silver Crown announced the closing of the first tranche of the Pilar Royalty. To complete the first tranche, Silver Crown paid US\$500,000 (less transaction expenses) in cash in exchange for a net smelter return royalty for the cash equivalent of 22.5% of the silver produced from the PGDM Complex.

On April 26, 2024, Silver Crown and Pilar agreed to amend and restate the royalty agreement underlying the Pilar Royalty to upsize from 22.5% to 31.05% of the silver production from the PGDM Complex by paying US\$190,000, US\$23,336 of which consisted of a credit for a royalty payment due to be paid by Pilar to Silver Crown on April 30, 2024. Pursuant to the amended and restated Pilar Royalty Agreement, Silver Crown holds a net smelter return royalty for 31.05% of the cash equivalent of the aggregate net proceeds of silver sold as a result of processing of ores extracted from Pilar Gold Inc.'s PGDM Complex, but no less than the cash equivalent of 1,380 ounces of silver quarterly priced at the London Bullion Market Association's daily average price for such quarter in U.S. dollars, from the PGDM Complex. The Pilar Royalty is paid quarterly.

Pilar may, through successful mill optimization, increase the minimum payments under the Royalty to the cash equivalent of 32,000 ounces of silver per year by achieving such an annualized level of silver production on a 6-month trailing basis. Pilar is to receive a bonus payment of US\$1,500,000, payable in Silver Crown common shares or cash in Silver Crown's sole discretion. Any Silver Crown common shares issuable will be priced at: i) a deemed price of C\$0.50 per Silver Crown common share if Silver Crown is a private company at the time of such issuance; or ii) a 5-day trailing VWAP if Silver Crown is a publicly listed company at the time of such issuance.

## 3. *Tucano Royalty Agreement*

On January 18, 2024, Silver Crown announced its entry into a definitive agreement with Tucano Gold Inc. ("**Tucano**") (the "**Tucano Royalty Agreement**"), which has yet to close, providing for the creation and purchase of a net smelter return royalty (the "**Tucano Royalty**"), whereby Tucano will deliver 90% of the payable silver produced, but no less than 7,000 ounces annually (the "**minimum delivery**"), from Tucano's Mina Tucano Project. Minimum silver equivalent deliveries start on January 1, 2025 and continue for up to ten years.

The purchase price payable by Silver Crown to Tucano is \$1,000,000 that will be paid in units of Silver Crown at a price of \$0.40 per unit, with each unit consisting of one common share in the capital of Silver Crown, and one-half of one common share purchase warrant that entitles the holder to purchase one common share at a price of \$0.80. A bonus payment of \$500,000 will be issued in Silver Crown equity to Tucano if the minimum deliveries are increased to 10,000 ounces per year.

## PRIVATE PLACEMENTS AND USE OF PROCEEDS

### 1. *Private placement at \$0.05 per share*

During the year ended December 31, 2022, Silver Crown completed a non-brokered private placement issuing a total of 3,300,000 founder shares at a nominal price of \$0.05 per share for aggregate gross proceeds of \$165,000.

### 2. *Private placement at \$0.20 per unit*

During the period from May 5, 2023 to June 15, 2023, Silver Crown completed a non-brokered private placement in four tranches, collectively consisting of 16,520,500 units at a unit price of \$0.20 per unit for aggregate gross proceeds of \$3,304,100. Each unit consisted of one common share and one-half of one common share purchase warrant at an exercise price of \$0.40 for a period of two years following the closing. In connection with this private placement, where applicable, Silver Crown paid a cash finder fee of 8% and issued broker warrants equal to 8% of the aggregate number of units sold by the broker with an exercise price of \$0.40 for a period of two years from the closing. The use of proceeds of this tranche was to acquire Elk Gold Royalty for cash payment of \$2,500,000 and general corporate purposes.

### 3. *Private placement at \$0.40 per unit*

During the period from July 21, 2023 to May 14, 2024, Silver Crown completed a non-brokered private placement in five tranches, collectively consisting of 5,925,728 units at a unit price of \$0.40 per unit for aggregate gross proceeds of \$2,370,291. Each such warrant entitles the holder thereof to acquire an additional common share at a price of \$0.80 per common share for a period of 36 months from the date Silver Crown becomes a reporting issuer in any jurisdiction of Canada. In connection with this private placement, where applicable, Silver Crown paid a cash finder fee of 8% and issued broker warrants equal to 8% of the aggregate number of units sold by the broker with an exercise price of \$0.40 for a period of two years from the closing. The use of proceeds of this financing round was a \$500,000 bonus payment to Elk Gold as a Production Bonus, US\$500,000 for an initial acquisition of Pilar Brazil, US\$190,000 for the additional acquisition of Pilar Brazil royalty, as well as general corporate purposes.

## SIGNIFICANT PORTFOLIO UPDATES

### *Elk Gold Mine*

Gold Mountain Mining Corp. ("Gold Mountain") (TSX: GMTN, OTCQB: GMTNF, FRA: 5XFA) continued ore mining operations at Elk Gold during the fourth quarter until the mining operations were paused starting the last week of December 2023. On March 25, 2024, Gold Mountain announced the entering into of certain agreements with two secured creditors for the settlement and postponement of certain secured debts. The secured creditors accepted Gold Mountain's common shares issued at CAD\$0.0075 per share as repayment of CAD\$2.49 million to their secured debt with the remaining amount of certain secured debt to be repaid in equal cash payments over 24 months commencing in April 2024.

## CORPORATE STRATEGY

The Company is focused on originating royalties and streams with the intent of minimizing the impact to counterparty economics while allowing Silver Crown to achieve returns in excess of its cost of capital. SCRi limits the impact to a vendor's economics to 5%. Further, the company targets no more than 10% of invested capital for any given project. The company's unique approach of sequential

capital deployment further reduces risk of over-exposure to any given project. SCRI is focussed on cash-generating assets. Once free cash flow positive, SCRI will target 50% exposure to immediately cash-generating projects, 30% to development (near-term) assets, and 20% to exploration targets).

When acquiring royalties and streams, the Company considers technical and economic merit, jurisdiction risk, upside from exploration and expansion, as well as operator quality. The Company aims to collaborate with competent operators in premier jurisdictions to maximize its risk-adjusted returns, adhering to a corporate strategy that prioritizes value and quality over quantity. The company's focus on minimum cash-equivalent deliveries opens the playing field to projects otherwise inaccessible to competitors – specifically projects, assets, or infrastructure that doesn't report silver production or silver mineralization.

## FINANCIAL PERFORMANCE

### 1. Years ended December 31, 2023 and 2022

The following table provides a breakdown of key items in the statement of net loss for 2023 and 2022:

	2023	2022
	\$	\$
Revenue	124,772	-
Operating expenses	1,617,430	225,882
Other income	9,115	1,773
Net loss	1,483,543	224,109

#### *Revenue*

Revenue for 2023 totaled \$124,772 compared to \$nil for 2022. Revenue relates to royalty income from Elk Gold Mine and the PGDM Complex, which became producing assets for the Company in the second and the fourth quarter of 2023, respectively.

#### *Operating expenses*

The following table provides a breakdown of total operating expenses incurred for 2023 and 2022:

	2023	2022
	\$	\$
Consulting fees	1,133,626	200,000
Marketing and business development	385,069	15,882
Legal and professional fees	76,713	10,000
Depletion	14,538	-
General and administrative expenses	7,484	-
Total expenses	1,617,430	225,882

Total operating expenses increased from \$225,882 in 2022 to \$1,617,430 in 2023 due to an increase in consulting fees, marketing and business development expenses, legal and professional fees, depletion, and general and administrative expenses.

Consulting fees

Consulting fees, which primarily comprise of management and board compensation, increased during 2023 compared to 2022 due to an increase in headcount and an increase in monthly consulting fees in line with the expansion of operations in 2023.

Marketing and business development

Marketing and business development expenses increased from \$15,882 to \$385,069 in line with the increase in operations and the Company participating in more marketing and business development activities in 2023 to promote the Company and to enhance equity-raising capabilities.

Legal and professional fees

Legal and professional fees increased from \$10,000 in 2022 which was primarily an accrual for 2022 audit fees, compared to \$76,713 which includes higher audit fees accrual in line with the increase in operations in 2023 compared to 2022.

Depletion

Silver Crown's royalty interests that generate economic benefits are considered depletable and are depleted on a unit-of-production basis over the units of production that are expected to generate the cash flows that will be attributable to Silver Crown. The first royalty interest at the Elk Gold project was acquired in May 2023 and the second royalty interest at Pilar Brazil was acquired at the end of November 2023. Therefore, there was no depletion in 2022 and a partial depletion in 2023.

*Other income*

Other income was comprised of interest income and the amount of income fluctuated year over year based on the available cash balance which was driven by the amount of cash raised during each of the years.

*Net loss*

Net loss increased by \$1,259,434, from \$224,109 in 2022 to \$1,483,543 in 2023, due to increase in operating expenses by \$1,391,548 offset by increase in revenue by \$124,772 and interest income by \$7,342.

**2. Summarized Quarterly Financial Information**

The following table presents a summary of the Company's quarterly results of operations for each of its last eight quarters.

**Year ended December 31, 2023**

	Q1 2023	Q2 2023	Q3 2023	Q4 2023
	\$	\$	\$	\$
Total revenue	-	29,169	42,627	52,976
Net loss	(182,628)	(520,444)	(354,767)	(425,704)
Basic and diluted loss per share	(0.02)	(0.03)	(0.01)	(0.01)
Total assets	71,035	3,073,019	3,369,279	4,344,421
Cashflow from operating activities	(98,345)	(222,281)	(209,085)	(467,342)
Cashflow from investing activities	75,464	(2,502,637)	(519,743)	(716,376)
Cashflow from financing activities	15,000	3,087,759	478,413	1,176,844



**Year ended December 31, 2022**

	Q1 2022	Q2 2022	Q3 2022	Q4 2022
	\$	\$	\$	\$
Total revenue	-	-	-	-
Net loss	-	(52,559)	(77,981)	(93,569)
Basic and diluted loss per share	(0.02)	(0.03)	(0.01)	(0.01)
Total assets	1,000	164,941	165,710	150,891
Cashflow from operating activities	-	(4,199)	(18)	(15,666)
Cashflow from investing activities	-	(99,989)	270	329
Cashflow from financing activities	-	164,000	-	-

*Revenue*

There was no revenue in the year 2022 and in the first quarter of 2023 as the Company acquired its first revenue generating asset in May 2023 and as a result, the Company earned minimum guaranteed royalty income for three quarters only. The second revenue generating asset was not acquired until the end of November 2023, which is why Silver Crown only earned minimum guaranteed royalty income for one quarter prorated for the month of December only. Revenue in Q3, 2023 increased by 46% from Q2, 2023 due to an increase of 50% in minimum guaranteed ounces of silver between Q2 and Q3. The increase in Q4 in 2023 compared to Q3 2023 was the prorated amount of revenue from Pilar Brazil project.

*Net loss*

The Company had limited operations in 2022 which started in May and most of the costs for the remainder of 2022 were non-cash consulting fees paid to management and the board of directors. Net loss for all the quarters in 2023 fluctuated primarily due to fluctuation in consulting fees, despite the increase in revenue quarter over quarter.

*Basic and diluted per shares*

Basic and diluted loss per share is a small amount and has changed quarter over quarter due to changes in net loss and the weighted average no. of shares outstanding at the end of each quarter.

*Total assets*

During 2022, except for the first quarter where there were no major assets, all the remaining three quarters balance of total assets was in the range of \$150k to \$165k comprising of cash including term deposit with the bank after Company raised \$165,000 from the Founders' round in May 2022. During 2023, starting May, Silver Crown acquired Elk Gold royalty interest for an approximately \$3 million which resulted in increase of total assets in Q2, 2023. Another major increase was in Q4, 2023 as a result of the Company acquiring Pilar Brazil.

*Cashflow from operating activities*

Net cash used in operating activities in all quarters of 2022 was nominal for the most part which consistently increased in every quarter in 2023 in line with increase in operations quarter over quarter.

*Cashflow from investing Activities*

During 2022, net cash used in investing activities was negligible in Q1, Q3 and Q4. Net cash of \$99,989 used in Q2 related to investing approximately \$100k of cash held with bank from a normal

high interest saving account to a term deposit. During Q1, 2023, a portion of term deposit was cashed to settle certain cash obligations of the Company. The significant amount of cash used in Q2, Q3 and Q4 on investing activities represent purchase of Elk Gold royalty asset, payment of production bonus to Elk Gold and purchase of the Pilar Royalty on the PGDM Complex, respectively.

#### *Cashflow from financing activities*

The only cashflow from financing activities in 2022 was cash receipt of \$164,000 against the founders' round on May 31, 2022 as disclosed in "Private Placements and Use of Proceeds" section of the MD&A. Net cash received from financing activities in Q1 and Q2 of 2023 primarily relates to cash proceeds of private placement of \$0.20 per unit as disclosed in "Private Placements and Use of Proceeds" section of the MD&A. Net cash received from financing activities in Q3 and Q4 of 2023 primarily relates to cash proceeds, up to the year ended December 31, 2023, of private placement of \$0.40 per unit as disclosed in "Private Placements and Use of Proceeds" section of the MD&A.

### **SELECTED HISTORICAL ANNUAL FINANCIAL INFORMATION**

Following is the selected annual financial information for the last three years.

	2023	2022	2021 <sup>1</sup>
	\$	\$	\$
Total assets	4,344,421	150,891	1,000
Total liabilities	404,957	10,000	-
Working capital <sup>2</sup>	130,432	140,891	1,000
Shareholder's equity	3,939,464	140,891	1,000
Total revenue	124,772	-	-
Net loss	(1,483,543)	(224,109)	-
Basic and diluted loss per share	(0.07)	(0.11)	-

<sup>1</sup> 2021 includes the activity from August 23, 2021 (date of incorporation) to December 31, 2021.

<sup>2</sup> Working capital is a non-IFRS measure and is calculated as current assets minus current liabilities as disclosed in the consolidated statements of financial position.

#### ***Total assets***

Total assets were \$4,344,421 at December 31, 2023, compared to \$150,891 at December 31, 2022, and \$1,000 at December 31, 2021. The Company had no operations in 2021 and very limited operations in 2022 which resulted in no significant assets in 2021 and 2022 other than the cash balance held at December 31, 2022 plus a nominal amount due from a shareholder at December 31, 2021. The asset base at December 31, 2023 primarily comprised of two royalty assets purchased within 2023, totaling \$3,798,376. The increase in assets reflects primarily an increase in cash and cash equivalents from the proceeds received from private placements in 2023.

#### ***Total liabilities***

Total liabilities at December 31, 2021, and December 31, 2022, were negligible as the Company had minimal to no operations. Total liabilities at December 31, 2023, comprised \$285,000 payable to be settled in the RSUs and the remaining amount represents accounts payable and accrued liabilities in the normal course of business.

**Shareholders' equity**

Shareholders' equity increased by \$139,891 at December 31, 2022 compared to December 31, 2021, primarily due to issuance of commons shares for \$164,000 under founders' round and issuing common shares valued at \$200,000 for services, offset by \$224,109 of net loss for 2022. Shareholders' equity increased by \$3,798,573 at December 31, 2023 compared to December 31, 2022, primarily due to issuance of commons shares for \$4,752,016 net of share issuance costs under private placements, issuing common shares valued at \$524,100, for services and royalty asset, increase in subscriptions received in advance for \$6,000, offset by \$1,483,543 of net loss for 2023.

**LIQUIDITY AND CAPITAL RESOURCES**

Silver Crown's objectives when managing its liquidity and capital resources are to ensure sufficient liquidity to support its financial obligations and execute its operating and strategic plans while maintaining healthy liquidity reserves and access to capital for at least the next twelve months. To address its financing requirements, management has been able to raise sufficient new equity to finance its operations and will need to continue to do so to fund operations in the future as well as to generate revenue from its royalty interests.

The table below sets out the cash and working capital position as at December 31:

	2023	2022
	\$	\$
Cash (including term deposit)	142,399	145,891
Working capital excluding cash and term deposit	(11,969)	(5,000)
	130,430	140,891

Considering the company is at an early stage, most of the capital raised was utilized to acquire royalty interests. There was no significant cash movement from year over year. As the Company does not have significant amounts of receivables and payables, the working capital balance, excluding cash and term deposits, remained consistent year over year.

The table below sets out the cash flows for the years ended December 31, 2023, and 2022 divided into operating, investing, and financing activities:

	2023	2022
	\$	\$
Cash used in operating activities	(997,053)	(19,882)
Cash used in investing activities	(3,663,292)	(99,390)
Cash generated from financing activities	4,758,016	164,000
	97,671	44,728

Material increases or decreases in the Company's liquidity are largely influenced by the performance of its royalty interests. Another major risk factor is the overall market condition for smaller resource companies. The Company is not aware of any seasonality in the precious metals-focused royalty and streaming sector that could have a material impact on its financial condition.

Management regularly monitors economic conditions, and estimates their impact on the Company's operations and incorporates these estimates into both short-term operating and longer-term strategic decisions. Strong equity and commodity markets provide favorable conditions for completing financings, as well as for executing public mergers or acquisitions.

**Operating Activities**

Net cash used in operating activities in 2023 was \$997,053, compared to only \$19,882 in 2022. This increase was since the Company started its core operations in 2023 after acquiring its first royalty interest in May 2023. The Company had limited operations in 2022.

**Investing Activities**

Net cash used in investing activities was \$3,663,292 in 2023 compared to \$99,390 in 2022, an increase of 3,586%. This increase was primarily associated with the acquisition of Elk Gold royalty for \$3,081,661 and Pilar Brazil for \$716,376 during 2023. There were no royalty asset purchases in 2022.

**Financing Activities**

Net cash received from financing activities was \$4,758,016 in 2022, comprised primarily of the net proceeds from the private placements in 2023. Comparatively, financing activities were \$164,000 in 2022, comprised of net proceeds from the founders round at a nominal share price of \$0.05.

Although the Company has not generated substantial income and has accumulated a deficit during the years ended December 31, 2023, and 2022, we believe that the Company will be able to raise enough capital to fund the operations and commitments as required.

To maintain liquidity in the future, the Company continues to investigate additional royalty and stream interests and financing opportunities and would consider raising capital via share issuances, debt facilities, joint venture arrangements, or a combination of these options. The Company has financed its operations to date primarily through the issuance of common shares and warrants. While the Company has been successful in obtaining the necessary financing for its operations and contractual commitments in the past, there is no assurance that such financing will be available in the future or be available on terms acceptable to the Company.

**Capital Resources**

The Company will continue to seek capital. In the past, the Company has raised capital through the issuance of common shares pursuant to private placements. The Company manages its capital structure to maximize its financial flexibility, making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company does not presently utilize any quantitative measures to monitor its capital and is not subject to externally imposed capital requirements.

**RELATED PARTY TRANSACTIONS**

Related party transactions, including compensation to key management personnel, are presented in Note 10 of the audited annual consolidated financial statements. Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Board of Directors and corporate officers, including the Company's Chief Executive Officer, Chief Financial Officer, and Corporate Secretary.

## NON-IFRS FINANCIAL MEASURES

The Company used certain non-IFRS performance measures, such as free cash flow per share and working capital, throughout this MD&A.

Free cash flow per share is defined as cash flow from operating activities less capital expenditures divided by the total number of common shares outstanding. Working capital is defined as current assets less current liabilities.

These non-IFRS measures do not have any standardized meaning prescribed by IFRS, and other companies may calculate these measures differently. The presentation of these non-IFRS measures is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

## OUTSTANDING SECURITIES DATA

As of the date of this MD&A, there were 33,444,727 common shares of the Company issued and outstanding, 9,497,250 share purchase warrants outstanding with an exercise price of \$0.40, 2,962,864 share purchase warrants outstanding with an exercise price of \$0.80, and 1,325,000 RSUs outstanding.

## OFF-BALANCE SHEET ARRANGEMENTS

As at December 31 2023, the Company had no off-balance sheet arrangements other than those related to royalty interests as disclosed in Note 7 of the audited annual consolidated financial statements.

## CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

The Company applied the critical accounting judgments and estimates as disclosed in Note 3 of the audited annual consolidated financial statements for the year ended December 31, 2023.

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions concerning the future. Actual results may differ from these estimates. The Group's management reviews these estimates, judgments, and assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted prospectively in the period in which the estimates are revised. The following are deemed to be critical accounting estimates by management for the year ended December 31, 2022, as these require a high level of subjectivity and judgement and could have a material impact on Silver Crown's financial statements.

- (a) Accounting for royalty interests
- (b) Impairment of royalty interests
- (c) Estimation of depletion
- (d) Deferred tax assets
- (e) Going concern
- (f) Provisions

## CHANGE IN ACCOUNTING POLICIES

Accounting policies as disclosed in Note 2 of the audited annual consolidated financial statements for the years ended December 31, 2022, and 2023 have been applied consistently, and there have been no changes.

## FINANCIAL INSTRUMENTS

The Company does not currently utilize complex financial instruments for hedging commodity prices and foreign exchange exposures. Information relating to the Company's financial instruments is disclosed in Note 12 of the audited annual consolidated financial statements.

## NOTE REGARDING SCIENTIFIC AND TECHNICAL INFORMATION

Except where otherwise stated, the disclosure in this MD&A relating to properties and operations on the properties in respect of which Silver Crown holds royalty or stream interests is based, in respect of the Elk Gold Project, on the following technical reports listed below and on additional publicly disclosed information relating to these assets after the date of the technical reports.

- “NI 43-101 Technical Report, Updated Preliminary Economic Assessment on the Elk Gold Project” with an effective date of May 14, 2021 and a report date of June 21, 2021, this technical report was prepared in accordance with NI 43-101 for Gold Mountain Mining Corp. and filed under Gold Mountain's SEDAR profile on June 22, 2021.
- “NI 43-101 Technical Report and Resource Update of the Elk Gold Project, Merritt, British Columbia, Canada” with an effective date of December 7, 2021, and a report date of January 21, 2022. This technical report was prepared in accordance with NI 43-101 for Gold Mountain Mining Corp., and filed under Gold Mountain's SEDAR profile on January 21, 2022.

The technical and scientific information contained in this MD&A has been reviewed and approved in accordance with NI 43-101 by Mitchell E. Lavery, P.Geo., who is a qualified person for the purposes of NI 43-101 and has reviewed and approved the scientific and technical disclosure contained in this Filing Statement.

## CORPORATE GOVERNANCE

Management of the Company is responsible for the preparation and presentation of the condensed interim and annual consolidated financial statements and notes thereto, the MD&A, and other information contained in this MD&A. Additionally, it is management's responsibility to ensure the Company complies with the laws and regulations applicable to its activities.

The Company's management is held accountable to the board of directors (“Directors”), each member of which is elected annually by the shareholders of the Company. The Directors are responsible for reviewing and approving the audited consolidated annual financial statements and MD&A. Responsibility for the review and approval of the Company's annual consolidated financial statements and MD&A is delegated by the Directors to the Audit Committee, which is comprised of 3 directors, who are independent of management. Additionally, the Audit Committee pre-approves audit and non-audit services provided by the Company's auditors.

The external auditors are appointed annually by the shareholders to conduct an annual audit of the financial statements in accordance with Canadian Auditing Standards. The external auditors have complete access to the Audit Committee to discuss the audit, financial reporting, and related matters resulting from the annual audit, as well as assist the members of the Audit Committee in discharging its corporate governance responsibilities.

#### **NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This MD&A may contain forward-looking statements. These forward-looking statements may include statements regarding: perceived merit of royalty and stream interests; statements relating to the economic viability of a royalty and stream interests; operational, strategic, and supply chain timelines; strategic plans; future financial position; targeted cash flow positions; access to capital; the ability to raise additional capital and complete future financings; completion of the royalty interests; completion of private placements; market prices for metals; or other statements that are not statements of fact. These statements relate to analyses and other information that is based on forecasts of future results, estimates of amounts not yet determinable, and assumptions of management.

Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, identified by words or phrases such as “expects”, “anticipates”, “believes”, “plans”, “projects”, “estimates”, “assumes”, “intends”, “strategy”, “goals”, “objectives”, “potential”, “possible” or variations thereof or stating that certain actions, events, conditions or results “may”, “could”, “would”, “should”, “might” or “will” be taken, occur or be achieved, or the negative of any of these terms and similar expressions) are not statements of historical fact and may be forward-looking statements. The forward-looking information included in this MD&A is based on our opinions, estimates and assumptions in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we currently believe are appropriate and reasonable in the circumstances. These assumptions include, but are not limited to, the following:

- our estimates of near-, medium-, and long-term commodity prices;
- for the properties in respect of which Silver Crown holds a royalty interest, the operation continues as a going concern;
- the accuracy of public statements and disclosures made by the owners or operators of such underlying properties, including with respect to Mineral Resources, Mineral Reserves, construction timelines, production estimates, and other related matters, as applicable;
- that each counterparty will satisfy its obligations in accordance with the royalty contracts to which it is a party with Silver Crown, and that each such contract will be enforceable in accordance with its terms;
- no adverse development relating to any property in respect of which Silver Crown holds a royalty;
- that projects not yet in production or in development included in Silver Crown's asset portfolio will be developed, transitioned into production or development, and successfully achieve production and commercial ramp-up, in each case, in accordance with Silver Crown's expectations;
- the impact of the conflict between Russia and Ukraine, any escalation thereto and its impacts on the global economy or on the Company's business;
- no material changes will occur with respect to Silver Crown's existing tax treatment; and
- the absence of any other factors that could cause actions, events, or results to differ from those anticipated, estimated, intended, or implied.

Forward-looking statements are subject to a variety of known and unknown risks, uncertainties and other factors that could cause actual events or results to differ from those reflected in the forward-looking statements, including, without limitation:

- limited operating history and uncertainty of future revenues;
- changes in commodity prices will affect the revenues generated from our portfolio and the profitability of Silver Crown;
- Silver Crown has no or limited control over the operation of the properties in respect of which it holds a royalty interest, and the operators' failure to perform or decision to cease or suspend operations will affect the revenues of Silver Crown;
- increased competition for royalties, streams and other interests could adversely affect Silver Crown's ability to acquire additional royalties, streams and other interests in mineral properties;
- some of the properties in respect of which Silver Crown holds an interest may never achieve commercial production, and Silver Crown may lose its entire investment;
- sales of assets in respect of which Silver Crown holds an interest may result in a new operator and any failure of such operator to perform could affect the revenues of Silver Crown;
- Silver Crown may acquire royalties, streams or other interests in respect of properties that are speculative and there can be no guarantee that mineable deposits will be discovered, developed or mined;
- Silver Crown has limited access to data and disclosure regarding the operation of properties in respect of which it holds interests, which will affect its ability to assess and predict the performance of its royalties or streams;
- Silver Crown depends on its operators for the calculation of certain payments, and it may not be possible to detect errors in payment calculations;
- Silver Crown is dependent on the payment or delivery by the owners and operators of the properties in respect of which it has a royalty or stream, and any delay in or failure of such payments will affect the revenues generated by the asset portfolio;
- global financial conditions may destabilize;
- royalties or streaming interests may not be honored by operators of a project;
- not all of Silver Crown's royalties or streams are secured, Silver Crown's security interests, if any, may be subordinated, and security interests may be difficult to enforce;
- Silver Crown's profitability, results of operations and financial condition are subject to variations in foreign exchange rates;
- operators of mines may not be able to replace depleted Mineral Reserves and Mineral Resources, which would reduce Silver Crown's revenue from royalties or streams;
- Silver Crown can provide no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing will be on terms acceptable to the Company;
- Silver Crown may experience difficulty attracting and retaining qualified management and technical personnel to efficiently operate its business;
- certain of Silver Crown's directors serve in similar positions with other public companies, which could put them in a conflict position from time to time;
- changes in the interpretation of tax legislation or accounting rules could affect the profitability of Silver Crown;
- changes in governmental and environmental regulation that results in increased costs;
- Silver Crown has a history of losses and it may be unable to achieve profitability;
- Silver Crown is indirectly exposed to many of the same risk factors as the owners and operators of properties in respect of which it holds a royalty or stream interest;
- production at mines and projects in respect of which Silver Crown holds royalty or stream interests is dependent on operators' employees;
- production forecasts may not prove to be accurate;



- the exploration and development of Mineral Resource properties is inherently dangerous and subject to risks beyond the control of Silver Crown;
- defects in title to properties underlying Silver Crown' royalty or stream interests may result in a loss of entitlement by the operator and a loss of Silver Crown' interest;
- future litigation affecting the properties in respect of which Silver Crown holds its royalty or stream interests could have an adverse effect on Silver Crown;
- the operations in respect of which Silver Crown holds a royalty or stream require various property rights, permits and licenses to be held by the operator in order to conduct current and future operations, and delays or a failure to obtain or maintain such property rights, permits and licenses, or a failure to comply with the terms of any of such property rights, permits and licenses could result in interruption or closure of operations or exploration on the properties;
- Silver Crown is exposed to risks related to the construction, development, expansion, and/or exploration in relation to the mines, projects and properties in respect of which it holds a royalty or stream interest;
- additional costs may be incurred by mineral property operators as a result of international climate change initiatives and may affect the availability of resources and cause business disruptions, which could reduce Silver Crown' revenues;
- certain operators are subject to risks relating to foreign jurisdictions which could negatively impact Silver Crown;
- Silver Crown is subject to risks related to certain operations in developing economies; and
- the forward-looking statements contained in this MD&A or incorporated by reference may prove to be incorrect.

This list is not exhaustive of the factors that may affect any of the Company's forward-looking statements. Forward-looking statements are statements about the future and are inherently uncertain, and actual achievements of the Company or other future events or conditions may differ materially from those reflected in the forward-looking statements due to a variety of risks, uncertainties and other factors.

The Company's forward-looking statements are based on the beliefs, expectations and opinions of management on the date of this MD&A, and the Company does not assume any obligation to update forward-looking statements if circumstances or management's beliefs, expectations or opinions should change, except as required by law. For the reasons set forth above, investors should not place undue reliance on forward-looking statements.

More information about the Company including its recent financial reports is available under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

**SILVER CROWN  
ROYALTIES INC**



**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE THREE MONTHS ENDED  
MARCH 31, 2024**

## Introduction

This Management's Discussion and Analysis ("MD&A") of Silver Crown Royalties Inc. is the responsibility of management and covers the three months ended March 31, 2024, and 2023. The MD&A takes into account information available up to, and is dated May 27, 2024, and should be read together with the audited annual financial statements for the years ended December 31, 2023, and 2022.

Throughout this document, the terms "we", "us", "our", the "Company", "SCRi", "Silver Crown" and "Silver Crown Royalties" refer to Silver Crown Royalties Inc. All financial information in this document is prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and is presented in United States ("US") Dollars unless otherwise indicated.

This document contains forward-looking statements. Please refer to "Note Regarding Forward-Looking Statements" of this MD&A.

## DESCRIPTION OF BUSINESS

Silver Crown is a private company that was incorporated on August 23, 2021, under the laws of the Province of Ontario. Silver Crown is a revenue-generating silver-only royalty company focused on silver as by-product credits. Its ongoing objective is to minimize the economic impact on mining projects and simultaneously maximize returns for its shareholders.

Silver Crown operates a unique business model within the royalty space, which it believes offers it a competitive advantage. Of these advantages, some are inherent to the Company's business model, such as providing capital to a mining entity that is then applied to a certain aspect of the Company's operation, such as exploration, mine development, or facility construction, in exchange for receiving a percentage of the miner's silver production. Silver Crown is continuing to build on this foundation, targeting additional operational silver-producing projects, and is focused on generating consistent and growing income sources through an expanding portfolio of mining royalty interests. Silver Crown is looking worldwide for projects with silver as a byproduct and with the goal of monetizing the silver value of those operations.

The Company's current royalty and stream interests are located in Canada and Brazil.

## CORPORATE DEVELOPMENTS

### Assets acquisitions

The Company currently holds the following royalty assets:

Asset	Key Terms	Commodity	Jurisdiction	Stage	Operator
Elk Gold Project	90% Net Smelter Return ("NSR") Silver Royalty	Silver	British Columbia, Canada	Production	Gold Mountain Mining Corp.
PDGM Complex	31% NSR Silver Royalty	Silver	Goias, Brazil	Production	Pilar Gold

Additionally, the Company has a definitive agreement in place to acquire the following royalty asset:

Asset	Key Terms	Commodity	Jurisdiction	Stage	Operator
Tucano	90% NSR Silver Royalty	Silver	Amapa, Brazil	Restart	Tucano Gold

### 1. *Elk Gold Project*

Silver Crown acquired the Gold Mountain Royalty pursuant to the Gold Mountain Royalty Agreement with Elk Gold. Pursuant to the Gold Mountain Royalty Agreement, Silver Crown holds a net smelter return royalty for 90% of the cash equivalent of the aggregate net proceeds of silver produced, but no less than the cash equivalent of 6,000 ounces of silver quarterly priced at the London Bullion Market Association's daily average price for such quarter in U.S. dollars, from the Gold Mountain Project. The Gold Mountain Royalty is Silver Crown's only material asset. The Gold Mountain Royalty is paid quarterly.

At the time of signing the Gold Mountain Royalty Agreement, Silver Crown was required to pay Elk Gold up to eight contingent production bonus payments of \$500,000 each (the "**Production Bonuses**"), for a total of up to \$4,000,000, upon Elk Gold achieving the following production milestones measured on a trailing annualized basis for six consecutive calendar months (an "**Annualized Basis**"):

- the sale of 6,666 contained ounces of silver;
- the sale of 8,888 contained ounces of silver;
- the sale of 11,110 contained ounces of silver;
- the sale of 13,332 contained ounces of silver;
- the sale of 15,554 contained ounces of silver;
- the sale of 17,776 contained ounces of silver;
- the sale of 19,998 contained ounces of silver; and
- the sale of 22,220 contained ounces of silver.

On July 24, 2023, Silver Crown paid Elk Gold, the first Production Bonus payment in the amount of \$500,000 as Elk Gold achieved a sale of 6,666 contained ounces of silver on an Annualized Basis. The Production Bonuses are due within sixty (60) days of Elk Gold providing notice that it achieved the applicable production target to Silver Crown for the first Production Bonus and then within thirty (30) days of notice for the remaining Production Bonuses. The Production Bonuses are payable in cash while Silver Crown is private, and in the event the securities of Silver Crown are listed for trading on an exchange, Silver Crown shall have the option to pay the Production Bonuses in cash or in common shares of Silver Crown.

In addition to Production Bonuses, Silver Crown is required to pay additional bonuses (the "**Resource Bonus**") in the event Elk Gold files a technical report disclosing aggregate measured, indicated and inferred silver ounces contained in the Gold Mountain Project in excess of the 2,210,000 ounces (the total number of in-situ silver ounces as disclosed in the Gold Mountain Technical Report), Silver Crown will, within thirty (30) days of the filing of such a technical report, pay Elk Gold the lesser of (i) \$1.00; and (ii) 20% of the then average silver price, in respect of each ounce of silver contained in the Gold Mountain Project disclosed in any such technical report that is in excess of the number of silver ounces disclosed in the latest available Gold Mountain Technical Report.

Elk Gold retains the right to repurchase fifty percent (50%) of the Gold Mountain Royalty at any time by making a payment in the amount of the purchase price and any bonuses paid to Elk Gold at the time of such election.

## 2. *Pilar Royalty Agreement*

On August 21, 2023, Silver Crown announced its entry into a definitive agreement with Pilar Gold Inc. (the "**Pilar Royalty Agreement**") providing for the creation and purchase of a net smelter return royalty on up to 90% of the aggregate net proceeds of silver sold as a result of processing of ores extracted from the PGDM Complex. The Pilar Royalty is expected to close in tranches, with payments made by Silver Crown in exchange for net smelter return royalties, up to 90% of the aggregate net proceeds of silver sold from the PGDM Complex as described above.

On November 28, 2023, Silver Crown announced the closing of the first tranche of the Pilar Royalty. To complete the first tranche, Silver Crown paid US\$500,000 (less transaction expenses) in cash in exchange for a net smelter return royalty for the cash equivalent of 22.5% of the silver produced from the PGDM Complex.

On April 26, 2024, Silver Crown and Pilar agreed to amend and restate the royalty agreement underlying the Pilar Royalty to upsize from 22.5% to 31.05% of the silver production from the PGDM Complex by paying US\$190,000, US\$23,336 of which consisted of a credit for a royalty payment due to be paid by Pilar to Silver Crown on April 30, 2024. Pursuant to the amended and restated Pilar Royalty Agreement, Silver Crown holds a net smelter return royalty for 31.05% of the cash equivalent of the aggregate net proceeds of silver sold as a result of processing of ores extracted from Pilar Gold Inc.'s PGDM Complex, but no less than the cash equivalent of 1,380 ounces of silver quarterly priced at the London Bullion Market Association's daily average price for such quarter in U.S. dollars, from the PGDM Complex. The Pilar Royalty is paid quarterly.

Pilar may, through successful mill optimization, increase the minimum payments under the Royalty to the cash equivalent of 32,000 ounces of silver per year by achieving such an annualized level of silver production on a 6-month trailing basis. Pilar is to receive a bonus payment of US\$1,500,000, payable in Silver Crown common shares or cash in Silver Crown's sole discretion. Any Silver Crown common shares issuable will be priced at: i) a deemed price of C\$0.50 per Silver Crown common share if Silver Crown is a private company at the time of such issuance; or ii) a 5-day trailing VWAP if Silver Crown is a publicly listed company at the time of such issuance.

## 3. *Tucano Royalty Agreement*

On January 18, 2024, Silver Crown announced its entry into a definitive agreement with Tucano Gold Inc. ("**Tucano**") (the "**Tucano Royalty Agreement**"), which has yet to close, providing for the creation and purchase of a net smelter return royalty (the "**Tucano Royalty**"), whereby Tucano will deliver 90% of the payable silver produced, but no less than 7,000 ounces annually (the "**minimum delivery**"), from Tucano's Mina Tucano Project. Minimum silver equivalent deliveries start on January 1, 2025 and continue for up to ten years.

The purchase price payable by Silver Crown to Tucano is \$1,000,000 that will be paid in units of Silver Crown at a price of \$0.40 per unit, with each unit consisting of one common share in the capital of Silver Crown, and one-half of one common share purchase warrant that entitles the holder to purchase one common share at a price of \$0.80. A bonus payment of \$500,000 will be issued in Silver Crown equity to Tucano if the minimum deliveries are increased to 10,000 ounces per year.

## PRIVATE PLACEMENTS AND USE OF PROCEEDS

### 1. *Private placement at \$0.05 per share*

During the year ended December 31, 2022, Silver Crown completed a non-brokered private placement issuing a total of 3,300,000 founder shares at a nominal price of \$0.05 per share for aggregate gross proceeds of \$165,000.

### 2. *Private placement at \$0.20 per unit*

During the period from May 5, 2023 to June 15, 2023, Silver Crown completed a non-brokered private placement in four tranches, collectively consisting of 16,520,500 units at a unit price of \$0.20 per unit for aggregate gross proceeds of \$3,304,100. Each unit consisted of one common share and one-half of one common share purchase warrant at an exercise price of \$0.40 for a period of two years following the closing. In connection with this private placement, where applicable, Silver Crown paid a cash finder fee of 8% and issued broker warrants equal to 8% of the aggregate number of units sold by the broker with an exercise price of \$0.40 for a period of two years from the closing. The use of proceeds of this tranche was to acquire Elk Gold Royalty for cash payment of \$2,500,000 and general corporate purposes.

### 3. *Private placement at \$0.40 per unit*

During the period from July 21, 2023 to May 14, 2024, Silver Crown completed a non-brokered private placement in five tranches, collectively consisting of 5,925,728 units at a unit price of \$0.40 per unit for aggregate gross proceeds of \$2,370,291. Each such warrant entitles the holder thereof to acquire an additional common share at a price of \$0.80 per common share for a period of 36 months from the date Silver Crown becomes a reporting issuer in any jurisdiction of Canada. In connection with this private placement, where applicable, Silver Crown paid a cash finder fee of 8% and issued broker warrants equal to 8% of the aggregate number of units sold by the broker with an exercise price of \$0.40 for a period of two years from the closing. The use of proceeds of this financing round was a \$500,000 bonus payment to Elk Gold as a Production Bonus, US\$500,000 for an initial acquisition of Pilar Brazil, US\$190,000 for the additional acquisition of Pilar Brazil royalty, as well as general corporate purposes.

## SIGNIFICANT PORTFOLIO UPDATES

### *Elk Gold Mine*

Gold Mountain Mining Corp. ("Gold Mountain") (TSX: GMTN, OTCQB: GMTNF, FRA: 5XFA) continued ore mining operations at Elk Gold during the fourth quarter until the mining operations were paused starting the last week of December 2023. On March 25, 2024, Gold Mountain announced the entering into of certain agreements with two secured creditors for the settlement and postponement of certain secured debts. The secured creditors accepted Gold Mountain's common shares issued at CAD\$0.0075 per share as repayment of CAD\$2.49 million to their secured debt with the remaining amount of certain secured debt to be repaid in equal cash payments over 24 months commencing in April 2024.

## CORPORATE STRATEGY

The Company is focused on originating royalties and streams with the intent of minimizing the impact to counterparty economics while allowing Silver Crown to achieve returns in excess of its cost of capital. The company's unique approach of sequential capital deployment further reduces risk of over-exposure to any given project. SCRi is focussed on cash-generating assets. Once free cash flow

positive, SCRI will target 50% exposure to immediately cash-generating projects, 30% to development (near-term) assets, and 20% to exploration targets).

When acquiring royalties and streams, the Company considers technical and economic merit, jurisdiction risk, upside from exploration and expansion, as well as operator quality. The Company aims to collaborate with competent operators in premier jurisdictions to maximize its risk-adjusted returns, adhering to a corporate strategy that prioritizes value and quality over quantity. The Company's focus on minimum cash-equivalent deliveries opens the playing field to projects otherwise inaccessible to competitors – specifically projects, assets, or infrastructure that don't report silver production.

## FINANCIAL PERFORMANCE

### 1. Years ended December 31, 2023 and 2022

The following table provides a breakdown of key items in the statement of net loss for three months ended March 31, 2024 and 2023:

	2024	2023
	\$	\$
Revenue	74,425	-
Operating expenses	371,317	183,131
Other income	325	504
Net loss	296,567	182,628

#### *Revenue*

Revenue for the three months ended March 31, 2024, was \$74,425 compared to \$nil for a comparable period in 2023. Revenue relates to royalty income from Elk Gold Mine and the PGDM Complex, which became producing assets for the Company in the second and the fourth quarter of 2023, respectively.

#### *Operating expenses*

The following table provides a breakdown of total operating expenses incurred for three months ended March 31, 2024, and 2023:

	2024	2023
	\$	\$
Consulting fees	297,832	124,698
Marketing and business development	41,295	50,572
Legal and professional fees	22,111	7,500
Depletion	7,107	-
General and administrative expenses	2,972	361
Total expenses	371,317	183,131

Total operating expenses increased from \$183,131 in 2023 to \$371,317 in 2024 due to an increase in consulting fees, legal and professional fees, depletion, and general and administrative expenses offset by a decrease in marketing and business development expenses.

#### Consulting fees

Consulting fees, which primarily comprise management and board compensation, increased during 2024 compared to 2023 due to an increase in headcount and an increase in monthly consulting fees in line with the expansion of operations in 2024.

#### Marketing and business development

Marketing and business development expenses decreased by 18%, from \$50,572 in 2023 to \$41,295 which was result of less business development activities in 2024 compared to 2023.

#### Legal and professional fees

Legal and professional fees increased from \$7,500 in 2023 which only represented accrual for audit fees, compared to \$22,111 in 2023 which represented additional legal fees related to general corporate matters in addition to audit fee accrual.

#### Depletion

Silver Crown's royalty interests that generate economic benefits are considered depletable and are depleted on a unit-of-production basis over the units of production that are expected to generate the cash flows that will be attributable to Silver Crown. The first royalty interest at the Elk Gold project was acquired in May 2023 and the second royalty interest at Pilar Brazil was acquired at the end of November 2023. Therefore, there was no depletion in the three months ended March 31, 2023, whereas the full three months depletion on both assets was charged in Q1 2024.

#### General and administrative expenses

General and administrative expenses were negligible during the three months ended March 31, 2024, and 2023.

#### *Other income*

Other income was comprised of interest income which was not a significant balance in the three months ended March 31, 2024, and 2023.

#### *Net loss*

Net loss increased by \$113,939, from \$182,628 in 2023 to \$296,567 in 2024, primarily due to an increase in operating expenses by \$188,186 offset by an increase in revenue by \$74,425.

## **2. Summarized Quarterly Financial Information**



The following table presents a summary of the Company's quarterly results of operations for each of its last eight quarters.

	Q1 2024	Q4 2023	Q3 2023	Q2 2023
	\$	\$	\$	\$
Total revenue	74,425	52,976	42,627	29,169
Net loss	(296,569)	(425,704)	(354,767)	(520,444)
Basic and diluted loss per share	(0.01)	(0.01)	(0.01)	(0.03)
Total assets	4,372,295	4,344,421	3,369,279	3,073,019
Cashflow from operating activities	(48,906)	(467,342)	(209,085)	(222,281)
Cashflow from investing activities	(35,126)	(716,376)	(519,743)	(2,502,637)
Cashflow from financing activities	10,610	1,176,844	478,413	3,087,759

	Q1 2023	Q4 2022	Q3 2022	Q2 2022
	\$	\$	\$	\$
Total revenue	-	-	-	-
Net loss	(182,628)	(93,569)	(77,981)	(52,559)
Basic and diluted loss per share	(0.02)	(0.01)	(0.01)	(0.03)
Total assets	71,035	150,891	165,710	164,941
Cashflow from operating activities	(98,345)	(15,666)	(18)	(4,199)
Cashflow from investing activities	75,464	329	270	(99,989)
Cashflow from financing activities	15,000	-	-	164,000

### *Revenue*

There was no revenue until the Q2 of 2023 as the Company acquired its first revenue-generating asset in May 2023. As a result, the Company earned a minimum guaranteed royalty income for Q2 2023 amounting to \$29,169. Revenue increased in Q3 2023 due to an increase in minimum guaranteed royalty payment by 50% because of Elk Gold meeting higher production milestones and earning a production bonus of \$500,000 in July 2023. As the second revenue-generating asset, Pilar Brazil, was acquired at the end of November 2023, there was a prorated one (1) month of minimum guaranteed royalty income earned from Pilar Brazil which was the main reason for the increase in revenue from Q3 to Q4 2023.

### *Net loss*

The Company had limited operations in 2022 which started in May and most of the costs for the remainder of 2022 were non-cash consulting fees paid to management and the board of directors. Net loss for all the quarters in 2023 fluctuated primarily due to fluctuation in consulting fees, offset by the increase in revenue quarter over quarter.

### *Basic and diluted per shares*

Basic and diluted loss per share is a small amount and has changed quarter over quarter due to changes in net loss and the weighted average no. of shares outstanding at the end of each quarter.

### *Total assets*

During the quarters noted for 2022, the total asset amount was in the range of \$150k to \$165k comprising of cash including term deposit with the bank after the Company raised \$165,000 from the Founders' round in May 2022. During 2023, starting in May, Silver Crown acquired Elk Gold royalty interest for approximately \$3 million which resulted in an increase of total assets in Q2, 2023. Another major increase was in Q4, 2023 which was the result of Pilar Brazil's acquisition by Silver Crown.

#### *Cashflow from operating activities*

Net cash used in operating activities in all the quarters noted for 2022 was nominal for the most part which consistently increased quarter over quarter in 2023 in line with the increase in operations quarter over quarter.

#### *Cashflow from investing Activities*

During 2022, net cash used in investing activities was negligible in Q1, Q3 and Q4. Net cash of \$99,989 used in Q2 related to investing approximately \$100k of cash held with bank from a normal high interest saving account to a term deposit. During Q1, 2023, a portion of term deposit was cashed to settle certain cash obligations of the Company. The significant amount of cash used in Q2, Q3 and Q4 on investing activities represents the purchase of Elk Gold royalty asset, payment of production bonus to Elk Gold, and purchase of the Pilar Royalty on the PGDM Complex, respectively.

#### *Cashflow from financing activities*

The only cashflow from financing activities in 2022 was cash receipt of \$164,000 against the founders' round on May 31, 2022 as disclosed in "Private Placements and Use of Proceeds" section of the MD&A. Net cash received from financing activities in Q1 and Q2 of 2023 primarily relates to cash proceeds of private placement of \$0.20 per unit as disclosed in "Private Placements and Use of Proceeds" section of the MD&A. Net cash received from financing activities in Q3 and Q4 of 2023 primarily relates to cash proceeds, up to the year ended December 31, 2023, of private placement of \$0.40 per unit as disclosed in "Private Placements and Use of Proceeds" section of the MD&A.

## **BALANCE SHEET REVIEW**

Following is the selected balance sheet information as at March 31, 2024 and December 31, 2023:

	2024	2023
	\$	\$
Total assets	4,372,295	4,344,421
Total liabilities	718,790	404,957
Working capital <sup>1</sup>	(183,870)	130,432
Shareholder's equity	3,653,505	3,939,464

<sup>1</sup> Working capital is a non-IFRS measure and is calculated as current assets minus current liabilities as disclosed in the consolidated statements of financial position.

#### ***Total assets***

Total assets were relatively the same between March 31, 2024 and December 31, 2023, as there were no major asset acquisitions during this period. A net increase of \$27,874 was associated with an increase of \$28,343 in non-current assets offset by a decrease of \$469 in the current assets. The

increase in non-current assets represented additions of \$35,450 offset by depletion of \$7,107 in royalty interests.

### ***Total liabilities***

Total liabilities at March 31, 2024 increased by \$313,833, from \$404,957 at December 31, 2023 to \$718,790 at March 31, 2024. This increase was associated primarily with an increase of \$183,750 in accrued liabilities which are to be settled in RSUs (non-cash), an increase of \$100,519 in accounts payables, and increase of \$29,564 in general accrued liabilities. The increase in accrued liabilities to be settled in RSUs is the non-cash compensation of key management personnel for the period from January 1, 2024 to March 31, 2024. Increase in accounts payable is directly linked to increase in operations and utilization of credit terms wherever possible to better manage working capital and the increase in general accruals is the timing impact for certain accounts payable which were not invoiced prior to March 31, 2024.

### ***Shareholders' equity***

Shareholders' equity decreased by \$285,959 at March 31, 2024, compared to December 31, 2023. This decrease was primarily due to a net loss of \$295,569 for the period, offset by \$11,000 subscriptions received in advance and \$390 of share issuance costs.

## **LIQUIDITY AND CAPITAL RESOURCES**

Silver Crown's objectives when managing its liquidity and capital resources are to ensure sufficient liquidity to support its financial obligations and execute its operating and strategic plans while maintaining healthy liquidity reserves and access to capital for at least the next twelve months. To address its financing requirements, management has been able to raise sufficient new equity to finance its operations and will need to continue to do so to fund operations in the future as well as to generate revenue from its royalties' interests.

The table below sets out the cash and working capital position as at March 31, 2024 and December 31, 2023:

	2024	2023
	\$	\$
Cash at bank	68,977	142,399
Working capital excluding cash at bank	(252,847)	(11,967)
	(183,870)	130,432

Cash balance was decreased by \$73,422 from December 31, 2023 to March 31, 2024. This movement was the result of cash used in operating activities of \$48,906, cash used in investing activities of \$35,126 offset by cash generated by financing activities of \$10,610, during the period. The working capital balance excluding cash was negatively impacted by \$240,880 primarily due to an increase in accrued liabilities to be settled in RSU by \$183,750.

The table below sets out the cash flows for the three months ended March 31, 2024, and 2023 divided into operating, investing, and financing activities:

	2024	2023
	\$	\$
Cash used in operating activities	(48,906)	(98,345)
Cash used in investing activities	(35,126)	75,464
Cash generated from financing activities	10,610	15,000
	73,422	( 7,881)

Material increases or decreases in the Company's liquidity are largely influenced by the performance of its royalty interests. Another major risk factor is the overall market condition for smaller resource companies. The Company is not aware of any seasonality in the precious metals-focused royalty and streaming sector that could have a material impact on its financial condition.

Management regularly monitors economic conditions and estimates their impact on the Company's operations and incorporates these estimates into both short-term operating and longer-term strategic decisions. Strong equity and commodity markets provide favorable conditions for completing financings, as well as for executing public mergers or acquisitions.

### **Operating activities**

Net cash used in operating activities in 2024 was \$48,906, compared to \$98,345 in the comparable period in 2023. This decrease was primarily due to the difference in net loss for the period and working capital movements during each period.

### **Investing activities**

Net cash used in investing activities was an inflow of \$75,464 in 2023, primarily due to cashing of a term deposit, compared to an outflow of \$35,126 in 2024, which primarily related to some additional costs capitalized as part of royalty interests for three months ended March 31, 2024.

### **Financing activities**

No significant change in net cash flow from financing activities for three months ended March 31, 2024 and 2023.

Although the Company has not generated substantial income and has accumulated a deficit during the years ended December 31, 2023, and 2022, we believe that the Company will be able to raise enough capital to fund the operations and commitments as required.

To maintain liquidity in the future, the Company continues to investigate additional royalty and stream interests and financing opportunities and would consider raising capital via share issuances, debt facilities, joint venture arrangements, or a combination of these options. The Company has financed its operations to date primarily through the issuance of common shares and warrants. While the Company has been successful in obtaining the necessary financing for its operations and contractual commitments in the past, there is no assurance that such financing will be available in the future or be available on terms acceptable to the Company.

## Capital Resources

The Company will continue to seek capital. In the past, the Company has raised capital through the issuance of common shares pursuant to private placements. The Company manages its capital structure to maximize its financial flexibility, making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company does not presently utilize any quantitative measures to monitor its capital and is not subject to externally imposed capital requirements.

## RELATED PARTY TRANSACTIONS

Related party transactions, including compensation to key management personnel, are presented in Note 10 of the 2023 audited annual consolidated financial statements and note 8 of the unaudited interim condensed consolidated financial statements for three months ended March 31, 2024. Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Board of Directors and corporate officers, including the Company's Chief Executive Officer, Chief Financial Officer, and Corporate Secretary.

## NON-IFRS FINANCIAL MEASURES

The Company used certain non-IFRS performance measures, such as free cash flow per share and working capital, throughout this MD&A.

Free cash flow per share is defined as cash flow from operating activities less capital expenditures divided by the total number of common shares outstanding. Working capital is defined as current assets less current liabilities.

These non-IFRS measures do not have any standardized meaning prescribed by IFRS, and other companies may calculate these measures differently. The presentation of these non-IFRS measures is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

## Outstanding Share Data

As of the date of this MD&A, there were 33,444,727 common shares of the Company issued and outstanding, 9,497,250 share purchase warrants outstanding with an exercise price of \$0.40, 2,962,864 share purchase warrants outstanding with an exercise price of \$0.80, and 1,325,000 RSUs outstanding.

## Off-Balance Sheet Arrangements

As at March 31, 2024, and December 31, 2023, the Company had no off-balance sheet arrangements other than those related to royalty interests as disclosed in the respective notes of the 2023 audited annual consolidated financial statements and Q1 2024 unaudited interim condensed consolidated financial statements.

## Critical Accounting Judgements and Estimates

The Company applied the critical accounting judgments and estimates as disclosed in Note 3 of the audited annual consolidated financial statements for the year ended December 31, 2023.

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions concerning the future. Actual results may differ from these estimates. The Group's management reviews these estimates, judgments, and assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted prospectively in the period in which the estimates are revised. The following are deemed to be critical accounting estimates by management for the year ended December 31, 2023, as these require a high level of subjectivity and judgement and could have a material impact on Silver Crown's financial statements.

- (a) Accounting for royalty interests
- (b) Impairment of royalty interests
- (c) Estimation of depletion
- (d) Deferred tax assets
- (e) Going concern
- (f) Provisions

### **Change in Accounting Policies**

Accounting policies as disclosed in Note 2 of the audited annual consolidated financial statements for the years ended December 31, 2023 have been applied consistently, and there have been no changes.

### **Financial Instruments**

The Company does not currently utilize complex financial instruments for hedging commodity prices and foreign exchange exposures. Information relating to the Company's financial instruments is disclosed in Note 10 of the unaudited interim condensed consolidated financial statements for three months ended March 31, 2024.

### **Note Regarding Scientific and Technical Information**

Except where otherwise stated, the disclosure in this MD&A relating to properties and operations on the properties in respect of which Silver Crown holds royalty or stream interests is based, in respect of the Elk Gold Project, on the following technical reports listed below and on additional publicly disclosed information relating to these assets after the date of the technical reports.

- “NI 43-101 Technical Report, Updated Preliminary Economic Assessment on the Elk Gold Project” with an effective date of May 14, 2021 and a report date of June 21, 2021, this technical report was prepared in accordance with NI 43-101 for Gold Mountain Mining Corp. and filed under Gold Mountain's SEDAR profile on June 22, 2021.
- “NI 43-101 Technical Report and Resource Update of the Elk Gold Project, Merritt, British Columbia, Canada” with an effective date of December 7, 2021, and a report date of January 21, 2022. This technical report was prepared in accordance with NI 43-101 for Gold Mountain Mining Corp., and filed under Gold Mountain's SEDAR profile on January 21, 2022.

The technical and scientific information contained in this MD&A has been reviewed and approved in accordance with NI 43-101 by Mitchell E. Lavery, P.Geo., who is a qualified person for the purposes of NI 43-101 and has reviewed and approved the scientific and technical disclosure contained in this Filing Statement.

## **CORPORATE GOVERNANCE**

Management of the Company is responsible for the preparation and presentation of the condensed interim and annual consolidated financial statements and notes thereto, the MD&A, and other information contained in this MD&A. Additionally, it is management's responsibility to ensure the Company complies with the laws and regulations applicable to its activities.

The Company's management is held accountable to the board of directors ("Directors"), each member of which is elected annually by the shareholders of the Company. The Directors are responsible for reviewing and approving the audited consolidated annual financial statements and MD&A. Responsibility for the review and approval of the Company's annual consolidated financial statements and MD&A is delegated by the Directors to the Audit Committee, which is comprised of 3 directors, who are independent of management. Additionally, the Audit Committee pre-approves audit and non-audit services provided by the Company's auditors.

The external auditors are appointed annually by the shareholders to conduct an annual audit of the financial statements in accordance with Canadian Auditing Standards. The external auditors have complete access to the Audit Committee to discuss the audit, financial reporting, and related matters resulting from the annual audit, as well as assist the members of the Audit Committee in discharging its corporate governance responsibilities.

### **Note Regarding Forward-Looking Statements**

This MD&A may contain forward-looking statements. These forward-looking statements may include statements regarding: perceived merit of royalty and stream interests; statements relating to the economic viability of a royalty and stream interests; operational, strategic, and supply chain timelines; strategic plans; future financial position; targeted cash flow positions; access to capital; the ability to raise additional capital and complete future financings; completion of the royalty interests; completion of private placements; market prices for metals; or other statements that are not statements of fact. These statements relate to analyses and other information that is based on forecasts of future results, estimates of amounts not yet determinable, and assumptions of management.

Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, identified by words or phrases such as "expects", "anticipates", "believes", "plans", "projects", "estimates", "assumes", "intends", "strategy", "goals", "objectives", "potential", "possible" or variations thereof or stating that certain actions, events, conditions or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved, or the negative of any of these terms and similar expressions) are not statements of historical fact and may be forward-looking statements. The forward-looking information included in this MD&A is based on our opinions, estimates and assumptions in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we currently believe are appropriate and reasonable in the circumstances. These assumptions include, but are not limited to, the following:

- our estimates of near-, medium-, and long-term commodity prices;
- for the properties in respect of which Silver Crown holds a royalty interest, the operation continues as a going concern;
- the accuracy of public statements and disclosures made by the owners or operators of such underlying properties, including with respect to Mineral Resources, Mineral Reserves, construction timelines, production estimates, and other related matters, as applicable;
- that each counterparty will satisfy its obligations in accordance with the royalty contracts to which it is a party with Silver Crown, and that each such contract will be enforceable in accordance with its terms;
- no adverse development relating to any property in respect of which Silver Crown holds a royalty;
- that projects not yet in production or in development included in Silver Crown's asset portfolio will be developed, transitioned into production or development, and successfully achieve production and commercial ramp-up, in each case, in accordance with Silver Crown's expectations;
- the impact of the conflict between Russia and Ukraine, any escalation thereto and its impacts on the global economy or on the Company's business;
- no material changes will occur with respect to Silver Crown's existing tax treatment; and
- the absence of any other factors that could cause actions, events, or results to differ from those anticipated, estimated, intended, or implied.

Forward-looking statements are subject to a variety of known and unknown risks, uncertainties and other factors that could cause actual events or results to differ from those reflected in the forward-looking statements, including, without limitation:

- limited operating history and uncertainty of future revenues;
- changes in commodity prices will affect the revenues generated from our portfolio and the profitability of Silver Crown;
- Silver Crown has no or limited control over the operation of the properties in respect of which it holds a royalty interest, and the operators' failure to perform or decision to cease or suspend operations will affect the revenues of Silver Crown;
- increased competition for royalties, streams and other interests could adversely affect Silver Crown's ability to acquire additional royalties, streams and other interests in mineral properties;
- some of the properties in respect of which Silver Crown holds an interest may never achieve commercial production, and Silver Crown may lose its entire investment;
- sales of assets in respect of which Silver Crown holds an interest may result in a new operator and any failure of such operator to perform could affect the revenues of Silver Crown;
- Silver Crown may acquire royalties, streams or other interests in respect of properties that are speculative and there can be no guarantee that mineable deposits will be discovered, developed or mined;
- Silver Crown has limited access to data and disclosure regarding the operation of properties in respect of which it holds interests, which will affect its ability to assess and predict the performance of its royalties or streams;
- Silver Crown depends on its operators for the calculation of certain payments, and it may not be possible to detect errors in payment calculations;
- Silver Crown is dependent on the payment or delivery by the owners and operators of the properties in respect of which it has a royalty or stream, and any delay in or failure of such payments will affect the revenues generated by the asset portfolio;
- global financial conditions may destabilize;



- royalties or streaming interests may not be honored by operators of a project;
- not all of Silver Crown's royalties or streams are secured, Silver Crown's security interests, if any, may be subordinated, and security interests may be difficult to enforce;
- Silver Crown's profitability, results of operations and financial condition are subject to variations in foreign exchange rates;
- operators of mines may not be able to replace depleted Mineral Reserves and Mineral Resources, which would reduce Silver Crown's revenue from royalties or streams;
- Silver Crown can provide no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing will be on terms acceptable to the Company;
- Silver Crown may experience difficulty attracting and retaining qualified management and technical personnel to efficiently operate its business;
- certain of Silver Crown's directors serve in similar positions with other public companies, which could put them in a conflict position from time to time;
- changes in the interpretation of tax legislation or accounting rules could affect the profitability of Silver Crown;
- changes in governmental and environmental regulation that results in increased costs;
- Silver Crown has a history of losses and it may be unable to achieve profitability;
- Silver Crown is indirectly exposed to many of the same risk factors as the owners and operators of properties in respect of which it holds a royalty or stream interest;
- production at mines and projects in respect of which Silver Crown holds royalty or stream interests is dependent on operators' employees;
- production forecasts may not prove to be accurate;
- the exploration and development of Mineral Resource properties is inherently dangerous and subject to risks beyond the control of Silver Crown;
- defects in title to properties underlying Silver Crown's royalty or stream interests may result in a loss of entitlement by the operator and a loss of Silver Crown's interest;
- future litigation affecting the properties in respect of which Silver Crown holds its royalty or stream interests could have an adverse effect on Silver Crown;
- the operations in respect of which Silver Crown holds a royalty or stream require various property rights, permits and licenses to be held by the operator in order to conduct current and future operations, and delays or a failure to obtain or maintain such property rights, permits and licenses, or a failure to comply with the terms of any of such property rights, permits and licenses could result in interruption or closure of operations or exploration on the properties;
- Silver Crown is exposed to risks related to the construction, development, expansion, and/or exploration in relation to the mines, projects and properties in respect of which it holds a royalty or stream interest;
- additional costs may be incurred by mineral property operators as a result of international climate change initiatives and may affect the availability of resources and cause business disruptions, which could reduce Silver Crown's revenues;
- certain operators are subject to risks relating to foreign jurisdictions which could negatively impact Silver Crown;
- Silver Crown is subject to risks related to certain operations in developing economies; and
- the forward-looking statements contained in this MD&A or incorporated by reference may prove to be incorrect.

This list is not exhaustive of the factors that may affect any of the Company's forward-looking statements. Forward-looking statements are statements about the future and are inherently uncertain, and actual achievements of the Company or other future events or conditions may differ materially from those reflected in the forward-looking statements due to a variety of risks, uncertainties and other factors.

The Company's forward-looking statements are based on the beliefs, expectations and opinions of management on the date of this MD&A, and the Company does not assume any obligation to update forward-looking statements if circumstances or management's beliefs, expectations or opinions should change, except as required by law. For the reasons set forth above, investors should not place undue reliance on forward-looking statements.

More information about the Company including its recent financial reports is available under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

**SCHEDULE E – PRO FORMA FINANCIAL STATEMENTS**

**SILVER CROWN  
ROYALTIES INC**



Pro Forma Consolidated Financial Statements of  
**SILVER CROWN ROYALTIES INC.**

As at March 31, 2024

(UNAUDITED - Expressed in Canadian dollars)

## SILVER CROWN ROYALTIES INC.

Pro Forma Consolidated Statement of Financial Position

As at March 31, 2024

(UNAUDITED - Expressed in Canadian dollars)

	Silver Crown Royalties	1287412 B.C. Ltd.	Note	Pro forma adjustments	Pro forma consolidated
	\$	\$		\$	\$
<b>ASSETS</b>					
<b>Current assets</b>					
Cash at bank	68,977	-	3(a) 3(a) 3(b) 3(c)	3,704,300 (200,000) (250,000) (25,000)	3,298,277
Accounts receivable	212,998	75		-	213,073
Prepaid expenses	252,945	-		-	252,945
Total current assets	534,920	75		3,229,300	3,764,295
<b>Non-current assets</b>					
Royalty interests	3,837,375	-		-	3,837,375
<b>TOTAL ASSETS</b>	<b>4,372,295</b>	<b>75</b>		<b>3,229,300</b>	<b>7,601,670</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Accounts payable and accrued liabilities	718,790	135,094	3(c)	(133,129)	720,755
<b>TOTAL LIABILITIES</b>	<b>718,790</b>	<b>135,094</b>		<b>(133,129)</b>	<b>720,755</b>
<b>SHAREHOLDERS' EQUITY</b>					
Share capital	5,120,014	375	3(a) 3(a) 3(a) 3(a) 3(a) 3(a)	3,704,300 (200,000) (890,000) (17,136) (820,000) 623,200	7,520,753
Subscriptions received in advance	17,000	-		-	17,000
Contributed surplus	520,712	-	3(a) 3(a) 3(a)	890,000 17,136 196,800	1,624,648
Accumulated deficit	(2,004,221)	(135,394)	3(b) 3(c) 3(c)	(250,000) 133,129 (25,000)	(2,281,486)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>3,653,505</b>	<b>(135,019)</b>		<b>3,362,429</b>	<b>6,880,915</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>4,372,295</b>	<b>75</b>		<b>3,229,300</b>	<b>7,601,670</b>

See accompanying notes to these pro forma consolidated financial statements.

# SILVER CROWN ROYALTIES INC.

Notes to Pro Forma Consolidated Financial Statements

March 31, 2024

(UNAUDITED - Expressed in Canadian dollars)

---

## 1. Basis of presentation

The unaudited pro-forma consolidated statement of financial position (the “financial statements”) of Silver Crown Royalties Inc. (the “Company” or “SCR”) has been prepared by management in accordance with International Financial Reporting Standards for inclusion in the Filing Statement of the Company. The Filing Statement describes a proposed transaction (the “Transaction”) involving SCR and 1287412 B.C. Ltd. (“128”) which is described in more detail in note 2.

The financial statements have been compiled from the following financial information:

- Unaudited interim condensed consolidated financial statements of the Company for three months ended March 31, 2024.
- Unaudited interim condensed financial statements of 128 for three months ended March 31, 2024.

These financial statements are not intended to reflect the financial position of the Company that would have resulted had the proposed transactions described in note 2 and other pro-forma adjustments occurred as assumed. Further, these financial statements are not necessarily indicative of financial position that may be attained in the future. These financial statements should be read in conjunction with the financial information referred to above.

The unaudited pro forma financial statements have been compiled using the material accounting policy information as set out in note 2 of the audited financial statements of SCR for the year ended December 31, 2023 and 128 for the year ended December 31, 2023.

Amounts in these financial statements are denominated in Canadian dollars.

## 2. Amalgamation agreement

Effective May 15, 2024, and further amended on May 27, 2024, the Company entered into an amalgamation agreement with 1287412 B.C. Ltd. which is a reporting issuer in the Provinces of British Columbia and Alberta. The Transaction shall be completed by way of amalgamation pursuant to which Silver Crown will amalgamate with 128 and, in exchange for their securities of Silver Crown and 128, the security holders of Silver Crown and 128 shall receive securities of the Resulting Issuer based on the Exchange Ratio. Following the Closing, the Resulting Issuer will carry on the business of Silver Crown under the name “*Silver Crown Royalties Inc.*” and it is expected that the combined entity resulting from the transaction will have its common shares listed on the Cboe Canada Inc. (the “Exchange”) by way of a listing statement in the form of a non-offering prospectus.

### *Accounting for the Transaction*

For accounting purposes, the Transaction will be accounted for as a reverse takeover, as the security holders of SCR will acquire control of the consolidated entity upon the completion of the Acquisition. The reverse takeover will not constitute a business combination under IFRS 3, and instead will be accounted for under IFRS 2 Share-Based Payments, as 128 does not meet the definition of a business. On closing of the Acquisition, SCR will be treated as the accounting parent (legal subsidiary), and 128 will be treated as the accounting subsidiary (legal parent).

# SILVER CROWN ROYALTIES INC.

Notes to Pro Forma Consolidated Financial Statements

March 31, 2024

(UNAUDITED - Expressed in Canadian dollars)

---

### 3. Pro forma assumptions and adjustments

These financial statements give effect to the following assumptions and adjustments:

- (a) The completion of a non-brokered private placement of 7,408,600 subscription receipts units, at a unit price of \$0.50 per subscription receipt for aggregate gross proceeds of \$3,704,300 (the "Financing"). Each unit consists of one subscription receipt share and one subscription receipt warrant at an exercise price of \$0.80 for a period of three years from the date the Company becomes a public issuer. An amount of \$2,814,300 is allocated to common shares and \$890,000 is allocated to share purchase warrants using the residual method using Black - Scholes option pricing model based on assumptions noted below. The Financing costs include but are not limited to professional fees and cash finder's fees, totaling \$200,000 together with the issuance of 1,640,000 units as advisory fees which were valued at \$820,000. The advisory fee unit consists of one subscription receipt share and one subscription receipt warrant at an exercise price of \$0.80 for a period of three years from the date the Company becomes a public issuer. Under advisory fee, an amount of \$623,200 is allocated to common shares and \$196,800 is allocated to share purchase warrants using the residual method using Black - Scholes option pricing model based on assumptions noted below. Additionally, the Company issued broker warrants, where applicable, equal to 8% of the aggregate number of units sold by the broker with an exercise price of \$0.80 for a period of three years from the closing date.

The Company used the Black-Scholes option pricing model to determine the value of subscription receipt warrants and broker warrants. The following factors were used for determining the fair value of these warrants: Dividend yield - Nil; expected volatility 52.28%; risk-free interest rate - 3.84%; expected life (years) - 3.0; exercise price - \$0.80; and share price on issuance \$0.50. Accordingly, the fair value of these subscription receipt warrants has been determined to be \$890,000 (concurrent financing), and \$196,800 (advisory fee) and the fair value of broker warrants has been determined to be \$17,136.

- (b) Additional transaction costs of \$250,000 have been charged to the accumulated deficit. These are comprised of various legal, listing and other direct costs of this Transaction.
- (c) Based on the amendment to the amalgamation agreement, an amount of \$133,129 recorded as payable in the books of 128 is written off to accumulated deficit and \$25,000 is paid to those vendors as full and final settlement of this accounts payable balance.

# SILVER CROWN ROYALTIES INC.

Notes to Pro Forma Consolidated Financial Statements

March 31, 2024

(UNAUDITED - Expressed in Canadian dollars)

## 4. Shareholders' equity

### (a) Common shares

	No. of common shares	Weighted average value
		\$
SCR common shares outstanding - March 31, 2024	31,903,500	5,120,014
128 common shares outstanding - March 31, 2024	3,750,001	375
<b>Concurrent financing:</b>		
Common shares	7,408,600	3,704,300
Share issuance costs - Cash fees	-	(200,000)
Share purchase warrants	-	(890,000)
Share issuance costs - Broker warrants	-	(17,136)
Share issuance costs - Advisory fees	-	(820,000)
Advisory fees - Common shares	1,640,000	623,200
SCR: 20-to-1 conversion	(38,904,495)	-
128: 37.5-to-1 conversion	(3,650,001)	-
	2,147,605	7,520,753

### (b) Share purchased warrants

	No. of warrants	Amount
		\$
Warrants outstanding - March 31, 2024	11,348,114	461,534
Warrants issued under concurrent financing	7,408,600	890,000
Warrants issued as advisory fee	1,640,000	196,800
SCR 20-to-1 conversion	(19,376,878)	-
	1,019,836	1,548,334

### (c) Brokers warrants

	No. of broker warrants	Amount
		\$
SCR broker warrants outstanding - March 31, 2024	1,112,000	59,178
Warrants issued under concurrent financing	142,800	17,136
SCR 20-to-1 conversion	(1,192,060)	-
	62,740	76,314



## SILVER CROWN ROYALTIES INC.

Notes to Pro Forma Consolidated Financial Statements

March 31, 2024

(UNAUDITED - Expressed in Canadian dollars)

---

(d) *Restricted Shares Unites (RSUs)*

	No. of RSU(s)	Amount
		\$
SCR outstanding RSU - March 31, 2024	712,500	-
SCR 20-to-1 conversion	(676,875)	-
	35,625	-

### 5. Effective Tax rate

The effective consolidated pro forma tax rate is expected to be approximately 26.50%.

**SCHEDULE F – AUDIT COMMITTEE CHARTER**

**SILVER CROWN ROYALTIES INC.**  
(the “**Corporation**”)

**AUDIT COMMITTEE CHARTER**

**1. PURPOSE AND OBJECTIVES**

The Audit Committee (the “**Committee**”) will assist the board of directors of the Corporation (the “**Board**”) in fulfilling its responsibilities. The Committee will oversee the financial reporting process, the system of internal control and management of financial risks, the audit process, and the Corporation’s process for monitoring compliance with laws and regulations and its own code of business conduct. In performing its duties, the Committee will maintain effective working relationships with the Board, management, and the external auditors and monitor the independence of those auditors. To perform his or her role effectively, each Committee member will obtain an understanding of the responsibilities of Committee membership as well as the Corporation’s business, operations and risks.

**2. AUTHORITY**

- 2.1. The Board authorizes the Committee, within the scope of its responsibilities, to seek any information it requires from any employee and from external parties, to obtain outside legal or professional advice and to ensure the attendance of Corporation officers at meetings, as the Committee deems appropriate.
- 2.2. The Committee shall receive appropriate funding, as determined by the Committee, for payment of compensation to the external auditors and to any legal or other advisers employed by the Committee, and for payment of ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

**3. COMPOSITION, PROCEDURES AND ORGANIZATION**

- 3.1. The Committee will be comprised of at least three members of the Board.
- 3.2. Except as permitted by all applicable legal and regulatory requirements:
  - (a) each member of the Committee shall be “independent” as defined in accordance with National Instrument 52-110 – *Audit Committee*; and
  - (b) each member of the Committee will be “financially literate” with the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.

- 3.3. The Board, at its organizational meeting held in conjunction with each annual general meeting of the shareholders, will appoint the members of the Committee for the ensuing year. The Board may at any time remove or replace any member of the Committee and may fill any vacancy in the Committee.
- 3.4. The Committee shall elect from its members a Chairman. The Secretary shall be elected from its members, or shall be the Secretary, or the Assistant or Associate Secretary, of the Corporation.
- 3.5. Any member of the Committee may be removed or replaced at any time by the Board. A member shall cease to be a member of the Committee upon ceasing to be a director of the Corporation.
- 3.6. Meetings shall be held not less than quarterly. Special meetings shall be convened as required. External auditors may convene a meeting if they consider that it is necessary.
- 3.7. The times and places where meetings of the Committee shall be held and the procedures at such meetings shall be as determined, from time to time, by the Committee.
- 3.8. Notice of each meeting of the Committee shall be given to each member of the Committee. Subject to the following, notice of a meeting shall be given orally or by letter, telex, telegram, electronic mail, telephone facsimile transmission or telephone not less than 48 hours before the time fixed for the meeting. Notice of regular meetings need state only the day of the week or month, the place and the hour at which such meetings will be held and need not be given for each meeting. Members may waive notice of any meeting.
- 3.9. The Committee will invite the external auditors, management and such other persons to its meetings as it deems appropriate. However, any such invited persons may not vote at any meetings of the Committee.
- 3.10. A meeting of the Committee may be held by means of such telephonic, electronic or other communications facilities as permit all persons participating in the meeting to communicate adequately with each other during the meeting.
- 3.11. The majority of the Committee shall constitute a quorum for the purposes of conducting the business of the Committee. Notwithstanding any vacancy on the Committee, a quorum may exercise all of the powers of the Committee.
- 3.12. Any decision made by the Committee shall be determined by a majority vote of the members of the Committee present or by consent resolution in writing signed by each member of the Committee. A member will be deemed to have consented to any resolution passed or action taken at a meeting of the Committee unless the member dissents.
- 3.13. A record of the minutes of, and the attendance at, each meeting of the Committee shall be kept. The approved minutes of the Committee shall be circulated to the Board forthwith.

- 3.14. The Committee shall report to the Board on all proceedings and deliberations of the Committee at the first subsequent meeting of the Board, and at such other times and in such manner as the Board or the articles of the Corporation may require or as the Committee in its discretion may consider advisable.
- 3.15. The Committee will have access to such officers and employees of the Corporation and to such information respecting the Corporation, as it considers to be necessary or advisable in order to perform its duties and responsibilities.

#### **4. ROLES AND RESPONSIBILITIES**

The roles and responsibilities of the Committee are as follows.

- 4.1. Oversee the accounting and financial reporting processes of the Corporation and the audits of the financial statements of the Corporation.
- 4.2. Review with management its philosophy with respect to controlling corporate assets and Information systems, the staffing of key functions and its plans for enhancements.
- 4.3. Review the terms of reference and effectiveness of any internal audit process, and the working relationship between internal financial personnel and the external auditor.
- 4.4. Gain an understanding of the current areas of greatest financial risk and whether management is managing these effectively.
- 4.5. Review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on the financial statements, reviewing with management and the external auditor where appropriate.
- 4.6. Review any legal matters which could significantly impact the financial statements as reported on by the General Counsel and meet with outside counsel whenever deemed appropriate.
- 4.7. Review the annual financial statements and the results of the audit with management and the external auditors prior to the release or distribution of such statements, and obtain an explanation from management of all significant variances between comparative reporting periods.
- 4.8. Review the interim financial statements with management prior to the release or distribution of such statements, and obtain an explanation from management of all significant variances between comparative reporting periods.
- 4.9. Review all public disclosure concerning audited or unaudited financial information before its public release and approval by the Board, including management's discussion and analysis, financial information contained in any prospectus, private placement offering document, annual report, annual information form, takeover bid circular, and any annual

and interim earnings press releases, and determine whether they are complete and consistent with the information known to Committee members.

- 4.10. Assess the fairness of the financial statements and disclosures, and obtain explanations from management on whether:
  - (a) actual financial results for the financial period varied significantly from budgeted or projected results;
  - (b) generally accepted accounting principles have been consistently applied;
  - (c) there are any actual or proposed changes in accounting or financial reporting practices; and
  - (d) there are any significant, complex and/or unusual events or transactions such as related party transactions or those involving derivative instruments and consider the adequacy of disclosure thereof.
- 4.11. Determine whether the auditors are satisfied that the financial statements have been prepared in accordance with generally accepted accounting principles.
- 4.12. Focus on judgmental areas, for example those involving valuation of assets and liabilities and other commitments and contingencies.
- 4.13. Review audit issues related to the Corporation's material associated and affiliated companies that may have a significant impact on the Corporation's equity investment.
- 4.14. Ascertain whether any significant financial reporting issues were discussed by management and the external auditor during the fiscal period and the method of resolution.
- 4.15. Review and resolve any significant disagreement among management and the external auditors in connection with the preparation of the financial statements.
- 4.16. Recommend to the Board the selection of the firm of external auditors to be proposed for election as the external auditors of the Corporation.
- 4.17. Review and approve the proposed audit plan and the external auditors' proposed audit scope and approach with the external auditor and management and ensure no unjustifiable restriction or limitations have been placed on the scope.
- 4.18. Explicitly approve, in advance, all audit and non-audit engagements of the external auditors; provided, however, that non-audit engagements may be approved pursuant to a pre-approval policy established by the Committee that (i) is detailed as to the services that may be pre-approved, (ii) does not permit delegation of approval authority to the Corporation's management, and (iii) requires that the delegatee or management inform the

Committee of each service approved and performed under the policy. Approval for minor non-audit services is subject to applicable securities laws.

- 4.19. If it so elects, delegate to one or more members of the Committee the authority to grant such pre-approvals. The delegatee's decisions regarding approval of services shall be reported by such delegatee to the full Committee at each regular Committee meeting.
- 4.20. Subject to the grant by the shareholders of the authority to do so, if required, review the appropriateness and reasonableness of the compensation to be paid to the external auditors and make a recommendation to the Board regarding such compensation.
- 4.21. Oversee the independence of the external auditors. Obtain from the external auditors a formal written statement delineating all relationships between the external auditors and the Corporation. Actively engage in a dialogue with the external auditors with respect to any disclosed relationships or services that impact the objectivity and independence of the external auditor.
- 4.22. Review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Corporation.
- 4.23. Review the performance of the external auditors, and in the event of a proposed change of auditor, review all issues relating to the change, including the information to be included in any notice of change of auditor as required under applicable securities laws, and the planned steps for an orderly transition.
- 4.24. Review the post-audit or management letter, containing the recommendations of the external auditor, and management's response and subsequent follow-up to any identified weakness.
- 4.25. Review the evaluation of internal controls and management information systems by the external auditor, and, if applicable, the internal audit process, together with management's response to any identified weaknesses and obtain reasonable assurance that the accounting systems are reliable and that the system of internal controls is effectively designed and implemented.
- 4.26. Gain an understanding of whether internal control recommendations made by external auditors have been implemented by management.
- 4.27. Review the process under which the Chief Executive Officer and the Chief Financial Officer evaluate and report on the effectiveness of the Corporation's design of internal control over financial reporting and disclosure controls and procedures.
- 4.28. Obtain regular updates from management and the Corporation's legal counsel regarding compliance matters, as well as certificates from the Chief Financial Officer as to required

statutory payments and bank covenant compliance and from senior operating personnel as to permit compliance.

- 4.29. Establish a procedure for the:
  - (a) confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters;
  - (b) receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters.
- 4.30. Meet separately with the external auditors to discuss any matters that the Committee or auditors believe should be discussed privately.
- 4.31. Endeavour to cause the receipt and discussion on a timely basis of any significant findings and recommendations made by the external auditors.
- 4.32. Ensure that the Board is aware of matters which may significantly impact the financial condition or affairs of the business.
- 4.33. Review and assess the adequacy of insurance coverage, including directors' and officers' liability coverage.
- 4.34. Perform other functions as requested by the full Board.
- 4.35. If it deems necessary, institute special investigations and, if it deems appropriate, hire special counsel or experts to assist, and set the compensation to be paid to such special counsel or other experts.

## **5. GENERAL**

In addition to the foregoing, the Committee will:

- (a) assess the Committee's performance of the duties specified in this charter and report its finding(s) to the Board;
- (b) review and assess the adequacy of this charter at least annually and recommend any proposed changes to the Board for approval; and
- (c) perform such other duties as may be assigned to it by the Board from time to time or as may be required by any applicable stock exchanges, regulatory authorities or legislation.