

\$500,000.00 in United States currency upon the terms hereinafter set forth. This option may be exercised by OPTIONEE at any time within twenty-one years from the date hereof by giving written notice of such exercise to the OPTIONORS and to the Escrow Agent designated in paragraph 3 below, accompanied by payment to the Escrow Agent of the unpaid balance of the purchase price.

2. OPTIONEE shall, so long as this option subsists and the purchase price has not been paid in full, pay to the OPTIONORS a royalty of 3.5 per cent of the net smelter returns on all ore extracted from the Mineral Claims, such royalty to be paid directly by the smelter or purchaser to the Escrow Agent for the credit of the OPTIONORS on account of the said purchase price. The expression "net smelter returns" means the amount by which the total revenue from any specified lot or shipment of ore won by the OPTIONEE from the Mining Claims exceeds the OPTIONEE's total expenses of transporting such ore from the Mining Claims to the smelter or purchaser and of smelting, refining and treating the same.

3. The Escrow Agent is hereby designated as the Canadian Imperial Bank of Commerce, Seattle, Washington, and the parties hereto agree to execute forthwith escrow instructions designating the duties of the said Escrow Agent. OPTIONORS shall at any time after the execution hereof on request of OPTIONEE deposit with the Escrow Agent an executed Deed good and sufficient to transfer on the records of the appropriate registry office the Mining Claims to OPTIONEE, together with instructions for the said Deed to be delivered to OPTIONEE at such time as payment of the total purchase price called for herein shall have been made, and instructions for the said Deed to be returned to the OPTIONORS upon termi-