

**PROSPECTUS SUPPLEMENT NO. 11
(TO PROSPECTUS DATED JULY 12, 2022)**



TMC THE METALS COMPANY INC.

**Up to 264,438,297 Common Shares
Up to 9,500,000 Warrants**

This prospectus supplement no. 11 (this “Supplement”) supplements the prospectus dated July 12, 2022 (the “Prospectus”) relating to the issuance by us of up to an aggregate of 24,500,000 of our common shares, without par value (“Common Shares”), which consists of (i) up to 9,500,000 Common Shares that are issuable upon the exercise of private placement warrants (the “Private Placement Warrants”) originally issued in a private placement in connection with the initial public offering of our predecessor company, Sustainable Opportunities Acquisition Corp. (“SOAC”), at an exercise price of \$11.50 per Common Share, and (ii) up to 15,000,000 Common Shares that are issuable upon the exercise of 15,000,000 warrants issued in connection with the initial public offering of SOAC (the “Public Warrants,” and together with the Private Placement Warrants, the “Warrants”).

The Prospectus and this Supplement also relate to the resale from time to time by the Selling Securityholders named in the Prospectus (the “Selling Securityholders”) of up to (i) 9,500,000 Private Placement Warrants, (ii) 9,500,000 Common Shares that may be issued upon exercise of the Private Placement Warrants, (iii) 11,578,620 Common Shares that may be issued upon exercise of the Allseas Warrant (as defined in the Prospectus), (iv) 6,759,000 Common Shares held by SOAC’s sponsor, Sustainable Opportunities Holdings LLC (the “Sponsor”), SOAC’s former directors and certain of their transferees (collectively, the “Founder Shares”), (v) 11,030,000 Common Shares issued in the PIPE Financing (as defined in the Prospectus), (vi) 131,178,480 Common Shares issued to certain shareholders of DeepGreen (as defined in the Prospectus) pursuant to the Business Combination Agreement (as defined in the Prospectus), (vii) 77,277,244 Common Shares issuable to certain shareholders of DeepGreen upon the conversion of DeepGreen Earnout Shares (as defined in the Prospectus) pursuant to the Business Combination Agreement, (viii) 1,241,000 Common Shares issuable to the Sponsor and its transferees upon the conversion of Sponsor Earnout Shares (as defined in the Prospectus) and (ix) 873,953 Common Shares issued to certain service providers to DeepGreen.

The Prospectus provides you with a general description of such securities and the general manner in which we and the Selling Securityholders may offer or sell the securities. More specific terms of any securities that we and the Selling Securityholders may offer or sell may be provided in a prospectus supplement that describes, among other things, the specific amounts and prices of the securities being offered and the terms of the offering. The prospectus supplement may also add, update or change information contained in the Prospectus.

We will not receive any proceeds from the sale of Common Shares or Private Placement Warrants by the Selling Securityholders or of Common Shares by us pursuant to the Prospectus, except with respect to amounts received by us upon exercise of the Warrants.

However, we will pay the expenses, other than any underwriting discounts and commissions, associated with the sale of securities pursuant to the Prospectus.

We registered certain of the securities for resale pursuant to the Selling Securityholders' registration rights under certain agreements between us and the Selling Securityholders. Our registration of the securities covered by the Prospectus does not mean that either we or the Selling Securityholders will issue, offer or sell, as applicable, any of the securities. The Selling Securityholders may offer and sell the securities covered by the Prospectus in a number of different ways and at varying prices. We provide more information about how the Selling Securityholders may sell the shares or Warrants in the section entitled "Plan of Distribution" in the Prospectus.

This Supplement incorporates into the Prospectus the information contained in our attached current report on Form 8-K which was filed with the Securities and Exchange Commission on February 22, 2023.

You should read this Supplement in conjunction with the Prospectus, including any supplements and amendments thereto. This Supplement is qualified by reference to the Prospectus except to the extent that the information in this Supplement supersedes the information contained in the Prospectus. This Supplement is not complete without, and may not be delivered or utilized except in connection with, the Prospectus, including any supplements and amendments thereto.

Our Common Shares and Public Warrants are listed on Nasdaq under the symbols "TMC" and "TMCWW," respectively. On February 21, 2023, the closing price of our Common Shares was \$0.9767 and the closing price for our Public Warrants was \$0.115.

Investing in our securities involves a high degree of risk. See "Risk Factors" beginning on page 13 of the Prospectus and in the other documents that are incorporated by reference in the Prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this Supplement is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus supplement is February 22, 2023.

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 OR 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **February 21, 2023**

TMC THE METALS COMPANY INC.

(Exact name of registrant as specified in its charter)

British Columbia, Canada
(State or other jurisdiction of
incorporation)

001-39281
(Commission File Number)

Not Applicable
(IRS Employer
Identification No.)

595 Howe Street, 10th Floor
Vancouver, British Columbia
(Address of principal executive
offices)

V6C 2T5
(Zip Code)

Registrant's telephone number, including area code: **(604) 631-3115**

Not applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
TMC Common Shares without par value	TMC	The Nasdaq Stock Market LLC
Redeemable warrants, each whole warrant exercisable for one TMC Common Share, each at an exercise price of \$11.50 per share	TMCWW	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 1.01. Entry into a Material Definitive Agreement.

On February 21, 2023, TMC the metals company Inc. (the “Company”) and its wholly-owned subsidiary, Nauru Ocean Resources Inc. (“NORI”), entered into a strategic partnership with Low Carbon Royalties Inc. (“Low Carbon Royalties”), a private corporation formed under the laws of British Columbia, Canada to finance low carbon emitting energy production and technologies (natural gas, nuclear, renewables), transition metals and minerals required for energy storage and electrification (Cu, Li, Ni, Co, Mn), and the evolving environmental markets (the “Partnership”). In connection with the Partnership, NORI contributed a 2% gross overriding royalty (the “NORI Royalty”) on the Company’s NORI project area in the Clarion Clipperton Zone of the Pacific Ocean in which NORI currently holds exclusive exploration rights for polymetallic nodules from the International Seabed Authority, to Low Carbon Royalties. The Company retained the right to repurchase up to 75% of the NORI Royalty at an agreed capped return, exercisable in two transactions, between the second and the tenth anniversary of the Partnership. If both repurchase transactions are executed, the NORI Royalty will be reduced to 0.5%. Low Carbon Royalties also owns a 1.6% gross overriding royalty on a producing natural gas field in Latin America.

In consideration of the NORI Royalty, TMC received a 35.0% common ownership interest in Low Carbon Royalties on a fully-diluted basis as of closing and US\$5,000,000 cash.

In connection with the Partnership, (a) the Company and NORI entered into a Royalty Agreement with Low Carbon Royalties which governs the terms of the NORI Royalty and (b) the Company entered into an Investor Rights Agreement with Brian Paes-Braga (a shareholder of Low Carbon Royalties as well as the Company and Managing Partner of SAF Group, one of Canada’s largest alternative asset managers) and Low Carbon Royalties, pursuant to which the Company and Mr. Paes-Braga each has a right, subject to certain percentage maintenance, to nominate a director to Low Carbon Royalties’ board of directors, along with registration and information rights. Pursuant to the Investor Rights Agreement, the Company designated its Chairman and Chief Executive Officer, Gerard Barron, to be its designee on Low Carbon Royalties’ board of directors. Mr. Paes-Braga and Brian O’Neill, Vice President of SAF Group are the other members of Low Carbon Royalties’ board of directors.

The foregoing descriptions of the Partnership, the Royalty Agreement and the Investor Rights Agreement do not purport to be complete descriptions of the rights and obligations of the parties thereunder and are qualified in their entirety by reference to the full text of the Royalty Agreement and the Investor Rights Agreement attached as Exhibit 10.1 and 10.2 to this Current Report on Form 8-K, respectively, and incorporated herein by reference.

Item 7.01. Regulation FD Disclosure.

On February 21, 2023, the Company issued a press release with Low Carbon Royalties, a copy of which is furnished as Exhibit 99.1 to this Current Report on Form 8-K and incorporated herein by reference, announcing the Partnership.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No.	Description
<u>10.1*</u>	<u>Royalty Agreement dated February 21, 2023 by and among TMC the metals company Inc., Nauru Ocean Resources Inc. and Low Carbon Royalties Inc.</u>
<u>10.2*</u>	<u>Investor Rights Agreement dated February 21, 2023 by and among TMC the metals company Inc., Brian Paes-Braga and Low Carbon Royalties Inc.</u>
99.1	Press release dated February 21, 2023.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).
*	Pursuant to Item 601(b)(10)(iv) of Regulation S-K, certain portions of this Exhibit have been redacted. The Registrant will furnish supplementally an unredacted copy of this Exhibit to the Securities and Exchange Commission upon its request.

The press release dated February 21, 2023 referenced as Exhibit 99.1 was “furnished” with the Current Report on Form 8-K and the content thereof is not included as part of this Supplement or deemed incorporated by reference into this Supplement.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

TMC THE METALS COMPANY INC.

Date: February 22, 2023

By: /s/ Gerard Barron

Name: Gerard Barron

Title: Chief Executive Officer

CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY [*], HAS BEEN OMITTED BECAUSE THE INFORMATION (I) IS NOT MATERIAL AND (II) WOULD LIKELY CAUSE COMPETITIVE HARM IF PUBLICLY DISCLOSED.**

ROYALTY AGREEMENT

THIS AGREEMENT dated as of the 21st day of February, 2023.

BETWEEN:

Nauru Ocean Resources Inc., a company incorporated under the laws of the Republic of Nauru
 (“Company”)

AND:

TMC the metals company Inc., a company incorporated under the laws of the province of British Columbia
 (“TMC”)

AND:

Low Carbon Royalties Inc., a company incorporated under the laws of the province of British Columbia
 (“Royalty Holder”)

INTRODUCTION:

- A. The Company intends to develop the Project.
- B. The Company has agreed to create, grant and sell the Royalty to the Royalty Holder in accordance with the terms and conditions described herein.
- C. The Company is a wholly owned subsidiary of TMC.

IN CONSIDERATION OF, the covenants and mutual agreements contained in this Agreement and other good and valuable consideration (the receipt and sufficiency of which are acknowledged by each of the Parties), the Parties hereby agree as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

Unless the context otherwise requires, in this Agreement:

“**25% Initial Investment**” means \$3,500,000;

“**[***] IRR**” means a [***] internal rate of return to the Royalty Holder on the 50% Initial Investment, prior to adjustment pursuant to Section 2.4(a);

“**50% Initial Investment**” means \$7,000,000;

CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY [*], HAS BEEN OMITTED BECAUSE THE INFORMATION (I) IS NOT MATERIAL AND (II) WOULD LIKELY CAUSE COMPETITIVE HARM IF PUBLICLY DISCLOSED.**

“**[***] IRR**” means a [***] internal rate of return to the Royalty Holder on the 25% Initial Investment, prior to adjustment pursuant to Section 2.5(a);

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

“**Agreement**” means this document including any schedule or appendix to it;

“**Approved Standard**” means any of the Canadian Institute of Mining, Metallurgy and Petroleum Definition Standards on Mineral Resources and Mineral Reserves, Subpart 1300 of Regulation S-K under the United States *Securities Act of 1933* and the *United States Securities Exchange Act of 1934*, the JORC Code, the SAMREC Code, or any other classification system for the reporting of mineral reserves and mineral resources that qualifies as an “acceptable foreign code” for purposes of NI 43-101 from time to time, in each case as such classification may be in effect from time to time, or any successor instrument, rule or policy to any of the foregoing;

“**Arm’s Length Party**” means, with respect to any particular Person, another Person that is not (i) a related party (as defined in the *Income Tax Act* (Canada)) of such Person, or otherwise determined not to be dealing at arm’s length (within the meaning of the *Income Tax Act* (Canada)) or (ii) an Affiliate of such Person;

“**Authorization**” means any authorization, approval, consent, concession, exemption, license, lease, grant, permit, franchise, right or similar arrangement (including surface rights, deep-sea rights, access rights, rights of way, privileges, concessions or franchises granted to or held by the Company by, or required to be obtained from, any Person (including a Governmental Body), for the exploration of the Property or the construction, development and operation of the Project), privilege or no-action letter from any Governmental Body having jurisdiction with respect to any specified Person, property, transaction or event, or with respect to any of such Person’s property or business and affairs (including any exploitation permit, zoning approval, mining permit, development permit or building permit) or from any Person in connection with any easements, contractual rights or other matters;

“**Books and Records**” the books, accounts, records and data of every kind or nature maintained by or on behalf of the Company or an Affiliate of the Company in relation to the Project, or the Company’s operations and activities on the Property, or the calculation of the Royalty, including books, accounts and records which relate to, contain or which consist of:

- (a) the quantity of Product Sold in each Quarter or for which insurance proceeds have been received in the Quarter;
 - (b) the calculation of each component of the Royalty for each Quarter;
 - (c) the payment of the Royalty in each Quarter;
 - (d) where there is any commingling in a Quarter of Product with materials extracted from areas outside the boundaries of the Property, the measures, moistures and assays of the minerals and substances in the Product extracted and recovered from the Property prior to the commingling;
-

CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY [*], HAS BEEN OMITTED BECAUSE THE INFORMATION (I) IS NOT MATERIAL AND (II) WOULD LIKELY CAUSE COMPETITIVE HARM IF PUBLICLY DISCLOSED.**

- (e) offtake agreements, settlement sheets, invoices, ledger cards, bills of lading and other shipping evidence, statements, correspondence, memoranda, credit files, electronically stored data and other data;
- (f) geological and metallurgical data, drill hole logs, cross sections and assay results; and
- (g) the exploration, development and mining of the Property;

“**Business Day**” means a day that is not a Saturday, Sunday or any other day which is a public holiday or a bank holiday in the place where an act is to be performed or a payment is to be made;

“**Buyer**” means any Person (i) that purchases Product from the Company or its Affiliates; or (ii) that is the recipient or transferee of title to Product or the recipient of the entitlement to or benefit of Product from the Company or its Affiliates;

“**Change of Control**” of a Person (the “**Subject Person**”) means the consummation of any transaction or event, including any consolidation, business combination, arrangement, amalgamation or merger or any issue, transfer or acquisition of securities, the result of which is that any other Person (other than an Affiliate of the Subject Person) or group of other persons (other than an Affiliate of the Subject Person) acting jointly or in concert for purposes of such transaction or event (a) becomes the beneficial owners, directly or indirectly, of more than 50% of the votes attached to the voting securities of the Subject Person or (b) otherwise acquires control of the Subject Person through the occupation of a majority of the seats (other than the vacant seats) on the board of the Subject Person by individuals who were neither (i) nominated by the board of the Subject Person nor (ii) appointed, approved or endorsed by members of the board of the Subject Person; provided that a Change of Control of any Subject Person shall not include a change in the beneficial ownership of voting securities of such Subject Person, or acquisition of control of such Subject Person, if the common shares of such Subject Person were listed on a public securities exchange immediately prior to, or contemporaneously with, or immediately after the completion of such transaction;

“**Claim**” includes any claim, action, damage, loss, liability, cost, charge, expense, outgoing, payment or demand of any nature and whether present or future, fixed or unascertained, actual or contingent and whether at law, in equity, under statute, contract or otherwise;

“**Cobalt**” means cobalt contained in Product;

“**Confidential Information**” has the meaning given in Section 9.1(a);

“**Copper**” means copper contained in Product;

“**Deductions**” means any and all refining, treatment and other charges, insurance, deductions, transportation, settlement, financing, price participation charges and/or other charges, penalties, deductions, set-offs, Taxes and expenses pertaining to and/or in respect of the operation of the Project, the Property, the Products therefrom and the calculation or determination of the payments on account of the Royalty (or payments in lieu thereof) and for greater certainty, any payability that is less than 100% on any minerals or Metals contained in Products shall not be considered a Deduction;

“**Disposal**” means any disposal by any means including dumping, incineration, spraying, pumping, injecting, depositing or burying;

CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY [*], HAS BEEN OMITTED BECAUSE THE INFORMATION (I) IS NOT MATERIAL AND (II) WOULD LIKELY CAUSE COMPETITIVE HARM IF PUBLICLY DISCLOSED.**

“**Dispute**” has the meaning given in Section 10.1;

“**Dispute Notice**” has the meaning given in Section 10.2(a)

“**Dispute Representative**” has the meaning given in Section 10.2(b);

“**EDGAR**” means the Electronic Data Gathering, Analysis, and Retrieval system;

“**Encumbrance**” means any mortgage, deed of trust, charge, pledge, hypothecation, security interest, priority or other security agreement, assignment, deposit arrangement, lien (statutory or otherwise), title retention agreement or arrangement, conditional sale, option, licence or licence fee, royalty, claim, production payment, restrictive covenant, preferential arrangement or other encumbrance of any nature or any agreement to give or create any of the foregoing, whether registered or recorded or unregistered or unrecorded;

“**Environment**” includes the air, surface water, groundwater, body of water, any land, soil or underground space even if submerged under water or covered by a structure, all living organisms and the interacting natural systems that include components of air, land, water, organic and inorganic matters and living organisms and the environment or natural environment as defined in any Environmental Law and “Environmental” will have a similar extended meaning;

“**Environmental Laws**” means all Laws relating in whole or in part to the Environment, including those relating to the storage, generation, use, handling, manufacture, processing, transportation, import, export, treatment, Release or Disposal of any Hazardous Substance;

“**Excluded Taxes**” means, with respect to the Royalty Holder, any of the following:

- (a) any Taxes imposed on or measured by the Royalty Holder’s net income, net profits, capital gains, capital or branch profits, or franchise or capital Taxes imposed on (or measured by) the taxable capital of the Royalty Holder, in each case, imposed by the jurisdiction (or any political subdivision thereof) under the laws of which it is incorporated or continued or resident or organized, in each case determined by application of the laws of such jurisdiction, or in which it has a permanent establishment or carries on business, in each case determined by application of the laws of such jurisdiction;
- (b) any Taxes imposed by reason of the Royalty Holder receiving payments under this Agreement to an account in a jurisdiction other than Canada, or the jurisdiction in which it is incorporated or continued or resident or organized, if applicable;

“**Execution Date**” means the date of this Agreement;

“**Financing Party**” has the meaning given in Section 8.4;

“**First Repurchase Payment**” has the meaning given in Section 2.4(a);

“**First Royalty Repurchase Option**” has the meaning given in Section 2.4(a);

“**Good Industry Practice**” means, in relation to any decision or undertaking, the exercise of that degree of diligence, skill, care, prudence, oversight, economy and stewardship which is commonly observed or would reasonably be expected to be observed by skilled and experienced professionals in the North American mining industry engaged in the same type of undertaking under the same or similar circumstances;

CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY [*], HAS BEEN OMITTED BECAUSE THE INFORMATION (I) IS NOT MATERIAL AND (II) WOULD LIKELY CAUSE COMPETITIVE HARM IF PUBLICLY DISCLOSED.**

“**Governmental Body**” means any federal, provincial, state, territorial, regional, municipal, local government or authority, intergovernmental organization, quasi government authority, fiscal or judicial body, government or self-regulatory organisation, commission, board, tribunal, organisation, stock exchange or any regulatory, administrative or other agency, or any political or other subdivision, department, or branch of any of the foregoing including any indigenous or native body (or both, as the case may be) exercising governance powers by right, title or custom;

“**Gross Proceeds**” in any given Quarter means the aggregate of the following revenues received by the Company:

- (a) all proceeds received by the Company from the Sale of Products, whether processed on or off of the Property, determined as follows, without duplication:
 - (i) if Products are Sold by the Company (or any Affiliate) to an Arm’s Length Party, then the Gross Proceeds in respect of such Products will be equal to the aggregate gross proceeds received by the Company or such Affiliate from such Sale;
 - (ii) if there is a loss of Products, then the Gross Proceeds will be equal to the aggregate insurance proceeds paid to the Company (or any Affiliate) in respect of such loss;
 - (iii) if Trading Activities involve the physical delivery of Products, then the Market Value of Products subject to such Trading Activities; or
 - (iv) if Products are Sold to an Affiliate, then the Gross Proceeds in respect of such Products will be the Market Value thereof, unless that Affiliate then Sells such Product to an Arm’s Length Party, in which case the Gross Proceeds shall be calculated in accordance with paragraph (a) above, provided that (i) if Sale and payment for the Product Sold are not made in the same Quarter, the Product Sold shall be deemed to be Sold in the Quarter in which the later of Sale or payment for the Product Sold occurs, and (ii) if a provisional settlement for a Sale occurs during one Quarter and the final settlement for such Sale occurs in a subsequent Quarter, the adjustment will be taken into account in determining the Product Sold in the subsequent Quarter; and
- (b) to the extent permitted, or not disallowed, either by the terms of any agreements between any Financing Party and the Company (or an Affiliate) or pursuant to any subordination agreement between a Financing Party and the Royalty Holder, any amount received by the Company (or an Affiliate) as compensation for the expropriation or forcible taking of all, or any portion, of the Property;

“**Hazardous Substance**” means any pollutant, contaminant, waste, hazardous substance, hazardous material, toxic substance, dangerous substance or dangerous good as defined, judicially interpreted or identified in any Environmental Law;

“**ICC**” means the International Chamber of Commerce or any entity which replaces it or which substantially succeeds to its powers or functions;

“**ICC Rules**” has the meaning given in Section 10.3(b)(i);

“**IFRS**” means the International Financial Reporting Standards adopted by the International Accounting Standards Board from time to time;

CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY [*], HAS BEEN OMITTED BECAUSE THE INFORMATION (I) IS NOT MATERIAL AND (II) WOULD LIKELY CAUSE COMPETITIVE HARM IF PUBLICLY DISCLOSED.**

“**Indemnified Party**” has the meaning given in Section 6.1;

“**Interest Rate**” means the Secured Overnight Financing Rate plus 3%;

“**ISA**” means the International Seabed Authority, an intergovernmental organization established pursuant to the UNCLOS;

“**Law**” includes:

- (a) intergovernmental, Federal, Provincial, State and local government legislation including regulations and by-laws, and for greater certainty, including the UNCLOS;
- (b) legislation of any jurisdiction other than those referred to in paragraph (a) with which a Party must comply;
- (c) common law and equity;
- (d) judgments, decrees, writs, administrative interpretations, guidelines, policies, injunctions, orders or the like, of any Governmental Body with which a Party is legally required to comply and the ISA;
- (e) regulations, directives, rulings or policies of intergovernmental organizations; and
- (f) Governmental Body requirements and consents, certificates, licences, permits and approvals (including conditions in respect of those consents, certificates, licences, permits and approvals);

“**Manganese**” means manganese contained in Product;

“**Market Value**” means, with respect to any particular Sale of Products on any particular date of determination, the average daily price of such Product as published by the London Metals Exchange for the past 3 calendar months calculated by summing such quoted price reported for each day in such 3 month period and dividing the sum by the number of days for which such price was reported;

“**Metals**” means all metals and minerals, including Cobalt, Copper, Manganese and Nickel;

“**Mineral Reserves**” means proven and probable mineral reserves (or their equivalent) as defined under any Approved Standard;

“**Mineral Resources**” means measured, indicated and inferred mineral resources (or their equivalent) as defined under any Approved Standard;

“**NI 43-101**” means National Instrument 43-101 – Standards of Disclosure for Mineral Projects of the Canadian Securities Administrators (or any successor instrument, rule or policy);

“**Nickel**” means nickel contained in Product;

“**No Interest Letter**” has the meaning given in Section 8.4;

“**Notice**” or “**notice**” has the meaning given in Section 11.1;

CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY [*], HAS BEEN OMITTED BECAUSE THE INFORMATION (I) IS NOT MATERIAL AND (II) WOULD LIKELY CAUSE COMPETITIVE HARM IF PUBLICLY DISCLOSED.**

“**Parties**” means the Company and the Royalty Holder and “**Party**” means either the Company or the Royalty Holder, as the context requires;

“**Person**” means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization or other form of enterprise, or any government or any agency or political subdivision thereof;

“**Personnel**” means, at the relevant time, in relation to a Party, any of its (or any Affiliates’) directors, officers or employees;

“**Product**” means any and all Metals and minerals of every nature and kind, (including precious and base metals), in whatever beneficiated form or state which are produced, extracted by processing, recovered in soluble solution or otherwise recovered or produced from material mined or excavated from the Property, and including any such material derived from any processing or reprocessing of any Tailings, and including any other products resulting from the further milling, processing or other beneficiation of such materials, including concentrate or doré, and for greater certainty, excludes any Tailings where there is no reasonable expectation of such Tailings being processed resulting in the production of Metals;

“**Project**” means the Company’s and TMC’s commercial exploitation of the polymetallic nodules found on the seafloor in the Property;

“**Property**” means the contract area over which the Company holds the NORI Exploration Contract (as defined in Schedule A) for exploring polymetallic nodules currently comprised of the four blocks(NORI Area A, B, C, and D) covering 74,830 km² in the Clarion Clipperton Zone that were granted by the ISA as set out in Schedule A and depicted in the map set out in Schedule B to this Agreement together with any present mineral rights or future mineral rights resulting from renewal, extension, modification, substitution, amalgamation, succession, conversion, demise to lease, renaming or variation of any of those mineral rights or any additional mineral rights deriving from those mineral rights, including any future exploitation contract that replaces or amends the NORI Exploration Contract (whether granting or conferring the same, similar or any greater rights and whether extending over the same or a greater or lesser domain) and will automatically include any reacquisition of mineral rights contemplated by Section 4.6;

“**Quarter**” and “**Quarterly**” mean the period commencing on the date that the Company or its Affiliates first receives payment for the Sale of Product and expiring on the day preceding the next occurring 1st day of January, April, July or October and thereafter each successive period of 3 calendar months;

“**Restricted Person**” means any person that:

- (a) is named, identified, described in or on or included in or on any of:
 - (i) the lists issued under Canadian economic sanctions and terrorism financing legislation, including the *Special Economic Measures Act* (Canada), the *Criminal Code* (Canada), the *United Nations Act* (Canada), the *Justice for Victims of Corrupt Foreign Officials Act (Sergei Magnitsky Law)* (Canada), and the *Freezing Assets of Corrupt Foreign Officials Act* (Canada), and any regulations promulgated under the foregoing;
 - (ii) the Denied Persons List, the Entity List or the Unverified List, compiled by the Bureau of Industry and Security, U.S. Department of Commerce;
-

CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY [*], HAS BEEN OMITTED BECAUSE THE INFORMATION (I) IS NOT MATERIAL AND (II) WOULD LIKELY CAUSE COMPETITIVE HARM IF PUBLICLY DISCLOSED.**

- (iii) the List of Statutorily Debarred Parties compiled by the U.S. Department of State;
 - (iv) the Specially Designated Nationals And Blocked Persons List compiled by the U.S. Office of Foreign Assets Control;
 - (v) the Annex to (or any person that is otherwise subject to the provisions of) U.S. Executive Order No. 13324;
 - (vi) the Consolidated List of Financial Sanctions Targets compiled by Her Majesty's Treasury (United Kingdom);
 - (vii) the Consolidated List of Persons, Groups and Entities Subject to European Union Financial Sanctions as prepared by the European External Action Service and agreed by the Council of the European Union; or
 - (viii) any publicly available lists maintained from time to time under the applicable Laws of Canada, the United States, the United Kingdom or the European Union relating to anti-terrorism or anti-money laundering matters;
- (b) is subject to trade restrictions or other government sanctions under any applicable Laws of Canada, the United States, the United Kingdom or the European Union from time to time, including:
- (i) the *Special Economic Measures Act* (Canada), the *Criminal Code* (Canada), the *United Nations Act* (Canada), the *Justice for Victims of Corrupt Foreign Officials Act* (Sergei Magnitsky Law) (Canada) and the *Freezing Assets of Corrupt Foreign Officials Act* (Canada);
 - (ii) the International Emergency Economic Powers Act, 50 U.S.C.; or
 - (iii) the Trading with the Enemy Act, 50 U.S.C. App. 1 et seq.; or any other enabling legislation or executive order relating thereto, including the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Title III of Pub. L. 107-56; or
- (c) is known, after reasonable inquiry, to be an Affiliate of a person referred to in paragraph (a) or (b) of this definition;

“Royalty” means the Royalty Percentage of the Gross Proceeds from Product that is Sold to which the Royalty Holder is entitled pursuant to the terms of this Agreement, exclusive of any and all Taxes;

“Royalty Percentage” means 2%, subject to adjustment pursuant to Section 2.4 and Section 2.5;

“Royalty Statement” has the meaning given in Section 5.2;

“Sale” or **“Sold”** means the earlier of:

- (a) transfer of title to Product from the Company or its Affiliates to a Buyer (and includes a transfer of title to Product transported off the Property that the Company or its Affiliates elects to have credited to or held for its account by a refinery); and
-

CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY [*], HAS BEEN OMITTED BECAUSE THE INFORMATION (I) IS NOT MATERIAL AND (II) WOULD LIKELY CAUSE COMPETITIVE HARM IF PUBLICLY DISCLOSED.**

(b) receipt of insurance proceeds by the Company or its Affiliates for any Product that is lost or damaged;

“**Second Repurchase Payment**” has the meaning given in Section 2.5(a);

“**Second Royalty Repurchase Option**” has the meaning given in Section 2.5(a);

“**Tailings**” means all tailings, waste rock or other waste products derived from the Property;

“**Taxes**” means any present or future income and other taxes, levies, rates, royalties, deductions, withholdings, assessments, fees, dues, duties, imposts and other charges of any nature whatsoever, together with any interest and penalties, additions to tax and other additional amounts, levied, collected, withheld, assessed or imposed by any Governmental Body (of any jurisdiction), and whether disputed or not;

“**Trading Activities**” means any and all activities by which the Company or any of its Affiliates:

- (a) sells or disposes of Product by entering into offtake agreements or engaging in any sales or dispositions of Product, in any case, for other than market-based prices determined in a manner consistent with customary quotational periods in industry standard offtake agreements for similar types of minerals;
- (b) engages in any commodity futures trading, forward sale and/or purchase contracts, options trading or metals trading;
- (c) engages in price protection transactions, arrangements and mechanisms or speculative purchases and sales of forward, futures and option contracts;
- (d) engages in any other hedging transactions or arrangements similar to those referred to in paragraphs (a), (b) and (c) of this definition; or
- (e) engages in any combination of the foregoing;

“**UNCLOS**” means the 1994 Agreement Relating to the Implementation of the United Nations Convention on the Law of the Sea; and

“**WSMD Procedures**” has the meaning given in Section 3.9.

1.2 Interpretation

Unless the context otherwise requires, in this Agreement:

- (a) a reference to a Section or Schedule is a reference to a section of or a schedule to this Agreement;
 - (b) the singular includes the plural and conversely and a gender includes all genders;
 - (c) a reference to an agreement or document (including a reference to this Agreement) is to the agreement or document as amended, varied, supplemented, novated or replaced except to the extent prohibited by this Agreement or that other agreement or document;
-

CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY [*], HAS BEEN OMITTED BECAUSE THE INFORMATION (I) IS NOT MATERIAL AND (II) WOULD LIKELY CAUSE COMPETITIVE HARM IF PUBLICLY DISCLOSED.**

- (d) a reference to a party to an agreement (including this Agreement) or document includes the party's successors and permitted substitutes (including persons taking by novation) or assigns (and, where applicable, the party's legal personal representatives);
- (e) a reference to legislation or to a provision of legislation includes a modification or re-enactment of it, a legislative provision substituted for it and a regulation, code, by-law, ordinance or statutory instrument issued under it;
- (f) the word "including" means "including without limitation" and "include" and, "includes" will be construed similarly;
- (g) all provisions requiring a Party to do or refrain from doing something will be interpreted as the covenant of that Party with respect to that matter notwithstanding the absence of the words "covenants" or "agrees" or "promises";
- (h) all provisions requiring a Party to do something will be interpreted as including the covenant of that Party to cause that thing to be done when the Party cannot directly perform the covenant but can indirectly cause that covenant to be performed, whether by an Affiliate under its control or otherwise; and
- (i) a reference to anything (including a right, obligation or concept) includes a part of that thing, but nothing in this Section 1.2(i) implies that performance of part of an obligation constitutes performance of the obligation.
- (j) headings and any table of contents or index are for convenience only and do not form part of this Agreement or affect its interpretation.
- (k) where a word or expression is given a particular meaning, other parts of speech and grammatical forms of that word or expression have a corresponding meaning.
- (l) if an act must be done on a specified day which is not a Business Day, then the act must be done instead on the next Business Day.
- (m) a provision of this Agreement must not be construed to the disadvantage of a Party merely because that Party was responsible for the preparation of this Agreement or the inclusion of the provision in this Agreement.

1.3 Currency

Unless otherwise indicated, all references to currency in this Agreement, including "dollars" and "\$" are to lawful money of the United States of America.

1.4 Good Faith

The Parties must deal with each other in good faith in connection with this Agreement and all transactions and dealings contemplated by it. In particular, the Company agrees in all dealings in relation to the Property to act in good faith towards the Royalty Holder to preserve its entitlement to the Royalty payable pursuant to Section 2.

CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY [*], HAS BEEN OMITTED BECAUSE THE INFORMATION (I) IS NOT MATERIAL AND (II) WOULD LIKELY CAUSE COMPETITIVE HARM IF PUBLICLY DISCLOSED.**

2. ROYALTY

2.1 Grant of Royalty

Upon receipt of the initial investment in the amount of [***] from the Royalty Holder, such amount being comprised of \$5,000,000 in cash and [***] common shares in the capital of the Royalty Holder, the Company hereby creates, grants and conveys to and for the benefit of the Royalty Holder, and covenants to pay to the Royalty Holder, the Royalty, free of all Deductions, on and subject to the terms of this Agreement.

2.2 Interest in the Property

The Parties intend that the Royalty, to the maximum extent permissible under applicable Law, constitutes an interest in the Property and agree that:

- (a) the Royalty will run with the Property and the title to the Property, and any disposition or transfer of the Property, or any interest in the Property, will be subject to the Royalty;
 - (b) any sale or other disposition by the Company of any interest in the Property will be effective only in accordance with Section 8.3;
 - (c) the Royalty Holder's entitlement to any payments due on account of the Royalty will arise at the time of the production of Product, and all such payments will be held by the Company in trust for the Royalty Holder until paid to the Royalty Holder in accordance with the provisions of this Agreement;
 - (d) to the maximum extent possible under applicable Law, the Company will, upon request by the Royalty Holder, sign and deliver to the Royalty Holder, and the Royalty Holder may register or otherwise record (or require the Company to register or otherwise record) against the Property, this Agreement or a notice of this Agreement, and any other similar document or documents as the Royalty Holder may request that will have the effect of giving notice of the existence of the Royalty to third Persons, and protecting the Royalty Holder's right to receive the Royalty and the performance by the Company of the other covenants and obligations under this Agreement;
 - (e) if any renewal, extension, modification, substitution, amalgamation, succession, conversion, demise to lease, renaming or variation of any mineral right is granted as contemplated in the definition of Property, the Company agrees if permissible under Law, to execute and deliver such document or documents as the Royalty Holder may reasonably request to acknowledge that the Royalty is applicable to the same including any registration or recording document of any nature whatsoever, inclusive of those contemplated in Section 2.2(d); and
 - (f) without limiting the generality of the foregoing, the Company shall, the maximum extent possible under the UNCLOS and the regulations of the ISA, take all steps and actions necessary, including seeking consent of the ISA and any sponsoring state, to register the Royalty as an Encumbrance on any exploitation contract granted to the Company by the ISA, provided nothing shall require the Royalty Holder to fulfil qualification criteria under UNCLOS; provided that any Encumbrance granted to the Royalty Holder hereunder shall be postponed and subordinated to any Encumbrance in favour of any existing or future Financing Party in accordance with Section 8.5.
-

CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY [*], HAS BEEN OMITTED BECAUSE THE INFORMATION (I) IS NOT MATERIAL AND (II) WOULD LIKELY CAUSE COMPETITIVE HARM IF PUBLICLY DISCLOSED.**

2.3 Term

The Royalty will exist in perpetuity. The Royalty will not be terminated by reason of the suspension of operations or closure of any facility, or mining operations on or related to the Property. If a court of competent jurisdiction or other lawful body determines that the term or any other provision of this Agreement violates any statutory or common law rule against perpetuities or other international or transnational law, then the term of this Agreement will automatically be revised and reformed to coincide with the maximum term permitted by the rule against perpetuities or such other provision or other international or transnational law and this Agreement will not be terminated solely as a result of a violation of the rule against perpetuities or other international or transnational law.

2.4 First Royalty Repurchase Option

- (a) Provided that the Company is not in default of any of its payment obligations under this Agreement, the Company will have the exclusive and irrevocable one-time right and option ("**First Royalty Repurchase Option**") to purchase fifty percent (50%) of the Royalty on or after the second anniversary following the date of this Agreement, by making a payment ("**First Repurchase Payment**") in cash by wire transfer to the Royalty Holder in the amount that, when combined with the aggregate Royalty payments received by Royalty Holder prior to the date the First Repurchase Payment is made, would provide the Royalty Holder with a [***] IRR. The First Royalty Repurchase Option shall expire on the seventh anniversary following the date of this Agreement.
- (b) If the Company elects to exercise the First Royalty Repurchase Option pursuant to Section 2.4(a), the Company must provide to the Royalty Holder a minimum of thirty (30) days prior written notice of the date that it will pay the First Repurchase Payment, such date to be the next Business Day following the end of a Quarter. Provided that the Company is not in default of any of its payment obligations under this Agreement, upon receipt of the First Repurchase Payment on the next Business Day following the end of a Quarter along with the Royalty payment due for such Quarter, all without set-off or deduction, the Royalty Holder must convey and surrender fifty percent (50%) of the Royalty to the Company by way of a mutually agreeable instrument. Any such conveyance and surrender will be effective on the date that payment of the First Repurchase Payment is made. For greater certainty, if the First Royalty Repurchase Option is exercised by the Company, then the adjusted Royalty Rate will be 1.00% going forward (including for the Quarter in which the First Repurchase Payment is made).
- (c) For greater certainty, any exercise of the First Royalty Repurchase Option will not derogate from, or impact any rights of the Royalty Holder that arose or accrued prior to the date that the First Repurchase Payment is made, including any Royalty amounts payable and any audit rights.

2.5 Second Royalty Repurchase Option

- (a) Provided that the Company is not in default of any of its payment obligations under this Agreement, and the First Royalty Repurchase Option has been exercised, the Company will have the exclusive and irrevocable one-time right and option ("**Second Royalty Repurchase Option**") to purchase an additional twenty-five percent (25%) of the original Royalty on or after the fifth anniversary following the date of this Agreement, by making a payment ("**Second Repurchase Payment**") in cash by wire transfer to the Royalty Holder in the amount that, when combined with the aggregate Royalty payments received by Royalty Holder prior to the date the Second Repurchase Payment is made, would provide the Royalty Holder with a [***] IRR. The Second Royalty Repurchase Option shall expire on the tenth anniversary following the date of this Agreement.
-

CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY [*], HAS BEEN OMITTED BECAUSE THE INFORMATION (I) IS NOT MATERIAL AND (II) WOULD LIKELY CAUSE COMPETITIVE HARM IF PUBLICLY DISCLOSED.**

- (b) If the Company elects to exercise the Second Royalty Repurchase Option pursuant to Section 2.5(a), the Company must provide to the Royalty Holder a minimum of thirty (30) days prior written notice of the date that it will pay the Second Repurchase Payment, such date to be the next Business Day following the end of a Quarter. Provided that the Company is not in default of any of its payment obligations under this Agreement, upon receipt of the Second Repurchase Payment on the next Business Day following the end of a Quarter along with the Royalty payment due for such Quarter, all without set-off or deduction, the Royalty Holder must convey and surrender twenty-five percent (25%) of the original Royalty to the Company by way of a mutually agreeable instrument. Any such conveyance and surrender will be effective on the date that payment of the Second Repurchase Payment is made. For greater certainty, if both the First Royalty Repurchase Option and the Second Royalty Repurchase Option are exercised by the Company, then the adjusted Royalty Rate will be 0.50% going forward (including for the Quarter in which the Second Repurchase Payment is made).
- (c) For greater certainty, any exercise of the Second Royalty Repurchase Option will not derogate from, or impact any rights of the Royalty Holder that arose or accrued prior to the date that the Second Repurchase Payment is made, including any Royalty amounts payable and any audit rights.

3. ROYALTY PAYMENTS

3.1 Accrual of Payment Obligation

Following the first Sale by the Company or its Affiliates of Product the Company must calculate and pay the Royalty for each Quarter in accordance with this Agreement.

3.2 Payments

Royalty payments will be due and payable Quarterly within thirty (30) days following the end of the Quarter in which the obligation to pay the Royalty accrued.

3.3 Audit and Adjustments

- (a) Without limiting any other provision of this Agreement, to the extent that the Royalty Holder has any questions regarding the calculation of the Royalty or the Royalty Statement the Company must forthwith provide background information and documentation relating to the same and work in good faith to resolve the Royalty Holder's questions, subject to any third-party confidentiality obligations of the Company and its Affiliates (in which case the Company will provide such information directly to the Royalty Holder's auditor).
 - (b) Each Royalty payment will be considered final and in full satisfaction of all obligations of the Company with respect to that payment unless the Royalty Holder gives the Company written notice within twenty-four (24) months after receipt by the Royalty Holder of the Royalty Statement that relates to the Royalty payment in question.
 - (c) The Royalty Holder may, for a period of one hundred and twenty (120) days after delivering to the Company the notice under Section 3.3(a), upon reasonable notice and at all reasonable times, have the Company's Books and Records relating to the calculation of the Royalty payment in question audited by an independent firm of chartered professional accountants or certified public accountants with expertise in auditing royalty payments selected by the Royalty Holder.
-

CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY [*], HAS BEEN OMITTED BECAUSE THE INFORMATION (I) IS NOT MATERIAL AND (II) WOULD LIKELY CAUSE COMPETITIVE HARM IF PUBLICLY DISCLOSED.**

- (d) If an audit conducted in accordance with Section 3.3(c) determines that there has been a deficiency or an excess in the payment made to the Royalty Holder, then subject to Section 3.3(e), such deficiency or excess will be resolved by adjusting the next Royalty payment due.
- (e) If a Party disagrees with the determination in Section 3.3(d) that there has been a deficiency or an excess in the payment made to the Royalty Holder, that Party will have the right to provide background information and documentation in support of its position within twenty (20) Business Days of such determination and to meet with the independent firm that conducted the audit to discuss the calculation methodologies and such firm must in good faith consider the material and whether to revise its determination pursuant to Section 3.3(d).
- (f) The Royalty Holder may only exercise its audit right once per calendar year unless pursuant to an audit a deficiency of 5% or more of the amount due to the Royalty Holder is determined to exist, in which case the Company must pay the costs of such audit and the annual limitation on audits will be suspended until such time as two (2) consecutive audits confirm that no deficiencies in the amount due to the Royalty Holder. Failure on the part of the Royalty Holder to make claim on the Company for adjustment within the twenty-four (24) month period specified in Section 3.3(b) will establish the correctness of the Royalty payment and preclude the making of claims for adjustment of the Royalty payment.
- (g) Notwithstanding the foregoing or any other provision of this Agreement, if the auditor appointed under Section 3.3(c) determines, or finds reason to believe that, fraud or gross negligence may exist in respect of any Royalty payment, then no time limit will preclude the number of audits and adjustments on past Royalty payments,.

3.4 Currency and Wire Transfer

All cash Royalty payments must be made in United States dollars without Deductions, demand, notice, set-off, or reduction, by wire transfer in good immediately available funds, to such bank account as the Royalty Holder may nominate in writing to the Company from time to time.

3.5 Late Payment

If any Party fails to pay any sum payable by it under or in accordance with this Agreement then that Party must pay interest on that sum (compounded monthly) from the due date for payment until that sum plus accrued interest is paid in full at the rate per annum which is the Interest Rate on the date on which the payment was due calculated daily. The right to require payment of interest under this Section 3.5 is without prejudice to any other rights the non-defaulting Party may have against the defaulting Party under this Agreement, at law, in equity or otherwise.

If the Company is in default of any payment obligation to the Royalty Holder under this Agreement then the Company will automatically, without the Royalty Holder being required to give notice of default, make demand, institute legal or arbitral proceedings or perform any other action, be deemed to be in default of, and in arrears under, this Agreement.

CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY [*], HAS BEEN OMITTED BECAUSE THE INFORMATION (I) IS NOT MATERIAL AND (II) WOULD LIKELY CAUSE COMPETITIVE HARM IF PUBLICLY DISCLOSED.**

3.6 Reserved

3.7 Disposition of Product

The Company must not dispose of any Product except pursuant to a Sale by the Company of Product by the methods set out in the definition of “Gross Proceeds”.

3.8 Trading Activities of the Company

- (a) The Company and any of its Affiliates will have the right to engage in Trading Activities which may involve the possible physical delivery of Product.
- (b) The calculation of Gross Proceeds will not be affected by, the Royalty will not apply to, and the Royalty Holder will not be entitled or required to participate in, any gain or loss of the Company or its Affiliates in Trading Activities or in the actual marketing or sale of Product delivered pursuant to Trading Activities. In determining the Royalty payable on any Product delivered pursuant to Trading Activities, the Company will not be entitled to deduct from Gross Proceeds any losses suffered by the Company or its Affiliates in Trading Activities. If the Company engages in Trading Activities, then the Royalty will be determined on the basis of the Market Value of such Products as of the date of Sale without regard to the price or proceeds actually received by the Company for, or in connection with, such Sale or the manner in which such Sale was made by the Company. The Parties agree that the Royalty Holder is not a participant in the Trading Activities of the Company, and therefore the Royalty will not be diminished or improved by losses or gains of the Company in any such Trading Activities.

3.9 WSMD Procedures

The Company must ensure that weighing, sampling, moisture determination and assaying procedures (“**WSMD Procedures**”) are conducted in connection with all shipments of Product Sold and that all such WSMD Procedures are conducted in accordance with Good Industry Practice. The Company must provide, or cause to be provided, to the Royalty Holder the required information pursuant to Section 5.2, including, upon request from the Royalty Holder, the Books and Records relevant to the weighing, sampling, moisture determination and assaying of the Product subject to such shipments, subject to any third-party confidentiality obligations of the Company and its Affiliates (in which case the Company will provide such information directly to the Royalty Holder’s auditor only).

4. OPERATION OF THE PROPERTY

4.1 Company to Determine Operations

Any decision concerning methods, the extent, times, procedures and techniques of any:

- (a) exploration, development and mining related to the Property;
 - (b) processing or extraction treatment;
 - (c) materials to be introduced on or to the Property or produced from the Property and all decisions concerning the sale or disposition of Product from the Property; and
-

CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY [*], HAS BEEN OMITTED BECAUSE THE INFORMATION (I) IS NOT MATERIAL AND (II) WOULD LIKELY CAUSE COMPETITIVE HARM IF PUBLICLY DISCLOSED.**

- (d) operations or continuance of operations of the Property or any portion thereof, including with respect to closure and care and maintenance,

will be made by the Company and must be made by the Company in accordance with Good Industry Practice in the relevant circumstances.

4.2 Compliance with Applicable Laws

The Company must ensure that all operations and activities in respect of the Property will be performed in a commercially reasonable manner in compliance, in all material respects, with applicable Laws, Authorizations and in accordance with Good Industry Practice.

4.3 Stockpiling

The Company may temporarily stockpile any Product from the Property at such place or places as the Company may elect. In the event that the Company stockpiles or holds inventory of any Product it must ensure security for the site where such Product is stockpiled in accordance with Good Industry Practice.

4.4 Commingling

Commingling of Products from the Property with other ores, doré, concentrates, precipitates, metals, minerals or mineral by-products produced elsewhere is permitted, provided that:

- (a) reasonable and customary procedures are established for the weighing, sampling, assaying and other measuring or testing necessary to fairly allocate valuable metals contained in such Products and in the other ores, doré, concentrates, metals, minerals and mineral by-products;
- (b) representative samples of the Products must be retained by the Company and assays (including moisture and penalty substances) and other appropriate analyses of these samples must be made before commingling to determine gross metal content of the Products and that the Company must retain such analyses for a reasonable amount of time, but not less than 24 months, after receipt by the Royalty Holder of the Royalty paid with respect to such commingled Products from the Property; and
- (c) the amount of valuable metals contained in such Products and in the other ores, doré, concentrates, metals, minerals and mineral by-products are capable of being accurately verified by audit under Section 3.3.

4.5 Surrender

Subject to Section 4.6, the Company may, in its absolute discretion, allow to lapse or expire, abandon or surrender all or any part of the Property.

4.6 Reacquisition of Property

If the Company or any Affiliate or any successor or assign of the Company surrenders, allows to lapse or otherwise terminates its interest in the Property or any part of the Property and reacquires a mineral right or a direct or indirect interest in mineral rights, including by contract or license, in respect of the area covered by the former Property, then the Royalty will apply, subject to the approval of the ISA if required, to such mineral right or interest so acquired and such right or interest will thereafter become part of the Property. The Company must give written notice to the Royalty Holder within five (5) Business Days of any acquisition of such mineral right or interest, as applicable and on demand of the Royalty Holder and to the extent permitted by applicable Law, must register at the relevant public registry, this Agreement, or a memorandum of this Agreement, against the mineral right or interest referred to above, as applicable.

CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY [*], HAS BEEN OMITTED BECAUSE THE INFORMATION (I) IS NOT MATERIAL AND (II) WOULD LIKELY CAUSE COMPETITIVE HARM IF PUBLICLY DISCLOSED.**

5. RECORDS, ACCESS AND REPORTING

5.1 Records and Access

The Company must:

- (a) keep true, accurate and complete Books and Records in accordance with either United States generally accepted accounting principles or IFRS, each as amended, supplemented or replaced from time to time to enable the Royalty to be calculated in accordance with this Agreement; and
- (b) permit the Royalty Holder at its own cost, after it has given reasonable Notice to the Company, to inspect at the Company's premises at all reasonable times and with access to the Company's relevant Personnel, the Books and Records referred to in Section 5.1(a), and to make and take away with it copies of such Books and Records; provided that if any such Books and Records are subject to any third-party confidentiality obligations of the Company and its Affiliates, the Company will provide such information directly to the Royalty Holder's auditor only.

5.2 Royalty Statements

At the same time as paying each Royalty payment under Section 3.2, the Company must provide to the Royalty Holder a report setting out in reasonable detail the following information ("**Royalty Statement**"):

- (a) the quantity, type and grade of Metals extracted during that Quarter;
 - (b) the quantity, type and grade of Product that has been processed during that Quarter and the location of the relevant facilities;
 - (c) the quantity, type and grade of all Product that has been Sold during that Quarter;
 - (d) the quantity and type of Product held or unsold during that Quarter;
 - (e) the Royalty for that Quarter and details of the Gross Proceeds during the Quarter, details on the proceeds of Sale for underlying the calculation of the Royalty; and
 - (f) other pertinent information in sufficient detail to explain the calculation of the Royalty payment.
-

CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY [*], HAS BEEN OMITTED BECAUSE THE INFORMATION (I) IS NOT MATERIAL AND (II) WOULD LIKELY CAUSE COMPETITIVE HARM IF PUBLICLY DISCLOSED.**

6. INDEMNITY

6.1 Indemnity

The Company must indemnify and keep indemnified the Royalty Holder, its Affiliates, and their respective directors, officers, employees and agents and their successors and assigns (each an “**Indemnified Party**”) for, from and against any Claim, that may be made or brought against an Indemnified Party by a third party that arise out of or in connection with:

- (a) any breach or non-compliance with applicable Law including Environmental Law;
- (b) the physical environmental condition of the Project and matters of health and safety related thereto or any action or claim brought with respect thereto (including conditions arising before the Execution Date); or
- (c) any Hazardous Substances on, in or under the Property or the soil, sediment, water or groundwater forming part of the Property, whether in the past, present or future, or any Hazardous Substances on any other lands or areas having originated or migrated from the Property or the soil, sediment, water or groundwater forming part of the Property.

6.2 Survival of Indemnity

The indemnity in Section 7.1 is a continuing obligation, separate and independent from other obligations and will not be discharged by any one payment or act and will survive expiration or earlier termination of this Agreement.

7. MAINTENANCE OF EXISTENCE AND TITLE; WARRANTIES

7.1 Maintenance of Existence

The Company shall use its commercially reasonable efforts to at all times do or cause to be done all things necessary to maintain its corporate or other entity existence and to obtain and, once obtained, maintain all Authorizations necessary to carry on its business and own the Property.

7.2 Title Maintenance and Taxes

The Company shall use its commercially reasonable efforts to:

- (a) not do or permit to be done, anything that may prejudice the Property or render the Property, or any interest in the Property, liable for forfeiture; and
- (b) maintain title to the Property, including paying, when due, all Taxes, duties or other payments on or with respect to the Property and doing all things and making any payments required by applicable Law or appropriate and permitted by applicable Law to maintain the right, title and interest of the Company and the Royalty Holder, respectively, in the Property and under this Agreement.

8. ASSIGNMENT AND FUTURE FINANCING

8.1 Meaning of Assign

For the purposes of this Section 8, “assign” and inflexions of “assign” means to transfer, sell, assign or otherwise dispose of in any manner whatsoever.

8.2 Assignment by the Royalty Holder

The Royalty Holder may at any time, assign all or any part of the Royalty, including for an indefinite period or for a stated term of years or up to a specified dollar amount, provided that (i) the Royalty Holder shall provide written notice to the Company of the assignment, and (ii) unless such assignment is made upon the occurrence and continuation of a Royalty payment default by the Company, the aggregate additional amounts payable by the Company under Sections 12.1(a) or Section 12.1(b) shall be no greater than what they would have been if the interest of the initial Royalty Holder had not been sold, assigned or transferred. Nothing in this Section 8.2 shall in any way restrict or prevent the Royalty Holder from granting participation interests in the Royalty Holder’s interests, rights and obligations hereunder. If the Royalty Holder assigns part of the Royalty, the Royalty Holder and all such assignees must appoint a common administrative agent for payment, audit rights and notice under this Agreement.

CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY [*], HAS BEEN OMITTED BECAUSE THE INFORMATION (I) IS NOT MATERIAL AND (II) WOULD LIKELY CAUSE COMPETITIVE HARM IF PUBLICLY DISCLOSED.**

8.3 Assignment by the Company

The Company may assign all or any interest in the Property (directly or indirectly, including by way of Change of Control) as long as:

- (a) in the case of a direct assignment of all or any interest in the Property, the assignee has delivered a deed or other instrument under which the assignee covenants to be bound by the terms and conditions of this Agreement, including this Section 8.3, in the place of the Company (to the extent of the interest assigned);
- (b) in the case of a direct assignment, if the assignee is a holding company, the parent company of such assignee has delivered a deed or other instrument under which such parent company covenants to be bound by the terms and conditions of this Agreement, including this Section 8.3 and Section 12.2, in the place of TMC (to the extent of the interest assigned); and
- (c) in the case of an indirect assignment for an interest equal to or greater than 50% in the Property (including by way of Change of Control), the company acquiring an indirect interest equal to or greater than 50% in the Property has delivered a deed or other instrument, substantially in the form of a No Interest Letter.

If the Company has not complied with this Section 8.3 in relation to an assignment of all or any interest in the Property, then the Company will remain liable to the Royalty Holder with respect to the Royalty notwithstanding that the assignment occurred and any such assignment will be void and ineffective as between the Royalty Holder and the Company.

8.4 Future Financing - No Interest Letter

Prior to the Company entering into any debt financing arrangements in respect of the Property or granting any Encumbrance, directly or indirectly, in the Property relating to indebtedness or other financing, the Company shall cause each provider of such financing (each, a “**Financing Party**”) to deliver to the Royalty Holder, a letter agreement, substantially in the form attached as Schedule C (a “**No Interest Letter**”).

8.5 Subordination to Financing Parties

At the request of the Company, the Royalty Holder agrees to enter into, with each Financing Party that has provided a No Interest Letter, a subordination agreement in a form acceptable to such Financing Party and the Royalty Holder (acting reasonably), which shall provide for the postponement, standstill and subordination of any Encumbrance granted to the Royalty Holder pursuant to Section 2.2(f) to any Encumbrances in favour of such Financing Party.

CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY [*], HAS BEEN OMITTED BECAUSE THE INFORMATION (I) IS NOT MATERIAL AND (II) WOULD LIKELY CAUSE COMPETITIVE HARM IF PUBLICLY DISCLOSED.**

9. CONFIDENTIALITY

9.1 Confidentiality

- (a) Subject to Section 9.1(b), each Party covenants with the other that it will keep confidential the terms of this Agreement and all information (whether in tangible, electronic or other form) provided or disclosed to a Party by reason of the operation of this Agreement, including any information regarding a Party's Affiliates ("**Confidential Information**").
 - (b) Each Party undertakes that neither it, its Affiliates or their respective Personnel will, without the prior written consent of the other Party, disclose any Confidential Information to any third Person unless:
 - (i) the disclosure is expressly permitted by this Agreement;
 - (ii) subject to Section 9.1(c), the disclosure consists of information required to be disclosed under applicable Laws relating to disclosure by public companies in Canada or the United States of America;
 - (iii) the information is already in the public domain (unless it entered the public domain because of a breach of this Section 9.1 by the Party);
 - (iv) the disclosure is made on a confidential basis to the Party's officers, employees, agents, financiers or professional advisers, and is necessary for the Party's business and such Persons agree to keep the disclosure confidential in accordance with this Section 9.1;
 - (v) the disclosure is necessary to comply with any applicable Law, or an order of a court or tribunal;
 - (vi) subject to Section 9.1(c), the disclosure is necessary for a Party or its Affiliates to comply with a directive or request of any Governmental Body, securities regulator or stock exchange (whether or not having the force of Law) so long as a responsible person in a similar position would comply;
 - (vii) subject to Section 9.1(c), the disclosure is necessary or desirable to obtain an authorization from any Governmental Body, securities regulator or stock exchange;
 - (viii) the disclosure is necessary in relation to any discovery of documents, or any proceedings before an arbitrator, court, tribunal, other Governmental Body, securities regulator or stock exchange; or
 - (ix) the disclosure is made on a confidential basis to a prospective assignee, purchaser, acquiror or financier of the Party, or to any other person who proposes to enter into contractual relations with the Party and agrees to keep the disclosure confidential in accordance with this Section 9.1.
 - (c) Before disclosing any Confidential Information publicly in accordance with Section 9.1(b)(ii) or to a Governmental Body or securities regulator in accordance with Sections 9.1(b)(vi) or 9.1(b)(vii), the disclosing Party must, to the extent permitted by applicable Law, provide the other Party with a draft of the proposed disclosure for its consideration and comment. The other Party will provide any comments promptly.
-

CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY [*], HAS BEEN OMITTED BECAUSE THE INFORMATION (I) IS NOT MATERIAL AND (II) WOULD LIKELY CAUSE COMPETITIVE HARM IF PUBLICLY DISCLOSED.**

9.2 Announcements

The Parties shall jointly plan and co-ordinate, and shall cause their respective Affiliates to jointly plan and coordinate, any public notices, press releases, and any other publicity concerning the entering into of this Agreement and none of the Parties or its Affiliates shall act in this regard without reasonable prior consultation with the other Parties, unless such disclosure is required to meet timely disclosure obligations of such Parties or their Affiliates under Applicable Laws in circumstances where prior consultation with the other Parties is not practicable, and a copy of such disclosure shall be provided to the other Parties at such time as it is made publicly available.

9.3 Filing of Agreement

Each Party agrees that if a Party or any of its Affiliates is required to file a copy of this Agreement in any public registry, filing system or depository, including, in order to comply with applicable Law, it must notify the other Party of such requirement promptly and the Parties must consult with each other with respect to any proposed redactions to this Agreement in compliance with such applicable Laws before it is filed in any such registry, filing system or depository. The Royalty Holder acknowledges that a copy of this Agreement may be publicly filed by TMC under its profile on EDGAR.

10. DISPUTE RESOLUTION

10.1 Disputes

Any dispute, controversy or claim in relation to this Agreement, including the existence, interpretation, validity, performance or breach of this Agreement or any matter arising under this Agreement, including whether any matter is subject to arbitration or this Section 10 (“**Dispute**”) must be resolved in accordance with the provisions of this Section 10.

10.2 Dispute Notices and Dispute Representatives

- (a) In the event of any Dispute between the Parties, a Party may give to the other Party a notice (“**Dispute Notice**”) specifying the Dispute and requiring its resolution under this Section 10.
- (b) If the Dispute is not resolved within ten (10) Business Days after a Dispute Notice is given to the other Party, then each Party must nominate one (1) representative from its senior management to resolve the Dispute (each, a “**Dispute Representative**”), who must negotiate using their respective commercially reasonable efforts to attain a resolution of the Dispute.

10.3 Arbitration

- (a) If a Dispute has not been resolved by the Dispute Representatives under Section 10.2(b) within ten (10) Business Days of the date of referral of the Dispute to the Dispute Representatives or such longer period of time as agreed, then a Party may, by notice to the other Party, submit the Dispute to arbitration for final resolution in accordance with the remaining provisions of this Section 10.
-

CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY [*], HAS BEEN OMITTED BECAUSE THE INFORMATION (I) IS NOT MATERIAL AND (II) WOULD LIKELY CAUSE COMPETITIVE HARM IF PUBLICLY DISCLOSED.**

- (b) The Parties agree that:
 - (i) any Dispute will be finally resolved by arbitration conducted in accordance with the then current Rules of Arbitration of the ICC (“**ICC Rules**”);
 - (ii) the seat or legal place of the arbitration will be Vancouver, British Columbia, Canada and the language of the arbitration will be English;
 - (iii) all arbitral proceedings will be private and confidential and may be attended only by the arbitrators, the Parties and their representatives, and witnesses to the extent they are testifying in the proceedings;
 - (iv) any Dispute must be heard and determined by three (3) arbitrators and each Party must, within ten (10) Business Days after commencement of the arbitration, select one (1) person to act as arbitrator. The two (2) arbitrators so selected must, within five (5) Business Days of their appointment, select a third arbitrator who will serve as the chairperson of the arbitral panel;
 - (v) each arbitrator must be a senior practicing lawyer and a disinterested person who has no connection with either Party or the performance of this Agreement and must be qualified by education, training and experience to hear and determine matters in the nature of the Dispute;
 - (vi) if a Party fails to appoint an arbitrator as required under Section 10.3(b)(iv), or if the arbitrators selected by the Parties are unable or fail to agree upon a third arbitrator within five (5) Business Days of their appointment, then that arbitrator will be selected and appointed in accordance with the ICC Rules;
 - (vii) if an arbitrator dies, resigns, refuses to act, or becomes incapable of performing his or her functions as an arbitrator, then the ICC may declare a vacancy on the panel and the vacancy will be filled by the method by which that arbitrator was originally appointed;
 - (viii) the arbitral panel may determine all questions of law and jurisdiction (including questions as to whether or not a Dispute is arbitrable) and all matters of procedure relating to the arbitration;
 - (ix) any award or determination of the arbitral panel will be final and binding upon the Parties in respect of all matters relating to the arbitration, the procedure, the conduct of the Parties during the proceedings and the final determination of the issues in the arbitration; and
 - (x) there will be no appeal from any award or determination of the arbitral panel to any court and judgment on any arbitral award may be entered in any court of competent jurisdiction.
 - (c) No arbitration proceeding may be commenced under this Section 10 unless commenced within the time period permitted for actions by the applicable statute of limitations.
 - (d) Notwithstanding the foregoing, either Party may apply to a court of competent jurisdiction for an interim measure of protection, or for any order for equitable relief explicitly provided for in this Agreement which the arbitrator does not have the jurisdiction to grant.
-

CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY [*], HAS BEEN OMITTED BECAUSE THE INFORMATION (I) IS NOT MATERIAL AND (II) WOULD LIKELY CAUSE COMPETITIVE HARM IF PUBLICLY DISCLOSED.**

10.4 Performance of Obligations During Dispute

To the extent permitted by the nature of the Dispute, during the existence of any Dispute the Parties must continue to perform their respective obligations under this Agreement without prejudice to their position in respect of such Dispute, unless the Parties otherwise agree.

11. NOTICE

11.1 Form of Notice

Any notice, consent, demand or other communication in relation to this Agreement (“**Notice**”) must be:

- (a) in writing;
- (b) delivered by hand or by prepaid, registered or certified mail or courier to the address, or if sent electronically as an attachment to an email to the email or other internet address for each Party.

11.2 Delivery

- (a) A Notice is effective:
 - (i) if delivered by hand, on the date it is delivered to the addressee;
 - (ii) in the case of delivery by mail, five (5) Business Days after the date of posting (if posted to an address in the same country) or ten (10) Business Days after the date of posting (if posted to an address in another country);
 - (iii) if couriered, on the date on which the courier confirms delivery; or
 - (iv) if sent electronically at the time which is 12 hours from the time the email was sent, unless a later time is specified in the Notice or a notification of a delivery failure is received by the sender.
 - (b) A Notice received after 5pm. in the place of receipt is taken to be received on the next Business Day in the place of receipt.
 - (c) An email does not itself constitute a Notice but a Notice may be transmitted as an attachment to an email.
-

CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY [*], HAS BEEN OMITTED BECAUSE THE INFORMATION (I) IS NOT MATERIAL AND (II) WOULD LIKELY CAUSE COMPETITIVE HARM IF PUBLICLY DISCLOSED.**

11.3 Address for Notice

(a) Each Party's address and email address will be as specified below or as notified in writing from time to time to the other Party:

(i) in the case of the Company:

Attention: Craig Shesky, Chief Financial Officer

Address: 595 Howe Street
Vancouver, BC
V6C 2T5
Canada

Email Address: craig@metals.co

with a copy to:

Attention: Ryan Coombes, General Counsel and Corporate Secretary

Address: 595 Howe Street
Vancouver, BC
V6C 2T5
Canada

Email Address: Ryan.Coombes@metals.co

(ii) in the case of the Royalty Holder:

Attention: Chief Financial Officer, Low Carbon Royalties Inc.

Address: 2600- 595 Burrard Street
Vancouver, BC
V7X 1L3
Canada

Email Address: legal@lowcarbonroyalties.com

(b) A Party may, from time to time, notify the other Party in writing of any change to its details in Section 11.3.

12. MISCELLANEOUS

12.1 Taxes

(a) All payments of any kind made under this Agreement or document to be delivered hereunder by or on behalf of the Company shall be made free and clear and without any present or future deduction, withholding, charge, levy or imposition for or on account of any Taxes, except as required by applicable Laws. Subject to Section 12.1(c) below, all Taxes, if any, as are required by applicable Laws to be deducted, withheld, charged, levied, collected or imposed on any Person on or with respect to any such payment made by or on behalf of the Company shall be paid by the Company by paying to the Royalty Holder, in addition to such payment, such additional payment as is necessary to ensure that the net amount received by the Royalty Holder (net of any such Taxes, including any Taxes required to be deducted, withheld, charged, levied, collected or imposed on any such additional amounts) equals the full amount that the Royalty Holder would have received had no such deduction, withholding, charge, levy, collection or imposition been required.

CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY [*], HAS BEEN OMITTED BECAUSE THE INFORMATION (I) IS NOT MATERIAL AND (II) WOULD LIKELY CAUSE COMPETITIVE HARM IF PUBLICLY DISCLOSED.**

- (b) Subject to Section 12.1(c), if the Royalty Holder becomes liable for any Taxes, other than Excluded Taxes, imposed on any payments under this Agreement, the Company shall indemnify the Royalty Holder for such Tax, and the indemnity payment shall be increased as necessary so that, after the imposition of any Tax on the indemnity payment (including Tax in respect of any such increases in the indemnity payment), the Royalty Holder shall receive the full amount of Taxes for which it is liable and are due and payable. Any indemnity payments for Taxes shall be due and payable by the Company within five (5) Business Days of demand from the Royalty Holder. If reasonably requested by the Company, the Royalty Holder will use reasonable efforts to dispute the imposition or assertion of such Taxes by the relevant Governmental Body, all at the Company's expense. A certificate as to the amount of such payment or liability delivered to the Company by the Royalty Holder shall be conclusive absent manifest error.
- (c) Notwithstanding Sections 12.1(a) and 12.1(b), the Company shall not be responsible for any Excluded Taxes imposed or collected by any foreign jurisdiction in respect of payments of any kind made by the Royalty Holder pursuant to this Agreement.
- (d) The parties agree to reasonably cooperate to (i) ensure that no more Taxes, duties or other charges are payable other than as required under applicable Law and (ii) obtain a refund or credit of any Taxes which have been overpaid.
- (e) Without limiting the provisions of Sections 12.1(a) and 12.1(b), the Company shall timely pay any Taxes (other than Excluded Taxes) to the relevant Governmental Body in accordance with applicable Law.
- (f) As soon as practicable after any payment of Taxes by the Company to a Governmental Body pursuant to Section 12.1, the Company shall deliver to the Royalty Holder the original or a certified copy of a receipt issued by such Governmental Body evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Royalty Holder.

12.2 Covenant of TMC

TMC hereby unconditionally and irrevocably guarantees and shall be jointly and severally liable for all obligations, including any indemnity given hereunder, of the Company pursuant to the terms and conditions of this Agreement. Notwithstanding the foregoing,

- (a) if the Company assigns the Property and complies with Section 8.3; or
- (b) if TMC assigns any of its interest in the Company to a third party, and such third party delivers a deed or other instrument under which such third party covenants to be bound by the terms and conditions of this Agreement in the place of TMC (to the extent of the interest assigned), then TMC shall, concurrently with such assignment, be fully and forever discharged and released from its guarantee hereunder (to the extent of the interest assigned).

12.3 Governing Law

- (a) Except for matters of title to the Property or security interests granted in the Property, which will be governed by the Law of its situs, this Agreement is governed by the law in force in the Province of British Columbia and the law of Canada applicable in British Columbia, without regard to any conflict of laws or choice of laws rules or principles that would permit or require the application of the laws of any other jurisdiction.
-

CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY [*], HAS BEEN OMITTED BECAUSE THE INFORMATION (I) IS NOT MATERIAL AND (II) WOULD LIKELY CAUSE COMPETITIVE HARM IF PUBLICLY DISCLOSED.**

- (b) Subject to Section 10, each Party irrevocably submits to the exclusive jurisdiction of the courts exercising jurisdiction in the Province of British Columbia and any court that may hear appeals from any of those courts for any proceeding in connection with this Agreement, subject only to the right to enforce a judgment obtained in any of those courts in any other jurisdiction.

12.4 Other Activities and Interests

This Agreement and the rights and obligations of the Parties under this Agreement are limited to the Property and the Project. Except as expressly provided in any other written agreement between the Parties with respect to the Property (and then only to the extent expressly provided in that other written agreement), each Party will have the free and unrestricted right to enter into, conduct and benefit from any and all business ventures of any kind whatsoever, whether or not competitive with the activities undertaken under this Agreement, without disclosing such activities to the other Party or inviting or allowing the other Party to participate in those activities.

12.5 No Partnership

This Agreement is not intended to, and will be deemed not to, create any partnership between the Parties including a mining partnership or commercial partnership. The obligations and liabilities of the Parties will be several and not joint and neither Party will have or purport to have any authority to act for or to assume any obligations or responsibility on behalf of the other Party. Nothing in this Agreement will be deemed to constitute a Party the partner, agent or legal representative of the other Party or to create any fiduciary relationship between the Parties.

12.6 Severability

If anything in this Agreement is unenforceable, illegal or invalid then it is severed and the rest of this Agreement remains in force. 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 in accordance with applicable Law 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 and appropriate consequential amendments (if any) will be made to this Agreement.

12.7 Compliance with National Instrument 43-101 and other Approved Standards

The Parties acknowledge that the Royalty Holder or Affiliates of the Royalty Holder are or may become subject to NI 43-101 or other Approved Standards. Upon written request by the Royalty Holder or an Affiliate of the Royalty Holder, the Company must:

- (a) provide to the Royalty Holder, at the Royalty Holder's expense, any and all necessary technical data (including in respect of Mineral Resources and Mineral Reserves), documents or reports on the Property as are in the Company's or its Affiliates' possession or which are readily available to the Company or its Affiliates and which may be reasonably required by the Royalty Holder or its Affiliates to comply with the requirements of NI 43-101 or other Approved Standards;
 - (b) grant access to the Property to the Royalty Holder, its Affiliates or any representative of the Royalty Holder or its Affiliates for personal inspection of the Property;
-

CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY [*], HAS BEEN OMITTED BECAUSE THE INFORMATION (I) IS NOT MATERIAL AND (II) WOULD LIKELY CAUSE COMPETITIVE HARM IF PUBLICLY DISCLOSED.**

- (c) if reasonably requested by the Royalty Holder and in accordance with NI 43-101, include in any technical report prepared for the Company or its Affiliates in accordance with NI 43-101 or other Approved Standards, scientific and technical information that is material to the Royalty Holder or its Affiliates;
- (d) upon the request of the Royalty Holder, use commercially reasonable efforts to convince the author(s) of any report prepared for the Company or its Affiliates in accordance with NI 43-101 or other Approved Standards to provide, at the sole cost and expense of the Royalty Holder and subject to such terms and conditions as may be required by such author(s) or their employer(s), (i) a copy of such report to be addressed to the Royalty Holder or any of its Affiliates, (ii) the relevant certificates and consents of the author(s) required in connection with the filing of and reference to such report to be provided to the Royalty Holder or any of its Affiliates, and (iii) such other consents in connection with the use of or reliance upon such report by the Royalty Holder or any of its Affiliates from time to time in its public disclosure as may be required by the Royalty Holder; and
- (e) allow any report prepared for the Company or its Affiliates in accordance with NI 43-101 or other Approved Standards to be used by the Royalty Holder or its Affiliates in any technical report prepared for the Royalty Holder or its Affiliates, on condition that a “qualified person” (as such term is defined in NI 43-101 or its equivalent in other Approved Standards) engaged by the Royalty Holder is the author of the report prepared for the Royalty Holder or its Affiliates.

12.8 Replacement Product Prices

If any Market Value as specified in this Agreement ceases to exist, ceases to be published, or should no longer be internationally recognized as the basis for payment for the Product to which it relates then upon request by either Party, the Parties must promptly consult together in good faith with the view to agreeing on whatever modifications to the terms of this Agreement are necessary to make this Agreement again acceptable to both Parties and must do their utmost to come to a fair and reasonable agreement based upon another internationally recognized metal price quotation for use in international trade.

12.9 Entire Agreement

The Agreement constitute the entire agreement between the Parties in respect of its subject matter and supersedes all prior agreements, understandings and documents in respect of its subject matter (if any) made or given prior to the Execution Date.

12.10 Time of the Essence

Time is of the essence of this Agreement. If the Parties agree to vary a time requirement, then the time requirement so varied is of the essence of this Agreement. An agreement to vary a time requirement must be in writing.

12.11 Further Assurances

The Parties acknowledge their mutual intention is to create the Royalty on the Property. The Parties further acknowledge that the legal framework for the exploitation of minerals in the Property has not been finalized by the ISA pursuant to the UNCLOS and remains in flux. This mutual intention is of the essence of this Agreement. Each Party will, at the request of the other Party and at the requesting Party's expense, execute all such documents and take all such actions as may be reasonably required to effectuate the purposes and intent of this Royalty Agreement. Without limiting the generality of the foregoing, the Company shall, subject to Section 4.1, use its commercially reasonable efforts to obtain all Authorizations necessary to give effect to the intention of this Agreement.

CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY [*], HAS BEEN OMITTED BECAUSE THE INFORMATION (I) IS NOT MATERIAL AND (II) WOULD LIKELY CAUSE COMPETITIVE HARM IF PUBLICLY DISCLOSED.**

12.12 Amendment

An amendment or variation to this Agreement is not effective unless it is in writing and signed by the Parties.

12.13 Waiver

A Party's failure or delay to exercise a power or right does not operate as a waiver of that power or right. The exercise of a power or right does not preclude either its exercise in the future or the exercise of any other power or right. A waiver is not effective unless it is in writing. Waiver of a power or right is effective only in respect of the specific instance to which it relates and for the specific purpose for which it is given.

12.14 Successors and Assigns

This Agreement will inure to the benefit of and be binding on the Parties and their respective successors and permitted assigns.

12.15 Counterparts

This Agreement may be executed in any number of counterparts. Each counterpart is an original but the counterparts together are one and the same agreement. This Agreement is binding on the Parties on the exchange of counterparts. A copy of a counterpart sent by electronic mail:

- (a) must be treated as an original counterpart;
- (b) is sufficient evidence of the execution of the original; and
- (c) may be produced in evidence for all purposes in place of the original.

12.16 Execution - Authorized Officer to Sign

Each person signing this Agreement as an authorized officer of a Party hereby represents and warrants that he or she is duly authorized to sign this Agreement for that Party and that this Agreement will, upon having been so executed, be binding on that Party in accordance with its terms.

[Execution Page Follows]

CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY [***], HAS BEEN OMITTED BECAUSE THE INFORMATION (I) IS NOT MATERIAL AND (II) WOULD LIKELY CAUSE COMPETITIVE HARM IF PUBLICLY DISCLOSED.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed and delivered as of the date first set forth above.

NAURU OCEAN RESOURCES INC.

By: /s/ Gerard Barron
Name: Gerard Barron
Title: Director

TMC THE METALS COMPANY INC.

By: /s/ Gerard Barron
Name: Gerard Barron
Title: Director

LOW CARBON ROYALTIES INC.

By: /s/ Brian Paes-Braga
Name: Brian Paes-Braga
Title: Director

CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY [***], HAS BEEN OMITTED BECAUSE THE INFORMATION (I) IS NOT MATERIAL AND (II) WOULD LIKELY CAUSE COMPETITIVE HARM IF PUBLICLY DISCLOSED.

SCHEDULE A

DESCRIPTION OF PROPERTY

In July 2011, NORI, was granted a polymetallic nodule exploration contract pursuant to the ISA’s Regulations on Prospecting and Exploration for Polymetallic Nodules in the Clarion Clipperton Zone (“CCZ”), providing it exclusive rights to explore 74,830 km² in the CCZ pursuant to the NORI Exploration Contract (“**NORI Exploration Contract**”). The NORI Exploration Contract was approved by the ISA Council on July 19, 2011, and entered into on July 22, 2011 between NORI and the ISA, and terminates on July 22, 2026, subject to extension.

The NORI Contract Area is located within the CCZ of the northeast Pacific Ocean. The CCZ is located in international waters between Hawaii and Mexico. The western-end of the CCZ is approximately 1,000 km south of the Hawaiian island group. From here, the CCZ extends almost 5,000 km east-northeast, in an approximately 600 km wide trend, with the eastern limits approximately 2,000 km west of southern Mexico. The NORI Contract Area comprises four separate blocks (A, B, C and D) in the CCZ with a combined area of 74,830 km² and is more particularly identified below:

NORI Contract Area extents

Area	Minimum Latitude (DD)	Maximum Latitude (DD)	Minimum Longitude (DD)	Maximum Longitude (DD)	Minimum UTM X (m)	Maximum UTM X (m)	Minimum UTM Y (m)	Maximum UTM Y (m)	UTM Zone
A	11.5000	13.0000	(134.5830)	(133.8330)	545,220.4	627,276.0	1,271,339	1,437,255	8
B	13.5801	14.0000	(134.0000)	(133.2000)	607,995.7	694,759.8	1,501,590	1,548,425	8
C	12.0000	14.9350	(123.0000)	(120.5000)	500,000.0	769,458.3	1,326,941	1,652,649	10
D	9.8950	11.0833	(117.8167)	(116.0667)	410,465.2	602,326.1	1,093,913	1,225,353	11

DD — Decimal degrees, UTM — Universal Transverse Mercator map projection

The NORI Contract Area is an exploration stage property. To date, no exploitation contracts for extracting minerals from the international seafloor have been granted. The ISA is currently working on the development of a legal framework to regulate the exploitation of polymetallic nodules in the of the high seas beyond national jurisdiction, which includes the CCZ.

CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY [***], HAS BEEN OMITTED BECAUSE THE INFORMATION (I) IS NOT MATERIAL AND (II) WOULD LIKELY CAUSE COMPETITIVE HARM IF PUBLICLY DISCLOSED.

SCHEDULE C

FORM OF AGREEMENT RE: NO INTEREST

THIS agreement is made as of [●], by and between Low Carbon Royalties Inc (the “**Royalty Holder**”), [Name], (the “**Lender**”/“**CoC Parent Company**”) and Nauru Ocean Resources Inc. (the “**Company**”).

WHEREAS the Company created, granted and conveyed to the Royalty Holder a perpetual royalty in the amount of the Royalty Percentage of Gross Proceeds from Product from the Property, (the “**Royalty**”) (each as defined in the Royalty Agreement), pursuant to a royalty agreement between the Company and the Royalty Holder dated [●], 202[●], a copy of which is attached hereto as Schedule “A” (as amended, modified, supplemented or restated, the “**Royalty Agreement**”).

AND WHEREAS the Lender/CoC Parent Company, in its capacity as the [describe role of lender and document under which there is indebtedness or the describe role of COC Parent Company and document by which Change of Control occurred], as amended, restated, supplemented or replaced from time to time (the “**Agreement**”), [is owed a financial obligation by the Company/is the CoC Parent Company of the Company] [and is the holder of certain security against the Company (as amended, modified, supplemented, replaced or restated, the “**Security**”)]¹.

AND WHEREAS the Company has covenanted to provide a letter agreement in substantially the form hereof from [any provider of financing to the Company] [a CoC Parent Company with an indirect interest of more than 50% in the Property] in favour of the Royalty Holder providing for the acknowledgements and agreement included herein.

NOW THEREFORE for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby acknowledge, confirm and agree (knowing that the other parties will be relying upon such acknowledgments, confirmations and agreements) as follows:

1. The Lender/CoC Parent Company acknowledges that the Royalty is intended to run with the land and constitute the grant of a vested present interest in the Property and a covenant running with the Property and all successions thereof, whether created privately or through government action, and is binding upon the Company and its successors and assigns of the Property, or any portion thereof or interest therein.
2. The Lender/CoC Parent Company acknowledges that the Royalty will attach to any amendments, relocations or conversions of any mining claim, license, lease, concession, permit, patent or other tenure comprising the applicable Property, or to any extension or renewal thereof or to any replacement or substitution therefor.
3. [The Lender agrees that the Royalty and any property of the Company to the extent comprising the Royalty are not subject to the Security.]² The Lender/CoC Parent Company acknowledges that all payments due to the Royalty Holder on account of the Royalty will become the property of the Royalty Holder at the time of production of the minerals on the applicable Property and will be held by the Company in trust for the Royalty Holder until paid to the Royalty Holder.
4. [The Lender agrees that the Security will not be sold, assigned, transferred or otherwise disposed of unless the person to whom the Security is sold, assigned, transferred or otherwise disposed of has executed and delivered to the Royalty Holder an agreement in favour of the Royalty Holder substantially in the form hereof.]³

¹ NTD: To be included where counterparty holds or will hold security.

² NTD: To be included where counterparty holds or will hold security.

³ NTD: To be included where counterparty holds or will hold security.

CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY [*], HAS BEEN OMITTED BECAUSE THE INFORMATION (I) IS NOT MATERIAL AND (II) WOULD LIKELY CAUSE COMPETITIVE HARM IF PUBLICLY DISCLOSED.**

5. The Lender/CoC Parent Company agrees not to take any action to prevent the Company or any of its affiliates from performing its obligations under the Royalty Agreement, including the payment of the Royalty.
6. **[In connection with any enforcement of or realization upon the Security, the Lender agrees not to permit, seek to effect or consent to any conveyance of all or any portion of the Property unless the purchaser or transferee (the “Transferee”) of such Property has first entered into an agreement, in form and substance satisfactory to the Royalty Holder, to be bound by the Royalty Agreement (and, if such Transferee is a subsidiary of any person, the Lender shall use its commercially reasonable efforts to cause the person which ultimately controls such Transferee to provide a guarantee of such Transferee’s obligations in form and substance satisfactory to the Royalty Holder, acting reasonably) or become so bound by operation of law and such interest in the Property shall be otherwise subject to the terms and conditions hereof and the Royalty Agreement.]**⁴
7. The Lender/CoC Parent Company acknowledges, agrees and affirms that, for so long as the Royalty Agreement is in effect:
 - (a) the Lender/CoC Parent Company will not seek nor support any Person in seeking (and will not seek or support the appointment of a receiver that seeks) any conveyance of all or any portion of the Property free and clear of the Royalty; and
 - (b) the Lender/CoC Parent Company will not seek or support any restructuring plan or proposal, or otherwise make or support any claim, that:
 - (i) purports to eliminate or modify the Royalty or the Royalty Agreement without the express written consent of the Royalty Holder;
 - (ii) contests, challenges or brings into question the validity or enforceability of the Royalty as an interest in land, and specifically, in and to the Property; or
 - (iii) contests, challenges or brings into question the validity or enforceability of all of the terms, covenants, and conditions in the Royalty Agreement as running with and binding upon the Property and the estates affected thereby, subject to the terms and conditions of the Royalty Agreement; and
8. The Royalty Holder agrees not to accept or require any security interest, mortgage, debenture, pledge, hypothec, assignment (as security), deposit arrangement, lien, charge, title retention, consignment, lease or other security agreement or similar arrangement as security for all or any of its royalty obligations under the Royalty respectively, other than in accordance with and as permitted by, the express terms of the Royalty Agreement. For greater certainty, the registration or recordation of any document or agreement evidencing the Royalty, including the Royalty Agreement, respectively, shall not contravene this Section 8.
9. Each party hereto represents and warrants that it has full authority to deliver this agreement.
10. This agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein.
11. This agreement may be executed in any number of counterparts, each of which is deemed an original, but all of which together are deemed to be one and the same agreement. A signed copy of this agreement delivered by facsimile, e-mail or other means of electronic transmission is deemed to have the same legal effect as delivery of an original signed copy of this agreement.

⁴ NTD: To be included where counterparty holds or will hold security.

CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY [*], HAS BEEN OMITTED BECAUSE THE INFORMATION (I) IS NOT MATERIAL AND (II) WOULD LIKELY CAUSE COMPETITIVE HARM IF PUBLICLY DISCLOSED.**

12. This agreement constitutes the sole and entire agreement of the parties with respect to the subject matter contained herein, and supersedes all prior and contemporaneous understandings, agreements, representations and warranties, both written and oral, with respect to such subject matter.

[Remainder of Page Intentionally Left Blank]

DATED this _____day of _____, 20[●].

[LENDER/COC PARENT COMPANY]

Per: _____
Name:
Title:

Address for notices hereunder:

[●]

Attention: [●]
Email: [●]

LOW CARBON ROYALTIES INC.

Per: _____
Name:
Title:

Address for notices hereunder:

[●]

Attention: [●]
Email: [●]

CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY [***], HAS BEEN OMITTED BECAUSE THE INFORMATION (I) IS NOT MATERIAL AND (II) WOULD LIKELY CAUSE COMPETITIVE HARM IF PUBLICLY DISCLOSED.

INVESTOR RIGHTS AGREEMENT

AMONG

LOW CARBON ROYALTIES INC.

AND

TMC THE METALS COMPANY INC.

AND

BRIAN PAES-BRAGA

DATED AS OF FEBRUARY 21, 2023

CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY [***], HAS BEEN OMITTED BECAUSE THE INFORMATION (I) IS NOT MATERIAL AND (II) WOULD LIKELY CAUSE COMPETITIVE HARM IF PUBLICLY DISCLOSED.

INVESTOR RIGHTS AGREEMENT

THIS INVESTOR RIGHTS AGREEMENT (this “**Agreement**”) is made as of February 21, 2023 (the “**Effective Date**”)

AMONG:

LOW CARBON ROYALTIES INC.

(the “**Corporation**”)

AND:

TMC THE METALS COMPANY INC.

(“**TMC**”)

AND:

BRIAN PAES-BRAGA

(“**BPB**” and together with TMC, the “**Investors**” and each, an “**Investor**”)

WHEREAS in connection with the Royalty Agreement entered into between Nauru Ocean Resources Inc. (“**NORI**”), an indirect subsidiary of TMC, the Corporation and TMC dated February 21, 2023 (the “**Royalty Agreement**”) pursuant to which, among other things, NORI granted a certain royalty subject to the terms and conditions set forth in the Royalty Agreement, TMC and the Corporation entered into a Subscription Agreement (the “**TMC Subscription Agreement**”) whereby TMC purchased and was issued [***] common shares in the capital of the Corporation by the Corporation, and, as of the date hereof, TMC owns 35.0% of the issued and outstanding Common Shares;

AND WHEREAS, BPB and the Corporation entered into (i) a Contribution and Subscription Agreement (the “**Contribution and Subscription Agreement**”) dated the date hereof whereby BPB was issued [***] Common Shares in the capital of the Corporation by the Corporation in consideration for the contribution of certain royalty rights; and (ii) Subscription Agreements [***] (the “**BPB Subscription Agreements**”) whereby BPB was issued an aggregate of [***] common shares in the capital of the Corporation by the Corporation, and, as of the date hereof, BPB (directly or indirectly) owns or controls [***] Common Shares, being [***] of the issued and outstanding Common Shares;

AND WHEREAS in connection with, and as a condition to, the consummation of the transactions contemplated by the Royalty Agreement, the TMC Subscription Agreement, the Contribution and Subscription Agreement and the BPB Subscription Agreements, as applicable, the Parties have agreed to enter into this Investor Rights Agreement in order to govern certain of their rights, duties and obligations;

CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY [*], HAS BEEN OMITTED BECAUSE THE INFORMATION (I) IS NOT MATERIAL AND (II) WOULD LIKELY CAUSE COMPETITIVE HARM IF PUBLICLY DISCLOSED.**

NOW THEREFORE, THIS AGREEMENT WITNESSES THAT in consideration of the respective covenants, agreements, representations, warranties and indemnities herein contained and for other good and valuable consideration (the receipt and sufficiency of which are acknowledged by each party), the parties to this Agreement (together, the “**Parties**” and, individually, a “**Party**”) covenant and agree as follows:

ARTICLE 1 – INTERPRETATION

Section 1.1 Definitions

In this Agreement, including any schedule to this Agreement, unless there is something in the subject matter or context inconsistent therewith:

“**Act**” means the *Business Corporations Act* (British Columbia).

“**Affiliate**” means, with respect to any specified Person, any other Person who, directly or indirectly, Controls, is Controlled by, or is under common Control with such Person.

“**Applicable Law**” means all laws (statutory or common), rules, ordinances, regulations, grants, concessions, franchises, licenses, orders, directives, judgments, decrees, and other governmental restrictions, including permits and other similar requirements, whether legislative, municipal, administrative or judicial in nature, having application, directly or indirectly, to a Party to this Agreement and their respective Affiliates, or the transactions contemplated by this Agreement, and includes the rules and policies of any stock exchange or securities market upon which a Party or any of its Affiliates has securities listed or quoted, or, if applicable, is seeking to have such securities listed or quoted.

“**Board**” means the board of directors of the Corporation.

“**Business Day**” means any day of the year, other than a Saturday, a Sunday or any day on which chartered banks are closed for business in Vancouver, British Columbia.

“**Canadian Securities Laws**” means, collectively, all applicable securities laws of each of the Reporting Jurisdictions and the respective rules and regulations under such laws together with applicable published instruments, notices and orders of the securities regulatory authorities in the Reporting Jurisdictions.

“**Common Shares**” means the common shares in the capital of the Corporation.

“**Company Shareholders**” means the shareholders of the Corporation.

“**Confidential Information**” has the meaning assigned thereto in Section 6.2.

“**Control**” has the meaning assigned thereto in Section 1.5.

“**Convertible Securities**” means any securities convertible into or exercisable or exchangeable for Common Shares, including convertible debt securities and rights to purchase Common Shares.

“**Equity Financing**” means the issuance and sale of Equity Securities, directly or indirectly, for cash or cash equivalents.

“**Equity Financing Notice**” has the meaning assigned thereto in Section 3.2(a).

“**Equity Right**” has the meaning assigned thereto in Section 3.1.

CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY [*], HAS BEEN OMITTED BECAUSE THE INFORMATION (I) IS NOT MATERIAL AND (II) WOULD LIKELY CAUSE COMPETITIVE HARM IF PUBLICLY DISCLOSED.**

“Equity Securities” means Common Shares or Convertible Securities.

“Exchange Act” shall mean the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

“Excluded Issuances” has the meaning assigned thereto in Section 3.5.

“GAAP” means generally accepted accounting principles in effect from time to time in Canada, being International Financial Reporting Standards, as those principles may be amended, varied or replaced, then in effect and generally accepted in Canada.

“Governmental Body” means any domestic or foreign federal, provincial, regional, state, municipal or other government, governmental department, agency, authority or body (whether administrative, legislative, executive or otherwise), court, tribunal, commission or commissioner, bureau, minister or ministry, board or agency, or other regulatory authority, including any securities regulatory authorities or stock exchange.

“Investor Percentage” means, in respect of each Investor, the percentage of the issued and outstanding Common Shares owned beneficially by such Investor and its Affiliates, collectively, calculated in accordance with Section 1.3.

“IPO” means mean the Corporation’s first underwritten public offering of its Common Shares pursuant to a registration statement that has been declared effective under the *United States Securities Act of 1933* or a prospectus filed under applicable Canadian Securities Laws in respect of which a (final) receipt has been obtained or any RTO Transaction (as currently defined in Section 26.1 of the Articles of the Corporation), accompanied by the listing of the Common Shares (or any shares issued to Company Shareholders in exchange for their Common Shares, as applicable) on the Toronto Stock Exchange and/or the TSX Venture Exchange and/or the Nasdaq National Market and/or the New York Stock Exchange and/or any another stock exchange or market acceptable to the Board.

“Non-Cash Consideration Value” means, in respect of a Non-Cash Transaction, the implied price per Equity Security paid by any Person based upon the fair market value of the non-cash consideration received by the Corporation from such Person as determined in good faith by the Board.

“Non-Cash Transaction” means a transaction whereby the Corporation issues Equity Securities for non-cash consideration, including as a result of a consolidation, amalgamation, merger, arrangement, corporate reorganization or similar transaction or business reorganization resulting in a combined company.

“Non-Cash Transaction Notice” has the meaning assigned thereto in Section 3.3(a).

“Outstanding Equity Securities” means the number of the Common Shares issued or outstanding at a particular time on a non-diluted basis.

“Parties” has the meaning assigned thereto in the Recitals to this Agreement.

“Person” means and includes individuals, corporations, bodies corporate, limited or general partnerships, joint stock companies, limited liability companies, joint ventures, associations, companies, trusts, banks, trust companies, Governmental Bodies or any other type of organization or entity, whether or not a legal entity.

CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY [*], HAS BEEN OMITTED BECAUSE THE INFORMATION (I) IS NOT MATERIAL AND (II) WOULD LIKELY CAUSE COMPETITIVE HARM IF PUBLICLY DISCLOSED.**

“Prospectus” shall mean any prospectus (or a prospectus supplement that shall be deemed part of a short form base shelf prospectus filed with the Canadian Securities Administrators under Canadian Securities Laws) that qualifies the distribution of Registrable Securities pursuant to the provisions of this Agreement, including any amendments or supplement to such prospectus, and all exhibits to and all material incorporated by reference in such prospectus.

“Registrable Securities” shall mean (i) any Common Shares held by an Investor; (ii) any Common Shares issued or issuable (directly or indirectly) upon conversion and/or exercise of any other securities of the Corporation held by an Investor; (iii) any other securities of the Corporation held by an Investor, whether or not convertible or exercisable for Common Shares if such securities are registered or being registered by the Corporation under the Securities Act or qualified for distribution pursuant to a Prospectus under Canadian Securities Laws; and (iv) any Common Shares or such other securities issued as (or issuable upon the conversion or exercise of any warrant, right, or other security that is issued as) a dividend or other distribution with respect to, or in exchange for or in replacement of, the shares or other securities referenced above.

“Registration Statement” shall mean any registration statement that covers the Registrable Securities pursuant to the provisions of this Agreement, including the prospectus included in such registration statement, amendments (including post-effective amendments) and supplements to such registration statement, and all exhibits to and all material incorporated by reference in such registration statement.

“Reporting Jurisdictions” means any of the provinces and territories of Canada, as applicable.

“Securities Act” shall mean the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

“Securities Laws” means, collectively, all Applicable Laws regulating trading in, or the issuance of securities, including the rules and policies of any applicable stock exchange.

“Securities Regulatory Authorities” means, collectively, the securities regulatory authority in each of the provinces and territories of Canada.

“Security-Based Compensation Arrangements” means any option plan, share unit plan, incentive plan or other equity-based compensation arrangement of the Corporation that is approved by the Board; provided that such plans and/or arrangements authorize the issuance of, and/or reserve for issuance, in the aggregate, no greater than 15% of the issued and outstanding Common Shares at any time and from time to time, unless otherwise approved by each Investor in writing.

“Subsidiary” means, with respect to any Person, an entity which is Controlled by such Person.

“US GAAP” means generally accepted accounting principles in effect from time to time in the USA, being those accounting principles, standards and procedures issued by the Financial Accounting Standards Board, as those principles may be amended, varied or replaced, then in effect and generally accepted in the USA.

CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY [*], HAS BEEN OMITTED BECAUSE THE INFORMATION (I) IS NOT MATERIAL AND (II) WOULD LIKELY CAUSE COMPETITIVE HARM IF PUBLICLY DISCLOSED.**

Section 1.2 Interpretation

For the purposes of this Agreement, except as otherwise expressly provided:

- (a) “this Agreement” means this agreement, including the schedules hereto, and not any particular part, section or other portion hereof, and includes any agreement, document or instrument entered into, made or delivered pursuant to the terms hereof, as the same may, from time to time, be supplemented or amended and in effect;
- (b) all references in this Agreement to a designated “Article”, “Section” or “Schedule” are references to the designated article, section or schedule of or to this Agreement;
- (c) the words “hereof”, “herein”, “hereto” and “hereunder” and other words of similar import refer to this Agreement as a whole and not to any particular part, section, subsection or other subdivision or schedule unless the context or subject matter otherwise requires;
- (d) the division of this Agreement into articles, sections and other portions and the insertion of headings are for convenience of reference only and are not intended to interpret, define or limit the scope, extent or intent of this Agreement or any provision hereof;
- (e) unless otherwise provided herein, all references to currency in this Agreement are to lawful money of the United States and, for greater certainty, “US\$” means U.S. Dollars;
- (f) a reference in this Agreement to a statute includes all regulations made thereunder, all amendments to the statute or regulations in force from time to time, and any statute or regulation that supplements or supersedes such statute or regulations;
- (g) the singular of any term includes the plural, and vice versa, and words importing any gender include all genders, and the word “including” is not limiting whether or not non-limiting language (such as “without limitation” or “but not limited to” or words of similar import) is used with reference thereto; and
- (h) in the event that any date on which any action is required to be taken hereunder by any of the Parties hereto is not a Business Day, such action will be required to be taken on the next succeeding day which is a Business Day.

Section 1.3 Calculation of Investor Percentage

The Investor Percentage at any given time shall be calculated by dividing the number of the Common Shares owned beneficially by the applicable Investor and its Affiliates, collectively, by the number of Outstanding Equity Securities and multiplying the quotient by 100.

CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY [*], HAS BEEN OMITTED BECAUSE THE INFORMATION (I) IS NOT MATERIAL AND (II) WOULD LIKELY CAUSE COMPETITIVE HARM IF PUBLICLY DISCLOSED.**

Section 1.4 Control

- (a) For the purposes of this Agreement:
 - (i) a Person Controls a body corporate if securities of the body corporate to which are attached more than 50% of the votes that may be cast to elect directors of the body corporate are beneficially owned by the Person and the votes attached to those securities are sufficient, if exercised, to elect a majority of the directors of the body corporate;
 - (ii) a Person Controls an unincorporated entity, other than a limited partnership, if more than 50% of the ownership interests, however designated, into which the entity is divided are beneficially owned by that Person and the Person is able to direct the business and affairs of the entity; and
 - (iii) the general partner of a limited partnership Controls the limited partnership.
- (b) A Person who Controls an entity is deemed to Control any entity that is Controlled, or deemed to be Controlled, by the entity.
- (c) A Person is deemed to Control, within the meaning of Section 1.5(a)(i) or Section 1.5(a)(ii), an entity if the aggregate of:
 - (i) any securities of the entity that are beneficially owned by that Person; and
 - (ii) any securities of the entity that are beneficially owned by any entity Controlled by that Person;is such that, if that Person and all of the entities referred to in Section 1.5(c)(ii) that beneficially own securities of the entity were one Person, that Person would Control the entity.

ARTICLE 2– NOMINEE RIGHT

Section 2.1 Investor Nominee Right.

At any time prior to an IPO, so long as the Investor Percentage of an Investor is greater than 20.0%:

- (a) Such Investor shall be entitled to designate one individual (a “**Nominee**”) to be appointed as of the date hereof until the next meeting of Company Shareholders and, at each meeting of Company Shareholders (or on any resolution passed by being consented to in writing by the Company Shareholders) at which directors of the Corporation are to be elected following the date hereof, to be nominated as a director of the Corporation at each such meeting of Company Shareholders or consent resolution, provided that the Nominee consents in writing to serve as a director. To the extent such Investor is an individual, the Investor may nominate himself as Nominee.
-

CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY [*], HAS BEEN OMITTED BECAUSE THE INFORMATION (I) IS NOT MATERIAL AND (II) WOULD LIKELY CAUSE COMPETITIVE HARM IF PUBLICLY DISCLOSED.**

- (b) Such Nominee, at the time of election or appointment to the Board for the first time, shall be eligible under the BCBCA to serve as a director (collectively, the “**Director Eligibility Criteria**”).
- (c) The Corporation shall appoint such Nominee to the Board concurrent with the execution and delivery of this Agreement.
- (d) The Corporation shall cause such Nominee to be included in the slate of nominees proposed by the Board to its Company Shareholders for approval as directors at each meeting of the Company Shareholders, or on any resolution passed by being consented to in writing by the Company Shareholders where directors are to be elected by Company Shareholders.
- (e) The Corporation shall use all commercially reasonable efforts to cause the election of such Nominee.
- (f) Such Investor shall advise the Corporation of the identity of their Nominee at least fifteen (15) Business Days prior to the date on which the applicable Company Shareholder meeting materials are to be mailed by the Corporation (as advised by the Corporation to each Investor at least twenty (20) Business Days prior to such date) for purposes of any meeting of Company Shareholders at which directors are to be elected, or prior to the date consent resolution is to be sought from the Company Shareholders (as advised by the Corporation to such Investor at least twenty (20) Business Days prior to such date) to elect directors. If such Investor does not advise the Corporation of the identity of any Nominee prior to such deadline, then such Investor will be deemed to have nominated their incumbent Nominee.
- (g) If such Investor’s Nominee ceases to hold office as a director of the Corporation for any reason (including death, disability, resignation or removal), such Investor shall be entitled to nominate an individual (so long as such individual satisfies the Director Eligibility Criteria) to replace him or her and the Corporation shall take all commercially reasonable steps as may be necessary to promptly appoint, within two (2) Business Days of such nomination, such individual to the Board to replace the Nominee who has ceased to hold office. Any such succeeding individual shall thereafter be such Investor’s Nominee.

Section 2.2 Vote.

At any time prior to an IPO, so long as the Investor Percentage of an Investor is greater than 20.0%:

- (h) The other Investor hereby agrees that he, she or it shall vote or consent with respect to (or cause to be voted or consented) the Common Shares owned beneficially or controlled by such other Investor and shall cause his, hers or its Affiliates to vote or consent with respect to (or cause to be voted or consented) the Common Shares owned beneficially or controlled by such Affiliates in favour of the election of such Investor’s Nominee to the Board at every meeting of Company Shareholders at which the number of directors and election of the directors is to be considered, and at every reconvened meeting following an adjournment or postponement thereof, and/or on any resolution passed by being consented to in writing by the Company Shareholders where the directors are to be elected by Company Shareholders.
-

CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY [*], HAS BEEN OMITTED BECAUSE THE INFORMATION (I) IS NOT MATERIAL AND (II) WOULD LIKELY CAUSE COMPETITIVE HARM IF PUBLICLY DISCLOSED.**

- (i) The other Investor shall vote or consent with respect to (or cause to be voted or consented) the Common Shares owned beneficially or controlled by such other Investor and shall cause his, hers or its Affiliates to vote or consent with respect to (or cause to be voted or consented) the Common Shares owned beneficially or controlled by such Affiliates against any proposed action presented to the Company Shareholders that would impede, delay or interfere with election of such Investor's Nominee to the Board at every meeting of Company Shareholders where such action is considered, and at every reconvened meeting following an adjournment or postponement thereof, and/or on any resolution passed by being consented to in writing by the Company Shareholders where such action is considered.
- (j) The other Investor shall vote or consent with respect to (or cause to be voted or consented) the Common Shares owned beneficially or controlled by such other Investor and shall cause his, hers or its Affiliates to vote or consent with respect to (or cause to be voted or consented) the Common Shares owned beneficially or controlled by such Affiliates at every applicable meeting of Company Shareholders, and at every reconvened meeting following an adjournment or postponement thereof, and/or on any applicable resolution passed by being consented to in writing by the Company Shareholders, for the performance of the obligations set out in this Article 2.

ARTICLE 3—ANTI-DILUTION RIGHTS

Section 3.1 Equity Right

From and after the Effective Date, at any time prior to an IPO, each Investor shall have the right (the “**Equity Right**”), as set forth in and subject to this Article 3, to maintain their Investor Percentage in the issued and outstanding Common Shares and/or Equity Securities in the event that the Corporation issues any Equity Securities pursuant to (i) an Equity Financing or (ii) a Non-Cash Transaction.

Section 3.2 Equity Financing

Subject to Section 3.4, from and after the Effective Date, at any time prior to an IPO, in the event that the Corporation proposes to issue Equity Securities in connection with an Equity Financing:

- (a) the Corporation shall deliver a notice to each Investor in writing as soon as possible prior to completion of an Equity Financing, but in any event at least five Business Days prior to the proposed closing date of the Equity Financing (the “**Equity Financing Notice**”), such Equity Financing Notice to enclose the material terms of the Equity Financing to allow each Investor to make a reasoned decision in respect of exercising the Equity Right, including: (i) the total number of Equity Securities at such time and the Investor Percentage; (ii) the total number of Equity Securities which are proposed to be offered for sale in the Equity Financing; (iii) the rights, privileges, restrictions, terms and conditions of the Equity Securities proposed to be offered for sale; (iv) the consideration for which the Equity Securities are proposed to be offered for sale; and (v) the proposed closing date of the Equity Financing; and
-

CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY [*], HAS BEEN OMITTED BECAUSE THE INFORMATION (I) IS NOT MATERIAL AND (II) WOULD LIKELY CAUSE COMPETITIVE HARM IF PUBLICLY DISCLOSED.**

- (b) each Investor shall have the right to subscribe for and purchase up to that number of the Equity Securities that the Corporation proposes to offer pursuant to the Equity Financing such that their Investor Percentage immediately following completion of such Equity Financing (assuming, in the case of an Equity Financing that includes the issuance of Convertible Securities, the full conversion of such Convertible Securities) will equal their Investor Percentage immediately prior to the Equity Financing, for the consideration and on the same terms and conditions as offered to the other potential purchasers all as set forth in the Equity Financing Notice; provided that if the consideration and/or terms and conditions for all of the potential purchaser(s) in such Equity Financing are not identical, each Investor shall be entitled to elect to subscribe for and purchase Equity Securities for the consideration and/or terms and conditions applicable to any such potential purchaser it chooses. Notwithstanding the foregoing and for greater certainty, if the Equity Securities proposed to be offered in the Equity Financing Notice are securities convertible into or exercisable or exchangeable for Common Shares, the number of Equity Securities that each Investor shall have a right to subscribe for and purchase pursuant to the Equity Right would be equal to the total number of Equity Securities actually sold pursuant to the Equity Financing multiplied by their Investor Percentage. If an Investor elects to subscribe for such Equity Securities, such Investor shall provide written notice to the Corporation by the close of business on the fifth (5th) Business Day following the day upon which the Equity Financing Notice is delivered to the Investor and the subscription elected by the Investor pursuant to this Section 3.2(b) shall close as promptly as possible following, or concurrently with, in the Corporation's discretion, the closing of the applicable Equity Financing.

Section 3.3 Non-Cash Transactions

Subject to Section 3.4, from and after the Effective Date, at any time prior to an IPO, in the event that the Corporation proposes to issue Equity Securities in connection with a Non-Cash Transaction:

- (a) the Corporation shall deliver a notice to each Investor in writing as soon as possible prior to the completion of the Non-Cash Transaction, but in any event at least five Business Days prior to the proposed closing date of the Non-Cash Transaction (the "**Non-Cash Transaction Notice**"), which Non-Cash Transaction Notice shall specify: (i) the total number of Equity Securities at such time and the Investor Percentage; (ii) the total number of Equity Securities which are proposed to be issued in connection with the Non-Cash Transaction; (iii) the rights, privileges, restrictions, terms and conditions of the Equity Securities proposed to be issued; (iv) the consideration for which the Equity Securities are proposed to be offered for sale in the Non-Cash Transaction and the Non-Cash Consideration Value with respect to such Equity Securities; and (v) the proposed closing date of the Non-Cash Transaction; and
-

CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY [*], HAS BEEN OMITTED BECAUSE THE INFORMATION (I) IS NOT MATERIAL AND (II) WOULD LIKELY CAUSE COMPETITIVE HARM IF PUBLICLY DISCLOSED.**

- (b) each Investor shall have the right to subscribe for and purchase, for cash, up to that number of the Equity Securities that the Corporation proposes to offer for sale as described in the Non-Cash Transaction Notice such that the Investor Percentage immediately following completion of such Non-Cash Transaction (assuming, in the case of a Non-Cash Transaction that includes the issuance of Convertible Securities, the full conversion of such Convertible Securities) will equal the applicable Investor Percentage immediately prior to the completion of such Non-Cash Transaction. The issue price of any Equity Securities issued to an Investor pursuant to this Section 3.3 shall be equal to the Non-Cash Consideration Value from the applicable Non-Cash Transaction; provided that if such Non-Cash Transaction implies more than one Non-Cash Consideration Value paid by the applicable Persons in such Non-Cash Transaction, the issue price of any such Equity Securities issued to such Investor shall be equal to the lowest such Non-Cash Consideration Value paid by any such Person. Notwithstanding the foregoing and for greater certainty, if the Equity Securities proposed to be offered in the Non-Cash Transaction are securities convertible into or exercisable or exchangeable for Common Shares, the number of Equity Securities that an Investor shall have a right to subscribe for and purchase pursuant to the Equity Right would be equal to the total number of Equity Securities actually sold pursuant to the Non-Cash Transaction multiplied by the applicable Investor Percentage. If an Investor elects to subscribe for such Equity Securities, such Investor shall provide written notice to the Corporation by the close of business on the tenth (10th) Business Day following the day upon which the Non-Cash Transaction Notice is delivered to the Investor and the subscription elected by the Investor pursuant to this Section 3.3(b) shall close as promptly as possible following, or concurrently with, in the Corporation's discretion, the closing of the applicable Non-Cash Transaction.

Section 3.4 Excluded Issuances.

Notwithstanding anything to the contrary contained herein, Section 3.2 and Section 3.3 and the Equity Right will not apply to any sale or issuance of the following Equity Securities, and such sale or issuance shall not be considered an Equity Financing or Non-Cash Transaction, pursuant to this Agreement:

- (k) any issuance of Equity Securities pursuant to the Security-Based Compensation Arrangements of the Corporation, including an issuance of Common Shares on the exercise of any such Equity Securities;
- (l) any issuance of Equity Securities arising in connection with any rights offering, stock split, stock dividend or recapitalization by the Corporation in which all Company Shareholders or recipients are affected equally; or
- (m) any issuance of Common Shares on the exercise, exchange or conversion of Convertible Securities if the original issuance of the Convertible Securities was subject to this Article 3.

(collectively, "**Excluded Issuances**").

CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY [*], HAS BEEN OMITTED BECAUSE THE INFORMATION (I) IS NOT MATERIAL AND (II) WOULD LIKELY CAUSE COMPETITIVE HARM IF PUBLICLY DISCLOSED.**

ARTICLE 4– REGISTRATION RIGHTS

Section 4.1 Demand Registration.

Each Investor may make a written demand to the Corporation for registration of all or part of its Registrable Securities, which written demand shall describe the amount and type of securities to be included in such registration and the intended method(s) of distribution thereof (such written demand a “**Demand Registration**”); provided, however, that an Investor may not request a Demand Registration unless the class of securities of the Corporation subject to the Demand Registration are registered pursuant to Section 12(b) of the Exchange Act. Upon receipt by the Corporation of such written request for a Demand Registration from an Investor, the Investor shall be entitled to have its Registrable Securities included in a registration at the cost and expense of the Corporation and the Corporation shall effect, as soon thereafter as is commercially reasonable, the registration of all Registrable Securities requested by such Investor pursuant to such request for a Demand Registration, including by filing a Registration Statement on an appropriate form under the Securities Act relating thereto as soon as practicable, but not more than forty-five (45) days immediately after the Corporation’s receipt of the request for a Demand Registration. Under no circumstances shall the Corporation be obligated to effect more than an aggregate of two (2) Demand Registrations with respect to any or all of an Investor’s Registrable Securities, and never more than one (1) Demand Registration in a twelve (12) month period; provided, however, that a registration pursuant to a request for a Demand Registration shall not be counted for such purposes unless a Registration Statement with respect to such request for a Demand Registration has become effective and all of the Registrable Securities requested by such Investor to be registered have been sold. Notwithstanding anything else in this Section 4.1 regarding fees and expenses the Investor shall be responsible for all of its out of pocket expenses including without limitation the fees and expenses of its legal counsel and other professional advisors in all circumstances.

Section 4.2 Piggyback Registrations.

If the Corporation proposes to file a Registration Statement under the Securities Act and/or file a Prospectus with any of the Canadian Securities Administrators, as applicable, with respect to an offering of equity securities, or securities or other obligations exercisable or exchangeable for, or convertible into equity securities, for its own account or for the account of shareholders of the Corporation, including with respect to an initial public offering (other than a Registration Statement (i) filed in connection with any employee share option or other benefit plan, or (ii) for a dividend reinvestment plan or a Registration Statement or Prospectus for a rights offering or an exchange offer or offering of securities solely to the Corporation’s then existing shareholders), then the Corporation shall give written notice of such proposed filing to each Investor as soon as practicable but not less than ten (10) days before the anticipated filing date of such Registration Statement and/or Prospectus, which notice shall (A) describe the amount and type of securities to be included in such offering, the intended method(s) of distribution, including pricing, and the name of the proposed managing underwriter or underwriters, if any, in such offering, and (B) offer to each Investor the opportunity to register the sale or qualify the distribution, as applicable, of such number of Registrable Securities as such Investor may request in writing within five (5) days after receipt of such written notice (such registration a “**Piggyback Registration**”). The Corporation shall, in good faith, cause such Registrable Securities to be included in such Piggyback Registration and/or cause to be qualified in the proposed distribution or sale pursuant to a Prospectus, as applicable, at its cost and expense and shall use its commercially reasonable efforts to cause the managing underwriter or underwriters of a proposed underwritten offering to permit the Registrable Securities requested by each Investor pursuant to this Section 4.2 to be included in a Piggyback Registration and/or Prospectus, as applicable, on the same terms and conditions as any similar securities of the Corporation included in such registration or Prospectus, as applicable, and to permit the sale or other disposition of such Registrable Securities in accordance with the intended method(s) of distribution thereof. For purposes of clarity, any registration effected pursuant to this Section 4.2 shall not be counted as a registration pursuant to a Demand Registration effected under Section 4.1 hereof.

CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY [*], HAS BEEN OMITTED BECAUSE THE INFORMATION (I) IS NOT MATERIAL AND (II) WOULD LIKELY CAUSE COMPETITIVE HARM IF PUBLICLY DISCLOSED.**

Notwithstanding Section 4.2, in connection with a Piggyback Registration, the managing underwriter or underwriters may impose a limitation on the number of Registrable Securities or on the number or kind of other securities which may be included in any such distribution because, in its or their reasonable judgment all of the Registrable Securities that the Corporation proposes to include in such distribution may not be sold in an orderly manner within a price range reasonably acceptable to the Corporation or marketing factors require the limitation of the number of securities which may be included in such distribution. The Corporation shall be required to include in such distribution the part of the Registrable Securities which is determined by such managing underwriters according to the following priority: (a) first, the securities offered by the Corporation on its own behalf; (b) second, if there are additional securities which may be underwritten within a price range reasonably acceptable to the Corporation, considering marketing factors, without leading to undue repercussions on the distribution of the securities offered after taking into account the inclusion of all the securities required under paragraph (a) above, the Registrable Securities which each Investor have required to be included, pro rata among Investors based on the number of Registrable Securities which each Investor owns or over which its exercises control.

Section 4.3 Corporation Indemnification.

The Corporation shall indemnify, defend and hold harmless each Investor, the officers, directors, trustees, agents, partners, members, managers, stockholders, affiliates, employees and investment advisers of each of them, each person who controls such Investor (within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act) and the officers, directors, trustees, agents, partners, members, managers, stockholders, affiliates, employees and investment advisers of each such controlling person, to the fullest extent permitted by applicable law, from and against any and all losses, claims, damages, liabilities, costs (including, without limitation, reasonable out-of-pocket costs of preparation and investigation and reasonable attorneys' fees) and expenses (collectively, "**Losses**"), as incurred, that arise out of or are based upon any untrue or alleged untrue statement of a material fact contained in the Registration Statement, any prospectus included in the Registration Statement or any form of prospectus or in any amendment or supplement thereto or in any preliminary prospectus, or arising out of or relating to any omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein (in the case of any prospectus or form of prospectus or supplement thereto, in light of the circumstances under which they were made) not misleading, except insofar as the same are caused by or contained in any information furnished in writing to the Corporation by such Investor expressly for use therein.

Section 4.4 Investor Indemnification.

Each Investor shall, severally and not jointly, indemnify and hold harmless the Corporation, its directors, officers, agents and employees, each person who controls the Corporation (within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act), and the directors, officers, agents or employees of such controlling persons, to the fullest extent permitted by applicable law, from and against all Losses, as incurred, arising out of or are based upon any untrue or alleged untrue statement of a material fact contained in any Registration Statement, any prospectus included in the Registration Statement, or any form of prospectus, or in any amendment or supplement thereto or in any preliminary prospectus, or arising out of or relating to any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein (in the case of any prospectus, or any form of prospectus or supplement thereto, in light of the circumstances under which they were made) not misleading to the extent, but only to the extent, that such untrue statements or omissions are based solely upon information regarding such Investor furnished in writing to the Corporation by such Investor expressly for use therein. In no event shall the liability of an Investor be greater in amount than the dollar amount of the net proceeds received by such Investor upon the sale of the Registrable Securities giving rise to such indemnification obligation. Notwithstanding the foregoing, such Investor's indemnification obligations shall not apply to amounts paid in settlement of any Losses or action if such settlement is effected without the prior written consent of the Investor (which consent shall not be unreasonably withheld, conditioned or delayed).

CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY [*], HAS BEEN OMITTED BECAUSE THE INFORMATION (I) IS NOT MATERIAL AND (II) WOULD LIKELY CAUSE COMPETITIVE HARM IF PUBLICLY DISCLOSED.**

Section 4.5 Limitations

The Corporation shall have the right to defer effecting a Demand Registration pursuant to Section 4.1 (a “**Registration**”) in the event the Corporation reasonably determines in good faith that either (a) the effect of the filing of a Prospectus or Registration Statement would impede the ability of the Corporation to consummate a significant transaction (including, without limitation, a financing, an acquisition, a restructuring or a merger); (b) there exists at the time material non-public information relating to the Corporation the disclosure of which would be detrimental to the Corporation or the qualification or sale of the Registrable Securities would require premature disclosure of material non-public information, or information which might reasonably be regarded as material non-public information that the Corporation has a bona fide business purpose for preserving as confidential or (c) if applicable, require the Corporation to prepare and file new technical reports under NI 43-101 – Standards of Disclosure for Mineral Projects of the Canadian Securities Administrators; provided, however, that the Corporation may not invoke this right for a period of more than one hundred twenty (120) days after the request of an Investor more than once in any twelve month period; and provided further that the Corporation shall not register any securities for its own account or that of any other shareholder during such period. The Corporation shall not be obligated to effect a Registration in respect of a number of Shares that is less than 5% of the issued and outstanding Common Shares. Notwithstanding anything else in this Article 4 regarding fees and expenses, any and all underwriting discounts and commissions attributable to the securities being sold in any qualification pursuant to Article 4 shall be for the account of, and be paid by, the party that is selling the applicable securities.

ARTICLE 5–FINANCIAL STATEMENTS

Section 5.1 Delivery of Financial Statements.

The Corporation shall deliver to each Investor, so long as such Investor’s Investor Percentage is greater than 20.00%:

- (n) as soon as practicable, but in any event within 45 days after the end of each fiscal year of the Corporation, the following draft financial information as provided to the Corporation’s auditor: a balance sheet as of the end of such year, statements of income and of cash flows for such year, and a statement of shareholders' equity as of the end of such year, all including applicable comparative years and prepared in accordance with GAAP, the Corporation will appoint independent auditors of recognized standing approved by the Board, which approval must include the Nominee;
-

CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY [*], HAS BEEN OMITTED BECAUSE THE INFORMATION (I) IS NOT MATERIAL AND (II) WOULD LIKELY CAUSE COMPETITIVE HARM IF PUBLICLY DISCLOSED.**

- (o) as soon as practicable, but in any event within 90 days after the end of each fiscal year of the Corporation, a balance sheet as of the end of such year, statements of income and of cash flows for such year, and a statement of shareholders' equity as of the end of such year, all including applicable comparative years and prepared in accordance with GAAP, and including a full set of notes to the financial statements as required under GAAP, all such financial statements audited and accompanied by a report of independent auditors of recognized standing approved by the Board, which approval must include the Nominee;
- (p) as soon as practicable, but in any event within 30 days after the end of each quarter of each fiscal year of the Corporation, unaudited statements of income and cash flows for such fiscal quarter, and an unaudited balance sheet and a statement of shareholders' equity as of the end of such fiscal quarter, all including applicable comparative quarters and prepared in accordance with GAAP; and
- (q) such other information relating to any such financial statements of the Corporation as an Investor may from time to time reasonably request, including providing sufficient information to TMC in order for TMC to be able to prepare a reconciliation to US GAAP of the financial information and statements of the Corporation delivered hereby.

ARTICLE 6- GENERAL

Section 6.1 Termination

Unless earlier terminated by mutual written agreement of the Parties, this Agreement shall terminate on the earlier of:

- (r) in respect of each Investor, the date on which such Investor's Investor Percentage is less than 10.00%, except for Section 6.2 and Article 4 of this Agreement which shall remain operative and in full force and effect regardless of such termination;
- (s) the date on which the Corporation is dissolved, liquidated or formally wound-up; or
- (t) the date on which the Corporation completes a Qualified Sale (as defined in Section 26.1 of the Articles of the Corporation).

Section 6.2 Confidentiality and Announcements

- (u) Each of the Investors and the Corporation will keep all Confidential Information of each other Party confidential and will not disclose any Confidential Information to any Person or use any Confidential Information except as permitted by the owner of such Confidential Information and unless such Confidential Information (a) is known or becomes known to the public in general (other than as a result of a breach of this Section), (b) with respect to a Party, is or has been independently developed or conceived by such Party without use of any other Party's Confidential Information, or (c) with respect to a Party, is or has been made known or disclosed to such Party by a third party without a breach of any obligation of confidentiality such third party may have to any other Party; provided, however, that a Party may disclose Confidential Information (i) to its attorneys, accountants, consultants, and other professionals to the extent reasonably necessary to obtain their services in connection with monitoring its investment in the Corporation; (ii) to any Affiliate, partner, member, shareholder, or wholly owned subsidiary of such Party in the ordinary course of business, provided that such Party informs such Person that such information is confidential and directs such Person to maintain the confidentiality of such information; or (iii) as may otherwise be required by Applicable Law, including, without limitation, applicable securities laws, including any rules or policies of any applicable stock exchange, court order or subpoena, provided that such Party promptly notifies the owner of the Confidential Information of such disclosure and takes reasonable steps to minimize the extent of any such required disclosure. This covenant will survive termination of this Agreement and will continue to apply to the Parties after he or she otherwise ceases to be bound by this Agreement. "**Confidential Information**" means all information relating to the business, operations, assets, liabilities, plans, prospects and other affairs of the Investors and the Corporation, in whatever form, and includes this Agreement and the existence thereof.
-

CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY [*], HAS BEEN OMITTED BECAUSE THE INFORMATION (I) IS NOT MATERIAL AND (II) WOULD LIKELY CAUSE COMPETITIVE HARM IF PUBLICLY DISCLOSED.**

- (v) Subject to the following, each of the Parties hereby expressly consents to the disclosure, to the extent required under Applicable Law, of the existence and terms of this Agreement, the TMC Subscription Agreement, the Royalty Agreement and the contribution agreement between NORI and the Corporation dated the date hereof (collectively, the “**Transaction Agreements**”) in any press release, or other public disclosure document prepared by TMC or any of its affiliates in connection with the transactions contemplated by this Agreement, and acknowledges that a copy of the Transaction Agreements shall be filed with the United States Securities Exchange Commission and will be available on the EDGAR system on or following the date hereof. A Party intending to make disclosure pursuant to this provision will provide the other Parties with a reasonable opportunity, in the circumstances, to review a draft of the press release, other public disclosure document or copy of the Transaction Agreement to be filed and to provide comments thereon.
- (w) Neither the Corporation nor BPB shall issue any press release or otherwise make public announcements with respect to the Corporation, if such press release or announcement would directly or indirectly include material non-public information of the Investor or its Affiliates, and/or any non-public information that is likely to result in material non-public information of TMC or its Affiliates being disclosed without the consent of TMC (which consent shall not be unreasonably withheld, delayed or conditioned).

Section 6.3 Governing Law

This Agreement shall be governed by and interpreted and enforced in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein without regard for any conflict of laws or choice of laws principles that would permit or require the application of the laws of any other jurisdiction. Each Party irrevocably attorns and submits to the exclusive jurisdiction of the British Columbia courts situated in the City of Vancouver (and appellate courts therefrom) and waives objection to the venue of any proceeding in such court or that such court provides an inappropriate forum

CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY [*], HAS BEEN OMITTED BECAUSE THE INFORMATION (I) IS NOT MATERIAL AND (II) WOULD LIKELY CAUSE COMPETITIVE HARM IF PUBLICLY DISCLOSED.**

Section 6.4 Notices

Any notice, direction or other communication given pursuant to this Agreement (each a “**Notice**”) must be in writing, sent by personal delivery, courier, facsimile or email and addressed:

- (a) if to the Corporation:

2600- 595 Burrard Street
Vancouver, BC
V7X 1L3
Canada

Attention: Chief Financial Officer, Low Carbon Royalties Inc.
Email: legal@lowcarbonroyalties.com

- (b) if to TMC:

595 Howe St.
Vancouver, BC
V6C 2T5
Canada

Attention: Craig Shesky and Ryan Coombes
Email: craig@metals.co and ryan.coombes@metals.co

- (c) if to BPB:

c/o Low Carbon Royalties Inc.
2600- 595 Burrard Street
Vancouver, BC
V7X 1L3
Canada

Attention: Chief Financial Officer, Low Carbon Royalties Inc.
Email: legal@lowcarbonroyalties.com

Any Notice, if personally delivered, shall be deemed to have been validly and effectively given and received on the date of such delivery, if delivered before 5:00 p.m. on a Business Day in the place of delivery, or the next Business Day in the place of delivery, if not delivered on a Business Day or if sent after 5:00 p.m., and if sent by telecopier or other electronic communication with confirmation of transmission, shall be deemed to have been validly and effectively been given and received on the Business Day in the place of delivery next following the day it was transmitted. Any Party may at any time change its address for service from time to time by giving notice to the other Parties in accordance with this Section 6.4.

Section 6.5 Assignment and Agreement to be Bound

- (a) Other than as set out in this Agreement, the Parties agree that no Party may assign or transfer this Agreement or any of the rights or obligations under it without the prior written consent of the other Parties. Notwithstanding the foregoing, each of the Investors shall be entitled to assign all or any portion of its rights under this Agreement without the consent of the other Parties to an Affiliate who agrees to be bound by all of the covenants of such Investor contained herein and comply with the provisions of this Agreement.
-

CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY [*], HAS BEEN OMITTED BECAUSE THE INFORMATION (I) IS NOT MATERIAL AND (II) WOULD LIKELY CAUSE COMPETITIVE HARM IF PUBLICLY DISCLOSED.**

- (b) At any time prior to an IPO, each of the Investors agrees that he, she or it will not transfer any his, her of its Common Shares unless the applicable transferee of such Common Shares enters into a written agreement with the Corporation and the other Investor to be bound by the provisions of this Agreement to the same extent as such Investor is bound and the Corporation.

Section 6.6 Entire Agreement

The Parties agree that this Agreement contains, for good and valuable consideration, the entire agreement of the Corporation and the Investors relating to the subject matter hereof and there are no representations, covenants or other agreements relating to the subject matter hereof except as stated or referred to herein. This Agreement may not be amended or modified in any respect except by written instrument executed by each of the Parties.

Section 6.7 Enurement

The Parties agree that this Agreement is binding upon and enures to the benefit of the Investors and the Corporation and their respective successors and assigns.

Section 6.8 Equitable Remedies

The Parties agree that irreparable damage would occur if any provisions of this Agreement were not performed in accordance with the terms hereof and that the Parties shall be entitled to an injunction or injunctions to prevent breaches of this Agreement or to specifically enforce the performance of the terms and provisions hereof, in addition to any other remedy to which they are entitled at law or in equity. Each of the Parties (i) agrees that it shall not oppose the granting of any such relief and (ii) hereby irrevocably waives any requirement for the securing or posting of any bond in connection with any such relief.

Section 6.9 Severability

The Parties agree that if any provision of this Agreement is determined by a court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, such determination shall not impair or affect the validity, legality or enforceability of the remaining provisions hereof, and each provision is hereby declared to be separate, severable and distinct.

Section 6.10 Further Assurances

Each of the Parties upon the request of the other, shall do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered all such further acts, deeds, documents, assignments, transfers, conveyances, powers of attorney and assurances as may reasonably be necessary or desirable to complete the transactions contemplated herein.

Section 6.11 Time of Essence

The Parties agree that time is of the essence in this Agreement.

Section 6.12 Counterparts

The Parties agree that this Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument. Counterparts may be executed either in original or electronic form and the Parties may rely on delivery by electronic delivery of an executed copy of this Agreement.

[Signature Page Follows]

CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY [*], HAS BEEN OMITTED BECAUSE THE INFORMATION (I) IS NOT MATERIAL AND (II) WOULD LIKELY CAUSE COMPETITIVE HARM IF PUBLICLY DISCLOSED.**

IN WITNESS WHEREOF, the Parties have executed this Investor Rights and Governance Agreement as of the day and year first written above.

LOW CARBON ROYALTIES INC.

By: /s/ Brian O'Neill
 Authorized Signatory

TMC THE METALS COMPANY INC.

By: /s/ Gerard Barron
 Authorized Signatory

/s/ Brian Paes-Braga
BRIAN PAES-BRAGA
