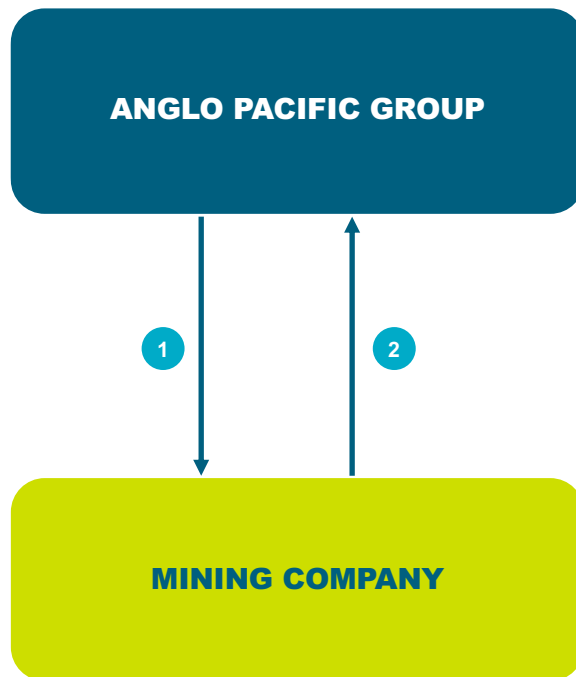


OVERVIEW OF A ROYALTY

A ROYALTY IS AN AGREEMENT WHICH PROVIDES, IN EXCHANGE FOR AN UPFRONT PAYMENT MADE TO THE MINING COMPANY, THE RIGHT TO RECEIVE A PROPORTION OF THE REVENUE FROM A MINING OPERATION ONCE IN PRODUCTION WITHOUT THE CAPEX OR OPEX RISK

ILLUSTRATIVE TRANSACTION SUMMARY



DESCRIPTION

1 UPFRONT PAYMENT

- » APG makes upfront payment
- » Major factors impacting size of upfront payment:
 - Expected size of revenue subject to royalty
 - Percent of revenue
 - Years of operation

2 PERIODIC ROYALTY PAYMENTS

- » Period payment calculated as:
 - Revenue generated, less any deductions, multiplied by royalty percentage