

SHARE PURCHASE AGREEMENT

THIS SHARE PURCHASE AGREEMENT is made effective the 8th day of November, 2017 (the “Effective Date”)

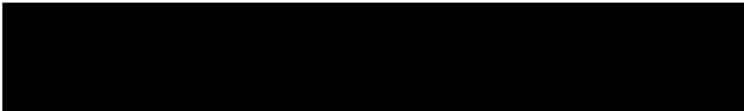
AMONG:

QUANTUM COBALT CORP.,
a company existing under the laws of British Columbia
(the “Purchaser”)

- and -

1142674 BC Ltd.
a corporation existing under the laws of British Columbia
(the “Target”)

- and -


(the “Shareholder”)

WHEREAS on the terms and subject to the conditions herein set forth, the Purchaser desires to purchase from the Shareholder and the Shareholder wishes to sell to the Purchaser one common share in the capital of the Target (the “Target Purchased Shares”), representing 100% of the issued and outstanding shares of Target, in exchange for the issuance of 5,000,000 common shares in the capital of the Purchaser as well as a payment of an aggregate amount of \$1,000,000 as set out in “Schedule A”.

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the premises and the respective covenants and agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I INTERPRETATION

1.01 Definitions

In this Agreement, unless otherwise defined, capitalized words and terms shall have the following meanings:

- (a) “**Agreement**” means this share purchase agreement as the same may be supplemented or amended from time to time;
- (b) “**Alternative Transaction**” means any of the following (other than the transactions contemplated by this Agreement): (a) any merger, amalgamation, arrangement, share exchange, take-over bid, tender offer, recapitalization, consolidation or other business combination directly or indirectly involving Target, (b) any acquisition of all or substantially all of the assets of Target (or any lease, exchange, mortgage, pledge or other arrangement having a similar economic effect), (c) any acquisition of beneficial

ownership of 20% or more of Target's common shares in a single transaction or a series of related transactions, (d) any acquisition by Target of any assets or capital stock of another person (other than acquisitions of capital stock or assets of any other person that are not, individually or in the aggregate, material to Target, (e) any analogous or similar transactions whereby Target becomes directly or indirectly publicly listed on any stock exchange or stock quotation system, or (f) any bona fide proposal to, or public announcement of an intention to, do any of the foregoing on or before the Termination Date;

- (c) **"Books and Records"** means all technical, business and financial records, financial books and records of account, books, data, reports, files, lists, drawings, plans, logs, briefs, customer and supplier lists, deeds, certificates, contracts, surveys, title opinions or any other documentation and information in any form whatsoever (including written, printed, electronic or computer printout form) relating to a corporation and its business;
- (d) **"Quantum Shares"** has the meaning set forth in the Section 2.02;
- (e) **"Business Day"** means a day which is not a Saturday, Sunday or a statutory holiday in the Province of British Columbia;
- (f) **"Cash Consideration"** has the meaning set forth in Section 2.02;
- (g) **"Closing"** means the completion of the Transaction in accordance with the terms and conditions of this Agreement;
- (h) **"Closing Date"** means the date of Closing, which shall be the fifth Business Day following the satisfaction or waiver of all conditions to the obligations of the parties to consummate the Transaction (other than conditions that are satisfied with respect to actions the respective parties will take at the Closing itself), or such other date as the parties may mutually determine;
- (i) **"Common Shares"** means common shares in the capital of the Purchaser;
- (j) **"Contracts"** means all written or oral outstanding contracts and agreements, leases (including any real property leases), third-party licenses, insurance policies, deeds, indentures, instruments, entitlements, commitments, undertakings and orders made by or to which a party is bound or under which a party has, or will have, any rights or obligations and includes rights to use, franchises, license and sub-licenses agreements and agreements for the purchase and sale of assets or shares;
- (k) **"Corporate Records"** means the corporate records of a corporation, including (i) its articles, by-laws or other constituting documents, any unanimous shareholders agreement and any amendments thereto; (ii) all minutes of meetings and resolutions of shareholders, directors and any committee thereof; (iii) the share certificate books, register of shareholders, register of transfers and registers of directors and officers; and (iv) all accounting records;
- (l) **"Governmental Authority"** means any (a) multinational, federal, provincial, territorial, state, regional, municipal, local or other government, governmental or public department, court, tribunal, commission, board or agency, domestic or foreign, or (b) regulatory authority, including any gaming commission, securities commission or stock exchange, including the CSE;

- (m) **"IFRS"** means the International Financial Reporting Standards approved by the International Accounting Standards Board, or any successor thereto, applicable as at the date on which a calculation is made or required to be made;
- (n) **"laws"** means all statutes, codes, ordinances, decrees, rules, regulations, municipal by-laws, judicial or arbitral or administrative or ministerial or departmental or regulatory judgments, orders, decisions, rulings or awards, or any provisions of the foregoing, including general principles of common and civil law and equity, binding on or affecting the person referred to in the context in which such word is used; and **"law"** means any one of them;
- (o) **"Material Adverse Effect"** means (i) any change, effect, fact, circumstance or event which, individually or when taken together with any other changes, effects, facts, circumstances or events, could reasonably be expected to be materially adverse to the assets, liabilities, condition (financial or otherwise), business, properties or results of operation of the Purchaser or Target, as applicable, or (ii) a material impairment of or delay in the ability of the parties (or any one of them) to perform their obligations hereunder or consummate the Transaction;
- (p) **"Material Contract"** means any Contract to which a person is a party and which is material to such person, including any Contract: (i) the termination of which would have a Material Adverse Effect on such person; (ii) any contract which would result in payments to or from such person or its subsidiaries (if any) in excess of \$25,000, whether payable in one payment or in successive payments; (iii) any agreement or commitment relating to the borrowing of money or to capital expenditures; and (iv) any agreement or commitment not entered into in the ordinary course of business;
- (q) **"material fact"** shall have the meaning ascribed to it in the *Securities Act* (British Columbia);
- (r) **"Mineral Claims"** means the claims evidenced by the Ontario Ministry of Northern Development and Mines as claim numbers L4280016, L4280017, L4280018, L4280019, and L4280038 in the South Lorraine (G-3448) Township/Area;
- (s) **"misrepresentation"** shall have the meaning ascribed to it in the *Securities Act* (British Columbia);
- (t) **"person"** includes an individual, sole proprietorship, partnership, limited partnership, unincorporated association or organization, unincorporated syndicate, body corporate, trust, trustee, executor, administrator, legal representative of the Crown or any agency or instrumentality thereof;
- (u) **"Public Record"** means the information relating to the Purchaser contained in all press releases, material change reports, financial statements and related management's discussion and analysis, information circulars and all other documents of the Purchaser which have been filed on the System for Electronic Document Analysis and Retrieval (SEDAR);
- (v) **"Purchaser Financial Statements"** has the meaning set forth in Section 5.01(i);
- (w) **"Purchase Price"** has the meaning set forth in Section 2.02;

- (x) “**Shareholder**” means Anthony Jackson, the sole shareholder of the Target;
- (y) “**CSE**” means the Canadian Securities Exchange;
- (z) “**Target Assets**” means the assets of Target, and specifically includes the Mineral Claims;
- (aa) “**Target Purchased Shares**” has the meaning set forth in the recitals to this Agreement;
- (bb) “**Termination Date**” means December 31, 2017, or such later date as may be agreed in writing between the Purchaser and Target, provided that if the only outstanding condition to Closing is CSE or other regulatory approval (or conditions that are to be satisfied with respect to actions the respective parties will take at the Closing itself), then either the Purchaser or Target shall have the right to extend the Termination Date up to 60 days;
- (cc) “**Time of Closing**” means 9:00 a.m. (Vancouver time) on the Closing Date, or such other time as the parties may mutually determine;
- (dd) “**Transaction**” means the purchase and sale of the Target Purchased Shares in accordance with the terms of this Agreement.

1.02 Currency

All sums of money which are referred to in this Agreement are expressed in lawful money of Canada (\$) unless otherwise specified.

1.03 Interpretation Not Affected by Headings, etc.

The division of this Agreement into articles, sections and other portions and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. Unless otherwise indicated, any reference in this Agreement to an Article, Section or a Schedule or Exhibit refers to the specified Article or Section of, or Schedule or Exhibit to this Agreement.

1.04 Number, etc.

Unless the subject matter or context requires the contrary, words importing the singular number only shall include the plural and vice versa; words importing the use of any gender shall include all genders and words importing persons shall include natural persons, firms, trusts, partnerships and corporations.

1.05 Date for Any Action

In the event that any date on which any action is required or permitted to be taken hereunder by any person is not a Business Day, such action shall be required to be taken on the next succeeding day which is a Business Day.

1.06 Statutory References

Any reference in this Agreement to a statute includes all regulations and rules made thereunder, all amendments to such statute in force from time to time and any statute, regulation or rule that supplements or supersedes such statute, regulation or rule.

1.07 Knowledge

- (a) Any reference herein to “the knowledge of the Purchaser” (or similar expressions) will be deemed to mean the actual knowledge of any of the executive officers of the Purchaser, together with the knowledge such persons would have had if they had conducted a diligent inquiry into the relevant subject matter.
- (b) Any reference herein to “the knowledge of Target”, or “the knowledge of Shareholder”, (or similar expressions) will be deemed to mean the actual knowledge of such specific Shareholder or any of the executive officers of Target, together with the knowledge such persons would have had if they had conducted a diligent inquiry into the relevant subject matter.

ARTICLE II PURCHASE AND SALE OF TARGET PURCHASED SHARES

2.01 Purchase and Sale

Subject to the terms and conditions hereof, the Shareholders covenant and agree to sell, assign and transfer to the Purchaser and the Purchaser covenants and agrees to purchase from Shareholder the Target Purchased Shares.

2.02 Purchase Price for the Target Purchased Shares

In consideration for the Target Purchased Shares, the Purchaser shall issue to the Shareholder from treasury at the Time of Closing 5,000,000 common shares in the capital of the Purchaser (“Quantum Shares”) and pay him \$1,000,000 in cash (the “Cash Consideration”). The Quantum Shares and Cash Consideration are hereinafter called the “Purchase Price”.

ARTICLE III CONDITIONS OF CLOSING

3.01 Conditions of Closing in Favour of the Purchaser

The obligations of the Purchaser to complete the Transaction are subject to the fulfillment of the following conditions on or before the Time of Closing:

- (a) the Shareholder and Target shall have tendered all closing deliveries set forth in Sections 4.03 including delivery of the Target Purchased Shares, duly endorsed in blank for transfer or accompanied by duly executed stock transfer powers;
- (b) all consents, waivers, permits, orders and approvals of all Governmental Authorities, the CSE, or other persons necessary to permit the completion of the Transaction shall have been obtained;
- (c) Target shall have no outstanding long term liabilities, shareholder loans or other third party loans at the Time of Closing;
- (d) Target shall be registered as the sole legal and beneficial holder of the Mineral Claims in any such registry maintained by the Ontario Ministry of Northern Development and

Mines, and there shall be no other person or entity with any interest in the Mineral Claims;

- (e) neither of the Target or the Shareholder shall have violated the exclusivity granted to the Purchaser under Article VIII;
- (f) the representations and warranties of Target and the Shareholder set forth in this Agreement shall have been true and correct as of the date hereof and shall be true and correct at the Time of Closing in all respects (in the case of any representation or warranty containing any materiality or Material Adverse Effect qualifier) or in all material respects (in the case of any representation or warranty without any materiality or Material Adverse Effect qualifier), except as affected by the transactions contemplated by this Agreement, and a certificate of a senior officer of Target to this effect shall have been delivered to the Purchaser;
- (g) all of the terms, covenants and conditions of this Agreement to be complied with or performed by Target or the Shareholders at or before the Time of Closing will have been complied with or performed and a certificate of a senior officer of Target to this effect shall have been delivered to the Purchaser;
- (h) there shall not have been after the date of this Agreement any Material Adverse Effect with respect to Target or the Target Assets;
- (i) Target shall not have any outstanding options, warrants or other securities convertible into shares of Target;
- (j) there shall be no action taken under any applicable law by any court or Governmental Authority that makes it illegal or restrains, enjoins or prohibits the Transaction, results in a judgment or assessment of damages relating to the Transaction that is materially adverse to the Purchaser or the Target or that could reasonably be expected to impose any condition or restriction upon the Purchaser or the Target which, after giving effect to the Transaction, would so materially and adversely impact the economic or business benefits of the Transaction as to render inadvisable the consummation of the Transaction;
- (k) there shall be no legislation (whether by statute, regulation, order-in-council, notice of ways and means motion, by-law or otherwise) enacted, introduced or tabled which, in the opinion of the Purchaser, acting reasonably, adversely affects or may adversely affect the Transaction; and
- (l) completion of the Transaction shall have occurred on or before the Termination Date.

The foregoing conditions precedent are for the benefit of the Purchaser and may be waived by the Purchaser, in whole or in part, without prejudice to the Purchaser's right to rely on any other condition in favour of the Purchaser.

3.02 Conditions of Closing in Favour of Target and the Shareholder

The obligations of Target and the Shareholder to complete the Transaction are subject to the fulfillment of the following conditions on or before the Time of Closing:

- (a) the Purchaser shall have tendered all closing deliveries set forth in Section 4.02;

- (b) the Transaction shall have been approved by the CSE, if such approval is deemed necessary by the CSE;
- (c) all consents, waivers, permits, orders and approvals of all Governmental Authorities, the CSE, or other persons necessary to permit the completion of the Transaction shall have been obtained;
- (d) the representations and warranties of the Purchaser set forth in this Agreement shall have been true and correct as of the date hereof and shall be true and correct at the Time of Closing in all respects (in the case of any representation or warranty containing any materiality or Material Adverse Effect qualifier) or in all material respects (in the case of any representation or warranty without any materiality or Material Adverse Effect qualifier), except as affected by the transactions contemplated by this Agreement, and a certificate of a senior officer of the Purchaser to this effect shall have been delivered to the Shareholder and Target;
- (e) all of the terms, covenants and conditions of this Agreement to be complied with or performed by the Purchaser at or before the Time of Closing will have been complied with or performed and a certificate of a senior officer of the Purchaser to this effect shall have been delivered to the Shareholder and Target;
- (f) there shall not have been after the date of this Agreement any Material Adverse Effect with respect to the Purchaser;
- (g) there shall be no action taken under any applicable law by any court or Governmental Authority that makes it illegal or restrains, enjoins or prohibits the Transaction, results in a judgment or assessment of damages relating to the Transaction that is materially adverse to the Purchaser or the Target or that could reasonably be expected to impose any condition or restriction upon the Purchaser or the Target which, after giving effect to the Transaction, would so materially and adversely impact the economic or business benefits of the Transaction as to render inadvisable the consummation of the Transaction;
- (h) there shall be no legislation (whether by statute, regulation, order-in-council, notice of ways and means motion, by-law or otherwise) enacted, introduced or tabled which, in the opinion of any of the Target or the Shareholder, acting reasonably, adversely affects or may adversely affect the Transaction; and
- (i) completion of the Transaction shall have occurred on or before the Termination Date.

The foregoing conditions precedent are for the benefit of Target and the Shareholder and may be waived by Target and the Shareholder, in whole or in part, without prejudice to Target's or each Shareholder's right to rely on any other condition in favour of Target and the Shareholder.

3.03 Notice and Cure Provisions

Each party will give prompt notice to the other parties hereto of the occurrence, or failure to occur, at any time from the date hereof until the Closing Date, of any event or state of facts which occurrence or failure would or would be likely to:

- (a) cause any of the representations or warranties of any party contained herein to be untrue or inaccurate on the date hereof or at the Closing Date; or

- (b) result in the failure by any party to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by such party hereunder prior to the Closing Date.

Subject to Article VII, no party may elect not to complete the Transaction as contemplated herein as a result of the non-fulfillment of the conditions precedent contained in Sections 3.01 or 3.02, as applicable, unless the party intending to rely thereon has delivered a written notice to the other parties hereto prior to the Time of Closing specifying, in reasonable detail, all breaches of representations and warranties or covenants or other matters which the party delivering such notice is asserting as the basis for the non-fulfillment of the applicable condition precedent.

ARTICLE IV CLOSING ARRANGEMENTS

4.01 Time and Place of Closing

Closing of the Transaction shall take place at the Time of Closing at the offices of [REDACTED]
[REDACTED]

4.02 Closing Deliveries of the Purchaser

At the Time of Closing, the Purchaser will deliver or cause to be delivered:

- (a) Share certificates evidencing the Quantum Shares due to the Shareholder pursuant to this Agreement;
- (b) Certified cheques or money orders payable to the Shareholder for the Cash Consideration;
- (c) a certificate of one of the Purchaser's senior officers, dated as of the Closing Date, certifying: (i) that attached thereto are true and complete copies of the constating documents of the Purchaser (and all amendments thereto as in effect as on such date); and (ii) all resolutions of the board of directors of the Purchaser approving the entering into of this Agreement and all ancillary agreements contemplated herein and the completion of the Transaction;
- (d) the officer's certificates referred to in Sections 3.02(d) and 3.02(e);
- (e) evidence of the approval of the CSE for the completion of the Transaction, if required; and
- (f) a certificate of status for the Purchaser; and
- (g) favourable legal opinions, in form and substance satisfactory to the Target and its counsel, regarding customary corporate law matters from counsel to the Purchaser.

4.03 Closing Deliveries of Target and the Shareholder

At the Time of Closing, Target and the Shareholder will deliver or cause to be delivered:

- (a) share certificate(s) evidencing the Target Purchased Shares, duly endorsed in blank for transfer or accompanied by duly executed stock transfer powers;
- (b) a certified copy of the central securities register of Target showing the Purchaser as the holder of the Target Purchased Shares;
- (c) a certificate of one of Target's senior officers, dated as of the Closing Date, certifying: (i) that attached thereto are true and complete copies of the constating documents of Target (and all amendments thereto as in effect as on such date); (ii) all resolutions of the board of directors of Target approving the entering into of this Agreement and the completion of the Transaction; and (iii) as to the incumbency and genuineness of the signature of each officer of Target executing this Agreement or any of the other agreements or documents contemplated hereby;
- (d) the officers' certificates referred to in Sections 3.01(f) and 3.01(g);
- (e) a certificate of status for Target; and
- (f) favourable legal opinions, in form and substance satisfactory to the Purchaser and its counsel, regarding customary corporate law matters from counsel to Target.

ARTICLE V REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of the Purchaser

The Purchaser represents and warrants to and in favour of each of the Shareholder and Target as follows and acknowledges that such parties are relying upon such representations and warranties in connection with the transactions contemplated herein:

- (a) the Purchaser is a corporation validly existing and in good standing under the laws of the Province of British Columbia;
- (b) the Purchaser has the corporate power and capacity to enter into this Agreement and each additional agreement or instrument to be delivered pursuant to this Agreement, to perform its obligations hereunder and thereunder, to own and lease its property, and to carry on its businesses as now being conducted;
- (c) this Agreement has been, and each additional agreement or instrument to be delivered pursuant to this Agreement will be prior to the Time of Closing, duly authorized, executed and delivered by the Purchaser and each is, or will be at the Time of Closing, a legal, valid and binding obligation of the Purchaser, enforceable against the Purchaser in accordance with its terms;
- (d) the execution and delivery of this Agreement does not, and the consummation of the Transaction will not, (i) result in a breach or violation of the constating documents of the Purchaser or of any resolutions of the directors or shareholders of the Purchaser, (ii) conflict with, result in a breach of, constitute a default under or accelerate the performance required by or result in the suspension, cancellation, material alteration or creation of an encumbrance upon any material agreement, licence or permit to which the Purchaser is a party or by which the Purchaser is bound or to which any material assets or

property of the Purchaser is subject, or (iii) violate any provision of any applicable law or regulation or any judicial or administrative order, award, judgment or decree applicable to the Purchaser;

- (e) the authorized capital of the Purchaser consists of an unlimited number of Common Shares, of which, as of the date hereof, 27,484,940 Common Shares are issued and outstanding as fully paid and non-assessable;
- (f) except as disclosed in the Public Record, no person has any agreement, option, right or privilege (whether by law, pre-emptive or contractual) capable of becoming an agreement, including convertible securities, options, warrants or convertible obligations of any nature, for the purchase, subscription, allotment or issuance of any unissued shares or other securities of the Purchaser;
- (g) There are no related-party transactions or off-balance sheet structures or transactions or Material Adverse Effect with respect to the Purchaser that are not disclosed by the Public Record;
- (h) the Purchaser is in compliance with its timely and continuous disclosure obligations under the securities laws of the Provinces of British Columbia, Ontario and Alberta and the policies of the CSE and, without limiting the generality of the foregoing, there has not occurred any "material change" (as defined under applicable securities legislation of the Provinces of British Columbia, Ontario and Alberta) which has not been publicly disclosed on a non-confidential basis and, except as may have been corrected by subsequent disclosure, all the statements set forth in the Public Record were true, correct, and complete in all material respects and did not contain any misrepresentation as of the date of such statements and the Purchaser has not filed any confidential material change reports since the date of such statements which remains confidential as at the date hereof;
- (i) the most recent financial statements of the Purchaser disclosed in the Public Record (the "**Purchaser Financial Statements**") have been prepared in accordance with IFRS applied on a basis consistent with prior periods. The Purchaser Financial Statements are true, correct and complete and present fairly the assets, liabilities (whether accrued, absolute, contingent or otherwise) and financial condition of the Purchaser as at the respective dates thereof and results of operations of the Purchaser for the respective periods then ended. Since the date of the Purchaser Financial Statements, there has been no material alteration in the manner of keeping the books, accounts or records of the Purchaser or in its accounting policies or practices;
- (j) since the date of the Purchaser Financial Statements, there has been no material adverse change in the condition (financial or otherwise), assets, liabilities, operations, earnings or business of the Purchaser;
- (k) the Purchaser has conducted and is conducting its business in compliance in all material respects with all applicable laws, regulations, by-laws, ordinances, regulations, rules, judgments, decrees and orders of each jurisdiction in which its business is carried on;
- (l) there are no waivers, consents, notices or approvals required to be given or obtained by the Purchaser in connection with Transaction contemplated by this Agreement under any Contract to which the Purchaser is a party;

- (m) no consent, approval, order or authorization of, or registration or declaration with, any applicable Governmental Authority with jurisdiction over the Purchaser is required to be obtained by the Purchaser in connection with the execution and delivery of this Agreement or the consummation of the Transaction, except for those consents, orders, authorizations, declarations, registrations or approvals which are contemplated by this Agreement or those consents, orders, authorizations, declarations, registrations or approvals that, if not obtained, would not prevent or materially delay the consummation of the Transaction or otherwise prevent the Purchaser from performing its obligations under this Agreement and could not reasonably be expected to have a Material Adverse Effect on the Purchaser;
- (n) there is no suit, action or proceeding or, to the knowledge of the Purchaser, pending or threatened against the Purchaser that, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect on the Purchaser, and there is no judgment, decree, injunction, rule or order of any Governmental Authority with jurisdiction over the Purchaser outstanding against the Purchaser causing, or which could reasonably be expected to cause, a Material Adverse Effect on the Purchaser;
- (o) the Purchaser has not been notified by any Governmental Authority of any investigation with respect to it that is pending or threatened, nor has any Governmental Authority notified the Purchaser of such Governmental Authority's intention to commence or to conduct any investigation, that could be reasonably likely to have a Material Adverse Effect on the Purchaser;
- (p) the Corporate Records of the Purchaser are complete and accurate in all material respects and all corporate proceedings and actions reflected therein have been conducted or taken in compliance with all applicable laws and with the constating documents of the Purchaser, and without limiting the generality of the foregoing: (i) the minute books contain complete and accurate minutes of all meetings of the directors and shareholders of the Purchaser; (ii) the minute books contain all written resolutions passed by the directors and shareholders of the Purchaser; (iii) the share certificate books, register of shareholders and register of transfers of the Purchaser are complete and accurate, and all such transfers have been duly completed and approved; and (iv) the registers of directors and officers are complete and accurate and all former and present directors and officers of the Purchaser were duly elected or appointed as the case may be;
- (q) all Books and Records of the Purchaser have been fully, properly and accurately kept and, where required, completed in accordance with IFRS, and there are no material inaccuracies or discrepancies of any kind contained or reflected therein;
- (r) the Purchaser has not authorized any person to act as broker or finder or in any other similar capacity in connection with the transactions contemplated by this Agreement that in any manner may or will impose liability on Target or the Shareholder; and
- (s) to the knowledge of the Purchaser, no representation or warranty of the Purchaser contained in this Agreement contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained herein or therein not misleading.

5.02 Representations and Warranties Relating to the Shareholders

Each Shareholder represents and warrants to the Purchaser as follows and acknowledge that the Purchaser is relying on such representations and warranties in connection with the transactions contemplated herein:

- (a) this Agreement has been, and each additional agreement or instrument required to be delivered pursuant to this Agreement will be prior to the Time of Closing, duly authorized, executed and delivered by Shareholder and is, or will be at the Time of Closing, a legal, valid and binding obligation of Shareholder, enforceable against Shareholder in accordance with its terms;
- (b) Shareholder has all necessary capacity and authority to dispose of the Target Purchased Shares, to enter into this Agreement and the contracts, agreements and instruments required by this Agreement to be delivered by him, and perform his obligations hereunder and thereunder;
- (c) Shareholder is the registered and beneficial owner of one common share in the capital of the Target (such shares comprising the Target Purchased Shares), representing 100% of the issued and outstanding shares of Target, free and clear of all liens, charges, mortgages, security interests, pledges, demands, claims and other encumbrances of any nature whatsoever;
- (d) except for the Purchaser's rights hereunder, no person has any agreement or option or any right or privilege capable of becoming an agreement for the purchase of the Target Purchased Shares and none of such shares are subject to any voting trust, shareholders agreement, voting agreement or other agreement with respect to the disposition or enjoyment of any rights of such shares;
- (e) no consent, approval, order or authorization of, or registration or declaration with, any applicable Governmental Authority with jurisdiction over Shareholder is required to be obtained by Shareholder in connection with the execution and delivery of this Agreement or the consummation of the Transaction, except for those consents, orders, authorizations, declarations, registrations or approvals which are contemplated by this Agreement or those consents, orders, authorizations, declarations, registrations or approvals that, if not obtained, would not prevent or materially delay the consummation of the Transaction or otherwise prevent Shareholder from performing its obligations under this Agreement;
- (f) Shareholder is not an insolvent Person within the meaning of any applicable legislation and has not made an assignment in favour of creditors or a proposal in bankruptcy to creditors or any class thereof, and no petition for a receiving order has been presented in respect of it. Shareholder has not initiated proceedings with respect to a compromise or arrangement with creditors;
- (g) the Purchaser is relying on an exemption from the requirements to provide the Shareholder with a prospectus and, as a consequence of acquiring securities pursuant to this exemption, certain protections, rights and remedies provided by applicable securities laws, including statutory rights of rescission or damages, will not be available to the Shareholder;

- (h) Shareholder has not authorized any person to act as broker or finder or in any other similar capacity in connection with the transactions contemplated by this Agreement, that in any manner may or will impose liability on the Purchaser;
- (i) to the knowledge of Shareholder, no representation or warranty of Shareholder contained in this Agreement contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained herein or therein not misleading.

5.03 Representations and Warranties Relating to Target

Target and the Shareholder jointly and severally represent and warrant to the Purchaser as follows and acknowledge that the Purchaser is relying on such representations and warranties in connection with the transactions contemplated herein:

- (a) Target is a corporation validly existing and in good standing under the laws of the Province of British Columbia and is or will be at the Time of Closing duly registered, licensed or qualified to carry on business as an extra-provincial or foreign corporation under the laws of Ontario, in which it currently conducts business where the nature of its business makes such registration, licensing or qualification necessary;
- (b) Target has the corporate power and capacity to enter into this Agreement and each additional agreement or instrument to be delivered pursuant to this Agreement, to perform its obligations hereunder and thereunder, to own and lease its property, and to carry on its businesses as now being conducted;
- (c) this Agreement has been, and each additional agreement or instrument to be delivered pursuant to this Agreement will be prior to the Time of Closing, duly authorized, executed and delivered by Target and is, or will be at the Time of Closing, a legal, valid and binding obligation of Target, enforceable against Target in accordance with its terms;
- (d) the execution and delivery of this Agreement does not, and the consummation of the Transaction will not, (i) result in a breach or violation of the articles or by-laws of Target or of any resolutions of the directors or shareholders of Target, (ii) conflict with, result in a breach of, constitute a default under or accelerate the performance required by or result in the suspension, cancellation, material alteration or creation of an encumbrance upon any material agreement (including any Target Material Contract), license or permit to which Target is a party or by which Target is bound or to which any material assets or property of Target is subject, or (iii) violate any provision of any applicable law or regulation or any judicial or administrative order, award, judgment or decree applicable to Target;
- (e) the authorized share capital of Target consists of an unlimited number of common shares, of which, as of the date hereof, one common shares is issued and outstanding as fully paid and non-assessable;
- (f) As of the Effective Date, Target is actively in the process of re-registering the Mineral Claims into its name, and will at the Time of Closing be the sole registered holder of the Mineral Claims;
- (g) no person, other than pursuant to this Agreement, has any agreement, option, right or privilege (whether by law, pre-emptive or contractual) capable of becoming an agreement, including convertible securities, options, warrants or convertible obligations

of any nature, for the purchase, subscription, allotment or issuance of any unissued shares or other securities of Target;

- (h) Other than in respect of the acquisition of the Mineral Claims, Target does not own or have any agreements of any nature to acquire, directly or indirectly, any shares in the capital of or other equity or proprietary interests in any person, and Target does not have any agreement to acquire or lease any material assets or properties or any other business operations;
- (i) there are no related-party transactions or off-balance sheet structures or transactions with respect to Target;
- (j) at and following the Time of Closing no amounts will be payable and Target will have no liabilities or contingent liabilities;
- (k) Target is not a party to, or bound by, any agreement of guarantee, indemnification, assumption or endorsement or any like commitment of the obligations, liabilities (contingent or otherwise) or indebtedness of any other person;
- (l) since incorporation, Target has not made any distribution by way of dividend, distribution of property or assets, return of capital or otherwise to or for the benefit of its shareholders;
- (m) since incorporation, there has been no material adverse change in the condition (financial or otherwise), assets, liabilities, operations, earnings or business of Target, and there have been no material adverse changes in the condition of the Mineral Claims;
- (n) there are no waivers, consents, notices or approvals required to be given or obtained by Target in connection with the Transaction contemplated by this Agreement under any Contract to which either is a party;
- (o) no consent, approval, order or authorization of, or registration or declaration with, any applicable Governmental Authority with jurisdiction over Target is required to be obtained by Target in connection with the execution and delivery of this Agreement or the consummation of the Transaction, except for those consents, orders, authorizations, declarations, registrations or approvals which are contemplated by this Agreement or those consents, orders, authorizations, declarations, registrations or approvals that, if not obtained, would not prevent or materially delay the consummation of the Transaction or otherwise prevent Target from performing its obligations under this Agreement and could not reasonably be expected to have a Material Adverse Effect on Target;
- (p) there is no suit, action or proceeding or, to the knowledge of Target, pending or threatened against Target that, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect on Target, and there is no judgment, decree, injunction, rule or order of any Governmental Authority with jurisdiction over Target outstanding against Target causing, or which could reasonably be expected to cause, a Material Adverse Effect on Target;
- (q) Target has good and marketable title to its properties and assets, other than the Mineral Claims, to which Target will have good and marketable title as at the Time of Closing;

- (r) no person has any written or oral agreement, option, understanding or commitment, or any right or privilege capable of becoming an agreement, option, understanding or commitment for the purchase from Target of any of its assets or property (including the Target Assets);
- (s) Target has not been required to file any tax returns as of the date hereof and adequate provision has been made for taxes payable for the current period for which tax returns are not yet required to be filed. There are no actions, suits, or claims asserted or assessed against Target in respect of taxes, governmental charges or assessments, nor are any matters under discussion with any Governmental Authority relating to taxes, governmental charges or assessments asserted by such Governmental Authority. Target has withheld from each payment made by it to any person and remitted to the proper tax and other receiving offices within the time required all income tax and other deductions required to be withheld from such payments;
- (t) Target has not been notified by any Governmental Authority of any investigation with respect to it that is pending or threatened, nor has any Governmental Authority notified Target of such Governmental Authority's intention to commence or to conduct any investigation that could be reasonably likely to have a Material Adverse Effect on Target;
- (u) Target has no employees and are not parties to any employment, management or consulting agreement of any kind whatsoever;
- (v) the Corporate Records of Target are complete and accurate in all material respects and all corporate proceedings and actions reflected therein have been conducted or taken in compliance with all applicable laws and with the constating documents of Target, and without limiting the generality of the foregoing: (i) the minute books contain complete and accurate minutes of all meetings of the directors and shareholders of Target; (ii) the minute books contain all written resolutions passed by the directors and shareholders of Target; (iii) the share certificate books, register of shareholders and register of transfers of Target are complete and accurate, and all such transfers have been duly completed and approved; and (iv) the registers of directors and officers are complete and accurate and all former and present directors and officers of Target were duly elected or appointed as the case may be.
- (w) all Books and Records of Target have been fully, properly and accurately kept and, where required, completed in accordance with generally accepted accounting principles, and there are no material inaccuracies or discrepancies of any kind contained or reflected therein;
- (x) Target has not authorized any person to act as broker or finder or in any other similar capacity in connection with the transactions contemplated by this Agreement, that in any manner may or will impose liability on the Purchaser; and
- (y) to the knowledge of Target and the Shareholder, no representation or warranty of Target contained in this Agreement contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained herein or therein not misleading.

5.04 Survival of Representations and Warranties

The representations and warranties contained in this Agreement or any document or certificate given pursuant hereto shall survive the Closing of the Transaction until the date that is one year from the date of Closing. No claim for breach of any representation, warranty or covenant shall be valid unless that party against whom such claim is made has been given notice thereof before the expiry of such one year period.

Notwithstanding the foregoing, the representations and warranties contained in Section 5.03(s) of this Agreement hereto shall survive the Closing of the Transaction for as long as the relevant governmental authority (including but not limited to the Canada Revenue Agency) can assess or reassess the Purchaser in respect of the purchase of the Target Purchased Shares.

ARTICLE VI COVENANTS

6.01 Mutual Covenants

Each of the parties hereby covenants and agrees as follows:

- (a) to use commercially reasonable efforts to satisfy (or cause the satisfaction of) the conditions precedent to any of the parties' obligations hereunder which are reasonably under its control and to take, or cause to be taken, all other actions and to do, or cause to be done, all other things necessary, proper or advisable under applicable laws and regulations to complete the Transaction in accordance with the terms of this Agreement. Without limiting the generality of the foregoing, in the event that any person, including without limitation, any securities regulatory authority, seeks to prevent, delay or hinder implementation of all or any portion of the Transaction or seeks to invalidate all or any portion of this Agreement, each of the parties shall use commercially reasonable efforts to resist such proceedings and to lift or rescind any injunction or restraining order or other order or action seeking to stop or otherwise adversely affecting the ability of the parties to complete the Transaction;
- (b) to use commercially reasonable efforts to obtain, before the Time of Closing, all authorizations, waivers, exemptions, consents, orders and other approvals from domestic or foreign courts, Governmental Authorities, shareholders and third parties as are necessary for the consummation of the transactions contemplated herein;
- (c) to use commercially reasonable efforts to defend or cause to be defended any lawsuits or other legal proceedings brought against it challenging this Agreement or the completion of the Transaction. No party will settle or compromise any claim brought against them in connection with the transactions contemplated by this Agreement prior to the Closing Date without the prior written consent of each of the others, such consent not to be unreasonably withheld or delayed;
- (d) to promptly notify each of the other parties if any representation or warranty made by it in this Agreement ceases to be true and correct in all respects (in the case of any representation or warranty containing any materiality or Material Adverse Effect qualifier) or in all material respects (in the case of any representation or warranty without any materiality or Material Adverse Effect qualifier) and of any failure to comply in any material respect with any of its obligations under this Agreement;

- (e) to co-operate with each of the other parties hereto in good faith in order to ensure the timely completion of the Transaction; and
- (f) to use commercially reasonable efforts to co-operate with each of the other parties hereto in connection with the performance by the other of its obligations under this Agreement.

6.02 Covenants of the Purchaser

The Purchaser covenants and agrees with Target and the Shareholder that, until the earlier of the Closing Date and the date upon which this Agreement is terminated in accordance with Article VII, it will:

- (a) in a timely and expeditious manner:
 - (i) file and/or deliver any document or documents as may be required in order for the Transaction as contemplated herein to be effective; and
 - (ii) file and/or deliver any document or documents required pursuant to applicable laws and/or the rules and policies of the CSE in connection with the Transaction as contemplated herein after the Closing;
- (b) make application to the CSE, and diligently pursue the approval of the Transaction, if deemed necessary by the CSE;
- (c) except for non-substantive communications, furnish promptly to Target (on behalf of the Shareholder) a copy of each notice, report, schedule or other document or communication delivered, filed or received by the Purchaser in connection with or related to the Transaction, any filings under applicable laws and any dealings with any Governmental Authority in connection with or in any way affecting the Transaction as contemplated herein;
- (d) use commercially reasonable efforts to satisfy (or cause the satisfaction of) the conditions precedent to any of the parties' obligations set forth in this Agreement to the extent the same are within its control and to take, or cause to be taken, all other actions and to do, or cause to be done, all other things necessary, proper or advisable under all applicable laws to complete the Transaction as contemplated herein, including using commercially reasonable efforts to:
 - (i) obtain all necessary waivers, consents and approvals required to be obtained by it from other parties to loan agreements, leases, licenses, agreements and other Contracts, as applicable;
 - (ii) effect all necessary registrations and filings and submissions of information requested by any Governmental Authority required to be effected by it in connection with the Transaction and participate and appear in any proceedings of either the Purchaser or Target before any Governmental Authority to the extent permitted by such authorities; and
 - (iii) fulfil all conditions and satisfy all provisions of this Agreement and the Transaction;

- (e) subject to applicable laws, not take any action, refrain from taking any action, or permit any action to be taken or not taken inconsistent with this Agreement or which would reasonably be expected to significantly impede the consummation of the Transaction; and
- (f) use its commercially reasonable efforts to maintain its status as a “reporting issuer” (as defined under applicable securities legislation), not in default of the securities laws of the Provinces of British Columbia, Ontario and Alberta.

6.03 Covenants of Target

Target covenants and agrees with the Purchaser that, until the earlier of the Closing Date and the date upon which this Agreement is terminated in accordance with Article VII, it will:

- (a) make available and afford the Purchaser and its authorized representatives and, if requested by the Purchaser, provide a copy of all title documents, Contracts, financial statements, minute books, share certificate books, share registers, plans, reports, licenses, orders, permits, books of account, accounting records, constating documents and all other documents, information and data relating to it. Target will afford the Purchaser and its authorized representatives every reasonable opportunity to have free and unrestricted access to Target’s property, assets, undertaking, records and documents. At the request of Purchaser, acting reasonably, Target will execute or cause to be executed such consents, authorizations and directions as may be necessary to permit any inspection of Target’s business and any of its property or to enable Purchaser or its authorized representatives to obtain full access to all files and records relating to any of the assets of Target maintained by governmental or other public authorities. The exercise of any rights of inspection by or on behalf of Purchaser under this Section 6.03(a) will not mitigate or otherwise affect the representations and warranties of Target hereunder;
- (b) except for non-substantive communications, furnish promptly to the Purchaser a copy of each notice, report, schedule or other document or communication delivered, filed or received by Target in connection with or related to the Transaction, any filings under applicable laws and any dealings with any Governmental Authority in connection with or in any way affecting the Transaction as contemplated herein;
- (c) use commercially reasonable efforts to satisfy (or cause the satisfaction of) the conditions precedent to any of the parties’ obligations set forth in this Agreement to the extent the same are within its control and to take, or cause to be taken, all other actions and to do, or cause to be done, all other things necessary, proper or advisable under all applicable laws to complete the Transaction, including using commercially reasonable efforts to:
 - (i) obtain all necessary waivers, consents and approvals required to be obtained by it from other parties to loan agreements, leases, licenses, agreements and other Contracts;
 - (ii) effect all necessary registrations and filings and submissions of information requested by any Governmental Authority required to be effected by it in connection with the Transaction and participate and appear in any proceedings of either Target or the Purchaser before any Governmental Authority to the extent permitted by such authorities; and

- (iii) fulfil all conditions and satisfy all provisions of this Agreement and the Transaction;
- (d) subject to applicable laws, not take any action, refrain from taking any action, or permit any action to be taken or not taken inconsistent with this Agreement or which would reasonably be expected to significantly impede the consummation of the Transaction;
- (e) conduct and operate its business and affairs only in the ordinary course consistent with past practice and use commercially reasonable efforts to preserve its business organization, goodwill and material business relationships with other persons and, for greater certainty, it will not enter into any material transaction out of the ordinary course of business consistent with past practice without the prior consent of the Purchaser, and Target will keep the Purchaser fully informed as to the material decisions or actions required or required to be made with respect to the operation of its business, provided that such disclosure is not otherwise prohibited by reason of a confidentiality obligation owed to a third party for which a waiver could not be obtained;
- (f) except as may be necessary or desirable in order to effect the Transaction as contemplated hereunder, not alter or amend its constating documents as the same exist at the date of this Agreement;
- (g) not merge into or with, or amalgamate or consolidate with, or enter into any other corporate reorganization or arrangement with, or transfer its undertaking or assets as an entirety or substantially as an entirety to, any other person or perform any act which would render inaccurate in any material way any of its representations and warranties set forth herein as if such representations and warranties were made at a date subsequent to such act and all references to the date of this Agreement were deemed to be such later date, except as contemplated in this Agreement, and without limiting the generality of the foregoing, it will not:
 - (i) make any distribution by way of dividend, distribution of property or assets, return of capital or otherwise to or for the benefit of its shareholders;
 - (ii) increase or decrease its paid-up capital or purchase or redeem any shares; or
 - (iii) issue or enter into any commitment to issue any of its shares or securities convertible into, or rights, warrants or options to acquire any such shares; and
- (h) take all necessary corporate action and proceedings to approve and authorize the valid and effective transfer of the Target Purchased Shares to the Purchaser.

6.04 Covenants of the Shareholder

The Shareholder covenants and agrees with the Purchaser, until the earlier of the Closing Date and the date upon which this Agreement is terminated in accordance with Article VII, it will:

- (a) except for non-substantive communications, furnish promptly to the Purchaser a copy of each notice, report, schedule or other document or communication delivered, filed or received by the Shareholder in connection with or related to the Transaction, any filings under applicable laws and any dealings with any Governmental Authority in connection with or in any way affecting, the Transaction as contemplated herein;

- (b) use commercially reasonable efforts to satisfy (or cause the satisfaction of) the conditions precedent to any of the parties' obligations set forth in this Agreement to the extent the same are within its control and to take, or cause to be taken, all other action and to do, or cause to be done, all other things necessary, proper or advisable under all applicable laws to complete the Transaction, including using commercially reasonable efforts to:
 - (i) obtain all necessary waivers, consents and approvals required to be obtained by it from other parties to loan agreements, leases, licenses, agreements and other Contracts;
 - (ii) effect all necessary registrations and filings and submissions of information requested by any Governmental Authority required to be effected by it in connection with the Transaction; and
 - (iii) fulfil all conditions and satisfy all provisions of this Agreement and the Transaction;
- (c) subject to applicable laws, not take any action, refrain from taking any action, or permit any action to be taken or not taken, inconsistent with this Agreement or which would reasonably be expected to significantly impede the consummation of the Transaction;
- (d) not encumber in any manner the Target Purchased Shares and ensure that at the Time of Closing the Purchaser Shares are free and clear of all liens, charges, mortgages, security interests, pledges, demands, claims and other encumbrances whatsoever; and
- (e) Shareholder will cause Target to perform and comply with all of the terms, covenants and conditions of this Agreement to be complied with or performed by such parties at or before the Time of Closing.

The Shareholder further covenants and agrees with the Purchaser that until the earlier of the Closing Date and the date upon which this Agreement is terminated in accordance with Article VII, he will authorize and do all such acts as required to cause his wholly owned corporation, which as at the Effective Date is the registered holder of the Mineral Claims, to transfer such Mineral Claims to Target such that Target holds all legal and beneficial title or interest in the Mineral Claims on or before the Closing Date.

ARTICLE VII TERMINATION

7.01 Termination

This Agreement may be terminated at any time prior to the Closing:

- (a) by mutual written consent of all the parties hereto;
- (b) by any of Target, the Shareholder or the Purchaser if the Closing shall not have been consummated on or prior to the Termination Date, without liability to the terminating party on account of such termination; provided that the right to terminate this Agreement pursuant to this Section 7.01(b) shall not be available to a party whose breach or violation of any representation, warranty, covenant, obligation or agreement under this Agreement

has been the cause of or has resulted in the failure of the Closing to occur on or before such date;

- (c) by the Purchaser, if there has been a material breach by any of Target's or a Shareholder's representation, warranty, covenant or agreement set forth in this Agreement or any of the documents contemplated hereby which breach would result in the failure to satisfy one or more of the conditions set forth in Section 3.01 which any of Target or the Shareholder, as applicable, fails to cure within ten (10) Business Days after written notice thereof is given by the Purchaser;
- (d) by either of Target or any Shareholder, if there has been a material breach by the Purchaser of any representation, warranty, covenant or agreement set forth in this Agreement or any of the documents contemplated hereby which breach would result in the failure to satisfy one or more of the conditions set forth in Section 3.02 which the Purchaser fails to cure within ten (10) Business Days after written notice thereof is given by either of Target or the Shareholder, as applicable;
- (e) any party, if any permanent injunction or other order of a court or other competent authority preventing the Closing shall have become final and non-appealable; provided, however, that no party shall be entitled to terminate this Agreement if such party's material breach of this Agreement or any of the documents contemplated hereby has resulted in such permanent injunction or order.

7.02 Effect of Termination

Upon termination of this Agreement in accordance with the terms hereof, the parties hereto shall have no further obligations under this Agreement, other than the obligations contained in Sections 9.02 and 9.07 which shall continue notwithstanding such termination; provided that neither the termination of this Agreement nor anything contained in this Section 7.02 shall relieve any party from any liability for any breach by it of this Agreement, including from any inaccuracy in its representations and warranties and any non-performance by it of its covenants and agreements made herein.

INDEMNIFICATION

7.03 Indemnification by the Purchaser

Subject to Section 5.04, the Purchaser shall indemnify and save Target and the Shareholder harmless for and from:

- (a) any loss, damages or deficiencies suffered by Target or the Shareholder as a result of any breach of representation, warranty or covenant on the part of the Purchaser contained in this Agreement or in any certificate or document delivered pursuant to or contemplated by this Agreement; and
- (b) all claims, demands, costs and expenses, including legal fees, in respect of the foregoing.

7.04 Indemnification by the Shareholder and the Target

Subject to Section 5.04, the Shareholder and the Target shall indemnify and save the Purchaser harmless for and from:

- (a) any loss, damages or deficiencies suffered by the Purchaser as a result of any breach of representation, warranty or covenant on the part of Target or the Shareholder contained in this Agreement or in any certificate or document delivered pursuant to or contemplated by this Agreement; and
- (b) all claims, demands, costs and expenses, including legal fees, in respect of the foregoing.

7.05 Notice of Claim

A party entitled to and seeking indemnification pursuant to the terms of this Agreement (the “**Indemnified Party**”) shall promptly give written notice to the party or parties, as applicable, responsible for indemnifying the Indemnified Party (the “**Indemnifying Party**”) of any claim for indemnification pursuant to Sections 7.03 or 7.04 (a “**Claim**”, which term shall include more than one Claim). Such notice shall specify whether the Claim arises as a result of a claim by a person against the Indemnified Party (a “**Third Party Claim**”) or whether the Claim does not so arise (a “**Direct Claim**”), and shall also specify with reasonable particularity (to the extent that the information is available):

- (a) the factual basis for the Claim; and
- (b) the amount of the Claim, or, if any amount is not then determinable, an approximate and reasonable estimate of the likely amount of the Claim.

7.06 Procedure for Indemnification

- (a) Direct Claims. With respect to Direct Claims, following receipt of notice from the Indemnified Party of a Claim, the Indemnifying Party shall have 30 days to make such investigation of the Claim as the Indemnifying Party considers necessary or desirable. For the purpose of such investigation, the Indemnified Party shall make available to the Indemnifying party the information relied upon by the Indemnified Party to substantiate the Claim. If the Indemnified Party and the Indemnifying Party agree at or prior to the expiration of such 30 day period (or any mutually agreed upon extension thereof) to the validity and amount of such Claim, the Indemnifying Party shall immediately pay to the Indemnified Party the full agreed upon amount of the Claim.
- (b) Third Party Claims. With respect to any Third Party Claim, the Indemnifying Party shall have the right, at its own expense, to participate in or assume control of the negotiation, settlement or defence of such Third Party Claim and, in such event, the Indemnifying Party shall reimburse the Indemnified Party for all the Indemnified Party’s out-of-pocket expenses incurred as a result of such participation or assumption. If the Indemnifying Party elects to assume such control, the Indemnified Party shall cooperate with the Indemnifying Party, shall have the right to participate in the negotiation, settlement or defence of such Third Party Claim at its own expense and shall have the right to disagree on reasonable grounds with the selection and retention of counsel, in which case counsel satisfactory to the Indemnifying Party and the Indemnified Party shall be retained by the Indemnifying Party. If the Indemnifying Party, having elected to assume such control, thereafter fails to defend any such Third Party Claim within a reasonable time, the Indemnified Party shall be entitled to assume such control and the Indemnifying Party shall be bound by the results obtained by the Indemnified Party with respect to such Third Party Claim.

7.07 General Indemnification Rules

The obligations of the Indemnifying Party to indemnify the Indemnified Party in respect of Claims shall also be subject to the following:

- (a) any Claim arising as a result of a breach of a representation or warranty shall be made not later than the date on which, pursuant to Section 5.04 such representation and warranty terminated;
- (b) the Indemnifying Party's obligation to indemnify the Indemnified Party shall only apply to the extent that the Claims in respect of which the Indemnifying Party has given an indemnity, in the aggregate, exceed \$10,000;
- (c) if any Third Party Claim is of a nature such that the Indemnified Party is required by applicable law to make a payment to any person (a "**Third Party**") with respect to such Third Party Claim before the completion of settlement negotiations or related legal proceedings, the Indemnified Party may make such payment and the Indemnifying Party shall, forthwith after demand by the Indemnified Party, reimburse the Indemnified Party for any such payment. If the amount of any liability of the Indemnified Party under the Third Party Claim in respect of which such a payment was made, as finally determined, is less than the amount which was paid by the Indemnifying Party to the Indemnified Party, the Indemnified Party shall, forthwith after receipt of the difference from the Third Party, pay the amount of such difference to the Indemnifying Party;
- (d) except in the circumstance contemplated by Section 7.07(e), and whether or not the Indemnifying Party assumes control of the negotiation, settlement or defence of any Third Party Claim, the Indemnified Party shall not negotiate, settle, compromise or pay any Third Party Claim except with the prior written consent of the Indemnifying Party (which consent shall not be unreasonably withheld, conditioned or delayed);
- (e) the Indemnified Party shall not permit any right of appeal in respect of any Third Party Claim to terminate without giving the Indemnifying Party notice and an opportunity to contest such Third Party Claim;
- (f) the Indemnified Party and the Indemnifying Party shall cooperate fully with each other with respect to Third Party Claims and shall keep each other fully advised with respect thereto (including supplying copies of all relevant documentation promptly as it becomes available); and
- (g) the provisions of this Article VII shall constitute the sole remedy available to a party against another party with respect to any and all breaches of any agreement, covenant, representation or warranty made by such other party in this Agreement.

ARTICLE VIII EXCLUSIVITY AND NON-SOLICITATION

8.01 Exclusivity

Prior to the Termination Date, neither Target nor the Shareholder shall, directly or indirectly, negotiate or deal with any party other than with the Purchaser relating to the sale or disposition of any

part of the Target Purchased Shares or Target Assets, or solicit enquiries or provide information with respect to same.

ARTICLE IX GENERAL

9.01 Notices

Any notice, consent, waiver, direction or other communication required or permitted to be given under this Agreement (each, a “**notice**”) shall be in writing shall be in writing addressed as follows:

- (a) if to the Purchaser:

Quantum Cobalt Corp.
Suite 800, 1199 West Hastings Street
Vancouver, BC V6E 3T5
Attention: [REDACTED] Chief Executive Officer
E-mail: [REDACTED]

with a courtesy copy (which copy shall not constitute notice to the Purchaser) to:

[REDACTED]

- (b) if to Target or the Shareholders:

1142674 BC LTD
[REDACTED]
Attention: [REDACTED] President
E-mail: [REDACTED]

Each notice shall be personally delivered to the addressee or sent by e-mail to the addressee and a notice which is personally delivered or sent by email shall, if delivered or sent prior to 4:00 p.m. (local time of the recipient) on a Business Day, be deemed to be given and received on that day and, in any other case, be deemed to be given and received on the next Business Day. Any notice delivered to Target in accordance with this Section 9.01 prior to the Time of Closing shall be deemed to have been delivered to the Shareholder.

9.02 Confidentiality

Prior to Closing and, if the Transaction is not completed, at all times thereafter, each of the parties hereto will keep confidential and refrain from using all information obtained by it in connection with the transactions contemplated by this Agreement relating to any other party hereto, provided however that such obligation shall not apply to any information which was in the public domain at the time of its disclosure to a party or which subsequently comes into the public domain other than as a result of a

breach of such party's obligations under this Section 9.02. For greater certainty, nothing contained herein shall prevent any disclosure of information which may be required pursuant to applicable laws or pursuant to an order in judicial or administrative proceedings or any other order made by any Governmental Authority, and, for clarity, will not include disclosures Purchaser is obligated to make as a reporting issuer in British Columbia, Ontario, and Alberta or as a listed issuer on the CSE.

9.03 Assignment

No party may assign this Agreement or its rights or obligations hereunder without the prior written consent of the other parties hereto.

9.04 Binding Effect

This Agreement shall be binding upon and shall enure to the benefit of the parties hereto and their respective heirs, successors and permitted assigns.

9.05 Waiver

No waiver of any provision of this Agreement will constitute a waiver of any other provision, nor will any waiver constitute a continuing waiver unless otherwise expressly provided.

9.06 Governing Law

This Agreement shall be governed by and construed and interpreted in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein and is to be treated in all respects as a British Columbia contract.

9.07 Expenses

Each party shall be responsible for and bear all of its own costs and expenses (including any legal, accounting, banking, broker's, finder's, consultant's or other fees or expenses) incurred in connection with the Transaction, including fees and expenses of its representatives incurred at any time in connection with pursuing or consummating the Transaction.

9.08 No Personal Liability

- (a) No director, officer, employee or agent of the Purchaser (in such capacity) shall have any personal liability whatsoever to Target or the Shareholder under this Agreement or any other document delivered in connection with the Transaction on behalf of the Purchaser.
- (b) No director, officer, employee or agent of Target (in such capacity) shall have any personal liability whatsoever to the Purchaser under this Agreement or any other document delivered in connection with the Transaction on behalf of Target.

9.09 Time of Essence

Time is of the essence of this Agreement and of each of its provisions.

9.10 Public Announcements

Each of the parties hereto shall co-operate with the other parties in releasing information concerning this Agreement and the transactions contemplated herein, and shall furnish to and discuss with the other parties hereto drafts of all press and other releases prior to publication. No press release or other public announcement concerning the proposed transactions contemplated by this Agreement will be made by any party hereto without the prior consent of the other parties, such consent not to be unreasonably withheld or delayed; provided that nothing contained herein shall prevent any party hereto at any time from furnishing any information to any Governmental Authority or to the public if so required by applicable law.

9.11 Further Assurances

Each party will, upon request but without further consideration, from time to time promptly execute and deliver all further documents and take all further action necessary or appropriate to give effect to and perform the provisions and intent of this Agreement and to complete the transactions contemplated herein.

9.12 Entire Agreement

This Agreement, together with the documents required to be delivered pursuant to this Agreement, constitutes the entire agreement among the parties hereto pertaining to the subject matter hereof and supersedes all prior agreements, understandings, negotiations, and discussions, whether oral or written, between the parties hereto with respect to the subject matter hereof. There are no representations, warranties, covenants or conditions with respect to the subject matter hereof except as contained in this Agreement and any document delivered pursuant to this Agreement.

9.13 Amendments

No amendment of any provision of this Agreement will be binding on any party unless consented to in writing by such party.

9.14 Counterparts

This Agreement may be executed and delivered in one or more counterparts and may be executed and delivered by facsimile or any other electronically communicated method, each of which when executed and delivered shall be deemed an original and all of which counterparts together shall be deemed to constitute one and the same instrument.

9.15 Independent Legal Advice

EACH PARTY ACKNOWLEDGES, CONFIRMS AND AGREES THAT HE, SHE OR IT HAS HAD THE OPPORTUNITY TO SEEK AND WAS NOT PREVENTED OR DISCOURAGED BY ANY PARTY HERETO FROM SEEKING INDEPENDENT LEGAL ADVICE PRIOR TO THE EXECUTION AND DELIVERY OF THIS AGREEMENT AND THAT, IN THE EVENT THAT SUCH PARTY DID NOT AVAIL HIMSELF/HERSELF/ITSELF WITH THAT OPPORTUNITY PRIOR TO SIGNING THIS AGREEMENT, SUCH PARTY DID SO VOLUNTARILY WITHOUT ANY UNDUE PRESSURE AND AGREES THAT SUCH PARTY'S FAILURE TO OBTAIN INDEPENDENT LEGAL ADVICE SHALL NOT BE USED BY HIM/HER/IT AS A DEFENCE TO THE ENFORCEMENT OF HIS/HER/ITS OBLIGATIONS UNDER THIS AGREEMENT.

IN WITNESS WHEREOF this Agreement has been executed by the parties hereto on the date first above written.

1142674 BCLTD

Per:

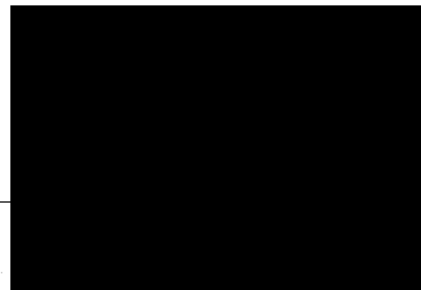
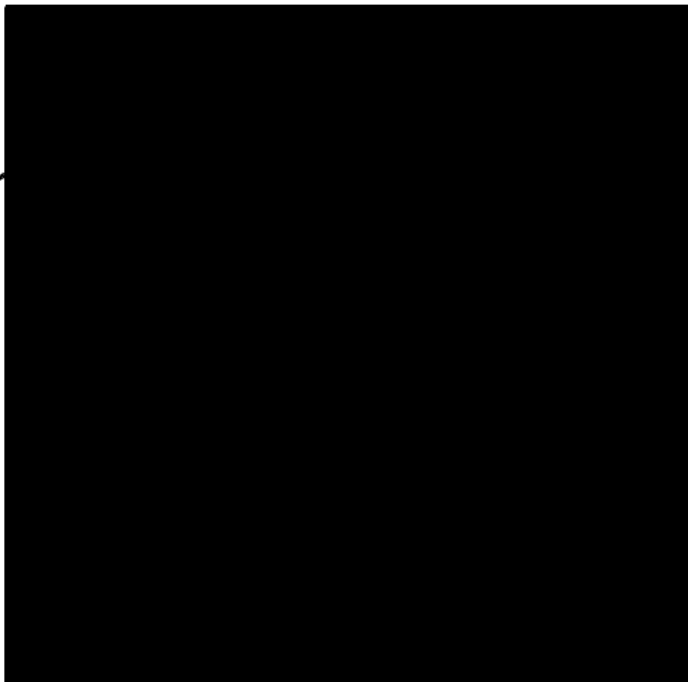
Auth

Nam

Title

QUA

Per:



Schedule "A"

Payment of aggregate amount of \$1,000,000 to be paid by Quantum to the Target, upon the following schedule:

- Payment of \$500,000 upon the Closing Date;
- Payment of \$250,000 upon 3 month anniversary from the Closing Date; and
- Payment of \$250,000 upon 6 month anniversary from the Closing Date.