

## COWTRAIL PROPERTY OPTION AGREEMENT

THIS PROPERTY OPTION AGREEMENT (this “**Agreement**”) is made as of December 19, 2022.

**BETWEEN:**

**CARIBOO ROSE RESOURCES LTD.**, a corporation having an address at Suite 110 - 325 Howe Street, Vancouver, BC V6C 1Z7

(the “**Optionor**”)

**AND:**

**BRS RESOURCES LTD.**, a corporation having an address at 308 - 1441 Johnston Road, White Rock, BC, V4B 3Z7

(the “**Optionee**”)

**WHEREAS:**

A. The Optionor is the sole registered and beneficial owners of the Cowtrail property as described in Schedule A attached hereto (the “**Property**”); and

B. In accordance with the terms of this Agreement, the Optionor has agreed to grant the Optionee an exclusive option to acquire: a 60% Earned Interest (as defined herein) in and to the Property, free and clear of any Encumbrance (the “**Option**”).

**THIS AGREEMENT WITNESSES** that, in consideration of the mutual agreements set forth in this Agreement, and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Optionor and the Optoinee (each, a “**Party**” and, together, the “**Parties**”) hereby agree as follows:

### **ARTICLE 1 DEFINITIONS AND INTERPRETATIONS**

**1.1 Definitions**

The following terms will have the following meanings in this Agreement, unless the context otherwise expressly requires:

“**Affiliate**” means any Person which, directly or indirectly, controls, is controlled by, or is under common control with, a Person;

“**Applicable Laws**” means any applicable statutes, regulations, by-laws, laws, orders, directives, rules, consents, permits, orders, guidelines, approvals or policies of any applicable Governmental Authority;

“**Anniversary**” means one year increments of time following the signature date of the agreement;

“**Area of Interest**” means all lands within a 1.0 kilometre radius from the outside boundaries of the Property as they exist as of the Closing Date, excluding valid claims already in effect;

“**Assets**” means: (a) the right, title and interest of Cariboo Rose in and to the Property, (b) any maps, drill core, samples, assays, geological and other technical reports, studies, designs, plans and financial or other records or intellectual property (whether in tangible or electronic form) related to the Property in the possession or under the control of Cariboo Rose as at the Closing Date or thereafter acquired by any Party or its Affiliates with respect to the Property, and (c) any exploration tools, plant, supplies and equipment acquired after the Closing Date for, or in connection with, the Property by a Party or its Affiliates;

“**Business Day**” means any day other than a Saturday, Sunday or a public or statutory holiday in the Province of British Columbia;

“**Cash Payment**” means any one or more of the cash payments specified in Section 3.2(a);

“**Claim**” means any claim, action, damage, loss (including loss arising from a withheld or abated payment under this Agreement), liability, cost, charge, expense, payment or demand of any nature, whether present or future, fixed or unascertained, actual or contingent, and whether at law, in equity, under statute, contract or otherwise;

“**Commercial Production**” means the operation of the Property or any portion thereof as a producing mine and the production of mineral products therefrom (excluding bulk sampling, pilot plant or test operations);

“**Earned Interest**” means an undivided 60% right, title, ownership and beneficial interest in and to the Property, including any Mineral Rights and Other Rights related to the Property, free of any Encumbrance in accordance with the terms of Section 3.2;

“**Encumbrance**” means any mortgage, charge, pledge, hypothecation, security interest, assignment, lien (statutory or otherwise), charge, title retention agreement or arrangement, option, licence or licence fee, royalty, production payment, rent, restrictive covenant or other encumbrance of any nature, or any agreement to give or create any of the foregoing;

“**Environmental Laws**” means all requirements of the common law, civil code or of environmental, health or safety statutes, of any Governmental Authority, including those relating to: (a) noise, (b) pollution or protection of the air, surface water, ground water or land, (c) solid, gaseous or liquid waste generation, handling, treatment, storage, disposal or transportation, (d) exposure to hazardous or toxic substances, or (e) the closure, decommissioning, dismantling, or abandonment of any facilities, mines or workings and the reclamation or restoration of lands;

“**Expenditures**” means all costs and expenses, however denominated, incurred by BRS or its Affiliates, or by Cariboo Rose in its capacity as manager of exploration and development of the Property on behalf of BRS, on or otherwise in connection with the exploration and development of the Property, including:

- (a) all direct and indirect exploration or development costs, including drilling, geophysics, airborne geophysics, assaying, Personnel, travel, accommodation, shipping of materials and the commissioning of technical or other reports in respect of the Property; provided that any costs related to Personnel, travel and accommodation will be directly related to attendance at, or the preparation of technical data with respect to, the Property and, if incurred at such time as Cariboo Rose is the manager, will be subject to such maximum amounts as determined by BRS in its sole discretion and properly notified to Cariboo Rose in advance,
- (b) all expenditures required to maintain the Property in good standing in accordance with the laws of British Columbia,
- (c) all expenditures made on the Property relating to reclamation, rehabilitation and protection of the environment, including payment of any applicable bond or surety,
- (d) all expenditures that qualify as a “Canadian Development Expense” or “Canadian exploration expense” (each as defined in the *Income Tax Act* (Canada)), excluding any claim acquisition costs paid to Cariboo Rose, and

“**Exploration Data**” means any: (a) map, (b) survey, (c) 3D representation, (d) drill core, sample, assay, drill log, metallurgical, geological, geophysical, geochemical, engineering or other technical data or report, and (e) any study, design, plan and financial or other record (whether in tangible or electronic form) related to the Property or the Operations in the possession, or under the control of, a Party or any Affiliate thereof;

“**Force Majeure**” means, other than as a consequence of the negligence or default of a Party, an event or cause which is beyond the control of the Party claiming force majeure, not able to be overcome by the exercise of reasonable care, proper precautions and the consideration of reasonable alternatives with the intention of avoiding the effects of the force majeure by that Party, and which could not have been reasonably foreseen, including (subject to satisfying the requirements of the foregoing):

- (a) an act of God,
- (b) earthquakes, cyclones, fires, floods, blizzards or whiteouts,
- (c) explosions, acts of war, acts of public enemies or terrorist acts,
- (d) shortages of labour or strikes, interference of trade unions, lockout, secondary boycott, or other labour difficulties (without regard to whether such difficulties can be resolved by acceding to the demands of the union),
- (e) non-availability of materials or transportation, and

(f) injunctions, laws, rules, regulations, orders or policies of any Governmental Authority that cause Operations to materially cease or that would effectively prohibit Operations from being conducted on the Property, or the discharge by the Parties of their respective obligations hereunder,

but does not include economic hardship, lack of money or credit, the state of financial markets or the inability to pay any sum of money;

**“Governmental Authority”** means any federal, provincial, territorial, regional, municipal or local government or authority, quasi-government authority, fiscal or judicial body, government or self-regulatory organization, commission, board, tribunal, organization, or any regulatory, administrative or other agency, or any political or other subdivision, department or branch of any of the foregoing having jurisdiction or authority over the Parties or the subject matter of this Agreement;

**“Joint Venture”** means that commercial relationship between BRS and Cariboo Rose or any respective Affiliate thereof (as the case may be) which may be established pursuant to Article 8;

**“Joint Venture Agreement”** has the meaning given in Section 8.2;

**“Market Price”** means the volume weighted average trading price of **BRS** shares which may trade on a Canadian or American stock exchange on which the **BRS** shares are principally traded at the applicable time) for the 10 trading days prior to any proposed issuance of **BRS** Shares;

**“Mineral Rights”** means any permit, claim, licence, lease, concession, tenement, mineral disposition, mineral lease or other form of title or tenure, and any other right (including the right of entry to or the right to work upon lands), whether contractual, statutory or otherwise, which among other things, allows or permits a Person to explore for, develop, mine, extract, sell or otherwise dispose of, Minerals;

**“Minerals”** means all ores, solutions and concentrates, and metals derived therefrom, containing precious, base or industrial minerals (including gems) which are found in, on or under the Property and may lawfully be explored for, mined and sold under the Mineral Rights and other instruments of title under which the Property is held;

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

**“Objection Period”** has the meaning given in Section 3.2;

**“Operations”** means every kind of work done on or in respect of the Property, including investigating, prospecting, exploring, analysing, property maintenance, sampling, assaying, preparation of reports, estimates and studies (including feasibility studies), filing assessment work, surveying, rehabilitation, reclamation and environmental protection, and any management and administration necessary to conduct the foregoing work or activities;

“**Operator**” means the Person(s) responsible for conducting the Operations and any other exploration or development program with respect to the Property as at an applicable time;

“**Option**” has the meaning given to it in Recital B to this Agreement;

“**Option Expiry Date**” means 48 months following signing, or such other date as may be mutually agreed to by the Parties;

“**Other Rights**” means any interest in real property, whether freehold, leasehold, license, right-of-way, easement, any other surface or other right in relation to real property, and any right, licence or permit in relation to the use or diversion of water, but excluding any Mineral Rights;

“**Payment Period**” means any period in which any Cash Payment, Share Issuance Payment or Expenditure is required to be made by **BRS**, as set out in the table in Section 3.2(a);

“**Person**” is to be construed broadly and includes any natural person, corporation, joint venture, partnership, limited liability partnership, limited partnership, limited liability company, trust, estate, business trust, association, Governmental Authority or other entity;

“**Personnel**” means, in relation to a Party, any of its, or its Affiliates’, directors, officers, employees, agents, consultants, invitees, subcontractors and representatives involved, either directly or indirectly, in the performance of the Party’s obligations under this Agreement;

“**Property**” means the Mineral Rights and Other Rights, if any, described in Schedule A, together with any present or future renewal, extension, modification, substitution, amalgamation or variation of any of those Mineral Rights or Other Rights that derive directly from those Mineral Rights or Other Rights (whether granting or conferring the same, similar or any greater rights and whether extending over the same or a greater or lesser domain);

“**Royalty**” means a 2<sup>1/2</sup>% net smelter return royalty to be granted by BRS to Cariboo Rose on the exercise of the Option, for the purposes as described in Article 4;

## 2.2 Interpretation

Unless the context otherwise expressly requires, in this Agreement:

- (a) the singular includes the plural and vice versa, and a reference to a gender includes all genders;
- (b) if a word or phrase is defined, its other grammatical forms have a corresponding meaning;
- (c) references to “\$” are to the currency of Canada;

- (d) the word “including” means “including without limitation”;
- (e) headings are for convenience only and do not form part of this Agreement or affect its interpretation;
- (f) a provision of this Agreement will 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;
- (g) if an act is prescribed to be done on a specified day which is not a Business Day, it will be done instead on the next Business Day;
- (h) where the phrase “to the best of the knowledge of” or similar expressions are used, it is a requirement that the Person in respect of whom the phrase is used will have made the enquiries that are reasonably necessary to enable that Person to make the statement or disclosure; and
- (i) the schedule attached hereto forms part of this Agreement.

### ARTICLE 3 OPTION

#### 3.1 Grant of Option

Upon and subject to the terms of this Agreement, **Cariboo Rose** grants **BRS** the sole and exclusive right and option to acquire a 60% Earned Interest in the Property, free and clear of any Encumbrance.

#### 3.2 Good Standing and Exercise of Option

- (a) To maintain the Option in good standing, **BRS**, (i) incur the Exploration Expenditures (ii) make the Cash Payments (iii) Make Share Payments, all as set out in the table below:

**To earn a 60% Interest** (no interest is earned until complete)

Milestone	Cash (Equivalent \$)	Shares (Equivalent \$ or cash)	Exploration (Expenditure \$)	%Interest
Signing		\$20,000		0
First Anniversary		\$30,000	\$150,000	0
Second Anniversary	\$50,000	\$40,000	\$250,000 Additional	0
Third Anniversary	\$50,000	\$50,000	\$500,000 Additional	0

Fourth Anniversary	\$100,000	\$60,000	\$1,100,000 Additional	0
<b>Total</b>	<b>\$200,000</b>	<b>\$200,000</b>	<b>\$2,000,000 Total</b>	<b>60</b>

On earning a 60% interest a joint venture will replace the earn-in agreement (initially on a 60-40 basis)

- (b) Any excess Expenditures completed in any of the Payment Periods will be carried forward and credited to the Expenditures required in the next Payment Period.

### 3.3 Accelerated Exercise

**BRS** may, at its sole option, accelerate the exercise of the Option at any time prior to the Option Expiry Date by completing all applicable Cash Payments and Expenditures.

## ARTICLE 4 ROYALTY

### 4.1 Royalty

Concurrently with the exercise of the Option, the Parties will enter into a royalty agreement whereby **BRS** will grant a royalty to Cariboo Rose which will come into effect if and when Cariboo Roses participating interest is diluted to less than or equal to 15% which at such time will convert to a 2<sup>1/2</sup>% NSR (net smelter return) which can be reduced to 1% by a single payment of \$ 2,000,000

- (i) the Royalty shall be paid quarterly, within 90 days after the end of each calendar quarter of the financial statements of **BRS**;
- (ii) within 120 days after the end of each fiscal year of **BRS** during which the Property is in Commercial Production, the records relating to the calculation of the Royalty during that fiscal year shall be audited and any adjustments shall be made forthwith. The audited statements shall be delivered to **BRS**, who shall have 30 days after receipt of such statements to question in writing their accuracy and, failing such question, the statements shall be deemed to be correct;
- (iii) Cariboo Rose shall have the right, at all reasonable times, to inspect such books and financial records of **BRS** as are relevant to the determination of the Royalty and, at its own expense, to make copies thereof; and
- (iv) payment of the Royalty shall apply only to Commercial Production.

- (b) terms of the royalty shall comprise an interest in real property that shall run with and form part of the Property and shall bind the successors and assigns of **BRS**. The Royalty shall attach to any amendments, relocations or conversions of any mining claims or leases comprising the Property, or to any renewals or extensions of leases, and to any mineral rights acquired by **BRS** and any Affiliates in lands embraced within the Property within one year after the loss or relinquishment of any mining claim or lease comprising the Property.
  - (c) If the Optionor's Interest is diluted to less than or equal to 15% it will convert to a 2<sup>1/2</sup>% NSR (net smelter return)
  - (d) which can be reduced to 1% by a single payment of \$ 2,000,000

## ARTICLE 5 EXPENDITURES

### 5.1 Statement of Expenditures and Audit

- (a) Within 30 days following the expiry of a Payment Period in which **BRS** is required by this Agreement to incur Expenditures (provided that the amount of such Expenditures has not been paid by **BRS** to Cariboo Rose to incur Expenditures on behalf of **BRS**, **BRS** will provide Cariboo Rose with an itemized statement of Expenditures (the "**Statement of Expenditures**") incurred during that Payment Period.
- (b) The Statement of Expenditures will be conclusive evidence of the making of the Expenditures recorded in the Statement of Expenditures unless, within 30 days after receipt of such Statement of Expenditures (the "**Objection Period**"), Cariboo Rose delivers a written and detailed objection to the Statement of Expenditures to **BRS**
- (c) If Cariboo Rose delivers such an objection to **BRS**, then Cariboo Rose will be entitled to request that an independent auditor selected by Cariboo Rose that will, at minimum, be a medium sized accounting firm with experience in the mining industry) audit the Expenditures recorded in the Statement of Expenditures.
- (d) At the conclusion of that audit, the costs of the audit will be paid by Cariboo Rose, unless the auditor determines that the Expenditures set out in the Statement of Expenditures were overstated by more than 10%, in which case **BRS** will pay all costs of the audit.
- (e) In all events and whatever the misstatement, only the actual Expenditures so determined (or cash payments made in satisfaction thereof) will constitute Expenditures for the purposes of the relevant Payment Period. For greater certainty, the costs of any such audit, if paid by **BRS** will not constitute Expenditures under this Agreement. Despite anything in this Agreement to the contrary, the auditor's determination of Expenditures will be final and determinative of the amounts stated in the Statement of Expenditures in question, and will not be or constitute a dispute subject to Article 16.



- (f) For greater certainty, in the event that BRS has paid the amount of such Expenditures to Cariboo Rose in order for Cariboo Rose to incur Expenditures on behalf of BRS, BRS will not be required to deliver a Statement of Expenditures to Cariboo Rose for the applicable Payment Period.

## **5.2 Insufficient Expenditures**

If, by the end of any Payment Period, or such date to which the end of the Payment Period has been deferred as a result of a Force Majeure as provided for in Article 12, BRS fails to incur the full amount of Expenditures for such Payment Period, or it is determined by an auditor under Section 5.1 that BRS has failed to incur the full amount of Expenditures for such Payment Period, BRS will nevertheless be deemed to have satisfied the required Expenditures requirement, if:

BRS within 30 days after the date on which it delivers to Cariboo Rose the Statement of Expenditures under Section 5.1, pays to Cariboo Rose a cash payment in an amount which is equal to the difference between the actual Expenditures incurred by BRS and the amount of Expenditures that ought to have been incurred by BRS in such Payment Period; or

- (a) in the case where it is determined by an auditor under Section 5.1 that BRS has failed to incur the full amount of Expenditures, BRS within 30 days after the date of the auditor's determination, pays to Cariboo Rose a cash payment in an amount which is equal to the difference between the actual Expenditures incurred by BRS as determined by the auditor and the amount of Expenditures that ought to have been incurred by BRS in such Payment Period.

## **ARTICLE 6 OPERATOR RIGHTS AND OBLIGATIONS**

### **6.1 Operator**

The Parties agree that BRS will be solely responsible for determining what Person acts as the Operator from time to time.

### **6.2 Initial Operator**

- (a) The Parties agree that BRS will be the initial Operator, but will engage Cariboo Rose to manage and undertake the exploration and development of the Property under the direction of BRS until such time as BRS may otherwise, in its sole discretion, determine, provided that Cariboo Rose's period of engagement has reached or exceeded the second anniversary during which time services will be invoiced at market industry rates which will include a 5% overriding management fee (excepting large third party invoices which will be paid directly by BRS).
- (b) The Parties agree that during such time as Cariboo Rose is managing exploration and development of the Property in accordance with 6.2(a):

- (i) Cariboo Rose will be required to apply the payments with respect to Expenditures received from BRS solely to fund the Expenditures;
- (ii) within 90 days following the expiry of a Payment Period in which BRS has paid Cariboo Rose the amount of the applicable Expenditures for such Payment Period to incur Expenditures on behalf of BRS, Cariboo Rose will provide BRS with an itemized statement of Expenditures (the “**Cowtrail Statement**”) incurred by Cariboo Rose during that Payment Period;
- (iii) the Cowtrail Statement will be conclusive evidence of the making by Cariboo Rose of the Expenditures recorded in the Cowtrail Statement unless, within 30 days after receipt of such Cowtrail Statement, BRS delivers a written and detailed objection to the Cowtrail Statement to Cariboo Rose;
- (iv) if BRS delivers such an objection to Cariboo Rose, then BRS will be entitled to request that an independent auditor selected by BRS that will, at minimum, be a medium sized accounting firm with experience in the mining industry) audit the Expenditures recorded in the Cowtrail Statement; and
- (v) at the conclusion of that audit, the costs of the audit will be paid by BRS, unless the auditor determines that the Expenditures set out in the Cowtrail Statement were overstated by more than 10%, in which case: (A) Cariboo Rose will pay all costs of the audit, and (B) Cariboo Rose will be required to either repay BRS the amount of the overstatement or apply the amount of such overstatement to BRS’s required Expenditures for the next Payment Period.

### **6.3 Third Party Operator**

Except for an Affiliate of the Operator, no other Person may be retained to carry out the Operator’s duties as operator unless such Person agrees in writing to be bound by all of the same duties and obligations imposed on the Operator under this Agreement and, in particular, under this section 6.

### **6.4 Conduct of Operations**

During the term of this Agreement:

- (a) the exploration programs and related budgets for the Operations will be developed by the Operator in consultation with the other Party, provided that, if the Parties disagree on the implementation of any particular exploration program or budget matters, BRS will have the final decision as to their adoption and implementation;
- (b) the Operator at the applicable time will have full physical possession of the Assets and all powers and authorities necessary or desirable to enable it to carry out or procure the carrying out of all Operations; and
- (c) The Operator at the applicable time will have the sole and exclusive right to:

- (i) enter in, under or upon the Property and to conduct the Operations and related activities on the Property,
- (ii) exclusive and quiet possession of the Property,
- (iii) build access roads, drill pads and temporary structures upon the surface of the Property for use by the Operator and its Personnel,
- (iv) carry out surface and underground exploration on the Property for Minerals, including conducting geological, geochemical and geophysical surveys and drilling programs, and collecting bulk samples for metallurgical test work,
- (v) use any Other Rights, if any, and make application for any such Other Rights as may be required in the circumstances,
- (vi) apply for and hold all permits, licenses and other approvals deemed necessary or appropriate by the Operator in connection with the conduct of exploration activities,
- (vii) bring upon and erect upon the Property such buildings, plant, machinery and equipment as it may deem advisable,
- (viii) remove from the Property and dispose of, reasonable quantities of Minerals for the purpose of obtaining assays or making other tests, and
- (ix) do such prospecting, exploration, development or other mining work on and under the Property as it may deem necessary or desirable.

## **6.5 Operator's Obligations**

During the term of this Agreement, the Operator will:

- (a) conduct all Operations in a manner consistent with sound exploration, engineering and mining practices customary in the North American mining industry, and in compliance in all material respects with any Applicable Laws, including the carrying and maintaining of liability insurance on employees, all laws and regulations regarding reclamation, protection of the environment or human health, and applicable Environmental Laws;
- (b) maintain the Property in good standing as required by Applicable Laws, including by payment of taxes or other charges, the doing and filing of all necessary work, as assessment work or otherwise, and the doing of all other acts and things, and making of all other payments, as may be necessary in that regard;
- (c) not take any action or omit to take any action that might reasonably be expected to impair, encumber or diminish Cariboo Rose's rights in or to the Property or the interest in the Property that BRS will acquire upon the exercise of the Option or Additional Interest, as applicable;

- (d) acquire all federal, provincial, and local permits required for the Operations;
- (e) be responsible for reclamation of those areas disturbed by the Operator's activities and post any operating and reclamation bonds required by regulatory agencies for work on the Property;
- (f) keep the Property free and clear of all Encumbrances (except liens for taxes not yet due, other inchoate liens and liens contested in good faith by the Operator) and to proceed with all diligence to contest and discharge any such Encumbrance that is filed;
- (g) appoint, a manager, ensure that there is a Person acting in the capacity of manager at all times;
- (h) on 7 days' prior notice by Cariboo Rose (or such lesser period of reasonable notice as agreed by the Parties), and at Cariboo Rose's sole risk and expense, permit any Personnel of Cariboo Rose access to the Property at all reasonable times for the purpose of inspecting the work being done by the Operator (as determined by BRS in accordance with Section 6.1), provided that such inspection does not unduly interfere with any work being carried out by or on behalf of the Operator, and further provided that Cariboo Rose's Personnel comply with all applicable safety regulations and policies during such inspection, and Cariboo Rose will indemnify and save harmless the Operator from any Claim arising in connection with such inspection that is the direct result of action of Personnel of Cariboo Rose;
- (i) on 7 days' prior notice by Cariboo Rose (or such lesser period of reasonable notice as agreed by the Parties), permit Cariboo Rose access to all data, reports or results generated with respect to Operations or other exploration or development of the Property; and
- (j) deliver to Cariboo Rose, on a semi-annual basis, reports with respect to the exploration and development of the Property, and all factual maps, reports, assay results and other factual data and documentation relating to the Operations.

## **6.6 Reclamation**

The Operator, as determined by BRS in accordance with Section 6.1 from time to time, will be responsible for reclamation of all disturbances caused by, or as a result of, any of the Operations conducted during such Operator's tenure as Operator and, to the extent possible, such Operator will conduct reclamation concurrently with any such disturbance. Notwithstanding any termination of this Agreement, the Operator at the time of such termination agrees to undertake reclamation and closure monitoring of the Property to the extent required by all Applicable Laws.

## **6.7 Participation in Consultation**

The Parties agree that, during the term of this Agreement, BRS will be entitled, at all times, to participate in any and all scheduled discussions and consultation with any First Nations with respect to any matters pertaining to the Property, including the permitting thereof, and

Cariboo Rose will provide BRS with details of any unscheduled discussions as may occur with any First Nation.

#### **6.8 Indemnity of Cariboo Rose**

- (a) BRS will indemnify Cariboo Rose and its Personnel from and against any Claim made or brought by any Person against Cariboo Rose or its Personnel (a “**Non-Party Claim**”) which arises as a consequence of:
- (b) any act or omission of BRS or its Personnel in the performance of the Operations; or
- (c) the breach of, or failure to comply with, any Applicable Laws by BRS or its Personnel in the performance or purported performance of the Operations.

Notwithstanding the foregoing, BRS will not be required to indemnify Cariboo Rose with respect to any Claims arising from environmental matters related to the Property which predate the Signature Date of this agreement or which otherwise arise as a result of Cariboo Rose’s actions.

#### **6.9 Indemnity of BRS**

Cariboo Rose will indemnify BRS and its Personnel from and against any Non-Party Claim which arises as a consequence of:

- (a) any act or omission of Cariboo Rose or its Personnel in the performance of the Operations; or
- (b) the breach of, or failure to comply with, any Applicable Laws by Cariboo Rose or its Personnel in the performance or purported performance of the Operations.

Notwithstanding the foregoing, Cariboo Rose will not be required to indemnify BRS with respect to any Claims which arise as a result of BRS’s actions.

#### **6.10 Obligation to Inform**

During the term of this Agreement, each Party will, and will cause its Affiliates to:

- (a) promptly deliver to the other Party any notice, demand or other material communication relating to any of the Assets that it or any of its Affiliates receive; and
- (b) obtain the prior written consent of the other Party (which consent will not be unreasonably withheld or delayed) to the sending by it or its Affiliates of any notice, demand or other material communication relating to any of the Assets to any Person, including any adjacent property owner or any Governmental Authority.

**ARTICLE 7  
TITLE**

**7.1 Registered Title**

Cariboo Rose will remain the registered and beneficial holder of all of the Mineral Rights and Other Rights comprising the Property until the exercise of the Option, at which time the Property will be registered in the name of BRS in accordance with Section **Error! Reference source not found.** Notwithstanding the foregoing, at the request of BRS Cariboo Rose will promptly take all necessary and desirable actions to register BRS's right and interest, from time to time, in and to the Property pursuant to the terms of this Agreement with the appropriate land and mineral rights authorities and registries.

**7.2 No Encumbrance**

Except as provided in this Agreement, after the Closing Date, Cariboo Rose will not deal or attempt to deal with its right, title and interest in or to the Assets or its rights under this Agreement, and will not cause or allow any Encumbrance to be given or granted in, in respect of, or over its right, title and interest in or to the Assets.

**7.3 Abandonment**

Neither Party will abandon or surrender any of the Mineral Rights or the Other Rights comprising the Property without the prior written consent of the other Party. Upon any approved abandonment or surrender of any Mineral Rights or Other Rights comprising the Property (in any case, an "**Abandoned Right**"), such Abandoned Right will, for all purposes of this Agreement, cease to form part of the Property and, if title to such Abandoned Right has been transferred to BRS, BRS will re-transfer such title to Cariboo Rose at BRS's expense.

**ARTICLE 8  
JOINT VENTURE**

**8.1 Formation of Joint Venture**

Upon the exercise of the Option, the Parties, or their designated Affiliates (as the case may be), will be deemed to have established (in accordance with the provisions contained in Schedule C) the Joint Venture, as a single purpose joint venture in relation to the Property.

**8.2 Joint Venture Agreement**

Within 75 days of the formation of the Joint Venture pursuant to Section 8.1, the Parties will use reasonable commercial efforts to negotiate, complete, execute and deliver a formal joint venture agreement (the "Joint Venture Agreement") incorporating, among other things, substantially those terms as set out in this Article 8 and Schedule C to this Agreement. Unless otherwise agreed to by the Parties, until the Joint Venture Agreement has been executed by each of the Parties, or their designated Affiliates (as the case may be), the Joint Venture will be governed by the provisions contained in this 8

and in Schedule C to this Agreement. When executed, the Joint Venture Agreement will exclusively govern the Joint Venture.

### 8.3 Joint Venture Company

- (a) The Parties acknowledge that certain matters relating to the Property may need to be considered and determined from time to time according to the requirements of applicable laws, taxation considerations, and the prevailing commercial practices and policies of applicable Governmental Authorities. As a result, in connection with the Joint Venture and the Joint Venture Agreement, the Parties may decide that it may be necessary or otherwise desirable to incorporate an appropriate legal entity for purposes of the Joint Venture (a "**Joint Venture Company**"), in which case:
  - (i) a corporation will be promptly incorporated and organized for that purpose;
  - (ii) the Joint Venture Agreement will be deemed to be a shareholders' agreement or operating agreement (as the case may be);
  - (iii) the Parties, or their designated Affiliates (as the case may be), will hold such number of the issued shares or participatory interests in the Joint Venture Company as are proportionate to their respective Participating Interests in the Joint Venture at the time of incorporation of the Joint Venture Company; and
  - (iv) the Parties, or their designated Affiliates (as the case may be), will, in a timely manner, execute the shareholders' agreement or operating agreement (as the case may be).
- (b) If a Joint Venture Company is formed and if the Parties agree, title to the Assets will be transferred to the Joint Venture Company.

### 8.4 Assets of Joint Venture

If any or all of the Assets are not assigned or transferred to the Joint Venture as at the date on which the Joint Venture is formed under Section 8.1 then, until the Assets are assigned or transferred to the Joint Venture so as to be held by the Joint Venture in accordance with the Joint Venture Agreement, the Assets will be held by the Parties, or Affiliates thereof (as the case may be), following such date in trust for the exclusive benefit and use of the Joint Venture. Each of the Parties, or Affiliates thereof (as the case may be), will, at the sole cost of the Joint Venture, cause to be taken such action in its name or in the name of either of the Parties, or their designated Affiliates (as the case may be), or otherwise as the Joint Venture may require, so as to provide the Joint Venture with the benefit and use of the Assets and to effect assignment or transfer of the Assets to the Joint Venture. The Parties, or their designated Affiliates (as the case may be), may only deal with or make use of the Assets, or cause the Assets to be dealt with or

made use of by the Parties, or their designated Affiliates (as the case may be), in strict accordance with the written directions of the Joint Venture.

## **ARTICLE 9 CONDITIONS PRECEDENT**

### **9.1 Conditions Precedent**

This Agreement and the obligations of the Parties under it are subject to the satisfaction or waiver of each of the following conditions:

- (a) the approval of the BRS
- (b) the approval of Cariboo Rose

## **ARTICLE 10 REPRESENTATIONS AND WARRANTIES**

### **10.1 Mutual Representations and Warranties**

Each Party represents and warrants to the other Party that:

- (a) it has taken all action necessary to authorize its entry into this Agreement and the performance of its obligations under this Agreement;
- (b) this Agreement has been duly executed and delivered by it and constitutes a legal, valid and binding obligation of it enforceable in accordance with its terms by appropriate legal remedy, subject to laws generally affecting creditors' rights and to principles of equity;
- (c) the execution, delivery and performance of this Agreement by it does not and will not (with or without the lapse of time, the giving of notice or both) contravene, conflict with, or result in a breach of or default, or any material term of any undertaking, agreement, deed, security arrangement, writ, order, injunction, judgment, law, rule or regulation to which it is a party or is subject, or by which it or any of its property is bound;
- (d) no litigation, arbitration, mediation, conciliation or administrative proceedings are taking place, pending or, to the best of its knowledge, threatened against it which, if adversely decided, could, in the reasonable opinion of the Party's management, have a material adverse effect on the Party's business, assets or financial condition such as to materially impair its ability to perform its obligations under this Agreement;
- (e) no liquidator, trustee in bankruptcy, receiver, receiver manager or other external administrator is currently appointed in relation to it or any of its property;
- (f) to the best of its knowledge, there are no facts, matters or circumstances which give any Person the right to appoint, or to apply to appoint (as the case may be), a liquidator, trustee in bankruptcy, receiver, receiver manager or other external administrator to it or any of its property; and



- (g) it is not aware of any material fact or circumstance which has not been disclosed to the other Party which should be disclosed in order to prevent its representations and warranties in this article 10 from being misleading or which may otherwise be material to the other Party.

## **10.2 Cariboo Rose's Representations and Warranties**

Cariboo Rose makes the following additional representations and warranties to BRS

- (a) it is the sole registered and beneficial owner of a 100% undivided interest in the Property and no Person has any option, agreement or right granted by Cariboo Rose or any other Person to acquire any interest in the Property from Cariboo Rose;
- (b) all of the Mineral Rights comprising the Property have been validly and properly located, staked, tagged and recorded in accordance with the laws of the jurisdiction in which the Property is located, and there are no disputes threatened, or now existing, of which it is aware as to title to, or the staking or recording of, those Mineral Rights;
- (c) the Property and Cariboo Rose's interest in the Property are free and clear of any Encumbrance (except for royalties to any Governmental Authority as may be imposed from time to time);
- (d) it and its Personnel have conducted all activities on or in respect of the Property in compliance with, and to the best of its knowledge, all conditions on the Property are in compliance with, all Applicable Laws;
- (e) there are no adverse Claims against, or to the ownership of, or title to, the Property or any challenge to its right, title or interest in the Property, nor, to the best of its knowledge, is there any basis for any potential or future claims;
- (f) the Mineral Rights and Other Rights comprising the Property are fully and accurately described in Schedule A, and there are no other Mineral Rights or Other Rights that would properly be considered part of the Property;
- (g) all taxes, assessments, renewal fees and other governmental charges applicable to, or imposed on, the Property which were due to be paid on or before the date this representation is being made have been timely paid in full;
- (h) to the best of its knowledge, there are no First Nations land claims in respect of the Property, other than as exist in British Columbia generally, recognizing that First Nations land claims in this region of British Columbia have not been settled;
- (i) to the best of its knowledge, there have been no past violations of any Environmental Laws or other laws affecting or pertaining to any of the Property, nor any past creation of damage or threatened damage to the air, soil, surface waters, ground water, flora, fauna or other natural resources on or about the Property;

- (j) to the best of its knowledge, no hazardous materials or other materials used in or generated by the use of the Property have been or are currently placed, used, stored, treated, manufactured, disposed of, released, discharged, spilled or emitted on or from the Property in material violation of any Environmental Laws;
- (k) there is no agreement or consent order to which Cariboo Rose is a party relating to any environmental matter relating to the Property and, to the best of Cariboo Rose's knowledge, no such agreement is necessary for continued compliance with Environmental Laws;
- (l) it has not received any inquiry or notice of a pending investigation from any Governmental Authority or notice of any administrative or judicial proceeding concerning the violation of any laws, including Environmental Laws, relating to the Property;
- (m) it has not received any notice of expropriation of all or any of the Property nor does it have knowledge of any expropriation proceeding pending or threatened against, or affecting, the Property, nor of any discussions or negotiations which could lead to any such expropriation; and
- (n) it is not a non-resident for the purposes of Section 116 of the *Income Tax Act* (Canada).

### **10.3 Survival of Representations and Warranties**

The representations and warranties set out in this article 10 will be treated as re-made and be binding upon each Party as at the Closing Date and each Party will immediately notify the other Party if any of its representations and warranties set out in this article 10 are not true and correct in any material respect at any time prior to the Closing Date. The representations and warranties set out in this article 10 will survive for a period of two years following the Closing Date.

### **10.4 Indemnity**

- (a) Each Party agrees to indemnify the other Party from and against any Claim which the other Party suffers, sustains or incurs arising out of or in connection with the:
  - (i) material breach of any representation or warranty given or made by a Party under this Agreement; or
  - (ii) material breach of, or failure by, a Party or its Personnel to perform any covenant or obligation of that Party under this Agreement.
- (b) It is not necessary for a Party to incur expense or make payment before enforcing a right of indemnity conferred by this Agreement.

**ARTICLE 11  
ASSIGNMENT**

**11.1 Limitations on Assignments**

- (a) A Party (the “**Assigning Party**”) will not assign its rights under this Agreement without the prior written consent of the other Party (the “**Non-Assigning Party**”), such consent not to be unreasonably withheld.
- (b) No assignment will be effective unless and until the proposed assignee enters into an agreement with the Non-Assigning Party by which the proposed assignee agrees to be bound by the provisions of this Agreement as if it was an original party to this Agreement in the place of the Assigning Party.
- (c) In this article 11, “**assign**” includes to:
  - (i) sell, transfer, licence, franchise or otherwise dispose or part with possession of; and
  - (ii) mortgage, charge, grant a lien, pledge, hypothecate, declare a trust or create any other Encumbrance in respect of, or grant any interest in, by way of security or otherwise.

**11.2 Assignment to Affiliates**

A Party may assign this Agreement to an Affiliate of that Party. An assignment to an Affiliate will be subject to the Affiliate and the Assigning Party entering into an agreement with the Non-Assigning Party, in form and substance satisfactory to the Non-Assigning Party, acting reasonably, by which:

- (a) concurrently with the assignment of this Agreement by the Assigning Party to the Affiliate, the legal and beneficial interest of the Assigning Party in the Assets is assigned to the Affiliate;
- (b) the Affiliate agrees to assume the obligations of the Assigning Party under this Agreement and be bound by this Agreement;
- (c) the Assigning Party agrees that it will remain jointly and severally liable with the Affiliate for all obligations and liabilities of the Assigning Party under this Agreement;
- (d) the Assigning Party and its Affiliate agree that the Non-Assigning Party may, at its sole option, have recourse against either or both the Assigning Party and the Affiliate for any and all obligations or liabilities of the Assigning Party under this Agreement; and
- (e) the Affiliate agrees with the Non-Assigning Party, in writing, to re-assign its right, title and interest it holds in the Assets and this Agreement to the Assigning Party (as long as the Assigning Party at the time of such re-assignment remains under the same control as at the Closing Date and, if not, then to another Person which is so controlled) before ceasing to be an Affiliate of the Assigning Party.

### **11.3 Exceptions**

Nothing in this 1, applies to or restricts in any manner an amalgamation or corporate reorganization involving a Party which has the effect in law of the amalgamated or surviving corporation possessing all the property, rights and interests, and being subject to all the debts, liabilities and obligations, of each amalgamating or predecessor corporation.

## **ARTICLE 12 FORCE MAJEURE**

### **12.1 Notice of Force Majeure**

A Party will not be liable for any delay or failure to perform any of its obligations under this Agreement (other than an obligation of indemnification or to pay money) if, as soon as reasonably possible after the beginning of the Force Majeure affecting the ability of the Party to perform any of its obligations under this Agreement, it gives notice to the other Party in accordance with Section 12.2, and otherwise complies with the provisions of this 12.

### **12.2 Force Majeure Notice**

A notice given under Section 12.1 will:

- (a) specify the obligations the Party cannot perform;
- (b) fully describe the Force Majeure;
- (c) estimate the time during which the Force Majeure is expected to continue; and
- (d) specify the measures proposed to be adopted to remedy or abate the Force Majeure.

### **12.3 Obligation to Remedy and Mitigate**

The Party that is prevented from carrying out its obligations under this Agreement as a result of Force Majeure will:

- (a) remedy the Force Majeure to the extent reasonably possible and resume performance of its obligations as soon as reasonably practicable; and
- (b) take all action reasonably practicable to mitigate any liability suffered by the other Party as a result of its failure to carry out its obligations under this Agreement.

Despite the foregoing, nothing in this Section 12.3 will require the Party that is prevented from performing its obligations under this Agreement as a result of Force Majeure to resolve or compromise any labour dispute, or to question or to test the validity of any Applicable Laws, or to perform its obligations under this Agreement if a Force Majeure renders performance impossible.

## **12.4 Effect of Force Majeure on Time and Payment**

- (a) In the event of a Force Majeure, any time period provided for in this Agreement will be extended by a period equivalent to the period of delay or such longer period as is reasonable in the circumstances.
- (b) If at any time before the exercise of the Option by BRS a Force Majeure arises:
  - (i) then, from the date that the Force Majeure arises until the Force Majeure is remedied or abates, BRS will, not be obliged to incur or pay to Cariboo Rose any Expenditures or Cash Payments. Notwithstanding the foregoing, during the period of a Force Majeure, BRS will make or pay to Cariboo Rose any Expenditures or Cash Payments as are necessary to pay any maintenance, rental, holding fee or other payment required to maintain the Property in good standing;
  - (ii) if the Force Majeure is remedied or abates at any time before the expiration of one year from the date on which the Force Majeure first arose, then, in order to keep the Option in good standing, subject to Section 12.4(a), BRS will incur or pay to Cariboo Rose the Expenditures and Cash Payments that, but for the Force Majeure, BRSS would have been required to incur or pay under this Agreement within six months following the cessation of the Force Majeure; and
  - (iii) if the Force Majeure does not remedy or abate at any time by the expiration of one year from the date on which the Force Majeure first arose, then BRS will, within 60 Business Days after the expiration of one year from the date on which the Force Majeure first arose, by notice in writing to
  - (iv) Cariboo Rose, elect to either: (A) terminate this Agreement, or (B) not terminate this Agreement.
- (c) If BRS elects not to terminate this Agreement under Section 12.4(b)(iv), then BRS will not be required to incur or pay to Cariboo Rose any Expenditures or Cash Payments that, but for the Force Majeure, BRS would have been required to incur or pay to Cariboo Rose under this Agreement until such time as the Force Majeure is remedied or abates. If the Force Majeure is subsequently remedied or abates then, subject to Section 12.4(a), BRS will incur or pay to Cariboo Rose the Expenditures and Cash Payments that, but for the Force Majeure, BRS would have been required to incur or pay to Cariboo Rose under this Agreement during the period of Force Majeure within six months following the cessation of the Force Majeure.

## **ARTICLE 13 CONFIDENTIAL INFORMATION**

### **13.1 Confidentiality**

Each of the Parties agrees that this Agreement, all information (whether in tangible or electronic form) exchanged between the Parties or their Affiliates under this Agreement, and all

information concerning or relating to the Property or the Operations of which it becomes aware, whether or not marked as confidential (the “**Confidential Information**”), is confidential, will be kept confidential, and will not be disclosed to any Person at any time or in any manner except: (i) with the prior written consent of the other Party; (ii) to the extent that the Confidential Information was publicly available at the Closing Date or becomes publicly available subsequent to the Closing Date without breach of this Agreement; (iii) as may be necessary in seeking approval of any Governmental Authority to maintain the Property or acquire additional Mineral Rights or Other Rights, or to perform the Operations; (iv) by a Party to legal, financial and other professional advisers, auditors and other consultants, officers and employees of that Party or that Party’s Affiliates, in any case requiring the information for the purposes of this Agreement (or any transactions contemplated by this Agreement), or for the purpose of advising that Party in relation to this Agreement; (v) to the extent required by law or by a lawful requirement of any Governmental Authority or stock exchange having jurisdiction over the Party or an Affiliate thereof; (vi) if necessary or commercially desirable to be disclosed in any offer document, prospectus or information memorandum for an issue or disposal of any securities of a Party or an Affiliate thereof; (vii) if required in connection with legal proceedings relating to this Agreement or for the purpose of advising a Party in relation to legal proceedings; (viii) to any bona fide enquirer contemplating the direct or indirect purchase of an interest of a Party under this Agreement or a business combination with or financing by a Party or to an Affiliate thereof, as long as the enquirer or the Affiliate has first entered into an agreement in favour of the Parties to preserve confidentiality of information disclosed in a manner at least as onerous on the enquirer or Affiliate as this Section 13.1 is onerous on the Parties; (ix) to a banker or other financial institution considering the provision of financial accommodation to a Party or an Affiliate thereof, or to a trustee, representative or agent of that banker or financial institution; or (x) to a stock exchange (including any regulator or securities commission having jurisdiction over a stock exchange) or similar public market for trading shares upon which securities of a Party or an Affiliate thereof are quoted after the reasonable prior consultation, if practicable, with the other Party taking place as to the nature and form of the disclosure (which does not imply that the consent or approval, of the other Party will or need be obtained). Despite the foregoing, any compelled disclosure will be only to the minimum standards required by Applicable Laws.

### **13.2 Disclosure to Personnel**

If a Party discloses Confidential Information to its Personnel, then that Party will ensure that any such Personnel: (a) are informed of the confidential nature of the Confidential Information disclosed and the Party’s obligations under this article 13; and (b) comply with the terms of this Article 13 as if they were bound by it.

### **13.3 News Releases**

The text of any proposed news release or other public statement (“**Public Disclosure**”) which a Party intends to make with respect to the Property or this Agreement will be made available to the other Party at least two Business Days prior to publication of the proposed Public Disclosure. The other Party will have one Business Day to review and comment on the proposed Public Disclosure. Any comments of the other Party concerning the proposed Public Disclosure will be considered in good faith by the Party who intends to make the Public Disclosure and the Public Disclosure will, as is reasonable, be amended accordingly. Despite the

foregoing, if Public Disclosure in a media release will be made in a period shorter than two Business Days to comply with legal requirements, then the disclosing Party will give the other Party as much time as reasonably possible to review and comment on the proposed Public Disclosure.

#### **13.4 Effect of Disclosure**

Any consent of a Party given to the other Party to disclose Confidential Information or to make a Public Disclosure will not be considered an approval or certification of the consenting Party: (a) as to the accuracy of any information contained in that Confidential Information or Public Disclosure; or (b) that the Confidential Information or Public Disclosure complies with Applicable Laws.

### **ARTICLE 14 AREA OF INTEREST**

#### **14.1 Limitation on Acquisitions**

Each of the Parties hereby covenants and agrees with the other Party that it will not directly or indirectly acquire, nor will it permit any Affiliate to directly or indirectly acquire, any Mineral Rights or Other Rights (or interests therein) (collectively, for the purposes of this Article 14, "Rights") located wholly or in part within the Area of Interest unless such Rights are made subject to the terms of this Agreement and the acquiring Party (or, if an Affiliate of a Party has completed the acquisition, then such Affiliate, in either case in this Article 14 referred to as the "Acquiring Party") complies with the provisions of this Article 14.

#### **14.2 Acquisition of Additional Property**

Forthwith upon completing an acquisition of any Rights located wholly or in part within the Area of Interest, the Acquiring Party will give notice thereof to the other Party within 30 days, setting out the location of the Rights and all information known to the Acquiring Party and its Affiliates about such Rights and any interests therein, the costs of acquisition and all other pertinent details relating thereto. Upon receipt of such Notice, the notified Party will have a period of 30 days to elect, by notice to the Acquiring Party, to include such Rights in the Property and make them subject to the terms of this Agreement. Upon such election, and except with respect to the Expenditures set out in Section 3.2(a), such Rights will constitute Additional Property for inclusion in the Property thereafter for all purposes of this Agreement and the following provisions will apply:

- (a) if the Acquiring Party is Cariboo Rose, then BRS will reimburse Cariboo Rose for the acquisition costs that Cariboo Rose or its Affiliate has incurred, and, when reimbursed by BRS, the acquisition costs for any Additional Property will be deemed to constitute Expenditures hereunder;
- (b) if the Acquiring Party is BRS, the acquisition costs for any Additional Property will be deemed to constitute Expenditures hereunder; and

- (c) the Parties agree that any Additional Properties will be registered in accordance with Section 7.1.

#### 14.3 Notice of Rejection

If, within the 30 day period referred to in Section 14.2, the notified Party does not give the notice referred to in Section 14.2, it will be deemed to have consented to the exclusion of the Rights in question from the Area of Interest, which may thereafter be held or dealt with by the Acquiring Party or its Affiliate free of the terms and conditions of this Agreement.

#### 14.4 Non-Compliance Constitutes Default

Non-compliance with the provisions of this article 14.4 by an Affiliate of a Party will constitute a default under this Agreement by such Party unless such Party can satisfy the other Party that the Affiliate was acting independently and at arm's length, without information from, or direction by, the affiliated Party and that such affiliated Party could not reasonably have enforced compliance with the terms hereof by its Affiliate in the circumstances.

### ARTICLE 15 TERMINATION AND REMEDIES

#### 15.1 BRS's Election to Terminate

BRS may elect to terminate this Agreement by delivering 30 days' notice to that effect to Cariboo Rose, provided that Cariboo Rose will be entitled to retain any Cash Payments received by Cariboo Rose in accordance with Section 3.2(a) prior to such notice of termination.

#### 15.2 Events of Default

A Party may terminate this Agreement by notice in writing to the other Party if:

- (a) the other Party (the "**Defaulting Party**") commits a material breach of any provision of this Agreement, and:
  - (i) the breach is incapable of remedy, or
  - (ii) the breach is capable of remedy and:
    - A. the Party has given notice to the Defaulting Party specifying the breach and requesting that it be remedied, and
    - B. the Defaulting Party has failed to take reasonable steps to commence rectifying that breach (or overcome its effects) within 30 days of receiving that notice; or



- (b) any one of the following occurs in relation to the other Party (the “**Insolvent Party**”):
- (i) the Insolvent Party becomes, or informs the other Party, creditors of the Insolvent Party generally, or any particular creditor of the Insolvent Party that it is, insolvent or unable to pay its debts as and when they fall due,
  - (ii) a liquidator, provisional liquidator, receiver, assignee, custodian, trustee, sequestrate or an analogous Person is appointed to, or in respect of, the Insolvent Party or any of its property,
  - (iii) the Insolvent Party enters into, or calls a meeting of its shareholders or creditors with a view to entering into, a composition, compromise or arrangement with, or an assignment for the benefit of, any of its shareholders or creditors, or a court orders that a meeting be convened in respect of a proposed composition, compromise or arrangement between the Insolvent Party and its creditors or any class of its creditors, other than for the purpose of reconstruction or amalgamation,
  - (iv) the Insolvent Party has any bona fide execution, writ of execution, *mareva* or standstill injunction or similar order, attachment or other process made, levied or issued against it or in relation to any of its assets,
  - (v) any bona fide application is made or other process commenced (not being an application or process withdrawn, discontinued or dismissed within 30 days of being filed) seeking an order for the appointment of a provisional liquidator, a liquidator, a receiver or a receiver manager to the Insolvent Party,
  - (vi) the Insolvent Party is declared bankrupt or has filed for some form of protection from its creditors under Applicable Laws relating to or governing bankruptcy,
  - (vii) there is a resolution of creditors or members, or an order of a court, to place in liquidation or bankruptcy or wind up the Insolvent Party, or
  - (viii) an event happens analogous to an event specified in Sections 15.2(b)(i) to 15.2(b)(vii) to which the law of another jurisdiction applies and the event has an effect in that jurisdiction similar to the effect which the event would have had if the law of Canada applied.

### **15.3 Personnel and Affiliates**

For the purposes of this Agreement a breach of any provision of this Agreement by the Personnel or any Affiliate of a Party or any Affiliate thereof will be deemed to be a breach by that Party.

### **15.4 Post-Termination Obligations**

- (a) If, prior to the exercise of the Option by BRS this Agreement is terminated for any reason, then:

- (i) notwithstanding such termination, any plant, building, machinery, tools, equipment, camp facilities and supplies owned, leased or otherwise held by BRS or its Personnel (collectively, the “**Equipment**”) and brought and placed on or in the Property by, on behalf of, or at the direction of, BRS will remain BRS’s exclusive property and may be removed by BRS at any time within a period of 365 days following the termination of this Agreement, but, if BRS has not removed all the Equipment within that 365 day period, then the Equipment not so removed thereafter will become the absolute property of Cariboo Rose. Until the Equipment is removed from the Property by BRS or becomes Cariboo Rose’s property, the Equipment will be the sole responsibility of BRS and Cariboo Rose will have no liability with regard to it; and
- (ii) BRS will vacate the Property within a reasonable time after termination, but BRS will have a right of access to the Property for a period of 365 days thereafter for the sole purpose of performing the obligations contained in this Section 15.4, and will have the right to access the Property to the extent necessary to discharge its obligations pursuant to Section 6.6, provided that BRS will indemnify and save harmless Cariboo Rose from any Claim arising in connection with such activities resulting from action of BRS or any Personnel thereof during their access to the Property.

#### **15.5 Consequences of Termination**

- (a) If this Agreement is terminated prior to the exercise of the Option by BRS then: (i) BRS will have no Earned Interest and the Option will terminate; and (ii) each Party will be released from further performance of its obligations under this Agreement, except as otherwise contemplated herein, provided that BRS will continue to be responsible for reclamation requirements of the British Columbia government that may exist relating to BRS’s activities.
- (b) Termination of this Agreement will not derogate from, affect or prejudice any rights or remedies of a Party whether arising under this Agreement or at law that have accrued prior to the date of, or arise as a consequence of, the termination.

### **ARTICLE 16 DISPUTES**

#### **16.1 Governing Law**

- (a) This Agreement, and all matters related hereto or arising here from, is and will be governed by, and construed in accordance with, the laws of the Province of British Columbia and the federal laws of Canada applicable therein. The Parties agree that the courts of British Columbia will have sole jurisdiction to entertain any action or other legal proceeding based on, related to, or arising from, this Agreement, and the Parties agree to attorn to the exclusive jurisdiction of such courts.

## 16.2 Dispute Resolution

- (a) All disputes arising under or in connection with this Agreement which cannot be resolved by agreement between the Parties will be resolved in accordance with Applicable Laws. If any legal action or other proceeding is brought for the enforcement of this Agreement, or because of an alleged dispute, breach, default or misrepresentation in connection with any provisions of this Agreement, the successful or substantially prevailing Party will be entitled to recover reasonable attorneys' fees and other costs incurred in that action or proceeding, in addition to any other relief to which it or they may be entitled.

## ARTICLE 17 NOTICE

### 17.1 Notices

All notices, payments and other required communications to either Party will be in writing, and will be addressed as follows:

- (a) if to BRS:

**BRS MINING RESOURCES LTD**

308-1441 Johnston Road, White Rock, BC, V4B 3Z7

Attn., Byron Coulthard

Email:

- (b) if to Cariboo Rose:

**CARIBOO ROSE RESOURCES LTD.**

Suite 110, 325 Howe Street,

Vancouver, BC, V6C1Z7

Attn: J.W. Morton

Email:

- (c) All notices will be given: (i) by personal delivery to the Party, (ii) by email, (iii) by registered or certified mail, return receipt requested, or (iv) by overnight or other express courier service. All notices will be effective and will be deemed delivered on the date of receipt at the principal address if received during normal business hours, and, if not delivered during normal business hours, on the next Business Day following delivery, or, if delivered by email, if sent prior to 4:00 p.m. (Pacific time) on a Business

Day, on such Business Day, or, if not, on the next Business Day; and if delivered solely by mail on the next Business Day after actual receipt. Either Party may change its address by notice to the other Party in accordance with this Article 17.

## **ARTICLE 18 GENERAL**

### **18.1 Relationship of Parties**

The Parties agree and declare that this Agreement is not, and will not be construed as constituting, an association, corporation, mining partnership or any other kind of partnership and, except as expressly provided otherwise in this Agreement, nothing in this Agreement will be deemed to constitute a Party a partner, agent or legal representative of the other Party for any purpose whatsoever or create a fiduciary relationship between the Parties.

### **18.2 No Holding Out**

No Party may, except as expressly permitted by this Agreement or as otherwise mutually agreed in writing subsequent to the Closing Date, directly or indirectly use or permit the use of the name of the other Party for any purpose related to the Property or this Agreement.

### **18.3 Other Activities and Interests**

- (a) The rights and obligations of the Parties under this Agreement are strictly limited to the Property. Each Party may enter into, conduct and benefit from any business venture of any kind whatsoever, whether or not competitive with the activities undertaken under this Agreement, without disclosing those activities to the other Party or inviting or allowing the other Party to participate in that business venture, except as expressly contemplated by this Agreement.
- (b) Except to the extent expressly provided otherwise in this Agreement nothing in this Agreement will prevent, or may be construed to prevent, a Party from: (i) acquiring any Mineral Right or interest in any Mineral Right outside of the Property; (ii) acquiring any Mineral Right or interest in any Mineral Right within the Property that has been abandoned or surrendered in accordance with this Agreement; or (iii) using, for any reason not related to the Property, any geological, geophysical, geochemical, metallurgical or operational concept, model or principle of any kind, and each Party will be free to so acquire and use, with no obligation whatsoever to the other Party.

### **18.4 Recording of this Agreement**

- (a) This Agreement, or a memorandum of this Agreement, will, upon the written request of a Party, be recorded in the office of any Governmental Authority identified in the written request of the requesting Party, in order to give notice to other Persons of that Party's interests that arise under this Agreement. Each Party agrees with the requesting Party to execute those documents that may be necessary to perfect such recording.

### **18.5 Entire Agreement**

This Agreement, including any schedules hereto, contains the entire understanding of the Parties, and supersedes all prior agreements and understandings between the Parties, with respect to the subject matter hereof.

### **18.6 Amendment and Variation**

This Agreement may not be amended, modified, varied or supplemented except in writing signed by each of the Parties.

### **18.7 Consents or Approvals**

Except where expressly specified otherwise in this Agreement, if the doing of any act, matter or thing under this Agreement is dependent on the consent or approval of a Party, or is within the discretion of a Party, then the consent or approval may be given, or the discretion may be exercised, conditionally or unconditionally, or withheld or delayed by the Party in its absolute discretion.

### **18.8 Waiver**

The failure of either Party to insist on the strict performance of any provision of this Agreement or to exercise any right, power or remedy upon a breach hereof will not constitute a waiver of any provision of this Agreement or limit such Party's right thereafter to enforce any provision hereof or exercise any right hereunder.

### **18.9 Costs and Outlays**

Each Party will pay its own costs and expenses connected with the preparation, negotiation and execution of this Agreement, including all legal, accounting and finders fees and disbursements.

### **18.10 Manner of Payment**

Any payment to be made to a Party may be made by electronic funds transfer to that Party's bank as designated by that Party by notice from time to time. That bank will be deemed the agent of the designating Party for the purposes of receiving, collecting and receipting such payment.

### **18.11 Further Assurances**

Each Party will promptly, at its own cost, do all things (including executing and, if necessary, delivering all documents) reasonably necessary or desirable to give full effect to this Agreement and the transactions contemplated by it.

### **18.12 Survival**

All limitations of liability and rights accrued prior to completion, termination or expiration of this Agreement, will not merge on completion, termination or expiration of this

Agreement, but will continue in full force and effect after any termination or expiration of this Agreement, as will any other provision of this Agreement which expressly, or by implication from its nature, is intended to survive the termination or expiration of this Agreement.

#### **18.13 Conflicts of Interest and Corrupt Practices**

Each Party will comply with all applicable anti-corruption laws of all jurisdictions, including all relevant laws of Canada (each, an "Anti-Corruption Law"). Neither Party will give, or offer to give, receive, or agree to accept, any payment, gift or other advantage which violates an Anti-Corruption Law.

#### **18.14 Severability**

If anything in this Agreement is unenforceable, illegal or void, then it is severed and the rest of this Agreement remains in full force and effect. Where a provision of this Agreement is prohibited or unenforceable, the Parties will negotiate in good faith to replace the invalid provision by a provision which is in accordance with applicable laws and which will be as close as possible to the Parties' original intent, and appropriate consequential amendments (if any) will be made to this Agreement.

#### **18.15 Successors and Assigns**

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

#### **18.16 Counterparts and Electronic Delivery**

This Agreement may be executed by the Parties in any number of counterparts, and it will not be necessary that the signatures of both Parties be contained on any one counterpart. This Agreement may be electronically executed by a Party by DocuSign or other form of electronic signature agreed to by the Parties. Executed copies of this Agreement may be delivered by the Parties by email or other form of electronic transmission capable of producing a printed copy. Each counterpart so executed and delivered will be deemed to be an original, will constitute one and the same instrument, and, notwithstanding the date of execution, will be deemed to be executed as of the date first set forth above.

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**IN WITNESS WHEREOF** the Parties have duly executed this Agreement as of the date set forth above.

**CARIBOO ROSE RESOURCES LTD.**

Per: "J. W. Morton" \_\_\_\_\_  
Authorized Signatory

*J. W. MORTON*  
Name \_\_\_\_\_  
*President.*

**BRS MINING RESOURCES LTD**

Per "Byron Coulthard" \_\_\_\_\_  
Authorized Signatory

\_\_\_\_\_  
Name

SCHEDULE A

<b>Claim Name</b>	<b>Record #</b>	<b>Area (Ha)</b>	<b>Expiry Date</b>
Cowtrail 1	407994	500	Feb 18, 2023
Cowtrail 2	407995	500	Feb 18, 2023
Rat 1	409496	500	Sep 14, 2022
Rat 2	409497	500	Sep 14, 2022
Rat 3	409498	25	Sep 14, 2022
Rat 4	409499	25	Sep 14, 2022
Rat 5	409500	25	Sep 14, 2022
Rat 6	409501	25	Sep 14, 2022
Rat 7	409502	25	Sep 14, 2022
Jim 1	409429	500	Sep 14, 2022
Jim 2	409430	500	Sep 14, 2022
Jim 7	409431	500	Sep 14, 2022
Jim 8	409432	500	Sep 14, 2022
Jim 9	409437	25	Sep 14, 2022
Jim 10	409438	25	Sep 14, 2022
Jim 11	409439	25	Sep 14, 2022
Jim 14	409440	25	Sep 14, 2022
Jim 15	409441	25	Sep 14, 2022
Jim 17	409443	25	Sep 14, 2022
Jim 16	409442	25	Sep 14, 2022
Jim 18	409444	25	Sep 14, 2022
Jim 3	409433	25	Sep 14, 2022
Jim 4	409434	25	Sep 14, 2022
Jim 5	409435	25	Sep 14, 2022
Jim 6	409436	25	Sep 14, 2022
Jim 19	409445	25	Sep 14, 2022
Jim 20	409446	25	Sep 14, 2022
Jim 21	409447	25	Sep 14, 2022
Jim 22	409797	25	Sep 14, 2022
Jim 23	409798	25	Sep 14, 2022
Jim 24	409799	25	Sep 14, 2022
Jim 25	409800	25	Sep 14, 2022
JIMY	1097607	177	Sep 15, 2023



## SCHEDULE B

### ROYALTY

1. Definitions
- 1.1. Terms defined in the Option Agreement to which this Schedule B (this “**Schedule**”) is attached and used in this Schedule shall have the meanings ascribed to them in the Option Agreement.
2. Net Smelter Return Royalty
- 2.1. The Royalty payable to Cariboo Rose pursuant to Article 4 of the Option Agreement to which this Schedule is attached will be equal to 2<sup>1/2</sup>% or 1% of the net smelter return (the “**Net Smelter Return**”).
- 2.2. The Net Smelter Return shall be the net amount of money received from the sale of ore, or ore concentrates or other products, from the Property to a smelter or other ore buyer after deduction of smelter and/or refining charges, ore treatment charges (not including on site milling costs), penalties and any and all charges made by the purchaser of ore or concentrates, less any and all transportation costs which may be incurred in connection with the transportation of ore or concentrates, less all umpire charges which BRS may be required to pay.
3. Payment of the Royalty

- 3.1.** Payment of the Royalty to Cariboo Rose shall be made quarterly within 90 days after the end of each calendar quarter. Within 120 days after the end of each calendar year in which the Royalty is payable to the Optionor, the records relating to the calculation of the Royalty for such year shall be audited and any resulting adjustments in the Royalty payable to Cariboo Rose shall be made forthwith. Cariboo Rose is not satisfied with the results of the audit carried out pursuant to Section 3.1, Cariboo Rose will have the right, exercisable for a period of 30 days after the completion of the audit and the delivery of any adjustment payment made under Section 3.1, to request an additional audit of the records relating to the calculation of the Royalty for the year in question. If an audit is requested pursuant to this section, such audit shall be conducted by an auditor mutually agreed upon between the Parties. If it is determined pursuant to an audit conducted under this section that Cariboo Rose is entitled to be paid an additional amount over and above the Royalty payment (together with any adjustments) actually paid for the year in question, BRS shall pay Cariboo Rose such additional amount as is determined to be payable pursuant to the audit conducted under this section. If the discrepancy between the amount of the Royalty payment (together with adjustments) made under Section 3.1 and the amount determined to have been payable pursuant to an audit completed under this section (assuming such amount is larger than the amount actually paid) is equal to or greater than 5%, then BRS shall bear the costs of the audit carried out under this section. If such discrepancy is less than 5% or it is determined as a result of the audit carried out under this section that Cariboo Rose is entitled to be paid less than Cariboo Rose was paid under Section 3.1, then Cariboo Rose shall bear the costs of the audit carried out under this section.

## SCHEDULE C

### JOINT VENTURE TERMS

1. In accordance with Section 8.2 of the Option Agreement to which this Schedule C is attached, it is the intention of the Parties to enter into the Joint Venture Agreement upon formation of the Joint Venture. The terms and conditions set out herein will be included in the Joint Venture Agreement.
2. The Parties agree to consult and negotiate in good faith to determine the most appropriate legal structure under which to continue the exploration and development of the Property, taking into account the applicable laws and regulations of applicable Governmental Authorities, and the legal, taxation, investment and logistics considerations of each Party.
3. Each Party will contribute to all costs in proportion to its percentage undivided interest in the Property (its "**Participating Interest**") from time to time.
4. All operations on and in connection with the Property will be managed by a committee (the "**Management Committee**") comprised of four people, of which two will be representatives of BRS and two will be representatives of Cariboo Rose. All decisions of the Management Committee will be made by simple majority of the votes cast. The representatives of each Party in the Management Committee will have such number of votes as equals such Party's Participating Interest at the time of the vote. If there is a tie vote with respect to any proposed work program, the decision will be made by the operator at such time. In the event of a tie vote on any other matter, the dispute will be subject to Article 16 or such other dispute resolution mechanism as the Parties may agree.
5. Subject to applicable laws, all operations on and in connection with the Property will be carried out exclusively by the operator. The operator will have the right to retain such subcontractors as it sees fit. BRS will have the right to appoint the initial operator and such operator will remain as the operator for so long as BRS's Participating Interest is greater than 50% unless otherwise agreed to by the Parties. If BRS's Participating Interest is less than 50%, the Party with the highest Participating Interest will be the operator, or failing that, the Party with the highest Participating Interest will appoint the operator.
6. At the commencement of the Joint Venture, the Parties' respective Participating Interests will be as follows:

<b>Party</b>	<b>Participating Interest on Exercise of Option</b>
BRS	60%
Cariboo Rose	40%
<b>TOTAL</b>	<b>100%</b>

7. A Party will elect whether to contribute to each annual work program and budget. If a Party fails to elect to participate or elects not to contribute to a budget, its Participating Interest will be reduced, such that a Party's Participating Interest at any time will be calculated by dividing the subject Party's deemed and actual Expenditures by the deemed and actual Expenditures of both Parties, and multiplying the resulting fraction by 100.
8. The operator will be entitled to include in each budget, in addition to the amounts to be actually expended, the reasonably estimated cost of satisfying continuing obligations relating to environmental protection, rehabilitation, reclamation and de-commissioning.
9. The operator will be entitled to charge and include in each budget, in addition to the amounts to be actually expended, a management fee of 10%, reduced to 5% on amounts in excess of \$100,000 under any single third party contract, of all Expenditures incurred by the operator, in lieu of any fees for administrative services, head office overhead, use of the corporate infrastructure, and other general services provided by the operator.
10. The terms set out in this Schedule C will be replaced by the Joint Venture Agreement containing the terms described herein and such other terms as the Parties and their respective counsel deem appropriate following further good faith negotiations between the Parties, however, until the Joint Venture Agreement is entered into, the Agreement, and this Schedule B thereto, will be binding on the Parties, the day to day affairs of the Joint Venture and the disposition of the Property and all Minerals derived therefrom.

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