

**FARMOUT AGREEMENT (the "Agreement")**

**LINDBERGH AREA, ALBERTA**

THIS AGREEMENT made as of the 1<sup>st</sup> day of November, 2022

**BETWEEN:**

**CROVERRO ENERGY LTD.**, a corporation having an office in the City of Calgary, Alberta (hereinafter referred to as "**Farmor**");

AND

██████████ a corporation having an office in the City of Kelowna, British Columbia (hereinafter referred to as "██████████"); (Third party name, and short name)

AND

**ARGO GOLD INC.** a corporation having an office in the City of Toronto, Ontario (hereinafter referred to as "**ARGO**");

██████████ and **ARGO** hereinafter collectively referred to as "**Farmee**"; (Short name)

**WHEREAS** Farmor has agreed to grant to Farmee the right to earn Seventy Five (75%) percent of Farmor's Pre-Earning Working Interest on the terms and conditions hereinafter set forth;

**NOW THEREFORE** in consideration of the premises and of the covenants and agreements of the Parties, the Parties agree as follows:

**1.00 DEFINITIONS**

**1.01 Definitions**

Each capitalized term used in this Agreement will have the meaning given to it in the Farmout & Royalty Procedure, and in addition:

- (a) "**Agreement**" is as defined above, the Clause 1.01 Farmout & Royalty Procedure definition of "Agreement" deleted in its entirety;
- (b) "**Area**" means the lands pertaining to the **Lindbergh, Alberta Farmout Lands** as identified on Schedule "A";
- (c) "**Contract Depth**" means a minimum of 400 meters horizontally into the Mannville Group.
- (d) "**Costs**" means collectively the Drilling Costs, Completion Costs and Equipping Costs;
- (e) "**Earned Lands**" means any Farmout Lands in which Farmee earns an interest pursuant to Clause 3;
- (f) "**Farmee**" is as defined above;
- (g) "**Farmor**" is as defined above;
- (h) "**Farmout & Royalty Procedure**" means the 2015 CAPL Farmout & Royalty Procedure, as incorporated herein, with the elections and amendments as described in Schedule "B".

- (i) **"Operator"** means the Farmor under the Operating Procedure as provided in Clause 5.01 of this Agreement, the Clause 1.01 Operating Procedure definition of "Operator" deleted in its entirety;
- (j) **"Operating Procedure"** means the 2015 CAPL Operating Procedure, as incorporated herein, together with the 1996 PACS Accounting Procedure, with the elections and amendments as described in Schedule "B".

**1.02 Schedules**

The following Schedules attached hereto are incorporated into and made part of this Agreement:

- (a) Schedule "A" which describes the Title Documents, the Farmout Lands and the Pre-Earning Working Interest and Encumbrances;
- (b) Schedule "B" which describes the elections and revisions to the 2015 CAPL Farmout & Royalty Procedure, the 2015 CAPL Operating Procedure and the 1996 PASC Accounting Procedure;
- (c) Schedule "C" which specifies the type of drilling and other information required to be supplied by the Farmor to the Farmee pursuant to the 2015 CAPL Farmout & Royalty Procedure (as modified hereby);
- (d) Schedule "D" which is a copy of the approved authority for expenditure in respect of the Test Well;
- (e) Schedule "E" which specifies the Areas of Mutual Interest;

**1.03 Incorporation by Reference**

Except as otherwise provided in this Head Agreement and subject to the elections and amendments identified in Schedule "B", the definitions in the Farmout & Royalty Procedure and the Operating Procedure, respectively, are incorporated by reference into this Agreement.

**1.04 Farmor's Operations**

- (a) It is acknowledged and agreed by the Parties that notwithstanding anything to the contrary as may be contained in the Farmout & Royalty Procedure, the Farmor shall be responsible for operations in respect of the Earning Wells. In that regard, the Farmout & Royalty Procedure shall be so interpreted and construed and wherever necessary "Farmee" shall be replaced with "Farmor" and *vice versa*, including without limitation, within the following provisions of the Farmout & Royalty Procedure:

Article 3.00	Test Well
Article 7.00	Abandonment of Wells
Article 9.00	Well Information to Farmor
Article 14.00	Default

- (b) Without in any way limiting the generality of Article 9.00 (Well Information to Farmor) (as modified hereby), the Farmor agrees to provide the type of drilling and other information,

upon request by the Farmee, as set out in Schedule "C" hereto and as provided for in the Farmout & Royalty Procedure.

- (c) The Farmout & Royalty Procedure shall be applied, *mutatis mutandis*, as modified in accordance with the above and in furtherance to the above, subject to the obligation of Farmee to pay One Hundred (100%) of the Costs of the Test Well, Clause 11.01 of the Farmout and Royalty Procedure will apply, *mutatis mutandis*, to all of the Farmor's activities and obligations in respect of the Test Well, such that and for clarity, subject to any application of Subclause 1.04(d) to limit the Farmor's responsibility for Losses and Liabilities, the Farmor will, with respect to activities hereunder:
- i. be liable to the Farmee for all Losses and Liabilities that the Farmee may suffer, sustain, pay or incur; and, in addition
  - ii. indemnify and hold harmless the Farmee, its Affiliates and the respective directors, officers and employees of the Farmee and its Affiliates from and against all Losses and Liabilities that may be brought against or suffered by them or that they may sustain, pay or incur.
- (d) The Farmor's obligation under, Clause 11.01 of the Farmout and Royalty Procedure and Subclause 1.04(c) will apply only insofar as the Losses and Liabilities contemplated therein are a direct result of:
- i. any act, omission or failure to act (whether negligent or otherwise) of the Farmor, any of its Affiliates or the respective directors, officers, employees, agents or contractors of the Farmor or any of its Affiliates with respect to Operations or activities conducted by the Farmor or on its behalf hereunder in respect of the Earning Wells;
  - ii. a breach of a provision of this Agreement by the Farmor, any of its Affiliates or the respective directors, officers, employees, agents or contractors of the Farmor or any of its Affiliates; or
  - iii. the Gross Negligence or Willful Misconduct of the Farmor, any of its Affiliates or the respective directors, officers, employees, agents or contractors of the Farmor or any of its Affiliates,

provided, the Farmor's obligation hereunder will not apply, insofar as the particular act, omission or failure to act resulting in those Losses and Liabilities was done or omitted to be done in accordance with the Farmee's written instructions or written approval and that act, omission or failure to act was inherent in those instructions or that approval.

## 2.00 TEST WELL

### 2.01 Test Well Drilling

Subject to the qualifications on timing and location in Subclauses 3.01A and B of the Farmout & Royalty Procedure, Croverro as Farmor shall Spud the Test Well on or before [REDACTED] [REDACTED] at the location agreed in the authority for expenditure attached hereto as Schedule "D". The Costs in respect of the Test Well will be paid for by Farmee as to Fifty percent (50%) [REDACTED] and Fifty percent (50%) ARGO.

(commitment date, third party short name)

**3.00 EARNING**

**3.00 Test Well Earning**

Effective as of the drilling rig release date for the Test Well, the Farmee will earn Seventy Five (75%) percent of the Farmor's Pre-Earning Working Interest in the Farmout Lands for that associated Area (as to all zones and formations governed by the applicable Title Documents). Finally, Farmor hereby agrees to assign and transfer registration to Farmee of Thirty Seven point Five (37.5%) percent each to [REDACTED] and ARGO and any leases earned by Farmee upon earning, unless mutually agreed otherwise by trust agreement.

<u>Party</u>	<u>Earned Interest</u>	(third party short name)
Farmor	25%	
[REDACTED]	37.5%	
ARGO	37.5%	

**4.00 OPTION WELL(S)**

**4.01 Option Wells**

Option wells are not applicable as all future drilling on the Earned Lands will be governed by the Operating Procedure on an after-earning Working Interest basis.

**5.00 APPLICATION OF THE OPERATING PROCEDURE**

**5.01** The Farmor will be the initial Operator under the Operating Procedure. Without in any way limiting the generality of Clause 1.02 of the Farmout & Royalty Procedure, prior to and while the Farmee is earning an interest in any of the Farmout Lands, Clause 3.01 and Articles 2.00, 3.00, 4.00, 5.00, 7.00, 8.00 and 9.00 of the Operating Procedure shall also apply, *mutatis mutandis*, to this Agreement and shall be deemed to be incorporated herein. Following earning by the Farmee under Clause 3.00, subject only to the provisions of Clause 2.01 in respect of the Test Well and the specifically the obligation of the Farmee to pay One Hundred (100%) percent of the Costs of the Test Well, the Farmor shall conduct such operations pursuant to this Agreement in the following proportions:

<u>Party</u>	<u>Proportion</u>	(third party short name)
Farmor	25%	
[REDACTED]	37.5%	
ARGO	37.5%	

**5.02** From and after earning hereunder and as to those portions of the Farmout Lands so earned, the Operating Procedure (in its entirety) shall govern the relationship of the Parties and in the proportions set out in Clause 5.01.

**6.00 DISPOSITION AND CONVERSION PROVISIONS**

**6.01 Offer to Purchase**

In addition to and without limiting the generality and application of Article 24.00 of the Operating Procedure, in particular the Clause 24.01 Alternate B (Right of First Refusal), if either Party receives an offer from a third party to acquire any or all of its interest in this Agreement or the Earned Lands, such Party shall, within five (5) Business Days of receipt of such offer, give written notice thereof to the other Party and thereafter and if directed to do so by the other Party, make all reasonable commercial efforts with the third party to include the other Party's interests in this Agreement or the applicable Earned Lands in the proposed transaction.

## **7.00 ACCESS TO FACILITIES**

Notwithstanding anything to the contrary as may be contained within the Operating Procedure (including, without limitation, the provisions of Article 6.00 thereof), insofar as the Farmee is taking its Working Interest share of Petroleum Substances produced from the Test Well in kind in accordance with Subclause 6.01A of the Operating Procedure, Farmor shall use commercially reasonable efforts to facilitate the transportation, handling, compression, disposal and processing of any of Farmee's production and Farmee shall pay its proportionate share of actual costs and fees associated with such transportation, handling, compression, disposal and processing.

## **8.00 NO INTEREST LETTER**

Within 10 days of the execution of this Agreement, Farmor will deliver to Farmee a mutually agreed upon form of no-interest letter from any claims of security interest in and to all of the Farmor's present and after-acquired personal property.

## **9.00 MUTUAL INTEREST LANDS**

Notwithstanding the provisions of Article 6.00 of this Agreement, the Parties hereby agree to an area of mutual interest for three (3) years being those lands within the boundaries outlined green on Schedule "E" ("Area of Mutual interest") as to [REDACTED] in which the non-acquiring Party shall be offered the right to acquire an interest as per the Earned Interests where the non-acquiring Party is Farmee and a Twenty Five (25%) percent Working Interest where the non-acquiring Party is Farmor. The acquiring Party shall be obligated to give written notice of such acquisition within the Area of Mutual Interest within 10 business days of such acquisition.

(AMI formations)

## **10.00 MISCELLANEOUS**

### **10.01 Conflicts**

Clause 1.04 of the Operating Procedure incorporated by reference into this Agreement by Clause 1.02 of the Farmout & Royalty Procedure is deleted in its entirety. Instead, in the event of a conflict between this Agreement and the Schedules, the terms and provisions of this Agreement shall prevail. In the event of a conflict between this Agreement and the Title Documents, the terms and provisions of the Title Documents shall prevail, and this Agreement shall be deemed to be amended accordingly.

### **10.02 Rentals, Royalties and Taxes**

Clause 13.01(B) of the Farmout & Royalty Procedure is deleted in its entirety. Instead, after earning, all rentals, lessor royalties, renewal fees, penalties, taxes and any other payments or burdens on the Earned Lands shall be paid by the Farmee and Farmor in proportion to their respective Working Interest in the Earned Lands.

### **10.03 Laws of Jurisdiction**

Clause 1.06 of the Operating Procedure incorporated by reference into this Agreement by Clause 1.02 of the Farmout & Royalty Procedure is deleted in its entirety. Instead, this Agreement, the Operating Procedure and the relationship between the Parties shall be construed and determined according to the laws of the Province of Alberta and the courts of the Province of Alberta shall have exclusive jurisdiction with respect to any conflicts or disputes arising in relation to this Agreement or the Operating Procedure. Notwithstanding, the Parties agree that the regulations followed in regard to all operations of the Farmout Lands shall be the Regulations in and for the Province of Alberta.

**10.04 Authority**

Each Party covenants that it has good right, full power and authority to enter into this Agreement.

**10.05 Further Acts**

Clause 25.01 of the Operating Procedure incorporated by reference into this Agreement by Clause 1.02 of the Farmout & Royalty Procedure is deleted in its entirety. Instead, the Parties shall from time to time, and at all times, do all such further acts, and execute and deliver all such further deeds and documents, as shall be reasonably required, in order to fully perform and carry out the terms of this Agreement.

**10.06 Enurement, Entire Agreement and Primacy**


Clauses 1.11 and 25.03 of the Operating Procedure incorporated by reference into this Agreement by Clause 1.02 of the Farmout & Royalty Procedure are deleted in their entirety. Instead, this Agreement shall enure to the benefit of and be binding upon the respective administrators, trustees, receivers, successors and assign of the Parties. The terms and conditions of this Agreement express and constitute the entire Agreement between the Parties with respect to the Farmout Lands and the Title Documents, insofar as they pertain to the Farmout Lands. This Agreement supersedes all other agreements, representations, documents, writings and understandings between the Parties relating to the subject matter hereof.

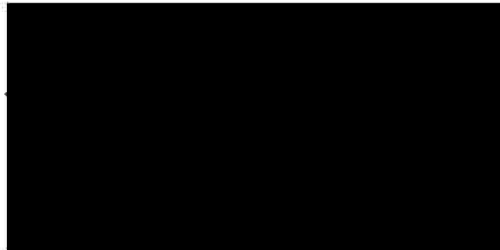
**10.07 Execution**

This Agreement may be signed electronically, including through DocuSign and similar applications. This Agreement may be signed in any number of counterparts (including counterparts by scanned or electronic signature) and each counterpart will be deemed an original, taken together, all counterparts will be deemed to constitute one and the same instrument. Delivery of a printed counterpart (whether or not the counterpart was signed electronically) and electronic delivery (including by email transmission or transmission over an electronic signature platform) of an executed counterpart of this Agreement are each as valid, enforceable and binding as if the signatures were upon the same instrument and delivered in person.

IN WITNESS WHEREOF the Parties have caused this Agreement to be duly executed.

**GROVERRO ENERGY LTD.**

  
\_\_\_\_\_  
J.W. Grant Robertson  
Vice-President Business Development



**ARGO GOLD INC.**

(third party name, officer, signature)

\_\_\_\_\_  
Judy Baker  
CEO

TEXT

**10.04 Authority**

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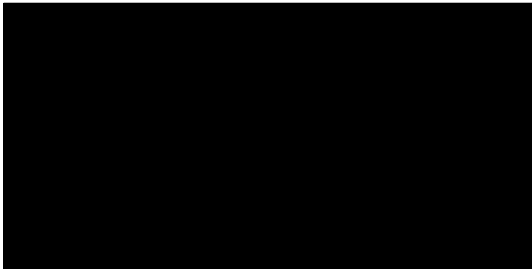
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IN WITNESS WHEREOF the Parties have caused this Agreement to be duly executed.


**CROVERRO ENERGY LTD.**

\_\_\_\_\_  
JW Grant Robertson  
Vice-President Business Development



(third party name, officer, signature)

**ARGO GOLD INC.**

  
\_\_\_\_\_  
Judy Baker  
CEO

**SCHEDULE "A"**

This is Schedule A attached to and made part of a Farmout Agreement dated November 1, 2022  
between Croverro Energy Ltd. ("Farmor") and [REDACTED] and Argo Gold Inc. ("Farmee")

(third party short name)

**FARMOUT LANDS**

(specific lands redacted)



**SCHEDULE "B"**

This is Schedule B attached to and made part of a Farmout Agreement dated November 1, 2022 between Croverro Energy Ltd. ("Farmor") and [REDACTED] and Argo Gold Inc. ("Farmee")

**2015 CAPL FARMOUT & ROYALTY PROCEDURE ELECTIONS AND AMENDMENTS  
AND MODIFICATIONS TO THE 1996**

**PETROLEUM ACCOUNTANTS SOCIETY OF CANADA (PASC) ACCOUNTING PROCEDURE**

(Specific terms under CAPL and PASC redacted)

**SCHEDULE "C"**

This is Schedule C attached to and made part of a Farmout Agreement dated November 1, 2022  
between Croverro Energy Ltd. ("Farmor") and [REDACTED] and Argo Gold Inc. ("Farmee")

(short name of third party)

(Redacted Drilling information requirements)

[REDACTED]

**SCHEDULE "D"**

(Well costs)

This is Schedule D attached to and made part of a Farmout Agreement dated November 1, 2022 between Croverro Energy Ltd. ("Farmor") and [REDACTED] and Argo Gold Inc. ("Farmee")

[REDACTED]

(short name of third party)

(redacted well cost information)

TEXT

**SCHEDULE "E"**

This is Schedule E attached to and made part of a Farmout Agreement dated November 1, 2022  
between Crover Energy Ltd. ("Farmor") and [REDACTED] and Argo Gold Inc. ("Farmee")

**AREA OF MUTUAL INTEREST**

(short name of third party)

(redacted area of mutual interest)