

LOAN AGREEMENT

THIS LOAN AGREEMENT (this “**Agreement**”) is dated as of the 13th day of May, 2022.

BETWEEN:

THE K2 PRINCIPAL FUND L.P., a corporation having an address at 2 Bloor St West, Suite 801, Toronto, ON M4W 3E2

(Email: k2backoffice@k2.ca)

(the “**Lender**”)

AND:

VALOREM RESOURCES INC., a corporation having an address at 810 – 789 West Pender Street, Vancouver, BC V6C 1H2

(Email: tlouie@valoremresources.com)

(the “**Corporation**”)

WHEREAS:

- A. The Lender has agreed to provide a loan in the principal amount of \$450,000 to the Corporation in accordance with the terms and conditions of this Agreement; and
- B. The Corporation wishes to borrow monies from the Lender on the terms and conditions set forth in this Agreement.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Corporation and the Lender (each, a “**Party**” and, together, the “**Parties**”) do hereby covenant and agree as follows:

ARTICLE 1 DEFINITIONS

1.1 Definitions

- (a) “**Agreement**” and “**this Agreement**” means this agreement and all schedules hereto as the same may be amended, modified, replaced, supplemented or restated from time to time.
- (b) “**Business Day**” means any day of the year, other than a Saturday or Sunday or any other day on which banks are required or authorized to close in Vancouver, British Columbia.
- (c) “**Event of Default**” has the meaning specified in Section 4.1.
- (d) “**Interest**” has the meaning specified in Section 3.2.

- (e) “**Loan**” has the meaning specified in Section 3.1.
- (f) “**Loan Amount**” has the meaning specified in Section 3.4.
- (g) “**Maturity Date**” has the meaning specified in Section 3.4.
- (h) “**Notice**” has the meaning specified in Section 5.1.
- (i) “**Person**” means a natural person, partnership, limited partnership, limited liability partnership, limited liability company, unlimited liability company, corporation, joint stock company, trust, unincorporated association, joint venture or other entity, or Governmental Entity, and pronouns have a similarly extended meaning.
- (j) “**Principal Amount**” has the meaning specified in Section 3.1.

ARTICLE 2 INTERPRETATION

2.1 Defined Terms

Capitalized terms used in this Agreement and not otherwise defined have the meanings given to them in Article 1 herein, unless there is something in the subject matter or context inconsistent therewith.

2.2 Headings, etc.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and do not affect its interpretation.

2.3 Gender and Number

Any reference in this Agreement to gender includes all genders. Words importing the singular number also include the plural and *vice versa*.

2.4 Currency

All references in this Agreement to dollars or to “\$” are to Canadian dollars, unless otherwise indicated.

2.5 Certain Phrases

In this Agreement, the words “including”, “includes” and “include” mean “including (or includes or include) without limitation”. The expressions “Article” and “Section” followed by a number mean and refer to the specified Article or Section of this Agreement. In the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word “from” means “from and including” and the words “to” and “until” each mean “to but excluding”.

2.6 Statutory References

Except as otherwise provided in this Agreement, any reference in this Agreement to a statute refers to such statute and all rules and regulations made under it as they may have been, or may from time to time be, amended, re-enacted or superseded.

ARTICLE 3 LOAN

3.1 Principal Amount

Subject to the terms and conditions of this Agreement, the Lender agrees to advance to the Corporation a loan (the “**Loan**”) in the aggregate principal amount of \$450,000 (the “**Principal Amount**”) as of the date of this Agreement.

3.2 Interest

The Principal Amount outstanding from time to time will bear interest at a rate of 10% per annum (the “**Interest**”), which Interest will be payable on the Maturity Date, subject to the repayment in full of the Loan Amount in accordance with the terms and conditions hereof.

3.3 Repayment and Prepayment

- (a) Unless demanded earlier due to an Event of Default or prepaid in accordance with the terms hereunder, the Loan Amount is due and payable on the Maturity Date.
- (b) The Principal Amount may be prepaid by the Corporation to the Lender in whole or in part on not less than 5 Business Days prior written notice by the Corporation to the Lender. At the expiry of such notice period, the Corporation will pay to the Lender the prepayment amount, Interest on such portion of the Principal Amount as is being prepaid, accruing to the date of prepayment, and all fees, costs, charges and expenses then due and owing, without bonus or penalty.

3.4 Maturity Date

Any outstanding Principal Amount and any accrued and unpaid Interest thereon (collectively, the “**Loan Amount**”) will immediately become due and payable on November 15, 2022 (or such later date as may be agreed to, in writing, by the Lender, in its sole discretion).

ARTICLE 4 EVENTS OF DEFAULT

4.1 Events of Default

The occurrence of any of the following events will constitute an “**Event of Default**” under this Agreement:

- (a) if the Corporation fails to pay any portion of the Loan Amount when such amounts become due and payable and such failure remains unremedied for 10 days;

- (b) if the Corporation fails to perform, observe or comply with any other term or covenant contained in this Agreement, and, if the circumstances giving rise to such failure are capable of modification or rectification (such that, thereafter the covenant would be observed or performed), the failure remains uncorrected for a period of 30 days following the date on which the Lender provides notice to the Corporation of such failure;
- (c) if the Corporation
 - (i) applies for or consenting to the appointment of a receiver, trustee, liquidator or custodian of itself or of all or a substantial part of its property;
 - (ii) makes a general assignment for the benefit of its or any of its creditors;
 - (iii) becomes dissolved or liquidated in full or in part;
 - (iv) commences a voluntary case or other proceeding seeking liquidation or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect; or
 - (v) takes any action for the purpose of effecting any of the foregoing; or
- (d) if proceedings for the appointment of a receiver, trustee, liquidator or custodian of the Corporation or of all or a substantial part of the property thereof, or an involuntary case or other proceedings seeking liquidation, reorganization or other relief with respect to the Corporation or the debts thereof under any bankruptcy, insolvency or other similar law now or hereafter in effect being commenced and an order for relief entered or such proceeding is not dismissed or discharged within 30 days of commencement.

4.2 Consequences of an Event of Default

- (a) Upon the occurrence or existence of any Event of Default, and following the expiry of any applicable grace periods, and at any time thereafter during the continuance of such Event of Default, the Lender may, by written notice to the Corporation, declare all outstanding amounts payable by the Corporation hereunder to be immediately due and payable without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived, anything contained herein to the contrary notwithstanding.
- (b) In addition to the foregoing remedies, upon the occurrence or existence of any Event of Default, the Lender may exercise any other right, power or remedy permitted to it by law, either by suit in equity or by action at law, or both.

**ARTICLE 5
MISCELLANEOUS**

5.1 Notice

- (a) Any notice, direction or other communication (each a “**Notice**”) given regarding the matters contemplated by this Agreement must be in writing and sent by personal delivery, courier or email to the address set out on the first page of this Agreement.
- (b) A Notice is deemed to be delivered and received:
 - (i) if sent by personal delivery, on the date of delivery if it is a Business Day and the delivery was made prior to 4:00 p.m. (local time in place of receipt) and otherwise on the next Business Day;
 - (ii) if sent by same-day service courier, on the date of delivery if sent on a Business Day and delivery was made prior to 4:00 p.m. (local time in place of receipt) and otherwise on the next Business Day;
 - (iii) if sent by overnight courier, on the next Business Day; or
 - (iv) if sent by email or other electronic means of delivery, on the date of sending if sent by 4:00 p.m. on a Business Day (local time in place of receipt) and otherwise on the next Business Day.
- (c) A Party may change its address for service from time to time by providing a Notice in accordance with the foregoing. Any subsequent Notice must be sent to the Party at its changed address. Any element of a Party’s address that is not specifically changed in a Notice will be assumed not to be changed.

5.2 Time of the Essence

Time shall be of the essence of this Agreement.

5.3 No Agency or Partnership

Nothing contained in this Agreement makes or constitutes any Party, or any of its directors, officers or employees, the representative, agent, principal, partner, joint venture, employer or employee of the other Party. It is understood that no Party has the capacity to make commitments of any kind or incur obligations or liabilities binding upon the other Party.

5.4 Expenses

Each Party will pay for its own costs and expenses incurred in connection with this Agreement and the transactions contemplated by it. The fees and expenses referred to in this Section 5.4 are those which are incurred in connection with the negotiation, preparation, execution and performance of this Agreement, and the transactions contemplated by this Agreement, including the fees and expenses of legal counsel, investment advisers and accountants.

5.5 Amendments

This Agreement may only be amended, supplemented or otherwise modified by written agreement signed by each of the Parties.

5.6 Waiver

- (a) No waiver of any provision of this Agreement will constitute a waiver of any other provision (whether or not similar). No waiver will be binding unless executed in writing by the Party to be bound by the waiver. A Party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a Party from any other or further exercise of that right or the exercise of any other right.
- (b) If a Party waives compliance with any of the conditions, obligations or covenants contained in this Agreement, the waiver will be without prejudice to any of its rights of termination in the event of non-fulfilment, non-observance or non-performance of any other condition, obligation or covenant of this Agreement, in whole or in part.

5.7 Entire Agreement

This Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof and thereof, and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, among the Parties with respect to the subject matter hereof and thereof. Except as expressly set forth in this Agreement, there are no representations, warranties, covenants, conditions or other agreements, express or implied, collateral, statutory or otherwise, between the Parties in connection with the subject matter hereof or thereof. The Parties have not relied, and are not relying, on any other information, discussion or understanding in entering into and completing the transactions contemplated by this Agreement, except as set out herein.

5.8 Successors and Assigns

- (a) This Agreement will become effective only when executed by each of the Parties. After that time, it is binding on and enures to the benefit of the Parties and their respective heirs, administrators, executors, legal personal representatives, successors and permitted assigns.
- (b) Except as otherwise provided in this Agreement, neither this Agreement nor any of the rights or obligations under this Agreement, are assignable or transferable by the

Corporation without the prior written consent of the Lender, nor by the Lender without the prior written consent of the Corporation.

5.9 Further Assurances

The Parties agree to execute and deliver such further and other instruments, cause such meetings to be held and resolutions to be passed or enacted, exercise their vote and influence, and do and perform and cause to be done and performed, such further and other acts and things as may be necessary or desirable in order to give full effect to this Agreement.

5.10 Severability

If any provision of this Agreement is determined to be illegal, invalid or unenforceable by an arbitrator or any court of competent jurisdiction from which no appeal exists or is taken, that provision will be severed from this Agreement and the remaining provisions will remain in full force and effect.

5.11 Independent Legal Advice

The Lender acknowledges and agrees that the Corporation has given the Lender the opportunity to seek, and has recommended that the Lender obtain, independent legal advice with respect to the subject matter of this Agreement and, further, the Lender hereby represents and warrants to the Corporation that the Lender has sought independent legal advice or waives such advice.

5.12 Governing Law

This Agreement will be governed by and interpreted and enforced in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein, and the Parties attorn to the exclusive jurisdiction of the courts of the Province of British Columbia.

5.13 Counterparts and Electronic Signatures

This Agreement may be executed in any number of counterparts (including counterparts executed or delivered by facsimile, portable document format (".pdf") or other electronic method or transmission) and all such counterparts taken together will be deemed to be originally signed documents and to constitute one and the same instrument and, notwithstanding the date of execution, will be deemed to be executed as at the date of this Agreement.

IN WITNESS WHEREOF the Parties have executed this Loan Agreement as of the date first written above.

THE K2 PRINCIPAL FUND L.P.

Per: "Daniel Gosselin"
Daniel Gosselin
Secretary of K2 Genpar 2017 Inc., the General Partner to The K2 Principal Fund L.P.

VALOREM RESOURCES INC.

Per: "Tony Louie"
Authorized Signatory