

LETTER AGREEMENT SHAKESPEARE PROPERTY ONTARIO

Dated as of the 26th day of August, 2019

AMONG:

1093683 B.C. LTD., a British Columbia Corporation with an address at
2702 – 401 Bay Street, Toronto ON M5H 2Y4
(*"1093683"*)

AND:

STEVEN ANDERSON, a business person with an address at 1780 Coyote Ridge Road, Crystal
Falls, ON P0H 1L0 (25%)
(*"Anderson"*)

AND:

MONA MCKINNON, a business person with an address at 3746 Municipal Road, Connaught, ON
P0N 1A0 (25%)
(*"McKinnon"*)

AND:

2554022 ONTARIO LTD., a business with and address at 70-C Mountjoy Street N.f
Timmins, ON P4N 4V7 (25%)
(*"2554022"*)

AND:

KIDRIDGE CAPITAL INC., a business with and address at 1050 No. 1 Side Road,
Burlington, ON L7R 0R8 (25%)
(*"Kidridge"*)

(Anderson, McKinnon, 2554022, & Kidridge collectively referred herein
as the *"Optionors"* and each as an *"Optionor"*)

Re: OPTION AGREEMENT

Shakespeare Property, Ontario

This letter summarizes our discussions and reflects our mutual interest to pursue the proposed grant (the "*Transaction*") by the "*Optionors*" to "1093683" of an option to acquire all of the *Optionors* legal and beneficial interest in and to certain mining interests located in Ontario known as the "Shakespeare Property", more particularly set out at Schedule "A" (the "*Property*") and the Related Rights and Data (defined below) in relation thereto, pursuant to the terms and conditions contained herein.

The parties acknowledge that, as of the date of this letter, the *Optionors* are the beneficial and legal owners of a 100% interest in and to the Property.

Once executed, this letter (the "*Letter Agreement*") shall constitute a binding agreement with respect to the matters contemplated herein, which may be supplemented with a further agreement containing the terms and conditions not yet fully addressed or agreed upon (the "*Definitive Agreement*").

Based on our discussions to date, we propose the following:

1. OPTION

The Optionors shall grant 1093683 an option (the "*Option*") to acquire the all of the Optionors legal and beneficial interest in and to:

- (1) The Property;
- (2) All surface, water, access and other non-mineral rights of and to any lands comprising the Property, including surface rights held in fee or under lease, license, easement, right of way or other rights of any kind (and all renewals, extensions, and amendments thereof or substitutions therefor) acquired by or on behalf of the Optionor (collectively, the "*Related Rights*"); and
- (3) Any and all data, maps, surveys, technical reports, legal title opinions and all other information in relation to the Property and the Related Rights (collectively, the "*Data*");

(All of the foregoing collectively the "*Optioned Interest*").

2. CONDITIONS PRECEDENT

The obligations of the parties under this Letter Agreement will be subject to each of the following conditions being satisfied on or before that date that is 30 days after the date on which this Letter Agreement is executed by each party ("*Satisfaction Date*") unless waived by the party in whose favor such condition is indicated to be:

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- (1) 1093683 and the Optionors obtaining any required approval, consent or acceptance of the Canadian Securities Exchange, of any other regulatory body having jurisdiction in connection with this Letter Agreement or the subject matter of this Letter Agreement or of any other third parties as necessary to transfer the Property.

3. MAINTENANCE OF OPTION

To maintain the Option in good standing, 1093683 shall provide the following to the Optionors:

- (1) A total of 500,000 common shares in the capital of 1093683 (the "*Shares*") will be allocated at a price of \$0.02 per unit between the Optionors as follows:
 - (a) Anderson, 125,000 shares
 - (b) McKinnon, 125,000 shares
 - (c) 2554022, 125,000 shares
 - (d) Kidridge, 125,000 shares
- (2) fund or incur an aggregate total of CAD \$300,000 in exploration expenditures (including costs reasonably incurred in holding the Property and maintaining, exploring and developing the Property and inclusive of any and all taxes imposed or levied by any government or government authority or agency on the Property) as follows:
 - (a) The amount of CAD \$100,000 within 12 months of regulatory body approval of this transaction;
 - (b) an additional amount of CAD \$200,000 on or before that date which is 24 months from the Closing Date; and an additional 500,000 shares.

All share issuances and the expenditures set out above are inclusive of any and all taxes imposed or levied by any government or government authority or agency. The Optionors acknowledge that the Shares may be subject to resale restrictions under applicable securities laws or the policies of the Canadian Securities Exchange.

If, in any given time period, 1093683 should pay an amount, issue Shares or incur or fund exploration expenditures in excess of the amount required in such time period, the amount of such excess shall be credited towards 1093683's obligations in subsequent time periods.

The Optionors acknowledge that nothing contained herein this Letter Agreement shall be construed as obligating 1093683 to make such cash payments, share issuances or incur or fund exploration expenditures.

4. ROYALTY AND BUY-BACK

In addition to the consideration described under Section 3 above, 1093683 acknowledges and agrees that, upon the deemed exercise of the Option as contemplated under Section 5 herein, the Optionors shall reserve unto itself a royalty (the "*Royalty*") of 2.0% on Net Smelter Returns (as that term is defined in Schedule "B" attached hereto), to be calculated and paid according to

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Schedule "B" attached hereto. Notwithstanding the foregoing, 1093683 may, in its sole discretion but without obligation, purchase one-half of such Royalty (being 1.0%) for cancellation in consideration of CAD \$2,000,000, such that, upon such purchase, the Royalty shall be reduced to 1.0% of Net Smelter Returns.

5. DEEMED EXERCISE

In the event that 1093683 should issue the Shares and fund all such exploration expenditures as are described under Section 3 herein, 1093683 shall be deemed to have exercised the Option, and the Optionors shall do all such things as are necessary to convey the Optioned Interest to 1093683, free and clear of all liens, charges and encumbrances.

6. DUE DILIGENCE

- (1) Within 5 days of the date of execution of this Letter Agreement, the Optionors will deliver to 1093683 all Data in its possession or control (whether in tangible or electronic form).
- (2) the Optionors must give full access to the Property to 1093683 to permit 1093683 to conduct those investigations that 1093683 considers are desirable or necessary.
- (3) The obligation of 1093683 to enter into the Definitive Agreement or continuing to negotiate in good faith will be subject to 1093683 completing its due diligence review of the Property and reasonably determine that there are no material inaccuracies or omissions in the information furnished, and that there are no issues that arise as a result of the due diligence investigation or otherwise that would cause 1093683, in its sole discretion and for any reason whatsoever, to not want to proceed with the transactions contemplated herein.

7. REPRESENTATIONS AND WARRANTIES

The Optionors represent and warrant:

- (1) that, to the best of its knowledge, the mineral interests comprising the Property have been properly staked, issued and recorded, and are in good standing in accordance with relevant governing bodies, statutes and regulations;
- (2) that the Optionors are the legal, beneficial and exclusive holders of the Optioned Interest, free and clear of any liens, encumbrances or charges;
- (3) all operations on or under the Property to date by or on behalf of the Optionors have been conducting in a proper and workmanlike manner and in compliance with all applicable laws;
- (4) it has no knowledge regarding third party interests or claims of interests in the Optioned Interest, nor any knowledge of any suits, actions, prosecutions, investigations or proceedings, actual, pending or threatened, that relate to or would have a material adverse

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effect on the Optioned Interest or any portion thereof;

- (5) it has no knowledge or notice of the presence, release or discharge of any toxic or hazardous substances (other than naturally occurring minerals) on, in or under the Property;
- (6) it has no notice or knowledge of any investigation or proceeding by any federal, state or local government or agency thereof with respect to any obligations or liabilities under applicable environmental laws or regulations; and
- (7) that it has the right to enter into this Letter Agreement.

8. OPERATORSHIP DURING EARN-IN PERIOD

- (1) During the period from execution of this Letter Agreement until the earlier of termination of this Letter Agreement or exercise of the Option ("*Earn-in Period*"), 1093683 and its representatives shall have the sole and exclusive right to:
 - (a) enter in, under or upon the Property and to conduct operations and related activities on the Property;
 - (b) exclusive and quiet possession of the Property;
 - (c) bring upon and erect upon the Property such buildings, plant, machinery and equipment as 1093683 may deem advisable;
 - (d) remove from the Property and dispose of reasonable quantities of ores, minerals and metals for the purpose of obtaining assays or making other tests; and
 - (e) do such prospecting, exploration, development or other mining work on and under the Property as 1093683 in its sole discretion may determine advisable.

(2) During the Earn-In Period, 1093683 shall maintain the Property in good standing as required under applicable law, and shall conduct all operations in and the Property in a proper and workmanlike manner.

(3) The Optionors acknowledge that situations beyond the control of 1093683, such as the availability of workers and equipment, may cause delays in any work program and such delays may affect the timely incurring by 1093683 of the required expenditures described under Section 3 herein. Both parties agree to negotiate in good faith to set new requirements that reasonably allow for the work program to proceed under such situations. 1093683 will be entitled to such additional period of time as is reasonable in the circumstances, which will then be added to each period specified in 3(2).

9. INTERIM OBLIGATIONS

The Optionors acknowledge that 1093683 will incur expenses in connection with the transactions contemplated herein, including the costs of conducting its due diligence review and the drafting of the acquisition documents. As consideration for incurring these expenses, from the date of this letter until the termination of this letter in accordance with Section 10 herein:

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- (1) neither the Optionors nor any of its directors, officers, employees, agents or representatives will discuss, negotiate or consummate any transaction involving the sale, exchange or other disposition of its interest in and to the Optioned Interest or any portion thereof;
- (2) the Optionors shall maintain or cause to maintain the Property in good standing and free and clear of all liens, encumbrances and other charges arising thereto; and
- (3) the Optionors will conduct its business in a diligent manner consistent with past practices and without making any material change adverse to its business operations and policies.

10. TERMINATION

This Letter Agreement may be terminated as follows:

- (1) by the parties upon the earlier of: (a) their mutual agreement; or (b) entering into a Definitive Agreement;
- (2) by 1093683, upon providing 7 days prior written notice, at any time prior to exercising the Option; or
- (3) by either party in the event that the conditions described in Section 2(1). The obligations of the parties under Section 11 (Confidentiality), 13 (Expenses and Commissions) and 14 (Governing Law) shall continue subsequent to the termination of this Letter Agreement.

11. CONFIDENTIALITY

Except as mutually agreed to by both parties or as required by applicable securities legislation or regulation, or by any stock exchange having jurisdiction over a party or its affiliates, or in the course of litigation, both the Optionors and 1093683 will treat all information connected with or pertaining to this Letter Agreement as confidential and shall maintain such information in confidence.

12. DEFINITIVE AGREEMENT

The terms and conditions contained herein may be further supplanted by a Definitive Agreement and all other necessary documents, which must be acceptable to the parties, which will contain detailed representations and warranties of each party (including but not limited to organization, authority of each to execute and deliver such Definitive Agreement and related agreements and perform contemplated transactions, valuation of tangible and intangible assets, ownership of assets, liabilities, existence of insurance, licenses and permits, material agreements, compliance with laws and corporate documents, and financial data, which will survive the closing), indemnifications by each party of the other for breach of representations, warranties and covenants and other terms customary for a transaction of the size and complexity of the transactions contemplated herein. Such Definitive Agreement also will provide for detailed schedules of all assets, liabilities, litigation and other business, financial and legal matters.

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13. EXPENSES AND COMMISSIONS

Each party will be responsible for its own costs and charges incurred with respect to this Letter Agreement including, all related legal, accounting and brokers or finder's fees and disbursements.

14. GOVERNING LAW

This Letter Agreement is governed in all respects, including validity; interpretation and effect, by the laws of British Columbia and of Canada generally applicable in British Columbia and the parties irrevocably submit and consent to the jurisdiction of the courts of British Columbia, in respect of any matter arising under or in connection with this Letter Agreement.

15. CURRENCY

Unless otherwise specified, all dollar amounts expressed in this Letter Agreement are in the currency of Canada.

16. COUNTERPARTS

This Letter Agreement may be executed in any number of counterparts. Each counterpart is an original but the counterparts together are one and the same document. A copy of a counterpart sent by facsimile machine or by electronic mail (1) must be treated as an original counterpart; (2) is sufficient evidence of the execution of the original; and (3) may be produced in evidence for all purposes in place of the original.

If the foregoing terms are acceptable, then please sign and date this Letter Agreement in the space provided for below so as to confirm the parties' mutual understanding and agreement as contained in this Letter Agreement and return a signed copy to the undersigned; and the parties can then both proceed accordingly.

Sincerely,

1093683 B.C. LTD

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1093683 B.C. LTD.

"Gary Handley"

Witness

Accepted and agreed to this 23rd day of August, 2019

"Steven Anderson"

Print Name: STEVEN ANDERSON

Witness

"Mona McKinnon"

Print Name: MONA MCKINNON

Witness

"Amanda Salo"

Print Name: 2554022 ONTARIO LTD.

Witness

"Colin Parnham"

Print Name: KIDRIDGE CAPITAL INC.

Witness

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