

**OPTION AGREEMENT**

**THIS AGREEMENT** is dated as of May 2, 2019 (the “**Effective Date**”)

**BETWEEN:**

**CHRISTOPHER R. PAUL and OLIVER FRIESEN**

(collectively, the “**Optionor**”)

- and -

**PACIFIC WEST EXPLORATION SERVICES INC.**

(the “**Optionee**”)

(the Optionee and each of the Persons comprising the Optionor is a “**Party**”, and collectively they are the “**Parties**”)

**WITNESSETH THAT:**

**WHEREAS** the Optionor owns and holds directly 100% of the beneficial and legal right, title and interest in and to the Property, as further described in Schedule “A” hereto;

**AND WHEREAS** the Parties now wish to enter into this Agreement concerning the Property in order to provide for the grant to the Optionee of the Option (as defined herein) and for the Optionee (or an Affiliate of the Optionee) to acquire from the Optionor a 100% interest in the Property, all for the consideration and upon the terms and conditions set forth herein;

**NOW THEREFORE** in consideration of the mutual covenants herein contained, the Parties agree as follows:

**ARTICLE 1 DEFINITIONS AND PRINCIPLES OF INTERPRETATION**

1.1 Definitions

Capitalized words and phrases used in this Agreement shall have the meaning given to such words and phrases below:

“**AAMR**” means annual advanced minimum royalty.

“**Affiliate**” means any corporation, company, partnership, joint venture or firm that controls, is controlled by or is under common control with a Person. For purposes of this definition, “control” shall mean (a) in the case of corporate entities, direct or indirect ownership of more than 50% of the stock or shares entitled to vote for the election of directors; and (b) in the case of non-corporate entities, direct or indirect ownership of more than 50% of the equity interest with the power to direct the management and policies of such non-corporate entities.

“**Agreement**” means this Option Agreement, including all schedules, and all instruments supplementing, amending or confirming this Agreement and references to “Article” or “Section” are to the specified article or section of this Agreement.

“**Applicable Law**” means any applicable federal, provincial or local statute, regulation, rule, by-law, ordinance, order, policy or consent, including the common law and civil law, as well as any other enactment, treaty, official directive or guideline issued by a Governmental Authority and the terms and conditions of any permit, licence, authorization, certificate, consent, waiver, exemption, grandfathering right, agreement or similar document or approval issued by a Governmental Authority (“**Authorizations**”), and shall also include any order, judgment, decree, injunction, ruling, award or declaration, or other decision of whatsoever nature of a court, administrative or quasi-judicial tribunal, an arbitrator or arbitration panel or a Governmental Authority of competent jurisdiction that is not subject to appeal or that has not been appealed within the requisite time thereof.

“**Business Day**” means a day, other than a Saturday, Sunday or statutory holiday, on which the principal commercial banks located in Vancouver, British Columbia, are open for business during normal banking hours.

“**Claim**” means any claim, demand, action, cause of action, damage, loss, cost, liability or expense, including reasonable legal fees and all reasonable Costs incurred in investigating or pursuing any of the foregoing or any proceeding relating to any of the foregoing.

“**Confidentiality**” means to maintain in confidence and not to disclose the Confidential Information (as defined below) to third parties, except:

- (i) employees, officers, directors, consultants, agents and other representatives that need to know or ought to know in order to discharge their respective duties in an efficient manner; or
- (ii) Persons that are or may be interested in advancing, loaning, investing or otherwise providing potential debt or equity to a Party, including banks, financial institutions, brokerage companies and their respective employees, officers, directors, consultants, agents and other representatives, provided, however, that such Persons agree to maintain the information to be disclosed in confidence for a period not less than two years;

and “**Confidential**” and “**Confidence**” shall have similar meanings.

“**Costs**” means any and all damages, including exemplary and punitive damages, losses, including without limitation, economic losses, costs, expenses, liabilities and obligations of whatsoever kind, direct or indirect, including fines, penalties, interest, lawyers’ fees and disbursements, and taxes thereon.

“**Effective Date**” means the date of this Agreement.

“**Encumbrances**” means all interests, mortgages, charges, royalties, security interests, liens, encumbrances, actions, Claims, demands and equities of any nature whatsoever or however arising and any rights or privileges capable of becoming any of the foregoing.

“**Environment**” means the natural environment, (including, without limitation, soil, land surface or subsurface strata, surface waters, groundwater, sediment, ambient air (including all layers of the atmosphere)), organic and inorganic matter and living organisms, and any other environmental medium or natural resource and all sewer systems.

“**Environmental Laws**” means all Applicable Laws relating to the protection of the Environment or to employee or public health and safety or that regulate, ascribe, provide for or pertain to liabilities or obligations in relation to the existence, use, production, manufacture, processing, distribution, transport, handling, storage, removal, treatment, disposal or the Release of Hazardous Substances in the Environment, including civil responsibility for acts or omissions with respect to the Environment.

“**Event of Force Majeure**” shall have the meaning ascribed thereto in Section 14.3 hereof.

“**Exploration**” means all activities directed toward ascertaining the existence, location, quantity, quality or commercial value of mineral deposits on the Property, including additional drilling required after discovery of mineral deposits, and includes related environmental compliance.

“**Facilities**” means all mines and plants including, without limitation, all pits, shafts, haulageways and other underground workings, and all buildings, plants and other structures, fixtures and improvements, and all other property, whether fixed or moveable, as the same may exist at any time in, or on the Property or outside the Property if for the exclusive benefit of that Property only.

“**Friesen**” means Oliver Friesen.

“**Governmental Authorities**” means all applicable federal, provincial or state and municipal agencies, boards, tribunals, ministries and departments, both Canadian and foreign, and any subdivision or authority of any of the foregoing, as applicable.

“**Hazardous Substance**” means any waste or other substance or material that is regulated, listed, defined, designated or classified as, or otherwise determined to be, dangerous, hazardous, radioactive, explosive or toxic or a pollutant or a contaminant under or pursuant to any Environmental Laws or which could give rise to liability under any Environmental Laws.

“**Indemnified Party**” shall have the meaning ascribed thereto in Section 8.1 hereof.

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“**Material Contract**” means any contract or commitment, whether oral or written, to which the Optionor is bound or in respect of which the Optionor may have liability and that relates to the Property.

“**Mineral Claims**” means those mineral claim(s) comprising the Property, as described in Schedule “A” hereto.

“**Miscellaneous Interests**” means the interests of the Optionor in all property, assets and rights (other than the Property) ancillary to the Property to which the Optionor is entitled including, but not limited to, the interests of the Optionor in:

- (a) any Studies;
- (b) all contracts, agreements and documents relating to the Property and the operations conducted thereunder or any rights in relation thereto;
- (c) all subsisting rights to enter upon, use and occupy the surface of any lands forming part of the Property or of any lands to be traversed in order to gain access to any of the lands forming part of the Property;

- (d) all assignable Authorizations relating to the Property;
- (e) all books, records, data and other information relating to the Property, including accounting records, plans, drawings and specifications; and
- (f) all pre-paid expenses and deposits relating to the Property.

**“Net Smelter Returns”** means the proceeds received by the Optionee from any smelter or other purchaser from the sale of any ores, concentrates or minerals produced from the Property after deducting from such proceeds the following charges only to the extent that they are not deducted by a smelter, a milling facility or other purchaser in computing the proceeds:

- (a) the cost of transportation of the ores, concentrates or minerals from the Property to such smelter, milling facility or other purchaser, including insurance and related transport;
- (b) any smelting, milling and refining charges, including penalties;
- (c) marketing and insurance costs;

**“Notice”** shall have the meaning ascribed thereto in Section 14.7 hereof.

**“Operator”** means the Party that is entitled to direct exploration work, including work plans and budgets to be implemented, in respect of the Property.

**“Option Period”** means the period of time from the Effective Date to the date that the Optionee exercises the Option or that the Option otherwise terminates, all pursuant to the terms hereof.

**“Optionee”** shall mean Pacific West Exploration Services Inc.

**“Optionor”** shall mean, collectively, Paul and Friesen.

**“Option”** shall have the meaning ascribed thereto in Section 3.1 hereof.

**“Paul”** means Christopher R. Paul.

**“Permitted Encumbrances”** means:

- (a) easements, rights of way, servitude and similar rights in land including, but not limited to, rights of way and servitude for highways and other roads, railways, sewers, drains, gas and oil pipelines, gas and water mains, electric power, telephone, telegraph or cable television conduits, poles, wires and cables which individually or in the aggregate do not materially interfere with the present use, operation or marketability of the Property;
- (b) the right reserved to or vested in any Governmental Authority by the terms of any lease, licence, grant or permit forming part of the Property, or by any statutory provision, to terminate any such lease, licence, grant or permit or to require annual or other periodic payments as a condition of the continuance of them, as well as all other reservations, limitations, provisos and conditions in any original grant from Governmental Authorities, which are not material;
- (c) the right of any Governmental Authority to levy taxes on minerals or the revenue therefrom and governmental restrictions on production rates on the operation of a mine on the Property,

as well as all other rights vested in any Governmental Authority to control or regulate the Property pursuant to Applicable Laws;

- (d) any statutory liens, charges or other Encumbrances:
  - (i) for current taxes not yet due and owing, assessments or governmental charges;
  - (ii) incurred, created and granted in the ordinary course of business to a public utility or Governmental Authority in connection with operations conducted with respect to the Property, but only to the extent those liens relate to Costs for which payment is not yet due and owing; and
- (e) any other rights or Encumbrances consented to in writing by the Optionee or granted by the Optionee.

“**Person**” means any individual, sole proprietorship, partnership, cooperative, unincorporated association, unincorporated syndicate, unincorporated organization, trust, company, corporation or other body corporate, union, Governmental Authority and a natural person in his capacity as trustee, executor, administrator, or other legal representative.

“**Property**” means collectively the Miscellaneous Interests and all Authorizations and other documents of title, including replacement or substitute forms of documents of title, by virtue of which the holder is entitled to explore for, develop, produce, mine, recover, remove or dispose of minerals from on or within the lands comprising the Mineral Claims.

“**Release**” has the meaning prescribed in any Environmental Law and includes any sudden, intermittent or gradual release, spill, leak, pumping, addition, pouring, emission, emptying, discharge, migration, injection, escape, leaching, disposal, dumping, deposit, spraying, burial, abandonment, incineration, seepage, placement or introduction whether accidental or intentional.

“**Studies**” means any and all studies pertaining to the Property, including all:

- (a) geological, geochemical, geophysical, resource, reserve, mining and product quality studies; and
- (b) socio-economic, environmental, transportation, infrastructure, power, market and financial studies.

“**Successors**” means successors and includes any successor continuing by reason of amalgamation or other reorganization and any Person to which assets are transferred by reason of a liquidation, dissolution or winding-up.

## 1.2 Schedules

The following Schedules to this Agreement, as listed below, constitute an integral part of this Agreement:

<u>Schedule</u>	<u>Description</u>
Schedule “A”	Description of the Property and the Mineral Claims

## ARTICLE 2 REPRESENTATIONS AND WARRANTIES

### 2.1 Optionor's Representations and Warranties

Each of the Parties comprising the Optionor represents and warrants, jointly and severally, to the Optionee at the time of the execution of this Agreement that:

- (a) the Optionor has acquired and holds beneficially a 100% interest in the Property, free and clear of all Encumbrances except for Permitted Encumbrances;
- (b) the Optionor is in exclusive and peaceful possession of the Property;
- (c) during the term of this Agreement, the Optionor shall take all actions and do all things necessary or desirable to ensure that (i) no liabilities are incurred on the Property other than with the express written consent of the Optionee; and (ii) the Property remains free and clear of all Encumbrances other than Permitted Encumbrances;
- (d) the description of the Property set forth herein is true and correct;
- (e) it has obtained all necessary and advisable approvals to execute this Agreement and grant the Option to the Optionee, and to transfer an 100% interest in the Property to the Optionee in accordance with the terms hereof, and the Optionor has sole and complete power and authority to deal with the Property in the manner contemplated in this Agreement;
- (f) except for the Permitted Encumbrances, and the rights of the Optionee under this Agreement, the Optionor has not done any act or suffered or permitted any action to be done whereby any Person may acquire any interest in or to the Property or minerals to be mined or removed from the Property;
- (g) no Person has any right under preferential, earn-in, royalty, pre-emptive or first purchase rights, options or otherwise to acquire any interest in the Property that might be triggered by virtue of this Agreement or the transactions contemplated hereby or which could affect the Optionor's interest in the Property;
- (h) there is no actual, threatened or, contemplated Claim or challenge relating to the Property, nor to the best of its information, knowledge and belief is there any basis therefor, and there is not presently outstanding against the Optionor, or any of the Persons comprising the Optionor, any judgment, decree, injunction, rule or order of any court, Governmental Authority or arbitrator which would have a material effect upon the Property;
- (i) to its knowledge, there are no Claims or rights being asserted by any Person, including without limitation any first nations or indigenous group, with respect to the Mineral Claims or the Property;
- (j) the Optionor has not caused, permitted or allowed any Hazardous Substances to be released, stored, shipped, handled, treated, discharged, placed, escaped, leached or disposed of on, into, under or through the lands (including watercourses, improvements thereon and contents thereof) comprising the Mineral Claims or nearby areas or breached the provisions of applicable environmental legislation and, so far as it is aware, no Hazardous Substances or underground storage tanks are contained, harboured or otherwise present in or upon such lands (including

watercourses, improvements thereon and contents thereof or nearby areas) and such lands have not been used at any time by any person as a landfill or waste disposal site;

(k) all taxes, assessments, rentals, levies and other payments, as well as all reports, relating to the Property and required to be made, performed and filed to and with any Governmental Authority in order to maintain the Property in good standing have been so made, performed or filed, as the case may be;

(l) the Property is in good standing and in compliance with all Applicable Laws, including requirements pertaining to rehabilitation and/or restoration plans and associated financial guarantees and reclamation bonds, and any other Applicable Laws;

(m) there are no adverse Claims or challenges against, or to the ownership of, or title to, the Property or substances thereon, therein or therefrom nor to its knowledge, is there any basis therefor;

(n) all necessary information and data (including, without limitation, all geological, geophysical and assay results and maps) concerning the Property and prior work carried out thereon by the Optionor and within its actual knowledge has been disclosed and provided to Optionee;

(o) the Property and all operations thereon are and at all times have been in compliance in all material respects with all Applicable Laws, including all Environmental Laws and are not causing or permitting any danger or liabilities with respect to the Environment;

(p) the Optionor holds all Authorizations required in connection with its ownership of, and operation of, the Property;

(q) to its knowledge, there are no Hazardous Substances located on, at, in or under the Property in violation or in excess of applicable limits pursuant to Environmental Laws;

(r) it has not received any notice of, whether written or oral, or communication relating to, any actual or alleged breach of or actual or potential liability pursuant to any Environmental Laws, and there are no outstanding or, to its knowledge, threatened Claims, work orders or actions required to be taken relating to environmental matters respecting the Property or any operations carried out thereon; and

(s) it is not a party to or bound by any guarantee, indemnification, surety or similar obligation pertaining to the Property and, except for this Agreement, no Material Contracts have been entered between the Optionor, or any of the Persons comprising the Optionor, and any other Person with respect to the Property.

## 2.2 Representations and Warranties of the Parties

Each Party represents and warrants to the others as follows:

(a) if applicable, it is a corporation duly incorporated and validly existing under the laws of its jurisdiction of incorporation, amalgamation or continuance, as the case may be, and has all necessary corporate power, authority and capacity to own its property and assets and to carry on its business as presently conducted;

(b) the execution, delivery and performance of this Agreement do not, and the fulfillment and compliance with the terms and conditions hereof by it (to the extent required herein) and the consummation of the transactions contemplated hereby will not, if applicable, conflict with any of, or require the consent or waiver of rights of any Person under, its constating documents or by-laws, nor to the best of its knowledge do or will any of the foregoing:

(i) violate any provision of or require any consent, authorization or approval under any Applicable Law;

(ii) conflict with, result in a breach of, constitute a default under (whether with notice or the lapse of time or both), accelerate or permit the acceleration of the performance required by, or require any consent, authorization or approval which has not been obtained under any agreement or instrument to which it is a party or by which it is bound or to which any of its property is subject; or

(iii) result in the creation of any Encumbrance upon its interest in the Property, in the case of the Optionor or any of the Persons comprising the Optionor;

(c) it has all necessary power, authority and capacity to enter into this Agreement and to carry out its obligations under this Agreement and the execution and delivery of this Agreement and, if applicable, the consummation of the transactions contemplated in this Agreement have been duly authorized by all necessary corporate action on its part;

(d) this Agreement constitutes a valid and binding obligation of it, enforceable against it in accordance with the terms of this Agreement, subject, however, to limitations with respect to enforcement imposed by law in connection with bankruptcy or similar proceedings and to the extent that equitable remedies such as specific performance and injunction are in the discretion of the court from which they are sought; and

(e) it has not incurred any liability, contingent or otherwise, for brokers' or finders' fees in respect of the transactions contemplated herein.

No investigations made by or on behalf of a Party at any time shall have the effect of waiving, diminishing the scope of or otherwise affecting any representation or warranty made by the other Party in or pursuant to this Agreement. No waiver by a Party of any condition or other provision, in whole or in part, shall constitute a waiver of any other condition or provision.

### 2.3 Nature and Survival

(a) All statements contained in any certificate or other instrument delivered by or on behalf of a Party pursuant to or in connection with the transactions contemplated in this Agreement shall be deemed to be representations and warranties made by such Party under this Agreement.

(b) The representations and warranties contained in this Article 2 shall survive the termination of this Agreement.

## ARTICLE 3 OPTION

3.1 The Optionor hereby grants to the Optionee the exclusive irrevocable right and option to acquire a 100% interest in and to the Property, free and clear of all Encumbrances (the "**Option**"), other than the



Permitted Encumbrances. In order for the Optionee to exercise the Option, the Optionee shall complete the following requirements on or before the dates indicated:

(a) Cash Payments. On or before May 1, 2020, the Optionee shall pay to the Optionor a cash payment in the aggregate amount of \$30,000, as follows:

<b>Optionor</b>	<b>Cash Payment</b>
Paul	\$15,000
Friesen	\$15,000

(b) Exploration Expenditures. The Optionee shall make an aggregate of \$425,000 in Exploration expenditures on the Property on or before the following dates:

<b>Date</b>	<b>Amount of Exploration Expenditures</b>
December 31, 2020	\$75,000
December 31, 2021	\$100,000
December 31, 2022	\$100,000
December 31, 2023	\$150,000

3.2 The Optionee shall also grant to the Optionor a 2.0% Net Smelter Returns royalty (“NSR”) on the Property. The Optionee shall have the right at any time to repurchase one-half of the NSR from the Optionor by paying \$1,000,000 to the Optionor at any time before the commencement of commercial production on the Property. Beginning on December 31, 2023, and annually thereafter, the Optionee will make annual advanced minimum royalty (“AAMR”) payments of \$7,500 to the Optionor, and any such AAMR payments shall be deducted from future NSR payments.

#### **ARTICLE 4 EXERCISE OF OPTION**

4.1 Once the Optionee has satisfied its obligations in accordance with Section 3.1, the Optionee will have exercised the Option and the Optionee, or an Affiliate of the Optionee designated by the Optionee, will have acquired an undivided 100% right, title and interest in and to the Property.

4.2 Following the exercise by the Optionee of the Option with respect to the Property, the Optionor will take the necessary actions to transfer to and record in the name of the Optionee, or an Affiliate of the Optionee designated by the Optionee, an undivided 100% legal and beneficial interest in and to the Property in accordance with Applicable Laws.

#### **ARTICLE 5 OPERATOR**

5.1 Throughout, and exclusively limited to, the term of this Agreement, the Optionee shall be the operator (the “**Operator**”) with overall responsibility for the operations on the Property.

5.2 The Operator may, in its sole discretion, hire third parties to provide services in connection with the administration and carrying out of the exploration programs on the Property.

#### **ARTICLE 6 AUTHORITY, DUTIES AND OBLIGATIONS**

6.1 During the Option Period, the Optionee shall:

- (a) maintain the Property in good standing, make all necessary or advisable filings with the appropriate Governmental Authorities respecting Exploration on the Property, and pay all costs in respect thereof, and not in any way encumber the Property;
- (b) conduct Exploration, if any, in a professional, good and workmanlike manner in accordance with good mining practice and comply with all Applicable Laws with respect to its activities on the Property. The Optionee shall be responsible for the remediation of all surface and environmental disturbances resulting from its activities on the Property; and
- (c) maintain true and correct books, accounts and records respecting the Property.

6.2 During the Option Period, the Optionor shall:

- (a) remain the registered owner of the Property and not in any way encumber the Property;
- (b) refrain from any conduct or activity, including any omission or failure to act, that might jeopardize title to or the status of the Property or hinder the ability of the Optionee to fulfil its obligations and rights under this Agreement;
- (c) allow the employees, agents and contractors of the Optionee to: (i) enter upon the Property; (ii) have exclusive and quiet possession thereof; (iii) do such Exploration work thereon and thereunder as the Optionee in its sole discretion may deem advisable; (iv) bring and erect upon the Property such Facilities as the Optionee deems advisable; and (v) remove from the Property and sell or otherwise dispose of reasonable amounts of mineral products, but only for the purpose of bulk sampling or other testing;
- (d) co-operate as reasonably necessary with the Optionee in obtaining any surface, water or other rights on or related to the Property as the Optionee deems necessary or desirable;
- (e) make available to the Optionee and its representatives all records and files in its possession relating to the Property and permit the Optionee and its representatives, at their own expense, to take abstracts therefrom and make copies thereof;
- (f) other than a Transfer in accordance with Section 13.1, not solicit offers or engage in any discussions with a third party relating to the ownership or development of the Property; and
- (g) provide the Optionee access to all Property-related information, including financial information and any notices, demands or other material communications they receive relating to the Property.

6.3 This Agreement is an option only and except as herein specifically provided otherwise, nothing herein contained shall be construed as obligating the Optionee to do any acts or make any expenditures or payments hereunder, and any act or expenditure or payment as shall be made hereunder shall not be construed as obligating the Optionee to do any further act or make any further issuance or expenditure or payment. The Optionee shall have no obligation to complete the exercise of the Option and may allow any such option to lapse with written notice to the Optionor and subject to the Property being in good standing on the date of such notice and for at least two years following such notice.

6.4 Forthwith after execution of this Agreement, the Optionee may, at its expense, register on title to the Property, or elsewhere as permitted by applicable law, notice of its interest in this Agreement and its right to acquire an interest in the Property.

## ARTICLE 7 CONFIDENTIALITY AND INFORMATION

### 7.1 Confidentiality of Information

All information provided to or received by the Parties hereunder in connection with the Property and the activities of the parties thereon shall be treated as Confidential (“**Confidential Information**”). The Parties shall each solicit the consent of the other to the disclosure of Confidential Information in circumstances other than those set forth in Section 7.2 and will use commercially reasonable efforts to provide the other Party sufficient advance notice to allow them to seek judicial or regulatory relief, including by way of injunction or similar, if they believe, acting reasonably, that such disclosure shall cause them to incur Costs. If the other party does not reasonably believe such disclosure shall cause them to incur Costs, they shall not unreasonably withhold or delay their consent. Each of the Parties hereby represents and warrants to the other Party that, subject to the exceptions in this Agreement, it will maintain the Confidentiality of the Confidential Information. The Optionee and the Optionor shall each solicit the consent of the other to the disclosure of Confidential Information in circumstances other than those set forth in Section 7.2.

### 7.2 Permitted Disclosure

The consent required by Section 7.1 shall not apply to a disclosure to:

- (a) comply with any Applicable Laws, stock exchange rules or a regulatory authority having jurisdiction, including in connection with a “go public” transaction involving the Optionee;
- (b) a director, officer or employee of a Party;
- (c) an Affiliate of a Party;
- (d) a consultant, contractor or subcontractor of a Party that has a bona fide need to be informed;
- (e) any third party to whom the disclosing Party may assign any of its rights under this Agreement in accordance with Section 13; or
- (f) a bank or other financial institution from which the disclosing Party is seeking equity or debt financing,

provided that before a Party provides any Confidential Information to any Person pursuant to Sections 7.2(b) to (f), such Party must first take commercially reasonable best efforts that such Person will maintain such Confidential Information in Confidence.

### 7.3 Exception

The obligations of Confidence and prohibitions against use under this Agreement shall not apply to information that the disclosing Party can show by reasonable documentary evidence or otherwise:

- (a) as of the Effective Date, was in the public domain;
- (b) after the Effective Date, was published or otherwise became part of the public domain through no fault of the disclosing party or an Affiliate thereof (but only after, and only to the extent that, it is published or otherwise becomes part of the public domain);

(c) was information that the disclosing party or its Affiliates were required to disclose pursuant to the order of any Governmental Authority or judicial authority.

#### 7.4 Press Releases

The Parties agree to reasonably cooperate and consult each other prior to issuing any press release or public statement regarding the Property.

### ARTICLE 8 INDEMNIFICATION

8.1 The Optionor covenants and agrees with the Optionee, and the Optionee covenants and agrees with the Optionor (the Party so covenanting being referred to in this Section as the “**Indemnifying Party**”, and the other Party being referred to in this Section as the “**Indemnified Party**”) that the Indemnifying Party shall:

(a) be solely liable and responsible for any and all Claims which the Indemnified Party or any of its respective directors, officers, servants, agents and employees, together with the Successors, assigns, administrators, executors, heirs and all other legal representatives of the foregoing, may suffer, sustain, pay or incur; and

(b) indemnify and save the Indemnified Party and its respective directors, shareholders, officers, servants, agents and employees, together with the Successors, assigns, administrators, executors, heirs and all other legal representatives of the foregoing, harmless from any and all Claims which may be brought against or suffered by such Persons or which they may sustain, pay or incur,

as a result of, arising out of, attributable to or connected with any breach or non-fulfillment of any representation, warranty, covenant or agreement on the part of the Indemnifying Party under this Agreement or any misstatement or inaccuracy of or any other incorrectness in or breach of any representation or warranty of the Indemnifying Party contained in this Agreement or in any certificate or other document furnished by the Indemnifying Party pursuant to this Agreement.

### ARTICLE 9 ASSOCIATION OF PARTIES

9.1 The Optionee, on the one hand, and the Optionor, on the other hand, shall become associated only for the purposes set forth in this Agreement. Except as otherwise expressed in this Agreement, the rights and obligations of the Parties will be, in each case, several, and will not be or construed to be either joint or several. Nothing contained in this Agreement shall, except to the extent specifically authorized hereunder, be deemed to constitute a partner, an agent or legal representative of another Party. It is intended that this Agreement shall not create the relationship of a partnership among the Parties and that no act done by any Party pursuant to the provisions hereof will operate to create such a relationship.

9.2 All transactions, contracts, employments, purchases, operations, negotiations with third parties and any other matter or act undertaken on behalf of the Parties in connection with the Property will be done, transacted, undertaken or performed in the name of the transacting Party only and no Party will do, transact, perform or undertake anything in the name of any other Party or in the joint names of the Parties.

9.3 Except as specifically provided hereunder:

(a) each Party shall be at liberty to engage, for its own account and without duty to account to the other Party, in any mining or other business or activity outside the boundaries of the

Property, including the ownership and operation of any other mining concessions, permits, licenses, claims and leases wherever located;

(b) no Party shall be under any fiduciary or other duty or obligation to the other Party which will prevent or impede such Party from participating in, or enjoying the benefits of, competing endeavours of a nature similar to the business or activity undertaken by the Parties hereunder outside of the Property; and

(c) the legal doctrines of “corporate opportunity” or “business opportunity” sometimes applied to persons occupying a relationship similar to that of the Parties will not apply outside of the boundaries of the Property with respect to participation by any Party in any mining or other business activity or endeavour.

## **ARTICLE 10 DEFAULT**

10.1 If any Party (a “**Defaulting Party**”) is in default of any material obligation herein set forth, the Party affected by such default will give written notice to the Defaulting Party specifying the default and the Defaulting Party will not lose any rights under this Agreement, unless within 30 calendar days after the giving of the first notice of default by an affected Party the Defaulting Party has failed to take reasonable steps to cure the default by the appropriate performance and if the Defaulting Party fails within such period to take reasonable steps to cure any such default, the affected Party will be entitled to seek any remedy it may have on account of such default including terminating this Agreement and/or seeking the remedies of specific performance, injunction or damages.

## **ARTICLE 11 TERMINATION**

11.1 Subject to the terms of this Agreement, this Agreement terminates:

- (a) upon the written agreement of the Parties hereto;
- (b) if the Optionee fails to complete the Option with respect to the Property in accordance with Section 3.1;
- (c) at the election of an affected Party in accordance with Section 10.1.

11.2 Upon termination of this Agreement, the Optionee shall have no further obligations, financial or otherwise, except as specifically contemplated in this Agreement.

11.3 Notwithstanding the termination of this Agreement, the indemnities contained in Article 8, the confidentiality provisions contained in Article 7 and all other provisions hereof necessary for the interpretation and enforcement thereof will remain in full force and effect.

## **ARTICLE 12 OBLIGATIONS AFTER TERMINATION OF OPTION**

12.1 If the Optionee fails to exercise the Option, the Optionee shall leave the Property:

- (a) free and clear of all liens, charges and encumbrances arising from this Agreement or its operations hereunder;
- (b) in a safe and orderly condition, including by removing from the Property all Facilities erected or installed at the Property and by completing such remediation or reclamation necessary

to leave the Property in compliance with applicable mining rules and regulations and applicable environmental law; and

(c) in good standing at the time and for at least one year thereafter.

## **ARTICLE 13 TRANSFERS**

13.1 No party shall transfer, convey, assign, mortgage, grant an option in respect of, grant a right to purchase or in any other manner dispose of or alienate any or all of its direct or indirect interest in the Property or transfer or assign any of its rights under this Agreement (a “**Transfer**”) without the prior written consent of the other party, which consent shall not be unreasonably withheld.

13.2 Nothing in Section 13.1 applies to or restricts in any manner:

(a) a disposition by the transferring party of all or a portion of its interests to an Affiliate of the transferring party, provided that such Affiliate first assumes and agrees to be bound by the terms of this Agreement and agrees with the other party in writing to retransfer the interests to the transferring party before ceasing to be an Affiliate of the transferring party;

(b) an amalgamation, merger or other form of corporate reorganization involving or the acquisition of shares or assets of the transferring party which is a bona fide business transaction that has the effect in law of the amalgamated or surviving corporation possessing, directly or indirectly, substantially all the property, rights and interests and being subject to substantially all the debts, liabilities and obligations of the transferring party; or

(c) a sale, forfeiture, charge, withdrawal, transfer or other disposition or Encumbrance which is otherwise specifically required or permitted under this Agreement.

13.3 As a condition of any Transfer, the transferee must covenant and agree in writing to be bound by this Agreement, including this Article 13, and, prior to the completion of any such Transfer, the transferring party will deliver to the non-transferring party evidence thereof in a form satisfactory to the other party, acting reasonably, in which case the transferring party will be released from its obligations hereunder with the exception of any outstanding obligations arising prior to the Transfer and to the indemnities contained in Article 8 and the confidentiality provisions contained in Article 7, for which the transferring party will remain subject to and liable.

## **ARTICLE 14 GENERAL**

### **14.1 Rules of Interpretation**

In this Agreement and the Schedules:

(a) time is of the essence in the performance of the Parties’ respective obligations;

(b) unless otherwise specified, all references to money amounts are to Canadian currency;

(c) where a representation or warranty is made in this Agreement on the basis of the knowledge of a Party, such knowledge consists of the actual knowledge of the officers and senior managers of a Party after reviewing their files and making due and diligent inquiries, but does not include the knowledge of any other Person;

- (d) the descriptive headings of Articles and Sections are inserted solely for convenience of reference and are not intended as complete or accurate descriptions of content and shall not be used to interpret the provisions of this Agreement;
- (e) the use of words in the singular or plural, or with a particular gender, shall not limit the scope or exclude the application of any provision of this Agreement to such person or persons or circumstances as the context otherwise permits;
- (f) unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the next Business Day following if the last day of the period is not a Business Day. Whenever any payment is to be made or any action under this Agreement is to be taken on a day other than a Business Day, such payment shall be made or action taken on the next Business Day following;
- (g) the use of the words, “include” or “including” shall be deemed to mean “include, without limitation”, or “including, without limitation”, if applicable; and
- (h) a provision of this Agreement must not be construed to the disadvantage of a Party merely because that Party was responsible for the preparation of the Agreement or the inclusion of the provision in the Agreement.

#### 14.2 Force Majeure

- (a) No Party hereto shall be liable under this Agreement to another Party for any failure to perform any of its obligations caused or arising out of any act not within the control of the Party, excluding lack of funds, but including, without limitation, acts said to be of God, strikes, lockouts or other industrial disputes, acts of a public enemy, riots, fire, storm, flood, explosion, government restriction, failure to obtain any Authorization required from Governmental Authorities (including environmental protection agencies, but excluding receipts for prospectuses or other approvals concerning financings) or unavailability of equipment (“**Event of Force Majeure**”).
- (b) No right of a Party shall be affected, and no Party shall be found in default, under this Agreement by the failure of such Party to meet any term or condition of this Agreement where such failure is caused by an Event of Force Majeure and, in such event, all times specified or provided for in this Agreement shall be extended by a period commensurate with the period during which the Event of Force Majeure causes such failure.
- (c) A Party affected by an Event of Force Majeure shall take all reasonable steps within its control to remedy the failure caused by such event, provided however, that nothing contained in this Section 14.2 shall require any Party to settle any labour or industrial dispute or to test the constitutionality of any law enacted by any Legislature or Parliament of or within Canada or to complete its obligations under this Agreement if an Event of Force Majeure renders completion impossible.
- (d) Any Party relying on the provisions of this Section 14.2 shall forthwith give notice to the other Party of the commencement of an Event of Force Majeure and of its end.

#### 14.3 Entire Agreement

This Agreement, including the Schedule to this Agreement, together with the agreements and other documents to be delivered pursuant to this Agreement, constitute the entire agreement between the Parties pertaining to the subject matter hereof and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, of the Parties, and there are no warranties, representations or other agreements between the Parties in connection with the subject matter hereof except as specifically set forth in this Agreement and in any agreement or document delivered pursuant to this Agreement. No supplement, modification or waiver or termination of this Agreement shall be binding unless executed in writing by the Party to be bound thereby.

#### 14.4 Applicable Law

This Agreement shall be construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable in the Province of British Columbia and shall be treated, in all respects, as a British Columbia contract.

#### 14.5 Expenses

Except as otherwise provided, all expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the Party incurring them.

#### 14.6 Notices

Any notice or writing required or permitted to be given under this Agreement or any communication otherwise made in respect of this Agreement (referred to in this Section as a “**Notice**”) shall be sufficiently given if delivered or transmitted by e-mail:

- (a) In the case of a notice to the Persons comprising the Optionor at:

Christopher R. Paul  
[address redacted]

Oliver Friesen  
[address redacted]

- (b) In the case of a notice to the Optionee at:

Pacific West Exploration Services Inc.  
[address redacted]

or at such other address as the Party to whom such Notice is to be given shall have last notified the Party giving the same, in the manner provided in this Section. Any Notice delivered to the Party to whom it is addressed as provided in this Section shall be deemed to have been given and received on the day it is so delivered at such address, provided that if such day is not a Business Day then the Notice shall be deemed to have been given and received on the Business Day next following such day. Any Notice transmitted by e-mail or other form of electronic communication shall be deemed given and received on the first Business Day after its transmission.



14.7 Enurement

This Agreement shall enure to the benefit of and be binding upon the parties hereto and each of their successors and permitted assigns, as the case may be.

14.8 Time Is of the Essence

Time is of the essence under this Agreement.

14.9 Further Assurances

Subject to the terms and conditions of this Agreement, the Optionor and the Optionee will use all reasonable efforts to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper or advisable under Applicable Laws to carry out all of their respective obligations under this Agreement and to consummate the transactions contemplated by this Agreement, and from time to time, without further consideration, each Party will, at its own expense, execute and deliver such documents to any other Party as such Party may reasonably request in order to consummate the transactions contemplated by this Agreement. Each of the Parties agrees to take all such actions as are within its power to control, and to use reasonable commercial efforts to cause other actions to be taken which are not within its power to control, so as to ensure compliance with each of the conditions and covenants set forth in this Agreement which are for the benefit of any other Party.

14.10 Execution in Counterparts and by Facsimile or E-Mail

This Agreement may be executed by the Parties in separate counterparts and by facsimile or e-mail, and each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument.

*[Remainder of page intentionally left blank.]*

**IN WITNESS WHEREOF** the Parties have hereunto duly executed this Agreement as of the Effective Date.

*“Signed”*  
\_\_\_\_\_ **CHRISTOPHER PAUL**

*“Signed”*  
\_\_\_\_\_ **OLIVER FRIESEN**

**PACIFIC WEST EXPLORATION SERVICES INC.**

*“Signed”*  
\_\_\_\_\_ **By: Authorized Signatory**

## SCHEDULE "A"

### DESCRIPTION OF THE PROPERTY AND THE MINERAL CLAIMS

The Property is known as the Nimpkish Property and is comprised of the following Mineral Claim located in the Province of British Columbia, as indicated in the attached Claims Map:

Title Number	Title Type	Claim Name	Good To Date	Area (ha)
1067932	Mineral	FLOW2019A	2025/NOV/10	1421.87

