

MINERAL PROPERTY OPTION AGREEMENT

This mineral property option agreement (the "**Agreement**") is dated for reference November 25, 2022

BETWEEN:

LICAN EXPLORATION INC., a company incorporated under the laws of Ontario and having its registered office at 390 Bay Street, Suite 700a, Toronto, ON M5H 2Y2

("Optionee")

AND:

ALEX PLESON, an individual with an address at 53 Cemetery Road, Nipigon, ON P0T 2J0 Box 675

("Optionor" and, together with the Optionee, the "**Parties**")

WHEREAS:

- A. the Optionor is the sole registered and beneficial holder of the mineral claims comprising the Property, as hereafter defined; and
- B. the Optionor has agreed to grant the Optionee the sole and exclusive right and option to acquire a 100% undivided interest in and to the Property, subject to the NSR Royalty, as hereafter defined, subject to and in accordance with the terms and conditions of this Agreement.

NOW THEREFORE THIS AGREEMENT WITNESSES that, in consideration of the mutual covenants and agreements herein contained, the Parties mutually agree as follows:

SECTION 1. INTERPRETATION.

1.1 **Definitions.** In this Agreement terms and expressions given a defined meaning in any Schedule will have the corresponding meaning in this Agreement and:

- (a) "**Agreement**" means this Agreement, including the recitals and the Schedules, all as amended, from time to time;
- (b) "**Applicable Law**" means any domestic or foreign statute, law (including the common law), ordinance, rule, regulation, restriction, regulatory policy or guideline, by-law (zoning or otherwise), order, decree or proclamation, or any consent, exemption, approval or license, of any Governmental Authority, that applies, in whole or in part, to the Parties or the Property, or that applies to the acquisition, maintenance or exploration of mineral tenures and the land subject thereto, or to the exploitation, extraction, processing, transportation,

- sale or export of Mineral Products, and any applicable rules and policies of any stock exchange imposing disclosure requirements;
- (c) **“Business Day”** means a day that is not a Saturday, Sunday, public holiday or bank holiday in Vancouver, British Columbia or Toronto, Ontario;
 - (d) **“Commercial Production”** means the commercial exploitation of Mineral Products from the Property or any part thereof as a mine but does not include bulk sampling, milling for the purposes of testing or milling by a pilot plant;
 - (e) **“Earn-in Period”** means the period commencing on the Effective Date and ending on the date that is the earlier of:
 - (i) the date the Option is exercised by the Optionee; and
 - (ii) the date this Agreement is terminated in accordance with its terms;
 - (f) **“Effective Date”** means the date first above written;
 - (g) **“Encumbrance”** means any mortgage, charge, deed of trust, security interest, pledge, lien, hypothecation, assignment, title retention arrangement, restrictive covenant, condition, royalty or other burden of any nature whether imposed by contract or operation of law;
 - (h) **“Environmental Claims”** means any and all administrative, regulatory, or judicial actions, suits, demands, claims, liens, notices of non-compliance or violation, investigations, or proceedings relating in any way to any Environmental Law or any permit issued under any Environmental Law, including, without limitation:
 - (i) any and all claims by government or regulatory authorities for enforcement, clean-up, removal, response, remedial, or other actions or damages under any applicable Environmental Law, and
 - (ii) any and all claims by any third party seeking damages, contribution, indemnification, cost recovery, compensation, or injunctive or other relief resulting from hazardous materials, including any release of those claims, or arising from alleged injury or threat of injury to human health or safety (arising from environmental matters) or the environment;
 - (i) **“Environmental Laws”** means any Applicable Law with respect to relating to (i) noise, (ii) pollution or protection of the air, surface water, ground water, or land, (iii) solid, gaseous, or liquid waste generation, handling, treatment, storage, disposal, or transportation, (iv) exposure to hazardous or toxic substances, or (v) the closure, decommissioning, dismantling, or abandonment of any Facilities, and the reclamation or restoration of land;
 - (j) **“Expenditures”** includes all direct or indirect expenses of or incidental to Mining Operations;

- (k) **“Facilities”** means all mines, plants and facilities, including without limitation, all pits, shafts, haulage ways, and other underground workings, and all buildings, plants, facilities 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 and relating to the operation of the Property as a mine, or outside the Property if for the exclusive benefit of the Property only;
- (l) **“Governmental Authority”** means any domestic or foreign government, whether federal, provincial, state or municipal, and any branch, department, court, commission, board, agency or ministry thereof, or any governmental agency, governmental authority, quasi-governmental body, governmental tribunal, board or commission of any kind whatever, including, without limitation, any securities commission;
- (m) **“Mining Act”** means the Ontario *Mining Act*, R.S.O. 1990, c. M.14;
- (n) **“Mineral Products”** means all mineralized materials, ores, intermediate products and concentrates or metals derived from them, containing precious, base and other locatable minerals and which are found in, on or under, mined or otherwise produced and removed from the Property;
- (o) **“Mining Operations”** includes:
 - (i) every kind of work done on or with respect to the prospecting, exploration, evaluation, development and mining of the Property or the Mineral Products by or under the direction of the Optionee; and
 - (ii) without limiting the generality of the foregoing, includes the work of assessment, environmental, geophysical, geochemical, geological, land, and airborne surveys, studies, assessments and mapping, investigating, testing, drilling, designing, examining, equipping, improving, surveying, shaft sinking, raising, cross-cutting and drifting, searching for, digging, trucking, sampling, assaying, working and procuring minerals, ores and metals, in surveying and bringing any mineral claims to lease or patent, in doing all other work usually considered to be prospecting, acquisition of mineral claims, access or surface rights, exploration, development, preparation of a feasibility study, mining work, installation, erection, or construction, and operation of Facilities, milling, concentration, bonification of ores and concentrates, as well as the separation and extraction of Mineral Products, and reclamation or remediation relating to the exploration and mining for and of Mineral Products;
- (p) **“Mining Rights”** means all rights to conduct Mining Operations on the Property, including all mining claims, mining concessions, mining leases, mining licences and other rights provided under the Mining Act;
- (q) **“NSR Royalty”** means the 1.5% net smelter returns royalty to be retained by the Optionor in respect of the Property pursuant to this Agreement upon the exercise of the Option, subject to the terms and conditions set forth in Schedule “B” hereto;

- (r) **“Option”** has the meaning ascribed thereto in Section 3.1;
 - (s) **“Party”** and **“Parties”** means the parties to this Agreement, being the Optionee and the Optionor, and includes a Party’s executors, administrators, successors and permitted assigns and substitutes, unless the context otherwise requires;
 - (t) **“Person”** means an individual, corporation, partnership, body corporate, trust, joint venture or any other form of enterprise or legal entity or Governmental Authority;
 - (u) **“Program”** means a written description, prepared by the Optionee, outlining the Mining Operations proposed to be conducted on the Property and the estimated Expenditures to be incurred in carrying out the Mining Operations under the Program;
 - (v) **“Property”** means the mineral claims or other mineral tenures comprising the Falcon Lithium Project located in Ontario, as more particularly described in Schedule “A” hereto, together with all substitute or successor titles and the surface rights, mineral rights, personal property and permits and other Mining Rights associated therewith; and
 - (w) **“Shares”** means the common shares in the capital stock of the Optionee, or any successor corporation resulting from the amalgamation, arrangement, merger or other similar business combination of the Optionee with or into any corporation or other entity.
- 1.2 **Extended Meanings.** Unless otherwise specified, words importing the singular include the plural and vice versa. The term “including” means “including, without limitation.”
- 1.3 **Headings.** The division of this Agreement into sections and the insertion of headings are for convenience of reference only and are not to affect the construction or interpretation of this Agreement.
- 1.4 **Mineral Properties.** A reference to a mineral property means the mineral property referred to and includes any other mineral property applied for, created or granted by way of conversion, reversion or substitution over a greater or lesser area from time to time or effecting any addition, amendment, extension or variation to that mineral property.
- 1.5 **Schedules.** The following Schedules are attached to and form part of this Agreement:

<u>Schedule</u>	<u>Description</u>
Schedule “A”	Description of the Property
Schedule “B”	NSR Royalty Terms and Conditions

SECTION 2. REPRESENTATIONS AND WARRANTIES.

2.1 **Optionor Representations and Warranties.** The Optionor hereby represents and warrants to the Optionee that:

- (a) he is of the full age of majority and has the legal capacity and competence to enter into and perform his obligations under this Agreement or any instrument referred to in or contemplated by this Agreement, and under the laws of Ontario, is legally entitled to hold the Property and all mineral claims comprised therein;
- (b) he has duly obtained all consents and authorizations (except as specifically provided for herein) which may be required for the execution of this Agreement and for the performance of this Agreement by him, and the entering into of this Agreement and the consummation of the transactions contemplated hereby does not conflict with any Applicable Laws, or result in any breach of any covenants or agreements contained in, or constitute a default under, or result in the creation of any Encumbrances under the provisions of, any indenture, agreement or other instrument or other commitment whatsoever to which the Optionor is a party or by which he is bound or to which he may be subject;
- (c) this Agreement has been duly executed and delivered by him and constitutes a legal, valid and binding obligation on him, enforceable in accordance with its terms except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and subject to the qualification that equitable remedies may only be granted in the discretion of a court of competent jurisdiction;
- (d) no proceedings are pending and the Optionor is not aware of any basis for the institution of any proceedings leading to the placing of the Optionor into bankruptcy or subject to any other laws governing the affairs of insolvent persons;
- (e) the claims comprising the Property are accurately described in Schedule "A", and those claims have been duly registered under the Applicable Laws of Ontario in the name of the Optionor, are in good standing, including with respect to property or mineral tax requirements, and confer upon the Optionor exclusive prospecting rights to the Property and the exclusive right to explore the Property;
- (f) all applicable governmental fees required to hold the Property have been paid;
- (g) there is no adverse claim or challenge against or to the ownership of or title to the Property, nor to the knowledge of the Optionor after due inquiry is any of the foregoing pending or threatened nor is there any basis therefor, and no Person (other than the Optionee hereunder) has any right, agreement, option, understanding, commitment or privilege capable of becoming an agreement to acquire or purchase the Property or any interest in or portion thereof and the Optionor has the exclusive right to receive 100% of the proceeds from the sale of Mineral Products removed from the Property, and no Person (other than the Optionor hereunder) is entitled to any royalty or other payment in the nature of rent or

royalty on Mineral Products removed from the Property or is entitled to take Mineral Products from the Property in kind, other than mineral taxes payable to a Governmental Authority pursuant to Applicable Laws;

- (h) the Optionor has a 100% legal and beneficial interest in and to the Property (with good and marketable title thereto) and the Optionor is in exclusive possession of the Property and has the exclusive right to explore the Property and the Optionor holds all permits, licenses, registrations and applications required to hold the Property;
- (i) the Property is, and at the time of the transfer to the Optionee of an interest in the mineral claims comprising the Property shall be, free and clear of all Encumbrances, defects in title and third-party interests, and is not subject to any claims against its validity by any Person, and no taxes or rentals are due in respect of any thereof, and the Optionor shall be the sole legal and beneficial owner of all mineral claims comprising the Property;
- (j) the Mining Rights associated with the Property are valid and subsisting;
- (k) during the period that the Optionor has been the beneficial owner of the claims comprising the Property, the Property has been operated in accordance with all Applicable Laws and Environmental Laws and, to the knowledge of the Optionor, all activities on the Property prior to such ownership were conducted in compliance with Environmental Laws and there are no environmental conditions existing in the Property to which any material remedial action is required or any material liability has or may be imposed under applicable Environmental Laws;
- (l) the Optionor has not received from any Governmental Authority any notice of or communication relating to any actual or alleged Environmental Claims, and there are no outstanding work orders or actions required to be taken relating to environmental matters respecting the Property or any operations carried out on the Property, nor to the knowledge of the Optionor is there any basis therefor or any reason to believe that such an order, directive or similar notice is pending;
- (m) there are no current, pending or threatened actions, suits, claims or proceedings regarding the Property, or the Optionor's interests therein, including any matters pertaining to Environmental Claims, or claims of native or indigenous people, nor is the Optionor aware of any acts which would lead the Optionor to suspect that the same might be initiated or threatened, and there are no outstanding notices, orders, assessments, directives, rulings or other documents issued, or actions required to be taken relating to environmental matters or claims of native or indigenous Persons in respect of the Property or any operations carried out on the Property, by any Governmental Authority;
- (n) all previous work by the Optionor and any affiliates, and any parties authorized by the Optionor or any affiliate, has been done performed in accordance with Applicable Laws and Environmental Laws and sound mining, environmental and business practices;

- (o) all filings, payments and recordings required to be made with any Governmental Authority to maintain the Property in good standing have been made and all work requirements to be met to maintain the Property in good standing have been met and, to the best of the Optionor's knowledge, no default has been alleged in respect thereto;
- (p) to the best of the Optionor's knowledge, no reclamation, rehabilitation, restoration or abandonment obligations exist with respect to the Property;
- (q) to the Optionor's knowledge, the Property does not lie within any protected area, rescued area, reserve, reservation, reserved area or special needs lands as designated by any governmental authority having jurisdiction, that would materially impair the development of a mining project on such land;
- (r) to the Optionor's knowledge, no toxic or hazardous substance or waste has been treated on or is now stored on the Property, and there has been no material spill, discharge, leak, emission, ejection, escape, dumping, or any release or threatened release of any kind, of any toxic or hazardous substance or waste (as defined by any applicable Environmental Law) from, on, in or under the Property or into the environment, except releases permitted or otherwise authorized by Environmental Laws;
- (s) to the Optionor's knowledge, there are no pending or ongoing actions taken by or on behalf of any native or indigenous Persons pursuant to the assertion of any land claims with respect to lands included in the Property;
- (t) the Optionor is not aware of any material fact or circumstance which has not been disclosed to the Optionee which should be disclosed in order to prevent the representations and warranties in this Section from being misleading or which may be material in the Optionee's decision to enter into this Agreement and acquire an interest in the Property; and
- (u) the Optionor has delivered to the Optionee all information concerning title to the Property in its possession or control.

2.2 Optionee's Representations and Warranties. The Optionee hereby represents and warrants to the Optionor that:

- (a) it is a company duly incorporated and organised and validly existing under the laws of its jurisdiction of organisation;
- (b) it has full corporate power, authority and capacity to enter into this Agreement and to carry out its obligations under this Agreement and any agreement or instrument referred to or contemplated by this Agreement;
- (c) the entering into of this Agreement and the consummation of the transactions contemplated hereby does not conflict with any Applicable Laws or with its constating documents nor does

it conflict with, or result in a breach of or accelerate the performance required by any other contract or other commitment to which it is party or by which it is bound;

- (d) this Agreement has been duly authorized, executed and delivered by it and constitutes a legal, valid and binding obligation on it, enforceable in accordance with its terms except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and subject to the qualification that equitable remedies may only be granted in the discretion of a court of competent jurisdiction;
- (e) there are no consents or approvals required for the Optionee's performance under this Agreement which have not been obtained; and
- (f) it is or will be prior to acquiring any undivided interest in the Property hereunder, lawfully authorized to hold the Property under the laws of the jurisdiction in which the Property is situated.

2.3 Survival and Indemnity. Each Party's representations and warranties set out above, will be relied on by the other Party in entering into the Agreement and will survive the execution and delivery of the Agreement. Each Party shall indemnify and hold harmless the other Party for any loss, cost, expense, claim or damage, including legal fees and disbursements, suffered or incurred by the other Party at any time arising out of or in connection with any breach of any representation, warranty, covenant, agreement or condition made by them and contained in this Agreement. Each Party's indemnity obligation to the other Party hereunder shall be limited to the aggregate amount of the payments made by the Optionee to the Optionor to the date of the event giving rise to such indemnity obligation. A Party may waive the breach of any of such representations, warranties, covenants, agreements or conditions in whole or in part at any time without prejudice of its right in respect of any other breach of the same or any other representation, warranty, covenant, agreement or condition. The indemnities in this Section 2.3 are continuing and, to avoid doubt, will survive any termination of this Agreement or exercise of the Option.

SECTION 3. OPTION.

- 3.1 Option Grant.** The Optionor hereby grants to the Optionee the sole, exclusive and irrevocable right and option (the "Option") to acquire a 100% undivided legal and beneficial interest in the Property free and clear of any Encumbrance (other than the NSR Royalty as set out herein) for and in consideration of the Optionee agreeing to incur in aggregate at least \$1,300,000 in Expenditures, make aggregate cash payments to the Optionor of \$420,000, and issue that number of Shares having an aggregate value at the time of issuance equal to \$1,090,000 to the Optionor, all in accordance with the terms and subject to the conditions of this Agreement.
- 3.2 Optionee's Obligations.** Subject to Sections 3.4 and 3.8, in order to exercise the Option and to earn a 100% interest in the Property, the Optionee must:
 - (a) within five (5) calendar days of the Effective Date, make a cash payment to the Optionor of \$50,000;

- (b) within five (5) calendar days of the listing of the Shares on a stock exchange in Canada, issue to the Optionor that number of Shares having an aggregate value at the time of issuance equal to \$90,000, at a deemed issuance price per Share equal to the greater of (i) the market price (within the meaning of applicable stock exchange policies) on the date of issuance of the Shares; and (ii) the offering price of any concurrent financing conducted by the Company in connection with such listing;
- (c) on or before the first anniversary of the Effective Date:
 - (i) make a cash payment to the Optionor of \$100,000;
 - (ii) issue to the Optionor that number of Shares having an aggregate value at the time of issuance equal to \$200,000 (each of which Shares shall have a deemed issuance price equal to the market price (within the meaning of applicable stock exchange policies) on the date of issuance); and
 - (iii) incur Expenditures of at least \$250,000;
- (d) on or before the second anniversary of the Effective Date:
 - (i) make a cash payment to the Optionor of \$120,000;
 - (ii) issue to the Optionor that number of Shares having an aggregate value at the time of issuance equal to \$300,000 (each of which Shares shall have a deemed issuance price equal to the market price (within the meaning of applicable stock exchange policies) on the date of issuance); and
 - (iii) incur additional Expenditures of at least \$300,000; and
- (e) on or before the third anniversary of the Effective Date:
 - (i) make a cash payment to the Optionor of \$150,000;
 - (ii) issue to the Optionor that number of Shares having an aggregate value at the time of issuance equal to \$500,000 (each of which Shares shall have a deemed issuance price equal to the market price (within the meaning of applicable stock exchange policies) on the date of issuance); and
 - (iii) incur additional Expenditures of at least \$750,000.

3.3 **Property Maintenance.** During the Earn-in Period, the Optionee agrees to keep the mineral claims listed in Schedule "A" in good standing by doing all assessment work (or making cash payments in lieu thereof), and recording all exploration and development work done on the Property in accordance with the requirements of the Mining Act.

3.4 **Carry-Forward and Acceleration.** Any excess in Expenditures incurred in any period in Section 3.2 may be carried forward against Expenditures due to be incurred in the next period in Section 3.2. The Optionee may accelerate the cash payments, Share issuances and Expenditure obligations set out in Section 3.2 in order to complete them in a shorter time frame, at the sole discretion of the Optionee. If the Optionee determines to accelerate the completion of the Expenditures to be incurred by it under Section 3.2, it may do so, in its sole discretion, by paying to the Optionor an amount of funds equal to the remaining amount of Expenditures to exercise the Option at the time of such payment.

3.5 **Evidence of Expenditures.** A notice to the Optionor accompanied by:

- (a) a certificate of a senior officer of the Optionee certifying that the required amount of Expenditures for a period specified in Section 3.2 has been incurred; and
- (b) a reasonably itemized statement of the Expenditures,

will be conclusive evidence of the making thereof; unless the Optionor delivers to the Optionee a notice reasonably questioning the accuracy of such statement within thirty (30) days of the receipt by the Optionor thereof. The certificate and itemized statement of Expenditures will be delivered to the Optionor by the Optionee not later than sixty (60) days from the expiration of each period set out in Section 3.2. Upon delivery by the Optionor of a notice reasonably questioning the accuracy of any such certificate, the matter will be referred to the auditor of the Optionee (or, if the Optionee then has no auditor, to the auditor of the Optionor or an auditor mutually agreeable to the Parties) for final determination. If such auditor determines that the Optionee has not spent the required Expenditures within the particular time specified in Section 3.2, the Optionee will not lose any of its rights hereunder and the Option will not terminate if the Optionee pays to the Optionor, within sixty (60) days of receipt of the auditor's determination, 100% of the deficiency in such Expenditures (all of which, if paid in a timely manner, will be deemed to be Expenditures). The costs of such audit will be for the account of the Optionor unless such auditor determines that the Optionee has not spent at least 95% of the required Expenditures, in which case the costs of the audit will be for the account of the Optionee.

3.6 **Deemed Exercise of Option.** Upon the Optionee incurring the Expenditures, issuing the Shares, and making the cash payments pursuant to Section 3.2, the Optionee will be deemed to have exercised the Option, and an undivided 100% right, title and interest in and to the Property shall automatically vest in the Optionee, free and clear of any Encumbrances, and the Optionor shall promptly deliver to the Optionee a duly executed transfer, prepared by and at the expense of the Optionor, in proper registerable form, conveying a 100% right, title and interest in and to the Property free of Encumbrances (other than the NSR Royalty) to the Optionee.

3.7 **Option Only.** The Option is an option only and except as specifically provided otherwise, nothing herein contained will be construed as creating a partnership arrangement or joint venture between the Parties or be construed as obligating the Optionee to do any acts, incur any Expenditures, issue any Shares or make any payments hereunder except as otherwise set forth. For the avoidance of doubt any act or acts, including the incurring of any Expenditures, the issuance of any Shares, and

the making of any payment or payments hereunder will not be construed as obligating the Optionee to do any further act or incur any additional Expenditures, issue any additional Shares, or make any further payment or payments.

- 3.8 **Payment in Lieu of Expenditure.** If the Optionee fails to incur any of the Expenditures listed in Section 3.2 by the end of the last day on which the same was due to be incurred by reason of Section 3.2, the Optionee may, at any time within thirty (30) days of that day, make a cash payment to the Optionor in an amount equal to the deficiency in the Expenditures. Any cash payment so made will be deemed to have been Expenditures duly and properly incurred in an amount equal to the cash payment.
- 3.9 **Resale Restrictions.** The Optionor acknowledges and agrees that the Shares to be issued pursuant to Section 3.2 are being issued in accordance with an exemption from the prospectus and registration requirements of applicable securities legislation, and that any Shares so issued shall be subject to such resale restrictions and hold periods as may be imposed by applicable securities legislation, including National Instrument 45-102 *Resale of Securities* of the Canadian Securities Administrators and the rules and policies of any stock exchange upon which the Shares may be listed, from time to time.

SECTION 4. COVENANTS OF OPTIONOR.

- 4.1 **Covenants of Optionor.** During the Earn-in Period, the Optionor shall:
- (a) not do any other act or thing which would or might in any way adversely affect the rights of the Optionee hereunder to earn an undivided 100% interest in and to the Property;
 - (b) make available to the Optionee and his representatives all available relevant technical data, geotechnical reports, maps, digital files and other data with respect to the Property in the Optionor's possession or control, including soil samples, and all records and files relating to the Property and permit the Optionee and its representatives at their own expense to take abstracts therefrom and make copies thereof;
 - (c) promptly provide the Optionee with any and all notices and correspondence from Government Authorities in respect of the Property;
 - (d) cooperate fully with the Optionee in obtaining any surface and other rights on or related to the Property as the Optionee deems desirable;
 - (e) grant to the Optionee, its employees, agents and independent contractors, the sole and exclusive right in respect of the Property to:
 - (i) enter upon the Property;
 - (ii) have exclusive and quiet possession thereof;

- (iii) do such Mining Operations thereon and thereunder as the Optionee in its sole discretion may consider advisable;
- (iv) bring and erect upon the Property such machinery, equipment and Facilities as the Optionee may consider advisable; and
- (v) remove from the Property and dispose of material, including reasonable quantities of ores, minerals and metals, for the purpose of obtaining assays or testing;
- (f) to the fullest extent possible under Applicable Law, record or otherwise give notice of this Agreement as necessary to protect the rights of the Optionee hereunder from third parties;
- (g) execute and deliver to the Optionee such powers of attorney, consents and authorizations as are, in the opinion of the Optionee, necessary or desirable to permit the Optionee to carry out activities on or with respect to the Property as contemplated hereunder;
- (h) not relinquish or abandon all or any part of his interest in the Property;
- (i) not mortgage, pledge or encumber the Property after the Effective Date without the Optionee's prior written consent; and
- (j) except to the extent agreed to be done by the Optionee, hereunder, comply with all requirements and obligations under Applicable Laws required to keep the Property in good standing, and not take any action which may adversely affect the interest of the Optionee in the Property.

SECTION 5. COVENANTS OF OPTIONEE.

5.1 Covenants of Optionee. During the Earn-in Period the Optionee shall:

- (a) keep the Property free and clear of all Encumbrances arising from its operations hereunder (other than those in effect on the Effective Date and except liens for taxes not yet due, other inchoate liens or liens contested in good faith by the Optionee) and proceed with all diligence to contest or discharge any Encumbrance that is filed;
- (b) pay or cause to be paid all workers and wage earners employed by it or its contractors on the Property, and pay for all materials, services and supplies purchased or delivered in connection with its activities on or with respect to the Property;
- (c) permit the Optionor, at his own risk and expense (including as to injury or death), reasonable access to the Property at all reasonable times (and provided that the Optionor shall not interfere with the Optionee's Mining Operations) and provide reasonable access to all non-interpretative data derived directly from the Property in connection with work done on or with respect to the Property, which is in the possession of the Optionee at all reasonable times, subject to Section 8, and furnish the Optionor within one hundred and twenty (120)

days of the completion of a Program with a report with respect to the work carried out by the Optionee pursuant to such Program and material results obtained; and

- (d) conduct all work on or with respect to the Property in a careful and workmanlike manner, in accordance with good mining practice, and in compliance with all Applicable Laws, and indemnify and save the Optionor harmless from any and all claims, suits, demands, losses and expenses including, without limitation, with respect to environmental matters, arising out of the Optionee's gross negligence or wilful misconduct in respect of work done or any act or thing done or omitted to be done by the Optionee on or with respect to the Property during the Earn-In Period; provided that the Optionee shall incur no obligation thereunder in respect of claims arising or damages suffered after termination of the Option if upon termination of the Option any workings or improvements to the Property made by the Optionee are left in a safe condition.

5.2 Obligations on Termination. In the event of termination of the Option for any reason other than through the exercise thereof, this Agreement, including the Option, but excluding this Section 5.2 (which will continue in full force and effect for so long as is required to give full effect to the same) will be of no further force and effect except that the Optionee will:

- (a) leave the Property:
 - (i) in a safe and orderly condition; and
 - (ii) in a condition which is in compliance with all Applicable Laws with respect to reclamation and rehabilitation of all disturbances resulting from the Optionee's (or in relation to activities completed on the Optionee's behalf) use and occupancy of the Property; and
- (b) have the right to remove from the Property all equipment, machinery, tools, supplies and Facilities erected, installed or brought upon the Property by or on behalf of the Optionee, provided however that this right will expire six (6) months following termination.

5.3 Abandonment. The Optionee may at any time, elect to abandon any one or more of the mineral claims comprising the Property by giving fifteen (15) days' written notice to the Optionor of such intention. Following such notice of abandonment under this Section 5.3, the mineral claims so abandoned shall thereafter cease to form part of the Property and shall no longer be subject to this Agreement, except with respect to any obligations or liabilities of the Parties as have accrued to the date of such abandonment and subject to performing any reclamation on the abandoned mineral claims or providing a bond to provide for future payment of such reclamation requirements.

SECTION 6. NSR ROYALTY.

6.1 Royalty Survives Exercise of Option. Upon the Optionee exercising the Option, the Optionor shall be deemed for all purposes of this Agreement to have retained the NSR Royalty.

- 6.2 **Purchase of NSR Royalty.** The Optionee shall have the irrevocable right to purchase 2/3 (being one percent (1%)) of the NSR Royalty from the Optionor at any time after the Option has been exercised. The purchase price to be paid to the Optionor for the said 2/3 of the NSR Royalty shall be \$1,000,000. Unless specifically agreed to in advance by the Optionor, the Optionee shall not have the option of buying the 2/3 of the NSR Royalty through the issuance of Shares. In connection with the exercise of such right to purchase 2/3 of the NSR Royalty, the Optionor shall execute and deliver all such documents, agreements, transfers and instruments as the solicitors for the Optionee may reasonably require. Upon such purchase and payment being made, the NSR Royalty shall thereafter be calculated as being reduced to 0.5%. Thereafter, the Optionee or its assigns shall have the first right of refusal to purchase the NSR Royalty from the Optionor should the Optionor wish to sell, assign, transfer, convey or otherwise dispose of the Royalty other to an affiliate.

SECTION 7. FORCE MAJEURE.

- 7.1 **Events.** No Party shall be liable for its failure to perform any of its obligations under this Agreement due to a cause beyond its reasonable control (except those caused by its own lack of funds) including: acts of God, pandemic, fire, storm, flood, explosion, strikes, lockouts or other industrial disturbances; acts of public enemy, war, riots, civil strife, insurrection, rebellion or disobedience on behalf of any third party or group; other actions by citizen groups, including environmental organizations or native rights groups; inability to obtain on reasonably acceptable terms any public or private license, permit or other authorization; curtailment or suspension of activities to remedy or avoid an actual or alleged, present or prospective violation of environmental protection laws; other laws, rules and regulations or orders of any duly constituted governmental authority, or non-availability of materials or transportation (in this Section 7, each an "Intervening Event").
- 7.2 **Effect of Force Majeure.** All time limits imposed by this Agreement shall be extended by a period equivalent to the period of delay resulting from the Intervening Event.
- 7.3 **Notice.** A Party relying on the provisions of Section 7.1, insofar as possible, shall promptly give written notice to the other Party of the particulars of the Intervening Event, shall give written notice to the other Party as soon as the Intervening Event ceases to exist, shall take all reasonable steps to eliminate any Intervening Event and shall perform its obligations under this Agreement as far as practicable, but nothing herein shall require such Party to settle or adjust any labour dispute or to question or to test the validity of any law, rule, regulation or order of any duly constituted Governmental Authority or to complete its obligations under this Agreement if an Intervening Event renders completion impossible.

SECTION 8. CONFIDENTIALITY.

- 8.1 **Confidentiality.** All matters concerning the execution and contents of this Agreement, and the Property shall be treated as and kept confidential by the Parties and neither Party shall make any public release of any information concerning the Property without the prior written consent of the other Party, such consent not to be unreasonably withheld, except as required by Applicable Laws and the rules of any stock exchange on which a Party's shares may be listed, from time to time; provided that the foregoing provisions shall not apply to information which becomes part of the

public domain, other than as a result of actions by a Party in breach of this Agreement. Notwithstanding the foregoing, the Parties are entitled to disclose confidential information for purposes of corporate reorganization and to prospective investors or lenders, who shall be required by the disclosing Party to keep all such confidential information confidential. The provisions of this Section 8.1 shall apply for the term of this Agreement and for a period of three (3) years thereafter.

SECTION 9. DEFAULT.

- 9.1 **Default.** If any Party (in this Section 9, a “Defaulting Party”) is in default of any requirement herein set forth, the Party affected by such default shall give written notice to the Defaulting Party specifying the default and the Defaulting Party shall not lose any rights under this Agreement, unless thirty (30) days after the giving of notice of default by the 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 the 30 day period to take reasonable steps to cure any such default, the affected Party shall be entitled to seek any remedy it may have on account of such default including, without limiting, electing to terminate this Agreement. For greater certainty, in the case of default of an obligation under Section 3.2 hereof, “reasonable steps” shall mean payment or issuance of the amounts that are in default within the 30-day period. Notwithstanding the foregoing, the Optionee may elect at any time to terminate the Option by giving fifteen (15) days’ notice to the Optionor, in which case following the fifteen (15) day notice period the Optionee shall have no further obligations to the Optionor hereunder, save and except for any obligations incurred by the Optionee prior to the effective date of termination.

SECTION 10. TERMINATION.

- 10.1 **Termination.** This Agreement shall terminate upon the occurrence of the earliest of:
- (a) a written agreement by the Parties to terminate;
 - (b) the Optionee giving fifteen (15) days’ notice of termination to the Optionor, which it shall be at liberty to do at any time after the Effective Date, where termination will be effective upon the expiry of such notice period; and
 - (c) the termination of the Option and this Agreement pursuant to Section 9.
- 10.2 **Effect of Termination.** In the event of termination under Section 10.1, this Agreement, subject to Section 2.3, will be of no further force and effect save and except for any obligations of a Party incurred prior to the effective date of termination.

SECTION 11. ARBITRATION.

- 11.1 **Dispute.** All questions or matters in dispute under this Agreement shall be submitted to arbitration in accordance with this Section 11.1.
- 11.2 **Prior Notice.** It shall be a condition precedent to the right of any Party to submit any matter to arbitration pursuant to the provisions hereof that such Party shall have given not less than ten (10)

days' prior notice of its intention to do so to the other Party, together with particulars of the matter in dispute. On the expiration of said ten (10) day period, the Party who gave such notice may proceed to refer the dispute to arbitration as provided in Section 11.3.

- 11.3 Conduct of Arbitration.** The Party desiring arbitration shall appoint one (1) arbitrator, and shall notify the other party of such appointment, and the other Party shall, within fifteen (15) days after receiving such notice, either consent to the appointment of such arbitrator which shall then carry out the arbitration or appoint an arbitrator, and the two (2) arbitrators so named, before proceeding to act, shall, within thirty (30) days of the appointment of the last appointed arbitrator, unanimously agree on the appointment of a third arbitrator to act with them and be Chairman of the arbitration herein provided for. If the other Party shall fail to appoint an arbitrator within fifteen (15) days after receiving notice of the appointment of the first arbitrator, the first arbitrator shall be the only arbitrator. If the two (2) arbitrators appointed by the parties shall be unable to agree on the appointment of the Chairman, the Chairman shall be appointed under the provisions of the [Arbitration Act (British Columbia)]. Except as specifically otherwise provided in this Section 11.3, the arbitration herein provided for shall be conducted in accordance with such Act. The Chairman, or in the case where only one (1) arbitrator is appointed, the single arbitrator, shall fix a time and place in [Vancouver, British Columbia], for the purpose of hearing the evidence and representations of the Parties, and it shall preside over the arbitration and determine all questions of procedure not provided for under such Act or this Section 11.3. After hearing any evidence and representations that the Parties may submit, the single arbitrator, or the arbitrators, as the case may be, shall make an award and reduce the same to writing, and deliver one (1) copy thereof to each of the Parties. The expense of the arbitration shall be paid as specified in the award.
- 11.4 Continued Performance of Obligations.** Notwithstanding any other provision hereunder, during the conduct of dispute resolution procedures pursuant to this Section 11, the Parties shall continue to perform their respective obligations under this Agreement.

SECTION 12. GENERAL.

- 12.1 Assignment.** The Optionee may assign all or part of its obligations under this Agreement to any third party (in this Section 12.1, an "Assignee") without consent of the Optionor (but upon notice) on condition that the Assignee agrees to execute an acknowledgement to be bound by the terms hereof insofar as the Optionor's rights hereunder are concerned.
- 12.2 Enurement.** This Agreement enures to the benefit of and binds the Parties and their respective successors and permitted assigns.
- 12.3 Further Assurances.** Each Party shall from time to time promptly execute and deliver or cause to be executed and delivered all further documents and take all further action reasonably necessary or desirable to give effect to the terms and intent of this Agreement.
- 12.4 Waiver.** No waiver of any term of this Agreement by a Party is binding unless the waiver is in writing and signed by the Party entitled to grant such waiver. No failure to exercise, and no delay in exercising, any right or remedy under this Agreement will be deemed to be a waiver of that right or

remedy. No waiver of any breach of any term of this Agreement will be deemed to be a waiver of any subsequent breach of that term.

- 12.5 Amendment.** No amendment, supplement or restatement of any term of this Agreement is binding unless it is in writing and signed by each Party.
- 12.6 Notice.** Any notice or other communication required or permitted to be given under this Agreement must be in writing and will be effectively given if delivered personally (including by commercial courier service) or if sent by facsimile or sent by electronic mail, return receipt requested, addressed as follows:

If to the Optionor:

Alex Pleson
53 Cemetery Road
Nipigon, ON P0T 2J0
Email: plesongeo@gmail.com

If to the Optionee:

LICAN Exploration Inc.
390 Bay Street, Suite 700a
Toronto, ON M5H 2Y2
Email: kusenmez@lican.ca

Any notice or other communication given in accordance with this Section 12.6, if delivered personally as aforesaid shall be deemed to have been validly and effectively given on the date of such delivery if such date is a Business Day and such delivery is received before 4:00 p.m. at the place of delivery; otherwise it will be deemed to be validly and effectively given on the next following Business Day. Any notice or communication which is transmitted by facsimile transmission or electronic mail as aforesaid shall be deemed to have been validly and effectively given on the date of transmission if such day is a Business Day and such transmission is received before 4:00 p.m. at the place of receipt; otherwise it will be deemed to have been validly and effectively given on the next following Business Day.

Any Party may at any time change its address for service from time to time by notice given in accordance with this Section 12.6.

- 12.7 Severability.** If any provision of this Agreement is held to be unenforceable, then that provision is to be construed either by modifying it to the minimum extent necessary to make it enforceable (if permitted by law) or disregarding it (if not). If an unenforceable provision is modified or disregarded in accordance with this Section 12.7, the rest of the Agreement is to remain in effect as written, and the unenforceable provision is to remain as written in any circumstances other than those in which the provision is held to be unenforceable.

- 12.8 **Entire Agreement.** This Agreement constitutes the entire agreement between the Parties with respect to the subject matter herein and supersedes and replaces all prior arrangements, negotiations, discussions, undertakings, representations, warranties and understandings, whether written or oral.
- 12.9 **Other Activities and Interests.** This Agreement and the rights and obligations of the Parties hereunder are strictly limited to the Property. Each Party shall have the free and unrestricted right to enter into, conduct and benefit from business ventures of any kind whatsoever, whether or not competitive with the activities undertaken pursuant hereto, without disclosing such activities to the other Party or inviting or allowing the other to participate.
- 12.10 **Time.** For every provision in this Agreement, time is of the essence.
- 12.11 **Governing Law.** This Agreement is governed by and will be construed and interpreted in accordance with the laws of the Province of [British Columbia] and the federal laws of Canada applicable in [British Columbia].
- 12.12 **Currency.** All dollar amounts referred to herein are expressed in Canadian dollars unless otherwise indicated.

12.13 Counterparts. This Agreement may be executed by facsimile or other electronic means and in any number of counterparts, all of which together will be deemed to constitute one and the same agreement.

Intending to be legally bound, the Parties have duly executed this Agreement as of the Effective Date.

LICAN EXPLORATION INC.

Per /s/ "*Kerem Usenmez*"

Authorized Signatory

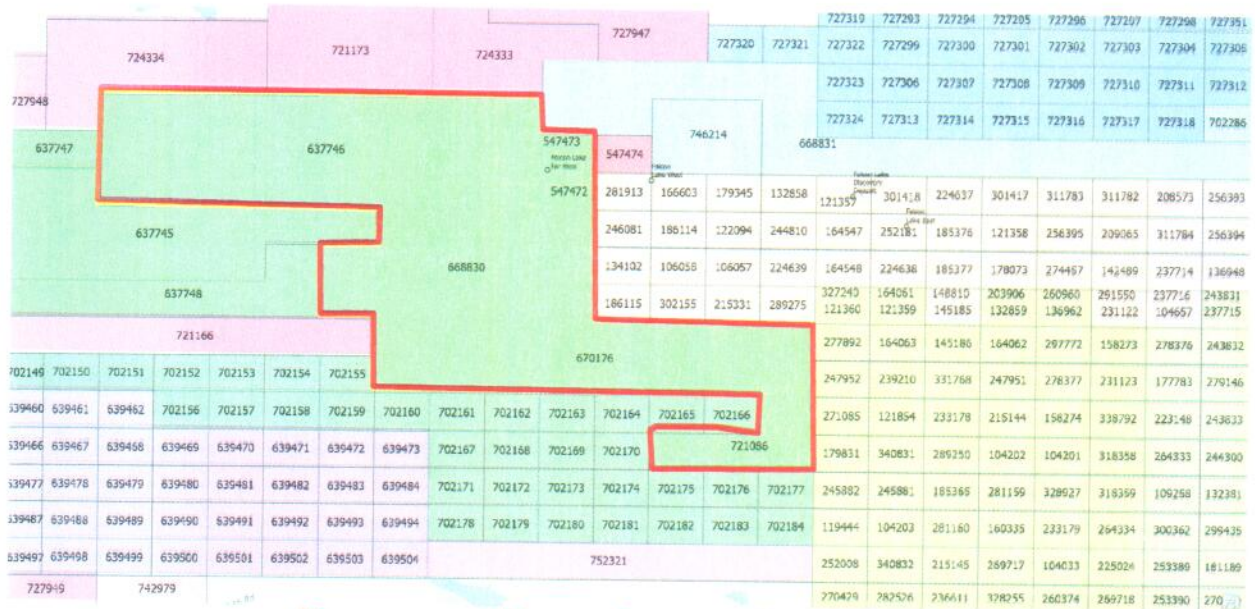
Name: Kerem Usenmez

Title: *President & CEO LICAN*

/s/ "*Alex Pleson*"

ALEX PLESON

SCHEDULE "A" – DESCRIPTION OF THE PROPERTY



Property Boundary – Red Outline

Claim ID	Owner/Option Holder	Township	Size (Mining Cells)	Hectares
637746	Alexander Pleson	Falcon Lake Area	24	500
668830	Alexander Pleson	Falcon Lake Area	14	300
670176	Alexander Pleson	Falcon Lake Area	16	350
721086	Alexander Pleson	Falcon Lake Area	4	95
547473	Alexander Pleson	Falcon Lake Area	1	22
547472	Alexander Pleson	Falcon Lake Area	1	22

SCHEDULE "B"

NSR ROYALTY Terms and Conditions

The NSR Royalty will be calculated and paid as follows:

1. Definitions.

In this Schedule, terms that are defined in the Mineral Property Option Agreement to which this Schedule "B" is attached and not otherwise defined herein have the meanings so defined. In this Schedule, the following terms have the following meanings:

- (a) "Net Smelter Returns" means the consideration actually received by the Owner in respect of the sale, after the commencement of Commercial Production, of Mineral Products after deduction of the sum of:
 - (i) treatment, smelter and refining charges (including handling, assaying, processing, interest, provisional settlement fees, weighing, sampling, assaying, umpire and representation costs, penalties, impurity charges, metal losses and other processor deductions);
 - (ii) costs of transportation (including freight, security charges, taxes, import and export duties, levies, imposts, handling, port, demurrage, delay, stowage and forwarding expenses incurred by reason of or in the course of such transportation) of Mineral Products from the Property to the place of treatment and to the place of sale;
 - (iii) costs or charges of any nature for or in connection with insurance, storage, or representation at a smelter or refinery for Mineral Products;
 - (iv) costs, charges or deductions incurred or paid by the Owner with respect to marketing or sale of Mineral Products, including brokerage costs; and
 - (v) government imposed production and value-added taxes (excluding taxes on income), and any and all payments, royalties or levies payable to aboriginal or native bands, groups or governing bodies.
- (b) "Owner" means the owner or owners of the Property.
- (c) "Payee" means the Person to whom the NSR Royalty is payable.

2. Payment.

Payment will be made quarterly within 60 days after the end of each fiscal quarter of the Property in which Net Smelter Returns are received and will be accompanied by unaudited financial statements pertaining to the operations carried out on the Property. Within 120 days after the end of each fiscal year of the Property, the records relating to the calculation of Net Smelter Returns for that year will be audited by the Owner's external independent auditor and any resulting adjustments in the payment of the NSR

Royalty will be made forthwith. A copy of the auditor's report and accompanying financial information shall be delivered to the Payee within 30 days of the end of that 120-day period.

3. Audit.

Each annual audit will be final and not subject to adjustment unless the Payee delivers to the Owner written exceptions in reasonable detail within six months after the Payee receives the report. The Payee, or its representative duly authorized in writing, at its expense, will have the right to audit the books and records related to Net Smelter Returns to determine the accuracy of the auditor's report, but will not have access to any other books and records of the Owner. The audit will be conducted by an independent chartered or certified public accountant of recognized standing. The Owner shall have the right to condition access to its books and records on execution of a written agreement by the auditor that all information will be held in confidence and used solely for purposes of audit and resolution of any disputes related to the auditor's report. A copy of the Payee's report will be delivered to the Owner upon completion, and any discrepancy between the amount actually paid and the amount which should have been paid according to the Payee's report will be paid forthwith, one party to the other. In the event that the discrepancy is to the detriment of the Payee and exceeds 8% of the amount actually paid by the Owner, then the Owner will pay the entire cost of the Payee's audit.