

SHARE EXCHANGE AGREEMENT

THIS SHARE EXCHANGE AGREEMENT is made effective the 24th day of May, 2022.

AMONG:

KRAKEN ENERGY CORP.,

a corporation existing under the laws of British Columbia, having an office at #717 – 1030 West Georgia Street, Vancouver, British Columbia, V6E 2Y3

(hereinafter referred to as the “**Purchaser**”)

- and -

PANERAI CAPITAL CORP.,

a corporation existing under the laws of the Province of British Columbia, having a registered office at #2200 – 855 West Georgia Street, Vancouver B.C. V6C 3E8

(hereinafter referred to as “**Panerai**”)

-and-

The shareholders of Panerai that have executed and delivered a Panerai Shareholder Consent Agreement substantially in the form attached hereto as Schedule “A” (hereinafter collectively referred to as the “**Shareholders**” and each individually as, a “**Shareholder**”)

WHEREAS:

- A. The Shareholders are collectively the legal and beneficial owners of all of the issued and outstanding common shares (the “**Panerai Shares**”) in the capital of Panerai;
- B. The Purchaser has agreed to purchase the outstanding Panerai Shares in exchange for common shares of the Purchaser on the terms and conditions set forth in this Agreement (the “**Transaction**”); and
- C. The Shareholders who have executed this Agreement have agreed to the Transaction.

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the premises and the respective covenants and agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I INTERPRETATION

1.01 Definitions

In this Agreement, unless otherwise defined, capitalized words and terms shall have the following meanings:

- (a) “**Agreement**” means this share exchange agreement as the same may be supplemented or amended from time to time;
- (b) “**Alternative Transaction**” means any of the following (and excludes the transactions contemplated by this Agreement): (a) any merger, amalgamation, arrangement, share exchange, take-over bid, tender offer, recapitalization, consolidation or other business combination directly or indirectly involving Panerai, or any analogous transaction; (b) any acquisition of all or substantially all of the assets of Panerai (or any lease, long-term supply agreement, exchange, mortgage, pledge or other arrangement having a similar economic effect); (c) any acquisition of beneficial ownership of 50% or more of Panerai’s common shares in a single transaction or a series of related transactions; (d) any acquisition by Panerai of any assets or capital stock of another person (other than acquisitions of capital stock or assets of any other person that are not, individually or in the aggregate, material to Panerai); or (e) any bona fide proposal to, or public announcement of an intention to, do any of the foregoing on or before the Termination Date;
- (c) “**Applicable Laws**” means all applicable rules, policies, notices, orders and legislation of any kind whatsoever of any Governmental Authority having jurisdiction over the transactions contemplated hereby;
- (d) “**Books and Records**” means all technical, business and financial records, financial books and records of account, books, data, reports, files, lists, drawings, plans, logs, briefs, customer and supplier lists, deeds, certificates, contracts, surveys, title opinions or any other documentation and information in any form whatsoever (including written, printed, electronic or computer printout form) relating to a corporation and its business;
- (e) “**Business Day**” means a day which is not a Saturday, Sunday or a statutory holiday in the Province of British Columbia;
- (f) “**Closing**” means the completion of the Transaction in accordance with the terms and conditions of this Agreement;
- (g) “**Closing Date**” means the date of Closing, which shall be the fifth Business Day following the satisfaction or waiver of all conditions to the obligations of the parties to consummate the Transaction (other than conditions that are satisfied with respect to actions the respective parties will take at the Closing itself), or earlier or later date as the Purchaser and Panerai may mutually determine;
- (h) “**Common Shares**” means common shares without par value in the capital of the Purchaser;

- (i) “**Contracts**” (individually, a “**Contract**”) means all written or oral outstanding contracts and agreements, leases (including the real property leases), third-party licenses, insurance policies, deeds, indentures, instruments, entitlements, commitments, undertakings and orders made by or to which a party is bound or under which a party has, or will have, any rights or obligations and includes rights to use, franchises, license and sub-licenses agreements and agreements for the purchase and sale of assets or shares;
- (j) “**Corporate Records**” means the corporate records of a corporation, including (i) its articles, notice of articles or other constating documents, any unanimous shareholders agreement and any amendments thereto; (ii) all minutes of meetings and resolutions of shareholders, directors and any committee thereof; (iii) the share certificate books, register of shareholders, register of transfers and registers of directors and officers; and (iv) all accounting records;
- (k) “**CSE**” means the Canadian Securities Exchange, operated by the CNSX Markets Inc.;
- (l) “**Disclosed**” means, in the case of the Shareholders and Panerai, fairly disclosed in writing to the Purchaser prior to the date of this Agreement (with sufficient details to identify the nature and scope of the matter disclosed), and, in the case of the Purchaser, fairly disclosed in writing to Panerai prior to the date of this Agreement (with sufficient details to identify the nature and scope of the matter disclosed);
- (m) “**GAAP**” means generally accepted accounting principles in Canada (and, if applicable, includes International Financial Reporting Standards);
- (n) “**Governmental Authority**” means any (a) multinational, federal, provincial, territorial, state, regional, municipal, local or other government, governmental or public department, court, tribunal, commission, board or agency, domestic or foreign, or (b) regulatory authority, including any securities commission, or stock exchange, including the CSE;
- (o) “**IP**” means any and all intellectual property or proprietary rights arising at law or in equity, including, without limitation, (i) patents, all patent rights and all patent rights and all applications therefor and all reissues, re-examinations, continuations, continuations-in-part, divisions, and patent term extensions thereof, (ii) inventions (whether patentable or not), discoveries, improvements, concepts, innovations and industrial models, (iii) registered and unregistered copyrights, copyright registrations and applications, mask works and mask work registrations and applications therefor, author’s rights and works of authorship, (iv) URLs, web sites, web pages and any part thereof, (v) technical information, know-how, trade secrets, drawings, designs, design protocols, specifications, proprietary data, customer lists, databases, proprietary and manufacturing processes, technology, formulae, and algorithms, (vi) trade names, trade dress, trademarks, domain names, service marks, logos, business names, and registrations and applications therefor, (vii) industrial designs or design patents, whether or not patentable or registrable, patented or registered or the subject of applications for registration or patent or registration and all rights of priority, applications, continuations, continuations-in-part, divisions, re-examinations, reissues and other derivative applications and patents therefor, (viii) licenses, contacts and agreements otherwise relating to the IP, and (ix) the goodwill symbolized or represented by the foregoing;

- (p) “**Lander Claims**” means the unpatented lode mining claims staked by Rangefront on behalf of Panerai in the Lander County, Nevada, as described in more detail in Schedule “C”;
- (q) “**laws**” means all statutes, codes, ordinances, decrees, rules, regulations, municipal by-laws, judicial or arbitral or administrative or ministerial or departmental or regulatory judgments, orders, decisions, rulings or awards, or any provisions of the foregoing, including general principles of common and civil law and equity, binding on or affecting the person referred to in the context in which such word is used; and “**law**” means any one of them;
- (r) “**Lien**” means any mortgage, encumbrance, charge, pledge, hypothecation, security interest, assignment, lien (statutory or otherwise), charge, title retention agreement or arrangement, restrictive covenant or other encumbrance of any nature or any other arrangement or condition, which, in substance, secures payment, or performance of an obligation;
- (s) “**Material Adverse Effect**” means (i) any change, effect, fact, circumstance or event which, individually or when taken together with any other changes, effects, facts, circumstances or events, could reasonably be expected to be materially adverse to the assets, liabilities, condition (financial or otherwise), business, properties or results of operation of the Purchaser or Panerai, as applicable, or (ii) a material impairment of or delay in the ability of the parties (or any one of them) to perform their obligations hereunder or consummate the Transaction, but does not include any change or development resulting from any act of terrorism or any outbreak of hostilities or war or any natural disaster, disease, epidemic or pandemic (including for greater certainty the COVID-19 pandemic), except to the extent the impact, effect or consequences arising out of or attributable to such events disproportionately affects the Panerai Share or the operation, assets, liabilities, financial condition or results of operation of the parties (or any one of them);
- (t) “**Material Contract**” means any Contract to which a person is a party and which is material to such person, including any Contract: (i) the termination of which would have a Material Adverse Effect on such person; (ii) any contract which would result in payments to or from such person or its subsidiaries (if any) in excess of \$50,000, whether payable in one payment or in successive payments; (iii) any agreement or commitment relating to the borrowing of money or to capital expenditures; and (iv) any agreement or commitment not entered into in the ordinary course of business;
- (u) “**material fact**” shall have the meaning ascribed to it in the *Securities Act* (British Columbia);
- (v) “**Non-Resident Shareholders**” means those Shareholders identified in the Panerai Shareholder Consent Agreements executed and delivered by the Shareholders, substantially in the form attached hereto as Schedule “A”, as being non-residents of Canada for the purposes of the Tax Act;
- (w) “**Panerai Shareholder Consent Agreements**” means the consent agreements that have been entered into between the Purchaser and each Shareholder concurrent with execution of this Agreement, which are substantially in the form attached hereto as Schedule “A”;

- (x) “**Panerai Shares**” has the meaning set forth in the recitals of this Agreement;
- (y) “**Payment Shares**” has the meaning set forth in Section 2.02;
- (z) “**person**” includes an individual, sole proprietorship, partnership, limited partnership, unincorporated association or organization, unincorporated syndicate, body corporate, trust, trustee, executor, administrator, legal representative of the Crown or any agency or instrumentality thereof;
- (aa) “**Purchased Shares**” means all of the Panerai Shares purchased by the Purchaser pursuant to this Agreement;
- (bb) “**Purchaser Financial Statements**” has the meaning set forth in Section 5.01(l);
- (cc) “**Purchaser Material Contracts**” has the meaning set forth in Section 5.01(s);
- (dd) “**Rangefront**” means Rangefront Consulting LLC;
- (ee) “**Regulation D**” means Regulation D under the U.S. Securities Act;
- (ff) “**Regulation S**” means Regulation S under the U.S. Securities Act;
- (gg) “**Securities Laws**” means the securities legislation having application, the regulations and rules thereunder and all administrative policy statements, instruments, blanket orders, notices, directions and rulings issued or adopted by the applicable securities regulatory authority, all as amended;
- (hh) “**SEDAR**” means the System for Electronic Document Analysis and Retrieval of the Canadian Securities Administrators;
- (ii) “**Shareholders**” and “**Shareholder**” have the respective meanings set forth in the first page of this Agreement;
- (jj) “**Tax**” means any tax, impost, levy, withholding, duty, fee, premium, assessment and other charge of any kind, however denominated and any instalment or advance payment in respect thereof, including any interest, penalties, fines or other additions that have been, are or will become payable in respect thereof, imposed by any Governmental Authority, including for greater certainty any income, gain or profit tax (including federal, state, provincial and territorial income tax), payroll and employee withholding tax, employment or payroll tax, unemployment insurance, disability tax, social insurance tax, social security contribution, sales and use tax, consumption tax, customs tax, ad valorem tax, excise tax, goods and services tax, harmonized sales tax, franchise tax, gross receipts tax, capital tax, business license tax, alternative minimum tax, estimated tax, abandoned or unclaimed (escheat) tax, occupation tax, real and personal property tax, stamp tax, environmental tax, transfer tax, severance tax, workers’ compensation, Canada and other government pension plan premium or contribution and other governmental charge, and other obligations of the same or of a similar nature to any of the foregoing, together with any interest, penalties or other additions to tax that may become payable in respect of such tax, and any interest in respect of such interest, penalties and additions whether disputed or not, and “**Taxes**” has a corresponding meaning;

- (kk) “**Tax Act**” means the *Income Tax Act* (Canada);
- (ll) “**Tax Return**” means all returns, declarations, designations, forms, schedules, reports, elections, notices, filings, statements (including withholding tax returns and reports and information returns and reports) and other documents of every nature whatsoever filed or required to be filed with any Governmental Authority with respect to any Tax together with all amendments and supplements thereto;
- (mm) “**Termination Date**” means August 31, 2022 or such later date as may be agreed in writing between the Purchaser and Panerai;
- (nn) “**Time of Closing**” means 10:00 a.m. (Vancouver time) on the Closing Date, or such other time as the parties may mutually determine;
- (oo) “**Transaction**” has the meaning set forth in the recitals of this Agreement;
- (pp) “**United States**” means the United States of America, its territories and possessions, any state of the United States and the District of Columbia;
- (qq) “**U.S. Person**” means a U.S. person as defined in Rule 902(k) of Regulation S under the U.S. Securities Act;
- (rr) “**U.S. Securities Act**” means the United States Securities Act of 1933, as amended; and
- (ss) “**U.S. Shareholder**” means (i) a U.S. Person, (ii) any person who receives or received an offer of the Payment Shares while in the United States; (iii) any person acquiring the Payment Shares on behalf of, or for the account or benefit of any U.S. Person or any person in the United States, or (iv) any person who is or was in the United States at the time when such person executed or delivered this Agreement.

1.02 Currency

All sums of money which are referred to in this Agreement are expressed in lawful money of Canada unless otherwise specified.

1.03 Interpretation Not Affected by Headings, etc.

The division of this Agreement into articles, sections and other portions and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. Unless otherwise indicated, any reference in this Agreement to an Article, Section or a Schedule or Exhibit refers to the specified Article or Section of, or Schedule or Exhibit to this Agreement.

1.04 Number, etc.

Unless the subject matter or context requires the contrary, words importing the singular number only shall include the plural and vice versa; words importing the use of any gender shall include all genders and words importing persons shall include natural persons, firms, trusts, partnerships and corporations.

1.05 Date for Any Action

In the event that any date on which any action is required or permitted to be taken hereunder by any person is not a Business Day, such action shall be required to be taken on the next succeeding day which is a Business Day.

1.06 Statutory References

Any reference in this Agreement to a statute includes all regulations and rules made thereunder, all amendments to such statute in force from time to time and any statute, regulation or rule that supplements or supersedes such statute, regulation or rule.

1.07 Accounting Principles

Wherever in this Agreement reference is made to generally accepted accounting principles, such reference shall be deemed to be the International Financial Reporting Standards or the Canadian generally accepted accounting principles, as applicable, approved by the International Accounting Standards Board or the Canadian Institute of Chartered Accountants, as the case may be, or any successor thereto, applicable as at the date on which a calculation is made or required to be made in accordance with generally accepted accounting principles.

1.08 Knowledge

- (a) Any reference herein to “the knowledge of the Purchaser” (or similar expressions) will be deemed to mean the actual knowledge of any director or executive officer of the Purchaser, together with the knowledge such person would have had if they had conducted a diligent inquiry into the relevant subject matter.
- (b) Any reference herein to “the knowledge of Panerai” (or similar expressions) will be deemed to mean the actual knowledge of any director or executive officer of Panerai, together with the knowledge such person would have had if they had conducted a diligent inquiry into the relevant subject matter.
- (c) Any reference herein to “the knowledge of the Shareholder” (or similar expressions) will be deemed to mean the actual knowledge of the applicable Shareholder.

1.09 Schedules

The schedules to this Agreement, listed below, are an integral part of this Agreement, and must be completed and attached before the Closing Date for this Agreement to be fully-integrated and thereafter enforceable by or against either Party:

<u>Schedule</u>	<u>Description</u>
Schedule “A”	Panerai Shareholder Consent Agreement
Schedule “B”	U.S. Representation Letter for U.S. Shareholders
Schedule “C”	Lander Claims

ARTICLE II PURCHASE AND SALE OF PURCHASED SHARES

2.01 Purchase and Sale

Subject to the terms and conditions of this Agreement and the Panerai Shareholder Consent Agreements, each of the Shareholders covenants and agrees, on its own behalf, to sell, assign and transfer to the Purchaser and the Purchaser covenants and agrees to purchase from the Shareholders, the number of Purchased Shares which are beneficially owned by such Shareholder at the Time of Closing. As of the date of this Agreement, the number of Purchased Shares which are beneficially owned by each Shareholder is the number set forth opposite the name of such Shareholder in the Shareholder list previously provided by Panerai to the Purchaser, which remains current and correct as at the date hereof.

2.02 Purchase Price

In consideration for the acquisition of the Panerai Shares, the Purchaser shall issue from treasury to the Shareholders *pro rata* in proportion to their holdings of Purchased Shares at the Time of Closing, an aggregate of 11,709,666 Common Shares, free and clear of any encumbrances (the “**Payment Shares**”) on the basis of one Payment Share issued in exchange for each Panerai Share. The Payment Shares are being issued at a deemed value per Payment Share equal to the closing price of the Common Shares on the CSE on the last trading day prior to the execution date of this Agreement.

2.03 Tax Election

The Purchaser agrees that, at the request and expense of any Shareholder who is resident in Canada for the purposes of the Tax Act, the Purchaser shall jointly elect with the Shareholder for the provisions of subsection 85(1) or (2) of the Tax Act and any equivalent provision under provincial legislation (each a “**Tax Election Provision**”) to apply to the Purchased Shares acquired by the Purchaser from the Shareholder. In order to make any such election, the Shareholder shall prepare any prescribed election form (each a “**Tax Election Form**”) and deliver any such Tax Election Form to the Purchaser within 90 days of the Closing Date. Upon receipt, the Purchaser shall sign the Tax Election Form and deliver a copy of the Tax Election Form to the Shareholder by mail using the address that the Shareholder provided to the Purchaser in the Tax Election Form within 30 days of receipt thereof. It shall be the sole responsibility of the Shareholder making the request to file the Tax Election Form with the Canada Revenue Agency or relevant provincial Governmental Authority. The Purchaser shall not be liable for any damages arising to a Shareholder for a late filing of a Tax Election Form or any errors or omissions on a Tax Election Form.

Notwithstanding anything contained in this Agreement, the Purchaser does not assume and shall not be liable for any taxes under the Tax Act or under provincial legislation or any other amount whatsoever which may be or become payable by Shareholders including, without limiting the generality of the foregoing, any Tax resulting from or arising as a consequence of the sale by Shareholders to the Purchaser of the Purchased Shares herein contemplated, or the availability (or lack thereof) of any Tax Election Provision, or the content or impact of any election made under any Tax Election Provision.

2.04 Restrictions on Resale

Each of the Shareholders acknowledges and agrees as follows:

- (a) the transfer of the Purchased Shares and the issuance of the Payment Shares, in exchange therefor, will be made pursuant to appropriate exemptions, including (but not limited to) the take-over bid prospectus exemption found in Section 2.16 of

National Instrument 45-106 – *Prospectus Exemptions* (the “**Exemptions**”) from any applicable take-over bid and registration and prospectus (or equivalent) requirements of the Securities Laws;

- (b) as a consequence of acquiring the Payment Shares pursuant to the Exemptions:
 - (i) the Shareholder will be restricted from using certain of the civil remedies available under the Securities Laws;
 - (ii) the Shareholder may not receive information that might otherwise be required to be provided to the Shareholder, and the Purchaser is relieved from certain obligations that would otherwise apply under Securities Laws if the Exemptions were not being relied upon by the Purchaser;
 - (iii) no securities commission, stock exchange or similar regulatory authority has reviewed or passed on the merits of an investment in the Payment Shares;
 - (iv) there is no government or other insurance covering the Payment Shares; and
 - (v) an investment in the Payment Shares is speculative and of high risk;
- (c) although no statutory hold periods are currently expected to be applicable, the certificates representing the Payment Shares will bear such legends as required by Securities Laws and the policies of the CSE and it is the responsibility of the Shareholder to find out what those restrictions are and to comply with them before selling the Payment Shares;
- (d) the Shareholder is knowledgeable of, or has been independently advised as to, the Applicable Laws of that jurisdiction which apply to the sale of the Purchased Shares and the issuance of the Payment Shares and which may impose restrictions on the resale of such Payment Shares in that jurisdiction and it is the responsibility of the Shareholder to find out what those resale restrictions are, and to comply with them before selling the Payment Shares; and
- (e) all Payment Shares issued in exchange for the Purchased Shares held by the Shareholders will be subject to certain voluntary hold periods as more specifically set forth in the applicable Panerai Shareholder Consent Agreements and will bear a legend (or legends) substantially in the following form:

“The securities represented hereby shall not be offered, sold, transferred, pledged, hypothecated or otherwise traded before that date that is [...] months after the issuance date, unless consented to by the Company.”

2.05 Restrictions on Resale Panerai Shares

The Parties acknowledge that the Panerai Shares bear legends (the “**Panerai Legends**”) restricting resale. Panerai hereby waives such restrictions in connection with the sale and transfer of the Panerai Shares pursuant to this Agreement.

**ARTICLE III
CONDITIONS OF CLOSING**

3.01 Mutual Conditions of Closing

The obligations to complete the Transaction are subject to the fulfillment of the following conditions on or before the Time of Closing:

- (a) there shall be no action taken under any applicable law by any court or Governmental Authority that makes it illegal or restrains, enjoins or prohibits the Transaction, results in a judgment or assessment of damages relating to the Transaction that is materially adverse to the Purchaser or Panerai or that could reasonably be expected to impose any condition or restriction upon the Purchaser or Panerai which, after giving effect to the Transaction, would so materially and adversely impact the economic or business benefits of the Transaction as to render inadvisable the consummation of the Transaction;
- (b) there shall be no legislation (whether by statute, regulation, order-in-council, notice of ways and means motion, by-law or otherwise) enacted, introduced or tabled which, in the opinion of the Purchaser, acting reasonably, materially adversely affects or is reasonable likely to materially adversely affect the Transaction;
- (c) receipt of all required regulatory, corporate and third party approvals, including CSE approval, if applicable, and compliance with all applicable regulatory requirements and conditions necessary to complete the Transaction;
- (d) neither party shall be subject to unresolved litigation or court proceedings;
- (e) there being no prohibition at law against the completion of the Transaction; and
- (f) the Closing Date shall be on or before the Termination Date.

The foregoing conditions precedent are for the benefit of all parties and may be waived by Panerai (on its own behalf and on behalf of the Shareholders) and the Purchaser, in whole or in part, without prejudice to any party's right to rely on any other condition in favour of any party.

3.02 Conditions of Closing in Favour of the Purchaser

The obligations of the Purchaser to complete the Transaction are subject to the fulfillment of the following conditions on or before the Time of Closing:

- (a) the Shareholders and Panerai shall have tendered all closing deliveries set forth in Sections 4.03 and 4.04, respectively, including delivery of the Purchased Shares, duly endorsed in blank for transfer or accompanied by duly executed stock transfer powers or other evidence of authorizing transfer of the Purchased Shares to the Purchaser acceptable to the Purchaser, acting reasonably;
- (b) the representations and warranties of Panerai set forth in this Agreement shall have been true and correct as of the date hereof and shall be true and correct at the Time of Closing in all respects (in the case of any representation or warranty containing any materiality or Material Adverse Effect qualifier) or in all material respects (in the case of any representation or warranty without any materiality or Material

Adverse Effect qualifier), except as affected by the transactions contemplated by this Agreement, and a certificate of the sole director of Panerai to this effect shall have been delivered to the Purchaser;

- (c) all of the terms, covenants and conditions of this Agreement to be complied with or performed by Panerai at or before the Time of Closing will have been complied with or performed and a certificate of the sole director of Panerai to this effect shall have been delivered to the Purchaser;
- (d) the representations and warranties of the Shareholders set forth in this Agreement shall have been true and correct in all material respects as of the date hereof and shall be true and correct in all material respects as of the Time of Closing and delivery by each Shareholders of the documents described in Section 4.04 required to be delivered by such Shareholders shall constitute a reaffirmation and confirmation by such Shareholders of such representations and warranties;
- (e) all of the terms, covenants and conditions of this Agreement to be complied with or performed by the Shareholders at or before the Time of Closing will have been complied with or performed and delivery of the documents described in Section 4.04 shall constitute confirmation of such compliance and performance;
- (f) all consents, assignments, waivers, permits, orders and approvals of all Governmental Authorities (including the CSE) or other persons, including, if applicable, all those party to Panerai Material Contracts necessary to permit the completion of the Transaction shall have been obtained;
- (g) there being no inquiry or investigation (whether formal or informal) in relation to Panerai or its directors or officers commenced or threatened by any securities commission or official of the CSE or regulatory body having jurisdiction such that the outcome of such inquiry or investigation could have a material adverse effect on, Panerai, its business, assets or financial condition; and
- (h) there shall not have been after the date of this Agreement any Material Adverse Effect with respect to Panerai.

The foregoing conditions precedent are for the benefit of the Purchaser and may be waived by the Purchaser, in whole or in part, without prejudice to the Purchaser's right to rely on any other condition in favour of the Purchaser.

3.03 Conditions of Closing in Favour of Panerai and the Shareholders

The obligations of Panerai and the Shareholders to complete the Transaction are subject to the fulfillment of the following conditions on or before the Time of Closing:

- (a) the Purchaser shall have tendered all closing deliveries set forth in Section 4.02 including delivery of the Payment Shares;
- (b) all consents, waivers, permits, orders and approvals of all Governmental Authorities (including the CSE) or other persons, including, if applicable, all those party to the Purchaser Material Contracts necessary to permit the completion of the Transaction shall have been obtained;

- (c) the representations and warranties of the Purchaser set forth in this Agreement shall have been true and correct as of the date hereof and shall be true and correct at the Time of Closing in all respects (in the case of any representation or warranty containing any materiality or Material Adverse Effect qualifier) or in all material respects (in the case of any representation or warranty without any materiality or Material Adverse Effect qualifier), except as affected by the transactions contemplated by this Agreement, and a certificate of a senior officer of the Purchaser to this effect shall have been delivered to Panerai and the Shareholders;
- (d) all of the terms, covenants and conditions of this Agreement to be complied with or performed by the Purchaser at or before the Time of Closing will have been complied with or performed and a certificate of a senior officer of the Purchaser to this effect shall have been delivered to Panerai and the Shareholders;
- (e) there shall not have been after the date of this Agreement any Material Adverse Effect with respect to the Purchaser;
- (f) the Payment Shares will have been approved for issuance by the directors of the Purchaser; and
- (g) there being no inquiry or investigation (whether formal or informal) in relation to the Purchaser or its respective directors or officers commenced or threatened by any securities commission or official of the CSE or regulatory body having jurisdiction such that the outcome of such inquiry or investigation could have a material adverse effect on, the Purchaser, its business, assets or financial condition.

The foregoing conditions precedent are for the benefit of Panerai and the Shareholders and may be waived by Panerai (on its own behalf and on behalf of the Shareholders) and the Shareholders, in whole or in part, without prejudice to Panerai's and the Shareholders' right to rely on any other condition in favour of Panerai and the Shareholders.

3.04 Notice and Cure Provisions

Each party will give prompt notice to the other parties hereto of the occurrence, or failure to occur, at any time from the date hereof until the Closing Date, of any event or state of facts which occurrence or failure would or would be likely to:

- (a) cause any of the representations or warranties of such party contained herein to be untrue or inaccurate on the date hereof or at the Closing Date; or
- (b) result in the failure by such party to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by such party hereunder prior to the Closing Date.

Subject to Article VII, no party may elect not to complete the Transaction as contemplated herein as a result of the non-fulfillment of the conditions precedent contained in Sections 3.01, 3.02, or 3.03, as applicable, unless the party intending to rely thereon has delivered a written notice to the other parties hereto prior to the Time of Closing specifying, in reasonable detail, all breaches of representations and warranties or covenants or other matters which the party delivering such notice is asserting as the basis for the non-fulfillment of the applicable condition precedent.

**ARTICLE IV
CLOSING AND POST CLOSING ARRANGEMENTS**

4.01 Time and Place of Closing

Closing of the Transaction shall take place at the Time of Closing at the offices of McMillan LLP, Suite 1500, Royal Centre, 1055 West Georgia Street, Vancouver, British Columbia, V6E 4N7.

4.02 Closing Deliveries of the Purchaser

At the Time of Closing, the Purchaser will deliver or cause to be delivered:

- (a) share certificates or direct registration system (DRS) statements evidencing the Payment Shares registered to the Shareholders as set forth in the applicable Panerai Shareholder Consent Agreements executed and delivered by each of the Shareholders;
- (b) a certificate of one of the Purchaser's senior officers, dated as of the Closing Date, certifying: (i) that attached thereto are true and complete copies of the notice of articles and articles of the Purchaser (and all amendments thereto as in effect as on such date); and (ii) all resolutions of the board of directors of the Purchaser approving the entering into of this Agreement and all ancillary agreements contemplated herein and the completion of the Transaction, including the issuance of the Payment Shares;
- (c) the officer's certificates referred to in Sections 3.03(c) and 3.03(d); and
- (d) a certificate of good standing for the Purchaser.

4.03 Closing Deliveries of Panerai

At the Time of Closing, Panerai will deliver or cause to be delivered:

- (a) a certificate of one of Panerai's senior officers, dated as of the Closing Date, certifying: (i) that attached thereto are true and complete copies of the constating documents of Panerai (and all amendments thereto as in effect as on such date); and (ii) all resolutions of the board of directors of Panerai approving the entering into of this Agreement and the completion of the Transaction;
- (b) the officer's certificates referred to in Sections 3.02(b) and 3.02(c);
- (c) resignation of the directors of Panerai (including a statement certifying that said director does not have any claim in any respect against Panerai) and resolutions consented to in writing by the directors of Panerai (and if applicable, the shareholders of Panerai) appointing nominees of the Purchaser as directors of Panerai;
- (d) resignations of the officers of Panerai (including a statement certifying that said officers do not have any claim in any respect against Panerai) and resolutions consented to in writing by the directors of Panerai appointing nominees of the Purchaser as officers of Panerai;

- (e) a certificate of good standing for Panerai; and
- (f) a duly executed acknowledgement from Rangefront acknowledging: (i) that the Lander Claims registered in the name of Rangefront were staked on behalf of Panerai and are held beneficially for Panerai; and (ii) that Rangefront will complete the transfer of title of the Lander Claims to Panerai or an affiliated Nevada corporation of Panerai as designated by Panerai, as applicable, pursuant to applicable laws as soon as reasonably practicable.

4.04 Closing Deliveries of the Shareholders

At the Time of Closing, each of the Shareholders will cause to be delivered:

- (a) with respect to each Shareholder, share certificates evidencing the Purchased Shares owned by such Shareholder, duly endorsed in blank for transfer or accompanied by duly executed stock transfer powers; and
- (b) with respect to U.S. Shareholders, the U.S. Representation Letter attached hereto as Schedule "B".

ARTICLE V REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of the Purchaser

The Purchaser represents and warrants to and in favour of each of the Shareholders and Panerai as follows, and acknowledges that such parties are relying upon such representations and warranties in connection with the transactions contemplated herein:

- (a) the Purchaser is a corporation validly existing and in good standing under the laws of the Province of British Columbia and is duly registered, licensed or qualified to carry on business under the laws of the jurisdictions in which the nature of its business makes such registration, licensing or qualification necessary;
- (b) the Purchaser is a "reporting issuer" in the provinces of British Columbia, Alberta and Ontario, and is not in material default of the Securities Laws;
- (c) the Purchaser has the corporate power and capacity to enter into this Agreement and each additional agreement or instrument to be delivered pursuant to this Agreement, to perform its obligations hereunder and thereunder, to own and lease its property, and to carry on its businesses as now being conducted;
- (d) this Agreement has been, and each additional agreement or instrument to be delivered pursuant to this Agreement will be prior to the Time of Closing, duly authorized, executed and delivered by the Purchaser and each is, or will be at the Time of Closing, a legal, valid and binding obligation of the Purchaser, enforceable against the Purchaser in accordance with its terms;
- (e) the Common Shares are listed for trading on the CSE and the Purchaser is not in material default of any of the listing requirements of the CSE;

- (f) the execution and delivery of this Agreement does not, and the consummation of the Transaction will not, (i) result in a breach or violation of the notice of articles or the articles of the Purchaser or of any resolutions of the directors or shareholders of the Purchaser, (ii) conflict with, result in a breach of, constitute a default under or accelerate the performance required by or result in the suspension, cancellation, material alteration or creation of an encumbrance upon any material agreement (including any Purchaser Material Contract), licence or permit to which the Purchaser is a party or by which the Purchaser is bound or to which any material assets or property of the Purchaser is subject, or (iii) violate any provision of any applicable law or regulation or any judicial or administrative order, award, judgment or decree applicable to the Purchaser;
- (g) the authorized capital of the Purchaser consists of an unlimited number of Common Shares, of which, as of the date hereof, 42,437,425 Common Shares are issued and outstanding as fully paid and non-assessable; as of the date hereof, 1,240,000 stock options are outstanding and 6,105,450 common share purchase warrants are outstanding;
- (h) when issued in accordance with the terms hereof, the Payment Shares will be validly issued as fully paid and non-assessable Common Shares;
- (i) other than as set out in Section 5.01(g), there are no other Common Shares or securities convertible, exercisable or exchangeable into Common Shares or preferred shares issued or outstanding;
- (j) all disclosure documents of the Purchaser filed under the Securities Laws of the Province of British Columbia since the date of its incorporation, but not limited to, financial statements, prospectuses, offering memorandums, information circulars, news releases, material change reports and shareholder communications contain no untrue statement of a material fact as at the date thereof nor do they omit to state a material fact which, at the date thereof, was required to have been stated or was necessary to prevent a statement that was made from being false or misleading in the circumstances in which it was made;
- (k) except for the holders of the securities set out Section 5.01(g), and other than the Shareholders pursuant to this Agreement, no person has any agreement, option, right or privilege (whether by law, pre-emptive or contractual) capable of becoming an agreement, including convertible securities, options, warrants or convertible obligations of any nature, for the purchase, subscription, allotment or issuance of any unissued shares or other securities of the Purchaser;
- (l) the audited financial statements of the Purchaser for the year ended June 30, 2021, and the unaudited interim financial statements for the six-month period ended December 31, 2021 (collectively, the “**Purchaser Financial Statements**”), copies of which have been filed publicly with the British Columbia Securities Commission and are available on SEDAR, are true and correct in every material respect and present fairly and accurately the financial position and results of the operations of the Purchaser for the periods then ended and the Purchaser Financial Statements have been prepared in accordance with GAAP applied on a consistent basis;

- (m) no information has come to the attention of the Purchaser since the last date of the most recently issued Purchaser Financial Statements that would or would reasonably be expected to require any restatement or revisions of any such financial statements;
- (n) the Purchaser's auditors who audited the Purchaser Financial Statements (as applicable) are independent public accountants;
- (o) except as disclosed in the Purchaser Financial Statements, there are no related-party transactions or off-balance sheet structures or transactions with respect to the Purchaser;
- (p) except as disclosed in the Purchaser Financial Statements, the Purchaser is not a party to, or bound by, any agreement of guarantee, indemnification, assumption or endorsement or any like commitment of the obligations, liabilities (contingent or otherwise) or indebtedness of any other person;
- (q) since June 30, 2021, there has been no material adverse change in the condition (financial or otherwise), assets, liabilities, operations, earnings or business of the Purchaser;
- (r) the Purchaser has conducted and is conducting its business in compliance in all material respects with all applicable laws, regulations, by-laws, ordinances, regulations, rules, judgments, decrees and orders of each jurisdiction in which its business is carried on;
- (s) all of the Contracts of the Purchaser material to its business and operations (the "**Purchaser Material Contracts**"), together with this Agreement, and after the execution and delivery hereof, all ancillary agreements contemplated herein, constitute all the Material Contracts of the Purchaser. Each of the Purchaser Material Contracts is in full force and effect, unamended, and there exists no default, warranty claim or other obligation or liability or event, occurrence, condition or act (including the purchase and sale of the Purchased Shares hereunder and the other transactions contemplated hereunder, including, without limitation, the issuance of the Payment Shares) which, with the giving of notice, the lapse of time or the happening of any other event or condition, would become a default, or give rise to a warranty claim or other obligation or liability thereunder. The Purchaser has not violated or breached, in any material respect, any of the terms or conditions of any Purchaser Material Contract and all the covenants to be performed by any other party thereto have been fully and properly performed;
- (t) there are no waivers, consents, notices or approvals required to be given or obtained by the Purchaser in connection with the Transaction and the other transactions contemplated by this Agreement under any Contract to which the Purchaser is a party;
- (u) no consent, approval, order or authorization of, or registration or declaration with, any applicable Governmental Authority with jurisdiction over the Purchaser is required to be obtained by the Purchaser in connection with the execution and delivery of this Agreement or the consummation of the Transaction, including, without limitation, the issuance of the Payment Shares, except for those consents, orders, authorizations, declarations, registrations or approvals which are

contemplated by this Agreement or those consents, orders, authorizations, declarations, registrations or approvals that, if not obtained, would not prevent or materially delay the consummation of the Transaction or otherwise prevent or materially delay the Purchaser from performing its obligations under this Agreement and could not reasonably be expected to have a Material Adverse Effect on the Purchaser;

- (v) there is no suit, action or proceeding or, to the knowledge of the Purchaser, pending or threatened against the Purchaser that, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect on the Purchaser, and there is no judgment, decree, injunction, rule or order of any Governmental Authority outstanding against the Purchaser causing, or which could reasonably be expected to cause, a Material Adverse Effect on the Purchaser;
- (w) no bankruptcy, insolvency or receivership proceedings have been instituted by the Purchaser or, to the knowledge of the Purchaser, are pending against the Purchaser;
- (x) the Purchaser has good and marketable title to its properties and assets (other than property or an asset as to which the Purchaser is a lessee, in which case it has a valid leasehold interest), except for such defects in title that individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect on the Purchaser;
- (y) no person has any written or oral agreement, option, understanding or commitment for the purchase from the Purchaser of any of its assets or property;
- (z) the Purchaser has all permits, licences, certificates of authority, orders and approvals of, and has made all filings, applications and registrations with, applicable Governmental Authorities that are required in order to permit it to carry on its business as presently conducted, except for such permits, licences, certificates, orders, filings, applications and registrations, the failure to have or make, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect on the Purchaser, and all such all permits, licences, certificates of authority, orders and approvals are in good standing in all material respects;
- (aa) the Purchaser has filed in the prescribed manner and within the prescribed times all Tax Returns required to be filed by the Purchaser in all applicable jurisdictions as of the date hereof and all Tax Returns that have been filed by, or with respect to the Purchaser are true, complete and correct, report all income and all other amounts and information required to be reported thereon and disclose any Tax required to be paid for the periods covered thereby. The Purchaser has duly and timely paid any Tax due and payable by it, including all instalments on account of Tax that are due and payable before the date hereof, whether or not assessed by the appropriate Governmental Authority, and has duly and timely paid all assessments and reassessments it has received in respect of any Tax;
- (bb) there are no audits, reassessments or other proceedings in progress or, to the knowledge of the Purchaser, threatened against the Purchaser, in respect of any Tax and, in particular, there are no currently outstanding reassessments or written enquiries which have been issued or raised by any Governmental Authority relating to any Tax, and the Purchaser is not aware of any contingent liability of the

Purchaser for Tax or any grounds that could prompt an assessment or reassessment for any Tax, and the Purchaser has not received any indication from any Governmental Authority that any assessment or reassessment is proposed;

- (cc) the Purchaser has deducted, withheld or collected and remitted in a timely manner to the relevant Governmental Authority each Tax or other amount required to be deducted, withheld or collected and remitted by the Purchaser;
- (dd) the Purchaser has not been notified by any Governmental Authority of any investigation with respect to it that is pending or threatened, nor has any Governmental Authority notified the Purchaser of such Governmental Authority's intention to commence or to conduct any investigation, that could be reasonably likely to have a Material Adverse Effect on the Purchaser;
- (ee) no current or former employee, officer or director of the Purchaser is entitled to a severance, termination or other similar payment as a result of the Transaction;
- (ff) the Corporate Records of the Purchaser are complete and accurate in all material respects and all corporate proceedings and actions reflected therein have been conducted or taken in compliance with all applicable laws and with the constating documents of the Purchaser, and without limiting the generality of the foregoing: (i) the minute books contain complete and accurate minutes of all meetings of the directors (and any committee thereof) and shareholders of the Purchaser; (ii) such minute books contain all written resolutions passed by the directors (and any committee thereof) and shareholders of the Purchaser; (iii) the share certificate books, if any, the central securities register and register of transfers, and branch registers, of the Purchaser are complete and accurate, and all transfers of shares of the Purchaser reflected therein have been duly completed and approved; and (iv) the registers of directors and officers are complete and accurate and all former and present directors and officers of the Purchaser were duly elected or appointed as the case may be;
- (gg) all Books and Records of the Purchaser have been fully, properly and accurately kept and, where required, completed in accordance with generally accepted accounting principles, and there are no material inaccuracies or discrepancies of any kind contained or reflected therein;
- (hh) the Purchaser has not authorized any person to act as broker or finder or in any other similar capacity in connection with the transactions contemplated by this Agreement that in any manner may or will impose liability on the Purchaser, Panerai or the Shareholders; and
- (ii) to the knowledge of the Purchaser, no representation or warranty of the Purchaser contained in this Agreement contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained herein or therein not misleading.

5.02 Representations and Warranties of the Shareholders

Each of the Shareholders, on its own behalf and not on behalf of any other Shareholders, hereby severally (and, for greater certainty, not jointly with any other Shareholders) represents and warrants to

the Purchaser as follows and acknowledges that the Purchaser is relying on such representations and warranties in connection with the transactions contemplated herein:

- (a) this Agreement has been, and each additional agreement or instrument required to be delivered by the Shareholder pursuant to this Agreement will be prior to the Time of Closing, duly authorized, executed and delivered by the Shareholder and each is, or will be at the Time of Closing, a legal, valid and binding obligation of the Shareholder, enforceable against the Shareholder in accordance with its terms;
- (b) if the Shareholder is not an individual, the Shareholder is validly existing under the laws of its jurisdiction of organization and has the corporate or other power to enter into this Agreement and any other agreement to which it is, or is to become, a party to pursuant to the terms hereof and to perform its obligations hereunder and thereunder;
- (c) the execution and delivery of this Agreement does not, and the consummation of the Transaction will not, (i) if the Shareholder is not an individual, result in a breach or violation of the articles or by-laws of the Shareholder (or other constating documents of the Shareholder) or of any resolutions of the directors or shareholders of the Shareholders, or (ii) violate any provision of any applicable law or regulation or any judicial or administrative order, award, judgment or decree applicable to the Shareholders;
- (d) the Shareholder is the registered and beneficial owner of that number of Panerai Shares set forth in the Panerai Shareholder Consent Agreement executed and delivered by such Shareholder (such common shares comprising part of the Purchased Shares), free and clear of all liens, charges, mortgages, security interests, pledges, demands, claims and other encumbrances of any nature whatsoever;
- (e) except for the Purchaser's rights hereunder, no person has any agreement or option or any right or privilege capable of becoming an agreement for the purchase of the Purchased Shares held or beneficially owned by the Shareholder and, other than the Panerai Legends, none of such common shares of Panerai are subject to any voting trust, shareholders agreement, voting agreement or other agreement with respect to the disposition or enjoyment of any rights of such common shares of Panerai;
- (f) except for the Non-Resident Shareholders, the Shareholder is not a "non-resident" of Canada within the meaning of the Tax Act;
- (g) unless the Shareholder is a U.S. Shareholder and has completed and delivered a U.S. Representation Letter for U.S. Shareholders in the form attached hereto as Schedule "B" (in which case the Shareholder makes the representations, warranties and covenants therein):
 - (i) the offer to purchase the Shareholder's Purchased Shares was not made to the Shareholder when either the Shareholder or any beneficial purchaser for whom it is acting, if applicable, was in the United States;
 - (ii) the Shareholder is not a U.S. Person, is not in the United States and is not acquiring the applicable Payment Shares on behalf of, or for the account or benefit of, a U.S. Person or a person in the United States;

- (iii) at the time this Agreement was executed and delivered by the Shareholder, the Shareholder was outside the United States;
- (iv) if the Shareholder is a corporation or entity, (A) a majority of the Shareholder's voting equity is beneficially owned by persons resident outside the United States; and (B) the Shareholder's affairs are wholly controlled and directed from outside of the United States;
- (v) the Shareholder or any beneficial purchaser for whom it is acting, if applicable, has no intention to distribute either directly or indirectly any of the Payment Shares in the United States, except in compliance with the U.S. Securities Act; and
- (vi) the current structure of this transaction and all transactions and activities contemplated in this Agreement is not a scheme by the Shareholder to avoid the registration requirements of the U.S. Securities Act and any applicable state securities laws;
- (h) Non-Resident Shareholders represent, warrant and/or acknowledge, as applicable, that:
 - (i) the Payment Shares issuable hereunder have not been and will not be registered under the securities laws of any foreign jurisdiction and that the issuance of the Payment Shares pursuant to the terms of this Agreement is being made in reliance on applicable exemptions; and
 - (ii) the receipt of the Payment Shares by Non-Resident Shareholders does not contravene any of the applicable securities legislation in the jurisdiction in which it is resident and does not trigger: (i) any obligation to prepare and file a prospectus or similar document, or any other report with respect to such transfer; and (ii) any registration or other obligation on the part of Purchaser;
- (i) the Shareholder has not authorized any person to act as broker or finder or in any other similar capacity in connection with the transactions contemplated by this Agreement, that in any manner may or will impose liability on Panerai or the Purchaser; and
- (j) to the knowledge of the Shareholder, no representation or warranty of the Shareholder contained in this Agreement contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained herein or therein not misleading.

5.03 Representations and Warranties of Panerai

Panerai represents and warrants to the Purchaser as follows, except as Disclosed, and acknowledges that the Purchaser is relying on such representations and warranties in connection with the transactions contemplated herein:

- (a) Panerai is a corporation validly existing and in good standing under the laws of the Province of British Columbia and is duly registered, licensed or qualified to carry on business under the laws of the jurisdictions in which the nature of its business makes such registration, licensing or qualification necessary;

- (b) Panerai has the corporate power and capacity to enter into this Agreement and each additional agreement or instrument to be delivered pursuant to this Agreement, to perform its obligations hereunder and thereunder to own and lease its property, and to carry on its businesses as now being conducted;
- (c) this Agreement has been, and each additional agreement or instrument to be delivered pursuant to this Agreement will be prior to the Time of Closing, duly authorized, executed and delivered by Panerai and each is, or will be at the Time of Closing, a legal, valid and binding obligation of Panerai, enforceable against Panerai in accordance with its terms;
- (d) the execution and delivery of this Agreement does not, and the consummation of the Transaction will not, (i) result in a breach or violation of the notice of articles or articles of Panerai or of any resolutions of the directors or shareholders of Panerai, (ii) conflict with, result in a breach of, constitute a default under or accelerate the performance required by or result in the suspension, cancellation, material alteration or creation of an encumbrance upon any material agreement (including any Panerai Material Contract), license or permit to which Panerai is a party or by which Panerai is bound or to which any material assets or property of Panerai is subject, or (iii) violate any provision of any applicable law or regulation or any judicial or administrative order, award, judgment or decree applicable to Panerai;
- (e) the authorized capital of Panerai consists of an unlimited number of common shares, of which, as of the date of this Agreement, 11,709,666 Panerai Shares are issued and outstanding as fully paid and non-assessable shares as set forth in the Shareholder list previously provided by Panerai to the Purchaser, which remains current and correct as at the date hereof; as of the date hereof, nil common share purchase warrants of Panerai are outstanding and nil stock options are outstanding;
- (f) there are no common shares of Panerai or securities convertible, exercisable or exchangeable into common shares or preferred shares issued or outstanding;
- (g) other than as described herein, Panerai does not own, and has not at any time owned, and does not have any agreements of any nature to acquire, directly or indirectly, any shares in the capital of or other equity or proprietary interests in any person, and Panerai does not have any agreements to acquire or lease any material assets or properties or any other business operations;
- (h) no person (other than the Purchaser pursuant to this Agreement) has any agreement, option, right or privilege (whether by law, pre-emptive or contractual) capable of becoming an agreement, including convertible securities, options, warrants or convertible obligations of any nature, for the purchase, subscription, allotment or issuance of any unissued shares or other securities of Panerai;
- (i) other than as disclosed in writing by Panerai to the Purchaser, Panerai has no material liabilities other than those incurred in the ordinary course of business;
- (j) Panerai is not a party to, or bound by, any agreement of guarantee, indemnification, assumption or endorsement or any like commitment of the obligations, liabilities (contingent or otherwise) or indebtedness of any other person;

- (k) Panerai has conducted and is conducting its business in compliance in all material respects with all applicable laws, regulations, by-laws, ordinances, regulations, rules, judgments, decrees and orders of each jurisdiction in which its business is carried on;
- (l) all of the Contracts of Panerai material to its business and operations (the “**Panerai Material Contracts**”), together with this Agreement, and after the execution and delivery hereof, all ancillary agreements contemplated herein, constitute all the Material Contracts of Panerai. Each of the Panerai Material Contracts is in full force and effect, unamended, and there exists no default, warranty claim or other obligation or liability or event, occurrence, condition or act (including the purchase and sale of the Purchased Shares hereunder and the other transactions contemplated hereunder, including, without limitation, the issuance of the Payment Shares) which, with the giving of notice, the lapse of time or the happening of any other event or condition, would become a default, or give rise to a warranty claim or other obligation or liability thereunder. Panerai has not violated or breached, in any material respect, any of the terms or conditions of any Panerai Material Contract and all the covenants to be performed by any other party thereto have been fully and properly performed;
- (m) Panerai is the sole beneficial owner of a 100% undivided right, title and interest in and to the Lander Claims, free and clear of any Liens;
- (n) Panerai has good and marketable title to the Lander Claims, which have been properly registered in accordance with Applicable Laws, including all applicable laws and regulations of the State of Nevada, and such Lander Claims are in good standing and shall continue to be in good standing until at least the Closing Date;
- (o) all prior work commitments or payments in lieu thereof required under Applicable Laws in connection with the Lander Claims have been satisfied by Panerai up to the date of this Agreement;
- (p) Panerai has the exclusive right to receive 100% of the proceeds from the sale of minerals, metals, ores or concentrates removed from the Lander Claims and no person, firm or corporation is entitled to any royalty or other payment in the nature of rent or royalty on such materials removed from the Lander Claims or is entitled to take such materials in kind;
- (q) there is no adverse claim or challenge against Panerai’s ownership of the Lander Claims nor, to the knowledge of Panerai, is there any basis therefore, and no person, firm or corporation has, or will have, any right, agreement or option, present or future, contingent or absolute, or any right capable of becoming a right, agreement or option for the acquisition of the Lander Claims;
- (r) there are no outstanding orders or directions relating to environmental matters requiring any work, repairs, construction or expenditures with respect to the Lander Claims and the conduct of operations related thereto, and Panerai has not received any notice of the same, Panerai is not aware of any basis on which any such orders or directions could be made;

- (s) there are no waivers, consents, notices or approvals required to be given or obtained by Panerai in connection with the Transaction and the other transactions contemplated by this Agreement under any Contract to which Panerai is a party;
- (t) no consent, approval, order or authorization of, or registration or declaration with, any applicable Governmental Authority with jurisdiction over Panerai is required to be obtained by Panerai in connection with the execution and delivery of this Agreement, except for those consents, orders, authorizations, declarations, registrations or approvals which are contemplated by this Agreement or those consents, orders, authorizations, declarations, registrations or approvals that, if not obtained, would not prevent or materially delay the consummation of the Transaction or otherwise prevent or materially delay Panerai from performing its obligations under this Agreement and could not reasonably be expected to have a Material Adverse Effect on Panerai;
- (u) there is no suit, action or proceeding or, to the knowledge of Panerai, pending or threatened against Panerai that, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect on Panerai, and there is no judgment, decree, injunction, rule or order of any Governmental Authority outstanding against Panerai causing, or which could reasonably be expected to cause, a Material Adverse Effect on Panerai;
- (v) no bankruptcy, insolvency or receivership proceedings have been instituted by Panerai or, to the knowledge of Panerai, are pending against Panerai;
- (w) Panerai has good and marketable title to its properties and assets (other than property or an asset as to which Panerai is a lessee, in which case it has a valid leasehold interest), except for such defects in title that individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect on Panerai;
- (x) no person has any written or oral agreement, option, understanding or commitment, or any right or privilege capable of becoming an agreement, option, understanding or commitment for the purchase from Panerai of any of its assets or property;
- (y) Panerai has all permits, licences, certificates of authority, orders and approvals of, and has made all filings, applications and registrations with, applicable Governmental Authorities and other persons that are required in order to permit it to carry on its business as presently conducted, except for such permits, licences, certificates, orders, filings, applications and registrations, the failure to have or make, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect on Panerai, and all such permits, licenses, certificates of authority, orders and approvals are in good standing and fully complied with in all material respects;
- (z) Panerai has filed in the prescribed manner and within the prescribed times all Tax Returns required to be filed by Panerai in all applicable jurisdictions as of the date hereof and all Tax Returns that have been filed by, or with respect to Panerai are true, complete and correct, report all income and all other amounts and information required to be reported thereon and disclose any Tax required to be paid for the periods covered thereby. Panerai has duly and timely paid any Tax due and payable by it, including all instalments on account of Tax that are due and payable before

the date hereof, whether or not assessed by the appropriate Governmental Authority, and has duly and timely paid all assessments and reassessments it has received in respect of any Tax;

- (aa) there are no audits, reassessments or other proceedings in progress or, to the knowledge of Panerai, threatened against Panerai, in respect of any Tax and, in particular, there are no currently outstanding reassessments or written enquiries which have been issued or raised by any Governmental Authority relating to any Tax, and Panerai is not aware of any contingent liability of Panerai for Tax or any grounds that could prompt an assessment or reassessment for any Tax, and Panerai has not received any indication from any Governmental Authority that any assessment or reassessment is proposed;
- (bb) Panerai has deducted, withheld or collected and remitted in a timely manner to the relevant Governmental Authority each Tax or other amount required to be deducted, withheld or collected and remitted by Panerai;
- (cc) Panerai has not been notified by any Governmental Authority of any investigation with respect to it that is pending or threatened, nor has any Governmental Authority notified Panerai of such Governmental Authority's intention to commence or to conduct any investigation that could be reasonably likely to have a Material Adverse Effect on Panerai;
- (dd) Panerai has no employees and Panerai is not a party to any employment, management or consulting agreement of any kind whatsoever;
- (ee) no current or former employee, officer or director of Panerai is entitled to a severance, termination or other similar payment as a result of the Transaction;
- (ff) the Corporate Records of Panerai are complete and accurate in all material respects and all corporate proceedings and actions reflected therein have been conducted or taken in compliance with all applicable laws and with the constating documents of Panerai, and without limiting the generality of the foregoing: (i) the minute books of Panerai contain complete and accurate minutes of all meetings of the directors and shareholders of Panerai; (ii) such minute books contain all written resolutions passed by the directors and shareholders of Panerai; (iii) the securities register of Panerai are complete and accurate, and all transfers of shares of Panerai have been duly completed and approved; and (iv) the registers of directors and officers are complete and accurate and all former and present directors and officers of Panerai were duly elected or appointed as the case may be;
- (gg) all Books and Records of Panerai have been fully, properly and accurately kept and, where required, completed in accordance with generally accepted accounting principles, and there are no material inaccuracies or discrepancies of any kind contained or reflected therein;
- (hh) Panerai has no material IP and there are no Contracts that are material to the business and operations of Panerai as presently conducted under which Panerai licenses any IP from a third party;

- (ii) Panerai is not a 'reporting issuer' or equivalent in any jurisdiction nor are any shares of Panerai listed or quoted on any stock exchange or electronic quotation system;
- (jj) Panerai has not authorized any person to act as broker or finder or in any other similar capacity in connection with the transactions contemplated by this Agreement that in any manner may or will impose liability on the Purchaser, Panerai or the Shareholders; and
- (kk) to the knowledge of Panerai, no representation or warranty of Panerai contained in this Agreement contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained herein or therein not misleading.

5.04 Survival of Representations and Warranties

The representations and warranties made by the parties and contained in this Agreement or any document or certificate given pursuant hereto shall survive the Closing of the Transaction until the date that is 12 months from the date of Closing. No claim for breach of any representation, warranty or covenant shall be valid unless that party against whom such claim is made has been given notice thereof before the expiry of such 12-month period.

ARTICLE VI COVENANTS

6.01 Mutual Covenants

Each of the parties hereby covenants and agrees as follows:

- (a) to use commercially reasonable efforts to satisfy (or cause the satisfaction of) the conditions precedent to its obligations hereunder which are reasonably under its control and to take, or cause to be taken, all other actions and to do, or cause to be done, all other things necessary, proper or advisable under applicable laws and regulations to complete the Transaction in accordance with the terms of this Agreement. Without limiting the generality of the foregoing, in the event that any person, including without limitation, any securities regulatory authority, seeks to prevent, delay or hinder implementation of all or any portion of the Transaction or seeks to invalidate all or any portion of this Agreement, the Purchaser and Panerai shall use commercially reasonable efforts to resist such proceedings and to lift or rescind any injunction or restraining order or other order or action seeking to stop or otherwise adversely affecting the ability of the parties to complete the Transaction;
- (b) to use commercially reasonable efforts to obtain, before the Time of Closing, all authorizations, waivers, exemptions, consents, orders and other approvals from domestic or foreign courts, Governmental Authorities, shareholders and third parties as are necessary for the consummation of the transactions contemplated herein;

- (c) to use commercially reasonable efforts to defend or cause to be defended any lawsuits or other legal proceedings brought against it challenging this Agreement or the completion of the Transaction; neither the Purchaser nor Panerai will settle or compromise any claim brought against them in connection with the transactions contemplated by this Agreement prior to the Closing Date without the prior written consent of each of the others, such consent not to be unreasonably withheld or delayed;
- (d) to promptly notify each of the other parties if any representation or warranty made by it in this Agreement ceases to be true and correct in all respects (in the case of any representation or warranty containing any materiality or Material Adverse Effect qualifier) or in all material respects (in the case of any representation or warranty without any materiality or Material Adverse Effect qualifier) and of any failure to comply in any material respect with any of its obligations under this Agreement;
- (e) to co-operate with each of the other parties hereto in good faith in order to ensure the timely completion of the Transaction; and
- (f) to use commercially reasonable efforts to co-operate with each of the other parties hereto in connection with the performance by the other of its obligations under this Agreement.

6.02 Covenants of the Purchaser

The Purchaser covenants and agrees with each of the Shareholders and Panerai that, until the earlier of the Closing Date and the date upon which this Agreement is terminated in accordance with Article VII, it will:

- (a) in a timely and expeditious manner:
 - (i) file and/or deliver any document or documents as may be required in order for the Transaction as contemplated herein to be effective; and
 - (ii) file and/or deliver any document or documents required pursuant to applicable laws and/or the rules and policies of the CSE in connection with the Transaction as contemplated herein after the Closing;
- (b) not solicit, initiate, knowingly encourage, cooperate with or facilitate (including by way of furnishing any non-public information or entering into any form of agreement, arrangement or understanding) the submission, initiation or continuation of any oral or written inquiries or proposals or expressions of interest regarding, constituting or that may reasonably be expected to lead to any activity, arrangement or transaction or propose any activities or solicitations in opposition to or in competition with the Transaction, and without limiting the generality of the foregoing, not to induce or attempt to induce any other person to initiate any shareholder proposal or “takeover bid,” exempt or otherwise, within the meaning of the *Securities Act* (British Columbia), for securities or assets of the Purchaser, nor to undertake any transaction or negotiate any transaction which would be or potentially could be in conflict with the Transaction, including, without limitation, allowing access to any third party to conduct due diligence, nor to permit any of its officers or directors to authorize such access, except as required by statutory

obligations. In the event the Purchaser, including any of its officers or directors, receives any form of offer or inquiry, the Purchaser shall forthwith (in any event within one business day following receipt) notify Panerai of such offer or inquiry and provide Panerai with such details as it may request;

- (c) to make available and afford Panerai and its authorized representatives and, if requested by Panerai, provide a copy of all title documents, contracts, financial statements, minute books, share certificate books, if any, share registers, plans, reports, licences, orders, permits, books of account, accounting records, constating documents and all other documents, information and data relating to the Purchaser. The Purchaser will afford Panerai and its authorized representatives every reasonable opportunity to have free and unrestricted access to the Purchaser's property, assets, undertaking, records and documents. At the request of Panerai, the Purchaser will execute or cause to be executed such consents, authorizations and directions as may be necessary to permit any inspection of the Purchaser's business and any of its property or to enable Panerai or its authorized representatives to obtain full access to all files and records relating to any of the assets of the Purchaser maintained by governmental or other public authorities. The obligations in this Section 6.02(c) are subject to any access or disclosure contemplated herein not being otherwise prohibited by reason of a confidentiality obligation owed to a third party for which a waiver cannot be obtained, provided that in such circumstance the Purchaser will be required to disclose that information has been withheld on this basis. The exercise of any rights of inspection by or on behalf of Panerai under this Section 6.02(c) will not mitigate or otherwise affect the representations and warranties of the Purchaser hereunder;
- (d) except for non-substantive communications, and provided that such disclosure is not otherwise prohibited by reason of a confidentiality obligation owed to a third party for which a waiver cannot be obtained (provided that in such circumstance the Purchaser will be required to disclose that information has been withheld on this basis), furnish promptly to Panerai (on behalf of itself and the Shareholders) a copy of each notice, report, schedule or other document or communication delivered, filed or received by the Purchaser in connection with or related to the Transaction, any filings under applicable laws and any dealings with any Governmental Authority in connection with or in any way affecting the Transaction as contemplated herein;
- (e) use commercially reasonable efforts to satisfy (or cause the satisfaction of) the conditions precedent to its obligations set forth in this Agreement to the extent the same are within its control and to take, or cause to be taken, all other actions and to do, or cause to be done, all other things necessary, proper or advisable under all applicable laws to complete the Transaction as contemplated herein, including using commercially reasonable efforts to:
 - (i) obtain all necessary waivers, consents and approvals required to be obtained by it from other parties to loan agreements, leases, licenses, agreements and other Contracts, as applicable;
 - (ii) effect all necessary registrations and filings and submissions of information requested by any Governmental Authority required to be effected by it in connection with the Transaction and participate and appear in any proceedings of

either the Purchaser or Panerai before any Governmental Authority to the extent permitted by such authorities; and

- (iii) fulfill all conditions and satisfy all provisions of this Agreement and the Transaction;
- (f) subject to Applicable Laws or as authorized by this Agreement, not take any action, refrain from taking any action, or permit any action to be taken or not taken inconsistent with this Agreement or which would reasonably be expected to significantly impede the consummation of the Transaction;
- (g) except as may be necessary or desirable in order to effect the Transaction as contemplated hereunder, not alter or amend its notice of articles or articles as the same exist at the date of this Agreement;
- (h) not merge into or with, or amalgamate or consolidate with, or enter into any other corporate reorganization or arrangement with, or transfer its undertaking or assets as an entirety or substantially as an entirety to, any other person or perform any act which would render inaccurate in any material way any of its representations and warranties set forth herein as if such representations and warranties were made at a date subsequent to such act and all references to the date of this Agreement were deemed to be such later date, except as contemplated in this Agreement, and without limiting the generality of the foregoing, it will not:
 - (i) make any distribution by way of dividend, distribution of property or assets, return of capital or otherwise to or for the benefit of its shareholders;
 - (ii) increase or decrease its paid-up capital or purchase or redeem any shares; or
 - (iii) issue or enter into any commitment to issue any of its shares or securities convertible into, or rights, warrants or options to acquire, any such shares;
- (i) take all necessary corporate action and proceedings to approve and authorize the issuance of the Payment Shares to the Shareholders;
- (j) prepare and file with all applicable securities commissions such notifications and fees necessary to permit, or that are required in connection with, the issuance of the Payment Shares to the Shareholders, in each case, on a basis exempt from the prospectus requirements of the applicable Securities Laws of the provinces of Canada in which the Shareholders are resident; and
- (k) not to authorize, sell or issue, or negotiate or enter into an agreement to sell or issue, any securities of the Purchaser (including those that are convertible or exchangeable into securities of the Purchaser), other than as contemplated under this Agreement.

6.03 Covenants of Panerai

Panerai covenants and agrees with the Purchaser that, until the earlier of the Closing Date and the date upon which this Agreement is terminated in accordance with Article VII, it will:

- (a) not to solicit, initiate, knowingly encourage, cooperate with or facilitate (including by way of furnishing any non-public information or entering into any form of agreement, arrangement or understanding) the submission, initiation or continuation of any oral or written inquiries or proposals or expressions of interest regarding, constituting or that may reasonably be expected to lead to any activity, arrangement or transaction or propose any activities or solicitations in opposition to or in competition with the Transaction, and without limiting the generality of the foregoing, not to induce or attempt to induce any other person to initiate any shareholder proposal or “takeover bid,” exempt or otherwise, within the meaning of the *Securities Act* (British Columbia), for securities or assets of Panerai, nor to undertake any transaction or negotiate any transaction which would be or potentially could be in conflict with the Transaction, including, without limitation, allowing access to any third party to conduct due diligence, nor to permit any of its officers or directors to authorize such access, except as required by statutory obligations. In the event, Panerai, including any of its officers or directors, receives any form of offer or inquiry, Panerai shall forthwith (in any event within one business day following receipt) notify the Purchaser of such offer or inquiry and provide the Purchaser with such details as it may request;
- (b) to make available and afford the Purchaser and its authorized representatives and, if requested by the Purchaser, provide a copy of all title documents, contracts, financial statements, minute books, share certificate books, if any, share registers, plans, reports, licences, orders, permits, books of account, accounting records, constating documents and all other documents, information and data relating to Panerai. Panerai will afford the Purchaser and its authorized representatives every reasonable opportunity to have free and unrestricted access to Panerai’s property, assets, undertaking, records and documents. At the request of the Purchaser, Panerai will execute or cause to be executed such consents, authorizations and directions as may be necessary to permit any inspection of Panerai’s business and any of its property or to enable the Purchaser or its authorized representatives to obtain full access to all files and records relating to any of the assets of Panerai maintained by governmental or other public authorities. The obligations in this Section 6.03(a) are subject to any access or disclosure contemplated herein not being otherwise prohibited by reason of a confidentiality obligation owed to a third party for which a waiver cannot be obtained, provided that in such circumstance Panerai will be required to disclose that information has been withheld on this basis. The exercise of any rights of inspection by or on behalf of Purchaser under this Section 6.03(a) will not mitigate or otherwise affect the representations and warranties of Panerai hereunder;
- (c) except for non-substantive communications, and provided that such disclosure is not otherwise prohibited by reason of a confidentiality obligation owed to a third party for which a waiver cannot be obtained (provided that in such circumstance Panerai will be required to disclose that information has been withheld on this basis), furnish promptly to the Purchaser a copy of each notice, report, schedule or other document or communication delivered, filed or received by Panerai in connection with or related to the Transaction, any filings under applicable laws and any dealings with any Governmental Authority in connection with or in any way affecting the Transaction as contemplated herein;

- (d) use commercially reasonable efforts to satisfy (or cause the satisfaction of) the conditions precedent to its obligations set forth in this Agreement to the extent the same are within its control and to take, or cause to be taken, all other actions and to do, or cause to be done, all other things necessary, proper or advisable under all applicable laws to complete the Transaction, including using commercially reasonable efforts to:
 - (i) obtain all necessary waivers, consents and approvals required to be obtained by it from other parties to loan agreements, leases, licenses, agreements and other Contracts;
 - (ii) effect all necessary registrations and filings and submissions of information requested by any Governmental Authority required to be effected by it in connection with the Transaction and participate and appear in any proceedings of either Panerai or the Purchaser before any Governmental Authority to the extent permitted by such authorities; and
 - (iii) fulfill all conditions and satisfy all provisions of this Agreement and the Transaction;
- (e) subject to Applicable Laws or as authorized by this Agreement, not take any action, refrain from taking any action, or permit any action to be taken or not taken inconsistent with this Agreement or which would reasonably be expected to significantly impede the consummation of the Transaction;
- (f) conduct and operate its business and affairs only in the ordinary course consistent with past practice and use commercially reasonable efforts to preserve its business organization, goodwill and material business relationships with other persons and, for greater certainty, it will not enter into any material transaction out of the ordinary course of business consistent with past practice without the prior consent of the Purchaser, and Panerai will keep the Purchaser fully informed as to the material decisions or actions required or required to be made with respect to the operation of its business, provided that such disclosure is not otherwise prohibited by reason of a confidentiality obligation owed to a third party for which a waiver could not be obtained;
- (g) except as may be necessary or desirable in order to effect the Transaction as contemplated hereunder, not alter or amend its articles or notice of articles as the same exist at the date of this Agreement;
- (h) not merge into or with, or amalgamate or consolidate with, or enter into any other corporate reorganization or arrangement with, or transfer its undertaking or assets as an entirety or substantially as an entirety to, any other person or perform any act which would render inaccurate in any material way any of its representations and warranties set forth herein as if such representations and warranties were made at a date subsequent to such act and all references to the date of this Agreement were deemed to be such later date, except as contemplated in this Agreement, and without limiting the generality of the foregoing, it will not:
 - (i) make any distribution by way of dividend, distribution of property or assets, return of capital or otherwise to or for the benefit of its shareholders;

- (ii) increase or decrease its paid-up capital or purchase or redeem any shares;
- (iii) issue or enter into any commitment to issue any of its shares or securities convertible into, or rights, warrants or options to acquire any such shares;
- (iv) not to authorize, sell or issue, or negotiate or enter into an agreement to sell or issue, any securities of Panerai (including those that are convertible or exchangeable into securities of Panerai), other than as contemplated under this Agreement; and
- (i) take all necessary corporate action and proceedings to approve and authorize the valid and effective transfer of the Purchased Shares to the Purchaser.

6.04 Covenants of the Shareholders

Each of the Shareholders, on its own behalf, covenants and agrees with the other parties hereto that, until the earlier of the Closing Date and the date upon which this Agreement is terminated in accordance with Article VII, it will:

- (a) use commercially reasonable efforts to satisfy (or cause the satisfaction of) the conditions precedent to its obligations set forth in this Agreement to the extent the same are within its control and to take, or cause to be taken, all other action and to do, or cause to be done, all other things necessary, proper or advisable under all applicable laws to complete the Transaction, including using commercially reasonable efforts to:
 - (i) effect all necessary registrations and filings and submissions of information requested by any Governmental Authority required to be effected by it in connection with the Transaction; and
 - (ii) fulfill all conditions and satisfy all provisions of this Agreement and the Transaction;
- (b) subject to Applicable Laws or as otherwise authorized by this Agreement, not take any action, refrain from taking any action, or permit any action to be taken or not taken, inconsistent with this Agreement or which would reasonably be expected to significantly impede the consummation of the Transaction;
- (c) if the Shareholder is a corporation or entity, take all necessary corporate action and proceedings to approve and authorize the valid and effective transfer of the Purchased Shares to the Purchaser; and
- (d) not encumber in any manner the Purchased Shares and ensure that at the Time of Closing the Purchased Shares are free and clear of all Liens, charges, mortgages, security interests, pledges, demands, claims and other encumbrances whatsoever.

**ARTICLE VII
TERMINATION**

7.01 Termination

This Agreement may be terminated in writing at any time prior to the Closing:

- (a) by mutual written consent of the Purchaser and Panerai;
- (b) by either Panerai or the Purchaser if the Closing shall not have been consummated on or prior to the Termination Date, without liability to the terminating party on account of such termination; provided that the right to terminate this Agreement pursuant to this Section 7.01(b) shall not be available to a party whose breach or violation of any representation, warranty, covenant, obligation or agreement under this Agreement has been the cause of or has resulted in the failure of the Closing to occur on or before such date;
- (c) by the Purchaser, if there has been a material breach by Panerai or the Shareholders of any representation, warranty, covenant or agreement set forth in this Agreement or any of the documents contemplated hereby which breach would result in the failure to satisfy one or more of the conditions set forth in Section 3.01 which Panerai or the Shareholders, as applicable, fails to cure within ten (10) Business Days after written notice thereof is given by the Purchaser;
- (d) by Panerai if there has been a material breach by the Purchaser of any representation, warranty, covenant or agreement set forth in this Agreement or any of the documents contemplated hereby which breach would result in the failure to satisfy one or more of the conditions set forth in Section 3.03 which the Purchaser fails to cure within ten (10) Business Days after written notice thereof is given by Panerai; and
- (e) by any party, if any permanent injunction or other order of a court or other competent authority preventing the Closing shall have become final and non-appealable; provided, however, that no party shall be entitled to terminate this Agreement if such party's material breach of this Agreement or any of the documents contemplated hereby has resulted in such permanent injunction or order.

7.02 Effect of Termination

Upon termination of this Agreement in accordance with the terms hereof, the parties hereto shall have no further obligations under this Agreement, other than the obligations contained in Sections 9.03 and 9.08.

ARTICLE VIII INDEMNIFICATION

8.01 Indemnification by the Purchaser

Subject to Section 5.04, the Purchaser shall indemnify and save the Shareholders and Panerai harmless for and from:

- (a) any loss, damages or deficiencies suffered by the Shareholders or Panerai as a result of any breach of representation, warranty or covenant on the part of the Purchaser contained in this Agreement or in any certificate or document delivered pursuant to or contemplated by this Agreement; and
- (b) all claims, demands, costs and expenses, including legal fees, in respect of the foregoing.

8.02 Indemnification by Panerai

Subject to Section 5.04, Panerai shall indemnify and save the Purchaser harmless for and from:

- (a) any loss, damages or deficiencies suffered by the Purchaser as a result of any breach of representation, warranty or covenant on the part of Panerai contained in this Agreement or in any certificate or document delivered pursuant to or contemplated by this Agreement; and
- (b) all claims, demands, costs and expenses, including legal fees, in respect of the foregoing.

8.03 Indemnification by Shareholders

Subject to Section 5.04, each of the Shareholders, on its own behalf, and not on behalf of any other Shareholder, severally (and for greater certainty, not jointly with any other Shareholder) shall indemnify and save the Purchaser harmless for and from:

- (a) any loss, damages or deficiencies suffered by the Purchaser as a result of any breach by such Shareholder of any representation, warranty or covenant on the part of such Shareholder contained in this Agreement or in any certificate or document delivered pursuant to or contemplated by this Agreement; and
- (b) all claims, demands, costs and expenses, including legal fees, in respect of the foregoing.

8.04 Notice of Claim

A party entitled to and seeking indemnification pursuant to the terms of this Agreement (the “**Indemnified Party**”) shall promptly give written notice to the party or parties, as applicable, responsible for indemnifying the Indemnified Party (the “**Indemnifying Party**”) of any claim for indemnification pursuant to Sections 8.01, 8.02 and 8.03 (a “**Claim**”, which term shall include more than one Claim). Such notice shall specify whether the Claim arises as a result of a claim by a person against the Indemnified Party (a “**Third Party Claim**”) or whether the Claim does not so arise (a “**Direct Claim**”), and shall also specify with reasonable particularity (to the extent that the information is available):

- (a) the factual basis for the Claim; and
- (b) the amount of the Claim, or, if any amount is not then determinable, an approximate and reasonable estimate of the likely amount of the Claim.

8.05 Procedure for Indemnification

- (a) Direct Claims. With respect to Direct Claims, following receipt of notice from the Indemnifying Party of a Claim, the Indemnified Party shall have 30 days to make such investigation of the Claim as the Indemnifying Party considers necessary or desirable, acting reasonably. For the purpose of such investigation, the Indemnified Party shall make available to the Indemnifying Party the information relied upon by the Indemnified Party to substantiate the Claim. If the Indemnified Party and the Indemnifying Party agree at or prior to the expiration of such 30 day period (or any mutually agreed upon extension thereof) to the validity and amount of such Claim, the Indemnifying Party shall immediately pay to the Indemnified Party the full agreed upon amount of the Claim.
- (b) Third Party Claims. With respect to any Third Party Claim, the Indemnifying Party shall have the right, at its own expense, to participate in or assume control of the negotiation, settlement or defence of such Third Party Claim and, in such event, the Indemnifying Party shall reimburse the Indemnified Party for all the Indemnified Party's commercially reasonable out-of-pocket expenses incurred as a result of such participation or assumption. If the Indemnifying Party elects to assume such control, the Indemnified Party shall cooperate with the Indemnifying Party, shall have the right to participate in the negotiation, settlement or defence of such Third Party Claim at its own expense and shall have the right to disagree on reasonable grounds with the selection and retention of counsel, in which case counsel satisfactory to the Indemnifying Party and the Indemnified Party shall be retained by the Indemnifying Party. If the Indemnifying Party, having elected to assume such control, thereafter fails to defend any such Third Party Claim within a reasonable time, the Indemnified Party shall be entitled to assume such control and the Indemnifying Party shall be bound by the results obtained by the Indemnified Party with respect to such Third Party Claim.

8.06 General Indemnification Rules

The obligations of the Indemnifying Party to indemnify the Indemnified Party in respect of Claims shall also be subject to the following:

- (a) without limiting the generality of Sections 8.01, 8.02 and 8.03, any Claim for breach of any representation, warranty or covenant shall be subject to Section 5.04;
- (b) the Indemnifying Party's obligation to indemnify the Indemnified Party shall only apply to the extent that the Claims in respect of which the Indemnifying Party has given an indemnity, in the aggregate, exceed \$5,000;
- (c) notwithstanding anything to the contrary in this Agreement, the aggregate liability of an Indemnifying Party which is a Shareholder to any and all Indemnified Parties under this Article VIII shall be limited to the amount paid to such Indemnifying Party in respect of its Purchased Shares pursuant to Section 2.01; for greater certainty, no Shareholder shall be liable, in the aggregate, to any and all

Indemnified Parties for any amount in excess of the value of its *pro rata* share of the Payment Shares;

- (d) notwithstanding anything to the contrary in this Agreement, the aggregate liability of Panerai or the Purchaser to any and all Indemnified Parties under this Article VIII shall be limited to the value of the Payment Shares issuable under this Agreement;
- (e) if any Third Party Claim is of a nature such that the Indemnified Party is required by applicable law to make a payment to any person (a “**Third Party**”) with respect to such Third Party Claim before the completion of settlement negotiations or related legal proceedings, the Indemnified Party may make such payment and thereafter seek reimbursement from the Indemnifying Party for any such payment. If any Indemnifying Party pays, or reimburses an Indemnified Party in respect of any Third Party Claim before completion of settlement negotiations or related legal proceedings, and the amount of any liability of the Indemnified Party under the Third Party Claim in respect of which such a payment was made, as finally determined, is less than the amount which was paid by the Indemnifying Party, the Indemnified Party shall, forthwith after receipt of the difference from the Third Party, pay the amount of such difference to the Indemnifying Party;
- (f) except in the circumstance contemplated by Section 8.05, and whether or not the Indemnifying Party assumes control of the negotiation, settlement or defence of any Third Party Claim, the Indemnified Party shall not negotiate, settle, compromise or pay any Third Party Claim except with the prior written consent of the Indemnifying Party (which consent shall not be unreasonably withheld);
- (g) the Indemnified Party shall not permit any right of appeal in respect of any Third Party Claim to terminate without giving the Indemnifying Party notice and an opportunity to contest such Third Party Claim;
- (h) the Indemnified Party and the Indemnifying Party shall cooperate fully with each other with respect to Third Party Claims and shall keep each other fully advised with respect thereto (including supplying copies of all relevant documentation promptly as it becomes available); and
- (i) the provisions of this Article VIII shall constitute the sole remedy available to a party against another party with respect to any and all breaches of any agreement, covenant, representation or warranty made by such other party in this Agreement.

ARTICLE IX EXCLUSIVITY AND ACCESS

9.01 Power of Attorney

Each of the Shareholders hereby severally and irrevocably appoints Panerai as its agent and attorney to take any action that is required under the Agreement or to execute and deliver any documents on their behalf, including without limitation, for the purposes of all Closing matters (including without limitation, the receipt of certificates representing the Payment Shares) and deliveries of documents and do and cause to be done all such acts and things as may be necessary or desirable in connection with the

closing matters for the Transaction. Without limiting the generality of the foregoing, Panerai may, on its own behalf and on behalf of the Shareholders, extend the Time of Closing, modify or waive any conditions as are contemplated herein, negotiate, settle and deliver the final forms of any documents that are necessary or desirable to give effect to the Transaction, extend such time periods as may be contemplated herein or terminate this Agreement, in its absolute discretion, as it deems appropriate. Each of the Shareholders hereby acknowledges and agrees that any decision or exercise of discretion made by Panerai under this Agreement, shall be final and binding upon the Shareholders so long as such decision or exercise was made in good faith. The Purchaser shall have no duty to enquire into the validity of any document executed or other action taken by Panerai on behalf of the Shareholders pursuant to this Section 9.01.

9.02 Notices

Any notice, consent, waiver, direction or other communication required or permitted to be given under this Agreement (each, a “**notice**”) shall be in writing shall be in writing addressed as follows:

(a) if to the Purchaser:

Kraken Energy Corp.
 #717 – 1030 West Georgia Street
 Vancouver, British Columbia, V6E 2Y3
 Attention: David Forest, Chief Executive Officer
 E-mail: [REDACTED]

with a courtesy copy (which copy shall not constitute notice to the Purchaser) to:

McMillan LLP
 1500 Royal Centre
 1055 West Georgia Street
 Vancouver, British Columbia, V6E 4N7
 Attention: Mark Neighbor
 E-mail: mark.neighbor@mcmillan.ca

(b) if to Panerai or the Shareholders:

Panerai Capital Corp.
 #2200 – 885 West Georgia Street
 Vancouver, British Columbia, V6C 3E8
 Attention: CEO

or such other address as may be designated by notice given by either Panerai or the Purchaser to the other in accordance with this Section 9.02. Each notice shall be personally delivered to the addressee or sent by e-mail to the addressee and a notice which is personally delivered or sent by email shall, if delivered or sent prior to 4:00 p.m. (local time of the recipient) on a Business Day, be deemed to be given and received on that day and, in any other case, be deemed to be given and received on the next Business Day. Any notice delivered to Panerai in accordance with this Section 9.02 prior to the Time of Closing shall be deemed to have been delivered to each of the Shareholders. The previous sentence of this Section 9.02 shall not apply to a notice given as contemplated in Section 3.04 of the occurrence, or failure to occur, of any event or state of facts which would or would likely to cause any of the representations or warranties of any Shareholder to be untrue or inaccurate or result in the failure by any Shareholder to comply with or satisfy any covenant, condition or agreement, which notice shall not be deemed to have been received by such Shareholder unless delivered to the address of such Shareholder as reflected in the books of Panerai

(or after the Time of Closing, the books of the Purchaser). Any Shareholder may, from time to time, by notice given in accordance with this Section 9.02, designate or provide an address of such Shareholder for notices to be given after the Time of Closing.

9.03 Confidentiality

Prior to Closing and, if the Transaction is not completed, at all times thereafter, each of the parties hereto will keep confidential and refrain from using all information obtained by it in connection with the transactions contemplated by this Agreement relating to any other party hereto, provided however that such obligation shall not apply to any information which was in the public domain at the time of its disclosure to a party or which subsequently comes into the public domain other than as a result of a breach of such party's obligations under this Section 9.03. For greater certainty, nothing contained herein shall prevent any disclosure of information which may be required pursuant to applicable laws or pursuant to an order in judicial or administrative proceedings or any other order made by any Governmental Authority.

9.04 Assignment

Other than as provided herein, no party may assign this Agreement or its rights or obligations hereunder without the prior written consent of the other parties hereto, such consent not to be unreasonably withheld or delayed.

9.05 Binding Effect

This Agreement shall be binding upon and shall enure to the benefit of the parties hereto and their respective heirs, successors and permitted assigns.

9.06 Waiver

No waiver of any provision of this Agreement will constitute a waiver of any other provision, nor will any waiver constitute a continuing waiver unless otherwise expressly provided.

9.07 Governing Law

This Agreement shall be governed by and construed and interpreted in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein and is to be treated in all respects as a British Columbia contract.

9.08 Expenses

Each Party shall be responsible for its costs and expenses incurred with respect to the transactions contemplated herein, which are comprised of its legal fees and disbursements relating to preparing this Agreement and related documents specifically relating to the transactions contemplated herein, it being acknowledged, that documentation in respect of the Transaction shall, to as great an extent as reasonably possible, be prepared by the Purchaser's counsel with the assistance of Panerai as needed.

9.09 No Personal Liability

- (a) No director, officer, employee or agent of the Purchaser shall have any personal liability whatsoever to Panerai or the Shareholders under this Agreement or any other document delivered in connection with the Transaction on behalf of the Purchaser.

- (b) No director, officer, employee or agent of Panerai (in such capacity) shall have any personal liability whatsoever to the Purchaser under this Agreement or any other document delivered in connection with the Transaction on behalf of Panerai.

9.10 Time of Essence

Time is of the essence of this Agreement and of each of its provisions.

9.11 Public Announcements

Panerai and the Purchaser shall co-operate with the other in releasing information concerning this Agreement and the transactions contemplated herein, and shall furnish to and discuss with the other drafts of all press and other releases prior to publication. No press release or other public announcement concerning the proposed transactions contemplated by this Agreement will be made by any party hereto without the prior consent of the other parties, such consent not to be unreasonably withheld or delayed; provided that nothing contained herein shall prevent any party hereto at any time from furnishing any information to any Governmental Authority or to the public if so required by applicable law.

9.12 Further Assurances

Each party will, upon request but without further consideration, from time to time promptly execute and deliver all further documents and take all further action necessary or appropriate to give effect to and perform the provisions and intent of this Agreement and to complete the transactions contemplated herein.

9.13 Entire Agreement

This Agreement, together with the documents required to be delivered pursuant to this Agreement, constitute the entire agreement among the parties hereto pertaining to the subject matter hereof and supersedes all prior agreements, understandings, negotiations, and discussions, whether oral or written, between the parties hereto with respect to the subject matter hereof. There are no representations, warranties, covenants or conditions with respect to the subject matter hereof except as contained in this Agreement and any document delivered pursuant to this Agreement.

9.14 Amendments

No amendment of any provision of this Agreement will be binding on any party unless consented to in writing by such party.

9.15 Severability

In the event that any provision or part of this Agreement is determined by any court or other judicial or administrative body to be illegal, null, void, invalid or unenforceable, that provision shall be severed to the extent that it is so declared and the other provisions of this Agreement shall continue in full force and effect.

9.16 Remedies Cumulative

The rights and remedies of the parties under this Agreement are cumulative and in addition to and not in substitution for any rights or remedies provided by law. Any single or partial exercise by any party hereto of any right or remedy for default or breach of any term, covenant or condition of this Agreement

does not waive, alter, affect or prejudice any other right or remedy to which such party may be lawfully entitled for the same default or breach.

9.17 Counterparts

This Agreement may be executed and delivered in one or more counterparts and may be executed and delivered by facsimile or any other electronically communicated method, each of which when executed and delivered shall be deemed an original and all of which counterparts together shall be deemed to constitute one and the same instrument.

9.18 Independent Legal Advice

EACH SHAREHOLDER ACKNOWLEDGES, CONFIRMS AND AGREES THAT HE, SHE OR IT HAS HAD THE OPPORTUNITY TO SEEK AND WAS NOT PREVENTED OR DISCOURAGED BY ANY PARTY HERETO FROM SEEKING INDEPENDENT LEGAL ADVICE PRIOR TO THE EXECUTION AND DELIVERY OF THIS AGREEMENT AND THAT, IN THE EVENT THAT ANY SHAREHOLDER DID NOT AVAIL HIMSELF/HERSELF/ITSELF WITH THAT OPPORTUNITY PRIOR TO SIGNING THIS AGREEMENT, SUCH SHAREHOLDER DID SO VOLUNTARILY WITHOUT ANY UNDUE PRESSURE AND AGREES THAT SUCH SHAREHOLDER'S FAILURE TO OBTAIN INDEPENDENT LEGAL ADVICE SHALL NOT BE USED BY HIM/HER/IT AS A DEFENCE TO THE ENFORCEMENT OF HIS/HER/ITS OBLIGATIONS UNDER THIS AGREEMENT. EACH SHAREHOLDER ACKNOWLEDGES AND AGREES THAT MCMILLAN LLP NEITHER REPRESENTS NOR ACTS FOR THE SHAREHOLDERS IN CONNECTION WITH THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT.

IN WITNESS WHEREOF this Agreement has been executed by the parties hereto on the date first above written.

KRAKEN ENERGY CORP.

By: "David Forest"
Authorized Signatory

PANERAI CAPITAL CORP.

By: "Galen McNamara"
Authorized Signatory

SCHEDULE A

Panerai Shareholders Consent Agreement

THIS AGREEMENT MADE EFFECTIVE AS OF May 24, 2022 (the “**Agreement**”).

BETWEEN:

KRAKEN ENERGY CORP.

a corporation existing under the laws of British Columbia

(the “**Purchaser**”)

AND:

PANERAI CAPITAL CORP.

a corporation existing under the laws British Columbia

(“**Panerai**”)

AND:

THE PANERAI SHAREHOLDER who has executed this Agreement

(the “**Shareholder**,” and together with all of the shareholders of Panerai,
the “**Shareholders**”)

WHEREAS:

- A. The Purchaser, Panerai and each of the Shareholders of Panerai wish to enter into a Share Exchange Agreement in the form attached as Schedule “A” hereto (the “**Share Exchange Agreement**”);
- B. Pursuant to the Share Exchange Agreement, the Purchaser will acquire from the Shareholders all of the issued and outstanding shares of Panerai (the “**Transaction**”); and
- C. Each of the Shareholders has agreed to provide consent and to be bound by the terms of the Share Exchange Agreement by entering into a Panerai Shareholders Consent Agreement.

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto do covenant and agree each with the other as follows:

1. Unless specifically defined herein or unless the context otherwise requires, terms used herein which are defined in the Share Exchange Agreement shall have the meanings ascribed to such terms in the Share Exchange Agreement.
2. On the execution of this Agreement by the Shareholder, the Shareholder covenants and agrees that it shall be bound by all of the provisions of the Share Exchange Agreement, including, without limitation, all representations, warranties and covenants of the Shareholder contained therein.

3. This Agreement shall be subject to, governed by, and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein, and the parties hereby agree to attorn to the exclusive jurisdiction of the Courts of British Columbia and not to commence any form of proceedings in any other forum.
4. This Agreement may be executed and delivered in one or more counterparts and may be executed and delivered by facsimile or any other electronically communicated method, each of which when executed and delivered will be deemed an original and all of which counterparts together will be deemed to constitute one and the same instrument.
5. All Payment Shares issued in exchange for the Purchased Shares held by the Shareholder will be subject to certain voluntary hold periods as follows: ●% of the Payment Shares will be released on the Closing, ●% of the Payment Shares will be released on the date that is ● months following the Closing and an additional ●% will be released every ● months thereafter until all Payment Shares have been released, and the certificates representing such Payment Shares will bear a legend (or legends) substantially in the following form:

“The securities represented hereby shall not be offered, sold, transferred, pledged, hypothecated or otherwise traded before that date that is ●/●/● months after the issuance date, unless consented to by the Company.”

[Signature page follows.]

IN WITNESS WHEREOF the parties have duly executed this Agreement as of the day and year first above written.

KRAKEN ENERGY CORP.

Per: "David Forest"
Authorized Signatory

PANERAI CAPITAL CORP.

Per: "Galen McNamara"
Authorized Signatory

AND THE FOLLOWING SHAREHOLDER:

Name: Redacted

Number of Shares: Redacted

Address: Redacted

Signature: Redacted

SCHEDULE B

U.S. Representation Letter for U.S. Shareholders

TO: KRAKEN ENERGY CORP. (“KRAKEN”)

RE: ACQUISITION OF SECURITIES OF KRAKEN PURSUANT TO SHARE EXCHANGE AGREEMENT (the “Securities”)

Capitalized terms not specifically defined in this certification have the meaning ascribed to them in the Share Exchange Agreement to which this Schedule is attached. In the event of a conflict between the terms of this certification and such Share Exchange Agreement, the terms of this certification shall prevail.

In addition to the covenants, representations and warranties contained in the Share Exchange Agreement to which this Schedule is attached, the undersigned (the “**U.S. Shareholder**”) covenants, represents and warrants to Kraken that:

- (a) It has such knowledge, skill and experience in financial, investment and business matters as to be capable of evaluating the merits and risks of an investment in the Securities and it is able to bear the economic risk of loss of its entire investment. To the extent necessary, the U.S. Shareholder has retained, at his or her own expense, and relied upon, appropriate professional advice regarding the investment, tax and legal merits and consequences of the Share Exchange Agreement and owning the Securities.
- (b) Kraken has provided to it the opportunity to ask questions and receive answers concerning the terms and conditions of the offering and it has had access to such information concerning Kraken as it has considered necessary or appropriate in connection with its investment decision to acquire the Securities, including access to Kraken’s public filings available on the Internet at www.sedar.com, and that any answers to questions and any request for information have been complied with to the U.S. Shareholder’s satisfaction.
- (c) It is acquiring the Securities for its own account, for investment purposes only and not with a view to any resale or distribution and, in particular, it has no intention to distribute either directly or indirectly the Securities in the United States or to, or for the account or benefit of, a U.S. Person or a person in the United States; provided, however, that this paragraph shall not restrict the U.S. Shareholder from selling or otherwise disposing of the Securities pursuant to registration thereof pursuant to the U.S. Securities Act and any applicable state securities laws or under an exemption from such registration requirements.
- (d) The address of the U.S. Shareholder set out in the signature block below is the true and correct principal address of the U.S. Shareholder and can be relied on by Kraken for the purposes of state blue-sky laws and the U.S. Shareholder has not been formed for the specific purpose of purchasing the Securities.
- (e) It understands (i) the Securities have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States; and (ii) the offer and sale contemplated hereby is being made in reliance on an exemption from such registration requirements in reliance on Rule 506(b) of Regulation D and/or Section 4(a)(2) of the U.S. Securities Act.

- (f) The U.S. Shareholder is an “accredited investor” as defined in Rule 501(a) of Regulation D of the U.S. Securities Act by virtue of meeting one of the following criteria set forth in Appendix A hereto (**please hand-write your initials on the appropriate lines on Appendix A**), which Appendix A forms an integral part hereof.
- (g) The U.S. Shareholder has not purchased the Securities as a result of any form of “general solicitation” or “general advertising” (as those terms are used in Regulation D under the U.S. Securities Act), including advertisements, articles, press releases, notices or other communications published in any newspaper, magazine or similar media or on the Internet, or broadcast over radio or television, or the Internet or other form of telecommunications, including electronic display, or any seminar or meeting whose attendees have been invited by general solicitation or general advertising.
- (h) It acknowledges that the Securities will be “restricted securities”, as such term is defined in Rule 144(a)(3) under the U.S. Securities Act, and may not be offered, sold, pledged, or otherwise transferred, directly or indirectly, without prior registration under the U.S. Securities Act and applicable state securities laws, and it agrees that if it decides to offer, sell, pledge or otherwise transfer, directly or indirectly, any of the Securities, it will not offer, sell or otherwise transfer, directly or indirectly, the Securities except:
- (i) to Kraken;
 - (ii) outside the United States in an “offshore transactions” meeting the requirements of Rule 904 of Regulation S under the U.S. Securities Act, if available, and in compliance with applicable local laws and regulations;
 - (iii) in compliance with the exemption from the registration requirements under the U.S. Securities Act provided by Rule 144 thereunder, if available, and in accordance with any applicable state securities or “blue sky” laws; or
 - (iv) in a transaction that does not require registration under the U.S. Securities Act or any applicable state securities laws governing the offer and sale of securities,
- and, in the case of each of (iii) and (iv) above, it has prior to such sale furnished to Kraken and opinion of counsel in form and substance reasonably satisfactory to Kraken stating that such transaction is exempt from registration under applicable securities laws and that the legend referred to in paragraph (k) below may be removed.
- (i) It understands and agrees that the Securities may not be acquired in the United States or by a U.S. Person or on behalf of, or for the account or benefit of, a U.S. Person or a person in the United States unless registered under the U.S. Securities Act and any applicable state securities laws or unless an exemption from such registration requirements is available.
- (j) It acknowledges that it has not purchased the Securities as a result of, and will not itself engage in, any “directed selling efforts” (as defined in Regulation S under the U.S. Securities Act) in the United States in respect of the Securities which would include any activities undertaken for the purpose of, or that could reasonably be expected to have the effect of, conditioning the market in the United States for the resale of the Securities.
- (k) The certificates representing the Securities issued hereunder, as well as all certificates issued in exchange for or in substitution of the foregoing, until such time as the same is no longer required

under the applicable requirements of the U.S. Securities Act or applicable state securities laws and regulations, will bear, on the face of such certificate, the following legend:

“THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “U.S. SECURITIES ACT”) OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. THE HOLDER HEREOF, BY PURCHASING SUCH SECURITIES, AGREES FOR THE BENEFIT OF KRAKEN ENERGY CORP. (THE “COMPANY”) THAT SUCH SECURITIES MAY BE OFFERED, SOLD OR OTHERWISE TRANSFERRED ONLY (A) TO THE COMPANY; (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 904 OF REGULATIONS UNDER THE U.S. SECURITIES ACT AND IN ACCORDANCE WITH ALL LOCAL LAWS AND REGULATIONS; (C) IN ACCORDANCE WITH THE EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER, IF AVAILABLE, AND IN COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS; OR (D) IN A TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT AND ANY APPLICABLE STATE SECURITIES LAWS, AND, IN THE CASE OF CLAUSE (C) OR (D), THE SELLER FURNISHES TO THE COMPANY AN OPINION OF COUNSEL OF RECOGNIZED STANDING IN FORM AND SUBSTANCE SATISFACTORY TO THE COMPANY TO SUCH EFFECT. THE PRESENCE OF THIS LEGEND MAY IMPAIR THE ABILITY OF THE HOLDER HEREOF TO EFFECT “GOOD DELIVERY” OF THE SECURITIES REPRESENTED HEREBY ON A CANADIAN STOCK EXCHANGE.”

provided, that if the Securities are being sold outside the United States in compliance with the requirements of Rule 904 of Regulation S in circumstances where Rule 905 of Regulation S does not apply, and in compliance with Canadian local laws and regulations, the legend set forth above may be removed by providing an executed declaration to the registrar and transfer agent of Kraken, in substantially the form set forth as Appendix B attached hereto (or in such other forms as Kraken may prescribe from time to time) and, if requested by Kraken or the transfer agent, an opinion of counsel of recognized standing in form and substance reasonably satisfactory to Kraken and the transfer agent to the effect that such sale is being made in compliance with Rule 904 of Regulation S; and provided, further, that, if any Securities are being sold otherwise than in accordance with Regulation S and other than to Kraken, the legend may be removed by delivery to the registrar and transfer agent and Kraken of an opinion of counsel, of recognized standing reasonably satisfactory to Kraken, that such legend is no longer required under applicable requirements of the U.S. Securities Act or state securities laws.

- (1) It understands and agrees that there may be material tax consequences to the U.S. Shareholder of an acquisition, holding or disposition of any of the Securities. Kraken gives no opinion and makes no representation with respect to the tax consequences to the U.S. Shareholder under United States, state, local or foreign tax law of the undersigned’s acquisition, holding or disposition of such Securities. In particular, no determination has been made whether Kraken will be a “passive foreign investment company” within the meaning of Section 1297 of the United States Internal Revenue Code of 1986, as amended.

- (m) It consents to Kraken making a notation on its records or giving instructions to any transfer agent of Kraken in order to implement the restrictions on transfer set forth and described in this certification and the Share Exchange Agreement.
- (n) It understands that (i) Kraken may be deemed to be an issuer that is, or that has been at any time previously, an issuer with no or nominal operations and no or nominal assets other than cash and cash equivalents (a “**Shell Company**”), (ii) if Kraken is deemed to be, or to have been at any time previously, a Shell Company, Rule 144 under the U.S. Securities Act may not be available for resales of the Securities, and (iii) Kraken is not obligated to make Rule 144 under the U.S. Securities Act available for resales of the Securities.
- (o) It understands and agrees that the financial statements of Kraken have been prepared in accordance with International Financial Reporting Standards and therefore may be materially different from financial statements prepared under U.S. generally accepted accounting principles and therefore may not be comparable to financial statements of United States companies.
- (p) It understands and acknowledges that Kraken is incorporated outside the United States, consequently, it may be difficult to provide service of process on Kraken and it may be difficult to enforce any judgment against Kraken.
- (q) It understands that Kraken does not have any obligation to register the Securities under the U.S. Securities Act or any applicable state securities or “blue-sky” laws or to take action so as to permit resales of the Securities. Accordingly, the U.S. Shareholder understands that absent registration, it may be required to hold the Securities indefinitely. As a consequence, the U.S. Shareholder understands it must bear the economic risks of the investment in the Securities for an indefinite period of time.

The foregoing representations contained in this certificate are true and accurate as of the date of this certificate and will be true and accurate as of the Time of Closing. If any such representations shall not be true and accurate prior to the Time of Closing, the undersigned shall give immediate written notice of such fact to Kraken prior to the Time of Closing.

ONLY U.S. SHAREHOLDERS NEED COMPLETE AND SIGN

Dated _____ 2022.

X _____
Signature of individual (if U.S. Shareholder **is** an individual)

X _____
Authorized signatory (if U.S. Shareholder is **not** an individual)

Name of U.S. Shareholder (**please print**)

Address of U.S. Shareholder (**please print**)

Name of authorized signatory (**please print**)

Official capacity of authorized signatory (**please print**)

Appendix "A" to

U.S. REPRESENTATION LETTER FOR U.S. SHAREHOLDERS**TO BE COMPLETED BY U.S. SHAREHOLDERS THAT ARE U.S. ACCREDITED INVESTORS**

In addition to the covenants, representations and warranties contained in the Share Exchange Agreement and the Schedule to which this Appendix is attached, the undersigned (the "**U.S. Shareholder**") covenants, represents and warrants to Kraken that the U.S. Shareholder is an "accredited investor" as defined in Rule 501(a) of Regulation D of the U.S. Securities Act by virtue of meeting one of the following criteria (**please hand-write your initials on the appropriate lines**):

1. Any bank as defined in Section 3(a)(2) of the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or any savings and loan association or other institution as defined in Section 3(a)(5)(A) of the U.S. Securities Act whether acting in its individual or fiduciary capacity; any broker or dealer registered pursuant to Section 15 of the U.S. Securities Exchange Act of 1934; any insurance company as defined in Section 2(a)(13) of the U.S. Securities Act; any investment company registered under the U.S. Investment Company Act of 1940 or a business development company as defined in Section 2(a)(48) of that Act; any Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the U.S. Small Business Investment Act of 1958; any plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets in excess of US\$5,000,000; any employee benefit plan within the meaning of the U.S. *Employee Retirement Income Security Act of 1974* if the investment decision is made by a plan fiduciary, as defined in Section 3(21) of such Act, which is either a bank, savings and loan association, insurance company, or registered investment adviser, or if the employee benefit plan has total assets in excess of US\$5,000,000, or, if a self-directed plan, with investment decisions made solely by persons that are "accredited investors" (as such term is defined in Rule 501 of Regulation D of the U.S. Securities Act);
 1. Initials _____
2. Any private business development company as defined in Section 202(a)(22) of the U.S. *Investment Advisers Act of 1940*;
 2. Initials _____
3. Any organization described in Section 501(c)(3) of the U.S. *Internal Revenue Code*, corporation, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of US\$5,000,000;
 3. Initials _____
4. Any trust with total assets in excess of US\$5,000,000, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person (being defined as a person who has such knowledge and experience in financial and business matters that he or she is
 4. Initials _____

capable of evaluating the merits and risks of the prospective investment);

5. Initials _____ A natural person whose individual net worth, or joint net worth with that person's spouse, at the time of purchase, exceeds US\$1,000,000 (for the purposes of calculating net worth),

(i) the person's primary residence shall not be included as an asset;

(ii) indebtedness that is secured by the person's primary residence, up to the estimated fair market value of the primary residence at the time of this certification, shall not be included as a liability (except that if the amount of such indebtedness outstanding at the time of this certification exceeds the amount outstanding 60 days before such time, other than as a result of the acquisition of the primary residence, the amount of such excess shall be included as a liability); and

(iii) indebtedness that is secured by the person's primary residence in excess of the estimated fair market value of the primary residence shall be included as a liability;

6. Initials _____ A natural person who had annual gross income during each of the last two full calendar years in excess of US\$200,000 (or together with his or her spouse in excess of US\$300,000) and reasonably expects to have annual gross income in excess of US\$200,000 (or together with his or her spouse in excess of US\$300,000) during the current calendar year, and no reason to believe that his or her annual gross income will not remain in excess of US\$200,000 (or that together with his or her spouse will not remain in excess of US\$300,000) for the foreseeable future;

7. Initials _____ Any director or executive officer of Kraken; or

8. Initials _____ Any entity in which all of the equity owners meet the requirements of at least one of the above categories – if this category is selected, you must identify each equity owner and provide statements from each demonstrating how they qualify as an accredited investor.

ONLY U.S. SHAREHOLDERS WHO ARE ACCREDITED INVESTORS NEED TO COMPLETE AND SIGN

Dated _____ 2022.

X _____
Signature of individual (if U.S. Shareholder **is** an individual)

X _____
Authorized signatory (if U.S. Shareholder is **not** an individual)

Name of U.S. Shareholder (**please print**)

Address of U.S. Shareholder (**please print**)

Name of authorized signatory (**please print**)

Official capacity of authorized signatory (**please print**)

Appendix “B” to

U.S. REPRESENTATION LETTER FOR U.S. SHAREHOLDERS

Form of Declaration for Removal of Legend

TO: KRAKEN ENERGY CORP. (the “Corporation”)

TO: Registrar and transfer agent for the shares of the Corporation

The undersigned (A) acknowledges that the sale of _____ (the “**Securities**”) of the Corporation, represented by certificate number(s) _____, to which this declaration relates is being made in reliance on Rule 904 of Regulation S under the United States Securities Act of 1933, as amended (the “**U.S. Securities Act**”), and (B) certifies that (1) the undersigned is not (a) an “affiliate” of the Corporation (as that term is defined in Rule 405 under the U.S. Securities Act, except any officer or director of the Company who is an affiliate solely by virtue of holding such position) (b) a “distributor” as defined in Regulation S or (c) an affiliate of a distributor; (2) the offer of such Securities was not made to a person in the United States and either (a) at the time the buy order was originated, the buyer was outside the United States, or the seller and any person acting on its behalf reasonably believed that the buyer was outside the United States, or (b) the transaction was executed on or through the facilities of the Toronto Stock Exchange, the TSX Venture Exchange, the Canadian Securities Exchange or another “designated offshore securities market”, and neither the seller nor any person acting on its behalf knows that the transaction has been prearranged with a buyer in the United States; (3) neither the seller nor any affiliate of the seller nor any person acting on their behalf has engaged or will engage in any directed selling efforts in the United States in connection with the offer and sale of such Securities; (4) the sale is bona fide and not for the purpose of “washing off” the resale restrictions imposed because the Securities are “restricted securities” (as that term is defined in Rule 144(a)(3) under the U. S. Securities Act); (5) the seller does not intend to replace such Securities with fungible unrestricted securities; and (6) the contemplated sale is not a transaction, or part of a series of transactions, which, although in technical compliance with Regulation S, is part of a plan or scheme to evade the registration provisions of the U.S. Securities Act. Terms used herein have the meanings given to them by Regulation S under the U.S. Securities Act.

Dated _____ 20____.

X _____
Signature of individual (if Seller **is** an individual)

X _____
Authorized signatory (if Seller is **not** an individual)

Name of Seller (**please print**)

Name of authorized signatory (**please print**)

Official capacity of authorized signatory (**please print**)

Affirmation by Seller’s Broker-Dealer
(Required for sales pursuant to Section (B)(2)(b) above)

We have read the foregoing representations of our customer, _____ (the “Seller”), dated _____, 20____, with regard to the sale, for such Seller’s account, of _____ common shares (the “Securities”) of KRAKEN ENERGY CORP. (the “Corporation”) represented by certificate number(s) _____. We have executed sales of the Securities pursuant to Rule 904 of Regulation S under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”), on behalf of the Seller. In that connection, we hereby represent to you as follows:

- (1) no offer to sell Securities was made to a person in the United States;
- (2) the sale of the Securities was executed in, on or through the facilities of the Toronto Stock Exchange, the TSX Venture Exchange, the Canadian Securities Exchange or another “designated offshore securities market” (as defined in Rule 902(b) of Regulation S under the U.S. Securities Act), and, to the best of our knowledge, the sale was not pre-arranged with a buyer in the United States;
- (3) no “directed selling efforts” were made in the United States by the undersigned, any affiliate of the undersigned, or any person acting on behalf of the undersigned; and
- (4) we have done no more than execute the order or orders to sell the Securities as agent for the Seller and will receive no more than the usual and customary broker’s commission that would be received by a person executing such transaction as agent.

For purposes of these representations: “affiliate” means a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the undersigned; “directed selling efforts” means any activity undertaken for the purpose of, or that could reasonably be expected to have the effect of, conditioning the market in the United States for the Securities (including, but not be limited to, the solicitation of offers to purchase the Securities from persons in the United States); and “United States” means the United States of America, its territories or possessions, any State of the United States, and the District of Columbia.

Legal counsel to the Corporation shall be entitled to rely upon the representations, warranties and covenants contained herein to the same extent as if this affirmation had been addressed to them.

Name of Firm

Name of Firm

By: _____
Authorized Officer

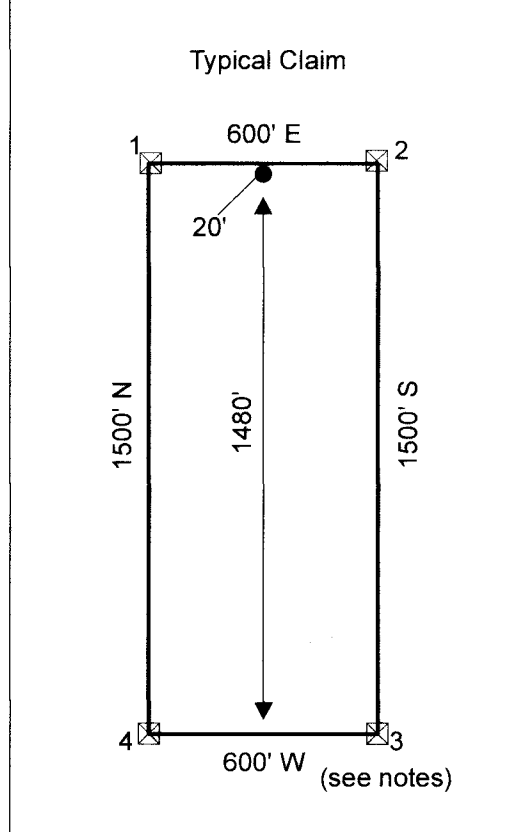
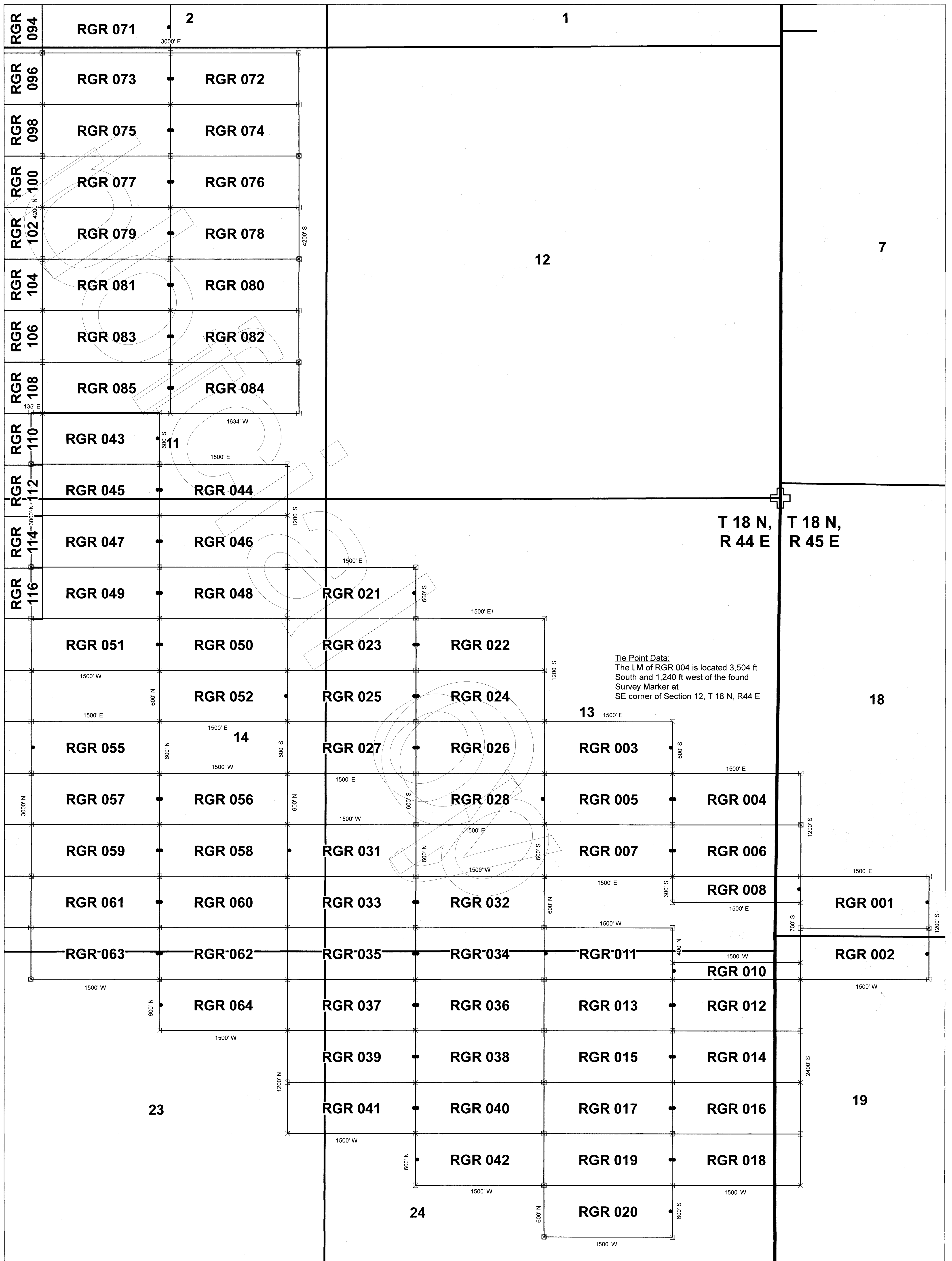
Dated: _____ 20_____

C - 1

SCHEDULE C

Lander Claims

See attached.



Notes:
RGR location monuments are set 20 feet from endline along centerline of claim.

All claims are 600' x 1500' unless otherwise noted
RGR 008 is 300' x 1500.
RGR 010 is 200' x 1500'

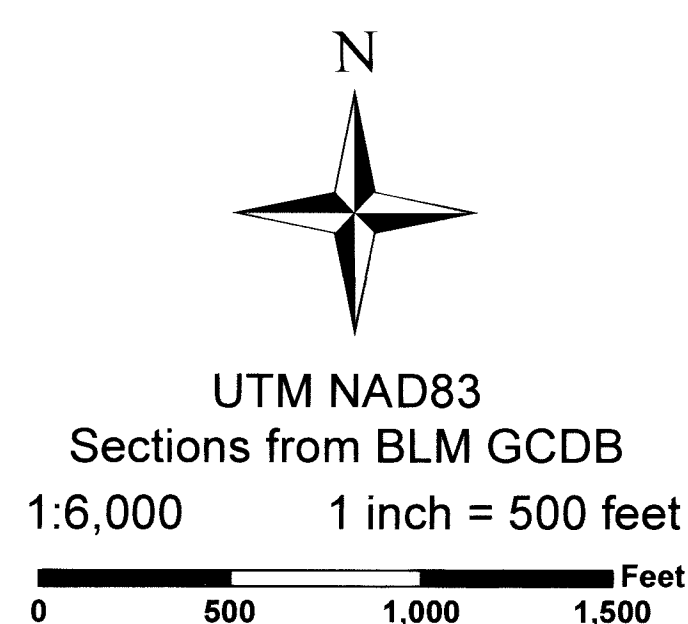
All location monuments are 2"x2"x4' wooden posts with scribed metal tags.

Claims in grey are on other map sheets.

Location Dates:
January 11, 2022: RGR 012, 013
January 12, 2022: RGR 056 - 064
January 13, 2022: RGR 001, 002, 010, 014 - 020, 034 - 042
January 16, 2022: RGR 003 - 007, 011, 021 - 028, 032, 033
January 17, 2022: RGR 008, 031, 043 - 055
February 11, 2022: RGR 072 - 085

DOC #: 304492
04/11/2022 11:25 AM Page: 1 of 6
OFFICIAL RECORD
Requested by:
RANGEFRONT GEOLOGICAL
Lander County, NV
Lesley Sunch Recorder
Fee: \$6,462.00 RPTT: \$0.00
Recorded By: arelva

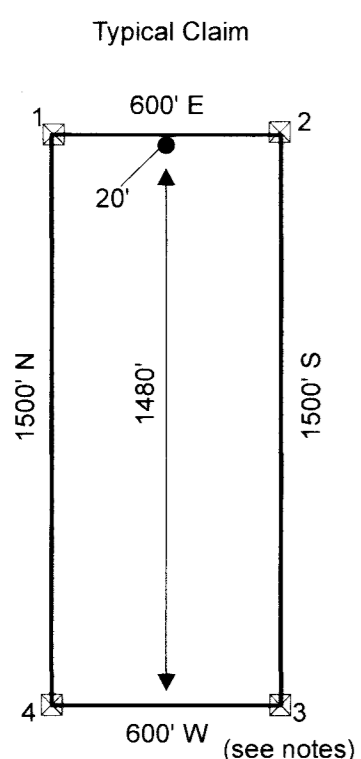
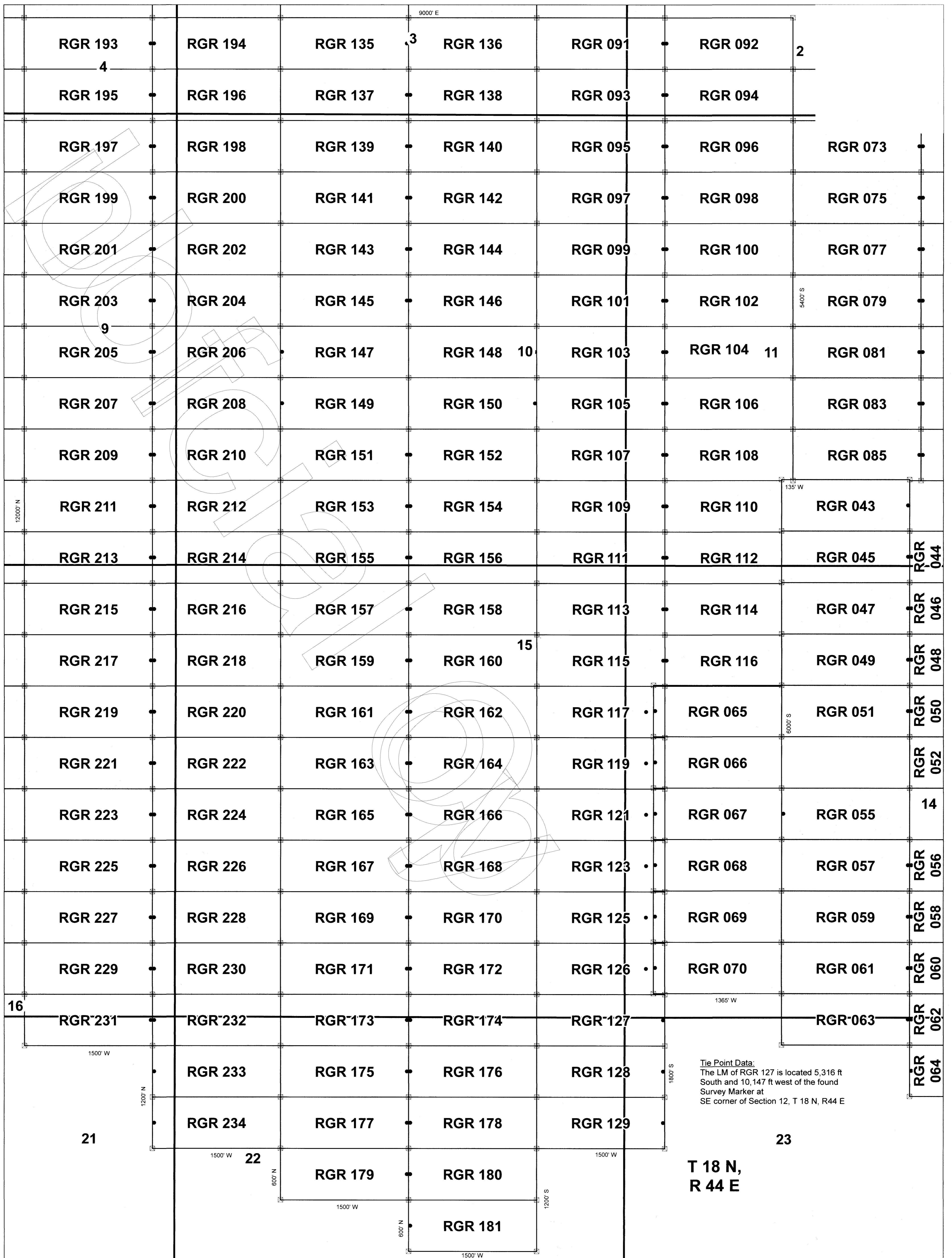
Rangefront Consulting LLC



RGR Unpatented Lode Mining Claims

Township 18 North, Range 44 East, Sect. 11 - 14, 23, 24
Township 18 North, Range 45 East, Sect. 18, 19
Mt. Diablo Base Line and Meridian
Lander County, Nevada

Locators:
Rangefront Consulting LLC
1031 Railroad St, Ste 102B
Elko, NV 89801



Notes:
RGR location monuments are set 20 feet from endline along centerline of claim unless otherwise noted:
RGR 117, 119, 121, 125, 126 are located 220 feet from endline along centerline of claim.

All claims are 600' x 1500'.

All location monuments are 2"x2"x4' wooden posts with scribed metal tags.

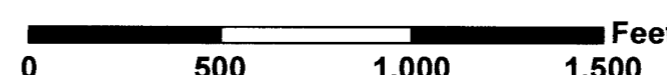
Claims in grey are on other map sheets.

Location Dates:
January 12, 2022: RGR 065 - 070
February 2, 2022: RGR 135 - 138, 146, 148, 150, 152
February 11, 2022: RGR 127 - 129, 211 - 234
February 12, 2022: RGR 193 - 198
February 15, 2022: RGR 139 - 145, 147, 149, 151, 153, 154
March 2, 2022: RGR 091 - 126, 155 - 181, 199 - 210

Rangefront Consulting LLC



UTM NAD83
Sections from BLM GCDB
1:6,000 1 inch = 500 feet



RGR Unpatented Lode Mining Claims

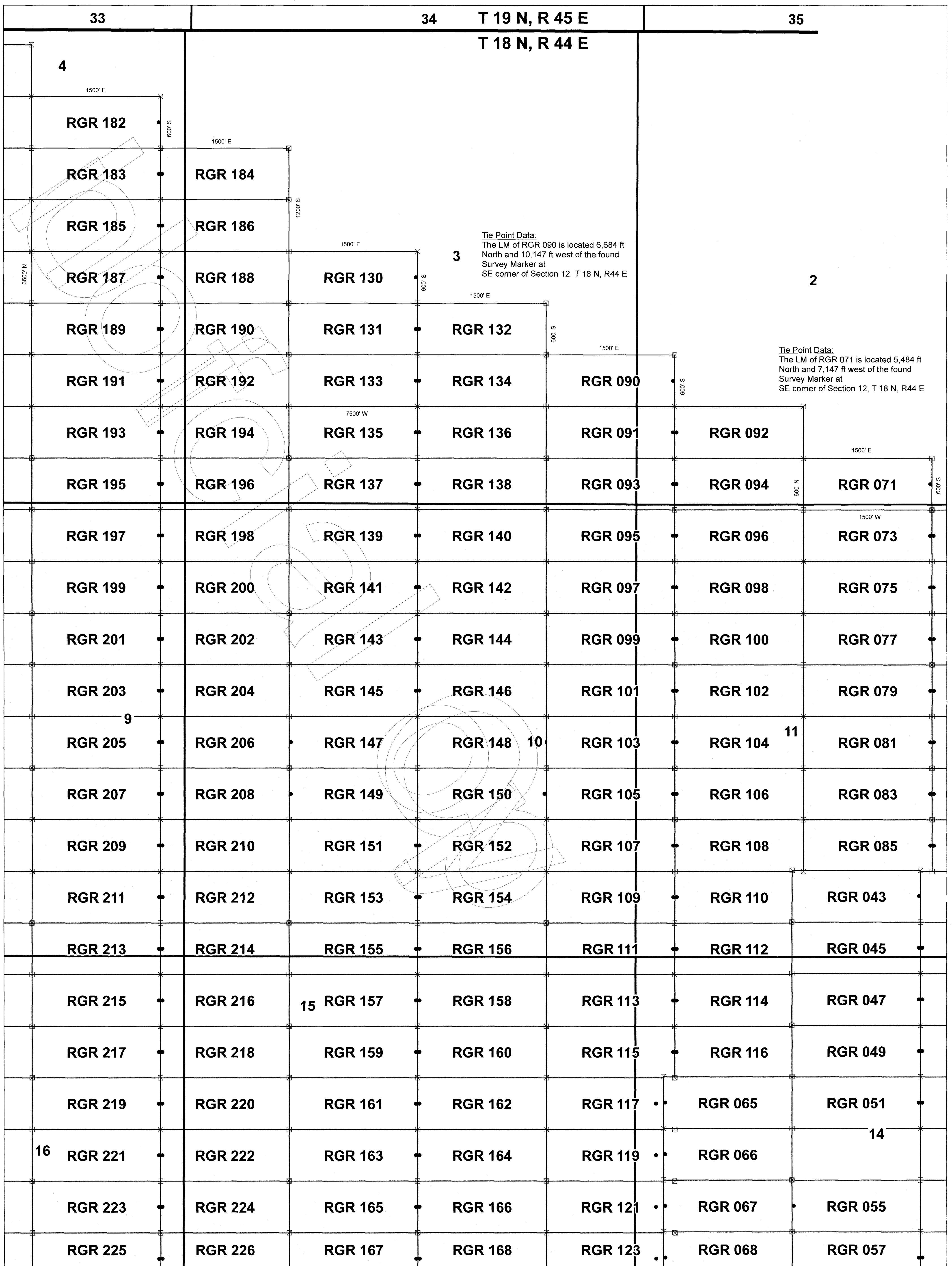
Township 18 North, Range 44 East,
Sect. 2 - 4, 9 - 11, 14 - 16, 21 - 23
Mt. Diablo Base Line and Meridian
Lander County, Nevada

Locators:
Rangefront Consulting LLC
1031 Railroad St, Ste 102B
Elko, NV 89801

Sheet 2 of 6

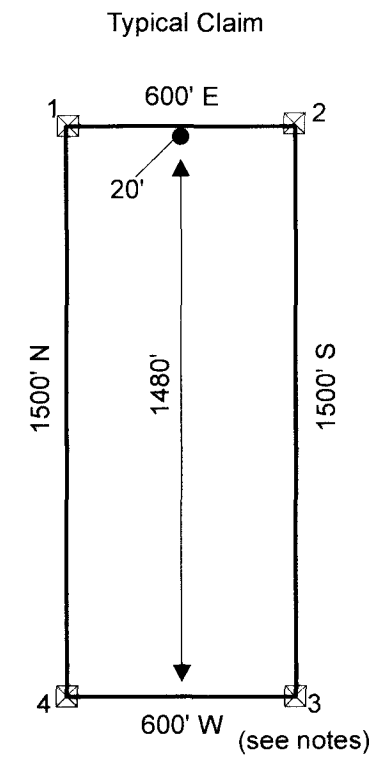
Drawn by: ALS

Date: 05-April-2022



Tie Point Data:
 The LM of RGR 090 is located 6,684 ft North and 10,147 ft west of the found Survey Marker at SE corner of Section 12, T 18 N, R 44 E

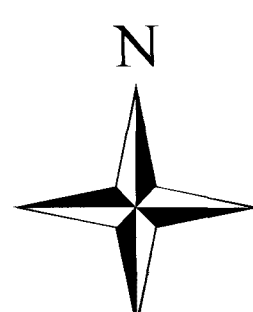
Tie Point Data:
 The LM of RGR 071 is located 5,484 ft North and 7,147 ft west of the found Survey Marker at SE corner of Section 12, T 18 N, R 44 E



Notes:
 RGR location monuments are set 20 feet from endlines along centerline of claim.
 All claims are 600' x 1500'.
 All location monuments are 2"x2"x4" wooden posts with scribed metal tags.
 Claims in grey are on other map sheets.

Location Dates:
 February 2, 2022: RGR 130 - 134
 February 11, 2022: RGR 071
 February 12, 2022: RGR 182 - 192
 March 2, 2022: RGR 090

Rangefront Consulting LLC



UTM NAD83
 Sections from BLM GCDB
 1:6,000 1 inch = 500 feet

RGR Unpatented Lode Mining Claims

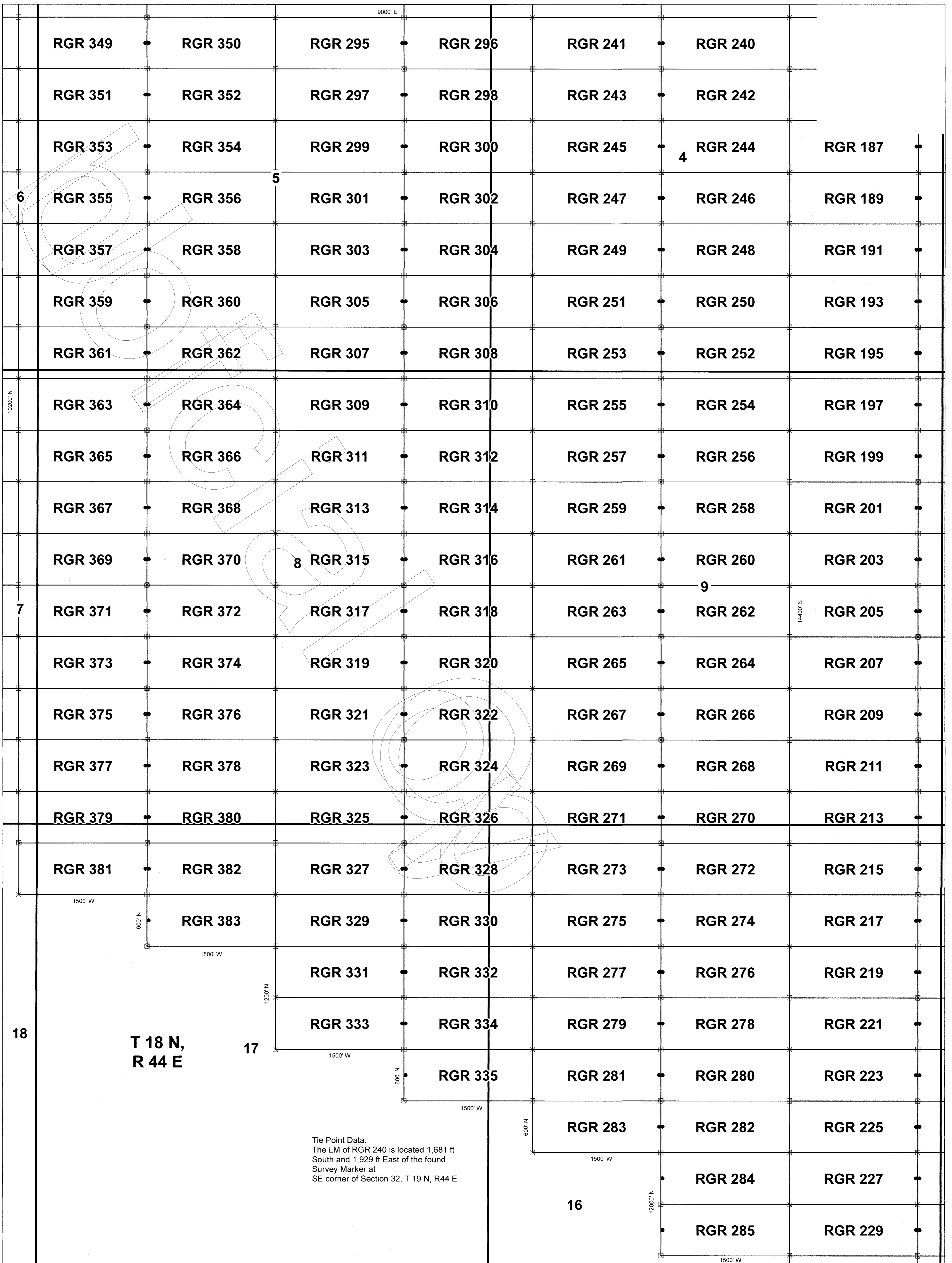
Township 18 North, Range 44 East, Sect. 2 - 4, 11
 Mt. Diablo Base Line and Meridian
 Lander County, Nevada

Locators:
 Rangefront Consulting LLC
 1031 Railroad St, Ste 102B
 Elko, NV 89801

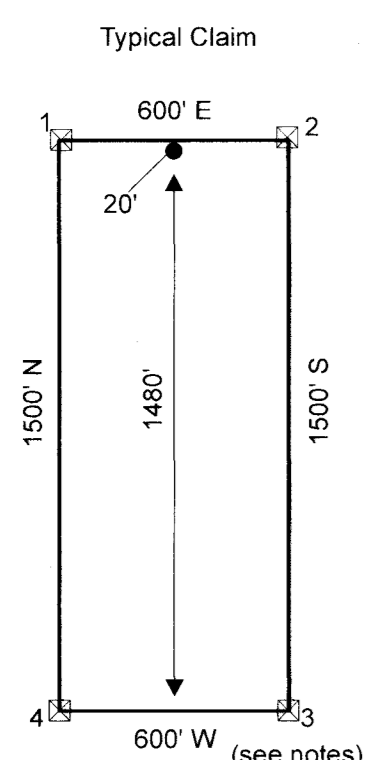
Sheet 3 of 6

Drawn by: ALS

Date: 05-April-2022



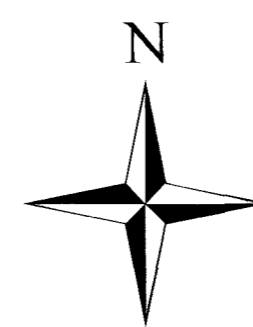
Tie Point Data:
 The LM of RGR 240 is located 1,681 ft South and 1,929 ft East of the found Survey Marker at SE corner of Section 32, T 19 N, R44 E



Notes:
 RGR location monuments are set 20 feet from endline along centerline of claim,
 All claims are 600' x 1500'.
 All location monuments are 2"x2"x4' wooden posts with scribed metal tags.
 Claims in grey are on other map sheets.

Location Dates:
 January 30, 2022: RGR 367 - 370
 February 4, 2022: RGR 349 - 352
 February 6, 2022: RGR 353 - 366
 February 11, 2022: RGR 256 - 285, 307 - 335, 371 - 383
 February 12, 2022: RGR 249 - 255
 March 2, 2022: RGR 240 - 248, 295 - 306

Rangefront Consulting LLC



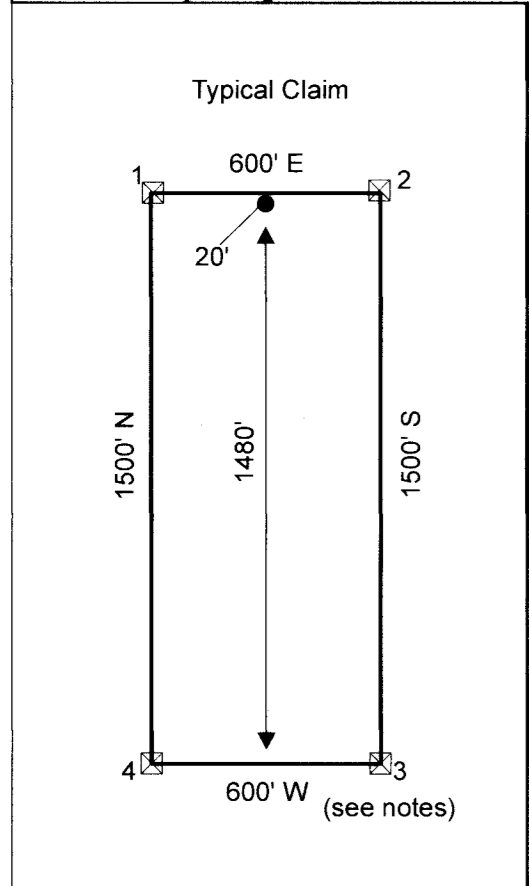
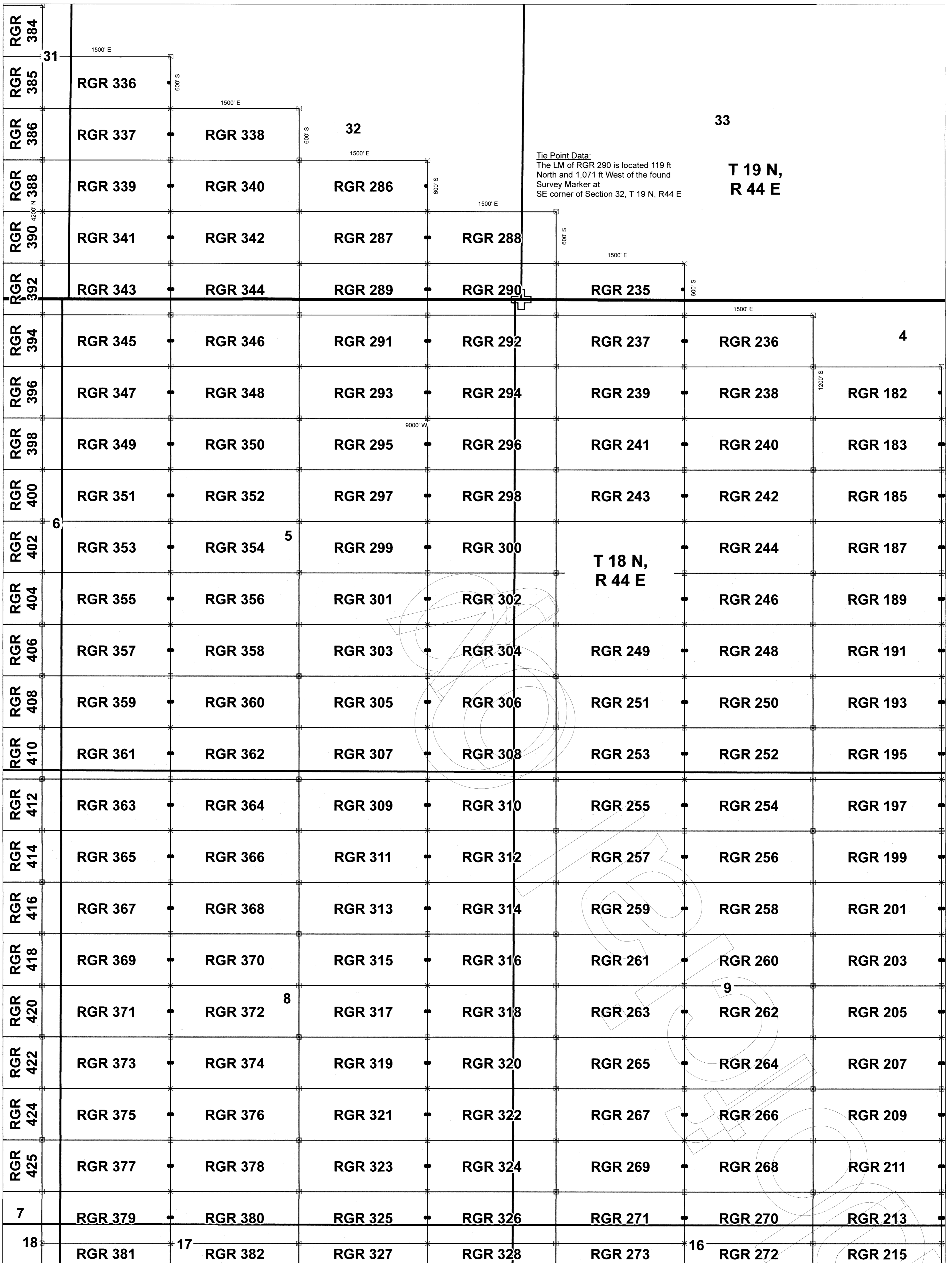
UTM NAD83
 Sections from BLM GCDB
 1:6,000 1 inch = 500 feet
 0 500 1,000 1,500 Feet

RGR Unpatented Lode Mining Claims

Township 18 North, Range 44 East, Sect. 4 - 9, 16 - 18
 Mt. Diablo Base Line and Meridian
 Lander County, Nevada

Locators:
 Rangefront Consulting LLC
 1031 Railroad St, Ste 102B
 Elko, NV 89801

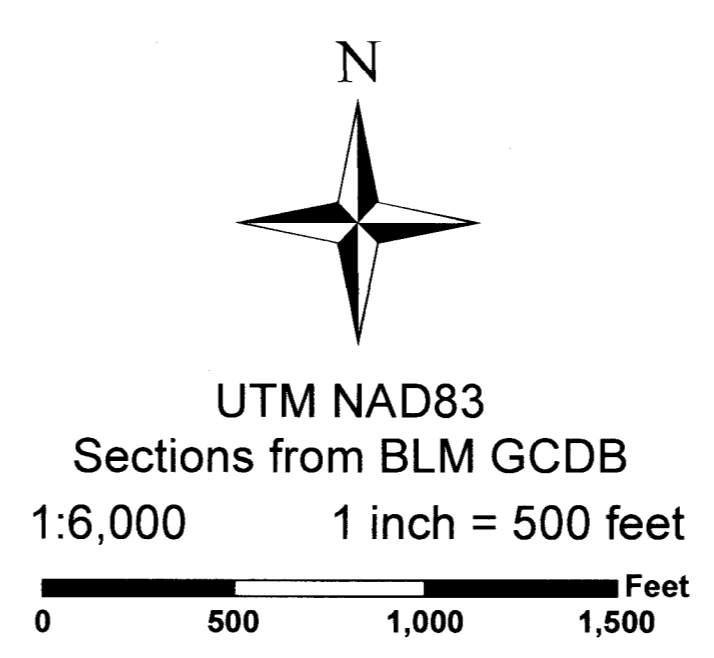
Sheet 4 of 6
 Drawn by: ALS Date: 05-April-2022



Notes:
RGR location monuments are set 20 feet from endline along centerline of claim,
All claims are 600' x 1500'.
All location monuments are 2"x2"x4" wooden posts with scribed metal tags.
Claims in grey are on other map sheets.

Location Dates:
February 8, 2022: RGR 336 - 348
March 2, 2022: RGR 235 - 239, 286 - 294

Rangefront Consulting LLC



RGR Unpatented Lode Mining Claims

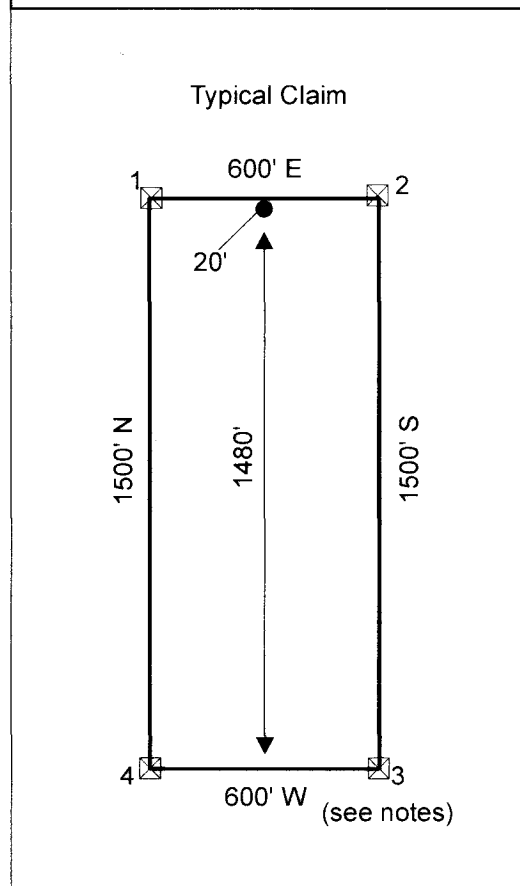
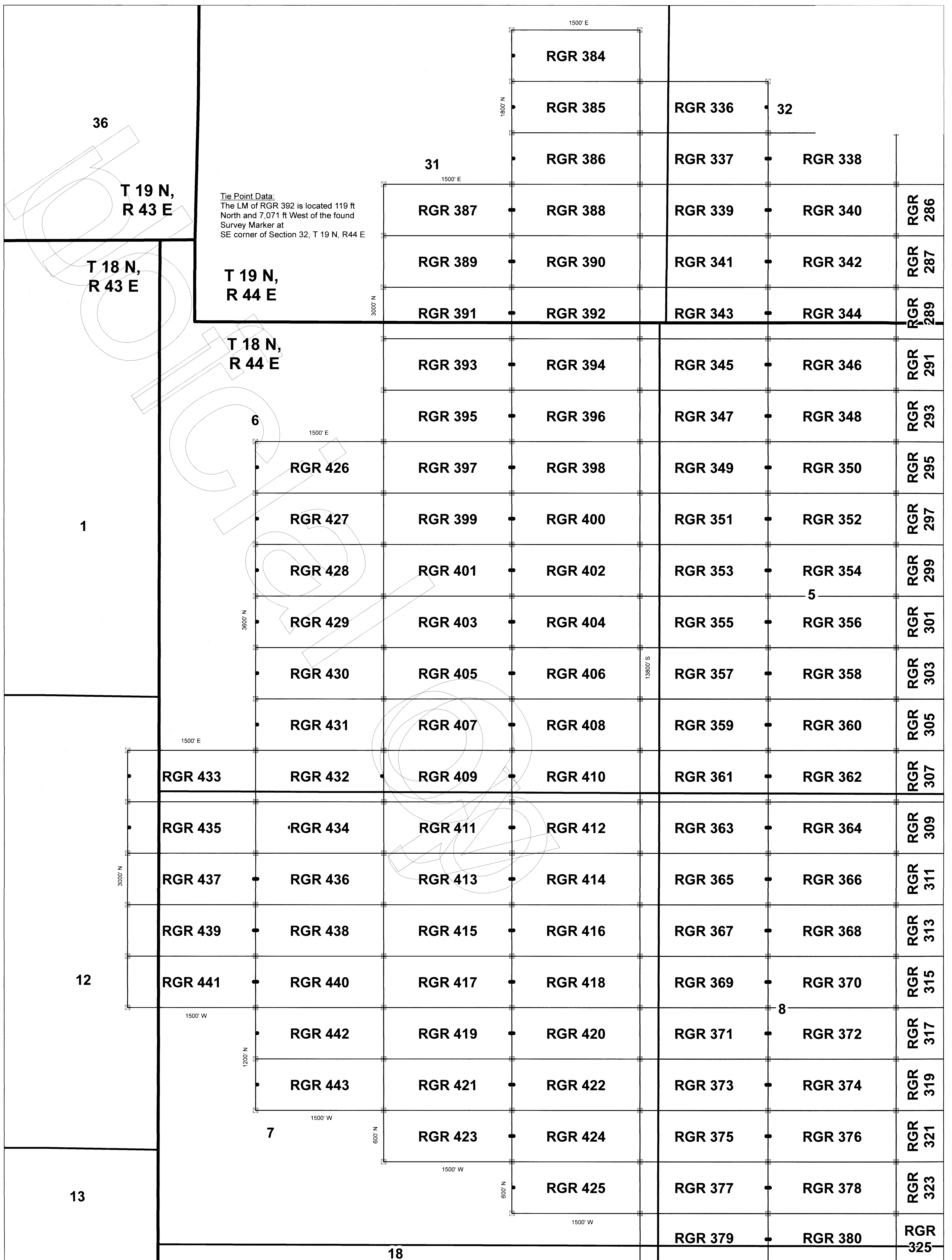
Township 19 North, Range 44 East, Sect. 31 - 33
Township 18 North, Range 44 East, Sect. 4 - 6
Mt. Diablo Base Line and Meridian
Lander County, Nevada

Locators:
Rangefront Consulting LLC
1031 Railroad St, Ste 102B
Elko, NV 89801

Sheet 5 of 6

Drawn by: ALS

Date: 05-April-2022



Notes:
RGR location monuments are set 20 feet from endline along centerline of claim unless otherwise noted:
RGR 434 is 400 feet from endline along centerline of claim.

All claims are 600' x 1500'.

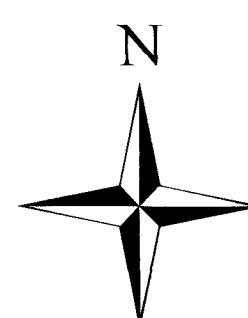
All location monuments are 2"x2"x4' wooden posts with scribed metal tags.

Claims in grey are on other map sheets.

Location Dates:

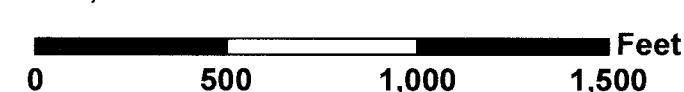
- January 31, 2022: RGR 426 - 429
- February 1, 2022: RGR 432, 433, 435
- February 3, 2022: RGR 390 - 398, 430, 431, 434
- February 5, 2022: RGR 404 - 425
- February 7, 2022: RGR 399 - 403, 436 - 443
- March 2, 2022: RGR 384 - 389

Rangefront Consulting LLC



UTM NAD83
Sections from BLM GCDB

1:6,000 1 inch = 500 feet



RGR Unpatented Lode Mining Claims

Township 18 North, Range 44 East, Sect. 6, 7
Township 19 North, Range 44 East, Sect. 31
Township 18 North, Range 43 East, Sect. 12
Mt. Diablo Base Line and Meridian
Lander County, Nevada

Locators:
Rangefront Consulting LLC
1031 Railroad St, Ste 102B
Elko, NV 89801

Sheet 6 of 6

Drawn by: ALS

Date: 05-April-2022