

OPTION AGREEMENT

THIS AGREEMENT is made as of the 9th day of August, 2022

AMONG:

KRAKEN ENERGY CORP., company formed under the federal laws of Canada with an address for mailing at Suite 400 – 1681 Chestnut Street, Vancouver, British Columbia V6J 4M6

(hereinafter called “**Kraken**”)

AND:

ROBERT WEICKER, an individual with an address for mailing at

[REDACTED]

(hereinafter called the “**Optionor**”)

WHEREAS the Optionor is the legal and beneficial owner of 100% of certain mining claims located in Hawthorne, Nevada, United States, as illustrated in Schedule “A”, which are registered in the name of Nicholas Weicker on behalf of the Optionor (hereinafter referred to collectively as the “**Garfield Hills Claims**”, and the property comprising the Garfield Hills Claims shall be hereinafter referred to as the “**Property**”);

AND WHEREAS the Optionor has agreed to grant to Kraken, or Kraken Energy (Nevada) Corp., a wholly-owned Nevada subsidiary of Kraken (hereinafter called “**NevadaCo**”, and together with Kraken, the “**Optionees**”) an option acquire all of the Optionor’s right, title and interest in the Garfield Hills Claims;

NOW THEREFORE, for and in consideration of the premises and the covenants and agreements herein contained, the parties hereby agree as follows:

ARTICLE 1- INTERPRETATION

1.1 Definitions. In this Agreement, unless something in the subject matter or context is inconsistent therewith:

- (a) “**Agreement**” means this Option Agreement, and all schedules hereto, as well as amendments made by written agreement between the Optionor and Kraken;
- (b) “**Applicable Law**” means any foreign or domestic federal, state, provincial or municipal statute, law, ordinance, rule, regulation, restriction, regulatory policy or guideline, by-law (zoning or otherwise) or order that applies to the parties or to the Garfield Hills Claims and includes the applicable by-laws or rules of any stock exchange or securities commission having jurisdiction;
- (c) “**Business Day**” means any day other than a Saturday, Sunday or a day on which banks in the Province of British Columbia or the State of Nevada are authorized or required by Applicable Laws to be closed;
- (d) “**Canadian Securities Exchange**” means the Canadian Securities Exchange;

- (e) “**Consideration Shares**” means common shares in the capital of Kraken;
- (f) “**Encumbrances**” has the meaning set forth in Section 4.1(a) below;
- (g) “**Exploration Expenditures**” means all costs and expenses of whatever kind or nature spent in the conduct of exploration activities on or in relation to the Property, excluding general and administrative expenses, land maintenance expenses, expenses related to public affairs, acquisition costs, property payments, staking costs, taxes and GST, but including expenses spent (a) in holding the Property in good standing, in curing title defects and in acquiring and maintaining surface and other ancillary rights; (b) in preparing for and in the application for and acquisition of environmental and other permits necessary or desirable to commence and complete exploration and development activities; (c) in doing geophysical and geological surveys, drilling, assaying and metallurgical testing, including costs of assays, metallurgical testing and other tests and analyses to determine the quantity and quality of minerals, water and other materials or substances; (d) in the preparation of work programs and the presentation and reporting of data and other results obtained from those work programs; (e) for environmental remediation and rehabilitation; (f) in acquiring or obtaining the use of facilities, equipment or machinery, and for all parts, supplies and consumables; (g) for salaries and wages for employees assigned to exploration and development activities; (h) travelling expenses of all persons engaged in work with respect to and for the benefit of the Property, including for their food, lodging and other reasonable needs; (i) payments to contractors or consultants for work done, services rendered or materials supplied in relation to exploration activities on the Property; and (j) the cost of insurance premiums and performance bonds or other security;
- (h) “**Garfield Hills Claims**” has the meaning as set out in the recitals hereto;
- (i) “**Net Smelter Returns**” has the meaning set forth in Schedule “B”;
- (j) “**Notice**” has the meaning set forth in Section 8.7 below;
- (k) “**NSR Royalty**” has the meaning set forth in Section 2.2(1) below;
- (l) “**Option**” has the meaning set forth in Section 2.1(1) below;
- (m) “**Option Period**” means the period commencing on the date of this Agreement and ending on the earlier of the exercise of the Option or termination of the Option; and
- (n) “**Property**” has the meaning as set out in the recitals hereto.

1.2 Headings. The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms “this Agreement”, “hereof”, “hereunder” and similar expressions refer to this Agreement and not to any particular Article, Section or other portion hereof and include any agreement supplemental hereto. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles and Sections are to Articles and Sections of this Agreement.

1.3 Currency. All references to currency herein are to lawful money of the United States, unless otherwise indicated.

ARTICLE 2 - OPTION

2.1 Option

- (1) The Optionor hereby irrevocably grants to Kraken the sole and exclusive right and option (the “**Option**”) to acquire, directly or through NevadaCo, as applicable, a 100% right, title and interest in the Garfield Hills Claims, free of all Encumbrances, subject to the NSR Royalty.
- (2) To exercise the Option and acquire the Garfield Hills Claims, the Optionees must
 - (a) make the following payments to the Optionor:
 - (i) within three (3) Business Days of the date hereof: (i) \$20,000 payable in cash by way of certified cheque, wire transfer, money order or other immediately available funds paid to the Optionor; and (ii) 50,000 common shares of Kraken (the “**Consideration Shares**”) at a deemed price per share equal to the closing price of Kraken’s common shares on the Canadian Securities Exchange (or if Kraken is no longer listed on the Canadian Securities Exchange, on whichever stock exchange on which Kraken is then listed) on the last trading day prior to the date of issuance (the “**Deemed Issue Price**”);
 - (ii) within three (3) Business Days of the date that is twelve (12) months from the date hereof (the “**First Anniversary**”): (i) \$30,000 payable in cash by way of certified cheque, wire transfer, money order or other immediately available funds paid to the Optionor; and (ii) 50,000 Consideration Shares issued at the applicable Deemed Issue Price;
 - (iii) within three (3) Business Days of the date that is twenty-four (24) months from the date hereof: (i) \$50,000 payable in cash by way of certified cheque, wire transfer, money order or other immediately available funds paid to the Optionor; and (ii) 75,000 Consideration Shares issued at the applicable Deemed Issue Price; and
 - (iv) within three (3) Business Days of the date that is thirty-six (36) months from the date hereof: (a) \$50,000 payable in cash by way of certified cheque, wire transfer, money order or other immediately available funds paid to the Optionor; and (b) 75,000 Consideration Shares issued at the applicable Deemed Issue Price; and
 - (b) on or before the First Anniversary, Kraken will spend not less than \$50,000 in Exploration Expenditures on the Property.
- (3) Upon satisfaction of all of the Optionees’ payment and Exploration Expenditures obligations pursuant to Section 2.1(2), within five (5) Business Days the Optionor will take all steps necessary to transfer title to the Garfield Hills Claims to Kraken or NevadaCo, as applicable, pursuant to Applicable Law, and will provide the Optionees

with evidence of such transfer. Any fees related to the transfer of the Garfield Hills Claims shall be paid by the Optionees.

- (4) The Option and this Agreement will be of no further force or effect and shall automatically terminate if the Optionees have not made any payments or incurred the Exploration Expenditures under Section 2.1(2) within 30 days of the dates specified in Section 2.1(2).
- (5) If the Option is terminated pursuant to Section 2.1(4) then the Optionees will acquire no interest in the Garfield Hills Claims. Upon such termination, the Optionees will:
 - (a) deliver to the Optionor, within 30 days of a written request made by the Optionor to the Optionees, a comprehensive report on all work carried out by the Optionees on the Garfield Hills Claims, together with all drill cores, assay samples, copies of all maps, drill logs, assay results and other technical data compiled by the Optionees regarding the Garfield Hills Claims which were not previously delivered to the Optionor; and
 - (b) have no further obligations with respect to the Garfield Hills Claims or this Agreement.

2.2 Adjustments

- (1) If at any time during the term of this Agreement the Consideration Shares are subdivided into a greater or consolidated into a lesser number of shares, or in the event of any payment by Kraken of a stock dividend (other than a dividend paid in the ordinary course), the number of Consideration Shares deliverable to exercise the Option pursuant to Section 2.1(2) will be increased or decreased proportionately as the case may be.
- (2) In case of any reclassification of the capital of Kraken, or in the case of the merger, reorganization or amalgamation of Kraken with, or into any other company or of the sale of substantially all of the property and assets of Kraken to any other company or the acquisition of the outstanding shares of Kraken by any other company (in each case, a “**Corporate Event**”), after such Corporate Event, in order to exercise the Option pursuant to Section 2.1(2), in lieu of delivering Consideration Shares, Kraken will be required to deliver to the Optionor that number of shares or other securities or property of the company resulting from such Corporate Event, or to which such sale will be made, as the case may be, which the Optionor would have received in such Corporate Event if the Optionor had received the Consideration Shares payable under this Agreement prior to such Corporate Event.

2.3 NSR Royalty

- (1) Kraken hereby grants, sells, transfers, assigns and conveys to the Optionor, to be effective as of the date hereof, a production royalty equal to 2.0% of the Net Smelter Returns from all mineral production on the Property (the “**NSR Royalty**”), on the terms and conditions set forth in Schedule “B”.
- (2) Kraken may, at any time after the date hereof, repurchase 50% of the NSR Royalty for a one time payment of \$250,000 by Kraken to the Optionor. The balance of the NSR Royalty after repurchase shall be 1.0% of the Net Smelter Returns.

- (3) The obligations of the Kraken under Section 2.2(1) shall terminate on the date that all of the mineral claims that comprise the Property have either been transferred back to the Optionor or abandoned or surrendered or allowed to lapse or expire.
- (4) The Optionor will, from time to time, take all necessary actions, including execution of appropriate agreements, to pledge and subordinate the NSR Royalty to any bona fide secured borrowings from an arm's length third party lender relating to the exploration and development of the Property or the construction and operation of a mine on the Property.

ARTICLE 3– OPERATIONS DURING THE OPTION PERIOD

3.1 Right of Entry. During the Option Period, the Optionees and their employees, agents and independent contractors, will, at their own risk, and to the extent permitted under the terms of the Garfield Hills Claims and Applicable Law, have the sole and exclusive right and option to:

- (a) do such prospecting, exploration, development or other mining work on the Garfield Hills Claims as the Optionees in their sole discretion may consider advisable;
- (b) bring and erect such facilities on the Garfield Hills Claims as the Optionees may consider advisable; and
- (c) remove from the Garfield Hills Claims and dispose of, for its own account, ore or mineral products for the purpose of bulk sampling, pilot plant or test operations.

3.2 Permit Obligations of the Optionees. The Optionees will, with the co operation of the Optionor as required, be responsible for obtaining all appropriate permits prior to the commencement of work during the Option Period as well as any required reclamation resulting from the Optionees' work on the Garfield Hills Claims.

3.3 Maintenance of Property. The Optionees will keep the Garfield Hills Claims in good standing and free and clear of all Encumbrances during the Option Period by payment of mining taxes or other charges, the doing and filing of all necessary work and by the doing of all other acts and things and making all other payments which may be necessary in that regard. Without limiting the generality of the foregoing, if at any time during the term of this Agreement, Kraken holds the Option past June 1 of an applicable calendar year, Kraken will make any and all applicable payments to the Bureau of Land Management (“BLM”) and the Nevada County to keep the Property in good standing for such calendar year, even if Kraken terminates its interest in this Agreement before the applicable payment due dates (which, for greater certainty, are currently September 2 for the BLM and October 15 for the Nevada County). For the current year (2022) only, the Optionor will complete required BLM and County payments and the Kraken will reimburse all costs in a timely manner.

ARTICLE 4– REPRESENTATIONS AND WARRANTIES

4.1 Optionor's Representations and Warranties. The Optionor represents and warrants to the Optionees that:

- (a) the Optionor is the sole legal and beneficial owner of a 100% undivided right, title and interest in and to the Garfield Hills Claims, free and clear of any claims, demands, mortgages, liens, security interests, charges, encumbrances or other claims whatsoever (“Encumbrances”);

- (b) the Optionor has good and marketable title to the Garfield Hills Claims, which have been properly registered in accordance with Applicable Law and all applicable laws and regulations of the State of Nevada, and such Garfield Hills Claims are in good standing and shall continue to be in good standing until at least the end of the Option Period;
- (c) all prior work commitments or payments in lieu therefor required under Applicable Law in connection with the Garfield Hills Claims have been satisfied by the Optionor up to the date of this Agreement;
- (d) the Optionor has the exclusive right to enter into this Agreement and all necessary authority to assign to NevadaCo a 100% legal, beneficial and recorded right, title and interest in and to the Garfield Hills Claims in accordance with the terms and conditions of this Agreement;
- (e) the Optionor has the exclusive right to receive 100% of the proceeds from the sale of minerals, metals, ores or concentrates removed from the Garfield Hills 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 Garfield Hills Claims or is entitled to take such materials in kind;
- (f) there are no actions, suits or proceedings, pending or threatened which may affect the Garfield Hills Claims or the concessions and exploration licenses, if applicable, at law or in equity or before or by any federal, provincial, municipal or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign; and the Optionor is not aware of any ground upon which any such action, suit or proceeding might be commenced;
- (g) the Optionor holds all licenses issued by any government or governmental authority which are necessary in connection with the ownership of the Garfield Hills Claims;
- (h) there is no adverse claim or challenge against or to the Optionor's ownership of the Garfield Hills Claims nor, to the knowledge of the Optionor, is there any basis therefore;
- (i) 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 Garfield Hills Claims, other than as set forth herein;
- (j) there are no outstanding orders or directions relating to environmental matters requiring any work, repairs, construction or expenditures with respect to the Garfield Hills Claims and the conduct of operations related thereto, and the Optionor have not received any notice of the same, and the Optionor is not aware of any basis on which any such orders or directions could be made;
- (k) the Optionor's ownership of the Garfield Hills Claims is in compliance with, and is not in default or violation in any material respect under, and the Optionor has not been charged with or received any notice at any time of any material violation of any statute, law, ordinance, regulation, rule decree or other applicable regulation in connection with the Optionor's ownership of the Garfield Hills Claims;
- (l) all material knowledge and information in his possession concerning the Garfield Hills Claims has been made available to Kraken;

- (m) there are no consents, approvals or conditions precedent to the Optionor's performance under this Agreement which have not been obtained;
- (n) the Optionor has no information or knowledge of any facts pertaining to the Garfield Hills Claims that, if known to the Optionees, might reasonably be expected to deter the Optionees from completing the transactions contemplated hereby; and
- (o) the Optionor has executed and delivered evidence satisfactory to Kraken that the Garfield Hills Claims registered in the name of Nicholas Weicker are being held in trust in favour of Optionor and that Optionor has all necessary rights and authority to transfer the Garfield Hills Claims to Kraken, in the form of the Agent Agreement included with this agreement (Schedule "A") to this Agreement.

4.2 Optionees' Representations and Warranties. Kraken represents and warrants to the Optionor that:

- (a) Kraken is a company duly existing under the federal laws of Canada;
- (b) NevadaCo will be a company duly existing under the laws of the State of Nevada;
- (c) Kraken has the corporate power and authority to enter into this Agreement;
- (d) Kraken or NevadaCo, as applicable, will be eligible to acquire and hold mineral claims in the jurisdiction in which the Garfield Hills Claims are situated; and
- (e) any Consideration Shares to be issued to the Optionor pursuant to this Agreement will be fully paid and non-assessable common shares in the capital of Kraken.

4.3 Survival of Representations, Warranties and Covenants. The representations, warranties and covenants of the Optionor and Kraken respectively set forth in this Agreement shall survive the completion of the sale and purchase of the Garfield Hills Claims herein provided for and, notwithstanding such completion, shall continue in full force and effect for the benefit of the Optionees or the Optionor, respectively, in accordance with the terms thereof.

ARTICLE 5– COVENANTS

5.1 Commercially Reasonable Efforts. Each of the parties agrees that it will use its commercially reasonable efforts to cause to be taken, all actions and to do, or cause to be done, all other things necessary, proper or advisable under applicable and regulations to complete the transactions contemplated by the terms of this Agreement.

5.2 Covenants of Optionor. The Optionor hereby covenants with the Optionees that up to the end of the Option Period:

- (1) The Optionor will provide the Optionees with all of the technical data in the Optionor's possession or over which the Optionor has control relating to the Garfield Hills Claims;
- (2) The Optionor will promptly provide Kraken with any and all notices and correspondence from government agencies in respect of the Garfield Hills Claims;
- (3) The Optionor will not deal, or attempt to deal with their right, title, interest in and to the Garfield Hills Claims in any way that would or might affect the right of Kraken or NevadaCo, as

applicable, to become vested in a 100% interest in and to the Garfield Hills Claims, free and clear of any Encumbrances; and

(4) The Optionor will cause the representations and warranties of the Optionor set forth in Section 4.1 to be true and correct with the same force and effect as if made at and as of such time.

ARTICLE 6- AREA OF INTEREST

6.1 Area of Interest. If at any time during the term of this Agreement, Kraken, the Optionor or an affiliate or associate of Kraken or the Optionor (the “**Acquiring Party**”) acquires, directly or indirectly, any interest in any property which is all or partly within one (1) mile of the outermost boundary of the Property (the “**AOI Property**”), then the Acquiring Party must promptly disclose the acquisition (including all costs and information it has relating to the AOI Property) to the other party, and such AOI Property shall be automatically deemed to be a part of the Property and subject to the terms of this Agreement.

ARTICLE 7- ACKNOWLEDGEMENTS

7.1 Prospectus Exemption. The Optionor hereby acknowledges and agrees that the Consideration Shares are being issued pursuant to exemptions from prospectus and registration requirements under applicable securities laws and, as a result, the Consideration Shares will be subject to a number of statutory restrictions on resale and trading under applicable Canadian securities laws. Until these restrictions expire, the Optionor will not be able to sell or trade the Consideration Shares unless the Optionor complies with an exemption from the prospectus and registration requirements under applicable securities laws. In general, unless permitted under applicable Canadian securities laws, the Optionor cannot trade the securities in Canada before the date that is four months and a day after the later of the day Kraken becomes a reporting issuer in a jurisdiction of Canada and the date of distribution of the Consideration Shares.

ARTICLE 8- GENERAL

8.1 Further Assurances. The Optionor and Kraken shall from time to time execute and deliver all such further documents and instruments and do all acts and things as the other party may reasonably require to effectively carry out or better evidence or perfect the full intent and meaning of this Agreement.

8.2 Time of the Essence. Time shall be of the essence of this Agreement.

8.3 Benefit of the Agreement. This Agreement shall enure to the benefit of and be binding upon the respective heirs, executors, administrators, successors and permitted assigns of the parties hereto, as the case may be.

8.4 Entire Agreement. This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and cancels and supersedes any prior understandings and agreements between the parties hereto with respect thereto.

8.5 Force Majeure. No party will be liable for its failure to perform any of its obligations under this Agreement due to a cause beyond its control (except those caused by its own lack of funds) including, but not limited to acts of God, fire, flood, explosion, strikes, lockouts or other industrial disturbances, laws, rules and regulations or orders of any duly constituted governmental authority or non-availability of materials, equipment, manpower or transportation (each an “**Intervening Event**”). All time limits imposed by this Agreement will be extended by a period equivalent to the period of delay resulting from an Intervening Event.

8.6 Amendments and Waiver. No modification of or amendment to this Agreement shall be valid or binding unless set forth in writing and duly executed by the parties hereto and no waiver of any breach of any term or provision of this Agreement shall be effective or binding unless made in writing and signed by the party purporting to give the same and, unless otherwise provided, shall be limited to the specific breach waived.

8.7 Notices. Each party shall deliver all notices, requests, consents, claims, demands, waivers and other communications under this Agreement (each, a “Notice”) in writing and addressed to the other party at its address set out below (or to any other address that the receiving party may designate from time to time in accordance with this Section). Each party shall deliver all Notices by personal delivery, nationally recognized overnight courier (with all fees prepaid), email of a PDF document (with confirmation of transmission) or certified or registered mail (in each case, return receipt requested, postage prepaid). Except as otherwise provided in this Agreement, a Notice is conclusively deemed effective only (a) if sent by personal delivery or by courier (all fees prepaid) on the date of actual receipt by the receiving party; if sent by email of a PDF document on the date of transmission if a Business Day or if not a Business Day or after 5:00 p.m. on the date of transmission, on the next following Business Day; or if sent by certified or registered mail (postage prepaid) on the five days after the mailing thereof; and (b) if the party giving the Notice has complied with the requirements of this Section.

To Kraken at:

Kraken Energy Corp.
#717 – 1030 West Georgia Street
Vancouver, British Columbia, V6E 2Y3

Attention: Garrett Ainsworth, Chairman
Email: gainsworth@hotmail.com

To the Optionor at:

Robert Weicker

Attention: Robert Weicker
Email: [REDACTED]

8.8 Expenses. Except as may otherwise be provided for in this Agreement, each of the parties acknowledges and agrees that all expenses incurred by a party relating to the purchase and sale of the Garfield Hills Claims will be borne by the party incurring such expense.

8.9 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws applicable therein. For the purpose of all legal proceedings this Agreement shall be deemed to have been performed in the Province of British Columbia and the courts of the Province of British Columbia shall have jurisdiction to entertain any action arising under this Agreement.

8.10 Independent Legal Advice. Each of the parties acknowledge and declare that in executing this Agreement, they are relying wholly upon their own judgment, belief and knowledge of the nature, extent and duration of all such matters, causes or things contained herein as well as liability questions involved, having had adequate opportunity to seek and obtain such independent legal advice with respect thereto as they require and that the other party hereto is relying on this acknowledgement and declaration in entering into this Agreement.

8.11 Counterparts/Electronic Transmission. This Agreement may be executed in any number of counterparts with the same effect as if all parties had signed the same document. All counterparts will constitute one and the same agreement. This Agreement may be executed and transmitted electronically and if so executed and transmitted this Agreement will be for all purposes as effective as if the parties had delivered an executed original Agreement.

[Signature page follows.]

IN WITNESS WHEREOF the parties have executed this Agreement as of the date first set out above.

KRAKEN ENERGY CORP.

By: "*Garrett Ainsworth*" _____

Name: Garrett Ainsworth

Title: Chairman of the Board

"Robert Weicker" _____

ROBERT WEICKER

Schedule "A"

Garfield Hills Claims

See attached.

Claim Name	Date Of Location	BLM NVSO # - NV	Date of BLM Filing	Mineral County Document #	Date of BLM Filing
GH-1	November 11, 2021	105295990	February 9, 2022	180629	February 9, 2022
GH-2	November 11, 2021	105295991	February 9, 2022	180630	February 9, 2022
GH-3	November 11, 2021	105295992	February 9, 2022	180631	February 9, 2022
GH-4	November 11, 2021	105295993	February 9, 2022	180632	February 9, 2022
GH-5	November 11, 2021	105295994	February 9, 2022	180633	February 9, 2022
GH-6	November 11, 2021	105295995	February 9, 2022	180634	February 9, 2022
GH-7	November 11, 2021	105295996	February 9, 2022	180635	February 9, 2022
GH-8	November 11, 2021	105295997	February 9, 2022	180636	February 9, 2022
GH-9	November 11, 2021	105295998	February 9, 2022	180637	February 9, 2022
GH-10	November 11, 2021	105295999	February 9, 2022	180638	February 9, 2022
GH-11	November 11, 2021	105296000	February 9, 2022	180639	February 9, 2022
GH-12	November 11, 2021	105296001	February 9, 2022	180640	February 9, 2022
GH-13	November 13, 2021	105296002	February 9, 2022	180641	February 9, 2022
GH-14	November 13, 2021	105296003	February 9, 2022	180642	February 9, 2022
GH-15	November 13, 2021	105296004	February 9, 2022	180643	February 9, 2022
GH-16	November 13, 2021	105296005	February 9, 2022	180644	February 9, 2022
GH-17	November 13, 2021	105296006	February 9, 2022	180645	February 9, 2022
GH-18	November 13, 2021	105296007	February 9, 2022	180646	February 9, 2022
GH-19	November 13, 2021	105296008	February 9, 2022	180647	February 9, 2022
GH-20	November 13, 2021	105296009	February 9, 2022	180648	February 9, 2022
GH-21	November 15, 2021	105296010	February 9, 2022	180649	February 9, 2022
GH-22	November 15, 2021	105296011	February 9, 2022	180650	February 9, 2022
GH-23	November 15, 2021	105296012	February 9, 2022	180651	February 9, 2022
GH-24	November 15, 2021	105296013	February 9, 2022	180652	February 9, 2022
GH-25	November 15, 2021	105296014	February 9, 2022	180653	February 9, 2022
GH-26	November 15, 2021	105296015	February 9, 2022	180654	February 9, 2022
GH-27	November 15, 2021	105296016	February 9, 2022	180655	February 9, 2022
GH-28	November 15, 2021	105296017	February 9, 2022	180656	February 9, 2022
GH-29	November 21, 2021	105296018	February 9, 2022	180657	February 9, 2022
GH-30	November 21, 2021	105296019	February 9, 2022	180658	February 9, 2022
GH-31	November 21, 2021	105296020	February 9, 2022	180659	February 9, 2022
GH-32	November 21, 2021	105296021	February 9, 2022	180660	February 9, 2022
GH-33	November 21, 2021	105296022	February 9, 2022	180661	February 9, 2022
GH-34	November 21, 2021	105296023	February 9, 2022	180662	February 9, 2022
GH-35	November 21, 2021	105296024	February 9, 2022	180663	February 9, 2022
GH-36	November 21, 2021	105296025	February 9, 2022	180664	February 9, 2022

Schedule “B”

Net Smelter Return Royalty

This is Schedule “B” to the Option Agreement (the “**Agreement**”) dated as of August 9, 2022 between Kraken Energy Corp. (“**Kraken**,” together with its wholly-owned Nevada subsidiary, Kraken Energy (Nevada) Corp. (“**NevadaCo**”) referred to herein as the “**Optionees**”) and Robert Weicker (the “**Optionor**”)

Unless otherwise defined, all capitalized terms used in this Schedule “B” shall have the meaning ascribed thereto under the Agreement.

1. Definition

- (1) “**Net Smelter Return**” for purposes of the Agreement is defined as follows:
 - (a) where all or a portion of the ores or concentrates derived from the Garfield Hills Claims are sold as ores or concentrates, the Net Smelter Return shall be the gross amount actually received from the purchaser following sale thereof after deduction, if applicable under the sale contract, of all smelter charges, penalties and other deductions, and after deducting all costs of transporting (including shipping, freight, handling, port, demurrage, delay and forwarding expenses and transaction taxes) and insuring the ores or concentrates from the mine to the smelter or other place of final delivery, including any place or places of storage and sale to the place where sold and after deducting all sales, use, gross receipts, severance, ad valorem, value added tax, export and other taxes, custom duties, and other governmental charges, if any, payable by the Optionees with respect to the existence, severance, production, removal, sale, import, export, transportation, or disposition of all or a portion of the ores or concentrates derived from the Garfield Hills Claims but excluding taxes based on net or gross income and like taxes, the value of the Garfield Hills Claims or the privilege of doing business and any value added or other taxes that are recoverable by the Optionees and any and all insurance proceeds; or
 - (b) where all or a portion of the said ores or concentrates derived from the Garfield Hills Claims are treated in a smelter and a portion of the metals recovered therefrom are delivered to, and sold by the Optionees, the Net Smelter Return shall be the gross amount actually received from the purchaser following sale of the metals so delivered, after deduction of all smelter charges, penalties and other deductions, and after deducting all costs of transporting (including shipping, freight, handling, port, demurrage, delay and forwarding expenses and transaction taxes) and insuring the ores or concentrates from the mine to the smelter, and, if applicable under the smelter contract, all costs of transporting (including shipping, freight, handling, port, demurrage, delay and forwarding expenses and transaction taxes) and insuring the metals from the smelter to the place of final delivery, including any place or places of storage and sale to the place where sold and after deducting all sales, use, gross receipts, severance, ad valorem, value added tax, export and other taxes, custom duties, and other governmental charges, if any, payable by the Optionees with respect to the existence, severance, production, removal, sale, import, export, transportation, or disposition of all or a portion of the ores or concentrates derived from the Garfield Hills Claims but excluding taxes based on net or gross income and like

taxes, the value of the Garfield Hills Claims or the privilege of doing business and any value added or other taxes that are recoverable by the Optionees and any and all insurance proceeds.

Where any ores or concentrates are sold to, or treated in, a smelter owned or controlled by the Optionees, the pricing for that sale or treatment will be established by the Optionees on an arms-length basis so as to be fairly competitive with pricing, net of transportation, insurance, treatment charges and other related costs, then available on world markets for product of like quantity and quality.

2. Payment of Net Smelter Returns Royalty

- (2) The Optionees shall calculate the Net Smelter Return Royalty and the sums to be disbursed to the Optionor as at the end of each calendar quarter.
- (3) The Optionees shall, within 60 days of the end of each calendar quarter, as and when any Net Smelter Return Royalty are available for distribution:
 - (a) pay or cause to be paid in Canadian dollars by cheque or money order made payable to the Optionor that percentage of the Net Smelter Return Royalty to which the Optionor is entitled under the Agreement;
 - (b) deliver to the Optionor a statement indicating:
 - (i) the gross amounts received from the purchaser contemplated in subsection 1(1) of this Schedule "B";
 - (ii) the deductions therefrom in accordance with subsection 1(1) of this Schedule "B";
 - (iii) the amount of Net Smelter Returns remaining; and
 - (iv) the amount of those Net Smelter Returns to which the Optionor is entitled;

supported by such reasonable information as to the tonnage and grade of ores or concentrates shipped as will enable the Optionor to verify the gross amount payable by the smelter or other purchaser.

3. Adjustments and Verification

- (4) Payment of any Net Smelter Return Royalty by the Optionees shall not prejudice the right of the Optionor to adjust any statement supporting the payment; provided, however, that all statements presented to the Optionor by the Optionees for any quarter shall conclusively be presumed to be true and correct upon the expiration of 12 months following the end of the quarter to which the statement relates, unless within that 12-month period the Optionees give notice to the Optionor claiming an adjustment to the statement which will be reflected in subsequent payment of Net Smelter Return Royalty.
- (5) The Optionees shall not adjust any statement in favour of itself after the expiration of 12 months following the end of the quarter to which the statement relates.
- (6) The Optionor shall, upon 30 days' notice in advance to the Optionees, have the right to request that the Optionees have its independent external auditors provide their audit

certificate for the statement or adjusted statement, as it may relate to the Agreement and the calculation of Net Smelter Return or Net Smelter Return Royalty.

- (7) The cost of the audit certificate shall be solely for the Optionor's account unless the audit certificate discloses material error in the calculation of Net Smelter Return or Net Smelter Return Royalty, in which case the Optionees shall reimburse the Optionor the cost of the audit certificate. Without limiting the generality of the foregoing, a discrepancy of one percent or more in the calculation of Net Smelter Return or Net Smelter Return Royalty shall be deemed to be material.

4. Hedging

In the event that the Optionees elect to engage in hedging or price protection activities, including, but not limited to, forward selling, metal loans, stockpiling, future trading or commodity options trading, and any other price hedging, price protection, and speculative arrangement on or off commodity exchanges that may involve any minerals concentrates or metals produced from the Garfield Hills Claims or any similar such actions ("**Hedging Activities**"), such Hedging Activities and the profits and losses generated from the Hedging Activities, shall not be included in the term "Net Smelter Returns". All Hedging Activities by the Optionees and all profits or losses associated therewith, if any, shall be solely for the Optionees' account.

5. Non-Arms Length Sales

If any portion of the minerals, metals or concentrates extracted and derived from the ore mined and removed from the Garfield Hills Claims are sold to a purchaser owned or controlled by the Optionees or treated by a smelter owned or controlled by the Optionees, the actual proceeds received shall be deemed to be an amount equal to what could be obtained from a purchaser or a smelter not so owned or controlled in respect of minerals, metals or concentrates, as applicable, of like grade, quality and quantity.

6. Confidentiality

The Optionor shall not, without the prior written consent of the Optionees, which shall not be unreasonably delayed or withheld, knowingly disclose to any third party data or information obtained pursuant to this Agreement which is not generally available to the public; provided, however, the Optionor may disclose data or information so obtained without consent of the Optionees: (a) if required for compliance with laws, rules, regulations or orders of a governmental agency or stock exchange; or (b) to any third party to whom the Optionor, in good faith, anticipates selling or assigning their interest in the Garfield Hills Claims, provided however, that any such third party to whom disclosure is made has a legitimate business need to know the disclosed information, and shall first agree in writing to protect the confidential nature of such information to the same extent the Optionor is obligated under this section.

7. Records

The Optionees shall use commercially reasonable efforts to keep or cause to be kept proper books of account, records and supporting materials covering all matters relevant to the mining and extraction and removal of minerals, metals and concentrates from the Garfield Hills Claims substantiated by engineering data compiled in accordance with generally accepted mining and mine management practices.

8. Interest in Land

The obligation of the Optionees to pay the Net Smelter Return Royalty as provided in this Agreement is an obligation which the parties intend, to the extent allowed by law, to create a vested interest in the Garfield Hills Claims, or any successor title, and an interest in the minerals, metals and concentrates

extracted and removed from the Garfield Hills Claims and such royalty is intended to run with and form part of the Garfield Hills Claims.

9. Commingling

Minerals, metals and concentrates extracted and removed from the Garfield Hills Claims may be integrated with and operated as a single operation with other mining properties owned by third parties or in which the Optionees has an interest, in which event, the parties agree that (notwithstanding separate ownership thereof) all materials mined, extracted and removed from such other mining properties owned by third parties and subsequently milled, treated or otherwise beneficiated for the purpose of removing its mineral content (the “**Third Party Ore**”) may be blended and commingled at the time of mining or at anytime thereafter with the minerals, metals or concentrates from the Garfield Hills Claims, provided however, that such commingling is accomplished only after the quantity, character and mineral content of any minerals have been determined or ascertained by sound assaying or engineering principles consistently applied and provided further that each respective mining property shall bear and have allocated to them the proportionate share of charges and costs described in Section 1 above as well as the proportionate share of costs and charges affected by the tonnages and respective characteristics of Third Party Ore and other materials mined and beneficiated and the characteristics of such material including the metal content of such minerals, metals or concentrates removed from, and to any special charges relating particularly to Third Party Ores, concentrates or other products or the treatment thereof derived from any such mining properties.

10. Weighing Sampling Assaying

The Optionees shall ensure that reasonable customary and usual practices and procedures are adopted and employed for weighing, determining moisture content, sampling and assaying and determining recovery factors for the mineral, metals and concentrates extracted, derived and removed from the Garfield Hills Claims and Third Party Ores and shall record such data in order to determine the amount of economically recoverable materials extracted or derived from such minerals, metals and concentrates and Third Party Ores. The Optionees shall maintain accurate records of the results of such sampling, weighing and analysis and the Optionor shall be permitted the right to examine, at all reasonable times and at its own cost, such records relating to any blending and commingling of minerals, metals and concentrates and Third Party Ores.

11. Mining Methods

The Optionees shall have the sole and exclusive right to determine the timing, nature, manner and extent of any production from the Garfield Hills Claims and all related exploration, development, operational and mining activities and may suspend operations and production on the Garfield Hills Claims at any time it considers prudent or appropriate to do so. Nothing in this Agreement shall require the Optionees to explore, develop or mine or continue operations on the Garfield Hills Claims or to process ores from the Garfield Hills Claims. The Optionees shall not be responsible for nor be obliged to make any Net Smelter Return Royalty payments for values lost in any mining or processing of the materials conducted pursuant to customary mining practices. The Optionees shall not be required to mine or to preserve or protect the materials which under customary mining practices cannot be mined or shipped at a reasonable profit at the time mined.

12. Transfers

The Optionees shall be entitled to transfer the Garfield Hills Claims or the minerals in situ or the proceeds thereof, or its rights and obligations under this Agreement to any Person (a “Transferee”) by any means whatsoever (including by way of joint venture or grant of an option of an interest in and to the Garfield Hills Claims), provided that any Transferee shall have first entered into an agreement with the Optionor in

form and substance satisfactory to the Optionor, acting reasonably, under which the Transferee assumes the obligations of the Optionees under this Agreement. From and after the execution of such agreement, the Optionees will be released from any obligations and liabilities under this Agreement (to the extent of the interest so Transferred) other than obligations and liabilities existing or accrued as at the time of Transfer.

13. Surrender and Abandonment

The Optionees shall be free to surrender, abandon, relinquish or allow to lapse or expire such portions of the Garfield Hills Claims as they may deem advisable from time to time, provided the Optionees provide at least 30 days written notice to the Optionor of their intention to do so and shall, if requested by the Optionor by written notice to Optionees within that period of time, transfer (and, if applicable, deliver duly executed transfers) to the Optionor all or any portions of the Garfield Hills Claims so intended to be dealt with, in consideration for the payment of \$1.00, with each tenure so transferred to be in good standing for at least one year from the date of the original notice from the Optionees, in which case any portion of the Garfield Hills Claims so transferred shall cease to be included in the Garfield Hills Claims and shall cease to be subject to this Agreement (and in respect of the foregoing, the Parties shall promptly execute an agreement to amend this Agreement to remove such portion of the Garfield Hills Claims so transferred from the list of Garfield Hills Claims), provided that any such transfer of tenure shall be completed without warranty from the Optionees on an “as is where is” basis.