

**PACIFIC EMPIRE MINERALS CORP.**

**AND:**

**1111 ACQUISITION CORP.**

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**OPTION AGREEMENT**

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**August 25, 2020**

**TABLE OF CONTENTS**

**1.0 DEFINITIONS ..... 1**

**2.0 REPRESENTATIONS AND WARRANTIES OF THE OPTIONOR..... 4**

**3.0 REPRESENTATIONS AND WARRANTIES OF THE OPTIONEE..... 5**

**4.0 OPTION EXERCISE..... 6**

**5.0 FORMATION OF THE JOINT VENTURE ..... 8**

**6.0 OPERATOR DURING THE OPTION PERIOD..... 9**

**7.0 TRANSFER OF TITLE AND INTEREST ..... 9**

**8.0 OBLIGATIONS OF THE OPTIONEE ..... 10**

**9.0 ABANDONMENT ..... 10**

**10.0 TERMINATION OF OPTION ..... 11**

**11.0 FORCE MAJEURE..... 11**

**12.0 CONFIDENTIAL INFORMATION AND NEWS RELEASES ..... 11**

**13.0 DISPUTE RESOLUTION..... 13**

**14.0 NOTICES ..... 13**

**15.0 REGULATORY APPROVAL ..... 14**

**16.0 GENERAL ..... 14**

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## OPTION AGREEMENT

THIS AGREEMENT is dated effective August 25, 2020

AMONG:

**PACIFIC EMPIRE MINERALS CORP.**, a company duly incorporated under the laws of the Province of British Columbia having an office address at Suite 211, 850 West Hastings Street, Vancouver, British Columbia, V6C 1E1

(the “**Optionor**”)

AND:

**1111 ACQUISITION CORP.**, a company duly incorporated under the laws of the Province of British Columbia having an office address at 1100-1111 Melville Street, Vancouver, British Columbia, V6E 3V6,

(the “**Optionee**”)

WHEREAS:

- A. The Optionor is the owner of a 100% legal and beneficial interest in the Property (as defined herein) located in British Columbia; and
- B. The Optionor wishes to grant an exclusive option to the Optionee to acquire 70% of the interest of the Optionor in and to the Property on and subject to the terms and conditions set out herein.

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the mutual covenants and agreements contained herein and for other good and valuable consideration, the receipt and sufficiency whereof is hereby acknowledged by each of the parties hereto, the parties agree as follows:

### 1.0 **DEFINITIONS**

1.1 In this Agreement, except as otherwise expressly provided or as the context otherwise requires:

“**Abandonment Date**” has the meaning given to it in Section 9.0.

“**Abandonment Property**” has the meaning given to it in Section 9.0.

“**Acquired Properties**” has the meaning given to it in Section 5.2(d).

“**Agreement**” means this Agreement, including the Schedules hereto, as amended or supplemented from time to time.

“**AMI**” has the meaning given to it in Section 5.2(d).

“**Approved Expenses**” has the meaning given to it in Section 5.2(b).

“**Business Day**” means any day, other than a Saturday, Sunday or statutory holiday, on which the chartered banks in Vancouver, British Columbia are open for business.

“**Exploration Expenditures**” has the meaning given to it in Section 4.1(b).

“**Exchange**” means the TSX Venture Exchange.

“**IFRS**” means International Financial Reporting Standards developed by the International Accounting Standards Board.

“**Joint Venture**” has the meaning given to it in Section 5.1.

“**JV Agreement**” has the meaning given to it in Section 5.1.

“**Majority Owner**” has the meaning given to it in Section 5.2(c).

“**Management Committee**” has the meaning given to it in Section 5.2(a).

“**Mining Work**” means every kind of work done on or in respect of the Property or the products therefrom by or under the direction of or on behalf of or for the benefit of a party and, without limiting the generality of the foregoing, includes assessment work, geophysical, geochemical and geological surveying, studies and mapping, investigating, drilling, designing, examining, equipping, improving, surveying, shaft sinking, raising, crosscutting and drifting, searching for, digging, trucking, sampling, including but not limited to surface, subsurface and drill core sampling, working and procuring minerals, ores, metals, and concentrates, surveying and bringing any mineral claims or other interests to lease, reporting and all other work usually considered to be prospecting, exploration, development and mining work.

“**Minority Owner**” has the meaning given to it in Section 5.2(c).

“**Minority NSR**” has the meaning given to it in Section 5.2(c).

“**NSR Royalty**” means the 1% net smelter returns royalty owned by BatteryOne Royalty Corp. in respect of the Property.

“**Option**” means the option to acquire a 70% interest of the Optionor’s right, title and interest in the Property as provided in Section 4.1.

“**Option Payments**” has the meaning given to it in Section 4.1(a).

“**Option Period**” means from the date hereof until the earlier of: (i) the termination of this Agreement in accordance with Section 10.0; or (ii) the exercise of the Option by the Optionee.

“**Option Satisfaction Date**” has the meaning given to it in Section 4.2.

“**PFS Date**” has the meaning given to it in Section 4.3.

“**Pre-Feasibility Study**” means a comprehensive study, in accordance with the principles and requirements of National Instrument 43-101 – *Standards of Disclosure for Mineral Projects*, in respect of the Property of a range of options for the technical and economic viability of mining operations on the Property that has advanced to a stage where a preferred mining method, in the case of underground mining, or the pit configuration, in the case of an open pit, is established and an effective method of mineral processing is determined. The study must include a financial analysis based on reasonable assumptions on or in respect of mining, processing, metallurgical, economic, marketing, legal, environmental, social and governmental considerations (including permitting), work plan and schedule for the recommended next study phase and the evaluation of any other relevant factors.

“**Property**” means the mineral claims located in British Columbia and described in Schedule A hereto and the Property Rights, and all other mining interests derived from such claims, and shall include any renewals thereof and any form of successor or substitute titles thereto, including any mineral leases into which such mineral claims may have been converted, but shall not include any interests in any other mineral claims which the Optionee acquires an interest in at any time after the date of this Agreement.

“**Property Rights**” means all licences, permits, easements, rights-of-way, certificates and other approvals obtained by the Optionor and necessary for the development of the Property, or for the purpose of placing the Property into production or continuing production therefrom.

“**Qualifying Expenditures**” means all costs, expenses, liabilities, charges, outlays and obligations whatsoever kind of nature, direct or indirect, incurred or funded in connection with Mining Work.

“**Share Issuances**” has the meaning given to it in Section 4.1(c).

“**Shares**” means common shares in the capital of the Optionee.

1.2 The headings are for convenience only and are not intended as a guide to interpretation of this Agreement or any portion thereof.

1.3 The word “**including**”, when following any general statement or term, is not to be construed as limiting the general statement or term to the specific items or matters set forth or to similar items or matters, but rather as permitting the general statement or term to refer to all other items or matters that could reasonably fall within its broadest possible scope.

1.4 All accounting terms not otherwise defined herein have the meanings assigned to them, and all calculations to be made hereunder are to be made, in accordance with IFRS applied on a consistent basis.

1.5 In this Agreement, except as otherwise specified, all references to currency mean the currency of Canada.

1.6 A reference to a statute includes all regulations made thereunder, all amendments to the statute or regulations in force from time to time, and any statute or regulation that supplements or supersedes such statute or regulations.

- 1.7 A reference to an entity includes any successor to that entity.
- 1.8 Words importing the masculine gender include the feminine or neuter, words in the singular include the plural, words importing a corporate entity include individuals, and vice versa.
- 1.9 A reference to “approval”, “authorization” or “consent” means written approval, authorization or consent.
- 1.10 The following schedules are attached to and form part of this Agreement:

Schedule A – Description of the Property

Schedule B – Form of Net Smelter Returns Royalty

## **2.0 REPRESENTATIONS AND WARRANTIES OF THE OPTIONOR**

- 2.1 The Optionor represents and warrants to the Optionee that:
- (a) the Optionor is a company duly organized validly existing and in good standing under the laws of the Province of British Columbia;
  - (b) the Optionor has full power and authority to carry on its business and to enter into this Agreement and any agreement or instrument referred to or contemplated by this Agreement;
  - (c) the Optionor is the owner of a 100% undivided legal and beneficial interest in the Property;
  - (d) neither the execution of this Agreement nor the consummation of the transactions contemplated hereby conflict with, result in a breach of, or accelerate the performance required by any agreement to which the Optionor is a party;
  - (e) no consent or approval is required to permit the execution and delivery of this Agreement by the Optionor or the performance of its obligations hereunder;
  - (f) other than the NSR Royalty, the Optionor is the sole legal and beneficial owner of the Property, free and clear of all liens, charges and encumbrances, and no other person, other than the Optionee, has any right or interest to acquire any interest in the Property;
  - (g) the mineral claims comprising the Property are valid, have been properly located and recorded, are in compliance with all applicable laws and are currently in good standing with all applicable governmental entities in the Province of British Columbia;
  - (h) the Optionor is legally entitled to hold the Property and will remain so entitled until all interests of the Optionor in the Property have been duly transferred to the Optionee as contemplated hereby;
  - (i) the Optionor has not received any notice, whether written or oral, from any governmental entity or any person with jurisdiction or applicable authority of any revocation or intention to revoke the Optionor’s interest in the Property;

- (j) there is no adverse claim or challenge against or to the ownership of or title to the Property, nor to the knowledge of the Optionor, after making due inquiry, is there any basis therefor, and there are no outstanding agreements or options to acquire or purchase the Property or any portion thereof, and no person other than the Optionor has any royalty or other interest whatsoever in production from the Property;
- (k) there is no outstanding directive or order or similar notice issued by any regulatory agency, including agencies responsible for environmental matters, affecting the Property or the Optionor nor is there any reason to believe that such an order, directive or similar notice is pending;
- (l) all work carried out on the Property by the Optionor has been done in full compliance with all applicable laws and regulations; and
- (m) no proceedings are pending for, and the Optionor is unaware of any basis for the institution of any proceedings leading to the placing of the Optionor in bankruptcy or subject to any other laws governing the affairs of insolvent persons.

2.2 The representations and warranties contained in Section 2.0 are provided for the exclusive benefit of the Optionee and its successors and assigns, and a breach of any one or more thereof may be waived by the Optionee or its successors and assigns in whole or in part at any time without prejudice to its rights in respect of any other breach of the same or any other representation or warranty; and the representations and warranties contained in Section 2.0 will survive the execution hereof.

### **3.0 REPRESENTATIONS AND WARRANTIES OF THE OPTIONEE**

3.1 The Optionee represents and warrants to the Optionor that:

- (a) the Optionee is a valid and subsisting corporation duly incorporated under the laws of British Columbia and has full corporate power and authority to execute and deliver this Agreement and to observe and perform its covenants and obligations hereunder and has taken all necessary corporate proceedings and obtained all necessary approvals in respect thereof and, upon execution and delivery of this Agreement by it, this Agreement will constitute a legal, valid and binding obligation of the Optionee enforceable against it accordance with its terms except that:
  - (i) enforceability may be limited by bankruptcy, insolvency or other laws affecting creditors' rights generally;
  - (ii) equitable remedies, including the remedies of specific performance and injunctive relief, are available only in the discretion of the applicable court;
  - (iii) a court may stay proceedings before them by virtue of equitable or statutory powers; and
  - (iv) rights of indemnity and contribution hereunder may be limited under applicable law;

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- (b) neither the execution of this Agreement nor the consummation of the transactions contemplated hereby conflict with, result in a breach of, or accelerate the performance required by any agreement to which any the Optionee is a party;
- (c) neither the execution of this Agreement nor the consummation of the transactions contemplated hereby, result in a breach of the laws of any applicable jurisdiction or the constating documents of the Optionee;
- (d) no consent or approval is required to permit the execution and delivery of this Agreement by the Optionee or the performance of its obligations hereunder, save and except for any approval of the Exchange, if applicable, in connection with the issue of the Shares; and
- (e) the share capital of the Optionee is comprised of an unlimited number of common shares without par value. As of the date hereof, 5,200,000 common shares (to be escrowed over three years) are issued and outstanding, with an additional 1,376,000 special warrants convertible into common shares upon trading on a recognized Canadian Public Exchange.

3.2 The representations and warranties contained in Section 3.0 are provided for the exclusive benefit of the Optionor and a breach of any one or more thereof may be waived by the Optionor in whole or in part at any time without prejudice to its rights in respect of any other breach of the same or any other representation or warranty; and the representations and warranties contained in Section 3.0 will survive the execution hereof.

#### 4.0 OPTION EXERCISE

4.1 The Optionor hereby grants to the Optionee the sole and exclusive right to acquire 70% of the interest of the Optionor in the Property free and clear of all charges, encumbrances and claims (except for the NSR Royalty) following the satisfaction of the Optionee's obligations as set forth in this Section 4.0 (the "**Option**"), such obligations to include:

- (a) cash payments in the aggregate amount of \$375,000 in the amounts and on the schedule as set forth below (the "**Option Payments**"):
  - (i) \$15,000.00 on or before the date that is seven (7) calendar days after the date of this Agreement;
  - (ii) \$25,000.00 on or before the first anniversary of this Agreement;
  - (iii) \$35,000.00 on or before the second anniversary of this Agreement;
  - (iv) \$50,000.00 on or before the third anniversary of this Agreement; and
  - (v) \$250,000.00 on or before the fourth anniversary of this Agreement (with an option to pay up to 50% of such amount in this Section 4.1(a)(v) in an equivalent value in Shares);
- (b) the incurrence of an aggregate of \$5,700,000 in Qualifying Expenditures at the Property in the amounts and on the schedule as set forth below (the "**Exploration Expenditures**");

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- (vi) at least \$100,000.00 of Exploration Expenditures on or before the first anniversary of this Agreement;
  - (vii) at least an additional \$500,000.00 of Exploration Expenditures on or before the second anniversary of this Agreement;
  - (viii) at least an additional \$2,100,000.00 of Exploration Expenditures on or before the third anniversary of this Agreement; and
  - (ix) at least an additional \$3,000,000.00 of Exploration Expenditures on or before the fourth anniversary of this Agreement;
- (c) the issuance to the Optionor of an aggregate of 3,500,000 Shares in the amounts and on the schedule as set forth below (the “**Share Issuances**”):
- (x) 200,000 Shares on or before the first anniversary of this Agreement;
  - (xi) 300,000 Shares on or before the second anniversary of this Agreement;
  - (xii) 500,000 Shares on or before the third anniversary of this Agreement; and
  - (xiii) 2,500,000 Shares on or before the fourth anniversary of this Agreement.

4.2 As soon as reasonably practicable following the completion of all of the Option Payments, the Exploration Expenditures and the Share issuances contemplated by Section 4.1, the Optionor shall provide the Optionee with a formal notice of completion, the date of such formal notice of completion being the “**Option Satisfaction Date**”. The Option shall be exercised on the Option Satisfaction Date.

4.3 As soon as practicable upon the Optionee having exercised the Option pursuant to Section 4.2, and in any event within 10 Business Days thereafter, each of the Optionee and the Optionor will do all such further acts and execute all such further documents as may be necessary or desirable to transfer and to effect registration of the Optionee’s 70% interest in the Property with the appropriate registries. For clarity, following the exercise of the Option by the Optionee and prior to the registration of the Optionee’s 70% interest in the Property, the Optionor will be deemed to hold beneficial ownership of the Property in trust for the Optionee in respect of the Optionee’s 70% interest in the Property.

4.4 If and when the Option has been exercised following the completion of all of the Optionee’s obligations in accordance with this Section 4.0, a 70% right, title and interest in and to the Property will vest in the Optionee free and clear of all charges, encumbrances and claims, subject to the NSR Royalty.

4.5 Following the Option Satisfaction Date, the Optionee shall undertake commercially reasonable efforts to complete a Pre-Feasibility Study on the Property on or before the date that is four (4) calendar years after the Option Satisfaction Date, the date of such completion being the “**PFS Date**”.

4.6 Following the Option Satisfaction Date, in order to maintain its 70% undivided legal and beneficial interest in and to the in the Property in good standing, the Optionee must:

- (a) pay to the Optionor \$50,000 in cash (or the equivalent value in Shares) on the third anniversary of the Option Satisfaction Date and each such subsequent anniversary of the Option Satisfaction Date; and

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- (b) assume the sole responsibility and obligation for funding all Mining Work and related expenditures.

4.7 If the Optionee fails to make any of the payments required by Section 4.6 on the applicable anniversary of the Option Satisfaction Date, the Optionee shall forfeit its 70% undivided legal and beneficial interest in and to the in the Property. As soon as practicable following such date, and in any event within 10 Business Days thereafter, each of the Optionee and the Optionor will do all such further acts and execute all such further documents as may be necessary or desirable to transfer and to effect registration of the Optionee's forfeited 70% interest in the Property with the Optionor with the appropriate registries.

## **5.0 FORMATION OF THE JOINT VENTURE**

5.1 Upon the PFS Date, the parties will endeavour in good faith to complete and execute a Joint Venture Agreement on standard industry terms (the "**JV Agreement**") within 90 days of the PFS Date, with initial ownership levels consisting of 70% held by the Optionee and 30% held by the Optionor (the "**Joint Venture**"). As a condition precedent to the formation of the Joint Venture, if the total number of Shares granted to the Optionor under Section 4.0 represent less than 5% of the total issued and outstanding Shares on a fully diluted basis as of the PFS Date, the Optionee shall issue to the Optionor an additional amount of Shares required to bring the Optionor's ownership level to 5% of the total issued and outstanding Shares on a fully diluted basis.

5.2 The details of the JV Agreement will be negotiated in good faith following the PFS Date and shall broadly contain the following terms:

- (a) The Optionee (or a successor company) shall be deemed the operator of the Joint Venture, so long as its ownership interest is 50% or greater. The Optionor and Optionee shall form a management committee (the "**Management Committee**") to establish, in advance, exploration, mining and budget matters and plans. If the Management Committee is unable to reach agreement on any aspect of these project management items that is reasonably deemed important to the advancement of the Property, then the majority equity owner of the Property at that time will be authorized to make the final decision.
- (b) Following the formation of the Joint Venture, any and all costs and expenses related to the Property and approved by the Management Committee ("**Approved Expenses**") will be borne by each of the Parties in a proportion equivalent to their ownership level in the Joint Venture at that time. If either of the Parties is unable or unwilling to fund their pro-rata share of the Approved Expenses, the Joint Venture ownership levels will be adjusted to reflect cumulative expenses incurred by each of the Parties since the execution of the JV Agreement.
- (c) In the event that either of the Parties is diluted to a Joint Venture ownership level of less than 10% (the "**Minority Owner**"), the other Party (the "**Majority Owner**") will have the right to elect that the Minority Owner's equity in the Joint Venture be converted to a 2% net smelter return royalty on the Property (the "**Minority NSR**") and the parties hereto shall enter into a Net Smelter Returns Royalty Agreement substantially in the form of the Net Smelter Returns Royalty Agreement attached Schedule B hereto. The Majority Owner

will also retain the right to purchase one half of the Minority NSR (1%) from the Minority Owner for a total of \$1,000,000 up until the start of commercial production at the Property.

- (d) The Property shall be surrounded by an area of mutual interest (the “**AMI**”) which shall extend within a 2-kilometer radius from the outside claim boundaries of the Property, subject only to new claims staked or acquired from third parties after August 25, 2020. In the event that the Optionee (or a successor company) acquires additional claims within the AMI (the “**Acquired Properties**”) as a result of information gained through either (i) exploration activities completed on the Property in satisfaction of the terms of this Agreement, or (ii) exploration activities in connection with Approved Expenses under the JV Agreement, the Optionee will grant the Optionor a 12-month option to acquire an ownership level in the Acquired Properties equivalent to its ownership level in the Property at that time. In the event that the Optionor exercises its option, it will pay to the Optionee an amount equivalent to the acquisition cost of the Acquired Properties multiplied by the Optionor’s ownership level.

## **6.0 OPERATOR DURING THE OPTION PERIOD**

6.1 The Optionee shall be the operator of the Property during the Option Period.

6.2 During the period the Optionee is the operator of the Property, the Optionee, including the directors and officers of the Optionee and its employees, designated consultants, agents and independent contractors, shall gain possession of the Property and will have the sole and exclusive right in respect of the Property to:

- (a) enter thereon;
- (b) have exclusive and quiet possession thereof;
- (c) do such prospecting, exploration, development and/or other Mining Work thereon and thereunder as the Optionee in its sole discretion may determine advisable;
- (d) bring upon and erect upon the Property buildings, plant, machinery and equipment as the Optionee may deem advisable; and
- (e) remove therefrom and dispose of reasonable quantities of ores, minerals and metals for the purpose of obtaining assays or making other tests.

## **7.0 TRANSFER OF TITLE AND INTEREST**

7.1 During the Option Period, the Optionor shall not sell, transfer, encumber or dispose of all or any of its interest in the Property or this Agreement unless the Optionee has provided prior written consent to such transfer.

7.2 During the Option Period, the Optionee shall not sell, transfer, encumber or dispose of all or any of its interest in the Property or this Agreement unless the transferee of such interest shall have first delivered to the Optionor its written agreement to be bound by all of the terms, conditions and covenants of this Agreement, to the extent of the interest transferred to such transferee.

7.3 Upon the exercise of the Option, if requested by the Optionee, the Optionor will execute and deliver to the Optionee such document or documents as may be required by the Optionee acknowledging that the Option has been exercised, that a 70% interest in and to the Property, subject to the NSR Royalty, has been transferred to the Optionee.

## 8.0 **OBLIGATIONS OF THE OPTIONEE**

8.1 During the Option Period the Optionee will:

- (a) maintain the Property in good standing with all applicable government entities, including payment of all taxes and performing all required assessment work and making such filings and recordings on the Property as are necessary to maintain title and will perform all other actions that may be necessary to keep the Property free and clear of all liens and other charges;
- (b) permit the Optionor, at its own risk and expense, to visit the Property at all reasonable times, provided 48 hours of advance notice of such visit is provided to the Optionee, provided that the Optionor agrees to indemnify the Optionee against and to save the Optionee harmless from all costs, claims, liabilities and expenses that the Optionee may incur or suffer as a result of any injury (including injury causing death) to the Optionor or designated consultant of the Optionor while on the Property;
- (c) do all Mining Work on the Property in a good and workmanlike fashion and in accordance with all applicable laws, regulations, orders and ordinances of any governmental authority; and
- (d) indemnify and save the Optionor harmless in respect of any and all costs, claims, liabilities and expenses arising out of the Optionee's activities on the Property; provided that the Optionee will incur no obligation thereunder in respect of claims arising or damages suffered after termination of the Option if upon termination of the Option any workings on or improvements to the Property made by the Optionee are left in a safe condition.

## 9.0 **ABANDONMENT**

9.1 During the Option Period, if the Optionee intends to allow to lapse, abandon or surrender any part of the Property (the "**Abandonment Property**"), the Optionee shall give notice of such intention to the Optionor at least 60 days in advance of the applicable date of expiration or the proposed date of abandonment or surrender (one or the other, an "**Abandonment Date**") along with details of the Abandonment Date and of any encumbrance on the Abandonment Property. Within 15 days of receipt of such notice, the Optionor may deliver notice to the Optionee that the Optionor desires the Optionee to convey the Abandonment Property to the Optionor and, if the Optionor desires to have the Abandonment Property conveyed to it, then the Optionee shall convey the Abandonment Property to the Optionor and the Optionee shall have no further obligations in respect of the Abandonment Property under this Agreement. The Optionor and the Optionee shall use commercially reasonable efforts to obtain all approvals and consents required by any third person or governmental entity to effect this conveyance.

9.2 If the Optionor does not request conveyance of the Abandonment Property within 15 days of receipt of the notice from the Optionee then the Optionor's right to have such property conveyed will be terminated and the Optionee may abandon the Abandonment Property and shall thereafter have no further obligations in respect of the Abandonment Property under this Agreement.

#### **10.0 TERMINATION OF OPTION**

10.1 The Optionee may terminate the Option at any time prior to the exercise thereof by providing written notice to the Optionor.

10.2 The Optionor may terminate the Option if at any time during the Option Period the Optionee fails to perform any of its obligations specified in Section 4.0 of this Agreement, but only if:

- (a) it first gives to the Optionee a notice of default containing particulars of the obligation which the Optionee has not performed; and
- (b) the Optionee has not, within 30 days after delivery of such notice of default, cured such default or begun proceedings to cure such default by appropriate payment or performance.

10.3 If the Option is terminated otherwise than upon the exercise thereof pursuant to Section 4.4, the Optionee will:

- (a) leave the mining claims that comprise the Property in good standing for a period of one year from the termination of the Option Period;
- (b) deliver to the Optionor an instrument of transfer in order to transfer the right, title and interest in the Property to the Optionor or the Optionor's nominee or nominees, free and clear of all liens or charges arising from the Optionee's activities on the Property;
- (c) comply with applicable laws and regulations regarding reclamation for activities carried out by the Optionee on the Property; and
- (d) deliver, at no cost to the Optionor and within three months of the termination of the Option Period, copies of all reports, maps, assay results and other relevant technical data compiled by or in the possession of the Optionee with respect to the terminated tenures and not theretofore furnished to the Optionor.

10.4 Notwithstanding termination of the Option, the Optionee will have the right, within a period of one year following the end of the Option Period, to remove from the Property all buildings, plant, equipment, machinery, tools, appliances and supplies which have been brought upon the Property by or on behalf of the Optionee, and any such property not removed within such one year period will thereafter become the property of the Optionor.

#### **11.0 FORCE MAJEURE**

11.1 If the Optionee is prevented or delayed in complying with any provisions of this Option Agreement by reason of strikes, lockouts, labour shortages, power shortages, floods, fires, disease (including the novel coronavirus disease (COVID-19) or any evolution thereof) wars, acts of God, governmental regulations

restricting normal operations or any other reason or reasons beyond the control of the Optionee, the time limited for the performance of the various provisions of this Option Agreement as set out above shall be extended by a period of time equal in length to the period of such prevention and delay. The Optionee, insofar as is possible, shall promptly give written notice to the Optionor of the particulars of the reasons for any prevention or delay under this section and shall take all reasonable steps to remove or remedy, as applicable, the cause of such prevention or delay as soon as reasonably practicable, and shall give notice to the Optionor as soon as such cause ceases to subsist. The Optionee will provide regular, and not less than monthly, updates in writing to the Optionor of the status of the force majeure and the efforts to remove or remedy, as applicable, the cause of such prevention or delay.

## **12.0 CONFIDENTIAL INFORMATION AND NEWS RELEASES**

### **12.1 Confidentiality**

Except as otherwise provided in this Agreement, both parties agree that without the prior written consent of the other party, it will treat as confidential and prevent disclosure to any third parties of any geological, geophysical or other factual and technical information and data relating to the Property or activities related to the Property. This obligation shall be a continuing obligation of any party throughout the term of this Agreement and for a period of one year following termination of this Agreement.

### **12.2 Exceptions**

The approval required by Section 12.1 shall not apply to a disclosure:

- (a) to an affiliate, consultant, contractor or subcontractor that has a *bona fide* need to be informed;
- (b) reasonably required by a third party or parties in connection with negotiations for a permitted transfer of an interest under this Agreement, an interest in the Property or the acquisition of an equity or other interest in a party to such third party or parties;
- (c) to a governmental agency or to the public which any disclosing party believes in good faith is required by pertinent law or regulation or the rules or policies of any stock exchange or securities regulatory authority;
- (d) reasonably required by a party in the prosecution or defense of a lawsuit or other proceeding;
- (e) as reasonably required by a financial institution or other similar entity in connection with any financing being undertaken by a party hereto for purposes of this Agreement;
- (f) information which is or becomes part of the public domain other than through a breach of this Agreement;
- (g) information already in the possession of a party or its affiliate prior to receipt thereof from any other party or its affiliates or development of such information under this Agreement;

- (h) information lawfully received by a party or an affiliate from a third party not under an obligation of secrecy to the other parties; or
- (i) following termination of this Agreement, confidential information reasonably required by a third party or parties in connection with negotiating for a transfer of an interest in the Property.

In any case to which this Section 12.2 is applicable, any disclosing party shall provide the proposed text to the other parties prior to making such disclosure. As to any disclosure pursuant to Section 12.2(a), (b) or (e) only such confidential information as such third party shall have a legitimate business need to know shall be disclosed and such third party shall first agree in writing to protect the confidential information from further disclosure to the same extent as the parties are obligated under this Section 12.0.

### **13.0 DISPUTE RESOLUTION**

Any dispute or proceeding in connection with this Agreement shall be subject to the exclusive jurisdiction of the courts in the Province of British Columbia.

### **14.0 NOTICES**

14.1 Each notice, demand or other communication required or permitted to be given under this Agreement will be in writing and will be sent by prepaid registered mail or commercial courier addressed to any party entitled to receive the same, or delivered to such party, at the address for such party specified or by facsimile or electronic mail, in each case addressed as applicable as follows:

- (a) If to the Optionee at:

1111 Acquisition Corp.  
1100 – 1111 Melville Street  
Vancouver, British Columbia  
V6E 3V6

Attention: Robert Cameron  
Email: [rcpgeo@gmail.com](mailto:rcpgeo@gmail.com)

(b) If to the Optionor at:

Pacific Empire Minerals Corp.  
Suite 211, 850 West Hastings Street  
Vancouver, British Columbia  
V6C 1E1

Attention: Brad Peters  
Email: [brad@pemcorp.ca](mailto:brad@pemcorp.ca)

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

Osler, Hoskin & Harcourt LLP  
Suite 1700, Guinness Tower  
Vancouver, British Columbia  
V6E 2E9

Attention: Patrick Sullivan  
Email: [psullivan@osler.com](mailto:psullivan@osler.com)

or to such other address as is specified by the particular party by notice to the others.

14.2 The date of receipt of such notice, demand or other communication will be the date of delivery thereof if delivered or the date of sending it by facsimile, or, if given by registered mail or courier as aforesaid, will be deemed conclusively to be the third day after the same will have been so mailed except in the case of interruption of postal services for any reason whatever, in which case the date of receipt will be the date on which the notice, demand or other communication is actually received by the addressee.

14.3 Any party may at any time and from time to time notify the other parties in writing of a change of address and the new address to which notice will be given to it thereafter until further change.

## **15.0 REGULATORY APPROVAL**

15.1 This Agreement and the obligations of the Optionee contained in Section 4.0 are subject to regulatory approval by the Exchange, if applicable, such approval to be obtained on or before 45 days from the date of this Agreement. In the event such approval is not obtained by that date the parties may mutually agree to extend the time for approval for an additional period. If approval is not obtained, this Agreement will be of no further effect.

## **16.0 GENERAL**

16.1 This Agreement will supersede and replace any other agreement or arrangement, whether oral or written, heretofore existing between the parties in respect of the subject matter of this Agreement.



16.2 No consent or waiver expressed or implied by any party in respect of any breach or default by another party in the performance of such other of its obligations hereunder will be deemed or construed to be a consent to or a waiver of any other breach or default.

16.3 The parties will promptly execute or cause to be executed all documents, deeds, conveyances and other instruments of further assurance which may be reasonably necessary or advisable to carry out fully the intent of this Agreement or to record wherever appropriate the respective interests from time to time of the parties in the Property.

16.4 This Agreement and any other writing delivered pursuant hereto may be executed in any number of counterparts with the same effect as if all parties to this Agreement or such other writing had signed the same document and all counterparts will be construed together and will constitute one and the same instrument. To evidence its execution of an original counterpart of this Agreement, a party may send a copy of its original signature on the execution page hereof to the other parties by facsimile transmission or electronic mail and such transmission shall constitute delivery of an executed copy of this Agreement to the receiving party.

16.5 This Agreement will be governed and construed according to the laws of the Province of British Columbia and the laws of Canada applicable therein.

16.6 Time is of the essence in the performance of any and all of the obligations of the parties, including, without limitation, the payment of monies.

16.7 This Agreement will enure to the benefit of and be binding upon the parties and their respective successors and permitted assigns.

*[The remainder of this page is intentionally left blank.]*

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

**PACIFIC EMPIRE MINERALS CORP.**

Per: "Brad Peters"  
Name: Brad Peters  
Title: President and Chief Executive Officer

**1111 ACQUISITION CORP.**

Per: "Robert Cameron"  
Name: Robert Cameron  
Title: President

## SCHEDULE A

### Description of the Property

The Property is defined as the following mineral claims located in central British Columbia:

Title Number	Claim Name	Owner	Title Type	Map Number	Issue Date	Good To Date	Status	Area (ha)
1004442	LATER 1	276676 (100%)	Mineral	093N	2012/JUN/28	2026/DEC/22	GOOD	460.9
1004462	LATER 2	276676 (100%)	Mineral	093N	2012/JUN/28	2026/DEC/22	GOOD	460.7
1004482	LATER 3	276676 (100%)	Mineral	093N	2012/JUN/28	2026/DEC/22	GOOD	460.4
1004502	LATER 4	276676 (100%)	Mineral	093N	2012/JUN/28	2026/DEC/22	GOOD	460.7
1004522	LATER 5	276676 (100%)	Mineral	093N	2012/JUN/28	2026/DEC/22	GOOD	460.4
1004542	LATER 6	276676 (100%)	Mineral	093N	2012/JUN/28	2026/DEC/22	GOOD	441.8
1004562	LATER 7	276676 (100%)	Mineral	093N	2012/JUN/28	2026/DEC/22	GOOD	460.4
1004582	LATER 8	276676 (100%)	Mineral	093N	2012/JUN/28	2026/DEC/22	GOOD	460.4
1004602	LATER 9	276676 (100%)	Mineral	093N	2012/JUN/28	2026/DEC/22	GOOD	294.6
1004622	LATER 10	276676 (100%)	Mineral	093N	2012/JUN/28	2026/DEC/22	GOOD	368.1
1004642	LATER 11	276676 (100%)	Mineral	093N	2012/JUN/28	2026/DEC/22	GOOD	276.1
1004662	LATER 12	276676 (100%)	Mineral	093N	2012/JUN/28	2026/DEC/22	GOOD	460.3
1033591	APLITE CREEK NORTH	276676 (100%)	Mineral	093N	2015/JAN/22	2026/DEC/22	GOOD	18.4
1042434	L1	276676 (100%)	Mineral	093N	2016/FEB/29	2026/DEC/22	GOOD	73.7
1042435	L2	276676 (100%)	Mineral	093N	2016/FEB/29	2026/DEC/22	GOOD	92.0
1044057	L4	276676 (100%)	Mineral	093N	2016/MAY/11	2026/DEC/22	GOOD	368.0
1045033	L3	276676 (100%)	Mineral	093N	2016/JUN/30	2026/DEC/22	GOOD	92.0
1045485	L5	276676 (100%)	Mineral	093N	2016/JUL/21	2026/DEC/22	GOOD	36.8
1046078		276676 (100%)	Mineral	093N	2016/AUG/18	2026/DEC/22	GOOD	18.4
1046210		276676 (100%)	Mineral	093N	2016/AUG/23	2026/DEC/22	GOOD	36.8
1046214		276676 (100%)	Mineral	093N	2016/AUG/23	2026/DEC/22	GOOD	18.4
1046215		276676 (100%)	Mineral	093N	2016/AUG/23	2026/DEC/22	GOOD	18.4
1046813	L6	276676 (100%)	Mineral	093N	2016/SEP/20	2026/DEC/22	GOOD	36.8
1049082	L7	276676 (100%)	Mineral	093N	2017/JAN/10	2024/DEC/22	GOOD	809.4
1064032	NWT 1	276676 (100%)	Mineral	093N	2018/OCT/24	2021/JAN/03 *	PROTECTED	1,617.3
1064033	NWT 2	276676 (100%)	Mineral	093N	2018/OCT/24	2021/JAN/03 *	PROTECTED	1,781.4
1064034	NWT 3	276676 (100%)	Mineral	093N	2018/OCT/24	2021/JAN/03 *	PROTECTED	1,616.1
1064036	NWT 4	276676 (100%)	Mineral	093N	2018/OCT/24	2021/JAN/03 *	PROTECTED	697.8
1069869	GOLDEN LINK	276676 (100%)	Mineral	093N	2019/JUL/25	2021/JAN/03 *	PROTECTED	1,452.4
1069917	GOLDEN GUN	276676 (100%)	Mineral	093N	2019/JUL/28	2021/JAN/03 *	PROTECTED	258.2
* Good to December 31, 2021								

**SCHEDULE B**

**Form of Net Smelter Return Royalty**

(See attached)