

## OPTION AGREEMENT

**THIS AGREEMENT** (the “**Option Agreement**”) is executed and made effective the 16th day of September, 2022 (the “**Execution Date**”).

BETWEEN:

**CHRIS KNUDSEN**, an individual resident in the Municipality of Sunpeaks, in the Province of British Columbia.

(the “**Optionor**”)

AND:

**FATHOM NICKEL INC.**, a company incorporated under the laws of the Province of Alberta.

(the “**Optionee**”)

**WHEREAS:**

- A. The Optionor is the legal, beneficial and registered holder of a 100% undivided right, title and interest in and to the Gochager and accompanying properties covering nine (9) claims (4,696 hectares) located in north-central Saskatchewan, as more particularly described in Schedule “A” hereto (the “**Property**”);
- B. The Optionor wishes to grant to the Optionee and the Optionee wishes to acquire an option (the “**Option**”) to acquire up to a 100% interest in the Property; and
- C. The parties hereby wish to enter into this Option Agreement with respect to the Option and the Property to formalize the parties' respective interests and ongoing rights and obligations subject to the terms and conditions herein.

**NOW THEREFORE**, this Option Agreement witnesses that for good and valuable consideration, the receipt and sufficiency of which is acknowledged, the Optionee and the Optionor agrees as follows:

### ARTICLE 1 INTERPRETATION

- 1.1 **Number and gender.** Words importing the singular number shall include the plural and vice versa; words importing gender (or the lack thereof) shall include all genders of lack thereof interchangeably; and words importing persons shall include corporations and other business enterprises and vice versa.
- 1.2 **Currency.** Unless otherwise expressly stated, all references to currency in this Option Agreement are references to lawful currency of Canada.
- 1.3 **Headings.** The use of headings in this Option Agreement and the schedules hereto are solely for ease of reference and shall not affect the interpretation or the construction of any provision hereof.
- 1.4 **References.** Unless otherwise stated, a reference to an Article, Section or other organizational

division shall refer to the respective Article, Section or other organizational division of this Option Agreement.

## ARTICLE 2 OPTION

- 2.1 Option Grant.** The Optionor hereby grants to the Optionee the Option.
- 2.2 Option Terms.** In order to exercise the Option and acquire an undivided 100% interest in the Property, the Optionee shall be required to meet the following conditions on or before the dates specified below (the “**Earn-In Conditions**”):
- (a) on the Execution Date or as soon as practicable thereafter, the Optionee shall make an initial cash payment of \$9,000 to the Optionor and shall issue 150,000 common shares of the Optionee (each, a “**Share**”) to the Optionor;
  - (b) on the first anniversary of the Execution Date, the Optionee shall make a further cash payment of \$15,000 to the Optionor and shall issue an additional 170,000 Shares to the Optionor;
  - (c) on the second anniversary of the Execution Date, the Optionee shall make a further cash payment of \$30,000 to the Optionor and shall issue an additional 250,000 Shares to the Optionor;
  - (d) on the third anniversary of the Execution Date, the Optionee shall make a further cash payment of \$40,000 to the Optionor and shall issue an additional 350,000 Shares to the Optionor;
  - (e) the Optionee shall make an aggregate of \$2,000,000 in exploration expenditures on the Property over a four-year option period, as follows:
    - i. a minimum of \$125,000 in exploration expenditures by the first anniversary of the Execution Date;
    - ii. a cumulative minimum of \$250,000 in exploration expenditures by the second anniversary of the Execution Date;
    - iii. a cumulative minimum of \$400,000 in exploration expenditures by the third anniversary of the Execution Date; and
    - iv. a cumulative minimum of \$2,000,000 in exploration expenditures by the fourth anniversary of the Execution Date.
- 2.3 Shares.** Any Shares issued by the Optionee to the Optionor under this Option Agreement will be subject to statutory hold periods and, if applicable, escrow provisions in accordance with applicable securities laws and the policies of the Canadian Securities Exchange (the “**CSE**”).
- 2.4 Earn-in Thresholds.** Upon the Optionee satisfying each of the Earn-In Threshold Conditions, the Optionee will have exercised the Option and acquired that percentage of an undivided right, title and interest in and to the Property, subject only to the Royalty (as hereinafter defined), and will give written notice to the Optionor to that effect. Promptly following the exercise by the Optionee of the Option with respect to the Property, the Optionor will take all necessary actions to transfer and quit claim its interests in the Property and record in the name of the

Optionee to that percentage of an undivided legal and beneficial interest in and to the Property, subject to the Royalty, in accordance with applicable laws and in accordance with the following Earn-In Thresholds:

- i. a minimum of \$350,000 in cumulative exploration expenditures, plus the share and cash payments noted in 2.2(a) and 2.2(b) shall result in the transfer of a 10% undivided legal and beneficial interest in and to the Property;
- ii. a minimum of \$750,000 in cumulative exploration expenditures, plus the share and cash payments noted in 2.2(c), shall result in the transfer of an additional 25% undivided legal and beneficial interest in and to the Property, for a cumulative ownership interest of the Optionee of 35%;
- iii. a minimum of \$1,200,000 in cumulative exploration expenditures, plus the share and cash payments noted in 2.2(d) shall result in the transfer of an additional 20% undivided legal and beneficial interest in and to the Property, for a cumulative ownership interest of the Optionee of 55%;
- iv. a minimum of \$1,600,000 in cumulative exploration expenditures, shall result in the transfer of an additional 20% undivided legal and beneficial interest in and to the Property, for a cumulative ownership interest of the Optionee of 75%; and
- v. a minimum of \$2,000,000 in cumulative exploration expenditures, shall result in the transfer of an additional 25% undivided legal and beneficial interest in and to the Property, for a cumulative ownership interest of the Optionee of 100%.

At its sole option, the Optionee can expedite its payments under Section 2.2 so as to earn the full 100% interest in the Property prior to the fourth anniversary of the Execution Date provided all required payments (cash and Shares) have been made and the required \$2,000,000 in exploration expenditures has been satisfied.

- 2.5 Earning of 100% Interest and Transfer of Title.** On the Optionee satisfying the final Earn-In Threshold Condition, the Optionee will have exercised the Option and acquired a 100% undivided right, title and interest in and to the Property, subject only to the Royalty (as hereinafter defined), and will give written notice to the Optionor to that effect. Promptly following the exercise by the Optionee of the Option with respect to the Property, the Optionor will take all necessary actions to transfer and quit claim its interests in the Property and record in the name of the Optionee a 100% undivided legal and beneficial interest in and to the Property, subject to the Royalty, in accordance with applicable laws.
- 2.6 Royalty.** On the Optionee successfully exercising the Option and earning a 100% undivided and legal and beneficial interest in the Property, the Optionee shall grant to the Optionor a 2.0% net smelter return royalty on the Property (the “**Royalty**”) in accordance with a net smelter return royalty agreement (the “**NSR Royalty Agreement**”) to be entered into by the Optionor and the Optionee at such time. The Optionee shall have the right to purchase (1.0%) of the Royalty from the Optionor for \$1,000,000 at any time, in accordance with the terms and conditions of the NSR Royalty Agreement, which is to be agreed upon by the parties on or before January 1, 2023.
- 2.7 Mineral Claims in Good Standing.** During the Option period, the Optionor shall keep all of the mineral claims in the Property in good standing. In the event that the Option Agreement is terminated, the Optionee shall retain that percentage of ownership that has been earned up to the date of termination as referenced in Section 2.4 above. The Optionee will ensure that all claims

have at least one year of assessment credit on the Property.

### **ARTICLE 3 MATTERS RELATING TO THE PROPERTY**

- 3.1 Possession and working right.** During the currency of the Option, the Optionee shall be the exclusive operator of the Property and shall have the exclusive working right to enter on, have exclusive and quiet possession thereof and conduct exploration, prospecting, development and any other operations on the Property as the Optionee in its sole discretion may decide, including but not limited to the right:
- (a) to erect, bring and install on the Property all buildings, plant, machinery, equipment, tools, appliances or supplies as the Optionee shall deem necessary and proper; and
  - (b) to remove from the Property reasonable quantities of rocks, minerals, ores, metals, diamonds and other gems, and to transport them for the purposes of sampling, metallurgical testing and assaying.
- 3.2 Conduct of operations.** All operations conducted by the Optionee shall be in accordance with good exploration, development, mining and reclamation practice, and in compliance with all applicable legislation.
- 3.3 Service Providers.** The Optionee shall, in its sole discretion, have the right to select any service providers for the Property.
- 3.4 Maintenance of Property.** During the currency of the Option, the Optionee shall maintain the Property in good standing; shall prepare and file the annual assessment reports in cooperation with the Optionor, to comply with applicable assessment requirements. The Optionor shall pay all taxes, assessments and other charges lawfully levied or assessed against the Property. The Optionor shall promptly transmit to the Optionee any and all notices pertaining to any and all taxes, assessments and other charges lawfully levied or assessed against the Property, and the Optionee shall reimburse the Optionor for any and all costs associated with the applicable reports and filings within 30 days of receiving such notice.
- 3.5 Records and Further Assurances.** Upon execution of this Option Agreement, the Optionor shall make available to the Optionee all available technical data, geotechnical reports, maps, digital files and other data with respect to the Property, provide all such consents or other documentation and do all such things as may be reasonably requested by the Optionee in connection with completing the transactions contemplated under this Option Agreement.
- 3.6 Area of Interest.**
- (a) Following the Execution Date, if either party acquires directly or indirectly or pursuant to any third party agreement, any mining claim, lease, license or other form of interest in minerals, or surface or water rights (an “**After-Acquired Property**”) located wholly or in part within two kilometers of the outer boundary of the Property (the “**Area of Interest**”), such interest shall form part of the Property for all purposes of this Option Agreement.

- (b) All costs of acquisition of an After-Acquired Property shall be considered exploration expenditures made by the Optionee towards fulfillment of the Earn-In Conditions. The Optionee shall be responsible for such acquisition costs, including staking costs by a third-party.

#### ARTICLE 4 REPRESENTATIONS AND WARRANTIES

**4.1 Optionor's representations and warranties.** The Optionor hereby represents and warrants to the Optionee that:

- (a) the Optionor is, and during the term of the Option, will be the legal, registered and beneficial holder of 100% undivided interest in the Property, free and clear of any and all defects, charges, liens and encumbrances of any nature or kind whatsoever, whether written or oral, direct or indirect;
- (b) the Optionor (i) has not transferred or encumbered, (ii) has not agreed to transfer or encumber, and (iii) will not agree to transfer or encumber all or any of its right, title or interest in and to the Property, except as provided for in this Option Agreement;
- (c) the Property has been duly and validly staked, located and recorded in accordance with the applicable laws, and is in good standing, free and clear of all assessments, charges, liens and encumbrances of any nature or kind whatsoever, whether written or oral, direct or indirect;
- (d) there are no actions, suits, claims, proceedings, litigation or investigations pending, or to the best of the Optionor's knowledge after due investigation, threatened, or any judgments outstanding and unsatisfied, against or affecting, any part or all of the Property;
- (e) no other person has any agreement or other right to acquire any interest in the Property;
- (f) there is no existing, contemplated or threatened governmental prohibition or moratorium on exploration or development work on the Property;
- (g) conditions on and relating to the Property and all previous work or operations conducted by the Optionor thereon are in compliance with all applicable laws, regulations or orders relating to environmental matters including, without limitation, waste disposal and storage and neither the Optionor, nor to its knowledge any person, has received any notice of any breach of any such laws, and it has no knowledge of any facts which would lead a well-informed operator in the mining industry to believe there are any environmental liabilities associated with the Property, and there are no environmental audits, evaluations, assessments or studies relating to the Property;
- (h) to the best of the Optionor's knowledge, information and belief, there are no outstanding orders or directions relating to environmental matters requiring any work, repairs, construction or capital expenditures with respect to the Property and the conduct of operations related thereto, it has not received any notice of the same and it is not aware of any basis on which any such order or direction could be made;
- (i) full and complete copies of all available exploration information and data, including all

geological, geophysical and geochemical information and data (including all drill, sample and assay results and all maps) concerning the Property in its possession or control have been provided to the Optionee;

- (j) the Optionor has the full and undisputed capacity, right and authority to enter into and deliver this Option Agreement, to perform and observe the covenants and conditions on its part to be performed and observed herein, and to deal with the Property as provided for in this Option Agreement;
- (k) neither the execution nor delivery of this Option Agreement, nor the performance or observance of the provisions hereof, will conflict with or result in the violation, contravention or breach of, or constitute or result in a default under:
  - (i) any of the terms and provisions of any law applicable to the Optionor; or
  - (ii) any agreement, written or oral, to which the Optionor may be a party or by which the Optionor or may be bound;
- (l) this Option Agreement has been duly executed and delivered by the Optionor and it constitutes a valid, legal and binding agreement enforceable against the Optionor in accordance with its terms;
- (m) the Optionor is not a non-resident of Canada for the purposes of the *Income Tax Act* (Canada); and
- (n) the Optionor is not aware of any material fact or circumstance which has not been disclosed to the Optionee, which should be disclosed in order to prevent the representations and warranties in this section from being misleading or which may be material in the Optionee's decision to enter into this Option Agreement.

**4.2 Optionee's representations and warranties.** The Optionee represents and warrants to the Optionor that:

- (a) it is a company duly and validly subsisting under the laws of Alberta, and all necessary approvals of its directors and officers, and any further approvals that may be required in connection therewith, have been or will have been obtained to authorize the entering into and delivery of this Option Agreement and the taking of all actions required pursuant hereto by the Optionee;
- (b) it has the full and undisputed power, right and authority to enter into and deliver this Option Agreement, to perform and observe the covenants and conditions or its part to be performed and observed herein, and to deal with the Property as provided for in this Option Agreement;
- (c) all Shares to be issued hereunder shall be duly and validly issued as fully paid and non-assessable common shares in the capital of the Optionee;
- (d) the Optionee is a reporting issuer within the meaning of applicable securities laws in the Provinces of British Columbia, Alberta, Manitoba, Ontario and Nova Scotia and is not in default of any material requirement under applicable securities laws. No delisting, suspension of trading in or cease trading order with respect to any securities of the

Optionee and, to the knowledge of the Optionee, no inquiry or investigation (formal or informal) of any applicable securities or regulatory authority, is in effect or ongoing or, to the knowledge of the Optionee, expected to be implemented or undertaken. The Shares are listed for trading on the CSE, and the Optionee complies in all material respects with all requirements of the CSE;

- (e) the Optionee is not an insolvent person within the meaning of the *Bankruptcy and Insolvency Act* (Canada) and no proceedings are pending for and the Optionee is not aware of any basis for the institution of any proceedings leading to the dissolution or winding-up of the Optionee or the placing of it into bankruptcy or subject to any other laws governing the affairs of insolvent persons nor is there any basis therefor;
- (f) neither the execution nor delivery of this Option Agreement, nor the performance or observance of the provisions hereof, will conflict with or result in the violation, contravention or breach of, or constitute or result in a default under:
  - (i) any of the terms and provisions of any law applicable to the Optionee;
  - (ii) any agreement, written or oral, to which the Optionee may be a party or by which the Optionee is or may be bound; or
  - (iii) the constating documents of the Optionee or of any resolution of its directors or shareholders;
- (g) this Option Agreement has been duly executed and delivered by the Optionee and it constitutes a valid, legal and binding agreement enforceable against the Optionee in accordance with its terms; and
- (h) the Optionee is not a non-resident of Canada for the purposes of the *Income Tax Act* (Canada).

**ARTICLE 5  
DEFAULT AND TERMINATION**

- 5.1 Event of Default and Termination by Optionor.** If the Optionee shall be in default in satisfying any of the Earn-In Conditions within the times required under section 2.2 hereof, the Optionor shall have the right to terminate this Option Agreement if written notice of such default has been provided by the Optionor to the Optionee and such default has not been rectified within 60 days from the date of receipt of such notice by the Optionee.
- 5.2 Termination by Optionee.** The Optionee shall be entitled to terminate this Option Agreement without further liability at any time by giving 30 days written notice of termination to the Optionor but shall forfeit all payments made up to the date of termination.
- 5.3 Optionee's Responsibilities on Termination.** If this Option Agreement is terminated prior to the Optionee earning an interest in the Property hereunder:
- (a) the Optionee shall remove from the Property, within three (3) months of the effective date of termination, all exploration, mining and other facilities erected, installed or brought upon the Property by or at the instance of the Optionee, and any exploration, mining or other facilities remaining on the Property unless agreement is made with Optionor to leave certain facilities on the Property;
  - (b) if this Option Agreement is terminated for any reason other than material breach of this Option Agreement by the Optionor, on the request of the Optionor, the Optionee shall allow the Optionor, at the Optionor's risk, cost and expense, to take possession of all drill cores and cuttings and assay pulps produced from the Property by the Optionee; and
  - (c) if this Option Agreement is terminated for any reason other than material breach of this Option Agreement by the Optionor, the Optionee shall leave the claims comprising the Property in good standing under applicable laws, rules and regulations for at least one full year following such termination.

**ARTICLE 6  
INDEMNITIES**

- 6.1 Mutual Indemnity.** Each party hereto shall and does hereby indemnify and save harmless the other party, as well as the others' directors, officers, employees, servants, agents, contractors and shareholders, from and against any and all claims, demands, actions, suits, proceedings, liabilities, losses, damages, costs, expenses, fees, fines, penalties, interests and deficiencies of any nature or kind whatsoever arising by virtue of or in respect of any inaccuracy, misstatement, misrepresentation, act or omission made by such party in connection with any matter set out herein, and any and all claims, demands, actions, suits, proceedings, liabilities, losses, damages, costs, expenses, fees, fines, penalties, interests and deficiencies of any nature or kind whatsoever related or incidental thereto.
- 6.2 Survival of Indemnities.** Notwithstanding any other provision of this Option Agreement, the indemnities provided herein shall remain in full force and effect until all possible liabilities of



the persons indemnified thereby are extinguished by the operation of law and will not be limited to or affected by any other indemnity obtained by such indemnified persons from any other person.

- 6.3 No Waiver.** No investigation made by or on behalf of either of the parties hereto at any time shall have the effect of waiving, diminishing the scope of or otherwise affecting any representation, warranty or covenant made by the other party herein or pursuant hereto. No waiver by either of the parties hereto of any provision herein, in whole or in part, shall operate as a waiver of any other provision herein.

## ARTICLE 7 GENERAL

- 7.1 Notices.** All notices, communications and other documents required or permitted to be given hereunder shall be in writing and shall be personally delivered or sent by prepaid registered mail or electronic mail (with confirmed receipt) to the recipient as follows:

- (a) in the case of the Optionor:

Chris Knudsen  
2585 Mountain View Drive  
Sunpeaks, BC V0E5N0

Email: [c.k.miningproperties@gmail.com](mailto:c.k.miningproperties@gmail.com)

- (b) in the case of to the Optionee:

Fathom Nickel Inc.  
#730, 521-3rd Avenue SW  
Calgary, AB T2P 3T3  
Attention: Ian Fraser, CEO

Email: [ifraser@fathomnickel.com](mailto:ifraser@fathomnickel.com)

and shall be deemed to be validly given and received (i) if personally delivered or sent by electronic mail (with confirmed receipt), on the date of delivery if delivered during normal business hours and on the next business day following the date of delivery or transmission if delivered or transmitted after normal business hours; and (ii) if sent by prepaid registered mail, on the date which is five (5) business days after the date of mailing excluding all days in which postal service is disrupted. Either party may from time to time change its address by notice to the other in accordance with this section.

- 7.2 Entire Agreement.** This Option Agreement sets forth the entire agreement between the parties, and any persons who have in the past or who are now representing either of the parties, with respect to the subject matter hereof and supersedes all prior communications, understandings and agreements between the parties or any of them with respect to the subject matter hereof.
- 7.3 Further Assurances.** Each party hereto agrees to execute and deliver, or cause to be executed and delivered, such further instruments and assurances, and to do such further acts and things, as may be necessary or desirable to give effect to this Option Agreement, including but not limited to such as may be required for registering or recording changes in the ownership interests in the Property.

- 7.4 Assignment.** During the currency of the Option, neither of the parties may assign or otherwise transfer all or part of its interest in and to this Option Agreement to any third party without prior consent of the other party, which consent shall not be unreasonably withheld. Any assignment shall be subject to the assignee entering into an agreement, in form and substance satisfactory to counsel for the other party, to be bound by this Option Agreement.
- 7.5 Encumbrances.** During the currency of the Option, the parties shall not pledge, mortgage, charge or otherwise encumber their rights and obligations under this Option Agreement or their beneficial interest in and to the Property without the consent of the other party, which consent shall not be unreasonably withheld.
- 7.6 Enurement.** This Option Agreement shall enure to the benefit of and be binding on the parties and their respective executors, heirs, administrators, successors and permitted assigns.
- 7.7 Confidentiality.** The parties agree to maintain the highest level of confidentiality with respect to this Option Agreement and all matters relating to the Property, except for matters required to be publicly disclosed by law or the rules or policies of any regulatory authority, stock exchange or quotation system.
- 7.8 Governing law.** This Option Agreement and the rights and obligations and relations of the parties shall be governed by and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein. The parties agree that the courts of Alberta shall have sole jurisdiction to entertain any action or other legal proceedings based on any provisions of this Option Agreement, and the parties agree to attorn to the jurisdiction of such courts.
- 7.9 Construction.** Notwithstanding any rule or maxim of construction to the contrary, any ambiguity or uncertainty will not be construed against any party hereto by reason of the authorship thereof.
- 7.10 Counterparts and delivery.** The parties may execute this Option Agreement in counterparts and deliver same by email or other form of electronic transmission capable of producing a printed copy. Each counterpart so executed and delivered will be deemed to be an original, will constitute one and the same instrument, and, notwithstanding the date of execution, will be deemed to be executed as of the date first set forth above.
- 7.11 Time.** Time shall be of the essence hereof.

*[Remainder of the page intentionally left blank.]*

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

*“Chris Knudsen”*

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**CHRIS KNUDSEN**

**FATHOM NICKEL INC.**

By: *“Ian Fraser”*

\_\_\_\_\_  
Ian Fraser, Chief Executive Officer

**SCHEDULE "A"**  
**DESCRIPTION OF THE PROPERTY**

[REDACTED]