

PROPERTY PURCHASE AGREEMENT

THIS AGREEMENT is made effective the 2nd day of February, 2021.

BETWEEN:

BLUE LAGOON RESOURCES INC., a British Columbia company having an office at Suite 636, 666 Burrard Street, Vancouver, BC V6C 3P6

(the “**Vendor**”)

AND:

GAMA EXPLORATIONS INC., a British Columbia company having an office at Suite 1200, 750 West Pender Street, Vancouver, BC V6C 1G8

(the “**Purchaser**”)

WHEREAS:

- (A) The Vendor is the owner of a 100% interest in those mineral claims located in British Columbia, more particularly described in Schedule A (the “**Property**”), subject to a 2% net smelter return royalty further described in Schedule C (the “**Underlying Royalty**”);
- (B) The Property is held in trust for the benefit of the Vendor, pursuant to a mineral claims ownership trust agreement between DG Resource Management Ltd. (“**DSR**”), the Vendor and the Trustee (defined herein), dated July 17, 2019, and attached as Schedule “D” (the “**Bare Trust Agreement**”); and
- (C) The Vendor and the Purchaser wish to enter into this Agreement to provide for the purchase and sale of the Vendor’s interest in the Property on the terms and conditions set forth.

NOW THEREFORE in consideration of the mutual covenants and agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged by the Parties, the Parties agree as follows:

PART 1

INTERPRETATION AND DEFINITIONS

Definitions

- 1.1 In addition to terms defined elsewhere in this Agreement, the following words and phrases have the following meanings:
 - (a) “**Agreement**” means this Property Purchase Agreement together with the Schedules attached;
 - (b) “**Bare Trust Agreement**” has the meaning ascribed to it in Section B of the Recitals;
 - (c) “**Business Day**” means any day, other than a Saturday, a Sunday or a statutory holiday in Vancouver, British Columbia;

- (d) **“Claims”** means any and all losses, liabilities, expenses, costs, damages, actions, claims (including Environmental Claims), proceedings, suits and obligations of every kind and nature, including, without limitation, any losses, liabilities, expenses, costs, damages, actions, claims (including Environmental Claims), proceedings, suits and obligations relating to damage to property, personal injury and loss or diminution of mineral claim rights and land use rights;
- (e) **“Commercial Production”** means the operation of the Property or any part thereof as a Mine but does not include milling for the purpose of testing or milling by a pilot plant. Commercial Production shall be deemed to have commenced on the first day of the month following the first 15 consecutive days during which Products have been produced from the Property at an average rate of not less than 90% of the initial rated capacity of the Mine as specified in the Feasibility Study for the Property;
- (f) **“Environmental Claims”** means any and all administrative, regulatory, or judicial actions, suits, demands, claims, liens, notices of non-compliance or violation, investigations, or proceedings relating in any way to any Environmental Law or any permit issued under any Environmental Law, including, without limitation:
 - (i) any and all claims by government or regulatory authorities for enforcement, clean-up, removal, response, remedial, or other actions or damages under any applicable Environmental Law; and
 - (ii) any and all claims by any third-party seeking damages, contribution, indemnification, cost recovery, compensation, or injunctive or other relief resulting from hazardous materials, including any release of those claims, or arising from alleged injury or threat of injury to human health or safety (arising from environmental matters) or the environment;
- (g) **“Environmental Laws”** means all requirements of the common law, civil code, or of environmental, health, or safety statutes of any agency, board, or governmental authority applicable to the Property including, but not limited to, those relating to (i) noise, (ii) pollution or protection of the air, surface water, ground water, or land, (iii) solid, gaseous, or liquid waste generation, handling, treatment, storage, disposal, or transportation, (iv) exposure to hazardous or toxic substances, or (v) the closure, decommissioning, dismantling, or abandonment of any facilities, mines, or workings and the reclamation or restoration of lands;
- (h) **“Feasibility Study”** means a detailed report, demonstrating the feasibility of placing any part of the Property into Commercial Production at an acceptable rate of return on capital, in such form and detail as is customarily required by institutional lenders of major financing for mining projects, and shall include a reasonable assessment of the minable ore reserves and their amenability to treatment, a complete description of the work, equipment and supplies required to bring such part of the Property into Commercial Production and the estimated cost thereof, a description of the mining methods to be employed and a financial appraisal of the proposed operations;
- (i) **“Mine”** 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 the parties or any one or more of them 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, working and procuring minerals, ores, metals and concentrates, surveying and bringing any mineral claims or other interests to lease or patent, reporting and all other work usually considered to be prospecting, exploration, development and mining work;

- (j) **“NSR”** means the royalty payable on the net smelter return described in Schedule B;
- (k) **“Party”** means either the Vendor or the Purchaser and their successors and permitted assigns and **“Parties”** means together, the Vendor and the Purchaser and their successors and permitted assigns;
- (l) **“Products”** mean any and all ores, metals or minerals, of whatever kind and nature, howsoever characterized or defined, that are in, on, under or upon the surface or subsurface of the Property (or any part thereof) and all doré, concentrates and other mineral products, metals or minerals which are derived therefrom.
- (m) **“Property”** has the meaning ascribed to it in Section A of the Recitals;
- (n) **“Purchase and Sale”** has the meaning set forth in Section 3.1;
- (o) **“Regulatory Approval”** means the approval of the regulatory authorities governing the Purchaser in the event it files a prospectus for an initial public offering with the British Columbia Securities Commission;
- (p) **“Shares”** means the common voting shares of the Purchaser;
- (q) **“Transfer Date”** means the date that the Vendor delivers to the Purchaser those items listed in Section 3.7;
- (r) **“Trustee”** means Jody Dahrouge, an individual residing at Suite 103, 10183 – 112 Street, Edmonton, Alberta T5K 1M1, or any person appointed to act as the trustee under the Bare Trust Agreement; and
- (s) **“Underlying Royalty”** has the meaning ascribed to it in Section A of the Recitals.

Entire Agreement

- 1.2 This Agreement and the attached schedules and all properly executed amendments are collectively referred to as this Agreement. This Agreement constitutes the entire agreement between the Parties and supersedes all previous negotiations, communications, agreements and undertakings relating to the subject matter herein. The Parties acknowledge that there are no agreements, undertakings, representations, warranties or conditions collateral to this Agreement except as specifically stated otherwise in this Agreement.

Interpretation

- 1.3 For the purposes of this Agreement, except as otherwise expressly provided:

- (a) the words “herein,” “hereof,” and “hereunder” and other words of similar import refer to this Agreement as a whole and not to any particular Part, clause, subclause or other subdivision or to Schedule A;
- (b) a reference to a “Part” means a Part of this Agreement and the word “Section” followed by a number or some combination of numbers and letters refers to the section, paragraph or subparagraph of this Agreement so designated;
- (c) the headings are for convenience only, do not form a part of this Agreement and are not intended to interpret, define or limit the scope, extent or intent of this Agreement or any of its provisions;
- (d) the word “including,” when following a general statement, term or matter is not to be construed as limiting such general statement, term or matter to the specific items or matters set forth or to similar items or matters (whether or not qualified by non-limiting language such as “without limitation” or “but not limited to” or words of similar import) but rather as permitting the general statement or term to refer to all other items or matters that could reasonably fall within its possible scope;
- (e) a reference to currency means Canadian currency; and
- (f) words importing the masculine gender include the feminine or neutral, words in the singular include the plural, words importing a corporate entity include individuals, and vice versa.

PART 2

REPRESENTATIONS AND WARRANTIES

Representations and Warranties of the Vendor

2.1 The Vendor represents, warrants and covenants to and with the Purchaser that:

- (a) the Vendor is resident at the address set forth beside its name on the first page of this Agreement;
- (b) the Vendor has good and sufficient authority to enter into and deliver this Agreement and to transfer its legal and beneficial interest in the Property to the Purchaser;
- (c) the execution, delivery and performance of this Agreement by the Vendor, and the consummation of the transactions contemplated will not (i) violate or conflict with any term or provision of any of the articles, by laws or other constating documents of the Vendor; (ii) violate or conflict with any term or provision of any order of any court, Government or Regulatory Authority or any law or regulation of any jurisdiction in which the Vendor’s business is carried on; or (iii) conflict with, accelerate the performance required by, or result in the breach of, any agreement to which the Vendor is a party or by which the Vendor is currently bound;
- (d) the Property has been duly registered in the name of the Trustee within the Government of British Columbia’s online mineral tenure system, Mineral Titles Online (“**MTO**”), is properly described in Schedule A and is in good standing;

- (e) the Vendor holds all permits, licenses, consents and authorities issued by any Government or Regulatory Authority, which are necessary in connection with the ownership of the Property, all of which are included in the Property;
- (f) all fees, taxes, assessments, rentals, levies or other payments required to be made relating to the Property have been made;
- (g) other than this Agreement, the Bare Trust Agreement and the Underlying Royalty, there are no outstanding agreements or options to acquire or purchase the Property or any portion thereof or any interest therein;
- (h) there is no known adverse claim or challenge against or to the ownership of or title to any part of the Property, and no party has any right, title, claim or other interest in the Property;
- (i) all property rights or interests of the Vendor in the Property are legally and beneficially owned or held by the Vendor;
- (j) the Vendor has the authority and power pursuant to the Bare Trust Agreement to direct the Trustee to transfer all of its property rights and interest in the Property to the Purchaser in accordance with the terms of this Agreement;
- (k) the Property is free and clear of any liens, charges or encumbrances and the Underlying Royalty is the only royalty payable in respect of any part of the Property;
- (l) there are no known actions, claims, investigations, suits, proceedings or inquiries (judicial or otherwise) pending or, to the best of its knowledge, threatened against or relating to the Vendor or the Property before or by any Government or Regulatory Authority, which may, in any way, have a materially adverse effect on the ability of the Vendor to perform its obligations hereunder;
- (m) the Property does not, to the best of the Vendor's knowledge, contain any hazardous or toxic material, pollution or other adverse environmental conditions that may give rise to any environmental liability under any applicable environmental laws, regulations, rules or by-laws of the Vendor, nor is the Vendor aware of any pending or threatened, notice of non-compliance with any environmental laws, regulations, rules or by-laws; and
- (n) the Vendor has not received from any Government or Regulatory Authority, any notice of or communication relating to any actual or alleged Environmental Claims, and there are no outstanding work orders or actions required to be taken relating to environmental matters respecting the Property or any operations carried out on the Property.

1.2 The Purchaser has relied on the Vendor's representations and warranties set out above in entering this Agreement. These representations and warranties are to be construed as both conditions and warranties and will, regardless of any investigation which may have been made by or on behalf of any party as to the accuracy of such representations and warranties, survive the closing of the transaction for a term of two years.

Representations and Warranties of Purchaser

2.2 The Purchaser represents, warrants and covenants to and with the Vendor that:

- (a) it is a company duly organized, validly existing and in good standing under the laws of the Province of British Columbia;
- (b) it 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) neither the execution and delivery of this Agreement, nor any of the agreements referred to or contemplated, nor the consummation of the transactions contemplated conflict with, result in the breach of or accelerate the performance required by any agreement to which it is a party;
- (d) the execution and delivery of this Agreement and the agreements contemplated will not violate or result in the breach of the laws of any jurisdiction applicable or pertaining to or of its constating documents;
- (e) this Agreement constitutes a legal, valid and binding obligation of the Purchaser; and
- (f) all necessary corporate action will be taken by the Purchaser to carry out its obligations and to allot and authorize the issuance of the Shares, and the Shares are validly issued as fully paid and non-assessable securities in the capital of the Purchaser.

1.2 The Vendor has relied on the Purchaser's representations and warranties set out above in entering this Agreement. These representations and warranties are to be construed as both conditions and warranties and will, regardless of any investigation which may have been made by or on behalf of any party as to the accuracy of such representations and warranties, survive the closing of the transaction for a term of two years.

Indemnity

2.3 Each Party will indemnify and save the other Party and its directors, officers, employees, agents, representatives, subcontractors, and affiliates harmless from all Claims arising out of or in connection with any breach by that Party of any representation, warranty, covenant or agreement contained in this Agreement.

2.4 This indemnity will survive the execution of this Agreement for a period of two years.

Covenants of the Vendor

2.5 The Vendor covenants to and agrees with the Purchaser as follows:

- (a) the Vendor will not take any action to encumber or otherwise deal with the Property other than in accordance with the terms of this Agreement;
- (b) the Vendor will do and execute, or cause and procure to be made, done and executed, all such further acts, deeds or assurances as may be reasonably requested by the Purchaser whether for the purpose of more effectually and completely vesting in the Purchaser the interest in the

Property being hereby conveyed or transferred in accordance with the terms hereof or for the purpose of registration or otherwise;

- (c) the Vendor will provide to the Purchaser all such documents, instruments and materials and do all such reasonable acts and things as may be requested by the Purchaser to obtain all permits and approvals necessary for the transfer of the Property; and
- (d) the Vendor will do all such other acts and things within its control as may be reasonably necessary or required of it to give effect to the transactions contemplated by this Agreement, including taking all such actions, required to comply with the relevant corporate laws and securities laws applicable to it.

PART 3

PURCHASE AND SALE

Purchase and Sale

- 3.1 The Vendor hereby agrees to sell and transfer to the Purchaser and the Purchaser purchases from the Vendor, an undivided 100% legal and beneficial interest in the Property, free and clear of all encumbrances, other than the Underlying Royalty, in accordance with the terms of this Agreement (the “**Purchase and Sale**”).

Consideration

- 3.2 As consideration of the Purchase and Sale of the Property, on Closing the Purchaser will:
- (a) pay to the Vendor \$50,000 way of bank draft or wire transfer;
 - (b) issue to the Vendor 1,000,000 fully paid and non-assessable Shares; and
 - (c) grant to the Vendor the NSR.
- 3.3 If any payment listed above is not made as required, Vendor may at its option terminate this Agreement on 10 days’ notice.

Changes in capital Structure

- 3.4 In the event of a subdivision of the Shares, or other similar dilutive changes in share capital, including any adjustment arising from a merger, acquisition or plan of arrangement (a “**Subdivision**”) within thirty-six (36) months of the date of this Agreement, the Vendor will not be entitled to such proportionate increase to the number of Shares issued or issuable to it under this Agreement. Notwithstanding the foregoing, at the end of any Subdivision, the value of the Shares retained by than Vendor must be no less than \$100,000. In furtherance of this covenant, the Vendor hereby irrevocably appoints the Chief Executive Officer of the Purchaser as its attorney-in-fact and authorizes him as its attorney-in-fact to take all such actions to cancel any such additional Shares which may be issued in error upon completion of a Subdivision.

- 3.5 The Vendor acknowledges and agrees that the Purchaser shall make a notation on its records or give instructions to the transfer agent of the Shares in order to implement the Subdivision restrictions by adding any legend or notation on the certificate(s) or other evidence representing the Shares. So long as the Vendor or its shareholder(s) holds or beneficially controls the Shares, it will provide the Purchaser with the registered name or brokerage account the Shares are held under so that the Purchaser may instruct its transfer agent to not issue additional shares to the Vendor in the event of a Subdivision.
- 3.6 Vendor hereby acknowledges that Purchaser's ability to issue securities is subject to applicable securities laws and to the rules and policies of any stock exchange on which the Shares may in future be listed and the securities issuable to Vendor hereunder will be subject to resale restrictions imposed by applicable securities legislation and the rules of any stock exchange on which the Shares may in future be listed, which rules may require that a restrictive legend be placed on all certificates delivered to Vendor under this Agreement, and Vendor covenants and agrees with Purchaser to abide by all such resale restrictions.

Deliveries of the Vendor

- 3.7 Upon payment of the full consideration as outlined in Section 3.2, the Vendor shall cause the Trustee to transfer the Property to the Purchaser and the Purchaser will accept the transfer of the Property from the Vendor, all pursuant to the process required by MTO.

Assumed Obligations

- 3.8 From and after the Closing Time, the Purchaser will accept, assume, be liable and responsible for and agree to discharge, fulfill and perform the Vendors' obligation to pay the Underlying Royalty.

PART 4

CLOSING

- 4.1 The completion of the transactions contemplated (the "**Closing**") shall occur at 10:00 a.m., Vancouver time on February 16, 2021 or such earlier or later date as the parties may agree to in writing (the "**Closing Date**").

PART 5

TERMINATION

- 5.1 This Agreement shall terminate and be of no further force and effect in circumstances where the transactions contemplated herein have not occurred by the Closing Date.

PART 6
GENERAL AND MISCELLANEOUS

Notices

- 6.1 Any notice under this Agreement will be given in writing, by delivery in person to a named representative or by mail, facsimile or electronic transmission, properly addressed to each Party at the address first above written.
- 6.2 A notice given will be deemed given only when received by the Party to whom such notice is directed; except that any notice given by facsimile or electronic transmission will be deemed received the day such notice is successfully faxed or transmitted if during business hours or on the next Business Day if faxed or transmitted after business hours, or three Business Days after it is mailed, provided there is no postal disruption at the time. A Party may change its address for notice by providing the other Party with notice of such change in the manner set forth herein.

Expenses

- 6.3 Each Party will be responsible for all of its own costs and charges incurred with respect to the transactions contemplated herein including, without limitation, all costs and charges incurred prior to the date of this Agreement and all legal and accounting fees and disbursements relating to the transactions contemplated herein.

Successors and Assigns

- 6.4 This Agreement will be binding upon and enure to the benefit of the respective successors and permitted assigns of the Parties.

Amendments

- 6.5 No amendments to this Agreement will be of any force and effect unless executed in writing by the Parties.

Time is of the Essence

- 6.6 Except as otherwise specifically provided in this Agreement, time is of the essence of each and every provision of this Agreement.

Governing Law

- 6.7 This Agreement is construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada as applicable therein.

Further Assurances

- 6.8 Each Party will execute and deliver such further agreements and other documents and do such further acts and things as the other Party reasonably requests to evidence, carry out or give full force and effect to the intent of this Agreement.

Severability

- 6.9 If any provision of this Agreement is found invalid, illegal, or incapable of enforcement by any court of competent jurisdiction, such provision shall be deemed severed and the remaining provisions of this Agreement will continue to be valid and enforceable.

Exchange Acceptance

- 6.10 The obligations of the Purchaser under this Agreement are subject to the acceptance for filing of this Agreement with the Exchange.

Counterparts

- 6.11 This Agreement may be executed in as many counterparts as may be necessary and may be delivered by facsimile or electronically transmitted and each such counterpart will be deemed to be an original and such counterparts together will constitute one and the same instrument.

IN WITNESS WHEREOF the Parties have executed this Agreement by their duly authorized officers as of the date first above written.

BLUE LAGOON RESOURCES INC.

Per: "*Rana Vig*"

Authorized Signatory

GAMA EXPLORATIONS INC.

Per: "*Allan Larmour*"

Authorized Signatory

SCHEDULE "A"

DESCRIPTION OF MINERAL CLAIMS

Title Number	Claim Name	Owner	Issue Date	Good To Date	Status	Area (ha)
1047950	CHICAGO	106050 (100%)	2016/Nov/18	2021/Aug/25	PROTECTED	1809.6707
1047951	STATION	106050 (100%)	2016/Nov/18	2021/Aug/25	PROTECTED	1826.873
1047952	MUDFLAT	106050 (100%)	2016/Nov/18	2021/Aug/25	PROTECTED	1846.8154
1047953	BUNKER	106050 (100%)	2016/Nov/18	2021/Aug/25	PROTECTED	369.1668
1061406	THREE HILLS	106050 (100%)	2018/Jun/24	2022/Aug/25	GOOD	1330.40

SCHEDULE "B"

NSR

The Vendor has the right to receive a royalty of 0.5% of "Net Smelter Returns" with respect to the production of all materials from the Property.

1. Net Smelter Return means the actual proceeds received by Vendor for its own account from the sale of ore, or ore concentrates or other products from the Property ("**Product**") to a smelter or other buyer after deduction of smelter and refining charges, ore treatment charges and penalties, less all umpire charges which the Purchaser may be required to pay, costs of insurance in respect of Product, and taxes levied by a government on the value of the Product sold, excluding income taxes. Not less than 60 days prior to the commencement of any fiscal year of the Purchaser, the Vendor shall have the right to give notice that it elects to receive Net Smelter Returns in kind for any fiscal year of the Purchaser. Upon the Vendor giving such notice, the Vendor and the Purchaser shall enter into good faith negotiations with each other to settle the manner in which the payment shall be calculated and paid, it being the intent that the payment received in kind shall be commercially equivalent to the payment that the Vendor would have received if it had been made in the form of money.
2. Payment of the Net Smelter Return by the Purchaser to Vendor shall be made quarterly within 30 days after the end of each calendar quarter and shall be accompanied by unaudited financial statements pertaining to the operations carried out by the Purchaser on the Property. Within 120 days after the end of each fiscal year of the Purchaser in which the Net Smelter Return is payable to the Vendor, the records relating to the calculation of Net Smelter Returns for such year shall be audited and any resulting adjustments in the payment of Net Smelter Returns payable to the Vendor shall be made forthwith. A copy of the said audit shall be delivered to the Vendor within 30 days of the end of such 120-day period.
3. Each annual audit shall be final and not subject to adjustment unless the Vendor delivers to Purchaser written exceptions in reasonable detail within twelve months after the Vendor receive the report. The Vendor, or its representative duly authorized in writing, at its expense, shall have the right to audit the books and records of the Purchaser related to the Net Smelter Return to determine the accuracy of the report. The Purchaser shall have the right to conditional access to its books and records on execution of a written agreement by the auditor that all information will be held in confidence and used solely for purposes of audit and resolution of any disputes related to the report. A copy of the said audit shall be delivered to the Purchaser within 30 days of the end of such 90-day period.
4. Each annual audit shall be final and not subject to adjustment unless the Vendor delivers to the Purchaser written exceptions in reasonable detail within six months after the Purchaser receives the report. The Vendor or its representative duly authorized in writing, at its expense, shall have the right to audit the books and records of the Purchaser related to Net Smelter Returns to determine the accuracy of the report, but shall not have access to any other books and records recognized standing. The Purchaser shall not be required to provide access to its books and records to the auditor until such time as the auditor executes a written agreement that all information will be held in confidence and used solely for purposes of audit and resolution of any disputes related to the report. A copy of the Vendor report shall be delivered to the Purchaser upon completion, and any discrepancy between the amount actually paid by the Purchaser and the amount which should have been paid according to the Vendor report shall be paid forthwith, one party to the other. In the event that the said discrepancy is to the

detriment of the Vendor and exceeds 5% of the amount actually paid by Purchaser, then the Purchaser shall pay the entire cost of the audit.

5. Any dispute arising out of or related to any report, payment, calculation or audit shall be resolved solely by arbitration as provided in the Agreement. No error in accounting or in interpretation of the Agreement shall be the basis for a claim of breach of fiduciary duty, or the like, or give rise to a claim for exemplary or punitive damages or for termination or rescission of the Agreement or the estate and rights acquired and held by the Purchaser under the terms of the Agreement.

SCHEDULE “C”
Underlying Royalty Agreement

Net Smelter Return Royalty Agreement, whereby a net smelter return royalty was granted in favour of DGR in respect of minerals derived from the Property as provided in Schedule “B” to a Property Purchase Agreement between Primary Energy Metals Inc., and Blue Lagoon Resources Inc., dated April 18, 2019.

PROPERTY PURCHASE AGREEMENT

THIS AGREEMENT is made effective the 18th day of April, 2019.

BETWEEN:

PRIMARY ENERGY METALS INC., a British Columbia company having an office at Suite 430, 580 Hornby Street, Vancouver, British Columbia V6C 3B6

(the "**Vendor**")

AND: **BLUE LAGOON RESOURCES INC.**, a British Columbia company having an office at Suite 610, 700 West Pender Street, Vancouver, BC V6C 1G8

(the "**Purchaser**")

WHEREAS:

(A) The Vendor is the registered, legal and beneficial owner of a 100% interest in those certain group of mineral claims located in British Columbia, more particularly described in Schedule A hereto (the "**Mineral Claims**" or the "**Property**"); and

(B) The Vendor and the Purchaser wish to enter into this Agreement to provide for the purchase and sale of the Vendor's interest in the Mineral Claims on the terms and conditions hereinafter set forth.

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the Parties, the Parties covenant and agree as follows:

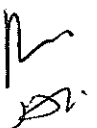
PART 1 INTERPRETATION AND DEFINITIONS

Definitions

1.1 In addition to defined terms elsewhere in this Agreement, the following words and phrases have the following meanings:

(a) "**Agreement**" means this Property Purchase Agreement together with the Schedules attached thereto;

(b) "**Business Day**" means any day, other than a Saturday, a Sunday or a statutory holiday in Vancouver, British Columbia;



(c) **"Claims"** means any and all losses, liabilities, expenses, costs, damages, actions, claims (including Environmental Claims), proceedings, suits and obligations of every kind and nature, including, without limitation, any losses, liabilities, expenses, costs, damages, actions, claims (including Environmental Claims), proceedings, suits and obligations relating to damage to property, personal injury and loss or diminution of mineral claim rights and land use rights;

(d) **"Commercial Production"** means the operation of the Property or any part thereof as a Mine but does not include milling for the purpose of testing or milling by a pilot plant. Commercial Production shall be deemed to have commenced on the first day of the month following the first 15 consecutive days during which Minerals have been produced from the Property at an average rate of not less than 90% of the initial rated capacity of the Mine as specified in the Feasibility Study of the Property;

(e) **"Environmental Claims"** means any and all administrative, regulatory, or judicial actions, suits, demands, claims, liens, notices of non-compliance or violation, investigations, or proceedings relating in any way to any Environmental Law or any permit issued under any Environmental Law, including, without limitation:

(i) any and all claims by government or regulatory authorities for enforcement, clean-up, removal, response, remedial, or other actions or damages under any applicable Environmental Law; and

(ii) any and all claims by any third-party seeking damages, contribution, indemnification, cost recovery, compensation, or injunctive or other relief resulting from hazardous materials, including any release of those claims, or arising from alleged injury or threat of injury to human health or safety (arising from environmental matters) or the environment;

(f) **"Environmental Laws"** means all requirements of the common law, civil code, or of environmental, health, or safety statutes of any agency, board, or governmental authority applicable to the Property including, but not limited to, those relating to (i) noise, (ii) pollution or protection of the air, surface water, ground water, or land, (iii) solid, gaseous, or liquid waste generation, handling, treatment, storage, disposal, or transportation, (iv) exposure to hazardous or toxic substances, or (v) the closure, decommissioning, dismantling, or abandonment of any facilities, mines, or workings and the reclamation or restoration of lands;

(g) **"Mineral Claims"** means those mineral claims described in Schedule A hereto;

(h) **"Net Smelter Return" or "NSR"** means a 2% net smelter royalty interest as described in Schedule B.

(i) **"Party"** means either the Vendor or the Purchaser and their successors and permitted assigns and **"Parties"** means together, the Vendor and the Purchaser and their successors and permitted assigns;

(j) **"Property"** means the Mineral Claims;

(k) **"Purchaser"** has the meaning set forth in the first page hereof;

Handwritten signature and initials in the bottom right corner of the page.

- (l) **"Purchase and Sale"** has the meaning set forth in §3.1;
- (m) **"Regulatory Approval"** means the approval of the regulatory authorities governing the Purchaser in the event it files a prospectus for an initial public offering, with the British Columbia Securities Commission;
- (n) **"Shares"** means the common voting shares of the Purchaser;
- (o) **"Transfer Date"** means the date that the Vendor delivers to the Purchaser those items listed in section 0; and
- (p) **"Vendor"** has the meaning set forth in the first page hereof.

Entire Agreement

1.2 This Agreement and the attached schedules and all properly executed amendments are hereinafter collectively referred to as this Agreement. This Agreement constitutes the entire agreement between the Parties and supersedes all previous negotiations, communications, agreements and undertakings relating to the subject matter herein. The Parties acknowledge that there are no agreements, undertakings, representations, warranties or conditions collateral to this Agreement except as specifically stated otherwise in this Agreement.

Interpretation

1.3 For the purposes of this Agreement, except as otherwise expressly provided herein:

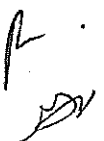
- (a) the words **"herein"**, **"hereof"**, and **"hereunder"** and other words of similar import refer to this Agreement as a whole and not to any particular Part, clause, subclause or other subdivision or to Schedule A;
- (b) a reference to a **"Part"** means a Part of this Agreement and the symbol § followed by a number or some combination of numbers and letters refers to the section, paragraph or subparagraph of this Agreement so designated;
- (c) the headings are for convenience only, do not form a part of this Agreement and are not intended to interpret, define or limit the scope, extent or intent of this Agreement or any of its provisions;
- (d) the word **"including"**, when following a general statement, term or matter, is not to be construed as limiting such general statement, term or matter to the specific items or matters set forth or to similar items or matters (whether or not qualified by non-limiting language such as **"without limitation"** or **"but not limited to"** or words of similar import) but rather as permitting the general statement or term to refer to all other items or matters that could reasonably fall within its possible scope;
- (e) a reference to currency means Canadian currency; and
- (f) 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.

PART 2
REPRESENTATIONS AND WARRANTIES

Representations and Warranties of the Vendor

2.1 The Vendor represents, warrants and covenants to and with the Purchaser that:

- (a) the Vendor is resident at the address set forth beside its name on the first page of this Agreement;
- (b) the Vendor has good and sufficient authority to enter into and deliver this Agreement and to transfer its legal and beneficial interest in the Property to the Purchaser;
- (c) the execution, delivery and performance of this Agreement by the Vendor, and the consummation of the transactions herein contemplated the Vendor will not (i) violate or conflict with any term or provision of any of the articles, by laws or other constating documents of the Vendor; (ii) violate or conflict with any term or provision of any order of any court, Government or Regulatory Authority or any law or regulation of any jurisdiction in which the Vendor's business is carried on; or (iii) conflict with, accelerate the performance required by or result in the breach of any agreement to which the Vendor is a party or by which the Vendor is currently bound;
- (d) to the best of the Vendor's knowledge, the Mineral Claims have been properly located, recorded and (where applicable) staked pursuant to the applicable laws and regulations of British Columbia are properly described in Schedule A and are in good standing;
- (e) to the best of the Vendor's knowledge, the Vendor holds all permits, licenses, consents and authorities issued by any Government or Regulatory Authority, which are necessary in connection with the ownership of the Property, all of which are included in the Property;
- (f) to the best of the Vendor's knowledge, all fees, taxes, assessments, rentals, levies or other payments required to be made relating to the Property have been made;
- (g) other than this Agreement, there are no outstanding agreements or options to acquire or purchase the Property or any portion thereof or any interest therein;
- (h) there is no known adverse claim or challenge against or to the ownership of or title to any part of the Property, and no party has any right, title, claim or other interest in the Property;
- (i) all property rights or interests of the Vendor in the Property are legally and beneficially owned or held by the Vendor, are in good standing, are valid and enforceable, are free and clear of any liens, charges or encumbrances and no royalty is payable in respect of any part of the Property and on the Transfer Date, the legal and beneficial title in the Property will be transferred to the Purchaser free and clear of any liens, charges or encumbrances subject only to the Net Smelter Return as provided for in Section 3;
- (j) there are no known actions, claims, investigations, suits, proceedings or inquiries (judicial or otherwise) pending or, to the best of its knowledge, threatened against or relating to the Vendor or the Property before or by any Government or Regulatory Authority, which may, in



any way, have a materially adverse effect on the ability of the Vendor to perform its obligations hereunder;

(k) the Property does not, to the best of the Vendor's knowledge, contain any hazardous or toxic material, pollution or other adverse environmental conditions that may give rise to any environmental liability under any applicable environmental laws, regulations, rules or by-laws of the Vendor, nor is the Vendor aware of any pending or threatened, notice of non-compliance with any environmental laws, regulations, rules or by-laws;

(l) the Vendor has not received from any Government or Regulatory Authority, any notice of or communication relating to any actual or alleged environmental claims, and there are no outstanding work orders or actions required to be taken relating to environmental matters respecting the Property or any operations carried out on the Property;

Representations and Warranties of Purchaser

2.2 The Purchaser represents, warrants and covenants to and with the Vendor that:

(a) it is a company duly organized validly existing and in good standing under the laws of the Province of British Columbia;

(b) it 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) neither the execution and delivery of this Agreement, nor any of the agreements referred to herein or contemplated hereby, nor the consummation of the transactions hereby contemplated conflict with, result in the breach of or accelerate the performance required by, any agreement to which it is a party;

(d) the execution and delivery of this Agreement and the agreements contemplated hereby will not violate or result in the breach of the laws of any jurisdiction applicable or pertaining thereto or of its constating documents;

(e) this Agreement constitutes a legal, valid and binding obligation of the Purchaser;

(f) all necessary corporate action will be taken by the Purchaser to carry out its obligations hereunder and to allot and authorize the issuance of the Shares, and the Shares are validly issued as fully paid and non-assessable securities in the capital of the Purchaser;

The representations and warranties set out in Sections 2.1 and 2.2 are being relied on by the parties in entering into this Agreement and shall survive the execution of this Agreement for a term of two years.

Indemnity

2.3 Each Party will indemnify and save the other Party and its directors, officers, employees, agents, representatives, subcontractors, and affiliates harmless from all Claims arising out of or in connection with any breach by that Party of any representation, warranty, covenant or agreement

contained in this Agreement. This indemnity will survive the execution of this Agreement for a period of two years.

Covenants of the Vendor

2.4 The Vendor covenants to and agrees with the Purchaser as follows:

- (a) the Vendor will not take any action to encumber or otherwise deal with the Property other than in accordance with the terms of this Agreement;
- (b) the Vendor will do and execute, or cause and procure to be made, done and executed, all such further acts, deeds or assurances as may be reasonably requested by the Purchaser whether for the purpose of more effectually and completely vesting in the Purchaser the interest in the Property being hereby conveyed or transferred in accordance with the terms hereof or for the purpose of registration or otherwise;
- (c) the Vendor will provide to the Purchaser all such documents, instruments and materials and do all such reasonable acts and things as may be requested by the Purchaser to obtain all permits and approvals necessary for the transfer of the Property; and
- (d) the Vendor will do all such other acts and things within its control as may be reasonably necessary or required of it to give effect to the transactions contemplated by this Agreement, including taking all such actions, required to comply with the relevant corporate laws and securities laws applicable to it.

PART 3 PURCHASE AND SALE

Purchase and Sale

3.1 The Vendor hereby agrees to sell and transfer to the Purchaser and the Purchaser hereby purchases from the Vendor, an undivided 100% legal and beneficial interest in the Mineral Claims, free and clear of all encumbrances, other than the NSR in accordance with the terms of this Agreement (the "**Purchase and Sale**").

Consideration

3.2 As full and final consideration of the Purchase and Sale, the Purchaser will pay **\$25,000** and issue **200,000 Shares** as follows:

- (a) Cash: \$15,000 to be paid to the Vendor on execution of this Agreement and \$10,000 to be paid within three (3) days of the final receipt for the Purchaser's prospectus; and
- (b) Shares: 200,000 shares to be issued to the Vendor within 10 business days after the Purchaser's share commence trading on the CSE.



If any payment listed above is not made as required, Vendor may at its option terminate this Agreement on 10 days' notice during which time Purchaser may cure any deficiency. If a deficiency is not cured, this Agreement will terminate and Purchaser will have no further rights pursuant hereto.

Changes in Capital Structure

3.3 In the event of a subdivision of the Shares, or other similar dilutive changes in share capital, including any adjustment arising from a merger, acquisition or plan of arrangement, (a "**Subdivision**"), the Vendor shall not be entitled to such proportionate increase to the number of Shares issued or issuable to it under this Agreement. In furtherance of this covenant, the Vendor hereby irrevocably appoints the Chief Executive Officer of the Purchaser as its attorney-in-fact and authorizes him as its attorney-in-fact to take all such actions to cancel any such additional Shares which may be issued in error upon completion of a Subdivision.

3.4 The Vendor acknowledges and agrees that the Purchaser shall make a notation on its records or give instructions to the transfer agent of the Shares in order to implement the Subdivision restrictions by adding any legend or notation on the certificate(s) or other evidence representing the Shares. So long as the Vendor or its shareholder(s) holds or beneficially controls the Shares, it will provide the Purchaser with the registered name or brokerage account the Shares are held under so that the Purchaser may instruct its transfer agent to not issue additional shares to the Vendor in the event of a Subdivision.

3.5 Vendor hereby acknowledges that Purchaser's ability to issue securities is subject to applicable securities laws and to the rules and policies of any stock exchange on which the Shares may in future be listed and the securities issuable to Vendor hereunder will be subject to resale restrictions imposed by applicable securities legislation and the rules of any stock exchange on which the Shares may in future be listed, which rules may require that a restrictive legend be placed on all certificates delivered to Vendor under this Agreement, and Vendor covenants and agrees with Purchaser to abide by all such resale restrictions.

Net Smelter Return

3.6 DG Resource Management Ltd. ("**DGR**"), an Alberta company having an office at Suite 18, 10509 – 81 Avenue, Edmonton, Alberta T6E 1X7 shall retain a 2% Net Smelter Return ("**NSR**") on the Property defined in Schedule A, with the exception of Title Number 1061406, Three Hills Claim (the "**NSR Property**") and as set out in Schedule B hereto. The Purchaser will have the right to purchase one percentage point of this royalty for \$1.0 million any time prior to the commencement of Commercial Production.

Deliveries of the Vendor

3.7 Upon payment of the full consideration as outlined in section 3.2, the Vendor shall deliver to the Purchaser the following:

- (a) such documents to evidence the submission before the competent governmental authority of the documents necessary to transfer title to the Mineral Claims to the Purchaser

and all documents, notices, instruments and forms necessary to give effect to the transactions contemplated by this Agreement;

(b) all books, records, surveys, plans, files, correspondence, and other data and information of the Vendor relating to the Mineral Claims in the possession of the Vendor, including all data and information stored on computer-related or other electronic media, that have not previously been delivered by the Vendor to the Purchaser, if any; and

(c) all such other documents and agreements as the Purchaser reasonably consider necessary or desirable to give effect to the transactions contemplated by this Agreement.

PART 4 CLOSING

Closing Date

4.1 Closing of the Purchase and Sale will take place on or before 10:00 a.m., Vancouver time, two business days after the dates set out in section 3.2.(b) which is the date of issuance of the 200,000 Shares.

PART 5 TERMINATION

5.1 This Agreement shall terminate and be of no further force and effect in circumstances where the transactions contemplated herein have not occurred by the Closing Date.

PART 6 GENERAL AND MISCELLANEOUS

Notices

6.1 Any notice under this Agreement will be given in writing, by delivery in person to a named representative or by mail, facsimile or electronic transmission, properly addressed to each Party at the address first above written.

6.2 A notice given will be deemed given only when received by the Party to whom such notice is directed; except that any notice given by facsimile or electronic transmission will be deemed received the day such notice is successfully faxed or transmitted if during business hours or on the next Business Day if faxed or transmitted after business hours, or three Business Days after it is mailed, provided there is no postal disruption at the time. A Party may change its address for notice by providing the other Party with notice of such change in the manner set forth herein.

Expenses

6.3 Each Party will be responsible for all of its own costs and charges incurred with respect to the transactions contemplated herein including, without limitation, all costs and charges incurred

prior to the date of this Agreement and all legal and accounting fees and disbursements relating to the transactions contemplated herein.

Successors and Assigns

6.4 This Agreement will be binding upon and enure to the benefit of the respective successors and permitted assigns of the Parties.

Amendments

6.5 No amendments to this Agreement will be of any force and effect unless executed in writing by all the Parties.

Time is of the Essence

6.6 Except as otherwise specifically provided in this Agreement, time is of the essence of each and every provision of this Agreement.

Governing Law

6.7 This Agreement will be construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada as applicable therein.

Further Assurances

6.8 Each Party will execute and deliver such further agreements and other documents and do such further acts and things as the other Party reasonably requests to evidence, carry out or give full force and effect to the intent of this Agreement.

Severability

6.9 If any provision of this Agreement is found invalid, illegal, or incapable of enforcement by any court of competent jurisdiction, such provision shall be deemed severed and the remaining provisions of this Agreement will continue to be valid and enforceable.

Exchange Acceptance

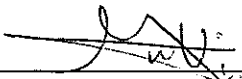
6.10 The obligations of the Purchaser under this Agreement are subject to the acceptance for filing of this Agreement with the Exchange.

Counterparts

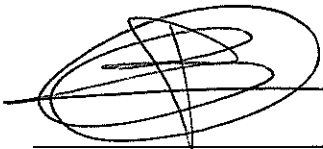
6.11 This Agreement may be executed in as many counterparts as may be necessary and may be delivered by facsimile or electronically transmitted and each such counterpart will be deemed to be an original and such counterparts together will constitute one and the same instrument.

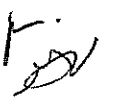
IN WITNESS WHEREOF the Parties have executed this Agreement by their duly authorized officers as of the date first above written.

BLUE LAGOON RESOURCES INC.

Per: 
Authorized Signatory

PRIMARY ENERGY METALS INC.

Per: 
Authorized Signatory



SCHEDULE A

DESCRIPTION OF MINERAL CLAIMS

Title Number	Claim Name	Owner	Issue Date	Good To Date	Status	Area (ha)
1047950	CHICAGO	106050 (100%)	2016/Nov/18	2020/May/31	GOOD	1809.6707
1047951	STATION	106050 (100%)	2016/Nov/18	2020/May/31	GOOD	1826.873
1047952	MUDFLAT	106050 (100%)	2016/Nov/18	2020/May/31	GOOD	1846.8154
1047953	BUNKER	106050 (100%)	2016/Nov/18	2020/May/31	GOOD	369.1668
1061406	THREE HILLS	106050 (100%)	2018/June/24	2019/June/24	GOOD	1330.40

SCHEDULE B

Dated April 15, 2019

NET SMELTER RETURN OR NSR

DGR has the right to receive a royalty of 2% of "**Net Smelter Returns**" with respect to the production of all materials from the NSR Property. Purchaser will have the right to purchase one percentage point of this royalty for \$1.0 million any time prior to the commencement of Commercial Production.

1. **Net Smelter Return** means the actual proceeds received by Vendor for its own account from the sale of ore, or ore concentrates or other products from the NSR Property (**Product**) to a smelter or other buyer after deduction of smelter and/or refining charges, ore treatment charges and penalties, less all umpire charges which the Purchaser may be required to pay, costs of insurance in respect of Product, and taxes levied by a government on the value of the Product sold, excluding income taxes. Not less than 60 days prior to the commencement of any fiscal year of the Purchaser, DGR shall have the right to give notice that it elects to receive Net Smelter Returns in kind for any fiscal year of the Purchaser. Upon DGR giving such notice, DGR and the Purchaser shall enter into good faith negotiations with each other to settle the manner in which the payment shall be calculated and paid, it being the intent that the payment received in kind shall be commercially equivalent to the payment that DGR would have received if it had been made in the form of money.
2. Payment of the Net Smelter Return by the Purchaser to DGR shall be made quarterly within 30 days after the end of each calendar quarter and shall be accompanied by unaudited financial statements pertaining to the operations carried out by the Purchaser on the NSR Property. Within 120 days after the end of each fiscal year of **the Purchaser** in which the Net Smelter Return is payable to DGR, the records relating to the calculation of Net Smelter Returns for such year shall be audited and any resulting adjustments in the payment of Net Smelter Returns payable to DGR shall be made forthwith. A copy of the said audit shall be delivered to DGR within 30 days of the end of such 120-day period.
3. Each annual audit shall be final and not subject to adjustment unless DGR delivers to **Purchaser** written exceptions in reasonable detail within twelve months after DGR receive the report. DGR, or its representative duly authorized in writing, at its expense, shall have the right to audit the books and records of the Purchaser related to the Net Smelter Return to determine the accuracy of the report. The Purchaser shall have the right to conditional access to its books and records on execution of a written agreement by the auditor that all information will be held in confidence and used solely for purposes of audit and resolution of any disputes related to the report. A copy of the said audit shall be delivered to the **Purchaser** within 30 days of the end of such 90-day period.
4. Each annual audit shall be final and not subject to adjustment unless DGR delivers to the **Purchaser** written exceptions in reasonable detail within six months after the **Purchaser** receives the report. DGR or its representative duly authorized in writing, at its expense, shall have the right to audit the books and records of the **Purchaser** related to Net Smelter Returns to determine the accuracy of the report, but shall not have access to any other books and records

of the **Purchaser**. The audit shall be conducted by a chartered or certified public accountant of recognized standing. **The Purchaser** shall not be required to provide access to its books and records to the auditor until such time as the auditor executes a written agreement that all information will be held in confidence and used solely for purposes of audit and resolution of any disputes related to the report. A copy of the DGR report shall be delivered to the **Purchaser** upon completion, and any discrepancy between the amount actually paid by the **Purchaser** and the amount which should have been paid according to the DGR report shall be paid forthwith, one party to the other. In the event that the said discrepancy is to the detriment of DGR and exceeds 5% of the amount actually paid by **Purchaser**, then the **Purchaser** shall pay the entire cost of the audit.

5. Any dispute arising out of or related to any report, payment, calculation or audit shall be resolved solely by arbitration as provided in the Agreement. No error in accounting or in interpretation of the Agreement shall be the basis for a claim of breach of fiduciary duty, or the like, or give rise to a claim for exemplary or punitive damages or for termination or rescission of the Agreement or the estate and rights acquired and held by the **Purchaser** under the terms of the Agreement.

M:
20.

SCHEDULE D

Mineral Ownership Trust Agreement

MINERAL CLAIMS OWNERSHIP TRUST AGREEMENT

THIS AGREEMENT is made effective the 17st day of July, 2019.

BETWEEN: DG RESOURCE MANAGEMENT LTD., an Alberta company having an office at Suite 103, 10183-112 Street, Edmonton, Alberta T5K 1M1

(herein "DGRM")
(of the first part)

AND: BLUE LAGOON RESOURCES INC., a British Columbia company having an office at 610-700 West Pender, Vancouver, BC V6C 1G8

(herein "Blue Lagoon")
(of the second part)

(the parties of the first and second parts are collectively referred to as the
("Beneficial Owners"))

AND: JODY DAHROUGE, an individual care of Suite 103, 10183-112 Street Edmonton AB T5K 1M1

(herein the "Trustee")
(of the third part)

WHEREAS:

(A) This agreement is to provide a written record of the beneficial interests of the parties hereto in in those certain group of mineral claims ("Claims") located in British Columbia, more particularly as follows:

Claim #	Tenure Number	Name	Registered Holder	Beneficial Owners	NTS Sheet	Record Date
1	1047950	Chicago	Jody Dahrouge	DGRM	093M	2016/Nov/18
2	1047951	Station	Jody Dahrouge	DGRM	093M	2016/Nov/18
3	1047952	Mudflat	Jody Dahrouge	DGRM	093M	2016/Nov/18
4	1047953	Bunker	Jody Dahrouge	DGRM	093M	2016/Nov/18
5	1061406	Three Hills	Jody Dahrouge	Blue Lagoon	093M	2017/June/23

(B) The Trustee is the registered and legal holder of the Claims.

(C) DGRM is the beneficial Owners of Claim #s 1-4.

- (D) Blue Lagoon is the beneficial Owner of Claim #5.
- (E) Blue Lagoon has entered into an agreement to acquire Claim #s 1-4 from DGRM.
- (F) The Trustee has agreed to enter into this bare trust agreement ("Trust Agreement") to declare and provide a written record of his acknowledgment and agreement that he holds legal title to the Claims and all benefits and advantages derived therefrom as Trustee, bare trustee and agent for the sole benefit and account of the Beneficial Owners in accordance with this Agreement

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the Parties, the Parties covenant and agree as follows:

1. APPOINTMENT

The Beneficial Owners hereby appoints the Trustee as their respective Trustee, bare trustee and agent to hold legal title to the Claims for the sole benefit and account of the Beneficial Owners and the Trustee accepts such appointment.

2. TRUSTEE'S AGREEMENT

The Trustee, on behalf of itself and its successors and permitted assigns, hereby irrevocably declares that:

- (a) the Trustee holds legal title to the Claims as Trustee, bare trustee and agent for the sole benefit and account of the Beneficial Owners as principal and beneficial owners;
- (b) the Trustee has no equitable or beneficial interest in the Claims and the equitable and beneficial interest in the Claims is vested solely and exclusively in the Beneficial Owners;
- (c) any benefit, interest, profit, income, dividend or advantage arising out of or accruing from the Claims is and will continue to be the sole property of the Beneficial Owners according to their respective beneficial interests, and if received by the Trustee, will be received and held by the Trustee for the sole use, benefit, and advantage of the Beneficial Owners;
- (d) the Trustee will account to the Beneficial Owners for any money or other consideration paid to or to the order of the Trustee in connection with the Claims;
- (e) the Trustee will execute and deliver all documents and assurances and do all acts and things in respect of the Claims in such manner as the Beneficial Owners may direct;
- (f) the Trustee will at the expense of the Beneficial Owners transfer, assign or encumber legal title to the Claims in accordance with the direction of the Beneficial Owners;
- (g) the Trustee will, upon, at the expense and in accordance with the direction of the Beneficial Owners, act as the agent of the Beneficial Owners, who are the undisclosed principals, in respect of any matter relating to the Claims or the performance or observance of any contract or agreement relating to the Claims;
- (h) the Trustee will not deal with the Claims in any way or execute any instrument, document or encumbrance in respect of the Claims without the prior written direction of the Beneficial Owners; and

- (i) the Trustee will notify the Beneficial Owners forthwith upon receipt by the Trustee of notice of any matter respecting the Claims including, without limitation, in respect of any tax, lien, charge or encumbrance.

3. TRUSTEE'S AUTHORITY

The Trustee will, when directed by the Beneficial Owners, have the full right, authority and power, without the necessity of delivering proof to any person (including, without limitation, any other party to an instrument or document or the Registrar of any land title office) of its authority to do so:

- (a) to execute and deliver, under seal and otherwise, any document relating to the Claims, including a transfer, deed, mortgage, certificate, statement, plan, lease, easement, right of way, license, restrictive covenant, building scheme, release or any other instrument or document pertaining to the Claims;
- (b) either alone or with others, to borrow or guarantee the payment of money from time to time and to covenant to repay money borrowed by the Beneficial Owners; and
- (c) to secure the repayment of any indebtedness or liabilities with respect to the Claims by the grant of any charge or encumbrance (fixed or floating) on the Claims or any part thereof or any benefit to be derived therefrom, by way of debenture, mortgage, assignment of rents, assignment of monies, security agreement or other instrument or document related thereto or an amendment thereof;

and any person may act in reliance on any such instrument or document and any such instrument or document will be binding on the Beneficial Owners.

4. REIMBURSEMENT OF EXPENSES

Any payments or disbursements made by the Trustee in respect of the Claims in accordance with this Agreement will be made as the agent of and for the account of the Beneficial Owners, as principal, and the Beneficial Owners will reimburse the Trustee for any amount reasonably and properly expended by the Trustee in connection with the Claims with the consent or direction of the Beneficial Owners. The Trustee will not receive any fee or remuneration from the Beneficial Owners for acting under this Agreement.

5. INDEMNITY BY OWNERS

The Beneficial Owners will indemnify and save harmless the Trustee against any and all liability, loss, cost, action, claim or expense resulting from the Trustee's holding of title to or dealing with the Claims as directed by the Beneficial Owners from time to time, except to the extent caused by a dishonest, fraudulent or grossly negligent act or omission of the Trustee.

6. NOTICES

Any notice or other communication given pursuant to or in connection with this Agreement will be in writing and will be validly given if transmitted by email or facsimile, or delivered or sent by overnight courier with a copy to the addressee's solicitor. Either party may at any time give notice in writing to the other of a change of address, email or facsimile number for the purposes hereof.

7. TIME

Time will be of the essence of this Agreement.

8. FURTHER ASSURANCES

The Trustee will perform all such other acts and things and execute all such documents as are necessary or desirable in the reasonable opinion of the Beneficial Owners to evidence or carry out the terms or intent of this Agreement; provided however that the Trustee may refuse to take any action where costs incurred by the Trustee have not been remitted by the Beneficial Owners or the Beneficial Owners have not provided sufficient funds to cover payments required for the acts that they have requested.

9. GOVERNING LAW

This Agreement will be construed in accordance with the laws of the Province of British Columbia.

10. WRITTEN DIRECTIONS

Any direction to the Trustee will be in writing. This Agreement may be altered or amended only by an agreement in writing by the parties hereto.

11. ENUREMENT

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

12. COUNTERPARTS AND FACSIMILE TRANSMISSION

This Agreement and any notice or direction given hereunder may be executed in counterparts and delivered by facsimile transmission or other electronic means.

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

DG RESOURCE MANAGEMENT LTD.

Per: _____

JODY DAHROUGE – President

BLUE LAGOON RESOURCES INC..

Per: _____

RANA VIG – CEO