

**CAPE RAY OPTION AGREEMENT**

THIS AGREEMENT made February <sup>11</sup> ~~February~~, 2021

*11 MARCH 12,*

**BETWEEN:**

**SHAWN RYAN**, a businessperson having an address at 40 Drift Drive, Whitehorse, Yukon Territory, Y1A 0B2 (Fax: 867-667-7127; email sryan@ryanwoodexploration.com)

("Ryan")

**AND:**

**WILDWOOD EXPLORATION INC.**, a Yukon corporation with a business address at 40 Drift Drive, Whitehorse, Yukon Territory, Y1A 0B2 (Fax: 867-667-7127; email sryan@ryanwoodexploration.com)

("Wildwood")

**AND:**

**SASSY RESOURCES CORPORATION**, a corporation incorporated under the laws of British Columbia and having its head office at Suite 804, 750 West Pender Street, Vancouver, British Columbia V6C 2T7 (Fax: 604-685-6905; mark.scott@sassyresources.ca)

(the "Optionee")

**WHEREAS:**

- A. Ryan is the owner of an interest, recorded as to a 70% interest, and Wildwood is the owner of an interest, recorded as to a 30% interest in those mineral claims situated in Newfoundland, more particularly described in Schedule "A" attached hereto, which are generally known and described collectively as the "Cape Ray Property" or the "Property";
- B. The Optionee desires to obtain an option from Ryan and Wildwood, and collectively, Ryan and Wildwood have agreed to grant to the Optionee an option to acquire an undivided 100% right, title and interest in and to the Property.

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

**SECTION 1 - INTERPRETATION**

1.1 **Definitions.** For the purposes of this Agreement, the following words and phrases shall have the following meanings:

- (a) "Advance Royalty" has the meaning set forth in Section 12;
- (b) "Area of Interest" has the meaning set forth in Section 7;

- (c) **“Commercial Production”** means, and is deemed to have commenced:
  - (i) if a mill is located on the Property, when the mill processing ores, for other than testing or commissioning purposes, has operated for a period of 30 production days at an average rate of not less than 60% of design capacity; or
  - (ii) if a mill is not located on the Property, when ores have shipped from the Property for a period of 30 days during which ore has been shipped from the Property on a reasonably regular basis for the purpose of earning revenues;
- (d) **“Exchange”** means the CSE Canadian Securities Exchange;
- (e) **“Expenditures”** means all costs, expenses, charges, obligations and liabilities actually incurred of whatever kind or nature expended, or incurred directly or indirectly by the Optionee including, without limiting the generality of the foregoing, by any joint venture partner of the Optionee, on or in respect of the Property and in connection with the exploration and development of the Property during the term of the Option and including, again without limiting the generality of the foregoing, all monies actually expended in maintaining the Property in good standing by the doing and filing of assessment work and by the making the tenure payments, within the time periods in which such tenure payments are required to be made, and by expending, funding or incurring all on-site Property costs and including, again without limiting the generality of the foregoing, the costs of prospecting, claim staking, taxes, mapping, surveying, permitting, geophysical, geochemical and geological surveys, sampling, assaying, trenching, drilling, geochemical analyses, road building, drill site preparation, drafting, report writing, consultants, metallurgical testing, mining, metallurgical and economic studies, feasibility studies and including, again without limitation, any feasibility study, reclamation and all other project expenditures, provided that all rates and costs charged shall be calculated at rates in accordance with industry standards;
- (f) **“Lien”** means any lien, security interest, mortgage, charge, encumbrance, or other claim of a third party, whether registered or unregistered, and whether arising by agreement, statute or otherwise;
- (g) **“Net Smelter Returns”** has the meaning set forth in Schedule “B” attached hereto;
- (h) **“Operator”** means the party responsible for carrying out, or causing to be carried out, all work in respect of the Property during the currency of the Option;
- (i) **“Option”** means the option granted to the Optionee by the Vendor in accordance with Section 3.1 for the Property;
- (j) **“Parties”** means the Optionee, Ryan and Wildwood, and each of them is a **“Party”**;
- (k) **“Royalty”** has the meaning set forth in section 12 and Schedule B;
- (l) **“Royalty Holder”** means Ryan and Wildwood, with Ryan as to a 70% interest, and Wildwood as to a 30% interest; and
- (m) **“Vendor”** means Ryan and Wildwood collectively.

## SECTION 2 - REPRESENTATIONS AND WARRANTIES

2.1 Ryan hereby represents and warrants to the Optionee that, as of the Effective Date:

- (a) he is of the age of majority and has full power, authority and capacity to enter into this Agreement and to carry out his obligations under this Agreement and is qualified to carry on business in Newfoundland.

2.2 Wildwood hereby represents and warrants to the Optionee that:

- (a) it is a corporation duly incorporated and organised and validly existing under the Business Corporations Act (Yukon);
- (b) it has full corporate power, authority and capacity to enter into this Agreement and to carry out its obligations under this Agreement and is qualified to carry on business in Newfoundland; and
- (c) it has been duly authorized to enter into, and to carry out its obligations under, this Agreement and no obligation of it in this Agreement conflicts with or will result in the breach of any term in:
  - (i) its notice of articles or articles; or
  - (ii) any other agreement to which it is a party.

2.3 Ryan and Wildwood jointly and severally represent and warrant to the Optionee that:

- (a) (i) the claims comprising the Property were properly recorded and filed with appropriate Newfoundland governmental agencies; (ii) all assessment work required to hold the mineral claims comprising the Property has been performed and all governmental fees have been paid and all filings required to maintain the mineral claims comprising the Property in good standing until at least the date of this Agreement have been properly and timely recorded or filed with appropriate governmental agencies; (iii) they have no knowledge of conflicting mineral claims;
- (b) the Property is properly and accurately described in Schedule "A" hereto;
- (c) Ryan and Wildwood are collectively the owner of a 100% registered and beneficial interest in the Property and the Property is free and clear of all Liens and third party interests;
- (d) Ryan is legally entitled to hold the Property for himself and Wildwood under the laws of Newfoundland and will remain so entitled until the interest of Ryan and Wildwood in the Property has been duly transferred to the Optionee as contemplated hereby;
- (e) there has been no known spill, discharge, deposit, leak, emission or other release of any contaminant, pollutant, dangerous or toxic substance, or hazardous waste on, into, under or affecting the Property by Ryan or Wildwood and to Ryan and Wildwood's knowledge no such contaminant, pollutant, dangerous or toxic substance, or hazardous waste is stored in any type of container on, in or under the Property, except as necessary to carry on exploration on the Property;

- (f) there are no pending or threatened actions, suits, claims or proceedings regarding the Property; and
- (g) Ryan and Wildwood are not non-residents of Canada for the purposes of Section 116 of the Income Tax Act (Canada).

2.4 The Optionee hereby represents and warrants that:

- (a) it is a corporation duly incorporated and organised and validly existing under the *Business Corporations Act* (British Columbia);
- (b) it has full corporate power, authority and capacity to enter into this Agreement and to carry out its obligations under this Agreement and is qualified to carry on business in its jurisdiction of incorporation;
- (c) it is lawfully authorized to hold mineral claims and real property under the laws of Newfoundland;
- (d) it has been duly authorized to enter into, and to carry out its obligations under, this Agreement and no obligation of it in this Agreement conflicts with or will result in the breach of any term in:
  - (i) its notice of articles or articles; or
  - (ii) any other agreement to which it is a party;
- (e) it is and during the Option period it will be a "reporting issuer" in British Columbia, unless it ceases to be a reporting issuer as a result of a merger with, or take over by, another corporation;
- (f) each issuance of common shares issuable hereunder will, at the time of delivery to Ryan, be duly authorized and validly allotted and issued as fully paid and non-assessable free of any liens, charges or encumbrances; and
- (g) the common shares to be issued pursuant to this Agreement are, and will be at all times during the Option period, unless the Optionee ceases to be listed as a result of a merger with, or take over by, another corporation, part of a class of shares of the Optionee that is currently listed and posted for trading on the Exchange, and at the time of the delivery of the certificates representing such shares to Ryan, will have been approved and reserved for listing on the Exchange, subject only to fulfillment of the requirements of the Exchange related to the listing of shares.

2.5 Each Party's representations and warranties set out above will be relied on by the other Parties in entering into the Agreement and shall survive the execution and delivery of the Agreement. Each Party shall indemnify and hold harmless the other Parties for any loss, cost, expense, claim or damage, including legal fees and disbursements, suffered or incurred by the other Parties at any time as a result of any misrepresentation or breach of warranty arising under the Agreement.

### SECTION 3 - OPTION

3.1 Ryan and Wildwood hereby jointly grant to the Optionee the sole and exclusive right and option to acquire an undivided 100% right, title and interest in and to the Property on the terms set out herein.

3.2 In order to maintain this Agreement in good standing and exercise the Option, the Optionee must:

- (a) pay to Wildwood an aggregate of \$400,000 in cash payments, as follows:
  - (i) \$35,000 within five business days after the date of Exchange acceptance for filing of this Agreement;
  - (ii) \$35,000 on or before the first anniversary of the date of this Agreement;
  - (iii) \$50,000 on or before the second anniversary of the date of this Agreement;
  - (iv) \$75,000 on or before the third anniversary of the date of this Agreement;
  - (v) \$75,000 on or before the fourth anniversary of the date of this Agreement; and
  - (vi) \$130,000 on or before the fifth anniversary of the date of this Agreement.
- (b) allot, issue and deliver to Ryan an aggregate of 3,000,000 fully paid and non-assessable Common Shares, as follows:
  - (i) 250,000 common shares of the Optionee within five business days after the date of Exchange acceptance for filing of this Agreement;
  - (ii) an additional 250,000 common shares of the Optionee on or before the first anniversary of the date of this Agreement;
  - (iii) an additional 500,000 common shares of the Optionee on or before the second anniversary of the date of this Agreement;
  - (iv) an additional 500,000 common shares of the Optionee on or before the third anniversary of the date of this Agreement;
  - (v) an additional 750,000 common shares of the Optionee on or before the fourth anniversary of the date of this Agreement; and
  - (vi) an additional 750,000 common shares of the Optionee on or before the fifth anniversary of the date of this Agreement.
- (c) incur Expenditures in the aggregate amount of not less than \$1,800,000, as follows:
  - (i) in the amount of \$100,000 on or before November 15, 2021;
  - (ii) in the additional amount of \$120,000 on or before November 15, 2022;
  - (iii) in additional amount of \$150,000 on or before November 15, 2023;
  - (iv) in the additional amount of \$430,000 on or before November 15, 2024; and

(v) in the additional amount of \$1,000,000 on or before November 15, 2025.

3.3 All of the payment, share issuances and expenditures contemplated herein may be accelerated at the Optionee's option, and sole discretion. This Option Agreement, including the payment and share issuance contemplated herein may be subject to acceptance for filing by the Exchange.

3.4 The Optionee may elect to drop any of the properties comprising the Cape Ray Property and retain its option on the remaining properties at its sole discretion, provided however, if it retains any property comprising the Cape Ray Property, (i) the payments and share issuances provided for by section 3.2(a) and (b) shall continue to be made in full, and the work commitments required by section 3.2(c) shall be completed in full.

3.5 The Optionee will have the right to terminate this Agreement at any time up to the date of exercise of the Option by giving notice in writing of such termination to Ryan and Wildwood, and in the event of such termination, this Agreement will, except for the provisions of Sections 5.1 and 6, be of no further force and effect save and except for any obligations of the Optionee incurred prior to the effective date of termination.

3.6 Forthwith upon satisfaction of the provisions of Section 3.2 on the terms set out herein, the Optionee will, and will be deemed for all purposes hereof to have exercised the Option and to thereupon have acquired an undivided 100% interest in and to the Property pursuant to this Agreement and Ryan and Wildwood shall thereupon deliver to the Optionee duly executed transfer documents in recordable form sufficient to transfer to the Optionee or its nominee an undivided 100% right, title and interest in and to the Property.

3.7 Ryan and Wildwood acknowledge that the Parties have entered into this Agreement conditional upon the acceptance for filing of this Agreement on behalf of the Optionee by the Exchange in accordance with its policies and the issuance of any Common Shares being exempt from the prospectus requirements under the *Securities Act* (British Columbia), and any other applicable securities laws. Consequently, any issuance of Common Shares will be subject to statutory resale restrictions in Canada and may be subject to Exchange imposed resale restrictions and other restrictions on disposition in the jurisdiction of residence of Ryan and Ryan acknowledges that legends will be endorsed on the certificates representing the common shares. Ryan covenants and agrees with the Optionee to abide by all such resale restrictions.

3.8 In the event that the Optionee undertakes a capital reorganization which results in a spin-out of any of its assets into a new company or an exchange of shares, by way of a plan of arrangement or otherwise, then upon closing of the spin-out or exchange of shares, the new entity shall allot, issue and deliver to Ryan an aggregate of 500,000 fully paid and non-assessable Common Shares, after which the obligations set forth in section 3.2 herein shall be on the part of the new entity.

3.9 Notwithstanding the provisions of Section 3.2(c), if the Optionee fails to incur the required Expenditures within any of the time frames set out in Section 3.2(c) the Optionee may make a cash payment to the Optionor in lieu of the deficiency in such required Expenditures at any time within a period of 30 days immediately following the final date for completion of such required Expenditures. Any cash payment so made will be deemed to have been Expenditures duly and properly incurred and the option will remain in full force and effect.

3.10 Expenditures incurred by the Optionee exceeding the amount of Expenditures required to be incurred within any period will be carried forward to the succeeding period and qualify as Expenditures.

3.11 Notwithstanding the provisions of Section 3.2, if the Optionee fails to make any of the required cash payments and share issuances within any of the time frames set out in Section 3.2(a) or Section 3.2(b) or fails to incur any of the required Expenditures within any of the time frames set out in Section 3.2(c), the Optionee will retain its right to exercise the Option unless the Optionor delivers notice to the Optionee specifying the nature of such default and the Optionee does not use reasonable efforts in good faith to rectify such default within 30 days of the receipt of notice of such default from the Optionor.

3.12 Expenditures will be deemed to have been incurred by the Optionee when the Optionee has expended funds or has received goods or services from third parties for which the Optionee has an obligation to make payment, whether or not payment has been made. Where Expenditures are charged to the Optionee by an affiliate of the Optionee for services rendered by such affiliate, such Expenditures will not exceed the fair market value of the services rendered. A certificate of an officer of the Optionee setting forth the Expenditures incurred by the Optionee in reasonable detail will be prima facie evidence of the same.

#### **SECTION 4 - COVENANTS OF RYAN AND WILDWOOD**

4.1 During the currency of this Agreement, Ryan and Wildwood shall:

- (a) not do any other act or thing which would or might in any way adversely affect the rights of the Optionee hereunder;
- (b) make available to the Optionee and its representatives all available relevant technical data, geotechnical reports, maps, digital files and other data with respect to the Property in Ryan's or Wildwood's possession or control, including soil samples, and all records and files relating to the Property and permit the Optionee and its representatives at their own expense to take abstracts therefrom and make copies thereof;
- (c) promptly provide the Optionee with any and all notices and correspondence received by Ryan or Wildwood from government agencies in respect of the Property;
- (d) cooperate fully with the Optionee in obtaining any surface and other rights on or related to the Property as the Optionee deems desirable;
- (e) grant to the Optionee, its employees, agents and independent contractors, the sole and exclusive right and option to:
  - (i) enter upon the Property;
  - (ii) have exclusive and quiet possession thereof;
  - (iii) do such prospecting, exploration, development or other mining work thereon and thereunder as the Optionee in its sole discretion may consider advisable;
  - (iv) bring and erect upon the Property such equipment and facilities as the Optionee may consider advisable; and
  - (v) remove from the Property and dispose of material for the purpose of testing.

4.2 The covenants, agreements, obligations, representations and warranties of Ryan and Wildwood, in this Agreement are made, given and enforceable by the Optionee against Ryan and Wildwood jointly and

severally. In addition, delivery of any and all certificates, notices, and documents by the Optionee to either of Ryan or Wildwood will be deemed, under this Agreement, to be a valid and acceptable delivery by the Optionee to both of Ryan and Wildwood.

## **SECTION 5 - COVENANTS OF THE OPTIONEE**

5.1 During the currency of the Option, the Optionee shall:

- (a) keep the Property free and clear of all Liens arising from its operations hereunder (except liens for taxes not yet due, other inchoate liens or liens contested in good faith by the Optionee) and proceed with all diligence to contest or discharge any Lien that is filed;
- (b) maintain the Property in good standing by the doing and filing of assessment work or the making of payments in lieu thereof, by the payment of any required fees and taxes, and the performance of all other actions which may be necessary in that regard;
- (c) pay or cause to be paid all workers and wage earners employed by it or its contractors on the Property, and pay for all materials, services and supplies purchased or delivered in connection with its activities on or with respect to the Property;
- (d) permit Ryan or Wildwood or their representatives duly authorized by him in writing, at their own risk and expense, access to the Property at all reasonable times and to all records and reports, if any, prepared by the Optionee in connection with work done on or with respect to the Property, and furnish Ryan and Wildwood within 60 days of the completion of a program on the Property with a report with respect to the work carried out by the Optionee on or with respect to said program and material results obtained;
- (e) conduct all work on or with respect to the Property in a careful and minerlike manner and in compliance with all applicable federal, provincial and local laws, rules, orders and regulations, and indemnify and save Ryan and Wildwood harmless from any and all claims, suits, demands, losses and expenses including, without limitation, with respect to environmental matters, made or brought against it as a result of work done or any act or thing done or omitted to be done by the Optionee on or with respect to the Property; and
- (f) provide to Ryan and Wildwood within 60 days of the end of each calendar year during which any Expenditures have been incurred comprehensive written reports showing the operations carried out and the results obtained and detailing the Expenditures incurred together with evidence of payment thereof.

## **SECTION 6 - CONFIDENTIALITY**

6.1 All matters concerning the execution and contents of this Agreement and the Property shall be treated as and kept confidential by the Parties and there shall be no public release of any information concerning the Property, except where such release: (i) is of information that is now or hereafter becomes publicly available, other than by reason of the disclosing Party's failure to comply with this Agreement; or (ii) is required by law, by a court, by a regulatory authority having jurisdiction, or according to the rules, by-laws, policies, disclosure standards or codes of professional conduct or ethics of any applicable stock exchange, regulatory authority having jurisdiction or applicable statutorily recognized professional association. Notwithstanding the foregoing, the Parties are entitled to disclose confidential information to prospective investors or lenders, who shall be required to keep all such confidential information confidential.



6.2 Ryan and Wildwood acknowledge that, in order to comply with applicable securities laws and the rules and policies of the Exchange, Ryan and Wildwood will be required to provide certain personal information to the Optionee. Such information is being collected by the Optionee for the purposes of seeking the Exchange's acceptance for filing of this Agreement and otherwise complying with applicable securities laws and the rules and policies of the Exchange, including, without limitation, determining Ryan's and Wildwood's eligibility to acquire securities of the Optionee pursuant to this Agreement. By entering into this Agreement, Ryan and Wildwood are deemed to be consenting to the foregoing collection, use and disclosure of their personal information (and, if applicable, any shareholder, officer, or director's information).

#### **SECTION 7 - AREA OF INTEREST**

7.1 The Area of Interest shall be five (5) kilometers around the outside perimeter of the Property boundary. If any party (including their officers or directors) acquires, directly or indirectly, any interest in any new property which is all or partly within the Area of Interest, the acquiring party must disclose this acquisition promptly to the other party and the acquiring party's property shall form part of the Property and become subject to the terms of this Agreement.

7.2 If the Optionee acquires any properties that fall within the Area of Interest then in the event the Optionee elects to terminate this Option Agreement without exercising it, immediately following termination it shall offer all properties within the Area of Interest, or any of its rights to buy such claims, to Ryan, for \$1.

#### **SECTION 8 - FORCE MAJEUR/TERMINATION**

8.1 No Party will be liable for its failure to perform any of its obligations, or meet any requirement, under this Agreement due to a cause beyond its reasonable control including any laws or changes in any laws, action or inaction of civil or military authority, interference by First Nations or First Nations rights groups, environmentalists or other activists, terrorism, inability to obtain any licence, permit or other authorization that may be required, unusually severe weather, storms, fire, explosion, flood, insurrection, riot, labour dispute, inability after commercially reasonable efforts to obtain workers, equipment or material, delay in transportation and acts of God, but not including lack of funds (an "**Intervening Event**") and all time limits imposed by this Agreement will be extended by a period equivalent to the period of delay resulting from an Intervening Event.

8.2 In addition to any other termination provisions contained in this Agreement, this Agreement and the Option shall terminate

- (i) if the Optionee should be in default in performing any requirement herein set forth and has failed to take reasonable steps to cure such default within 30 days after the giving of a notice of default by Ryan or Wildwood;
- (ii) at any other time, by the optionee giving notice of such termination to Ryan or Wildwood;

provided however, any obligations of the Optionee accrued prior to the date of termination shall be required to be satisfied.

8.3 In the event of termination of the Option for any reason other than through the exercise thereof, the Optionee will:

- (a) leave the Property:

- (i) with all necessary assessment work required to be filed pursuant to paragraph 5.1(b) and in good standing for a period of at least one (1) year with respect to the filing of required assessment reports (or payment in lieu) as required under applicable legislation, and free and clear of all Liens arising from its operations hereunder,
  - (ii) in a safe and orderly condition, and
  - (iii) in a condition which is in compliance with all rules and orders of governmental authorities with respect to reclamation and rehabilitation of all disturbances resulting from the Optionee's use and occupancy of the Property;
- (b) deliver to Ryan or Wildwood, within 90 days of a written request therefor, a report on all work carried out by the Optionee on the Property (limited to factual matters only) together with copies of all sample location maps, drill hole assay logs, assay results and other technical data compiled by the Optionee or its representatives with respect to the Property; and
- (c) have the right (and, if requested by Ryan within 90 days of the effective date of termination, the obligation) to remove from the Property within one year of termination of this Agreement all facilities erected, installed or brought upon the Property by or at the instance of Optionee, failing which, the facilities shall become the property of Ryan.

## SECTION 9 - ARBITRATION

9.1 If any dispute, controversy or claim arises under or in connection with this Agreement and cannot be settled by negotiation, the dispute shall be finally settled by arbitration in accordance with the provisions of the *Arbitration Act* (Yukon), subject to the following modifications or additions:

- (a) the arbitration shall be conducted by one arbitrator. Within seven (7) days of written notice to any Party of a dispute, the Parties shall attempt to agree upon the person who is to act as the arbitrator. If the Parties fail to agree on the arbitrator within this time period, such arbitrator shall be appointed by a Justice of the Yukon Supreme Court;
- (b) the arbitrator shall have such technical and other qualifications as may be reasonably necessary to enable the arbitrator to properly adjudicate upon the dispute;
- (c) the arbitrator shall have the power to obtain the assistance, advice or opinion of any expert as the arbitrator may think fit and shall have the discretion to act upon any assistance, advice or opinion so obtained;
- (d) the arbitrator shall be instructed that time is of the essence in proceeding with his or her determination of the dispute;
- (e) unless otherwise decided by the arbitrator, each Party shall be responsible for any costs associated with its legal and other advisors. The costs associated with the arbitrator, including any expert retained by the arbitrator, and any facility in which the arbitration takes place, shall be shared equally by the Parties;
- (f) the arbitration shall take place in Whitehorse, Yukon; and

- (g) the arbitration decision shall be given in writing and shall be final and binding on the Parties, and shall deal with questions of the costs of the arbitration and all matters related thereto.

## SECTION 10 - OPERATOR

10.1 During the term of this Agreement, the Optionee shall be the Operator for purposes of developing and executing exploration programs on the Property.

## SECTION 11 - ROYALTY

11.1 Upon the commencement of Commercial Production, the Optionee (the "Payor") shall pay to the Royalty Holder, in accordance with their respective interests, a Net Smelter Returns royalty (the "Royalty"), being equal to 2.5% of Net Smelter Returns. The Payor shall be entitled at any time and from time to time to purchase that portion of the Royalty equal to 1.0% of Net Smelter Returns (leaving 1.5% of the Royalty to the Royalty Holder) from the Royalty Holder for \$2,500,000, on the terms set out below and in Schedule "B".

11.2 Instalments of the Royalty payable shall be paid by the Payor to the Royalty Holder immediately upon receipt by the Payor of the payment from the smelter, refinery or other place of treatment of the proceeds of sale of the minerals, ore, concentrates or other product from the Property.

11.3 Within 120 days after the end of each fiscal year, commencing with the year in which commencement of Commercial Production occurs, the accounts of the Payor relating to operations on the Property and the statement of operations, which shall include the statement of calculation of the Royalty for the year last completed, shall be audited by the independent auditors of the Payor at its expense. The Royalty Holder shall have 60 days after receipt of such statements to question the accuracy thereof in writing and, failing such objection, the statements shall be deemed to be correct and unimpeachable thereafter.

11.4 If such audited financial statements disclose any overpayment by the Payor of the Royalty during the fiscal year, the amount of the overpayment shall be deducted from future instalments of Royalty payable.

11.5 If such audited financial statements disclose any underpayment by the Payor of the Royalty during the year, the amount thereof shall be paid to the Royalty Holder forthwith after determination thereof.

11.6 The Payor agrees to maintain for each mining operation on the Property, up-to-date and complete records relating to the production and sale of minerals, ore, bullion and other product from the Property, including accounts, records, statements and returns relating to treatment and smelting arrangements of such product. The Royalty Holder shall have the right to have such accounts audited by independent auditors at its own expense once each fiscal year.

11.7 Notwithstanding any other provision of this Agreement, the Royalty Holder shall have the right, at any time and from time to time, to assign, transfer, convey, mortgage, pledge or charge all, or a portion of, the Royalty and its interest in and to this Agreement applicable to such Royalty, and the Payor covenants and agrees that it shall be bound by and shall perform, and that it will acknowledge in writing in favour of such assignee, transferee, mortgagee, pledgee or chargee that it is bound by and shall perform, the terms of this Agreement upon any such assignment, transfer, conveyance, mortgage, pledge or charge. The Royalty Holder shall notify the Payor in writing of any such assignment, transfer or conveyance, confirming the identity of such transferee and the appropriate contact information for such transferee.

11.8 Notwithstanding any other provision of this Agreement, the Royalty and related payments, as well as the Advance Royalty Payments described herein shall be memorialized in a stand-alone royalty and payment agreement at the time the option described herein has been exercised.

## SECTION 12 - ROYALTY - ADVANCE PAYMENT

12.1 If the Optionee exercises the Option by making all of the option payments and share issues described in Section 3, the Optionee shall make annual advance Royalty payments of \$25,000 (the "Advance Royalty") to the Royalty Holder, in accordance with their respective interests, commencing October 30, 2027 and continuing each year thereafter until commencement of Commercial Production.

12.2 The Royalty Holder may elect, by notice in writing to the Optionee no later than September 5 of each year that the Advance Royalty is payable, to receive the Advance Royalty in cash (payable by cheque or bank draft) or, subject to the acceptance for filing thereof by the Exchange on behalf of the Optionee, that number of Common Shares as is equal to the Advance Royalty then payable divided by the average closing price of the Common Shares over the 10 trading days immediately preceding the due date for such Advance Royalty, failing such election the Advance Royalty then due shall be paid in cash.

12.3 Any Advance Royalty paid by the Optionee will be deducted from the Royalty payable after commencement of Commercial Production.

12.4 In the event that the Optionee does not pay an Advance Royalty as and when due, then the provisions of Section 12.5 will apply, if:

- (a) the Royalty Holder provides the Optionee a written notice of default; and
- (b) the Optionee has not, within 15 calendar days of delivery of the notice of default, made such payment, if a cash payment, by bank draft, certified cheque or solicitor's trust cheque or, if a payment in Common Shares, by delivery of share certificates, to the Royalty Holder or their solicitor.

12.5 If the Optionee has not paid the Advance Royalty as required herein, notice has been provided to the Optionee pursuant to paragraph 12.4(a), and the Optionee has not made payment as provided in paragraph 12.4(b), then:

- (a) interest shall accrue on the unpaid amount of the Advance Royalty from the due date at a rate of Twenty (20%) Per Cent per annum, calculated annually; and
- (b) the Optionee may not transfer, convey, assign, mortgage, grant an option in respect of, grant a right to purchase or in any other manner dispose of or alienate any or all of its interest in the Property without the prior written consent of the Royalty Holder, which may be unreasonably withheld or delayed until receipt of payment of the Advance Royalty.

## SECTION 13 - GENERAL

13.1 **General Assignment.** Subject to section 12.5, any assignment of this Agreement or any rights hereunder in the Property shall be effected by delivering notice to that effect to the other Parties provided the assignee agrees in writing to be bound by the covenants set forth below. No Party shall be entitled to assign this Agreement or any rights hereunder in the Property without the prior written consent of the other Parties, such consent not to be unreasonably withheld. For greater certainty, nothing herein shall prevent any of the Parties from entering into any corporate reorganization, merger, amalgamation, takeover bid,

plan of arrangement, or any other such corporate transaction which has the effect of, directly or indirectly, selling, assigning, transferring, or otherwise disposing of all or a part of the rights under this Agreement to a purchaser.

**13.2 Assignment by Optionee.** No assignment by the Optionee may bind the Optionor, unless the purchaser, grantee or transferee of any interest shall have first delivered to the Optionors and the Royalty Holder its agreement relating to this Agreement, Property and the Royalty, containing:

- (i) a covenant to perform all the obligations of the Optionee to be performed under this Agreement in respect of the interest to be acquired by it from the Optionee to the same extent as if this Agreement had been originally executed by such purchaser, grantee or transferee, such covenant to specifically include the Royalty; and
- (ii) a provision subjecting any further sale, transfer or other disposition of such interest in the Property and this Agreement or any portion thereof to the restrictions contained in this paragraph 13.2; and
- (iii) provided further that it shall be a condition that any purchaser, assignee or transferee of this Agreement may not assign, sell, transfer, mortgage, charge or encumber this Agreement or the Royalty unless they have simultaneously acquired title or ownership of the Property.

**13.3 Binding.** This Agreement inures to the benefit of and binds the Parties and their respective successors and permitted assigns.

**13.4 Further Assurances.** Each Party shall from time to time promptly execute and deliver all further documents and take all further action reasonably necessary or desirable to give effect to the terms and intent of this Agreement.

**13.5 Amendment.** No amendment, supplement or restatement of any term of this Agreement is binding unless it is in writing and signed by all Parties.

**13.6 Notice.** Any notice or other communication required or permitted to be given under this Agreement must be in writing and shall be effectively given if delivered personally or by courier or if sent by fax or email addressed in the case of notice to Ryan or the Optionee, as the case may be, to its address set out on the first page of this Agreement. Any notice or other communication so given is deemed conclusively to have been given and received on the day of delivery when so personally delivered, on the day following the sending thereof by overnight courier, and on the same date when faxed or emailed (unless the notice is sent after 4:00 p.m. (Vancouver time) or on a day which is not a business day, in which case the fax will be deemed to have been given and received on the next business day after transmission). Any Party may change any particulars of its name, address, contact individual or fax number for notice by notice to the other Parties in the manner set out in this Section 13.6. No Party shall prevent, hinder or delay or attempt to prevent, hinder or delay the service on that Party of a notice or other communication relating to this Agreement.

**13.7 Counterparts.** This Agreement may be validly executed and delivered by the Parties in any number of separate counterparts and all counterparts, when executed and delivered, will together constitute one and the same instrument. Executed copies of the signature pages of this Agreement sent by facsimile or transmitted electronically in either Tagged Image Format Files (TIFF) or Portable Document Format (PDF) will be treated as originals, fully binding and with full legal force and effect, and the Parties waive any rights they may have to object to such treatment.

13.8 **Severability.** If any term of this Agreement is or becomes illegal, invalid or unenforceable, that term shall not affect the legality, validity or enforceability of the remaining terms of this Agreement.

13.9 **Schedules.** The schedules referenced herein and attached to this Agreement, are incorporated into and form part of this Agreement.

13.10 **Time.** Time is of the essence of this Agreement.

13.11 **Successors and Assigns.** This Agreement shall enure to the benefit of and be binding upon the parties and their respective successors and permitted assigns.

13.12 **Governing Law.** This Agreement shall be governed by and shall be construed and interpreted in accordance with the laws of the Yukon Territory and the laws of Canada applicable in the Yukon Territory and the parties attorn to the jurisdiction of the Court of the Yukon Territory.

13.13 **Entire Agreement.** This Agreement constitutes the entire agreement between the Parties with respect to the subject matter herein and supersedes all prior arrangements, negotiations, discussions, undertakings, representations, warranties and understandings, whether written or oral.

The Parties hereto intending to be legally bound have executed this Agreement as of the date and year first written above.

Witness:

"Shawn Ryan"  
SHAWN RYAN

"Cathy Wood"  
(Signature)

Cathy Wood  
(Print Name)

**WILDWOOD EXPLORATION INC.**

By: "Shawn Ryan"  
Shawn Ryan

**SASSY RESOURCES CORPORATION**

By: "Mark Scott"  
Authorized Signatory

MARK SCOTT  
PRESIDENT & CEO  
SASSY RESOURCES CORP.

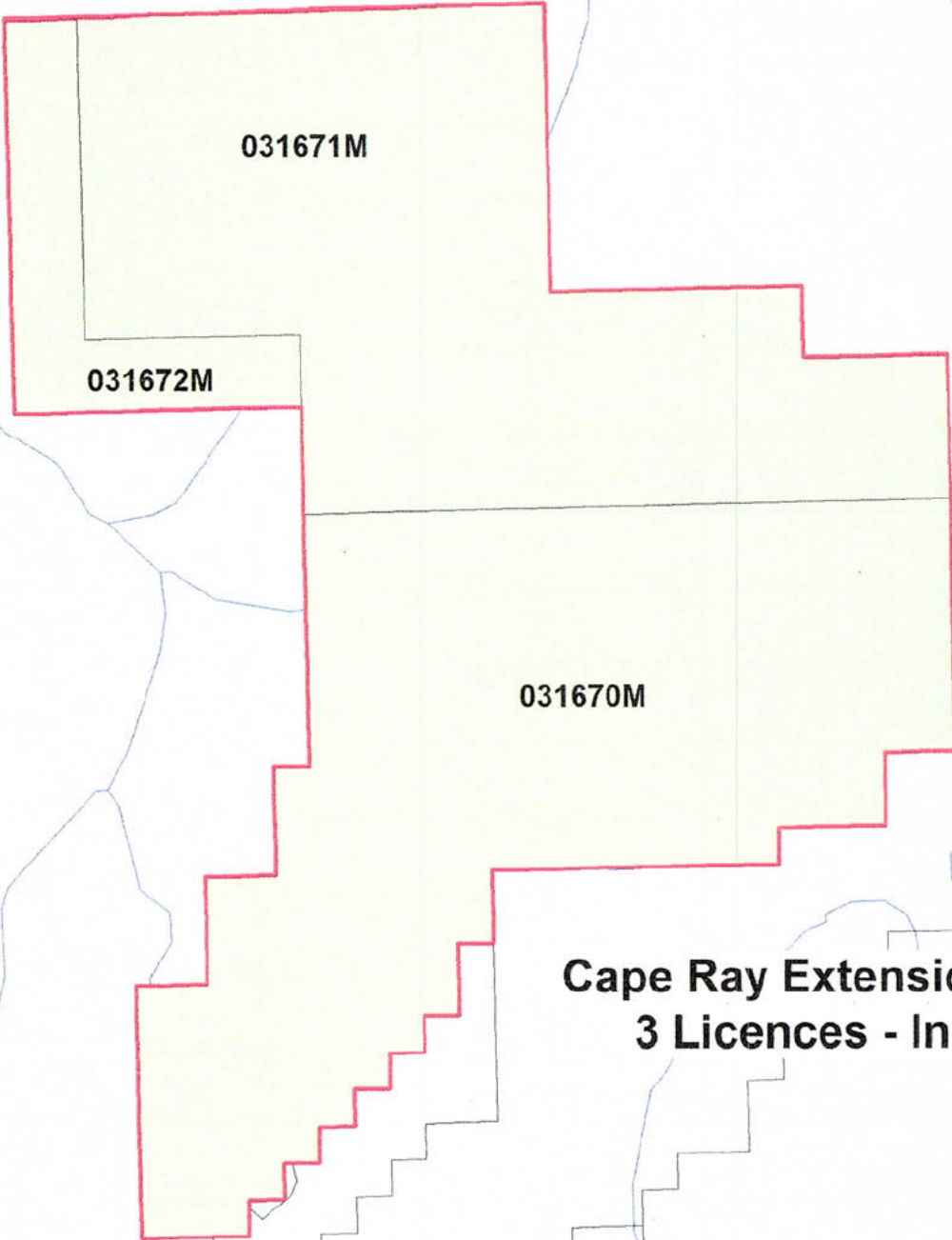
## **SCHEDULE A**

### **DESCRIPTION OF THE CAPE RAY PROPERTY**

**Cape Ray Property - 483 Claims, covered by 3 Licences, as follows:**

Those claims forming part of Licence Numbers 031670M, 031671M and 031672M as outlined in the map attached hereto as Appendix "A".

NTS 110/15



**Cape Ray Extension Project  
3 Licences - In Green**



## SCHEDULE B

### NET SMELTER RETURNS

1. For the purposes of this Agreement the following words and phrases shall have the following meanings, namely:
  - (a) "Net Smelter Returns" means actual proceeds received from any mint, smelter, refinery or other purchaser from the sale of Ore or Product from the Property, including any property subject to the Area of Interest, after deducting from such proceeds the following charges levied by third parties to the extent that they are not deducted by Optionee in computing payment:
    - (i) the reasonable cost of transportation and insurance of such Product to a smelter or other place of treatment, and
    - (ii) smelter and treatment charges;
  - (b) "Ore" shall mean any material containing a mineral or minerals of commercial economic value mined from the Property, and shall include all metals and minerals, all precious metals and minerals, including gold, all non-metallic minerals, all industrial minerals, and all ores, concentrates, precipitates, beneficiated products, and solutions containing any of the aforementioned minerals, and all forms in which such minerals may occur, be found, extracted or produced on, in or under the Property;
  - (c) "Product" shall mean Ore mined from the Property and any concentrates or other materials or products derived therefrom, but if any such Ore, concentrates or other materials or products are further treated as part of the mining operation in respect of the Property, such Ore, concentrates or other materials or products shall not be considered to be "Product" until after they have been so treated.
2. For the purposes of calculating the amount of Royalty payable to the Royalty Holder hereunder, if, after the Commencement of Commercial Production, the Optionee sells any Product to one of its subsidiaries or affiliates, and if the sale price of such Product is not negotiated on an arm's length basis, the Optionee shall for the purposes of calculating Net Smelter Returns only and notwithstanding the actual amount of such sale price, add to the proceeds from the sale of such Product an amount which would be sufficient to make such sale price represent a reasonable net sale price for such Product as if negotiated at arm's length and after taking into account all pertinent circumstances including, without limitation, then current market conditions relating to Ore, concentrates or products similar to such Product.
3. The Optionee shall by notice inform the Royalty Holder of the quantum of such reasonable net sale price and, if the Royalty Holder does not object thereto, within 60 days after receipt of such notice, said quantum shall be final and binding for the purposes of this Agreement.
4. The Optionee agrees to maintain for each mining operation on the Property appropriate records relating to the production and sale of Ore or Product. The Royalty Holder shall have the right at its own expense to have such records audited by independent auditors once each year.
5. The Optionee shall have an audited statement prepared by its auditors yearly with respect to the Royalty payable hereunder, by the 15th day of May in the following year, and the Optionee shall deliver a copy of such statement to the payee.
6. The Optionee may remove reasonable quantities of Ore and rock from the Property for the purpose of bulk sampling and of testing, and there shall be no Royalty payable to the Royalty Holder with respect thereto unless revenues are derived therefrom.

7. The Optionee shall have the right to commingle with ores from the Property, ore produced from other properties, provided that prior to such commingling, the Optionee shall adopt and employ reasonable practices and procedures for weighing, determination of moisture content, sampling and assaying, as well as utilize reasonable accurate recovery factors in order to determine the amounts of products derived from, or attributable to Ore mined and produced from the Property. For the avoidance of doubt and for greater certainty, representative samples of Ore or Product shall be retained by the Optionee and assays and other appropriate analyses of these samples shall be made before comingling to determine metal, mineral and other content. The Optionee shall maintain accurate records of the results of such sampling, weighing and analysis as pertaining to Ore mined and produced from the Property, and provide the same to the Royalty Holder. All materials and data required to be produced by this section shall be held for a period of at least six months from the time the materials and data are first produced.
8. It is the intent of the parties hereto that the Royalty shall constitute a covenant and an interest in land running with the Property and the mineral claims forming the Property, and all successions thereof or leases or other tenures which may replace them, whether created privately or through governmental action, and including, without limitation, any leasehold interest. The Royalty shall continue in perpetuity, it being the intent of the parties hereto that the Royalty will constitute a covenant running with the Property and all products and all successions thereof, and will be binding upon and enure to the benefit of the parties and their respective successors and assigns. If any right, power or interest of a person to this Agreement would violate any applicable rule against perpetuities, then such right, power or interest shall terminate at the expiration of 99 years from the date hereof.
9. The Royalty Holder may at any time, file, register or otherwise deposit a copy of this Agreement with the applicable mining recorder and any other appropriate government agencies for the purpose of providing third parties with notice of this Agreement and the rights hereunder, and the Royalty shall run with the Property.