

**CORCEL EXPLORATION INC.**

1055 West Georgia Street  
1500 Royal Centre  
Vancouver, British Columbia  
V6E 4N7

Email: [Redacted] *[Redacted: Personal Information]*

**Christopher R. Paul**

[Redacted] *[Redacted: Personal Information]*

Email: [Redacted] *[Redacted: Personal Information]*

**Oliver Friesen**

[Redacted] *[Redacted: Personal Information]*

Email: [Redacted]

August 4, 2020

**Re: Letter Agreement between Christopher R. Paul (“Paul”) and Oliver Friesen (“Friesen”) (collectively, the “Optionor”) and Corcel Exploration Inc. (the “Optionee”) for the Option to Purchase the PEAK Mineral Property, British Columbia, Canada**

When countersigned by each of the parties, the following will constitute a binding agreement (the “**Agreement**”) between Optionor and Optionee, setting out the terms of an exclusive option pursuant to which the Optionee may acquire a 100% interest in the Property (as defined in Schedule A).

**1. Option**

Optionor hereby grants to Optionee the sole and exclusive option (the “**Option**”) to acquire a 100% interest in the Property, subject to a 2% NSR Royalty (as defined in Section 4), by completing the Option Exercise Requirements in accordance with the terms and conditions set out in this Agreement.

**2. Option Exercise Requirements**

In order to exercise the Option, Optionee will complete the requirements set out in this Section 2 (collectively, the “**Option Exercise Requirements**”).

(a) Exploration Expenditures. Optionee will spend a total of C\$250,000 in exploration on the Property as follows:

- (i) CAD \$100,000 by December 31, 2020;
- (ii) CAD \$150,000 by July 20, 2023;

(collectively, the “**Exploration Expenditures**” and each, an “**Exploration Expenditure**”).

If Optionee spends more in any period than the Exploration Expenditure for that period, Optionee may apply the excess to the Exploration Expenditure for the next period. If Optionee spends less in any period than the Exploration Expenditure for that period, Optionee may

correct the default in accordance with Section 7 and maintain the Agreement in good standing by making cash payment to Optionor in an amount equal to the shortfall.

In this Agreement, all costs and expenses of whatever kind or nature spent in the conduct of exploration activities on or in relation to the Property will constitute Exploration Expenditures, excluding general and administrative expenses, land maintenance expenses, expenses related to public affairs, acquisition costs, property payments, staking costs, taxes and GST, but including expenses spent (a) in holding the Property in good standing, in curing title defects and in acquiring and maintaining surface and other ancillary rights; (b) in preparing for and in the application for and acquisition of environmental and other permits necessary or desirable to commence and complete exploration and development activities; (c) in doing geophysical and geological surveys, drilling, assaying and metallurgical testing, including costs of assays, metallurgical testing and other tests and analyses to determine the quantity and quality of minerals, water and other materials or substances; (d) in the preparation of work programs and the presentation and reporting of data and other results obtained from those work programs; (e) for environmental remediation and rehabilitation; (f) in acquiring or obtaining the use of facilities, equipment or machinery, and for all parts, supplies and consumables; (g) for salaries and wages for employees assigned to exploration and development activities; (h) travelling expenses of all persons engaged in work with respect to and for the benefit of the Property, including for their food, lodging and other reasonable needs; (i) payments to contractors or consultants for work done, services rendered or materials supplied in relation to exploration activities on the Property; and (j) the cost of insurance premiums and performance bonds or other security.

- (b) **Share Payment.** Optionee will issue 1,000,000 common shares to the Optionor (the “**Share Payment**”) at a deemed price of \$0.05 per share upon signing of this agreement, subject to any applicable corporate and regulatory approvals. The Share Payment will be made to Paul and Friesen according to the following table:

<b>Optionor</b>	<b>Share Payment</b>
Paul	500,000
Friesen	500,000

### **3. Vesting**

Upon the date Optionee exercises the Option by completing all the Option Exercise Requirements (the “**Vesting Date**”):

- (a) Optionee will be vested with 100% undivided legal and beneficial interest in the Property; and
- (b) Optionor will take such steps as necessary, in a timely manner, to effect transfer from Optionor to Optionee of 100% undivided legal and beneficial interest in the Property free and clear of all liens and encumbrances (other than the Optionor’s rights under this Agreement, including the NSR Royalty).

Optionee may accelerate the exercise of the Option by completing all the Option Exercise Requirements on an accelerated timeline. There is no partial vesting in the Property.

### **4. NSR Royalty**

- (a) Optionee hereby grants, sells, transfers, assigns and conveys to Optionor, to be effective as of the Vesting Date, a production royalty equal to 2% of the Net Smelter Returns (as defined

below) from all mineral production on the Property (the “**NSR Royalty**”), provided that Optionee may purchase 1/2 of the NSR Royalty for total consideration of \$1,000,000 at any time prior to such time when:

- (i) the concentrator processing ores, for other than testing purposes, has operated for a period of 45 consecutive days at an average rate of not less than 70% of design capacity; or
  - (ii) if a concentrator is not erected on the Property, when ores have been produced for a period of 45 consecutive production days at a rate of not less than 70% of the mining rate specified in a study and mine plan recommending placing the Property in production.
- (b) The obligations of Optionee under 4(a) shall terminate on the date that all of the mineral claims that comprise the Property have either been transferred back to Optionor or abandoned or surrendered or allowed to lapse or expire by Optionee acting in good faith.
  - (c) Optionor will retain a first charge on the Property or any lease thereon with regard to its NSR Royalty.
  - (d) Optionor will, from time to time, take all necessary actions, including execution of appropriate agreements, to pledge and subordinate the NSR Royalty to any bona fide secured borrowings from an arm’s length third party lender for construction and operation of a mine on the Property.
  - (e) In this Agreement: (i) “Net Smelter Returns” means the net sum in dollars received or to be received for ores, minerals, metals, or other saleable products sold to an “arm’s length” purchaser (as that term is defined in the *Income Tax Act* (Canada)) after deductions for custom smelting costs, treatment charges and penalties including, but without being limited to, metal losses, and penalties for impurities, all costs of transporting such ores, minerals or metals from such lands to places of treatment, and taxes of any kind, including sales taxes, levied on such ores, minerals or metals or on their production or sale but excluding income taxes.

## **5. Representations, Warranties and Covenants**

- (a) Optionee represents, warrants and covenants to and with Optionor that:
  - (i) it has full right, power and authority to enter into this Agreement, and has obtained all necessary corporate approvals to authorize its execution and performance of this Agreement;
  - (ii) Optionee will apply all exploration work on the Property as assessment to the maximum allowable, with any excess credited to the Optionor’s PAC account;
  - (iii) Optionee will work in a good miner-like manner at all times with respect to the Property, and will comply with all applicable laws, regulations and directives and obtain all necessary permits from regulatory authorities with respect to its activities on the Property;
  - (iv) Optionee will provide copies of all exploration data collected on the Property and will provide an annual report at the end of each calendar year on the results of that year's activities on the Property; and

- (v) at the date of this Agreement, it is not a reporting issuer in Canada or elsewhere, and its common shares are not listed or posted for trading on any stock exchange or quotation system.
- (b) Each of Paul and Friesen jointly and severally represents, warrants and covenants to and with Optionee that:
- (i) he has the necessary capacity to enter into and perform his obligations under this Agreement;
  - (ii) the Property is properly and accurately described in Schedule A and the Mineral Claims specified in Schedule A have been duly and validly recorded pursuant to all applicable laws and regulations in the Province of British Columbia;
  - (iii) Optionor is the legal and beneficial owner of a 100% interest in and to the Property, free and clear of any and all encumbrances (save for purported First Nations' interests), liens or charges, and there are no other outstanding agreements or options to purchase or otherwise acquire the Property or any portion thereof or interest therein;
  - (iv) there are no adverse claims, challenges, suits, actions, prosecutions, investigations or proceedings of any kind filed or pending or, to the best of Optionor's knowledge and belief, threatened against the Property or Optionor's ownership of or rights or title to the Property or any portion thereof;
  - (v) the Optionor has conducted all activities on or in respect of the Property in compliance and the Property itself complies with all applicable statutes, regulations, by-laws, laws, orders and judgments, and all directives, rules, consents, permits, orders, guidelines, approvals and policies of all applicable governmental authorities;
  - (vi) there are no obligations or commitments for reclamation, closure or other environmental corrective, clean-up or remediation action directly or indirectly relating to the Property;
  - (vii) during the term of this Agreement and for a period of one year following the termination of this Agreement in accordance with Section 7, Optionor will keep the Mineral Claims (as defined in Schedule A) in good standing;
  - (viii) all rentals, taxes, assessments, renewal fees and other governmental charges applicable to, or imposed on, the Property which were due to be paid on or before the date of this Agreement have been paid in full;
  - (ix) promptly following the date of this Agreement, Optionor will cause Optionee to be authorized as its agent in respect of the Mineral Claims so as to permit Optionee to conduct and apply exploration work as assessment on the Property; and
  - (x) promptly following the date of this Agreement, Optionor will provide Optionee with full and complete access to Optionor's books and records regarding the Property.

## 6. Area of Interest

- (a) If at any time during the term of this Agreement, Optionor or an affiliate or associate of Optionor (the "**Acquiring Party**") acquires, directly or indirectly, any interest in any property which is all or partly within three kilometres of the outermost boundary of the Property (the "**AOI Property**"), then the Acquiring Party must disclose the acquisition (including all costs

and information it has relating to the AOI Property) promptly to Optionee, and Optionee may, by notice to the Acquiring Party within 30 days of receipt of notice of the acquisition, elect to include the AOI Property within the Property.

- (b) If Optionee elects to include the AOI Property as part of the Property in accordance with Section 6(a), then the acquisition costs of the AOI Property will, upon verification by Optionee, be reimbursed to the Acquiring Party.
- (c) Provided the Optionee has already incurred any of the Exploration Expenditures in whole or in part, then upon not less than 5 days' advance written notice from the Optionee to the Optionor, the Optionee shall have the preferential right to acquire, directly or indirectly, whether via staking or otherwise, additional property within the AOI Property. The costs of such acquisition shall be borne entirely by the Optionee, and any such additional property shall form part of the Property.

## **7. Termination**

This Agreement will terminate and be of no further force or effect:

- (a) automatically, if Optionee fails to make any Exploration Expenditure or Share Payment by the required date and fails to remedy such failure within 30 days of receipt of written notice from Optionor of such default; or
- (b) at any other time by Optionee giving notice of such termination to Optionor.

## **8. Force Majeure**

No party will be liable to the other party hereto and no party will be deemed in default hereunder for any failure to perform or delay in performing any of its obligations under this Agreement caused by or arising out of any event (a “**force majeure event**”) beyond the reasonable control of such party, excluding lack of funds but including lack of rights or permission by government authorities or indigenous peoples' groups to enter upon the Property to conduct exploration, development and mining operations thereon, war conditions, actual or potential, earthquake, fire, storm, flood, explosion, strike, labour trouble, accident, riot, unavoidable casualty, act of restraint, present or future, of any lawful authority, COVID-19 pandemic and related emergency measures and activity restrictions, act of God, protest or demonstrations by environmental lobbyists or indigenous peoples' groups, act of the public enemy, delays in transportation, breakdown of machinery, inability to obtain necessary materials in the open market or unavailability of equipment. No right of a party will be affected for failure or delay of a party to perform any of its obligations under this, if the failure or delay is caused by a force majeure event. All times provided for in this Agreement will be extended for the period equal to the period of delay. The affected party will take all reasonable steps to remedy the cause of the delay attributable to the events referred to above, provided that nothing contained in this section will require any party to settle any labour dispute, protest or demonstration, or to question or test the validity of any governmental order, regulation, law or claim of right by indigenous peoples' groups. The affected party will promptly give notice to the other party of the commencement and termination of each period of force majeure.

## **9. General**

- (a) This Agreement is for an option only and, for greater certainty, the payments and actions contemplated under Section 2 above shall not be construed as obligating the Optionee to do any acts, issue any shares, make any expenditures on the Property, or make any payments hereunder, and any act, issuance, expenditure or payment as shall be made hereunder shall not be construed as obligating the Optionee to do any further act or make any further issuance, expenditure or payment.

- (b) As between Optionor and Optionee, Optionee will have exclusive control and authority over all matters relating to the Property, including all business, operations and activities thereon, and will be responsible for all Exploration Expenditures incurred in connection with the Property. For clarity, Optionor shall remain solely responsible for payment of any and all Mineral Claims maintenance fees under paragraph 5(b)(vii).
- (c) Each of Optionor and Optionee agrees to indemnify and save harmless the other from and against any environmental liabilities suffered or incurred by the other arising directly or indirectly from the first party's operations or activities conducted on the Property after the date of this Agreement. This provision shall survive any termination of this Agreement.
- (d) Neither Optionor nor Optionee may transfer its interest in this Agreement or in the Property without the prior written consent of the other party, such consent not to be unreasonably withheld, and then only provided the transferee agrees in writing to abide by all the terms and conditions of this Agreement.
- (e) This Agreement is subject to the approval of the Board of Directors of the Optionee and to any required regulatory approvals including the approval of any stock exchange on which the Optionee may list its shares, each party using its commercially reasonable efforts to obtain the same.
- (f) Any notice or other communication required or permitted to be given hereunder must be in writing, and will be deemed to have been validly given if sent by mail or email to the relevant recipient(s) and address(es) on the first page of this Agreement. Any such communication will be deemed to have been received, if mailed, on the fifth business day thereafter, and if sent by email, on the following business day.
- (g) The following schedules attached to this Agreement form part of this Agreement:  
  
Schedule A – The Property
- (h) This Agreement will be governed by and interpreted in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein.
- (i) This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns. However, if determined to be necessary for legal or regulatory reasons, the parties will negotiate a formal option agreement incorporating the terms of this Agreement in a timely manner.
- (j) This Agreement may be executed in counterpart, by facsimile or emailed scanned copy, each of which so executed will be deemed to be original and together will be deemed to constitute one and the same instrument.

- *Remainder of page intentionally left blank* -

Sincerely,  
**Optionor**

*"Christopher R. Paul"*

\_\_\_\_\_  
Christopher R. Paul

*"Oliver J. Friesen"*

\_\_\_\_\_  
Oliver J. Friesen

Agreed to this 4<sup>th</sup> day of August, 2020.

**Optionee**  
**CORCEL EXPLORATION INC.**

*"Joel Freudman"*

Per: \_\_\_\_\_

Name: Joel Freudman  
Title: President & CEO

**SCHEDULE A – THE PROPERTY**

“**Property**” means the approximate 887.1-hectare PEAK property located in British Columbia, Canada, including the mineral claims listed below as well as any mineral claims that become part of the Property pursuant to the addition of AOI Property under Section 6 (collectively, the “**Mineral Claims**”).

TITLE NUMBER	CLAIM NAME	TITLE TYPE	GOOD TO DATE	AREA (ha.)
1068233	PEAK2019B	Mineral	2021/DEC/31	866.0
1067928	PEAK2019A	Mineral	2021/DEC/31	21.1

**TOTAL AREA (ha.): 887.1**



