

PROPERTY OPTION AGREEMENT

THIS PROPERTY OPTION AGREEMENT (this “**Agreement**”) is made as of the 16th day of February , 2021.

BETWEEN:

FRED ANTONIO TEJADA, a Canadian citizen having an address
at 2-10340 16 Street, Surrey, BC V3R4L8 (“**Optionor**”)

AND:

CARMANAH MINERALS CORP., a corporation having an
address at Suite 1430 - 800 West Pender Street, Vancouver, BC
V6C 2V6 (“**Carmanah**”)

WHEREAS:

- A. Optionor is the sole registered and beneficial owner of the Property (as defined herein);
and
- B. In accordance with the terms of this Agreement, Optionor has agreed to grant Carmanah an exclusive option to acquire a 100% Earned Interest in and to the Property;

THIS AGREEMENT WITNESSES that, in consideration of the mutual agreements set forth in this Agreement, and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), Optionor and Carmanah (each, a “**Party**” and, together, the “**Parties**”) hereby agree as follows:

ARTICLE 1

DEFINITIONS AND INTERPRETATIONS

1.1 Definitions

The following terms will have the following meanings in this Agreement, unless the context otherwise expressly requires:

“**Affiliate**” means any Person which, directly or indirectly, controls, is controlled by, or is under common control with, a Person;

“**Applicable Laws**” means any applicable statutes, regulations, by-laws, laws, orders, directives, rules, consents, permits, orders, guidelines, approvals or policies of any applicable Governmental Authority;

“**Approval Date**” means 30 days from the date of this Agreement;

“**Area of Interest**” means all lands within a 2.0-kilometre radius from the outside boundaries of the Property as they exist as of the Closing Date;

“**Assets**” means: (a) the right, title and interest of Optionor in and to the Property, (b) any maps, drill core, samples, assays, geological and other technical reports, studies, designs, plans and financial or other records or intellectual property (whether in tangible or electronic form) related to the Property in the possession or under the control of Optionor as at the Closing Date or thereafter acquired by any Party or its Affiliates with respect to the Property, and (c) any

exploration tools, plant, supplies and equipment acquired after the Closing Date for, or in connection with, the Property by a Party or its Affiliates;

“Business Day” means any day other than a Saturday, Sunday or a public or statutory holiday in the Province of British Columbia;

“Carmanah Shares” means common shares in the capital of Carmanah;

“Cash Payment” means any one or more of the cash payments specified in Section 2.2(a);

“Claim” means any claim, action, damage, loss (including loss arising from a withheld or abated payment under this Agreement), liability, cost, charge, expense, payment or demand of any nature, whether present or future, fixed or unascertained, actual or contingent, and whether at law, in equity, under statute, contract or otherwise;

“Closing Date” means the date of grant of the Option, which will be 7 days after the Approval Date, or such other date as may be mutually agreed to by the Parties;

“Commercial Production” means the operation of the Property or any portion thereof as a producing mine and the production of mineral products therefrom (excluding bulk sampling, pilot plant or test operations);

“CSE” means the Canadian Securities Exchange.

“Earned Interest” means an undivided 100% right, title, ownership and beneficial interest in and to the Property, including any Mineral Rights and Other Rights related to the Property, free of any Encumbrance;

“Encumbrance” means any mortgage, charge, pledge, hypothecation, security interest, assignment, lien (statutory or otherwise), charge, title retention agreement or arrangement, option, licence or licence fee, royalty, production payment, rent, restrictive covenant or other encumbrance of any nature, or any agreement to give or create any of the foregoing;

“Environmental Laws” means all requirements of the common law, civil code or of environmental, health or safety statutes, of any Governmental Authority, including those relating to: (a) noise, (b) pollution or protection of the air, surface water, ground water or land, (c) solid, gaseous or liquid waste generation, handling, treatment, storage, disposal or transportation, (d) exposure to hazardous or toxic substances, or (e) the closure, decommissioning, dismantling, or abandonment of any facilities, mines or workings and the reclamation or restoration of lands;

“Equipment” has the meaning given in Section 13.4(i);

“Expenditures” means all costs and expenses, however denominated, incurred by Carmanah or its Affiliates, or by Optionor in its capacity as manager of exploration and development of the Property on behalf of Carmanah, on or otherwise in connection with the exploration and development of the Property, including:

- (a) all direct and indirect exploration or development costs, including drilling, geophysics, airborne geophysics, assaying, Personnel, travel, accommodation, shipping of materials and the commissioning of technical or other reports in respect of the Property; provided that any costs related to Personnel, travel and accommodation will be directly related to attendance at, or the preparation of technical data with respect to, the Property and, if incurred at such time as Optionor is the manager, will be subject to such maximum amounts as determined by Carmanah in its sole discretion and properly notified to Optionor in advance,

- (b) all expenditures required to maintain the Property in good standing in accordance with the laws of British Columbia,
- (c) all expenditures made on the Property relating to reclamation, rehabilitation and protection of the environment, including payment of any applicable bond or surety,
- (d) all expenditures that qualify as a "Canadian development expense" or "Canadian exploration expense" (each as defined in the *Income Tax Act* (Canada)), excluding any claim acquisition costs paid to Optionor, and
- (e) a charge for overhead, management and administrative costs which cannot be specifically allocated, equal to 10% of all other costs and expenses;

"Exploration Data" means any: (a) map, (b) survey, (c) 3D representation, (d) drill core, sample, assay, drill log, metallurgical, geological, geophysical, geochemical, engineering or other technical data or report, and (e) any study, design, plan and financial or other record (whether in tangible or electronic form) related to the Property or the Operations in the possession, or under the control of, a Party or any Affiliate thereof;

"Force Majeure" means, other than as a consequence of the negligence or default of a Party, an event or cause which is beyond the control of the Party claiming force majeure, not able to be overcome by the exercise of reasonable care, proper precautions and the consideration of reasonable alternatives with the intention of avoiding the effects of the force majeure by that Party, and which could not have been reasonably foreseen, including (subject to satisfying the requirements of the foregoing):

- (a) an act of God,
- (b) earthquakes, cyclones, fires, floods, blizzards or whiteouts,
- (c) explosions, acts of war, acts of public enemies or terrorist acts,
- (d) shortages of labour or strikes, interference of trade unions, lockout, secondary boycott, or other labour difficulties (without regard to whether such difficulties can be resolved by acceding to the demands of the union),
- (e) non-availability of materials or transportation, and
- (f) injunctions, laws, rules, regulations, orders or policies of any Governmental Authority that cause Operations to materially cease or that would effectively prohibit Operations from being conducted on the Property, or the discharge by the Parties of their respective obligations hereunder,

but does not include economic hardship, lack of money or credit, the state of financial markets or the inability to pay any sum of money;

"Governmental Authority" means any federal, provincial, territorial, regional, municipal or local government or authority, quasi-government authority, fiscal or judicial body, government or self regulatory organization, commission, board, tribunal, organization, or any regulatory, administrative or other agency, or any political or other subdivision, department or branch of any of the foregoing having jurisdiction or authority over the Parties or the subject matter of this Agreement, including the CSE and any other stock exchange or quotation system on which the securities of a Person are traded or quoted;

"Market Price" means the volume weighted average trading price of the Carmanah Shares on the CSE (or such other stock exchange or quotation system on which the Carmanah Shares are

principally traded at the applicable time) for the 10 trading days prior to any proposed issuance of Carmanah Shares, provided that if the Carmanah Shares are not listed on any stock exchange, the “**Market Price**” shall be determined by agreement between the Optionor and Carmanah, acting in good faith;

“**Mineral Rights**” means any permit, claim, licence, lease, concession, tenement, mineral disposition, mineral lease or other form of title or tenure, and any other right (including the right of entry to or the right to work upon lands), whether contractual, statutory or otherwise, which among other things, allows or permits a Person to explore for, develop, mine, extract, sell or otherwise dispose of, Minerals;

“**Minerals**” means all ores, solutions and concentrates, and metals derived therefrom, containing precious, base or industrial minerals (including gems) which are found in, on or under the Property and may lawfully be explored for, mined and sold under the Mineral Rights and other instruments of title under which the Property is held;

“**NI 43-101**” means National Instrument 43-101 – *Standards of Disclosure for Mineral Properties*;

“**Objection Period**” has the meaning given in Section 3.1;

“**Operations**” means every kind of work done on or in respect of the Property, including investigating, prospecting, exploring, analysing, property maintenance, sampling, assaying, preparation of reports, estimates and studies (including feasibility studies), filing assessment work, surveying, rehabilitation, reclamation and environmental protection, and any management and administration necessary to conduct the foregoing work or activities;

“**Operator**” means the Person responsible for conducting the Operations and any other exploration or development program with respect to the Property as at an applicable time;

“**Option**” has the meaning given to it in Recital B to this Agreement;

“**Option Expiry Date**” means 66 months and 90 days following the Closing Date, or such other date as may be mutually agreed to by the Parties;

“**Other Rights**” means any interest in real property, whether freehold, leasehold, license, right of-way, easement, any other surface or other right in relation to real property, and any right, licence or permit in relation to the use or diversion of water, but excluding any Mineral Rights;

“**Payment Period**” means any period in which any Cash Payment or Expenditure is required to be made by Carmanah, as set out in Table 1 in Section 2.2(a);

“**Person**” is to be construed broadly and includes any natural person, corporation, joint venture, partnership, limited liability partnership, limited partnership, limited liability company, trust, estate, business trust, association, Governmental Authority or other entity;

“**Personnel**” means, in relation to a Party, any of its, or its Affiliates’, directors, officers, employees, agents, consultants, invitees, subcontractors and representatives involved, either directly or indirectly, in the performance of the Party’s obligations under this Agreement;

“**Property**” means the Mineral Rights and Other Rights, if any, described in Schedule A, together with any present or future renewal, extension, modification, substitution, amalgamation or variation of any of those Mineral Rights or Other Rights that derive directly from those Mineral Rights or Other Rights (whether granting or conferring the same, similar or any greater rights and whether extending over the same or a greater or lesser domain);

“**Royalty**” means a 2.0% net smelter return royalty to be granted by Carmanah to Optionor on the exercise of the Option, as described in Article 2 and Schedule B; and

“**Statement of Expenditures**” has the meaning given to it in Section 3.1.

1.2 Interpretation

Unless the context otherwise expressly requires, in this Agreement:

- (a) the singular includes the plural and vice versa, and a reference to a gender includes all genders;
- (b) if a word or phrase is defined, its other grammatical forms have a corresponding meaning;
- (c) references to “\$” are to the currency of Canada;
- (d) the word “including” means “including without limitation”;
- (e) headings are for convenience only and do not form part of this Agreement or affect its interpretation;
- (f) a provision of this Agreement will not be construed to the disadvantage of a Party merely because that Party was responsible for the preparation of this Agreement or the inclusion of the provision in this Agreement;
- (g) if an act is prescribed to be done on a specified day which is not a Business Day, it will be done instead on the next Business Day;
- (h) where the phrase “to the best of the knowledge of” or similar expressions are used, it is a requirement that the Person in respect of whom the phrase is used will have made the enquiries that are reasonably necessary to enable that Person to make the statement or disclosure; and
- (i) the schedule attached hereto forms part of this Agreement.

ARTICLE 2 OPTION

2.1 Grant of Option

Upon and subject to the terms of this Agreement, Optionor will grant Carmanah the sole and exclusive right and option to acquire 100% Earned Interest in the Property, free and clear of any Encumbrance.

2.2 Good Standing and Exercise of Option

- (a) To maintain the Option in good standing, Carmanah, subject to Article 4, will: (i) incur the Expenditures (or, if Optionor is acting as manager of exploration and development of the Property in accordance with Section 4.2(a), pay the amount of the Expenditures to Optionor to be expended by Optionor as manager), and (ii) make the Cash Payments, all as set out in the Table 1 below:

Table 1

Payment Period	Expenditures	Cash Payment
Closing Date	-	\$40,000

On or before 18 months following the Closing Date	0	\$40,000
On or before 30 months following the Closing Date	\$100,000	\$40,000
On or before 42 months following the Closing Date	\$200,000	\$60,000
On or before 54 months following the Closing Date	\$300,000	\$60,000
On or before 66 months following the Closing Date	\$400,000	\$60,000
TOTAL:	\$1,000,000	\$300,000

- (b) Any excess Expenditures completed in any of the Payment Periods will be carried forward and credited to the Expenditures required in the next Payment Period.
- (c) Upon Carmanah delivering to Optionor a notice confirming satisfaction of the consideration set out in Section 2.2(a) (an “**Option Exercise Notice**”), it has 90 days to pay the Optionor a further \$1,500,000 to acquire a 100% Earned Interest, provided that Carmanah may elect at its sole option to satisfy up to 50% of this amount (being up to \$750,000) by the issuance of Carmanah Shares at a deemed price per Carmanah Share equal to the Market Price at the time of such issuance, and upon completion of such payment, Carmanah shall have earned the 100% Earned Interest which will automatically vest in Carmanah.
- (d) If Carmanah does not exercise the Option and pay Optionor \$1,500,000, it will return the Property to Optionor in good standing.

2.3 Transfer of Property

Within 30 days after the date on which Carmanah pays \$1,500,000 and acquires a 100% Earned Interest, Optionor will transfer to Carmanah or its designated Affiliate, the legal ownership of the Property, and all other Assets, data and other information in the possession or control of Optionor with respect to the Property and, until such transfer, Optionor:

- (a) will be deemed to be holding legal ownership of the Property in trust for Carmanah or its designated Affiliate (as the case may be); and
- (b) will not deal with the Property contrary to the provisions of this Agreement.

2.4 Accelerated Exercise

Carmanah may, at its sole option, accelerate the exercise of the Option at any time prior to the Option Expiry Date by making a payment of \$300,000 less any amount already paid and by completing the expenditure requirements at the time of the exercise of the Option as described in Table 1. Furthermore, Carmanah, may at its sole option acquire 100% interest in the Property at anytime prior to the Option Expiry Date by making a payment of \$300,000 less any amount already paid as shown in Table 1 and paying Optionor an additional \$1,500,000 as set forth in Section 2.2(c).

2.5 Optionor Retains Royalty

Upon Carmanah acquiring 100% interest in the Property under Section 2.2, the Optionor will retain a 2% net smelter royalty (“Royalty”), which shall be calculated in accordance with Schedule B hereto. Carmanah may acquire the 2% NSR by making a payment of \$2,000,000 to the Optionor at any time prior to the Decision to Mine after which the Optionor may elect to sell the Royalty to another party.

2.6 Finder’s Fee

The Parties agree that Carmanah may pay a finder's fee, to be satisfied by the issuance of such number of Carmanah Shares as may be determined by Carmanah in its sole discretion, to the Person responsible for introducing Carmanah to Optionor.

ARTICLE 3 EXPENDITURES

3.1 Statement of Expenditures and Audit

- (a) Within 30 days following the expiry of a Payment Period in which Carmanah is required by this Agreement to incur Expenditures (provided that the amount of such Expenditures has not been paid by Carmanah to Optionor to incur Expenditures on behalf of Carmanah), Carmanah will provide Optionor with an itemized statement of Expenditures (the "**Statement of Expenditures**") incurred during that Payment Period.
- (b) The Statement of Expenditures will be conclusive evidence of the making of the Expenditures recorded in the Statement of Expenditures unless, within 30 days after receipt of such Statement of Expenditures (the "**Objection Period**"), Optionor delivers a written and detailed objection to the Statement of Expenditures to Carmanah.
- (c) If Optionor delivers such an objection to Carmanah, then Optionor will be entitled to request that an independent auditor selected by Optionor (that will, at minimum, be a medium sized accounting firm with experience in the mining industry) audit the Expenditures recorded in the Statement of Expenditures.
- (d) At the conclusion of that audit, the costs of the audit will be paid by Optionor, unless the auditor determines that the Expenditures set out in the Statement of Expenditures were overstated by more than 10%, in which case Carmanah will pay all costs of the audit.
- (e) In all events and whatever the misstatement, only the actual Expenditures so determined (or cash payments made in satisfaction thereof) will constitute Expenditures for the purposes of the relevant Payment Period. For greater certainty, the costs of any such audit, if paid by Carmanah, will not constitute Expenditures under this Agreement. Despite anything in this Agreement to the contrary, the auditor's determination of Expenditures will be final, and determinative of the amounts stated in the Statement of Expenditures in question and will not be or constitute a dispute subject to Article 14.
- (f) For greater certainty, in the event that Carmanah has paid the amount of such Expenditures to Optionor in order for Optionor to incur Expenditures on behalf of Carmanah, Carmanah will not be required to deliver a Statement of Expenditures to Optionor for the applicable Payment Period.

3.2 Insufficient Expenditures

If, by the end of any Payment Period, or such date to which the end of the Payment Period has been deferred as a result of a Force Majeure as provided for in Article 10, Carmanah fails to incur the full amount of Expenditures for such Payment Period, or it is determined by an auditor under Section 3.1 that Carmanah has failed to incur the full amount of Expenditures for such Payment Period, Carmanah will nevertheless be deemed to have satisfied the required Expenditures requirement, if:

- (a) Carmanah, within 45 days after the date on which it delivers to Optionor the Statement of Expenditures under Section 3.1, pays to Optionor a cash payment in an amount which is equal to the difference between the actual Expenditures incurred by Carmanah and the amount of Expenditures that ought to have been incurred by Carmanah in such Payment Period; or

- (b) in the case where it is determined by an auditor under Section 3.1 that Carmanah has failed to incur the full amount of Expenditures, Carmanah, within 45 days after the date of the auditor's determination, pays to Optionor a cash payment in an amount which is equal to the difference between the actual Expenditures incurred by Carmanah as determined by the auditor and the amount of Expenditures that ought to have been incurred by Carmanah in such Payment Period.

ARTICLE 4 OPERATOR RIGHTS AND OBLIGATIONS

4.1 Operator

The Parties agree that Carmanah will be solely responsible for determining what Person acts as the Operator from time to time.

4.2 Project Operator

The Parties agree that Carmanah will be the operator of the Project.

4.3 Third Party Operator

Except for an Affiliate of the Operator, no other Person may be retained to carry out the Operator's duties as operator under Section 4.5 unless such Person agrees in writing to be bound by all of the same duties and obligations imposed on the Operator under this Agreement and, in particular, under this Article 4.

4.4 Conduct of Operations

During the term of this Agreement:

- (a) the exploration programs and related budgets for the Operations will be developed by the Operator in consultation with the other Party, provided that, if the Parties disagree on the implementation of any particular exploration program or budget matters, Carmanah will have the final decision as to their adoption and implementation;
- (b) the Operator at the applicable time will have full physical possession of the Assets and all powers and authorities necessary or desirable to enable it to carry out or procure the carrying out of all Operations; and
- (c) without limiting Section 4.4(a), the Operator at the applicable time will have the sole and exclusive right to:
- (i) enter in, under or upon the Property and to conduct the Operations and related activities on the Property,
 - (ii) exclusive and quiet possession of the Property,
 - (iii) build access roads, drill pads and temporary structures upon the surface of the Property for use by the Operator and its Personnel,
 - (iv) carry out surface and underground exploration on the Property for Minerals, including conducting geological, geochemical and geophysical surveys and drilling programs, and collecting bulk samples for metallurgical test work,
 - (v) use any Other Rights, if any, and make application for any such Other Rights as may be required in the circumstances,

- (vi) apply for and hold all permits, licenses and other approvals deemed necessary or appropriate by the Operator in connection with the conduct of exploration activities,
- (vii) bring upon and erect upon the Property such buildings, plant, machinery and equipment as it may deem advisable,
- (viii) remove from the Property and dispose of reasonable quantities of Minerals for the purpose of obtaining assays or making other tests, and
- (ix) do such prospecting, exploration, development or other mining work on and under the Property as it may deem necessary or desirable.

4.5 Operator's Obligations

During the term of this Agreement, the Operator will:

- (a) conduct all Operations in a manner consistent with sound exploration, engineering and mining practices customary in the North American mining industry, and in compliance in all material respects with any Applicable Laws, including the carrying and maintaining of liability insurance on employees, all laws and regulations regarding reclamation, protection of the environment or human health, and applicable Environmental Laws;
- (b) maintain the Property in good standing as required by Applicable Laws, including by payment of taxes or other charges, the doing and filing of all necessary work, as assessment work or otherwise, and the doing of all other acts and things, and making of all other payments, as may be necessary in that regard;
- (c) not take any action or omit to take any action that might reasonably be expected to impair, encumber or diminish Optionor's rights in or to the Property or the interest in the Property that Carmanah will acquire upon the exercise of the Option or Additional Interest, as applicable;
- (d) acquire all federal, provincial, and local permits required for the Operations;
- (e) be responsible for reclamation of those areas disturbed by the Operator's activities and post any operating and reclamation bonds required by regulatory agencies for work on the Property;
- (f) keep the Property free and clear of all Encumbrances (except liens for taxes not yet due, other inchoate liens and liens contested in good faith by the Operator) and to proceed with all diligence to contest and discharge any such Encumbrance that is filed;
- (g) appoint, as of the Closing Date, a manager, ensure that there is a Person acting in the capacity of manager at all times, and notify the inspector and Carmanah in writing of the name of the manager in accordance with Section 21 of the *Mines Act* (British Columbia), prior to commencing any Operations;
- (h) on 7 days' prior notice by Optionor (or such lesser period of reasonable notice as agreed by the Parties), and at Optionor's sole risk and expense, permit any Personnel of Optionor access to the Property at all reasonable times for the purpose of inspecting the work being done by the Operator (as determined by Carmanah in accordance with Section 4.1), provided that such inspection does not unduly interfere with any work being carried out by or on behalf of the Operator, and further provided that Optionor's Personnel comply with all applicable safety regulations and policies during such inspection, and Optionor

will indemnify and save harmless the Operator from any Claim arising in connection with such inspection that is the direct result of action of Personnel of Optionor;

- (i) on 7 days' prior notice by Optionor (or such lesser period of reasonable notice as agreed by the Parties), permit Optionor access to all data, reports or results generated with respect to Operations or other exploration or development of the Property; and
- (j) deliver to Optionor, on a semi-annual basis, reports with respect to the exploration and development of the Property, and all factual maps, reports, assay results and other factual data and documentation relating to the Operations.

4.6 Reclamation

The Operator, as determined by Carmanah in accordance with Section 4.1 from time to time, will be responsible for reclamation of all disturbances caused by, or as a result of, any of the Operations conducted during such Operator's tenure as Operator and, to the extent possible, such Operator will conduct reclamation concurrently with any such disturbance. Notwithstanding any termination of this Agreement, the Operator at the time of such termination agrees to undertake reclamation and closure monitoring of the Property to the extent required by all Applicable Laws.

4.7 Participation in Consultation

The Parties agree that, during the term of this Agreement, Optionor will be entitled to participate at the expense of Carmanah in any and all scheduled discussions and consultation with any First Nations with respect to any matters pertaining to the Property, including the permitting thereof, and Carmanah will provide Optionor with details of any unscheduled discussions as may occur with any First Nation.

4.8 Indemnity of Optionor

Carmanah will indemnify Optionor from and against any Claim made or brought by any Person against Optionor (a "**Non-Party Claim**") which arises as a consequence of:

- (a) any act or omission of Carmanah or its Personnel in the performance of the Operations;
or
- (b) the breach of, or failure to comply with, any Applicable Laws by Carmanah or its Personnel in the performance or purported performance of the Operations.

Notwithstanding the foregoing, Carmanah will not be required to indemnify Optionor with respect to any Claims arising from environmental matters related to the Property which predate the Closing Date, or which otherwise arise as a result of Optionor's actions.

4.9 Obligation to Inform

During the term of this Agreement, each Party will, and will cause its Affiliates to:

- (a) promptly deliver to the other Party any notice, demand or other material communication relating to any of the Assets that it or any of its Affiliates receive; and
- (b) obtain the prior written consent of the other Party (which consent will not be unreasonably withheld or delayed) to the sending by it or its Affiliates of any notice, demand or other material communication relating to any of the Assets to any Person, including any adjacent property owner or any Governmental Authority.

ARTICLE 5

TITLE

5.1 Registered Title

Optionor will remain the registered and beneficial holder of all of the Mineral Rights and Other Rights comprising the Property until the exercise of the Option, at which time the Property will be registered in the name of Carmanah in accordance with Section 2.2. Notwithstanding the foregoing, at the request of Carmanah, Optionor will promptly take all necessary and desirable actions to register Carmanah's right and interest, from time to time, in and to the Property pursuant to the terms of this Agreement with the appropriate land and mineral rights authorities and registries.

5.2 No Encumbrance

Except as provided in this Agreement, after the Closing Date, Optionor will not deal or attempt to deal with its right, title and interest in or to the Assets or its rights under this Agreement, and will not cause or allow any Encumbrance to be given or granted in, in respect of, or over its right, title and interest in or to the Assets.

5.3 Abandonment

Neither Party will abandon or surrender any of the Mineral Rights or the Other Rights comprising the Property without the prior written consent of the other Party. Upon any approved abandonment or surrender of any Mineral Rights or Other Rights comprising the Property (in any case, an "**Abandoned Right**"), such Abandoned Right will, for all purposes of this Agreement, cease to form part of the Property and, if title to such Abandoned Right has been transferred to Carmanah, Carmanah will re-transfer such title to Optionor at Carmanah's expense.

ARTICLE 6

CONDITIONS PRECEDENT

6.1 Conditions Precedent

This Agreement and the obligations of the Parties under it are subject to the satisfaction or waiver of each of the following conditions:

- (a) the approval of the CSE;
- (b) the approval of the board of directors of Carmanah; and
- (c) the Parties obtaining all necessary third party consents to the dealings with the Property contemplated by this Agreement, including any consent or approval that is required under Applicable Laws or by virtue of a condition or covenant of any Mineral Rights or Other Rights forming part of the Property.

The conditions precedent are for the benefit of each Party and cannot be waived or extended unless agreed in writing by each Party.

ARTICLE 7

REPRESENTATIONS AND WARRANTIES

7.1 Mutual Representations and Warranties

Each Party represents and warrants to the other Party that:

- (a) it is duly formed in its place of organization, is in good standing with respect to the filing of annual reports under the legislation under which it is incorporated or existing, and has full legal capacity and power to carry on its business, to enter into this Agreement and to perform its obligations under this Agreement;
- (b) it has taken all corporate action necessary to authorize its entry into this Agreement and the performance of its obligations under this Agreement;
- (c) this Agreement has been duly executed and delivered by it and constitutes a legal, valid and binding obligation of it enforceable in accordance with its terms by appropriate legal remedy, subject to laws generally affecting creditors' rights and to principles of equity;
- (d) the execution, delivery and performance of this Agreement by it does not and will not (with or without the lapse of time, the giving of notice or both) contravene, conflict with, or result in a breach of or default under, its constating documents, or any material term of any undertaking, agreement, deed, security arrangement, writ, order, injunction, judgment, law, rule or regulation to which it is a party or is subject, or by which it or any of its property is bound;
- (e) no litigation, arbitration, mediation, conciliation or administrative proceedings are taking place, pending or, to the best of its knowledge, threatened against it which, if adversely decided, could, in the reasonable opinion of the Party's management, have a material adverse effect on the Party's business, assets or financial condition such as to materially impair its ability to perform its obligations under this Agreement;
- (f) no liquidator, trustee in bankruptcy, receiver, receiver manager or other external administrator is currently appointed in relation to it or any of its property;
- (g) to the best of its knowledge, there are no facts, matters or circumstances which give any Person the right to appoint, or to apply to appoint (as the case may be), a liquidator, trustee in bankruptcy, receiver, receiver manager or other external administrator to it or any of its property; and
- (h) it is not aware of any material fact or circumstance which has not been disclosed to the other Party which should be disclosed in order to prevent its representations and warranties in this Article 7 from being misleading or which may otherwise be material to the other Party.

7.2 Optionor's Representations and Warranties

Optionor makes the following additional representations and warranties to Carmanah:

- (a) it is the sole registered and beneficial owner of a 100% undivided interest in the Property and no Person has any option, agreement or right granted by Optionor or any other Person to acquire any interest in the Property from Optionor;
- (b) all of the Mineral Rights comprising the Property have been validly and properly located, staked, tagged and recorded in accordance with the laws of the jurisdiction in which the Property is located, and there are no disputes threatened, or now existing, of which it is aware as to title to, or the staking or recording of, those Mineral Rights;
- (c) the Property and Optionor's interest in the Property are free and clear of any Encumbrance (except for royalties to any Governmental Authority as may be imposed from time to time);

- (d) there are no adverse Claims against, or to the ownership of, or title to, the Property or any challenge to its right, title or interest in the Property, nor, to the best of its knowledge, is there any basis for any potential or future claims;
- (e) the Mineral Rights and Other Rights comprising the Property are fully and accurately described in Schedule A, and there are no other Mineral Rights or Other Rights that would properly be considered part of the Property;
- (f) all 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 this representation is being made have been timely paid in full;
- (g) to the best of its knowledge, there are no First Nations land claims in respect of the Property, other than as exist in British Columbia generally, recognizing that First Nations land claims in this region of British Columbia have not been settled;
- (h) to the best of its knowledge, there have been no past violations of any Environmental Laws or other laws affecting or pertaining to any of the Property, nor any past creation of damage or threatened damage to the air, soil, surface waters, ground water, flora, fauna or other natural resources on or about the Property;
- (i) to the best of its knowledge, no hazardous materials or other materials used in or generated by the use of the Property have been or are currently placed, used, stored, treated, manufactured, disposed of, released, discharged, spilled or emitted on or from the Property in material violation of any Environmental Laws;
- (j) there is no agreement or consent order to which Optionor is a party relating to any environmental matter relating to the Property and, to the best of Optionor's knowledge, no such agreement is necessary for continued compliance with Environmental Laws;
- (k) it has not received any inquiry or notice of a pending investigation from any Governmental Authority or notice of any administrative or judicial proceeding concerning the violation of any laws, including Environmental Laws, relating to the Property;
- (l) it has not received any notice of expropriation of all or any of the Property nor does it have knowledge of any expropriation proceeding pending or threatened against, or affecting, the Property, nor of any discussions or negotiations which could lead to any such expropriation; and
- (m) it is not a non-resident for the purposes of Section 116 of the *Income Tax Act* (Canada).

7.3 Survival of Representations and Warranties

The representations and warranties set out in this Article 7 will be treated as re-made and be binding upon each Party as at the Closing Date and each Party will immediately notify the other Party if any of its representations and warranties set out in this Article 7 are not true and correct in any material respect at any time prior to the Closing Date. The representations and warranties set out in this Article 7 will survive indefinitely.

7.4 Indemnity

- (a) Each Party agrees to indemnify the other Party from and against any Claim which the other Party suffers, sustains or incurs arising out of or in connection with the:

- (i) material breach of any representation or warranty given or made by a Party under this Agreement; or
 - (ii) material breach of, or failure by, a Party or its Personnel to perform any covenant or obligation of that Party under this Agreement.
- (b) It is not necessary for a Party to incur expense or make payment before enforcing a right of indemnity conferred by this Agreement.

ARTICLE 8

[Intentionally Deleted]

ARTICLE 9 ASSIGNMENT

9.1 Limitations on Assignments

- (a) Subject to Sections 9.2 and 9.3, a Party (the “**Assigning Party**”) will not assign its rights under this Agreement without the prior written consent of the other Party (the “**Non-Assigning Party**”), such consent not to be unreasonably withheld.
- (b) No assignment will be effective unless and until the proposed assignee enters into an agreement with the Non-Assigning Party by which the proposed assignee agrees to be bound by the provisions of this Agreement as if it was an original party to this Agreement in the place of the Assigning Party.
- (c) In this Article 9, “**assign**” includes to:
 - (i) sell, transfer, licence, franchise or otherwise dispose or part with possession of; and
 - (ii) mortgage, charge, grant a lien, pledge, hypothecate, declare a trust or create any other Encumbrance in respect of, or grant any interest in, by way of security or otherwise.

9.2 Assignment to Affiliates

A Party may assign this Agreement to an Affiliate of that Party. An assignment to an Affiliate will be subject to the Affiliate and the Assigning Party entering into an agreement with the Non-Assigning Party, in form and substance satisfactory to the Non-Assigning Party, acting reasonably, by which:

- (a) concurrently with the assignment of this Agreement by the Assigning Party to the Affiliate, the legal and beneficial interest of the Assigning Party in the Assets is assigned to the Affiliate;
- (b) the Affiliate agrees to assume the obligations of the Assigning Party under this Agreement and be bound by this Agreement;
- (c) the Assigning Party agrees that it will remain jointly and severally liable with the Affiliate for all obligations and liabilities of the Assigning Party under this Agreement;
- (d) the Assigning Party and its Affiliate agree that the Non-Assigning Party may, at its sole option, have recourse against either or both the Assigning Party and the Affiliate for any and all obligations or liabilities of the Assigning Party under this Agreement; and

- (e) the Affiliate agrees with the Non-Assigning Party, in writing, to re-assign its right, title and interest it holds in the Assets and this Agreement to the Assigning Party (as long as the Assigning Party at the time of such re-assignment remains under the same control as at the Closing Date and, if not, then to another Person which is so controlled) before ceasing to be an Affiliate of the Assigning Party.

9.3 Exceptions

Nothing in this Article 9, applies to or restricts in any manner an amalgamation or corporate reorganization involving a Party which has the effect in law of the amalgamated or surviving corporation possessing all the property, rights and interests, and being subject to all the debts, liabilities and obligations, of each amalgamating or predecessor corporation.

ARTICLE 10 FORCE MAJEURE

10.1 Notice of Force Majeure

Subject to Section 10.4, a Party will not be liable for any delay or failure to perform any of its obligations under this Agreement (other than an obligation of indemnification or to pay money) if, as soon as reasonably possible after the beginning of the Force Majeure affecting the ability of the Party to perform any of its obligations under this Agreement, it gives notice to the other Party in accordance with Section 10.2, and otherwise complies with the provisions of this Article 10.

10.2 Force Majeure Notice

A notice given under Section 10.1 will:

- (a) specify the obligations the Party cannot perform;
- (b) fully describe the Force Majeure;
- (c) estimate the time during which the Force Majeure is expected to continue; and
- (d) specify the measures proposed to be adopted to remedy or abate the Force Majeure.

10.3 Obligation to Remedy and Mitigate

The Party that is prevented from carrying out its obligations under this Agreement as a result of Force Majeure will:

- (a) remedy the Force Majeure to the extent reasonably possible and resume performance of its obligations as soon as reasonably practicable; and
- (b) take all action reasonably practicable to mitigate any liability suffered by the other Party as a result of its failure to carry out its obligations under this Agreement.

Despite the foregoing, nothing in this Section 10.3 will require the Party that is prevented from performing its obligations under this Agreement as a result of Force Majeure to resolve or compromise any labour dispute, or to question or to test the validity of any Applicable Laws, or to perform its obligations under this Agreement if a Force Majeure renders performance impossible.

10.4 Effect of Force Majeure on Time and Payment

- (a) In the event of a Force Majeure, any time period provided for in this Agreement will be extended by a period equivalent to the period of delay or such longer period as is reasonable in the circumstances.
- (b) If at any time before the exercise of the Option by Carmanah a Force Majeure arises:
 - (i) then, from the date that the Force Majeure arises until the Force Majeure is remedied or abates, Carmanah will, subject to Sections 10.4(b)(i) and 10.4(b)(ii), not be obliged to incur or pay to Optionor any Expenditures or Cash Payments. Notwithstanding the foregoing, during the period of a Force Majeure, Carmanah will make or pay to Optionor any Expenditures or Cash Payments as are necessary to pay any maintenance, rental, holding fee or other payment required to maintain the Property in good standing;
 - (ii) if the Force Majeure is remedied or abates at any time before the expiration of one year from the date on which the Force Majeure first arose, then, in order to keep the Option in good standing, subject to Section 10.4(a), Carmanah will incur or pay to Optionor the Expenditures and Cash Payments that, but for the Force Majeure, Carmanah would have been required to incur or pay under this Agreement within six months following the cessation of the Force Majeure; and
 - (iii) if the Force Majeure does not remedy or abate at any time by the expiration of one year from the date on which the Force Majeure first arose, then Carmanah will, within 60 Business Days after the expiration of one year from the date on which the Force Majeure first arose, by notice in writing to Optionor, elect to either: (A) terminate this Agreement, or (B) not terminate this Agreement.
- (c) If Carmanah elects not to terminate this Agreement under Section 10.4(b)(iii), then Carmanah will not be required to incur or pay to Optionor any Expenditures or Cash Payments that, but for the Force Majeure, Carmanah would have been required to incur or pay to Optionor under this Agreement until such time as the Force Majeure is remedied or abates. If the Force Majeure is subsequently remedied or abates then, subject to Section 10.4(a), Carmanah will incur or pay to Optionor the Expenditures and Cash Payments that, but for the Force Majeure, Carmanah would have been required to incur or pay to Optionor under this Agreement during the period of Force Majeure within six months following the cessation of the Force Majeure.

ARTICLE 11 CONFIDENTIAL INFORMATION

11.1 Confidentiality

Each of the Parties agrees that this Agreement, all information (whether in tangible or electronic form) exchanged between the Parties or their Affiliates under this Agreement, and all information concerning or relating to the Property or the Operations of which it becomes aware, whether or not marked as confidential (the “**Confidential Information**”), is confidential, will be kept confidential, and will not be disclosed to any Person at any time or in any manner except: (i) with the prior written consent of the other Party; (ii) to the extent that the Confidential Information was publicly available at the Closing Date or becomes publicly available subsequent to the Closing Date without breach of this Agreement; (iii) as may be necessary in seeking approval of any Governmental Authority to maintain the Property or acquire additional Mineral Rights or Other Rights, or to perform the Operations; (iv) by a Party to legal, financial and other professional advisers, auditors and other consultants, officers and employees of that Party or that Party’s Affiliates, in any case requiring the information for the purposes of this Agreement (or

any transactions contemplated by this Agreement), or for the purpose of advising that Party in relation to this Agreement; (v) to the extent required by law or by a lawful requirement of any Governmental Authority or stock exchange having jurisdiction over the Party or an Affiliate thereof; (vi) if necessary or commercially desirable to be disclosed in any offer document, prospectus or information memorandum for an issue or disposal of any securities of a Party or an Affiliate thereof; (vii) if required in connection with legal proceedings relating to this Agreement or for the purpose of advising a Party in relation to legal proceedings; (viii) to any bona fide enquirer contemplating the direct or indirect purchase of an interest of a Party under this Agreement or a business combination with or financing by a Party or to an Affiliate thereof, as long as the enquirer or the Affiliate has first entered into an agreement in favour of the Parties to preserve confidentiality of information disclosed in a manner at least as onerous on the enquirer or Affiliate as this Section 11.1 is onerous on the Parties; (ix) to a banker or other financial institution considering the provision of financial accommodation to a Party or an Affiliate thereof, or to a trustee, representative or agent of that banker or financial institution; or (x) to a stock exchange (including any regulator or securities commission having jurisdiction over a stock exchange) or similar public market for trading shares upon which securities of a Party or an Affiliate thereof are quoted after the reasonable prior consultation, if practicable, with the other Party taking place as to the nature and form of the disclosure (which does not imply that the consent or approval, of the other Party will or need be obtained). Despite the foregoing, any compelled disclosure will be only to the minimum standards required by Applicable Laws.

11.2 Disclosure to Personnel

If a Party discloses Confidential Information to its Personnel, then that Party will ensure that any such Personnel: (a) are informed of the confidential nature of the Confidential Information disclosed and the Party's obligations under this Article 11; and (b) comply with the terms of this Article 11 as if they were bound by it.

11.3 News Releases

The text of any proposed news release or other public statement ("**Public Disclosure**") which a Party intends to make with respect to the Property or this Agreement will be made available to the other Party at least two Business Days prior to publication of the proposed Public Disclosure. The other Party will have one Business Day to review and comment on the proposed Public Disclosure. Any comments of the other Party concerning the proposed Public Disclosure will be considered in good faith by the Party who intends to make the Public Disclosure and the Public Disclosure will, as is reasonable, be amended accordingly. Despite the foregoing, if Public Disclosure in a media release will be made in a period shorter than two Business Days to comply with legal requirements, then the disclosing Party will give the other Party as much time as reasonably possible to review and comment on the proposed Public Disclosure.

11.4 Effect of Disclosure

Any consent of a Party given to the other Party to disclose Confidential Information or to make a Public Disclosure will not be considered an approval or certification of the consenting Party: (a) as to the accuracy of any information contained in that Confidential Information or Public Disclosure; or (b) that the Confidential Information or Public Disclosure complies with Applicable Laws.

ARTICLE 12 AREA OF INTEREST

12.1 Limitation on Acquisitions

Each of the Parties hereby covenants and agrees with the other Party that it will not directly or indirectly acquire, nor will it permit any Affiliate to directly or indirectly acquire, any Mineral

Rights or Other Rights (or interests therein) (collectively, for the purposes of this Article 12, “Rights”) located wholly or in part within the Area of Interest unless such Rights are made subject to the terms of this Agreement and the acquiring Party (or, if an Affiliate of a Party has completed the acquisition, then such Affiliate, in either case in this Article 12 referred to as the “Acquiring Party”) complies with the provisions of this Article 12.

12.2 Acquisition of Additional Property

Forthwith upon completing an acquisition of any Rights located wholly or in part within the Area of Interest, the Acquiring Party will give notice thereof to the other Party within 30 days, setting out the location of the Rights and all information known to the Acquiring Party and its Affiliates about such Rights and any interests therein, the costs of acquisition and all other pertinent details relating thereto. Upon receipt of such Notice, the notified Party will have a period of 30 days to elect, by notice to the Acquiring Party, to include such Rights in the Property and make them subject to the terms of this Agreement. Upon such election, and except with respect to the Expenditures set out in Section 2.2(a), such Rights will constitute Additional Property for inclusion in the Property thereafter for all purposes of this Agreement and the following provisions will apply:

- (a) if the Acquiring Party is Optionor, then Carmanah will reimburse Optionor for the acquisition costs that Optionor or its Affiliate has incurred, and, when reimbursed by Carmanah, the acquisition costs for any Additional Property will be deemed to constitute Expenditures hereunder;
- (b) if the Acquiring Party is Carmanah, the acquisition costs for any Additional Property will be deemed to constitute Expenditures hereunder; and
- (c) the Parties agree that any Additional Properties will be registered in accordance with Section 5.1.

12.3 Notice of Rejection

If, within the 30 day period referred to in Section 12.2, the notified Party does not give the notice referred to in Section 12.2, it will be deemed to have consented to the exclusion of the Rights in question from the Area of Interest, which may thereafter be held or dealt with by the Acquiring Party or its Affiliate free of the terms and conditions of this Agreement.

12.4 Non-Compliance Constitutes Default

Non-compliance with the provisions of this Article 12 by an Affiliate of a Party will constitute a default under this Agreement by such Party unless such Party can satisfy the other Party that the Affiliate was acting independently and at arm’s length, without information from, or direction by, the affiliated Party and that such affiliated Party could not reasonably have enforced compliance with the terms hereof by its Affiliate in the circumstances.

ARTICLE 13 TERMINATION AND REMEDIES

13.1 Carmanah’s Election to Terminate

Carmanah may elect to terminate this Agreement by delivering 30 days’ notice to that effect to Optionor, provided that Optionor will be entitled to retain any Cash Payments received by Optionor in accordance with Section 2.2(a) prior to such notice of termination.

13.2 Events of Default

A Party may terminate this Agreement by notice in writing to the other Party if:

- (a) the other Party (the “**Defaulting Party**”) commits a material breach of any provision of this Agreement, and:
 - (i) the breach is incapable of remedy, or (ii) the breach is capable of remedy and:
 - A. the Party has given notice to the Defaulting Party specifying the breach and requesting that it be remedied, and
 - B. the Defaulting Party has failed to take reasonable steps to commence rectifying that breach (or overcome its effects) within 30 days of receiving that notice; or
- (b) any one of the following occurs in relation to the other Party (the “**Insolvent Party**”):
 - (i) the Insolvent Party becomes, or informs the other Party, creditors of the Insolvent Party generally, or any particular creditor of the Insolvent Party that it is, insolvent or unable to pay its debts as and when they fall due,
 - (ii) a liquidator, provisional liquidator, receiver, assignee, custodian, trustee, sequestrate or an analogous Person is appointed to, or in respect of, the Insolvent Party or any of its property,
 - (iii) the Insolvent Party enters into, or calls a meeting of its shareholders or creditors with a view to entering into, a composition, compromise or arrangement with, or an assignment for the benefit of, any of its shareholders or creditors, or a court orders that a meeting be convened in respect of a proposed composition, compromise or arrangement between the Insolvent Party and its creditors or any class of its creditors, other than for the purpose of reconstruction or amalgamation,
 - (iv) the Insolvent Party has any bona fide execution, writ of execution, mareva or standstill injunction or similar order, attachment or other process made, levied or issued against it or in relation to any of its assets,
 - (v) any bona fide application is made or other process commenced (not being an application or process withdrawn, discontinued or dismissed within 30 days of being filed) seeking an order for the appointment of a provisional liquidator, a liquidator, a receiver or a receiver manager to the Insolvent Party,
 - (vi) the Insolvent Party is declared bankrupt or has filed for some form of protection from its creditors under Applicable Laws relating to or governing bankruptcy,
 - (vii) there is a resolution of creditors or members, or an order of a court, to place in liquidation or bankruptcy or wind up the Insolvent Party, or
 - (viii) an event happens analogous to an event specified in Sections 13.2(b)(i) to 13.2(b)(vii) to which the law of another jurisdiction applies and the event has an effect in that jurisdiction similar to the effect which the event would have had if the law of Canada applied.

13.3 Personnel and Affiliates

For the purposes of this Agreement a breach of any provision of this Agreement by the Personnel or any Affiliate of a Party or any Affiliate thereof will be deemed to be a breach by that Party.

13.4 Post-Termination Obligations

- (a) If, prior to the exercise of the Option by Carmanah, this Agreement is terminated for any reason, then:
- (i) notwithstanding such termination, any plant, building, machinery, tools, equipment, camp facilities and supplies owned, leased or otherwise held by Carmanah or its Personnel (collectively, the “**Equipment**”) and brought and placed on or in the Property by, on behalf of, or at the direction of, Carmanah, will remain Carmanah’s exclusive property and may be removed by Carmanah at any time within a period of 365 days following the termination of this Agreement, but, if Carmanah has not removed all the Equipment within that 365 day period, then the Equipment not so removed thereafter will become the absolute property of Optionor. Until the Equipment is removed from the Property by Carmanah or becomes Optionor’s property, the Equipment will be the sole responsibility of Carmanah, and Optionor will have no liability with regard to it; and
 - (ii) Carmanah will vacate the Property within a reasonable time after termination, but Carmanah will have a right of access to the Property for a period of 365 days thereafter for the sole purpose of performing the obligations contained in this Section 13.4, and will have the right to access the Property to the extent necessary to discharge its obligations pursuant to Section 4.6, provided that Carmanah will indemnify and save harmless Optionor from any Claim arising in connection with such activities resulting from action of Carmanah or any Personnel thereof during their access to the Property.
- (b) If Carmanah exercises the option as described in Section 2.2(a) of Article 2 and initiates the Option to earn the Additional Interest as described in Section 2.5 but fails to complete the payments described in Section 2.4(a) and 2.4(b) and is so notified by Optionor then Carmanah shall have 30 days to remedy the deficiency. If the deficiency is not remedied within this time period, the Option to earn the Additional Interest shall terminate.

13.5 Consequences of Termination

- (a) Subject to Sections 13.4 and 16.13, if this Agreement is terminated prior to the exercise of the Option by Carmanah, then: (i) Carmanah will have no Earned Interest and the Option will terminate; and (ii) each Party will be released from further performance of its obligations under this Agreement, except as otherwise contemplated herein, provided
- that Carmanah will continue to be responsible for reclamation requirements of the British Columbia government that may exist relating to Carmanah’s activities.
- (b) Termination of this Agreement will not derogate from, affect or prejudice any rights or remedies of a Party whether arising under this Agreement or at law that have accrued prior to the date of, or arise as a consequence of, the termination.

ARTICLE 14 DISPUTES

14.1 Governing Law

This Agreement, and all matters related hereto or arising here from, is and will be governed by, and construed in accordance with, the laws of the Province of British Columbia and the federal laws of Canada applicable therein. The Parties agree that the courts of British Columbia will have sole jurisdiction to entertain any action or other legal proceeding based on, related to, or arising from, this Agreement, and the Parties agree to attorn to the exclusive jurisdiction of such courts.

14.2 Dispute Resolution

All disputes arising under or in connection with this Agreement which cannot be resolved by agreement between the Parties will be resolved in accordance with Applicable Laws. If any legal action or other proceeding is brought for the enforcement of this Agreement, or because of an alleged dispute, breach, default or misrepresentation in connection with any provisions of this Agreement, the successful or substantially prevailing Party will be entitled to recover reasonable attorneys' fees and other costs incurred in that action or proceeding, in addition to any other relief to which it or they may be entitled.

ARTICLE 15 NOTICE

15.1 Notices

All notices, payments and other required communications to either Party will be in writing or will be addressed as follows:

(a) if to Carmanah:

Carmanah Minerals Corp.
Suite 1430 – 800 West Pender Street
Vancouver, BC V6C 2V6
Attn: Jonathan Yan
Email: jonathan@calibrecapital.ca

(b) if to Optionor:

Fred Tejada
2-10340 156 Street
Surrey, BC V3R 4L8
Email: fredtejada@gmail.com

All notices will be given: (i) by personal delivery to the Party, (ii) by email, (iii) by registered or certified mail, return receipt requested, or (iv) by overnight or other express courier service. All notices will be effective and will be deemed delivered on the date of receipt at the principal address if received during normal business hours, and, if not delivered during normal business hours, on the next Business Day following delivery, or, if delivered by email, if sent prior to 4:00 p.m. (Pacific time) on a Business Day, on such Business Day, or, if not, on the next Business Day; and if delivered solely by mail on the next Business Day after actual receipt. Either Party may change its address by notice to the other Party in accordance with this Article 15.

ARTICLE 16 GENERAL

16.1 Relationship of Parties

The Parties agree and declare that this Agreement is not, and will not be construed as constituting, an association, corporation, mining partnership or any other kind of partnership and, except as expressly provided otherwise in this Agreement, nothing in this Agreement will be deemed to constitute a Party a partner, agent or legal representative of the other Party for any purpose whatsoever or create a fiduciary relationship between the Parties.

16.2 No Holding Out

No Party may, except as expressly permitted by this Agreement or as otherwise mutually agreed in writing subsequent to the Closing Date, directly or indirectly use or permit the use of the name of the other Party for any purpose related to the Property or this Agreement.

16.3 Other Activities and Interests

- (a) The rights and obligations of the Parties under this Agreement are strictly limited to the Property. Each Party may enter into, conduct and benefit from any business venture of any kind whatsoever, whether or not competitive with the activities undertaken under this Agreement, without disclosing those activities to the other Party or inviting or allowing the other Party to participate in that business venture, except as expressly contemplated by this Agreement.
- (b) Except to the extent expressly provided otherwise in this Agreement, and without limiting Section 16.3(a), nothing in this Agreement will prevent, or may be construed to prevent, a Party from: (i) acquiring any Mineral Right or interest in any Mineral Right outside of the Property; (ii) acquiring any Mineral Right or interest in any Mineral Right within the Property that has been abandoned or surrendered in accordance with this Agreement; or (iii) using, for any reason not related to the Property, any geological, geophysical, geochemical, metallurgical or operational concept, model or principle of any kind, and each Party will be free to so acquire and use, with no obligation whatsoever to the other Party.

16.4 Recording of this Agreement

This Agreement, or a memorandum of this Agreement, will, upon the written request of a Party, be recorded in the office of any Governmental Authority identified in the written request of the requesting Party, in order to give notice to other Persons of that Party's interests that arise under this Agreement. Each Party agrees with the requesting Party to execute those documents that may be necessary to perfect such recording.

16.5 Entire Agreement

This Agreement, including any schedules hereto, contains the entire understanding of the Parties, and supersedes all prior agreements and understandings between the Parties, with respect to the subject matter hereof.

16.6 Amendment and Variation

This Agreement may not be amended, modified, varied or supplemented except in writing signed by each of the Parties.

16.7 Consents or Approvals

Except where expressly specified otherwise in this Agreement, if the doing of any act, matter or thing under this Agreement is dependent on the consent or approval of a Party, or is within the discretion of a Party, then the consent or approval may be given, or the discretion may be exercised, conditionally or unconditionally, or withheld or delayed by the Party in its absolute discretion.

16.8 Waiver

The failure of either Party to insist on the strict performance of any provision of this Agreement or to exercise any right, power or remedy upon a breach hereof will not constitute a waiver of

any provision of this Agreement or limit such Party's right thereafter to enforce any provision hereof or exercise any right hereunder.

16.9 Costs and Outlays

Each Party will pay its own costs and expenses connected with the preparation, negotiation and execution of this Agreement, including all legal, accounting and disbursements.

16.10 Manner of Payment

Any payment to be made to a Party may be made by electronic funds transfer to that Party's bank as designated by that Party by notice from time to time. That bank will be deemed the agent of the designating Party for the purposes of receiving, collecting and receipting such payment.

16.11 Further Assurances

Each Party will promptly, at its own cost, do all things (including executing and, if necessary, delivering all documents) reasonably necessary or desirable to give full effect to this Agreement and the transactions contemplated by it.

16.12 Special Remedies

Each Party acknowledges and agrees that:

- (a) any breach by it of Article 9 (Assignment) or Article 11 (Confidential Information) would constitute an injury and cause damage to the other Party which is impossible to measure monetarily;
- (b) monetary damages alone would not be a sufficient remedy for a breach of Article 9 or Article 11;
- (c) in addition to any other remedy which may be available in law or equity, a Party is entitled to interim, interlocutory and permanent injunctions or any of them to prevent breach of Article 9 or Article 11 and to compel specific performance of either or both of such Articles; and
- (d) any Party which breaches, Article 9 or Article 11 hereby waives any defence it may have at law or in equity to such injunctive or equitable relief.

16.13 Survival

Sections 4.6, 4.8, 7.4, 10.1, 11.2, 13.4, 13.5, 14.1, 14.2, 16.1, 16.2, 16.8, 16.9, 16.11, 16.12, 16.13, 16.15 and 16.16, and all limitations of liability and rights accrued prior to completion, termination or expiration of this Agreement, will not merge on completion, termination or expiration of this Agreement, but will continue in full force and effect after any termination or expiration of this Agreement, as will any other provision of this Agreement which expressly, or by implication from its nature, is intended to survive the termination or expiration of this Agreement.

16.14 Conflicts of Interest and Corrupt Practices

Each Party will comply with all applicable anti-corruption laws of all jurisdictions, including all relevant laws of Canada (each, an "**Anti-Corruption Law**"). Neither Party will give, or offer to give, receive, or agree to accept, any payment, gift or other advantage which violates an Anti-Corruption Law.

16.15 Severability

If anything in this Agreement is unenforceable, illegal or void, then it is severed, and the rest of this Agreement remains in full force and effect. Where a provision of this Agreement is prohibited or unenforceable, the Parties will negotiate in good faith to replace the invalid provision by a provision which is in accordance with applicable laws and which will be as close as possible to the Parties' original intent, and appropriate consequential amendments (if any) will be made to this Agreement.

16.16 Successors and Assigns

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

16.17 Counterparts and Electronic Delivery

This Agreement may be executed by the Parties in any number of counterparts, and it will not be necessary that the signatures of both Parties be contained on any one counterpart. This Agreement may be electronically executed by a Party by DocuSign or other form of electronic signature agreed to by the Parties. Executed copies of this Agreement may be delivered by the Parties by email or other form of electronic transmission capable of producing a printed copy. Each counterpart so executed and delivered will be deemed to be an original, will constitute one and the same instrument, and, notwithstanding the date of execution, will be deemed to be executed as of the date first set forth above.

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IN WITNESS WHEREOF the Parties have duly executed this Agreement as of the date set forth above.

FRED ANTONIO TEJADA

Per: "Fred Antonio Tejada"

CARMANAH MINERALS CORP.

"Jonathan Yan"

Per:
Authorized Signatory

SCHEDULE A

PROPERTY DESCRIPTION

Claim Name	Claim Number	Area (hectares)	Expiry Date
Loljuh	1067782	1,656.73	22/Aug/2027

Total 1,656.73 hectares (4,093.87 acres)

Claims are located in Omineca Mining Division, BC

SCHEDULE "B" - NET SMELTER RETURNS ROYALTY

1. INTERPRETATION

1.1 Defined Terms. For purposes of this Royalty the following terms shall have the respective meanings set out below and grammatical variations of such terms shall have corresponding meanings:

"Affiliate" means, with respect to a Person, any other Person that directly or indirectly Controls, or is Controlled by, or is under common Control with, that Person;

"Agreement" means the option agreement made between Fred Antonio Tejada and Carmanah Minerals Corp. to which this Royalty is attached.

"Business Day" means a day, other than a Saturday or a Sunday, on which banks are open for ordinary banking business in Vancouver, British Columbia;

"Calendar Quarter" means a period of three consecutive months ending on the last day of any of the following calendar months: March, June, September and December;

"Control" (including any correlative term) means the possession, directly or indirectly, of the power to direct or cause the direction of management or policies of a Person through ownership of securities or partnership or trust interests; without limiting the generality of the foregoing (i) a Person is deemed to Control a corporation if such Person (or such Person and its Affiliates) holds outstanding shares of the corporation carrying votes in sufficient number to elect a majority of the board of directors of the corporation, (ii) a Person is deemed to Control a partnership if such Person (or such Person and its Affiliates) holds more than 50% in value of the equity of the partnership, (iii) a Person is deemed to Control a trust if such Person (or such Person and its Affiliates) holds more than 50% in value of the beneficial interests in the trust, and (iv) a Person that Controls another Person is deemed to Control any Person controlled by that other Person;

"Governmental Authority" means any (i) multinational, national, federal, provincial, state, municipal, special administrative region, local or other governmental or public department, central bank, court, commission, board, bureau, agency or instrumentality, domestic or Foreign, (ii) any subdivision or authority of any of the foregoing, or (iii) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the above.

"Net Smelter Return" means the actual proceeds received by Carmanah from any mint and/or smelter and/or refinery and/or reduction works and/or other purchaser in respect of the sale of minerals and metals from the Property, after deducting therefrom to the extent they were actually incurred and/or were not deducted by such mint and/or smelter and/or refinery and/or reduction works and/or other purchaser in computing payment, the following:

- (a) any treatment and/or smelting and or refining charges and/or tolling, including any such costs from a custom smelter, any penalties or other charges for impurities, including metal losses or deductions in respect of metals not paid for;
- (b) all actual transportation costs for minerals and metals (including doré bars) from the Property to any such mint and/or smelter and/or refinery and/or reduction works and/or other purchaser including any such costs to any ultimate buyer of metals and including storage and handling costs, purchaser's charges for preparation, treatment,

refining, assaying, weighing, and sampling, marketing fees or costs, brokerage fees or costs;

- (c) any insurance charges on all minerals and metals including bullion transport, marine insurance and charterer's liability insurance;
- (d) all appropriate charges of such mint, smelter, refinery, reduction works or other purchaser and any sales, excise, production, import, export and other Taxes and levies, including mining taxes on minerals and metals (but excluding income taxes);
- (e) notwithstanding the foregoing, in the event that minerals and/or metals are processed at a milling facility owned or controlled or sub-contracted by Carmanah, then any transportation or handling or related costs from the Property to such milling facility shall not be deductible in calculating the Royalty. However, any such costs incurred on minerals and metals (including doré bars) produced from such ores or minerals at such facility and delivered to any mint and/or smelter and/or refinery and or reduction works and/or other purchaser shall be deductible as herein provided, provided that the costs for such activities shall not exceed the charges or deductions that would be made for such activities or services by an independent contractor providing the most competitive alternative;

"Person" means an individual, corporation, company, cooperative, partnership, trust, unincorporated association, entity with juridical personality or a Governmental Authority, and pronouns which refer to a Person shall have the similarly extended meaning;

"Property" has the meaning ascribed thereto in the Agreement;

"Royalty" means the net smelter return royalty granted by Carmanah to the Optionor pursuant to Section 2.1 hereof;

"Taxes" shall mean all imposts, royalties, duties, assessments and taxes (other than income and capital taxes) imposed upon or in connection with producing, transporting and selling minerals and metals, by any federal, provincial, state or local governmental entity or subdivision thereof; and

1.2 Currency. Unless otherwise indicated, all dollar amounts referred to herein are expressed in Canadian dollars.

1.3 Rules of Construction. Unless the context otherwise requires, in this Agreement:

- (a) words importing the singular number only shall include the plural and *vice versa* and words importing the masculine gender shall include the feminine and neuter genders and *vice versa*;
- (b) reference to any agreement, indenture or other instrument in writing means such agreement, indenture or other instrument in writing as amended, modified, replaced or supplemented from time to time;
- (c) time periods within which a payment is to be made or any other action is to be taken hereunder shall be calculated excluding the day on which the period commences and including the day on which the period ends; and

(d) whenever any payment to be made or action to be taken hereunder is required to be made or taken on a day other than a Business Day, such payment shall be made or action taken on the next following Business Day.

1.4 Accounting Principles. Any reference in this Royalty to generally accepted accounting principles refers to generally accepted accounting principles that have been established in Canada, including those approved from time to time by the Canadian Institute of Chartered Accountants or any successor body thereto.

2. NET SMELTER RETURN ROYALTY

2.1 Grant of Royalty. On the terms and subject to the conditions of the Agreement, upon Carmanah acquiring a 100% interest in the Property, Carmanah grants, transfers, conveys and agrees to pay to the Optionor a net smelter return royalty (the "Royalty") equal to 2% of the Net Smelter Return on all mineral and metal production from the Property.

2.2 Calculation and Payment.

(a) The Royalty shall be calculated on a quarterly basis and the amount of the Royalty payable to the Optionor in respect of any applicable Calendar Quarter shall be equal to the product of 2% multiplied by the Net Smelter Return in such Calendar Quarter.

(b) A provisional Royalty payment due to the Optionor in respect of any Calendar Quarter based on the provisional Net Smelter Return calculation for such Calendar Quarter shall be paid to the Optionor within 30 days after the end of such Calendar Quarter by the delivery to the Optionor of a cheque in the appropriate amount made payable to or to the order of the Optionor or a designated Affiliate thereof. A final Royalty payment due to the Optionor in respect of any Calendar Quarter based on the final Net Smelter Return calculation for such Calendar Quarter shall be paid to the Optionor, within 30 days after all costs, prices and other commercial terms for such Calendar Quarter are final, by the delivery to the Optionor of a cheque in the appropriate amount made payable to or to the order of the Optionor or a designated Affiliate thereof. All Royalty payments, including interest, if any, shall be made in Canadian dollars and will be made subject to withholding or deduction in respect of the Royalty for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of any government having power and jurisdiction to tax and for which Carmanah is obligated by law to withhold or deduct and remit to such taxing authority having such power and jurisdiction.

(c) In the event that any Royalty payment required to be made to the Optionor hereunder is not made when due, that payment shall bear interest at a rate equal to the Prime Rate plus 4.0%, compounded monthly on the last day of each month, until paid. For the purposes hereof, the term "Prime Rate" means the per annum rate quoted or announced from time to time by the principal office of the Royal Bank of Canada in Toronto as its reference rate of interest for Canadian dollar loans made in Canada. The rate of interest payable on such late payments will change simultaneously with changes in the Prime Rate from time to time.

2.3 Request for Data. If requested by the Optionor at the time each Royalty payment is made, Carmanah shall provide copies of all relevant data relating to the Royalty calculation (including all settlement sheets used in calculating the Net Smelter Return) to the Optionor.

2.4 Accounting Matters.

- (a) All calculation and computations relating to the Royalty payments to be made to the Optionor hereunder shall be made on the accrual method and shall be carried out on a consistent basis in accordance with generally accepted accounting principles to the extent that such principles are not inconsistent with the provisions of this Agreement. In the event of any inconsistency between such accounting principles and the provisions of this Agreement, the Agreement shall prevail.
- (b) Any final Royalty payment made hereunder shall be considered final and in full satisfaction of all obligations of Carmanah hereunder in respect of the Royalty payable for the calendar year to which such payment relates unless within 24 months (the "Review Period") after the receipt by the Optionor of a payment, the Optionor provides a written notice of its objection (describing in detail the specific objection and its basis therefor) to Carmanah. In the event that a dispute arises that cannot be resolved by the mutual agreement of the parties within 60 days after receipt of such notice of objection by Carmanah, any party may elect to have the dispute arbitrated in accordance with the Agreement.
- (c) Upon not less than 30 Business Days' prior written request from the Optionor, duly authorized representatives of the Optionor's chartered accountants shall be entitled, at the Optionor's cost and expense to inspect and audit, within the Review Period, such books of account, records and supporting materials related to the determination of the Royalty or otherwise confirming the rights and obligations of the Optionor and Carmanah hereunder. The Optionor agrees to make such adjustments, if any, to Royalty payments previously made as may be required as a result of such audit. The accounting firm selected by the Optionor shall execute and deliver in favour of Carmanah a confidentiality agreement that includes the confidentiality provisions of Section 3.2(a).
- (d) Carmanah shall have the right to commingle any minerals and metals from the Property with minerals and metals mined and removed from other properties, provided, however, that Carmanah shall calculate from representative samples the average grade thereof and other measures as are appropriate, and shall weigh (or calculate by volume) the material before commingling. In obtaining representative samples, calculating the average grade of the minerals or metals and average recovery percentages, Carmanah may use any procedures accepted within the mining and metallurgical industry which it believes are suitable for the type of mining and processing activity being conducted and, in the absence of fraud, its choice of such procedure shall be final and binding on the Optionor. In addition, comparable procedures may be used by Carmanah to apportion among the commingled materials all penalty and other charges and deductions, if any, imposed by the smelter, refiner or Carmanah of such material.
- (e) For the purpose of determining the amount of the Royalty payments required to be made to the Optionor pursuant to Section 2.2, all receipts and disbursements in a non-Canadian currency will be converted into Canadian currency on the basis of the noon rate of exchange quoted by the Bank of Canada on the last Business Day prior to the date of receipt or disbursement, as the case may be.
- (f) Carmanah shall have the right to mine, remove and sell small amounts of metals or other minerals from the Property as is reasonably necessary for sampling, assaying, metallurgical testing and evaluation of the minerals potential of the Property. The Optionor shall not be entitled to a Royalty in respect of such sales.

3. GENERAL MATTERS

- 3.1 Records. Carmanah shall, from and after the date hereof, keep accurate records of the tonnage, volume of minerals and metals, analysis of minerals and metals, weight, moisture, assays of pay mineral and/or metal content and other records, as appropriate, related to the determination of the Net Smelter Return.
- 3.2 Confidentiality.
- (a) The Optionor shall not, without the express written consent of Carmanah, which consent may not be unreasonably withheld, disclose this Agreement or any non-public information received under this Agreement relating to Carmanah or the Property (the "Confidential Information"), other than to the CSE, its financial advisors and their representatives and its employees, agents or consultants of the Optionor.
- (b) The Optionor may disclose Confidential Information to a prospective lender to whom the Optionor may, in good faith, grant an interest in the Royalty payments as security for the the Optionor's bona fide obligations to such lender, but only if Carmanah has been provided with a confidentiality agreement that includes the confidentiality provisions of Section 3.2(a), and that has been executed by such lender.
- (c) The Optionor may disclose Confidential Information if such disclosure is required for compliance with applicable laws, rules, regulations or orders of any governmental agency or stock exchange having jurisdiction over the Optionor or its Affiliates, provided, however, that the Optionor shall give notice to Carmanah of such disclosure as far in advance of such disclosure as is reasonably practicable and ensure that only such information as is necessary to comply with the Optionor's obligations is disclosed.
- 3.3 Right to Inspect. Upon not less than 30 days' notice to Carmanah, the Optionor or its authorized representatives may enter upon all surface and subsurface portions of the Property for the purpose of inspecting the Property, all improvements thereto and operations thereon, and may, subject to the obligations of confidentiality described in Section 3.2, inspect and copy all records and data pertaining to the determination of the Royalty, including such records and data which are maintained electronically.
- 3.4 Requested Information. If requested in writing, Carmanah shall provide the Optionor, at the Optionor's expense, with such data or reports regarding mineral resources that are subject to the Royalty as may be reasonably required by the Optionor to comply with the requirements of National Instrument 43-101 of the Canadian Securities Administrators ("NI 43-101"), but no officer or employee of Carmanah or any of its Affiliates shall be required to act as a "qualified person" (as that term is defined in 43-101) of the Optionor in respect of publicly disclosed information.
- 3.5 Hedging Activities. The value received for mineral and metal production shall be determined regardless of any actual hedging or price protection arrangements ("Hedging Activities") entered into by Carmanah or its Affiliates with respect to mineral and metal production from the Property. Such Hedging Activities, and the profits and losses generated from Hedging Activities, shall not be taken into account in calculating the Net Smelter Return.
- 3.6 No Implied Covenants. The parties agree that no implied covenants or duties relating to exploration, development, mining or the payment of production royalties or any other matters provided for herein shall affect any of their respective rights or obligations

hereunder, and that the only covenants or duties which affect such rights and obligations shall be those expressly set forth and provided for in this Agreement.

3.7 Change in Ownership of Right to Royalty. No change or division in ownership of the Royalty, however accomplished, shall enlarge the obligations or diminish the rights of Carmanah or its Affiliates. The Optionor covenants and agrees that any change in ownership of the Royalty shall be subject to clause 3.9(a) and be accomplished in such a manner that Carmanah and its Affiliates shall be required to make payments and give notice to no more than one person, firm, corporation, or entity, and upon breach of this covenant, Carmanah and its Affiliates may retain all Royalty payments otherwise due until such breach has been cured. No change or division in ownership of the Royalty or right to Royalty payments shall be binding on Carmanah or its Affiliates until the Optionor shall have delivered to Carmanah a certified copy of the instrument evidencing the change or division of such ownership.

3.8 Property Right: Further Assurances: Registration of Interest

- (a) Carmanah acknowledges and agrees that (i) the Royalty is a property right and creates an interest in the Property that runs with the Property and such interest shall be applicable to Carmanah and its successors and the permitted assigns of the Property, and (ii) the Royalty shall attach to any amendments, relocations or conversions of any mining claims comprising the Property.
- (b) Each party shall execute all such further instruments and documents and do all such further actions as may be necessary to effectuate the transactions contemplated in this Agreement, in each case at the cost and expense of the party requesting such further document or action, unless expressly indicated otherwise. The Optionor shall have the right at its own expense, to register or record this Agreement or notice thereof against the title to the Property.

3.9 Successors and Assigns

- (a) This Royalty shall enure to the benefit of and shall be binding on and enforceable by the parties hereto and, where the context so permits, their respective successors and permitted assigns.
- (b) Subject to Section 3.7, the Optionor may sell, assign, convey, transfer or otherwise dispose of the Royalty, or any part thereof, by providing written notice to Carmanah.
- (c) Carmanah may not assign, transfer or otherwise convey this Royalty or all or any of its rights or obligations hereunder in connection with any assignment or conveyance of the Property or any interest in it in any manner whatsoever without the prior written consent of the Optionor. Any assignment, transfer or conveyance by the Carmanah shall comply with the following:
 - (i) it shall be a condition of such assignment, transfer or conveyance that the transferee first execute and deliver to the other parties an instrument pursuant to which the transferee agrees to be bound by the terms hereof and by all of the liabilities and obligations of the transferor hereunder in the same manner and to the same extent as though the transferee was an original party hereto in the first instance, without in any way derogating from clause (ii) below; and

- (ii) any such assignment, transfer or conveyance shall not relieve or discharge Carmanah from any of its liabilities or obligations hereunder existing on the date of such assignment, transfer or conveyance, and the Optionor may continue to look to Carmanah for the performance thereof.