

THIS **PROPERTY PURCHASE AND SALE AGREEMENT** is dated for reference June 27, 2022.

BETWEEN:

STEVEN SCOTT

(the “**Vendor**”)

OF THE FIRST PART

AND:

**RED CANYON RESOURCES
LTD.** 1210 – 1130 West Pender Street
Vancouver, BC V6E 4A4

(the “**Purchaser**”)

OF THE SECOND PART

WHEREAS:

- A. The Vendor is the owner of Mineral Title 1070091 located in the Cariboo region of British Columbia, Canada known as the Hilltop Claim (the “**Property**”), as more particularly described in the Schedule “A” attached hereto; and
- B. The Purchaser is desirous of acquiring the Property, and the Vendor has agreed to sell the Property to the Purchaser, subject only to the total single 1.0% Net Smelter Return (“**NSR**”) Royalty reserved to the Vendor, on the terms and conditions contained in this Agreement.

NOW THEREFORE THIS AGREEMENT WITNESSES that, in consideration of the mutual promises, covenants, conditions, representations, and warranties set out in this Agreement, the parties agree to a purchase as follows:

1. DEFINITIONS

1.01 In this Agreement:

- (a) “**Claim**” means the mineral claim comprising the Property and listed in Schedule “A” hereto;
- (b) “**Hazardous Substance**” means any substance or material that is or becomes prohibited, controlled or regulated by any federal, provincial, municipal, local or other level of government and any government agency, body, corporation, organization, department, official or authority responsible for administering or enforcing any law and includes any toxic substance, waste and dangerous goods;
- (c) “**Net Smelter Royalty**” (“**NSR**”) means that royalty as defined in Section 3 hereof and outlined in Schedule “B” attached hereto;

(d) **“Property”** means and includes:

- (i) the Claim; and
- (ii) all rights and appurtenances pertaining to the Claim, including all prospecting, research, exploration, exploitation, operating and mining permits, licenses and leases associated therewith, mineral, surface, water and ancillary or appurtenant rights attached or accruing thereto, rights of way, and easements, both recorded and unrecorded, to which the Vendors are now entitled in respect thereof, and any mining licence or other form of substitute or successor mineral title or interest granted, obtained or issued in connection with or in place of or in substitution for any such property (including, without limitation, any property obtained in order to cover any internal gaps or fractions in respect of such ground);

2. ACQUISITION OF PROPERTY

2.01 The Vendor hereby agrees to sell, assign and transfer to the Purchaser, and the Purchaser hereby agrees to purchase and acquire from the Vendor, an undivided 100% right, title and interest in and to the Property, subject only to the single 1.0% Net Smelter Return (“NSR”) Royalty reserved to the Vendor, for consideration of five hundred seventy-five dollars (\$575) payable upon close of this transaction.

2.02 The Vendor hereby agrees to effect the extension of the good-to-date of the Claim from June 30, 2022 to December 5, 2022.

3. NSR ROYALTY

3.01 The transfer of the Property by the Vendor is subject to the Vendor retaining a 1.0% NSR with respect to the production from the Property outlined in Schedule “A” and having the following attributes:

- (a) the terms and conditions of the NSR shall be as set forth in Schedule “B” hereto; and
- (b) the Purchaser shall have the right to purchase the 1.0% NSR for \$1,000,000 at any time.

4. CLOSING

4.01 Closing of the transactions contemplated hereby (the “Closing”) shall occur within ten business days after signing this Agreement.

5. COMPLETION

5.01 Upon satisfaction in full of the obligations of the Purchaser under sections 2.01 and 2.02 hereof, the Vendor shall deliver or cause to be delivered to the Purchaser such recordable transfers and related documents as the Purchaser may require in order to transfer into its name the Claim and related interests comprising the Property. The Vendor shall ensure the Claim status upon transfer is valid through to December 5, 2022.

6. TRANSFER OF DATA

6.01 Forthwith after the Closing of this Agreement, the Vendor shall deliver to the Purchaser copies of all maps, reports, sample results, and other data and documentation relating to the Property in the possession of the Vendor relating to previous work on the Property conducted by the Vendor or obtained from third parties.

7. REPRESENTATIONS AND WARRANTIES

7.01 The Vendor hereby represents and warrants that:

- (a) the Claim has been properly staked and recorded in compliance with the laws of British Columbia;
- (b) the Vendor is the legal and beneficial owner of the Claim and other mineral rights underlying the Property, and no such rights are held by or on behalf of any other party; and there are no adverse claims or challenges against or disputes over or to the ownership or staking or recording of or title to the Claim or the Property or other interests comprising the Property, nor to the best of the Vendor's knowledge is there any basis therefor;
- (c) there is no legal, administrative, or other proceeding, arbitration, claim or action of any nature or investigation pending or, to the best of the Vendor's knowledge after reasonable inquiry, threatened against or involving the Property or which questions or challenges the validity of this Agreement or any action taken or to be taken by the Vendor pursuant to this Agreement or any other agreement or instrument to be executed and delivered by the Vendor in connection with the transactions contemplated hereby and the Vendor does not know or have any reason to know of any valid basis for any such legal, administrative or other proceeding, arbitration, claim, action of any nature or investigation, and the Vendor is not subject to any judgment, order or decree entered in any lawsuit or proceeding which has had or may be expected to have an adverse effect on the Property;
- (d) the Vendor has not received notice of the existence of any condemnation, expropriation or similar proceedings affecting the Claim;
- (e) to the best of the Vendor's knowledge after reasonable inquiry, no Hazardous Substance has been placed, held, located, used or disposed of, on, under or at the Claim by any person and to the best of the Vendor's knowledge after reasonable inquiry, no claim has ever been asserted and there are no present circumstances which could reasonably form the basis for the assertion of any claim against the Vendor for losses of any kind as a direct or indirect result of the presence on or under or the escape, seepage, leakage, spillage, discharge, emission or release from the Claim of any Hazardous Substance;
- (f) there are no outstanding work orders or actions required or reasonably anticipated to be required to be taken in respect of the rehabilitation or restoration of the Claim or relating to environmental matters in respect of the Claim or any operations thereon, nor has the Vendor received notice of same;
- (g) to the best of the Vendor's knowledge after reasonable inquiry, all previous exploration on the Claim has been carried out in accordance with applicable law in a sound and workmanlike manner and in compliance with sound geological and geophysical

exploration and mining, engineering and metallurgical practices, and the Vendor has not received notice of any breach, violation or default with respect to the Claim;

- (h) the Claim and other interest comprising the Property (i) have been duly and validly made, recorded and filed by the Vendor pursuant to all applicable laws and regulations; (ii) are accurately described in Schedule A hereto; (iii) are free and clear of any liens, charges, royalty interests and encumbrances of any nature or kind whatsoever (other than as disclosed herein); and (iv) are in good standing with all applicable government offices;
- (i) the Vendor has not done anything whereby the Claim or other interests comprising the Property may in any way be or become encumbered hereafter other than as disclosed herein;
- (j) the Vendor is not aware of any circumstance whatsoever that would prevent the Purchaser from receiving a 100% unencumbered right, title and interest in and to the Claim and the other interests comprising the Property, as a result of the completion of the sale and purchase contemplated herein;
- (k) the Vendor has made available to the Purchaser all material information in its possession or control relating to the Property and the Vendor shall continue to make available to the Purchaser all information in its possession or control relating to the Property;
- (l) the Vendor does not have any information or knowledge of any facts pertaining to the Property or substances thereon or therefrom not disclosed in writing to the Purchaser, which if known to the Purchaser might reasonably be expected to deter the Purchaser from completing the transactions contemplated hereby;

7.02 The representations and warranties set out herein shall survive the Closing and are conditions on which the parties have relied in entering into this Agreement and will survive any disposition of the Property to any third party, and the Vendor will indemnify and save the Purchaser harmless from all loss, damage, costs, actions and suits arising out of or in connection with any breach of any representation, warranty, covenant, agreement or condition made by him and contained in this Agreement.

7.03 The Purchaser hereby represents and warrants that:

- (a) the Purchaser is a company duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation;
- (b) the Purchaser has full power and authority to carry on its business and to enter into this Agreement and any agreement or instrument referred to or contemplated by this Agreement;
- (c) neither the execution and delivery of this Agreement, nor any of the agreements referred to herein or contemplated hereby, nor the consummation of the transactions hereby contemplated conflict with, result in the breach of or accelerate the performance required by, any agreement to which it is a party;
- (d) the execution and delivery of this Agreement and the agreements contemplated hereby will not violate or result in the breach of the laws of any jurisdiction applicable or pertaining thereto or of its constating documents; and

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

7.04 The representations and warranties set out herein shall survive the Closing and are conditions on which the parties have relied in entering into this Agreement and will survive any disposition of the Property to any third party, and the Purchaser will indemnify and save the Vendor harmless from all loss, damage, costs, actions and suits arising out of or in connection with any breach of any representation, warranty, covenant, agreement or condition made by them and contained in this Agreement.

8. GENERAL TERMS AND CONDITIONS

8.01 This Agreement may be executed in several counterparts, each of which when so executed shall be deemed to be an original and such counterparts shall constitute one and the same instrument and notwithstanding the date of execution shall be deemed to bear date as of the date of this Agreement. A facsimile transcribed copy of this Agreement, signed by a Party in counterpart or otherwise, shall be deemed to be and to constitute a properly executed, delivered and binding document of the Party so signing, notwithstanding any variation in the dates of execution.

8.02 The parties hereby covenant and agree that they will execute such further agreements, conveyances and assurances as may be requisite, or which counsel for the parties may deem necessary to effectually carry out the intent of this Agreement.

8.03 This Agreement shall constitute the entire agreement between the parties with respect to the Property. No representations or inducements have been made save as herein set forth. No changes, alterations or modifications of this Agreement shall be binding upon either party until and unless a memorandum in writing to such effect shall have been signed by the parties hereto. This Agreement shall supersede all previous written, oral or implied understandings between the parties or between the Vendor and the Purchaser with respect to the matters covered hereby.

8.04 Time shall be of the essence of this Agreement.

8.05 The titles to the sections in this Agreement shall not be deemed to form part of this Agreement but shall be regarded as having been used for convenience of reference only.

8.06 Wherever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision shall be prohibited by or be invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

8.07 The Schedules to this Agreement shall be construed with and as an integral part of this Agreement to the same extent as if they were set forth verbatim herein. Defined terms contained in this Agreement shall have the same meanings where used in the Schedules.

8.08 This Agreement shall be governed by and interpreted in accordance with the laws of the Province of British Columbia. The parties hereby attorn to the jurisdiction of the courts of the Province of British Columbia and agree to submit any disputes in respect of this Agreement to the courts of the Province of British Columbia.

8.09 This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and assigns.

IN WITNESS WHEREOF this Agreement has been executed by the parties hereto as of the day and year first above written.

Signed, sealed and delivered by **STEVEN SCOTT** in the presence of:

/s/ "Stacey Funk"
Signature of Witness

Stacey Funk
Name of Witness

/s/ "Steven Scott"
STEVEN SCOTT

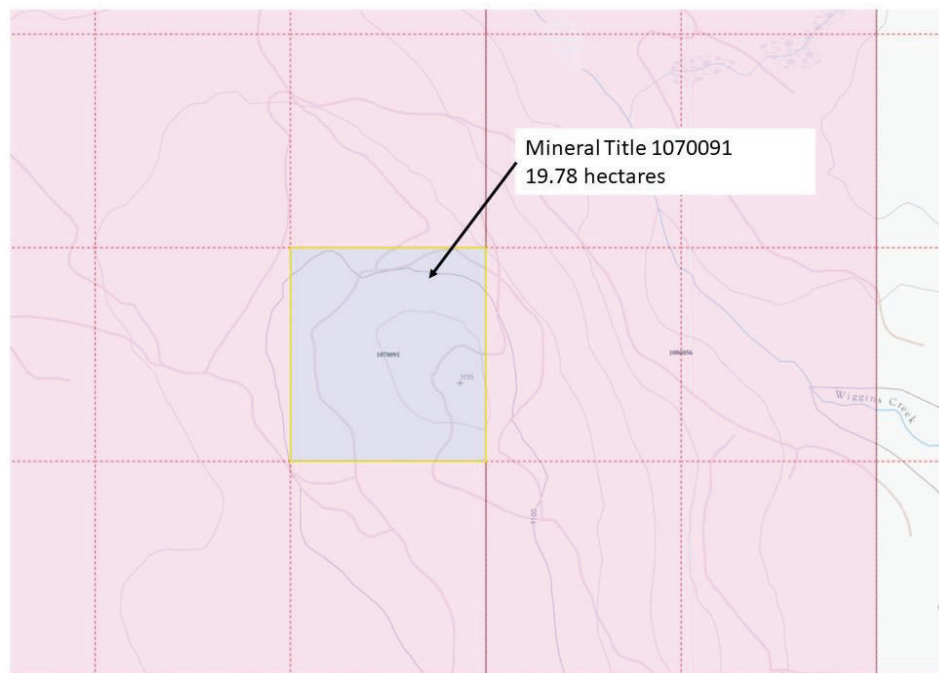
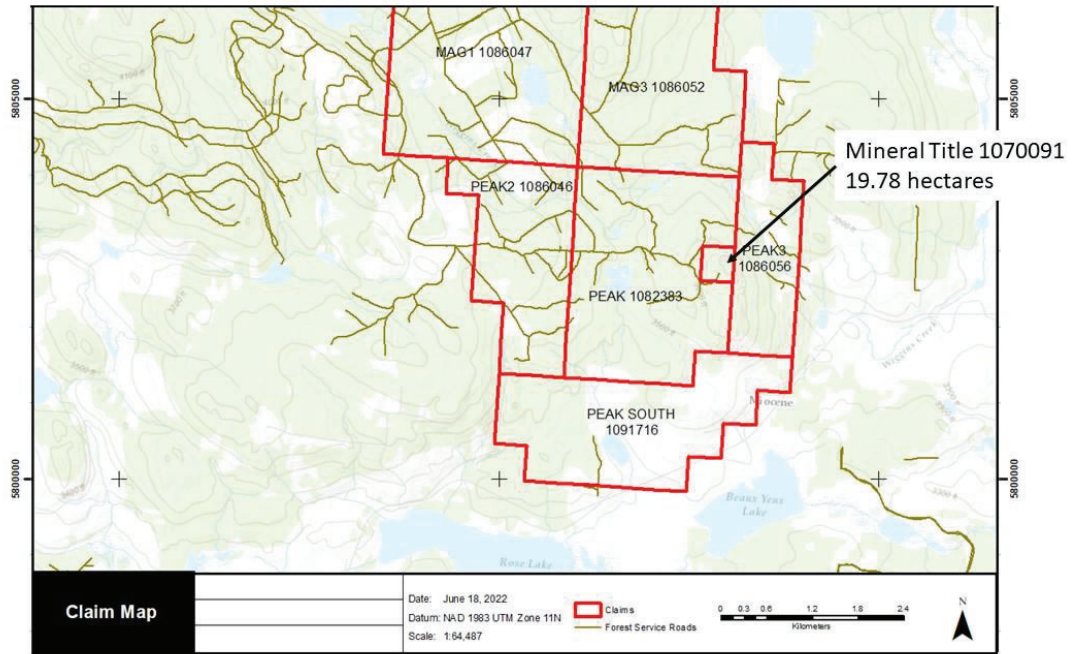
RED CANYON RESOURCES LTD.

Per: /s/ "Wendell Zerb"
Authorized Signatory

SCHEDULE "A"

MINERAL CLAIM COMPRISING THE PROPERTY

(Hilltop, British Columbia)



SCHEDULE "B"

NET SMELTER RETURNS ROYALTY TERMS AND CONDITIONS

1. Net Smelter Returns Royalty

The Royalty which is retained by the Vendor pursuant to Section 3 of the Property Purchase and Sale Agreement (the "Payee") will be paid by the Purchaser (the "Payor") of the Property in accordance with the terms of this Schedule B. For the purposes of this Schedule B, the Payor and Payee shall jointly be referred to as "Participants".

2. Calculation of Net Smelter Return Royalty

Pursuant to the Royalty, the Payor will pay to the Payee 1.0% of Net Smelter Revenue, which will be calculated on a calendar quarterly basis. "Net Smelter Revenue" will be equal to Gross Revenue (as hereinafter defined) less Permissible Deductions (as hereinafter defined) for such calendar quarter.

3. Interpretation

In addition to the defined terms set out in the Agreement, the following terms will have the following meanings in this Schedule B:

- (a) "Commercial Production" means the operation of the Property as a producing mine and the production of Mineral Products therefrom;
- (b) "Gross Revenue" means the aggregate of the following amounts (without duplication) accruing in each calendar quarterly period following commencement of Commercial Production:
 - (i) the revenue received by the Payor from arm's length purchasers of all Mineral Products;
 - (ii) the 30 day weighted average price of the Mineral Product being sold on the market on which the greatest volume of such Mineral Product was traded over the period, converted into Canadian dollars at the rate quoted by the Bank of Canada on the relevant date, multiplied by the amount of such Mineral Product sold by the Payor in such period to persons not dealing at arm's length with the Payor; and,
 - (iii) any proceeds of insurance on Mineral Products;
- (c) "Mineral Products" means all ores, concentrates, minerals and refined or semi-refined products including diamonds and diamond products, produced from the Property;
- (d) "Permissible Deductions" means the aggregate of the following charges (to the extent that they are not deducted by any Optionee in computing payment) that are incurred with respect to the Property in each calendar quarterly period:

- (i) sales charges levied by any sales agent on the sale of Mineral Products;
- (ii) transportation costs for Mineral Products from the Property to the place of beneficiation, processing or treatment and thence to the place of delivery of Mineral Products to an Optionee thereof, including shipping, freight, handling and forwarding expenses;
- (iii) all costs, expenses and charges of any nature whatsoever which are either paid or incurred by the Payor in connection with refinement or beneficiation of Mineral Products after leaving the Property, including all smelter and refinery charges and all weighing, sampling, assaying, representation and storage costs, metal losses and umpire charges; and,
- (iv) all insurance costs on Mineral Products, production taxes, severance taxes and sales and other taxes levied on Mineral Products or on the production value thereof (other than income taxes of the Payor).

provided that, where a cost or expense otherwise constituting Permissible Deductions are incurred by the Payor in a transaction with a party with whom it is not dealing at arm's length (as that term is defined in the *Income Tax Act (Canada)*), such costs or expenses may be deducted, but only as to the lesser of the actual cost incurred by the Payor and the lowest cost that could reasonably have been obtained if dealing at arm's length, considering the time of such transaction and under all the circumstances thereof.

4. Calculation and Payment

The Royalty will be calculated and paid within 60 days after the end of each calendar quarter. Smelter settlement sheets, if any, and a statement setting forth calculations in sufficient detail to show the payment's derivation (the "**Statement**") must be submitted with the payment.

5. Provisional Payments

In the event that final amounts required for the calculation of the Royalty are not available within the time period referred to in section 4 of this Schedule B, then provisional amounts will be estimated and the Royalty paid on the basis of this provisional calculation. Positive or negative adjustments will be made to the Royalty payment of the succeeding calendar quarter.

6. Segregation of Project Area

The determination of the Royalty is based on the premise that Commercial Production will occur solely on the Property. If other properties are incorporated into a single mining project and diamonds, precious stones, metals, ores, concentrates or other mineral resources pertaining to each are not readily segregated on a practical or equitable basis, the allocation of actual proceeds received and deductions therefrom will be negotiated on behalf of the Participants by the manager of mining (the "**Manager**") on the property that includes Claims or any portion thereof (the "**Property**"), with reference to practices used in mining operations that are of a similar nature. The Manager will be entitled to retain independent mining consultants as it considers necessary.

7. Conduct of Operations

All decisions concerning methods, the extent, times, procedures and techniques of any exploration, development, mining, leaching, milling, processing, extraction treatment, if any, and the materials to be introduced into the Property or produced therefrom, and except as otherwise provided in this Agreement all decisions concerning the sale or other disposition of Mineral Products (including, without limitation, decisions as to buyers, times of sale, whether to store or stockpile Mineral Products for a reasonable length of time without selling the same) shall be made by the Payor, acting reasonably and in accordance with good mining and engineering practice in the circumstances.

8. Insurance

The Payor shall purchase or otherwise arrange at its own expense (and not as a Permissible Deduction) and shall keep in force at all times insurance (including, without limitation, comprehensive general public liability insurance) against claims for bodily injury or death or property damage arising out of or resulting from mining activities or operations on or with respect to the Property and in respect of loss, theft or destruction of Mineral Products, in such amounts as will adequately protect the Payor, Payee, the Royalty, and the Property from any and all claims, liabilities and damages which may arise with respect to the Property and as will adequately protect the Payor and the Payee from loss, theft and destruction of Mineral Products whether on or off the Property and prior to final sale. The Payee shall be named as a loss payee on all property, liability and other insurance policies held by the Payor and relating to the Property, the Mineral Products or the Royalty.

9. Maintenance of Property

- (a) The Payor shall do all things and make all payments necessary or appropriate to maintain the right, title and interest of the Payor and Payee in the Property and the Mineral Products and to maintain the Property in good standing. The Payor shall be entitled, from time to time, to abandon or surrender or allow to lapse or expire any part or parts of any mineral claims or mining leases relating to or comprising the Property if the Payor determines, acting reasonably, that such part or parts are not economically viable or otherwise have insufficient value to warrant continued maintenance.
- (b) Notwithstanding section 9(a), the Payor shall not abandon or surrender, or allow to lapse or expire, any mining claims or leases relating to or comprising the Property for the purpose of permitting any third party to restake such claim and avoid the Royalty; and if the Payor, or any person with which the Payor does not deal at arm's length or with whom the Payor has any agreement or understanding respecting the acquisition or holding of title to the Property, restakes any expired claims or leases relating to or comprising the Property, this Agreement shall include any such new claims.
- (c) The Payor will not sell, assign or transfer the Property or any right, title or interest that it now has or may hereafter have therein, in whole or in part, to any person, firm or corporation, or agree to do so or grant any person, firm or corporation an option or right to acquire the Property or any right, title or interest that it now has or may hereafter have therein, in whole or in part, unless the intended transferee first provides an acknowledgement in writing to the Payee, in form and content to the reasonable satisfaction of the Payee, that it assumes this Agreement and the obligations of the Payor hereunder as if a named party in the first instance.

10. Reports and Data

No later than March 1 of each year after a decision is made by the Payor (whether it is a formal board decision or a de facto management decision) to commence construction of commercial scale mining facilities on the Property, the Payor shall provide to the Payee an annual report of activities and operations conducted with respect to the Property during the preceding calendar year, and from time to time such additional information as the Payee may reasonably request. Such annual report shall include details of:

- (a) the preceding year's activities with respect to the Property;
- (b) ore reserve data for the calendar year just ended; and
- (c) estimates of anticipated production and estimated remaining ore reserves with respect to proposed activities for the Property for the current calendar year.

In addition, not more frequently than semi-annually, the Payee shall have the right, upon reasonable notice to the Payor, to inspect and copy all books, records, technical data, information and materials, including in electronic form, (the "**Data**") pertaining to the Payor's activities with respect to the Property; provided that such inspections shall not unreasonably interfere with the Payor's activities with respect to the Property. The Payor makes no representations or warranties to the Payee concerning any of the Data or any information contained in the annual reports, and the Payee agrees that if it elects to rely on any such Data or information, it does so at its sole risk.

11. Audit

Any Participant may request an audit of the sales and related financial records maintained by the Manager be conducted to verify the calculation of the Royalty for a particular calendar quarter. The audit will be conducted by an independent auditor acceptable to the Participants and the Manager. The Participant requesting such audit will bear the full cost and expense of the audit unless it is determined that the Royalty calculated by the Manager understated the actual amount due by more than three percent (3%), in which case the Manager will pay all costs and expenses of the audit. The Manager will forthwith pay any deficiency to the Participants and the Participants will forthwith repay any overpayment to the Manager.

12. Arbitration

Any dispute arising out of or related to any report, payment, calculation or audit in respect of the Royalty, not resolved by the reasonable cooperation of the parties will be resolved solely by arbitration. No error in accounting or in the interpretation of the Agreement will be the basis for a claim of breach of fiduciary duty, or the like, or give rise to a claim for exemplary or punitive damages or for termination or rescission of the Agreement. For the purposes hereof, arbitration shall be conducted as follows:

- (a) This Agreement will be interpreted in accordance with and governed by the laws of the Province of British Columbia.
- (b) Upon referral of a dispute for arbitration, the Payor and the Payee will endeavour to agree on the appointment of an arbitrator. The arbitrator will be a person who by a combination of education and experience is competent to adjudicate the matter in dispute and who has indicated his willingness and ability to act as arbitrator in accordance with this section 12.

If the Payor and the Payee are unable to agree on an arbitrator, a three member panel will be appointed consisting of one arbitrator appointed by the Payor, one arbitrator appointed by the Payee, and two such appointees shall select a third arbitrator.

13. Survival on Transfer

The Payee may assign the Royalty. The Royalty creates a direct real property interest in the Mineral Products and the Property in favour of the Payee, provided such interest shall be satisfied from time to time in respect of any particular Mineral Products by the payment to the Payee of the Royalty in respect thereof. This Agreement shall continue in perpetuity, it being the intent of the parties hereto that the Royalty shall constitute a covenant running with the Property and all successions thereof, whether created privately or through governmental action, and including, without limitation, any leasehold interest.

14. Registration of Interest

The Payee shall have the right from time to time to register or record notice of this Agreement and the Royalty, any other documents relating to or contemplated by the foregoing and any caution or other title document, against title to the Property or elsewhere, and the Payor shall cooperate with all such registrations and recordings and provide its written consent or signature to any documents and do such other things from time to time as are necessary or desirable to effect all such registrations or recordings or otherwise to protect the interests of the Payee hereunder.

15. Real Property Interest

The Royalty shall attach to any amendments, relocations and conversions of any Mining Rights, including any tenement, licence, lease, concession, mining claim or right, permit or other tenure comprising the Property or Mining Rights, or to any renewals or extensions thereof. The Royalty shall be a real property interest that runs with the Property and the Mining Rights and shall be binding upon the Payor, their successors and permitted assigns and any other successor in interest or title and other right of ownership of the Property or the Mining Rights or both. Payee shall be entitled to register this Agreement, or notice thereof, on the title to the Property and Payor shall execute such documents as may be necessary to effect such registration. For the avoidance of doubt, this Agreement shall apply to cell claim included under tenure number 1070091, even if the tenure number later changes due to amalgamation or subdivision.

16. Abandonment of the Property

The Payor may at any time, in its sole and absolute direction, abandon some or all of the Property provided that the Property, or portion thereof, to be abandoned (the "Abandoned Claims") shall be in good standing for a period of at least six (6) months from the date the Payor notifies the Payee in writing that it is abandoning its interest in the Abandoned Claims and delivers all reports, maps and data in its possession with respect to the Abandoned Claims to the Payee (the "Abandonment Notice"). The Payee shall have the right, within thirty (30) days of receipt of the Abandonment Notice, to accept or reject some or all of the Abandoned Claims. If the Payee wishes to accept some or all of the Abandoned Claims (the "Accepted Claims"), it shall deliver notice in writing to the Payor setting out the particulars of the Accepted Claims and the Payor shall transfer the Accepted Claims to the Payee at the expense of the Payor within ten (10) days of receipt of such Acceptance Notice.