

KEN NELSON & 1128122 B.C. LTD.

AND

1283750 B.C. LTD.

OPTION AGREEMENT

March 18, 2021

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SCHEDULE A - PROPERTY

SCHEDULE B -ROYALTY AGREEMENT

OPTION AGREEMENT

THIS AGREEMENT made as of the 18th day of March, 2021 (the "Effective Date")

BETWEEN:

KEN NELSON, an individual residing at [redacted: personal address]

("Nelson")

AND:

1128122 B.C. Ltd., a company duly incorporated under the laws of British Columbia and having a registered office at [redacted: personal address]

("1128122"; Nelson and 1128122 are collectively referred to as the "Optionors")

OF THE FIRST PART

AND:

1283750 B.C. LTD., a company duly incorporated under the laws of British Columbia and having a registered office at Suite 2080 - 777 Hornby St., Vancouver, B.C., V6Z 1S4

("1283750" or the "Optionee")

OF THE SECOND PART

WHEREAS:

(A) The Optionors have represented that, collectively, they hold a 100% beneficial right, title and interest, divided as follows:

Nelson	80%
1128122	20%

in and to four mineral claims located in British Columbia that are held in the name of Nelson (the "Property"), as more particularly described in Schedule "A" hereto; and

(B) The Optionors intend to grant to 1283750 the exclusive right and option to earn an undivided 100% interest in and to the Property on the terms and conditions set forth in this Agreement.

NOW THEREFORE THIS AGREEMENT WITNESSES that for and in consideration of the sum of one dollar (\$1.00) now paid by 1283750 to the Optionors, the receipt

of which is hereby acknowledged by the Optionors, and for other good and valuable consideration, the receipt and sufficiency whereof is hereby acknowledged by the Parties, the Parties agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

For the purposes of this Agreement, except as otherwise defined herein, the following capitalized words and phrases when used herein have the following meanings:

- (a) **"Affiliate"** means a company that is affiliated with another company as described below:
 - (i) A company is an Affiliate of another company if:
 - (A) One of them is the subsidiary of the other; or
 - (B) Each of them is controlled by the same person;
 - (ii) A company is "controlled" by a person if:
 - (A) Voting securities of the company are held, other than by way of security only, by or for the benefit of that person; and
 - (B) The voting rights attached to those voting securities are entitled, if exercised, to elect a majority of the directors of the company;
 - (iii) A person beneficially owns securities that are beneficially owned by:
 - (A) A company controlled by that person; or
 - (B) An Affiliate of that person or an Affiliate of any company controlled by that person.
- (b) **"Anniversary Date"** means an anniversary date of the Effective Date.
- (c) **"Automatic Termination"** shall have the meaning ascribed to in Section 3.9.
- (d) **"Business Day"** means a day on which banks in Vancouver, B.C. are open for business during normal business hours.
- (e) **"Effective Date"** means the date of this Agreement.
- (f) **"Encumbrance"** means any mortgage, charge, pledge, hypothecation, security interest, assignment, lien (statutory or otherwise), charge, title retention agreement or arrangement, royalty, restrictive covenant or other encumbrance of any nature.
- (g) **"Environmental Claims"** means any and all administrative, regulatory, or judicial actions, suits, demands, claims, liens, notices of non-compliance or violation,

investigations, or proceedings relating in any way to any Environmental Law or any permit issued under any Environmental Law, including, without limitation:

- (i) any and all claims by Governmental Entities for enforcement, clean-up, removal, response, remedial, or other actions or damages under any applicable Environmental Law; and
 - (ii) any and all claims by any third-party seeking damages, contribution, indemnification, cost recovery, compensation, or injunctive or other relief resulting from hazardous materials, including any release of those claims, or arising from alleged injury or threat of injury to human health or safety (arising from environmental matters) or the environment.
- (h) **“Environmental Laws”** means all requirements of the common law, civil code, or of environmental, health, or safety statutes of any agency, board, or Governmental Entity including, but not limited to, those relating to (i) noise, (ii) pollution or protection of the air, surface water, ground water, or land, (iii) solid, gaseous, or liquid waste generation, handling, treatment, storage, disposal, or transportation, (iv) exposure to hazardous or toxic substances, or (v) the closure, decommissioning, dismantling, or abandonment of any facilities, mines, or workings and the reclamation or restoration of lands.
- (i) **“Exploration Expenditures”** means all expenses, obligations and liabilities of whatever kind or nature spent or incurred directly or indirectly by the Optionee from the date hereof in connection with the exploration and development of the Property (for greater certainty, excluding costs related to the Optionors’ due diligence), including, but not limited to:
- (i) moneys expended toward taxes, assessments and in maintaining the Property in good standing and in applying for and securing all necessary leases or permits, including environmental permits, and in acquiring and maintaining surface rights;
 - (ii) moneys expended toward geological and geophysical surveying, assaying and metallurgical testing and engineering, environmental studies, data preparation and analysis;
 - (iii) for environmental remediation and rehabilitation;
 - (iv) in acquiring facilities, equipment or machinery, or the use thereof, and for all parts, supplies and consumables;
 - (v) costs of preparing work programs and preparing and acquiring research materials, reports and data;
 - (vi) First Nations related expenditures;
 - (vii) costs of paying the fees, wages, salaries, consulting fees, travelling expenses including transportation to the Property, and fringe benefits (whether or not

required by law) of all persons engaged directly in work with respect to and for the benefit of the Property and in paying for the food, lodging and other reasonable needs of such persons and which are attributable to such persons' work on the Property; and

- (viii) an overhead charge for management supervision and administrative services equal to 10% of actual expenditures incurred by 1283750 on the Property pursuant to sections (i) to (vii) above.
- (j) **"Force Majeure"** means any event beyond a Party's reasonable control (except those caused by its own lack of funds or its inability to secure funds) that prevents or delays it from conducting activities contemplated by this Agreement, including, but not limited to: acts of God, fire, flood, explosion, inclement weather conditions; strikes, lockouts or other industrial disturbances; any terrorist act, war, insurrection, any military or paramilitary act or order; laws, rules and regulations or orders of any duly constituted court or governmental authority or action or inaction of Governmental Entity; cease trade orders or trading suspensions and halts; an escalation in the severity of the COVID-19 pandemic and the implementation of public health orders related thereto, governmental delays in providing any environmental, operating or other permits or approvals, authorizations or consents; or non-availability of materials or transportation, or protests, demonstrations or other events causing work stoppages by native activists, environmental lobbyists or others.
- (k) **"Governmental Entity"** means (i) any international, multinational, national, federal, provincial, state, municipal, 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 above, (iii) any securities commission or stock exchange, including the Exchange, and (iv) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the above.
- (l) **"Interest"** means an undivided right, title and interest in and to the Property.
- (m) **"Liabilities"** means any loss, liability, claim, demand, damage, expense, injury or death (including, without limiting the generality of the foregoing, legal fees) resulting from any claims, environmental or otherwise.
- (n) **"Minerals"** means any and all ores, and concentrates or metals derived therefrom, containing precious, base and industrial minerals and which are found in, on or under the Property and may lawfully be explored for, mined and sold pursuant to the Mineral Rights and other instruments of title under which the Property is held.
- (o) **"Mineral Rights"** means the prospecting licences, mining leases, mineral claims and other forms of tenure or other rights to minerals, or to work upon lands for the purpose of searching for, developing or extracting minerals under any forms of mineral title recognized under the laws of British Columbia or any subdivision thereof, whether contractual, statutory or otherwise, or any interest therein.

- (p) **“Operations”** means every kind of work done, or activity performed by or under the direction of the operator on or in respect of the Property or the Minerals to carry out or complete programs including, without limitation, the work of assessment, environmental, geophysical, geochemical, geological, land, and airborne surveys, studies, assessments and mapping, investigating, testing, drilling, designing, examining equipping, improving, surveying, shaft sinking, raising, cross-cutting and drifting, searching for, digging, trucking, sampling, assaying, working and procuring minerals, ores and metals, in surveying and bringing any mineral claims to lease or patent, in doing all other work usually considered to be prospecting, acquisition and maintenance of mineral claims and properties, access or surface rights, exploration, development, preparation of reports, estimates and studies, mining work, installation, erection, or construction, and operation of mining facilities, milling, concentration, beneficiation of ores and concentrates, as well as the separation and extraction of Minerals, and reclamation or remediation and environmental protection and further including the management and administration necessary to conduct the foregoing work or activity.
- (q) **“Operator”** means 1283750 or an Affiliate of 1283750
- (r) **“Option”** means the sole and exclusive option granted by the Optionors to the Optionee to acquire not less than a 100% Interest in and to the Property.
- (s) **“Option Period”** means the period during which the Option remains in effect under this Agreement, being a time period of not more than three years commencing on the Effective Date and ending on the third anniversary of the Effective Date, unless earlier terminated pursuant to the provisions of this Agreement.
- (t) **“Optionee”** or **“1283750”** means 1283750 B.C. Ltd., a company incorporated pursuant to the laws of the province of British Columbia.
- (u) **“Optionors”** has the meaning set forth in the recitals.
- (v) **“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.
- (w) **“Party”** means a party to this Agreement.
- (x) **“Property”** means the KC property, consisting of the 4 Mineral Rights described in Schedule “A”, and all Mineral Rights derived from any such claims, together with any renewal of any of such Mineral Rights and any other form of successor or substitute title therefor.
- (y) **“Royalty”** means the 2.0% net smelter royalty on the Property to be granted by 1283750 to the Optionors and the buyback rights granted by the Optionors in

relation thereto upon the exercise of the Option pursuant to and subject to the terms and conditions set forth in the Royalty Agreement.

- (z) **"Royalty Agreement"** means the royalty agreement to be entered into upon the exercise of the Option in the form attached hereto as Schedule "B".
- (aa) **"Share(s)"** means the common shares to be issued by 1283750 to the Optionors as set out in Section 3.2 of this Agreement.
- (bb) **"Termination Date"** has the meaning ascribed thereto in Section 8.1.

1.2 Included Words

This Agreement will be read with such changes in gender or number as the context requires.

1.3 Headings

The headings to the articles, sections, subsections or clauses of this Agreement are inserted for convenience only and are not intended to affect the construction hereof.

1.4 References

Unless otherwise stated, a reference herein to a numbered or lettered article, section, subsection, clause or schedule refers to the article, section, subsection, clause or schedule bearing that number or letter in this Agreement. A reference to "this Agreement", "the Option Agreement", "hereof", "hereunder", "herein" or words of similar meaning, means this Agreement including the schedules hereto, together with any amendments thereof.

1.5 Currency

All dollar amounts expressed herein, unless otherwise specified, refer to lawful currency of Canada.

1.6 Knowledge

Where any representation or warranty contained in this Agreement is expressly qualified by reference to the knowledge of a Party, such Party confirms that it has made due and diligent inquiry of such persons (including appropriate officers of the Party) as it considers necessary as to the matters that are the subject of the representations and warranties.

1.7 Schedules

The following schedules are attached to and incorporated in this Agreement by this reference:

- A Property
- B Royalty Agreement

1.8 Governing Law

This Agreement will be construed according to and governed by the laws in force in the Province of British Columbia and the federal laws of Canada applicable therein, while any property issues will be governed by the laws of the Province of British Columbia, and the Parties hereby attorn to the jurisdiction of the Court of British Columbia and, except where matters are expressed herein to be subject to arbitration, the courts of such Province will have exclusive jurisdiction to hear and determine all disputes arising hereunder. Nothing contained in this Section 1.8 is intended to affect the rights of a Party to enforce a judgement or award outside of British Columbia.

1.9 Severability

If any provision of this Agreement is or becomes illegal, invalid or unenforceable, in whole or in part, the remaining provisions will nevertheless be and remain valid and subsisting and the said remaining provisions will be construed as if this Agreement had been executed without the illegal, invalid or unenforceable portion.

ARTICLE 2 REPRESENTATIONS AND WARRANTIES

2.1 Mutual Representations and Warranties

Each Party represents and warrants to the other Party hereto that:

- (a) If it is a body corporate, that it is duly incorporated or continued and duly organized and validly subsisting under the laws of its organizational jurisdiction, or in the case of the Optionors, is an individual of legal age;
- (b) it has full right, power and authority to carry on its business and to enter into and accept the terms of this Agreement and to carry out the transactions contemplated herein, and in the case of the Optionors, has the legal capacity and competence to enter into and execute this Agreement;
- (c) it has duly obtained all necessary governmental, corporate, shareholder and other authorizations for its execution and performance of this Agreement,
- (d) neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated herein will, with the giving of notice or the passage of time, or both, conflict with, result in the breach of, constitute a default under, or result in the creation of any encumbrances on its assets under the terms or provisions of any law applicable to it or accelerate the performance required by, its constating documents, any resolution of its directors or shareholders, as applicable, or any indenture, agreement or other instrument to which it is a party or by which it or its assets may be bound;
- (e) the execution and delivery of this Agreement does not violate or result in the breach of the laws of any jurisdiction applicable to a Party or pertaining thereto or of its organizational documents, as applicable;

- (f) in the case of the Optionee, all corporate authorizations have been obtained for the execution of this Agreement and for the performance of its obligations hereunder;
- (g) no proceedings are pending for and no Party is aware of any basis for the institution of any proceedings leading to the dissolution or winding-up of such Party or the placing of such Party into bankruptcy or subject to any other laws governing the affairs of insolvent persons; and
- (h) this Agreement constitutes a legal, valid and binding obligation of the Party enforceable against it in accordance with its terms except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and subject to the qualification that equitable remedies may only be granted in the discretion of a court of competent jurisdiction.

2.2 Optionors' Representations and Warranties

The Optionors, jointly and severally, represent and warrant to the Optionee that:

- (a) Nelson is the legal and recorded owner of, and the Optionors are the beneficial owners of and possesses good and marketable title to, a 100% Interest in the Property, free and clear of all Encumbrances, and the Property is properly described in Schedule "A";
- (b) the Mineral Rights comprising the Property have been duly and validly staked, located and recorded to all applicable laws and regulations in the Province of British Columbia and are in good standing, except as described in Schedule "A" hereto. The Optionors have made all taxes, assessment, rentals, levies, or other payments relating to the Property required to be made to any Governmental Entity;
- (c) Nelson is lawfully qualified to hold direct and beneficial interests in, and 1128122 is lawfully qualified to hold beneficial interests in, mineral claims in the Province of British Columbia;
- (d) to the best of the Optionors' knowledge, information and belief, the Optionors have the exclusive right to receive 100% of the proceeds from the sale of Minerals removed from the Property, and, no person, firm or corporation is entitled to any royalty or other payment in the nature of a royalty on Minerals from the Property or is entitled to take Minerals in kind and no person has any outstanding agreement or option to purchase or otherwise acquire the Property or any interest therein, other than the Royalty to be granted hereunder;
- (e) there are no actions, suits, investigations or proceedings before any court, arbitrator, local department, commission, administrative agency or other tribunal or Governmental Entity, whether current, pending or, or to the knowledge of the Optionors, after due enquiry, threatened, which directly or indirectly relate to or affect the Mineral Rights comprising the Property or the interests of the

Optionors therein, including any matters pertaining to Environmental Claims, or claims of native or indigenous people, nor are the Optionors aware of any acts which would lead him to suspect that the same might be initiated or threatened;

- (f) to the best of the Optionors' knowledge, information and belief, there are no actual, alleged or potential adverse claims, challenges, suits, actions, prosecutions, investigations or proceedings against or to the ownership of or title to the Property, nor to the best of the Optionors' knowledge is there any basis therefore.
- (g) no consent or approval of any third party or Governmental Entity is required for the execution, delivery or performance of this Agreement by the Optionors or the transfer or acquisition of any interest in the Property;
- (h) the Optionors have no notice or any knowledge of any proposal to terminate or vary the terms of or rights attaching to any of the Property from any Governmental Entity, or of any challenge to the Optionors' right, title or interest in the Property;
- (i) to the best of the Optionors' knowledge, information and belief, the Property does not lie within any protected area, rescued area, reserve, reservation, reserved area or special needs lands as designated by any governmental authority having jurisdiction, that would impair the development of a mining project on such land;
- (j) during the period that the Optionors have been the beneficial owner of the Property, the Property has been operated substantially in accordance with all applicable and Environmental Laws and, to the knowledge, information and belief of the Optionors, all activities on the Property prior to such ownership were conducted in compliance with Environmental Laws and there are no environmental conditions existing in the Property to which any material remedial action is required or any material liability has or may be imposed under applicable Environmental Laws;
- (k) there are no outstanding work orders or to the best of their knowledge, actions required to be taken relating to environmental matters respecting the Property or any operations carried out on the Property;
- (l) the Optionors have delivered to 1283750 copies of all geotechnical reports, data and materials in their possession or control relating to the Property, including without limitation, any diamond drill core recovered from previous drilling on the Property by or on their behalf or on behalf of others, and they have made available to the Optionee all information which could possibly be considered to be materially significant in indicating whether the Property might or might not have potential for economic mineralization; and
- (m) to the best of the Optionors' knowledge there is no fact or circumstance known to them which has not been disclosed to the Optionee which would render any of

the foregoing representations and warranties untrue, incomplete or otherwise misleading.

2.3 No Other Representations and Warranties of the Optionors

The Optionors make no representations or warranties whatsoever concerning the existence, nature, location, amount or value of any mineralization, mineral reserves or resources or whether any necessary permits can be obtained in a timely manner or whether any mining can be done economically or as to the cost or time required to refurbish, restart or operate and maintain a project on the Property.

2.4 Optionee's Representations and Warranties

The Optionee represents and warrants to the Optionors that:

- (a) the Optionee will reserve or set aside sufficient common shares in its treasury to issue the Shares issuable pursuant to this Agreement, and the Shares will, at the time of issuance, be issued in accordance with applicable securities laws and will be duly authorized and validly allotted and issued as fully paid and non-assessable, free of any Encumbrances; and
- (b) to the best of its knowledge there is no fact or circumstance known to it which has not been disclosed to the Optionors which would render any of the foregoing representations and warranties untrue, incomplete or otherwise misleading.

2.5 Survival of Representations and Warranties

The representations, warranties and covenants contained in this Agreement are conditions on which the Parties have relied in entering into this Agreement and will survive the execution hereof and the acquisition of any interest in the Property by the Optionee hereunder for a period of two years following the Option Period or the Termination Date, as the case may be. Each Party will indemnify and save the other 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. A Party may waive any of such representations, warranties, covenants, agreements or conditions in its favour in whole or in part at any time without prejudice of its right in respect of any other breach of the same or any other representation, warranty, covenant, agreement or condition.

ARTICLE 3 OPTION

3.1 Option

The Optionors hereby grant to 1283750 the Option for the Option Period on the terms and conditions set forth in this Agreement.

3.2 Option Exercise

1283750 may exercise the Option by making the cash payments, issuing Shares to the Optionors and incurring Exploration Expenditures on the Property, all as set out below, on or before the dates set out below:

Date	Cash	Shares	Exploration Expenditures
On the Effective Date	\$10,000	0	Such amount as is required to stake an additional 2,500 ha around the Property
Year 1 Anniversary Date	\$15,000	0	\$50,000 or 1 year's assessment, whichever is greater
On the date the Shares are listed on any recognized stock exchange in Canada	\$0	50,000	\$0
Year 2 Anniversary Date	\$25,000	175,000	\$100,000 or 2 years' assessment, whichever is greater
Year 3 Anniversary Date	\$45,000	325,000	\$200,000
Total	\$95,000	550,000	\$350,000

3.3 Payments at Discretion; Payments to be made Pro Rata

The cash payments, Share issuances and Exploration Expenditures set out in Section 3.2 above are not committed, but 1283750 must make the cash payments, issue the Shares and incur the Exploration Expenditures in accordance with the schedule above in order to maintain the Option, with Exploration Expenditures subject to Force Majeure as set forth in Article 8. For certainty, the cash payments and Share issuances shall not be subject to Force Majeure as set forth in Article 8. All cash payments and Shares issuance due pursuant to Section 3.2 will be made to the Optionors pro rata in accordance with their respective interests in the Property as set out in Recital A.

3.4 Share Issuances

- (a) The Optionors acknowledge and agree that any Shares to be issued and delivered pursuant to the Option will be subject to resale restrictions under applicable securities laws including a hold period under the applicable Canadian securities legislation of four months and one (1) day from the later of (i) the date

of issuance of the Shares and (ii) the date the Issuer becomes a reporting issuer in any jurisdiction of Canada. The certificates evidencing the Shares will bear a legend to that effect, as applicable. The Optionors acknowledge that the Corporation is a private (non-reporting) issuer, and its shares are not listed for trading on any stock exchange, and the Shares may, in the event the Corporation seeks a listing on a public exchange, be subject to additional resale or escrow restrictions to those described above as imposed by such exchange. The Optionors acknowledge that there is current public or private market for the Shares and the Shares will be subject to an indefinite hold period imposed by applicable securities laws and that the Shares can only be sold in reliance upon an exemption from the prospectus and registration requirements of applicable securities laws;

- (b) In the event of an extraordinary change in capitalization affecting the Shares, such as a subdivision, consolidation or reclassification of the Shares of the Optionee, or other relevant changes in share capital, including any adjustment arising from a merger, acquisition or plan of arrangement, such proportionate adjustments, if any, appropriate to reflect such change shall be made by the Optionee with respect to the number of Shares to be issued to the Optionors. This shall exclude changes in capitalization in the normal course of doing business (such as equity financings).

3.5 Expenditures in Advance and Excess Expenditures

Exploration Expenditures may be completed within a shorter time frame at the sole option of the Optionee. Excess Exploration Expenditures incurred in any year will be carried over and will qualify, and be accounted for, as Exploration Expenditures completed by the subsequent period.

3.6 Payment in Lieu of Expenditures

If the Optionee has not incurred the full amount of the Exploration Expenditures which are required by period set forth in this Article 3 (or such longer time as may be permitted by Article 8 or Section 12.7), then the Optionee may, at its sole discretion, pay to the Optionors in cash on or before that date which is 60 days after the date such Expenditures were due to be incurred an amount equal to the shortfall in Expenditures due to be completed by such date, and such amount will thereupon be deemed to have been Expenditures incurred by the Optionee on the Property by such due date. For certainty, such payment of the shortfall in Expenditures to the Optionors shall not relieve the Optionee from its obligations under Section 5.3(d).

3.7 Termination with No Interest

Subject to Article 7, failure by the Optionee to make the Share issuances or complete the Exploration Expenditures within the applicable period (subject to any agreed extensions between the Parties) will result in the termination of the Option, with no right, interest or title in and to the Property having been earned by the Optionee. This is an option to purchase a 100% Interest in the Property and allows for no fractional ownership to be earned based on any partial fulfilment of the obligations set forth in Section 3.2 above.

3.8 Optionee's Election to Terminate

Notwithstanding any other provision of this Article 3, but subject to Article 7, 1283750 may elect at any time to terminate the Option by delivering notice to the Optionors, after which the Option will be of no further force and effect and will terminate ("**Automatic Termination**"). In the event of Automatic Termination, 1283750 will acquire no right, interest or title in and to the Property.

3.9 Exercise of Option

If the Optionee makes the cash payments, issues the Shares and incurs the Exploration Expenditures in accordance with Section 3.2 or earlier as permitted by Section 3.5, it will send a written notice of same to the Optionors and an executed copy of the Royalty Agreement, at which time it will be deemed to have exercised the Option and will have earned 100% interest in and to the Property, subject only to the Royalty.

ARTICLE 4 ROYALTY

4.1 Grant of the Royalty

On such date as 1283750 exercises the Option pursuant to Section 3.10, it will also grant to the Optionors the Royalty which shall be evidenced by the Royalty Agreement. It is intended by the parties hereto that the Royalty shall create a direct real property interest in the Property in favour of the Optionors, which interest shall be satisfied by the payment to the Optionors of the Royalty and/or the purchase of that portion of the Royalty as is permitted pursuant to the Royalty Agreement. The Royalty 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. If any right, power or interest of either party pertaining to the Royalty would violate the rule against perpetuities, then such right, power or interest shall terminate at the expiration of 20 years after the death of the last survivor of all the lineal descendants of Her Majesty, Queen Elizabeth II of England, living on the date of this Agreement. If there is any conflict or inconsistency between the terms and conditions of this Agreement and the terms and conditions of the Royalty Agreement as relating to the Royalty, the terms and conditions of the Royalty Agreement shall govern.

4.2 Royalty Buyback

As reflected in the Royalty Agreement, 1283750 shall have the right at any time after the grant of the Royalty to acquire up to one half of the Royalty (1%) on payment of \$500,000 in cash per 0.5% for a total payment of \$1,000,000 to acquire the entire one half of the Royalty.

4.3 Royalty Interest

The Royalty will be granted to the Optionors pro-rata in accordance with their respective interests.

**ARTICLE 5
OPTION PERIOD RIGHTS AND OBLIGATIONS**

5.1 Operator

The Optionee will be the operator of all programs on the Property and shall have the exclusive right to manage and operate all programs carried out on the Property during the Option Period, provided it is otherwise in compliance with this Agreement.

5.2 Optionee's Right of Entry

The Optionors grant 1283750 and its employees, agents and independent contractors, during the Option Period, the exclusive right to enter on the Property and to:

- (a) exclusively perform Operations that it may deem appropriate, with no limitation whatsoever,
- (b) build, use, maintain, repair, relocate or replace roads, drilling sites, buildings, fences, power and communication lines, structures, camps, field offices and other facilities or infrastructure on the Property which may be of assistance to or appropriate for the Optionee to perform its Operations; and
- (c) extract and remove from the Property non-commercial quantities of ore, for the sole purpose of testing them (including, but not limited to, bulk samples, tests, geo-chemical analysis).

5.3 Optionee's Obligations

During the Option Period, 1283750 will be responsible for all Operations conducted at the Property. Without limiting the generality of the foregoing, 1283750 shall:

- (a) keep all data in respect of the Property in good order and will provide such data to the Optionors immediately upon the Termination Date, if it occurs;
- (b) carry out any and all works at the Property in a manner consistent with sound exploration practices for such activities, complying with all the applicable laws and regulations;
- (c) report any significant results from Operations to the Optionors as soon as available;
- (d) perform and file with the Mineral Titles Branch of the Ministry of Energy, Mines and Low Carbon Innovation, all Operations that qualify as assessment work or make payments in lieu thereof and pay such rentals, taxes, maintenance fees or other payments (except liens for taxes not yet due, other inchoate liens and liens contested in good faith by the Optionors), and do all such other things as may be necessary to maintain the Property and related assets in good standing including, without limitation, staking and re-staking mining concessions, and applying for additional Mineral Rights and Other Rights;

- (e) keep the Property free of all Encumbrances (other than those, if any, in effect on the Effective Date or the creation of which is permitted by this Agreement) arising out of the carrying out of Operations on the Property and, in the event of any Encumbrance being filed as mentioned, proceed with diligence to contest or discharge it;
- (f) allow the Optionors or their designates, at their own risk, reasonable access to the Property to review Operations carried out on the Property, provided the Optionors agree to indemnify 1283750 against and to save 1283750 harmless from all costs, claims, liabilities and expenses that 1283750 may incur or suffer as a result of any injury (including injury causing death) to the Optionors or their designates while on the Property;
- (g) prosecute and defend, but not to initiate without the consent of the Optionors, all litigation or administrative proceedings arising out of any activities on the Property or relating to the Property, provided that any Party may join in the prosecution or defence at its own expense. The Parties shall approve in advance any settlement arising out of such litigation or administrative proceedings, involving payments, commitment or obligations in excess of \$10,000 cash value;
- (h) arrange for and maintain workers' compensation or equivalent coverage for all eligible employees engaged by the operator in accordance with local statutory requirements; and
- (i) maintain true and correct books, accounts and records of expenditures on the Property;

provided however that the Optionors' rights pursuant to Sections 4.3(f) shall not unduly interfere with or disrupt the Operations of 1283750.

5.4 Optionors' Obligations

During the Option Period, in addition to the covenants set forth elsewhere in this Agreement, the Optionors shall:

- (a) not do any act or thing which would or might in any way adversely affect the rights of the Optionee hereunder to earn up to an undivided 100% interest in the Property, subject to the Royalty;
- (b) not relinquish or abandon all or any part of its interest in the Property;
- (c) not mortgage, pledge or encumber the Property after the Effective Date without the Optionee's prior written consent, which may not be unreasonably withheld; and
- (d) promptly make available to the Optionee and its representatives, during normal business hours, all reports, records, data, maps, information, accounts and files in the possession of the Optionors relating to the Property, and permit the Optionee and its representatives at its own expense to take abstracts therefrom and make copies thereof.

5.5 Registered Title

During the Option Period, the Optionee shall be the registered holder of the Mineral Rights comprising the Property as of the Effective Date and the Optionors, or its Affiliates, as applicable, will effect any transfers necessary therefor. During the Option Period, 1283750 shall hold the said Mineral Rights in trust for the Optionors. The Optionors shall be entitled to register a notice to third parties in Mineral Titles Online evidencing the existence of the Option and this Agreement, and the Optionee shall take any actions reasonably requested by the Optionors in order to facilitate such registration. In the event of termination of the Option for any reason, shall forthwith transfer the said Mineral Rights back to the Optionors or their nominees and shall ensure that prior to such transfer, the Mineral Rights related to the 4 claims described in Schedule 'A' being transferred will have at least six months if occurring before the year 1 anniversary date or at least three months if occurring at any other time before any further assessment work is due to keep such Mineral Rights in good standing. For certainty, the Mineral Rights to be transferred to the Optionors or their nominees shall include any AOI Mineral Rights included as part of the Property pursuant to Section 5.7 of this Agreement but has no minimum time period required before further assessment work is due to keep such Mineral Rights in good standing.

5.6 Abandonment of Property

The Optionee may elect to treat any of the Mineral Rights comprised in the Property as no longer of interest, and therefore no longer subject to the provisions of the Option, provided that prompt notice of such proposed abandonment is given to the Optionors, any mineral titles comprising the abandoned area are re-transferred to the Optionors or their nominees, and such area being abandoned will have at least one year before any further assessment work is due to keep such Mineral Rights in good standing. Following such notice of abandonment under this section, the Mineral Rights so transferred or abandoned will thereafter cease to form part of the Property and will no longer be subject to this Agreement, except with respect to any obligations or liabilities of the Parties as have accrued to the date of such transfer or abandonment and subject to performing any reclamation on the abandoned Mineral Rights or providing a bond to provide for future payment of such reclamation requirements.

5.7 Area of Interest

If, during the Option Period, a Party or any of their Affiliates (an "**Acquiring Party**") stakes or otherwise acquires any interest in Mineral Rights (the "**AOI Mineral Rights**") located wholly or partly within three (3) km of the outside boundaries of the Property (the "**Area of Interest**"), the Acquiring Party shall forthwith give notice to the non-acquiring Party of such staking or acquisition, the costs thereof and all details in its possession with respect to the nature of the Mineral Rights and the known mineralization thereon and such AOI Mineral Rights will be included in and thereafter form part of the Property, subject to as outlined below. If the Acquiring Party is the Optionee, its staking or acquisitions costs shall constitute Exploration Expenditures. If the Acquiring Party is either of the Optionors, in whole or in part, the Optionee shall have the right to decline or accept the AOI Minerals Rights as part of the Property in its sole discretion, and should it accept the AOI Mineral Rights, the Optionors shall be reimbursed their staking or acquisition costs by the Optionee, which costs will be payable in cash by the Optionee to the Acquiring Party forthwith upon acceptance of such AOI Mineral

Rights by the Optionee and in any event on or before the expiry of the Option Period, and shall constitute Exploration Expenditures.

ARTICLE 6 INDEMNIFICATION

6.1 Indemnification by Optionors

1283750 shall not be responsible for any Liabilities in respect of activities conducted on the Property by or for the Optionors prior to the Effective Date, and the Optionors shall indemnify and save 1283750 and its directors, officers, employees, consultants and agents harmless from and against any Liabilities resulting from any claims upon or in relation to the Property in respect of activities conducted by the Optionors or persons acting on behalf of the Optionors, up to the Effective Date.

6.2 Indemnification by 1283750

The Optionors shall not be responsible for any Liabilities in respect of activities conducted on the Property by or for 1283750 following the date of this Agreement, and 1283750 shall indemnify and save the Optionors and their directors, officers, employees, consultants and agents harmless from and against any Liabilities resulting from any claims upon or in relation to the Property in respect of Operations conducted by 1283750 or persons acting on behalf of 1283750.

ARTICLE 7 TERMINATION

7.1 Termination

This Agreement shall forthwith terminate on the date (the “Termination Date”) any of the following occurs:

- (a) in the event of a termination of the Option pursuant to Section 3.7;
- (b) in the event of Automatic Termination pursuant to Section 3.8; or
- (c) the Parties mutually agree in writing.

Upon termination of the Agreement the Parties shall have no further obligations hereunder, except Article 6 and Article 9 of this Agreement, and Sections 5.5, 7.2 and 12.1 of this Agreement, which shall survive any such termination.

7.2 Events on Termination

If the Option is terminated otherwise than upon the exercise thereof pursuant to the terms hereof, the Optionee will:

- (a) deliver registerable transfers of the Mineral Rights constituting the Property back to the Optionors, in such names as the Optionors direct;

- (b) deliver to the Optionors, within 90 days of termination, all data pertaining to the Property in the possession and control of 1283750, including in relation to work carried out by or on behalf of 1283750 on the Property, together with all drill cores and unprocessed assay samples and copies of all maps, drill logs, assay results and other technical data compiled by 1283750 with respect to the Property which has not been previously delivered by 1283750 to the Optionors;
- (c) remove from the Property within six months of termination, or sooner if required under applicable laws, all structures, machinery, equipment, facilities and supplies erected, installed or brought upon the Property by or at the insistence of 1283750;
- (d) perform or secure the performance of all reclamation and environmental rehabilitation on the Property as may be required by all applicable laws in relation to the activities completed by 1283750 or on 1283750's behalf during the Option Period; and
- (e) 1283750 shall leave all Mineral Rights comprising the 4 claims described in Schedule "A" in good standing for a minimum period of six months if terminated before the year 1 anniversary date and three months if terminated at any other time.

ARTICLE 8 FORCE MAJEURE

8.1 Events

Notwithstanding any other provisions contained herein, a Party will not be liable for its failure to perform any of its obligations under this Agreement due to a Force Majeure, with the exception of the cash payments and Share issuances to be made by the Optionee in order to maintain the Option pursuant to Section 3.2.

8.2 Effect of Force Majeure

All time limits imposed by this Agreement (including, without limitation, the time within which Exploration Expenditures are to be made) will be extended by a period equivalent to the period of delay resulting from a Force Majeure described in Section 8.1.

8.3 Obligation to Remove Force Majeure

A Party relying on the provisions of this Article 8 will take all reasonable steps to eliminate any Force Majeure and, if possible, will perform its obligations under this Agreement as far as practical, but nothing herein will require such Party to settle or adjust any labour dispute or to question or to test the validity of any law, rule, regulation or order of any duly constituted court or governmental authority or to complete its obligations under this Agreement if a Force Majeure renders completion impossible.

8.4 Giving Notice

A Party relying on the provisions of this Article 8 will give notice to the other Party within 10 business days upon the occurrence of the Force Majeure and for each new cause of delay or prevention causing Force Majeure, providing particulars thereof and the day upon which the same arose, and forthwith after the end of the period of delay when such Force Majeure has been eliminated or rectified.

ARTICLE 9 CONFIDENTIAL INFORMATION

9.1 Confidential Information

Except as specifically otherwise provided for herein, the Parties will keep confidential all data and information respecting this Agreement and the Property and will refrain from using it other than for the activities contemplated hereunder or publicly disclosing unless required by law or by the rules and regulations of any regulatory authority or stock exchange having jurisdiction, or with the consent of the other Party, such consent not to be unreasonably withheld.

9.2 Information in Public Domain

The provisions of this Article 9 do not apply to information which is or becomes part of the public domain other than through a breach of the terms hereof.

ARTICLE 10 MEDIATION AND ARBITRATION

10.1 Dispute

All questions or matters in dispute under this Agreement shall be submitted to mediation or arbitration in accordance with this Article 10.

10.2 Mediation

If a dispute or conflict between the parties cannot be resolved through good faith negotiations between the parties within a reasonable time, the parties agree that such dispute shall be submitted to a mediator appointed by the parties for mediation. The mediator shall be selected by the parties and the dispute mediated pursuant to a procedure proposed by the mediator and acceptable to the parties, or, in the event that the parties are unable to agree on a mediator or mediation procedure, mediated pursuant to the *National Mediation Rules* of the ADR Institute of Canada, Inc., including as to the selection of the mediator. The parties acknowledge that mediation is the preferred initial avenue for settling disputes and that mediation will be attempted in good faith prior to demand for an arbitration process under Sections 10.3 and 10.4.

10.3 Prior Notice

It shall be a condition precedent to the right of any party to submit any matter to arbitration pursuant to the provisions hereof, that any party intending to refer any matter to arbitration shall have given not less than 10 days' prior notice of its intention to do so to the

other party, together with particulars of the matter in dispute. On the expiration of such 10 days, the party who gave such notice may proceed to refer the dispute to arbitration as provided in section 10.3.

10.4 Conduct of Arbitration

The party desiring arbitration shall appoint one arbitrator, and shall notify the other party of such appointment, and the other party shall, within 15 days after receiving such notice, either consent to the appointment of such arbitrator which shall then carry out the arbitration or appoint an arbitrator, and the two arbitrators so named, before proceeding to act, shall, within 30 days of the appointment of the last appointed arbitrator, unanimously agree on the appointment of a third arbitrator to act with them and be chairman of the arbitration herein provided for. If the other party shall fail to appoint an arbitrator within 15 days after receiving notice of the appointment of the first arbitrator, the first arbitrator shall be the only arbitrator. If the two arbitrators appointed by the parties shall be unable to agree on the appointment of the chairman, the chairman shall be appointed under the provisions of the *Commercial Arbitration Act* of British Columbia. Except as specifically otherwise provided in this section, the arbitration herein provided for shall be conducted in accordance with such Act. The chairman, or in the case where only one arbitrator is appointed, the single arbitrator, shall fix a time and place in Vancouver, British Columbia, for the purpose of hearing the evidence and representations of the parties, and he shall preside over the arbitration and determine all questions of procedure not provided for under such Act or this section. After hearing any evidence and representations that the parties may submit, the single arbitrator, or the arbitrators, as the case may be, shall make an award and reduce the same to writing, and deliver one copy thereof to each of the parties. The expense of the arbitration shall be paid as specified in the award.

ARTICLE 11 NOTICE

11.1 Method

Each notice, demand or other communication required or permitted to be given under this Agreement will be in writing and will be sent by prepaid registered mail addressed to the party entitled to receive the same, or delivered to such party, at the address for such party specified or by electronic mail, in each case addressed as applicable as follows:

- (a) If to the Optionors at:

Ken Nelson & 1128122 B.C. Ltd.
[redacted : personal information]

Email: [redacted: personal email]

- (b) If to 1283750 at:

2080 - 777 Hornby St., Vancouver, B.C., V6Z 1S4
Attention: Gordon Lam
Email: gordlam66@gmail.com

11.2 Amending Addresses

Either Party may at any time and from time to time notify the other Party in accordance with this Article 11 of a change of address or fax number or electronic mail address, to which all Notices will be given to it thereafter until further notice in accordance with this Article 11.

11.3 Delivery

All notices, consents, demands and requests delivered personally or sent by other electronic means shall be deemed to have been given and received on the second Business Day next following the date of sending. Any notices, consents, demands and requests mailed as aforesaid shall be deemed to have been given and received on the fifth Business Day following the date it is posted, addressed to the Parties at their addresses first above written or to such other address or addresses as either party may from time to time specify by notice to the other; provided, however, that if there shall be a mail strike, slowdown or other labour dispute which might affect delivery of the communication by mail, then the notices, consents, demands and requests shall be effective only if actually delivered.

ARTICLE 12 GENERAL

12.1 Expenses

Each Party will bear its own expenses in connection with the Option, including, without limitation, the costs and expenses of all attorneys, accountants, geologists, engineers, brokers, investment bankers, agents and finders employed by such Party. The Parties will indemnify each other against any claims, costs, losses, expenses or liabilities arising from any claim for remuneration, commissions, finder's fees or other compensation or re-imburement in connection with the Option which may be asserted by any person based on any agreement or arrangement for payment by the other party.

12.2 Other Activities and Interests

This Agreement and the rights and obligations of the Parties hereunder are strictly limited to the Property. Each Party will have the free and unrestricted right to enter into, conduct and benefit from business ventures of any kind whatsoever, whether or not competitive with the activities undertaken pursuant hereto, without disclosing such activities to the other Party or inviting or allowing the other to participate.

12.3 Restriction on Assignment by the Optionee

The Optionee may not assign, sell or otherwise transfer its interest, in whole or in part, in and to the Option, this Agreement or the Property without the prior written consent of the Optionors, which consent may not be unreasonably withheld. In the event of such assignment, sale or transfer, the Optionee shall cause the transferee to deliver to the Optionors an agreement on the part of such transferee to be bound by all of the terms and conditions of this Agreement and subjecting all further assignments, sales or transfers of the Option, this Agreement or the Property to the restriction on assignment set out in this Section 12.3.

12.4 Entire Agreement

This Agreement and the schedules hereto constitute the entire agreement between the Parties and supersedes and replaces any preliminary or other agreement or arrangement, whether oral or written, express or implied, statutory or otherwise heretofore existing between the Parties in respect of the subject matter of this Agreement. This Agreement may not be amended or modified except by an instrument in writing signed by each of the Parties.

12.5 No Waiver

No consent hereunder or waiver of or with respect to any term or condition of this Agreement will be effective unless it is in writing and signed by the consenting or waiving Party. No consent or waiver expressed or implied by either Party in respect of any breach or default by the other in the performance by such other of its obligations hereunder will be deemed or construed to be a consent to or a waiver of any other breach or default.

12.6 Further Assurances

The Parties will promptly execute or cause to be executed all documents, deeds, conveyances and other instruments of further assurance which may be reasonably necessary or advisable to carry out fully the intent of this Agreement and to cooperate with each other and each other's counsel and other professional advisors in the preparation, execution and delivery of any and all documents or instruments necessary to give full force and effect to the terms and provisions set out herein and any other documents required to give effect hereto.

12.7 Enurement

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

12.8 Cure Defaults

Notwithstanding anything in this Agreement to the contrary if any party (a "**Defaulting Party**") is in default of any requirement herein set forth, the Party affected by such default shall give written notice to the Defaulting Party specifying the default and the Defaulting Party shall not lose any rights under this Agreement, unless 30 days after the giving of notice of default by the affected party, the Defaulting Party has failed to take reasonable steps to cure the default by the appropriate performance, and if the Defaulting Party fails within such period to take reasonable steps to cure any such default, the affected party shall be entitled to seek any remedy it may have on account of such default including, without limitation, termination of this Agreement.

12.9 Time of the Essence

Time is of the essence in the performance of each obligation under this Agreement.

12.10 Counterparts and Fax Execution

This Agreement may be executed in any number of counterparts and all such counterparts, taken together, shall be deemed to constitute one and the same instrument. This Agreement may be signed and accepted by facsimile and electronic scan.

IN WITNESS WHEREOF this Agreement has been executed as of the date first above given.

Signed, sealed and delivered by **KEN**)
NELSON in the presence of:)

[redacted: personal information] _____)
Name of Witness)

"Ken Nelson"
KEN NELSON

[redacted: personal information] _____)
Address of Witness)

1128122 B.C. LTD.

Per: "Everett Nelson"
Authorized Signatory

1283750 B.C. LTD.

Per: "Gordon Lam"
Authorized Signatory

Schedule "A"

PROPERTY

1077869	KC	140379 (100%)	Mineral	Claim	093G	2020/AUG/08	2021/AUG/08	PROTECTED	766.0475
1078869	KC	140379 (100%)	Mineral	Claim	093G	2020/SEP/25	2021/SEP/25	PROTECTED	383.0241
1079061	KC	140379 (100%)	Mineral	Claim	093G	2020/OCT/08	2021/OCT/08	PROTECTED	612.9965
1079064	KC	140379 (100%)	Mineral	Claim	093G	2020/OCT/08	2021/OCT/08	PROTECTED	918.9424

Schedule B
ROYALTY AGREEMENT

NET SMELTER RETURNS ROYALTY AGREEMENT

This net smelter returns royalty agreement (the “**Royalty Agreement**”), dated effective March 18, 2021, is entered into AMONG:

KEN NELSON, an individual having an address at [redacted: personal address], email: [redacted: personal email address]

(“**Ken**”)

AND:

1128122 B.C. LTD., a company incorporated under the laws of British Columbia and having a registered office at [redacted: personal address]

(“**1128122**”; Ken and 1128122 are collectively referred to as the “**Nelsons**”)

AND:

1283750 B.C. LTD., a company incorporated under the laws of British Columbia and having its head office at 2080 - 777 Hornby St., Vancouver, B.C., V6Z 1S4, email: gordlam66@gmail.com

(“**Grantor**”)

WHEREAS:

- A. Pursuant to that certain option agreement dated March 18, 2021 (the “**Option Agreement**”) between Nelsons and the Grantor, the Nelsons agreed to grant to the Grantor an option to acquire 100% interest in and to the Property (as defined below), which option the Grantor has exercised and the Grantor has agreed to grant to a 2.0% Net Smelter Returns Royalty (defined below) and certain other rights;
- B. Nelsons has agreed to grant a buy-back right to Grantor pursuant to which Grantor shall have a first and priority right to buy-back the Net Smelter Returns Royalty from Nelsons; and
- D. The Parties wish to enter into this Royalty Agreement to define and establish the conditions governing the Net Smelter Returns Royalty and the buy-back rights thereunder.

NOW THEREFORE, for good and valuable consideration, the receipt of which is hereby acknowledged, the Parties agree as follows:

ARTICLE 1 DEFINITIONS

Any capitalized terms used but not otherwise defined in this Royalty Agreement shall bear the meaning ascribed to such capitalized terms in the Option Agreement. As used herein, the following terms shall have the meanings assigned to them as follows (in the event any term or definition of this Royalty Agreement shall conflict with any term or definition in the Option Agreement, the term or definition in the Option Agreement shall control and govern):

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- 1.1. "**Affiliate**" means any Person that directly or indirectly Controls, is Controlled by, or is under common Control with, a Party.
- 1.2. "**Allowable Deductions**" means:
- (a) All smelting and refining costs, sampling, assaying and treatment charges and penalties including but not limited to metal losses, penalties for impurities and charges for refining, selling and handling by the smelter, refinery or other purchaser (including price participation charges by smelters and/ or refiners);
 - (b) Costs of handling, transporting, securing, stockpiling, storing, warehousing and insuring all Products from the Property or from a concentrator, whether situated on or off the Property, to a smelter, refinery or other place of treatment, and in the case of gold or silver concentrates, security costs;
 - (c) *Ad valorem* taxes and taxes based upon sales or production, but no income taxes; and
 - (d) Marketing costs, including sales commissions, incurred in selling ore mined from the Property and in selling concentrate, metal and products derived from ore mined from the Property.
- Where a cost otherwise deductible under this Royalty Agreement is incurred by the Grantor in a transaction with a party with whom it is not dealing at arm's length, the cost to be deducted shall be the fair market cost under the circumstances and at the time of the transaction.
- 1.3. "**Buy-Back Purchase Price**" means \$500,000 payable in cash per half percentage (0.5%) of the Royalty Percentage.
- 1.4. "**Buy-Back Royalty**" means the Net Smelter Returns Royalty that Grantor or other Persons may purchase from Nelsons pursuant to Section 2.6 of this Royalty Agreement.
- 1.5. "**Commercial Production**" means the commercial exploitation of Products from the Property or any part thereof as a mine but does not include milling, transport or sale of bulk samples for the purposes of testing or milling, deliveries and sales from a pilot plant or test operations. Commercial Production shall be deemed to have commenced:
- (a) if a plant is located on the Property, on the first day following the first period of 45 consecutive days during which Products have been produced from the Property at an average rate not less than 80% of the initial design rated capacity of all mines, plants and facilities located on the Property, or
 - (b) if no plant is located on the Property, on the first day of the month following the first period of 45 consecutive days during which Products have been shipped from the Property on a reasonably regular basis for the purpose of earning revenue.
- 1.6. "**Control**" used as a verb means, when used with respect to an entity, the ability, directly or indirectly through one or more intermediaries, to direct or cause the direction of the management and policies of such entity through (a) the legal or beneficial ownership of voting securities or ownership interests; (b) the right to appoint managers, directors or corporate management; (c) contract; (d) membership agreement; (e) voting trust; or otherwise; and, when used with respect to an individual, means the actual or legal ability to control the actions of another, through family

relationship, agency, contract or otherwise; and "Control" used as a noun means an interest which gives the holder the ability to exercise any of the foregoing powers.

- 1.7. "**Grantor**" means 1283750 B.C. LTD. and includes any subsequent holder of the Property.
- 1.8. "**IFRS**" means **International Financial Reporting Standards**, from time to time, applied on a consistent basis.
- 1.9. "**Net Smelter Returns**" shall be the gross revenues received from the sale of all Products after deducting the Allowable Deductions, in each case for the applicable calendar quarter. Where revenue otherwise to be included under this Royalty Agreement is received by the Grantor in a transaction with a party with whom it is not dealing at arm's length, the revenue to be included shall be based on the fair market value under the circumstances and at the time of the transaction. For the purposes of determining Net Smelter Returns, all receipts and major disbursements in a currency other than Canadian dollars shall be converted into Canadian currency on the day of receipt or disbursement, as the case may be, and all other disbursements in a currency other than Canadian dollars shall be converted into Canadian currency at the average rate for the month of disbursement determining using the rates published by the Bank of Canada.
- 1.10. "**Net Smelter Returns Royalty**" means the royalty granted by Section 2.1 of this Royalty Agreement.
- 1.11. "**Party**" means a signatory to this Royalty Agreement and "**Parties**" means all of them.
- 1.12. "**Person**" shall mean an individual, corporation, trust, partnership, limited liability company, joint venture, unincorporated organization, firm, estate, governmental authority or any agency or political subdivision thereof, or other entity.
- 1.13. "**Products**" shall mean all ore mined from the Property and all concentrate, metal and products derived from ore mined from the Property.
- 1.14. "**Property**" shall mean the Property as set out in the Option Agreement, including without limitation the properties described in Attachment 1-A and any AOI Mineral Rights included as part of the Property pursuant to Section 5.7 of the Option Agreement, subject to any modification, substitution, change or improvement thereon made from time to time by the Grantor or any subsequent owner thereof.
- 1.15. "**Royalty Percentage**" shall mean two percent (2.0%), which sum may be decreased upon the sale by Nelsons of the Buy-Back Royalty pursuant to Section 2.6 of this Agreement.
- 1.16. "**Transfer**" shall mean any sale, grant, assignment, conveyance or other transfer.

ARTICLE 2 COMPUTATION AND PAYMENT OF NET SMELTER RETURNS

2.1. **Grant and Computation**

As provided in the Option Agreement, Nelsons has reserved to itself from the transfer of its interest in the Property to Grantor and Grantor has granted and hereby affirms and restates that it hereby grants and covenants and agrees to pay to Nelsons a net smelter returns royalty (the "**Net Smelter Returns Royalty**") in respect of Products produced from the Property. To compute the Net Smelter

Returns Royalty, the Grantor shall multiply the Net Smelter Returns by the Royalty Percentage in each case for the immediately preceding calendar quarter.

2.2. **Payments**

Upon the commencement of Commercial Production, the Grantor shall pay to Nelsons a payment equal to the Net Smelter Returns Royalty computed under Section 2.1 within sixty (60) days after the end of the calendar quarter for royalty obligations that accrued during the preceding calendar quarter for which such computation is made, and shall deliver with such payment a copy of the calculations used in connection with such payment. Any overpayments or underpayments, including overpayments or underpayments resulting from adjustments between payments and final settlement by the smelter or other purchaser of Products shall be corrected in the next calendar quarter following determination of such adjustment. All such payments shall be made in Canadian dollars. Payments hereunder shall be made without demand, notice, set-off or reduction by wire transfer in good, immediately available funds, to such account or accounts as Nelsons may designate pursuant to wire transfer instructions provided to the Grantor from time to time.

2.3. **Late Payments**

Any payments not made when due under this Royalty Agreement shall bear interest at an annual rate equal to the Prime Rate (defined below) plus one percent (1%) calculated and compounded monthly from the due date to the date of payment. For the purposes of this Section 2.3, “**Prime Rate**” means, at any particular time, the annual rate of interest announced from time to time by the Bank of Montreal, at its main branch located in Vancouver, British Columbia, as a reference rate then in effect for determining floating rates of interest on Canadian dollar loans made in Canada.

2.4. **Certified Calculation**

After the year in which Commercial Production begins, Nelsons shall be provided annually on or before April 30, with a copy of the calculation of Net Smelter Returns for the preceding calendar year, determined in accordance with this Royalty Agreement and certified correct by the Grantor.

2.5. **Payments Net of Taxes**

All amounts payable on account of the Net Smelter Returns Royalty shall be paid free and clear of all taxes, deduction, withholdings, set-off or counterclaims whatsoever (except income taxes of Nelsons or taxes on capital gains of Nelsons) save only as may be required by law. If any taxes, deductions or withholdings are required by law for such payments, the Grantor shall pay to Nelsons such sum as shall, after such taxes, deduction or withholding has been made, leave Nelsons with the same amount as it would have been entitled to receive in the absence of any such requirement.

2.6. **Buy Back Right**

Immediately upon completion of the sale of the Property to the Grantor from Nelsons, Grantor shall have a first and prior right to acquire up to one half of the Net Smelter Returns Royalty (the “**Buy-Back Royalty**”) from Nelsons for the Buy-Back Purchase Price at any time.

**ARTICLE 3
ACCOUNTING MATTERS**

3.1. Accounting Principles

All Receipts and Allowable Deductions shall be determined in accordance with IFRS as applied by the Grantor. Allowable Deductions shall be determined by the accrual method.

**ARTICLE 4
AUDITS AND DISPUTES**

4.1. Audit

Nelsons, upon written notice, shall have the right to have an independent firm of chartered accountants audit the records that relate to the calculation of the Net Smelter Returns Royalty within twelve (12) months after receipt of a payment under Section 2.2 or a certification under Section 2.4 hereof. Any calculation not so audited shall be deemed final and shall not thereafter be subject to audit or challenge.

At the conclusion of such audit:

- (a) if the auditors determine that the calculation of the Net Smelter Returns Royalty was accurate within ten percent of actual payment or the statement of payment exceeded the calculation of the Net Smelter Returns Royalty by more than ten percent of those stated, then the costs of the audit shall be borne by Nelsons; and
- (b) if the auditors determine that the statement of payment understated the calculation of the Net Smelter Returns Royalty by greater than a ten percent margin, then the costs of the audit shall be borne by the Grantor and the deficiency in amount actually paid as against the calculation of the Net Smelter Returns Royalty shall be paid by the Grantor to Nelsons within 30 days.

4.2. Disputes

Nelsons shall be deemed to have waived any right it may have had to object to a payment made for any calendar year, unless it provides notice in writing of such objection within twelve (12) months after receipt of final payment for the calendar year.

4.3. Arbitration

- (a) In the event that any dispute arising out of or relating to this Royalty Agreement or its breach, termination or validity then such claim, controversy or dispute shall, upon written notice by either Party to the other, be finally settled by arbitration administered under the rules then pertaining of the Arbitrators Association of British Columbia (“AABC”).
- (b) The arbitration shall be heard by a panel of three (3) independent and impartial arbitrators all of whom shall be selected from a list of neutral arbitrators having mining and/or base metals and concentrates markets expertise, supplied by AABC. From such list, each Party shall select one (1) arbitrator, and the arbitrators so selected shall select a third. The panel shall designate one (1) among them to serve as chair.
- (c) The arbitration proceedings shall be conducted in the City of Vancouver, British Columbia.

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- (d) Any Party may seek interim or provisional remedies as necessary to protect the rights or Property of the Party pending the decision of the arbitrators.
- (e) The Parties shall allow and participate in limited discovery for the production of documents and taking of depositions. All discovery shall be completed within sixty (60) days following the filing of the answer or other responsive pleading. Unresolved discovery disputes shall be brought to the attention of the chair of the arbitration panel and may be disposed of by the chair.
- (f) Each Party shall have up to fifty (50) hours to present evidence and argument in a hearing before the panel of arbitrators, provided that the chair of the panel of arbitrators may establish such longer times for presentations as the chair deems appropriate.
- (g) The arbitration award shall be rendered by the arbitrators within fifteen (15) business days after conclusion of the hearing of the matter, shall be in writing and shall specify the factual and legal basis for the award.
- (h) The arbitrators are empowered to order money damages in compensation for a Party's actual damages, specific performance or other appropriate relief to cure a breach; provided, however, that the arbitrators shall have no authority to award special, punitive, exemplary, consequential or liquidated damages, loss of profits or any other money damages that are not measured by the prevailing Party's actual damages.
- (i) Any judgment upon the award rendered by the arbitration may be entered in any court of competent jurisdiction and shall be deemed to be a final and non-appealable order.

ARTICLE 5 GENERAL

5.1. Records

Grantor shall keep accurate records of tonnage, volume of Products, analyses of Products, weight, moisture, assays of payable metal content and other records, as appropriate, related to the computation of Net Smelter Returns hereunder. Within 60 days following the end of each calendar year, Grantor shall provide Nelsons with an annual report of Products mined, milled or processed, recoveries, grades, and capital and development expenses with respect to the Property during such calendar year. Such annual report shall include estimates of proposed expenditures upon, anticipated production from and estimated remaining mineral reserves and resources on the Property for the succeeding calendar year and any changes to, or replacements of, the mine plan or any "life of mine plan" with respect to the Property. The Grantor shall provide Nelsons with a copy of any "life of mine plan", if produced, within 30 days of its approval by the Grantor and any changes to, or replacements of, any such "life of mine plan" or any mine plan within 30 days after such change or replacement thereof.

5.2. Rights Reserved by Grantor

The Grantor shall be entitled to (a) make all operational decisions with respect to the methods and extent of mining and processing of Products produced from the Property (including the decision to process by heap leaching rather than conventional milling); (b) make all decisions relating to sales of such Products produced; and (c) make all decisions concerning temporary or long-term cessation of operations.

The Grantor may, but shall not be under any duty to, engage in price protection (hedging) or speculative transactions such as futures contracts and commodity options in its sole discretion covering all or part of production from the Property, and, except in the case where Products are actually delivered and a sale is actually consummated under such price protection or speculative transactions, none of the revenues, costs, profits or losses from such transactions shall be taken into account in calculating net Smelter Returns or any interest therein.

5.3. **Right to Inspect**

Nelsons or its authorized representative on not less than thirty (30) days' notice to the Grantor, timing to be mutually agreed upon by Nelsons and the Grantor, acting reasonably, may, at its own risk and cost, 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 inspect and copy all records and data pertaining to the computation of its interest, including without limitation such records and data which are maintained electronically.

5.4. **Headings**

The headings to the Articles and clauses of this Royalty Agreement are inserted for convenience only and do not form a part of this Royalty Agreement and are not intended to interpret, define or limit the scope, extent or intent of this Royalty Agreement or any provision hereof.

5.5. **Notices**

- (a) All notices, payments and other required communications (herein "**Notices**") to the Parties shall be in writing, and shall be addressed respectively as follows:

If to Grantor: 2080 - 777 Hornby St., Vancouver, B.C., V6Z 1S4

Attention: Gordon Lam
Email: gordlam66@gmail.com

If to Nelsons: [redacted: personal address]

Email: [redacted: personal email address]

- (b) All Notices shall be given (i) by personal delivery, or (ii) by electronic mail communication, or (iii) by registered mail return receipt requested. All Notices shall be effective and shall be deemed delivered (i) if by personal delivery, on the date of delivery if delivered during normal business hours, and, if not delivered during normal business hours, on the next business day following delivery, (ii) if by electronic mail communication, on the next business day following sending, and (iii) if solely by registered mail, on the next business day after delivery. Either Party may change its address by Notice to the other Party.

5.6. **Real Property Interest**

The Net Smelter Return Royalty provided in this Royalty Agreement shall attach to (i) any amendments, relocations, adjustments, resurvey, additional locations or conversions of any mining claims comprising the Property; and (ii) to any renewal, amendment or other modification or

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extensions of any leases of any real property interests comprising the Property. The Net Smelter Returns Royalty shall continue in perpetuity, it being the intent of the Parties hereto that the Net Smelter Return Royalty shall be a real property interest that runs with the Property and shall burden all interests (whether now owned or hereafter acquired) of the Grantor and its successors and assigns in, to or respecting the Property. If any right, power or interest of either Party pertaining to the Net Smelter Returns Royalty would violate the rule against perpetuities, then such right, power or interest shall terminate at the expiration of 20 years after the death of the last survivor of all the lineal descendants of Her Majesty, Queen Elizabeth II of England, living on the date of this Royalty Agreement. Nelsons shall have the right from time to time to register or record notice of the Net Smelter Returns Royalty against title to the Property or elsewhere, and the Grantor 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 Nelsons hereunder.

5.7. Confidentiality

- (a) Except as provided in Section 5.7(b), all information and data provided to Nelsons under the terms of this Royalty Agreement shall not be disclosed by Nelsons to any third party or the public without the prior written consent of the Grantor, which consent shall not be unreasonably withheld.
- (b) The consent required by Section 5.7(a) shall not apply to a disclosure:
 - (i) to a governmental agency or to the public which the disclosing Party or Affiliate believes in good faith is required by applicable law or the rules or regulations of any securities commission, stock exchange or other regulatory body; or
 - (ii) made in connection with litigation or arbitration involving a Party where such disclosure is required by the applicable tribunal or is, on the advice of counsel for such Party, necessary for the prosecution of the case, but subject to prior notification to the other Party to enable such Party to seek appropriate protective orders.
- (c) Prior to any disclosure described in Subsections 5.7(b)(i) or (ii) above, such third Party shall first agree to protect the confidential information from further disclosure to the same extent as the Parties are obligated under this Section 5.7.

5.8. Commingling

Upon the making of a positive production decision, the Property may be operated as a single operation with other mining properties owned by third parties or in which the Grantor has an interest, in which event, the Parties agree that (notwithstanding separate ownership thereof) ores mined from the mining properties (including the Property) may be blended at the time of mining or at any time thereafter, provided, however, that the respective mining properties shall bear and have allocated to them their proportionate part of costs described in Section 1.2(a) to (d) above incurred relating to such single operation, and shall have allocated to each of them the proportionate part of the revenues earned relating to such single operation. In making any such allocation, effect shall be given to the tonnages of ore and other material mined and beneficiated and the characteristics of such material including the metal content of ore removed from, and to any special charges relating particularly to ore, concentrates or other products or the treatment thereof derived from, any of such mining properties. The Grantor shall ensure that reasonable practices and

procedures are adopted and employed for weighing, determining moisture content, sampling and assaying and determining recovery factors.

5.9. Covenant of the Grantor

The Grantor covenants to take any actions reasonably requested by Nelsons in order to facilitate the proper recording of this Royalty Agreement.

5.10. No Partnership

This Royalty Agreement is not intended to, and shall not be deemed to, create any partnership relation between the Parties, including, without limitation, a mining partnership or commercial partnership. The obligations and liabilities of the Parties shall be several and not joint and neither Party shall have or purport to have any authority to act for or to assume any obligations or responsibility on behalf of the other Party. Nothing herein contained shall be deemed to constitute a Party the partner, agent or legal representative of the other Party.

5.11. Governing Law

This Royalty Agreement shall be interpreted and construed in accordance with, and governed and enforced in all respects by, the laws of the Province of British Columbia and the federal laws of Canada applicable therein.

5.12. Assignment by Grantor

The Grantor shall be free to Transfer all or any portion of its interest in the Property, provided that such Transfer shall not be effective as against Nelsons until the transferee has delivered to Nelsons a written and enforceable undertaking agreeing to be bound, to the extent of the interest disposed of, by all of the terms and conditions of this Royalty Agreement. In the event of a Transfer to an arm's length third party who has executed an undertaking required by this Section 5.12, Nelsons acknowledges and agrees that the Grantor shall be released from all obligations in respect of that portion of the Net Smelter Returns Royalty conveyed or assigned to such third party.

5.13. Assignment by Nelsons

Nelsons shall be free to Transfer all or any portion of its interest in the Net Smelter Returns Royalty, including the Buy-Back Royalty, and this Royalty Agreement, provided that such transferee acknowledges in writing to the Grantor that the Net Smelter Returns Royalty is subject to the buy back rights set out in Sections 2.6 and that it assumes the obligations in respect of the same.

5.14. Enurement

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

5.15. Counterparts

This Royalty Agreement may be executed in several counterparts, each of which shall be deemed to be an original, and all of which shall together constitute one and the same instrument, and delivery of an executed copy of this Royalty Agreement by facsimile or email transmission or by other means of electronic communication capable of producing a printed copy shall be deemed to be execution and delivery of this Royalty Agreement as of the date first above written.

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IN WITNESS WHEREOF Grantor has executed this Royalty Agreement and the same has been accepted by Nelsons on March 18, 2021.

Signed, sealed and delivered by **KEN**)
NELSON in the presence of:)

[redacted: personal information])
Name of Witness)

"Ken Nelson")
KEN NELSON)

[redacted: personal information])
Address of Witness)

1128122 B.C. LTD.

Per: "Everett Nelson"
Authorized Signatory

1283750 B.C. LTD.

Per: "Gordon Lam"
Authorized Signatory

ATTACHMENT 1-A

THE PROPERTY

1077869	KC	140379 (100%)	Mineral	Claim	093G	2020/AUG/08	2021/AUG/08	PROTECTED	766.0475
1078869	KC	140379 (100%)	Mineral	Claim	093G	2020/SEP/25	2021/SEP/25	PROTECTED	383.0241
1079061	KC	140379 (100%)	Mineral	Claim	093G	2020/OCT/08	2021/OCT/08	PROTECTED	612.9965
1079064	KC	140379 (100%)	Mineral	Claim	093G	2020/OCT/08	2021/OCT/08	PROTECTED	918.9424

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