

GRANT AGREEMENT

THIS GRANT AGREEMENT ("**Agreement**") is made as of the 26 day of February, 2024.

BETWEEN:

MMDF CORPORATION, a corporation without share capital incorporated under the laws of Manitoba ("**MMDF**"),

- AND -

BOREAL GOLD INC. (the "**Recipient**", and collectively with MMDF, the "**Parties**").

WHEREAS the Government of Manitoba ("**Manitoba**") has established the Manitoba Mineral Development Fund (the "**Fund**"), for the purpose of supporting strategic projects that contribute to sustainable economic growth in the Province of Manitoba, by capitalizing on the Province of Manitoba's mineral potential and other existing assets;

AND WHEREAS MMDF is, by agreement, responsible for administering the Fund, and for that purpose, enters into agreements to provide financial support from the Fund to eligible recipients, who wish to engage in such strategic projects;

AND WHEREAS the Recipient has indicated it is ready, willing and able to engage in a strategic project (the "**Project**"), as more particularly described in the proposal attached as **Schedule "A"** hereto (the "**Approved Proposal**"), using funding provided by MMDF under the terms and conditions of this Agreement;

AND WHEREAS MMDF has assessed the Recipient and information and materials provided by the Recipient, with respect to the Project, and determined that the Recipient is eligible to receive financial support, from the Fund.

NOW THEREFORE in consideration of their respective obligations contained herein, the receipt and sufficiency of which is hereby acknowledged, MMDF and the Recipient covenant and agree as follows:

ARTICLE 1 DEFINITIONS

1.1 Interpretation. In addition to the terms and conditions defined in the recitals and elsewhere in this Agreement, a capitalized term has the meaning given to it in this **Subsection 1.1**:

- (a) "**Agreement**" means this Agreement and all the documents scheduled, attached or incorporated by reference into this Agreement;
- (b) "**Approved Budget**" means the Recipient's proposed budget for the Project approved by MMDF by notice to the Recipient in writing;

- (c) "**Business Day**" means any day that is not a Saturday, Sunday or any other day on which MMDF's offices are closed for business;
- (d) "**Eligible Expenditures**" means the expenditures for costs described in **Schedule "A"** or the Approved Budget and any budgets that form part of the Approved Proposal, and which comply with the Fund Policies; and,
- (e) "**Fund Policies**" means such guidelines and policies as are published by Manitoba or MMDF, from time to time, regarding the Fund;

**ARTICLE 2
GRANT PROVIDED UNDER THIS AGREEMENT**

2.1 Financial Assistance. Subject to the terms of this Agreement, MMDF shall make a grant to the Recipient in an amount not to exceed **\$184,650.00** the "**Grant**").

2.2 Payment of the Grant.

- (a) The Grant shall be disbursed to the Recipient in accordance with the provisions of the attached **Schedule "B"**. Undisbursed commitments in Schedule "B" shall expire on January 31, 2025.
- (b) MMDF shall have the right to terminate or reduce the Grant on notice to the Recipient, if the amount of the Fund is reduced or eliminated by Manitoba.

2.3 Purpose and Use of the Grant. The Recipient shall use the Grant solely and exclusively for the purposes set out in the Approved Proposal. Without limiting the generality of the foregoing, the Recipient may only apply the Grant against any Eligible Expenditure, if:

- (a) the Eligible Expenditure is directly related to the carrying out of the Recipient's responsibilities under the Project;
- (b) the Recipient ensures value for money by negotiating the price and other terms and conditions for the Eligible Expenditure; and
- (c) the Eligible Expenditure is incurred during the Term (as defined below).

Additional details regarding Eligible Expenditures may be found within **Schedule "A"**.

2.4 Conditions to Grant. For greater certainty, payment by MMDF of the Grant under this Agreement is conditional upon:

- (a) receipt and approval by MMDF of the Approved Proposal and the Approved Budget pursuant to **Subsection 3.1**;
- (b) the Recipient's compliance with the terms of this Agreement; and
- (c) Manitoba's agreement to continue, and to appropriate funding to, the Fund.

**ARTICLE 3
REPORTING REQUIREMENTS**

3.1 Project Proposal.

- (a) Prior to the disbursement of any portion of the Grant, the Recipient will prepare and submit for MMDF's review and approval, a proposed budget for the Proposal, which will set out:
 - (i) the Recipient's priorities and objectives, and how it will contribute to achieving the objectives of the Project described in **Schedule "A"**;
 - (ii) the planned activities for the Project;
 - (iii) the Project's planned budget and expenditures; and,
 - (v) any other information relevant (as determined by MMDF, in its sole and absolute discretion) to meeting the objectives of the Project described in **Schedule "A"**.
- (b) The Approved Budget shall be prepared in accordance with any applicable instructions and templates that may be set out in the Fund Policies, and updated from time to time in consultation with MMDF.
- (c) MMDF may, from time-to-time, request clarifications, amendments and/or additional information about the Approved Budget, to ensure the eligibility of the Project activities in accordance with this Agreement.

3.2 Books and Records.

- (a) The Recipient will keep proper books and records, in accordance with generally accepted accounting principles, of all Project-related expenditures and revenues. This includes records for all:
 - (i) Project-related contracts and agreements and all invoices, receipts, vouchers, electronic payment requisitions and records relating to Eligible Expenditures;
 - (ii) bank records, including bank statements and cancelled cheques; and
 - (iii) Project-related activity, progress and evaluation reports and reports of Project reviews or audits carried out for, by, or on behalf of, the Recipient.
- (b) The Recipient will provide a project status report prior to the issuance of the second installment, and upon completion of the project in accordance with established Fund Policies for project reporting.
- (c) The Recipient will retain the books and records referred to in this **Subsection 3.2** for a period of six (6) years following the expiry or termination of this Agreement.

3.3 **Access and Audits.**

- (a) The Recipient will grant representatives of MMDF and/or Manitoba access to all information related to the Project activities performed, and expenditures incurred, directly or indirectly, by the Recipient, for the entire amount of funding allocated to the Recipient under this Agreement (including, without limitation, the books and records referred to in **Subsection 3.2**). This access may be exercised periodically throughout the Term, and for six (6) years thereafter, with prior notice from MMDF or Manitoba to the Recipient, for the purpose of monitoring the Recipient's compliance with the terms of this Agreement. The Recipient shall permit MMDF's or Manitoba's representatives to take copies and extracts of such information and shall furnish MMDF or Manitoba with such additional information as they may require with reference to them.
- (b) If requested by MMDF or Manitoba, the Recipient shall permit representatives of MMDF or Manitoba to discuss any books and records referred to in **Subsection 3.2**, with the Recipient's auditors. The Recipient shall execute such directions, consents and other authorizations as may be required in order to permit the Recipient's auditors to discuss the report with representatives of MMDF or Manitoba and provide any requested information to them in relation to the audit.
- (c) MMDF reserves the right to conduct an audit or cause to have audited the accounts and records of the Recipient at any time during the Term, and for a period of up to six (6) years thereafter, for the purposes of verifying the Recipient's compliance with this Agreement. The scope, coverage and timing of such audits shall be determined by MMDF and, if conducted, may be carried out by employees of MMDF or third parties engaged by MMDF. Where MMDF exercises its right to conduct an audit under this **Subsection 3.3**, the Recipient shall make available to MMDF's auditors, in a timely manner, any records, documents and information that MMDF's auditors may require.

- 3.4 **Audited Financial Statements.** As may be requested by MMDF in its discretion, the Recipient shall provide its audited financial statements to MMDF within three (3) months of the end of the Recipient's fiscal year end.

ARTICLE 4 REPRESENTATIONS AND WARRANTIES

- 4.1 **Representations and Warranties.** Each Party represents and warrants to the other Party that:

- (a) the execution and delivery of this Agreement by its officials, and the carrying out by its officials of the activities contemplated hereby, have been duly authorized in accordance with the internal rules of each Party;
- (b) it has full power to execute and deliver this Agreement and to perform its obligations hereunder; and

- (c) this Agreement constitutes a legally binding obligation of each Party, enforceable against it in accordance with its terms.

4.2 Representations and Warranties of the Recipient. The Recipient represents and warrants to MMDF that:

- (a) all materials and information that have been, and will be, provided by the Recipient to MMDF in connection with this Agreement, are true, accurate and do not omit any material facts;
- (b) it is an eligible recipient for support, under the Fund, because it is:
 - (i) a municipal or regional government established by or under provincial statute;
 - (ii) a private sector body, including for-profit organizations and not-for-profit organizations, and, if incorporated, it is incorporated or registered under *The Corporations Act* (Manitoba), to conduct business in Manitoba; or
 - (iii) an Indigenous organization or community, as represented by its leadership;
- (c) it will abide by the Fund Policies in the performance of its obligations under this Agreement.

**ARTICLE 5
PUBLIC COMMUNICATION**

- 5.1 Public Recognition.** In its public relations and communications activities, the Recipient shall, where appropriate, acknowledge the provincial participation in the funding of the Recipient and provide visibility to Manitoba and MMDF that is no less favourable than that it provides to any other funding partner.
- 5.2 Public Dissemination.** The Recipient agrees that Manitoba or MMDF may release or cause to be released to the public and publish or caused to be published by any means the payment or the amount of the Grant pursuant to this Agreement, including, without limitation, in annual action plans, annual expenditure plans and annual reports.

**ARTICLE 6
INTELLECTUAL PROPERTY**

- 6.1 Intellectual Property.** Title to any intellectual property, including copyrights, patents, inventions (whether patentable or not), trademarks, service marks, trade secrets and know-how, created by the Recipient, belongs to the Recipient, which grants to each of MMDF and Manitoba a non-exclusive, perpetual, irrevocable, worldwide and royalty-free licence to exercise all rights in such intellectual property in connection with the Fund and other economic growth activities which are reasonably incidental thereto.

**ARTICLE 7
PROGRAM EVALUATION**

- 7.1 **Evaluation.** To determine the effectiveness of the Grant, it may be necessary that a review, involving peer-review, and/or formal evaluation be carried out by or on behalf of MMDF. Such an evaluation may involve surveys, interviews, and analysis of data and information available to the Recipient. The Recipient agrees to participate in the review or evaluation and to make information and records available upon request.

**ARTICLE 8
NOTICE**

- 8.1 **Notice.** Any notice given under or with respect to this Agreement shall be in writing by regular or registered mail, email, facsimile, courier or delivery in person at the following address:

For the Recipient:

Boreal Gold Inc.
Attention: Richard Masson
Email: richard_masson111@hotmail.com
Phone: (204) 687- 3500
Box 306, 12 Mitchell Rd.
Flin Flon MB,
R8A 1N1

For MMDF:

MMDF Corporation
Attention: Edward Suzuki, Program Manager
Email: esuzuki@mbchamber.mb.ca
550-201 Portage Avenue
Winnipeg MB,
R3B 3K6

Notice is considered as having been received upon delivery by courier or in person; one (1) Business Day after being sent by email or facsimile; or five (5) calendar days after being mailed.

- 8.2 **Change of Address.** A Party may change its address for service by providing notice to the other Party in accordance with **Subsection 8.1**, and subsequent notices shall be sent to the changed address.

**ARTICLE 9
DEFAULT AND RECOVERY**

- 9.1 **Default.** The following shall constitute events of default under this Agreement:

- (a) the Recipient has submitted fraudulent, false or misleading information or has made misrepresentations to MMDF, other than in good faith; or
 - (b) the Recipient or MMDF has not substantially met or satisfied any of the material terms or conditions of this Agreement.
- 9.2 Rectification Period.** The events of default in **Subsection 9.1** shall only be considered events of default if the defaulting Party has been notified in writing by the other Party of the alleged default and the defaulting Party has not rectified the default within fifteen (15) days of written notice thereof, or such other longer time as the other Party may in its sole discretion decide.
- 9.3 Remedies.** If an event of default as outlined in **Subsection 9.1** has occurred and the Recipient has not rectified that event of default as provided for in **Subsection 9.2**, MMDF may terminate any obligation to make payments pursuant to this Agreement and may terminate the Agreement. If MMDF is the defaulting Party, the Recipient may only terminate the Agreement.
- 9.4 Recovery.**
- (a) If MMDF terminates this Agreement pursuant to **Section 9.3**, and notwithstanding anything herein contained to the contrary, MMDF may require that the Recipient repay all of the Grant, or such portion of the Grant as may have been disbursed as of the date of such termination (as applicable), plus other reasonable expenses incurred by MMDF in the preparation and administration of this Agreement and the Grant, including, but not limited to, legal and accounting fees.
 - (c) The rights and remedies specific in this **Section 9** are cumulative and are not exclusive of any other rights or remedies MMDF might otherwise have.

ARTICLE 10 GENERAL

- 10.1 Assignment and Successors.** The Recipient may not assign this Agreement or any part of this Agreement, nor any payments to be made under this Agreement, without the prior express written consent of MMDF. This Agreement shall enure to the benefit of and be binding upon the Parties, their successors (including successors by amalgamation), heirs and personal representatives (as the case may be) and permitted assigns.
- 10.2 Indemnification.** The Recipient shall indemnify and hold harmless MMDF, its directors, officers, employees, representatives and affiliates, and all of their successors, heirs, personal representatives and assigns, from and against all claims and demands, losses, damages, costs, expenses, economic losses, actions and other proceedings by whomsoever made, sustained, brought, prosecuted, threatened to be brought or prosecuted in any manner, based upon, occasioned by, attributable to, or arising from this Agreement or any action taken or things done or maintained by virtue hereof, or the exercise in any manner of rights arising hereunder.
- 10.3 Limitation of Liability.** At all times, MMDF and its representatives are not liable for any claims of damages from third parties related to activities carried out by the Recipient.

Notwithstanding anything in this Agreement, neither MMDF nor Manitoba are liable for any errors, negligence, mismanagement or debts incurred by the Recipient or any other person, group, or agent associated with it. MMDF's sole responsibility with respect to the Project is to provide the Grant, in accordance with the terms and conditions contained in this Agreement.

10.4 Third Party Beneficiary. The Parties acknowledge that the Fund is provided by Manitoba. MMDF's access to the Fund is conditional upon any person to whom MMDF provides access to funding, from the Fund (including, without limitation, the Recipient) agreeing to, and the Recipient hereby agrees:

- (a) to grant representatives of MMDF and Manitoba access to all information related to the activities performed, and expenditures incurred, by the Recipient, in respect of the Project, for the entire amount of funding allocated to the Recipient under this Agreement; and
- (b) to permit MMDF, the Manitoba Chambers of Commerce or Manitoba to make public, after informing the Recipient, the name of the Recipient, the amount of funding provided under this Agreement and the general nature of the Project.

The Parties hereby designate Manitoba as a third party beneficiary of this **Subsection 10.4**, having the right to enforce this **Subsection 10.4**.

10.5 Relationship of the Parties.

- (a) This Agreement is a funding agreement only, not a contract for services or a contract of service or employment. MMDF's responsibilities with respect to the implementation of the Project activities are limited to providing funding to the Recipient to support the Eligible Expenditures of such activities. The management, supervision and control of the Project's activities are the sole and absolute responsibility of the Recipient (subject to MMDF's right, but not obligation, to exercise oversight, as set out in this Agreement). Nothing contained in this Agreement shall be construed to place the Parties in the relationship of employer-employee, partners, joint ventures or create an agency relationship and neither Party shall have any right to obligate or bind the other Party in any manner.
- (b) The Recipient shall not represent itself as an agent, employee or partner of MMDF, including in any agreement with a third party. The Recipient is not in any way authorized to make a promise, agreement or contract on behalf of MMDF and MMDF will not be liable for any loan, capital lease or other long-term obligation that the Recipient enters into in relation to carrying out its responsibilities under this Agreement.

10.6 Compliance with Law. The Recipient will carry out the Agreement in compliance with all applicable federal, provincial and municipal laws, by-laws and regulations, including any environmental legislation and legislation related to protection of information and privacy. The Recipient will obtain, prior to the commencement of the Agreement, all permits, licenses, consents and other authorizations that are necessary to the carrying out of the Project's activities.

- 10.7 **Amendment.** This Agreement may only be amended, modified or supplemented by a written agreement signed by the Parties.
- 10.8 **Resolution of Differences and Questions.**
- (a) If any difference or question arises between the Parties as to the construction, meaning or effect of this Agreement, or their rights or obligations under this Agreement, the Parties shall attempt to resolve the matter or question in accordance with this section before exercising any other remedy they may have.
 - (b) The Parties agree that at all times each of them will make good faith efforts to resolve by amicable negotiations any and all matters or questions arising between them.
 - (c) All discussions and negotiations, and all documents exchanged, between the Parties during the process described in this **Subsection 10.8**, shall be on a without prejudice basis to facilitate the resolution of the matter or question.
- 10.9 **Governing Law.** This Agreement will be construed and enforced in accordance with, and the rights of the Parties hereto will be governed by, the laws of the Province of Manitoba and the laws of Canada applicable therein. Subject to **Subsection 10.8**, any and all disputes arising under this Agreement, whether as to interpretation, performance or otherwise, will be subject to the exclusive jurisdiction of the courts of the Province of Manitoba and each of the Parties hereto hereby irrevocably attorns to the exclusive jurisdiction of the courts of such Province.
- 10.10 **Signature in Counterpart.** This Agreement may be signed and delivered in counterparts (including signature by fax or email), each of which when taken together, will constitute an original Agreement.
- 10.11 **Term of Agreement.** The Term of this Agreement (the "Term") shall come into force as of the date set out on the first page hereof, and terminate upon the first to occur of the following:
- (a) its termination, in accordance with **Subsection 9.3**; or,
 - (b) the mutual written agreement of the Parties.
- 10.12 **Preamble and Schedules.** The preamble and the Schedules of this Agreement are an integral part of this Agreement and are incorporated herein. The Parties confirm the truth and accuracy of the recitals set out in the preamble and the Schedules.
- 10.13 **No Waiver.** The fact that MMDF refrains from exercising a remedy it is entitled to exercise under this Agreement shall not be considered to be a waiver of such right and, furthermore, partial or limited exercise of a right conferred upon MMDF shall not prevent MMDF in any way from later exercising any other right or remedy under this Agreement or other applicable law.
- 10.14 **Unincorporated Association.** If the Recipient is in an unincorporated association, it is understood and agreed by the persons signing this Agreement on behalf of the Recipient that, in addition to signing this Agreement in their representative capacities on behalf of

the members of the Recipient, they are personally, jointly and severally liable for the obligation of the Recipient under the Agreement, as well as to pay any debt that may become owing to MMDF by the Recipient under this Agreement.

10.15 Time of the Essence. Time shall be of the essence of this Agreement.

10.16 Severability. If any provision of this Agreement is held void or unenforceable by a court or tribunal of competent jurisdiction or pursuant to the dispute resolution process specified in this Agreement, the remainder of this Agreement shall be unaffected and each remaining provision of this Agreement shall be valid and be enforceable to the fullest extent permissible by law.

10.17 Preamble and Schedules. Notwithstanding the expiry or termination of this Agreement, the rights and obligations of the Parties set out in **Sections 3, 4, 5, 7, 9** and this **Section 10**, shall survive expiry or termination of this Agreement (howsoever caused or for any reason whatsoever) and shall remain in force until they are satisfied or by their nature expire.

IN WITNESS WHEREOF the Parties hereto have executed this Agreement by their duly authorized representative:

MMDF CORPORATION

Per: 

Name: Chuck Davidson

Title: Chair, Manitoba Mineral Development Fund

Date: February 27, 2024

BOREAL GOLD INC.

Per: Richard Masson

Name: Richard Masson

Title: Director and Exploration Manager

Date: February 26, 2024


WITNESS

Stephen Masson
President and Director

SCHEDULE "A"**APPROVED PROPOSAL****PROJECT OVERVIEW**

Boreal Gold plans to conduct exploration in two areas: base-metal exploration for copper-zinc-gold VMS and exploration of the Fay Lake-Puffy Lake Shear zone. The goal is to discover new gold-copper VMS deposits and assess the growth potential of the Redwin deposit. Boreal is currently in the second year of a 3-year program, with a focus on VMS Cu-Zn exploration on the Redwin horizon. The Fay Lake property consists of 12 mineral claims totaling 1818 hectares located approximately 55 km east-northeast of the city of Flin Flon, Manitoba. The exploration activity will consist of line cutting, mapping, prospecting, sampling and assays on the Fay Grid and anomalies obtained from the TDEM Survey will be followed by a diamond drill program. The total cost of the project is \$615,500.

OUTCOMES

Boreal's exploration project in an underexplored area aims to enhance geological understanding, leveraging known gold-rich copper-zinc deposits and high gold values. While the presence of a viable deposit is uncertain, Boreal and its expert team intend to use the right tools to potentially make groundbreaking discoveries. The project's benefits extend beyond geology, with the potential to establish new mines, offering employment and skill development for locals and fostering socio-economic growth. Expected to create short-term jobs, long-term jobs, and training opportunities, the project may also attract other companies to Manitoba, stimulating demand for services and commodities and benefiting existing businesses. Boreal emphasizes social responsibility, forming partnerships with First Nation communities and allocating tax benefits in line with the Manitoba Aboriginal Mineral Accord. Shareholders, many of whom are local residents, stand to benefit from the project's success. Boreal's pursuit integrates geological advancement with holistic regional development and resident well-being.

WORKPLAN

Activity	Start Date	End Date	Output
Financing	2024/01/01	2024/04/29	Raise money for summer programs and drilling
Line-cutting Redwin Grid	2024/05/15	2024/06/15	Grid extension
Line-cutting Fay-Puffy Horizon Grid	2024/06/15	2024/07/31	Grid establishment
Prospecting and Mapping Fay Grid	2024/06/01	2024/07/31	New sampling and maps
Prospecting and Mapping Redwin Grid extension	2024/07/01	2024/07/31	New samples and maps
Line-cutting Rodwalsh to Ponton Lakes portion of Fay Lake - Puffy Lake Grid	2024/08/01	2024/08/31	Grid establishment
Geological mapping/prospecting/sampling	2024/08/01	2024/08/31	New mapping Both Redwin Grid Extension, mapping of western portion of Fay Lake- Puffy Lake Grid, reconnaissance mapping and prospecting in the Ponton, Puffy and Kocielny Lake areas
Report Writing	2024/11/01	2024/12/28	Report on 2024 exploration program
Financing	2024/11/01	2024/11/30	Further Financing for Drilling
Drilling	2024/12/05	2024/12/20	Drilling

APPROVED BUDGET

	Expense	M MDF Contribution	Recipient Contribution (Cash)	Recipient Contribution (In-kind)	Additional Funding Source
1	Linecutting, Redwin Grid Extension West and North 2024	\$6,000	\$14,000	0	0
2	Linecutting Fay Lake Grid West of Tracks 30- 35 km 2024	\$24,000	\$56,000	0	0
3	Geological Mapping and Prospecting, assays Redwin Grid Extension 2024 July	\$6,000	\$14,000	0	0
4	Geological Mapping and Prospecting, assays Fay Grid 35km June- September 2024	\$16,800	\$39,200	0	0
5	Reconnaissance Mapping and Ground Truthing Anomalies, Rodwalsh, Ponton and Puffy Lake, Flights and Assays August 2024	\$9,000	\$21,000	0	0
6	Lakeshore Mapping Fay Lake and Assays September 2024	\$4,050	\$9,450	0	0
7	Two Days at Koscielny Lake, Flights, Assays, work permits for project September 2024	\$4,800	\$11,200	0	0
8	Upgrading of existing Road to First Nations Cabin from Sherridon Road to Fay Lake and provide safer access for drilling	\$6,000	\$14,000	0	0
9	2024 Drilling of TDEM and HLEM targets, all in costs includes, drill roads, assays, geologist, core cutting, core boxes, etc. , December 2024	\$96,000	\$224,000	0	0
10	Reports November- December 2024	\$12,000	\$28,000	0	0
	Sub-total	\$184,650	\$430,850	0	0
	Total	\$615,500			

SCHEDULE "B"**PAYMENT OF THE GRANT****Schedule of Instalments**

	Date	Payment
1	Upon receipt of signed contribution agreement	\$60,000
2	June 1, 2024	\$60,000
3	January 31, 2025, Upon Receipt of Final Report	\$64,650

