

# **Rio Minerals Limited**

Mineral Exploration and Development

615-800 West Pender Street  
Vancouver, British Columbia  
Canada. V6C 2V6  
email: info@riominerals.com  
Telephone: (604) 671-2245

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## **TERMS OF ENGAGEMENT BETWEEN WESTERN STAR RESOURCES INC. AND RIO MINERALS LTD. WESTERN STAR PROJECT – REVELSTOKE AREA, BRITISH COLUMBIA, CANADA**

### **1. ROLE OF RIO MINERALS LTD.**

- 1.1 In performing the Services defined in the Scope of Work (see Schedule 1), Rio Minerals Ltd. shall exercise the degree of skill, care, and diligence normally exercised by members of the profession performing services of a similar nature and shall perform the Services in a timely manner. Rio Minerals Ltd. shall comply with Western Star Resources Inc.'s Code of Conduct, and all relevant legislation, standards, and codes of practice.
- 1.2 Rio Minerals Ltd. shall use all reasonable efforts to inform itself of Western Star Resources Inc.'s requirements for the Project, and for that purpose shall consult Western Star Resources Inc. throughout the performance of the Services.
- 1.3 If Rio Minerals Ltd. considers that the information made available by Western Star Resources Inc. is not sufficient to enable Rio Minerals Ltd. to provide the Services in accordance with this Agreement, Rio Minerals Ltd. shall promptly notify Western Star Resources Inc. who shall then provide such further assistance and information as is necessary and available.
- 1.4 If Rio Minerals Ltd. becomes aware of any matter that may change the scope or timing of the Services, it will give notice to Western Star Resources Inc. of the changes and seek further instruction to that matter.

### **2. ROLE OF WESTERN STAR RESOURCES INC.**

- 2.1 Western Star Resources Inc. shall advise Rio Minerals Ltd. as to who is Western Star Resources Inc.'s representative for the purposes of this Agreement. Western Star Resources Inc. shall, unless specified otherwise in the Scope of Works, be the sole avenue of communication.
- 2.2 Western Star Resources Inc. shall, as soon as practicable, make available to Rio Minerals Ltd. all available information relating to Western Star Resources Inc.'s requirements for Rio Minerals Ltd.'s provision of the Services.
- 2.3 Unless the Scope of Work specifically states otherwise, Western Star Resources Inc. shall, as soon as practicable, provide all regulatory approvals, authorities, licenses, and permits to enable Rio Minerals Ltd. to perform the Services.
- 2.4 If Western Star Resources Inc. becomes aware of any matter that may impact the scope or timing of the Services, Western Star Resources Inc. will give notice to Rio Minerals Ltd. of the changes and provide further instruction to that matter.

### **3. PROJECT OUTCOME AND DELIVERABLES**

- 3.1 The Project Outcome including any agreed Deliverables has been defined by Western Star Resources Inc. and communicated to Rio Minerals Ltd. and be set out in Schedule 1.
- 3.2 Rio Minerals Ltd. shall prepare all Deliverables in accordance with the standard of care outlined in Clause 1.
- 3.3 The approval of Deliverables by Western Star Resources Inc. or the Client shall not necessarily constitute finalisation of the Services and further work, amendments, or alternatives may be required.

#### **4. VARIATION**

- 4.1 Any variation in the Scope of Works identified by either party shall be verbally agreed to.
- 4.2 Any agreed variation in the Scope of Works shall be valued in accordance with Rio Minerals Ltd.'s rates as provided; or if that is not applicable, by agreement between the parties.
- 4.3 Rio Minerals Ltd. shall not commence such variation work without written confirmation.

#### **5. PAYMENT**

- 5.1 Rio Minerals Ltd. shall submit to Western Star Resources Inc. a final invoice along with documentation of the activities recorded for the Services performed and reimbursable expenses incurred. The final invoice shall be submitted no later than 07 days after the final work performed for the Project.
- 5.2 Except in regard to disputes as outlined in 5.3 below, Western Star Resources Inc. shall pay Rio Minerals Ltd. for the Services within 07 days of receipt of invoices.
- 5.3 If Western Star Resources Inc. disputes the whole or any portion of the invoiced amount, it shall pay that portion not in dispute and shall notify Rio Minerals Ltd. of the reasons for disputing the other amounts. Any disputed amount shall be subject to the dispute resolution process in Clause 12.
- 5.4 In the event of termination of this Agreement, Rio Minerals Ltd. shall be paid for Services not in dispute performed up until the date of termination.

#### **6. INDEMNITY AND INSURANCE**

- 6.1 Rio Minerals Ltd. shall indemnify Western Star Resources Inc. against any claim, liability, or action arising out of or resulting from any negligent acts, errors, or omissions on the part of Rio Minerals Ltd. in the performance or non-performance of the Services.
- 6.2 Rio Minerals Ltd. shall affect and maintain the following policies of insurance, or as outlined in Schedule 1:
  - (a) Liability insurance for not less than the amount listed in Schedule 1 for each claim;
  - (b) Workers Compensation insurance to cover any person employed by Rio Minerals Ltd.;
  - (c) Motor Vehicle insurance for each vehicle owned, hired, or operated by Rio Minerals Ltd. or its agents during the provision of the Services for not less than the amount listed in Schedule 1 for each claim;
- 6.3 Rio Minerals Ltd. shall produce to Western Star Resources Inc. satisfactory evidence that all insurances are current and in force. Such insurances to remain in force for the duration of the engagement under this agreement. Rio Minerals Ltd. shall inform Western Star Resources Inc. if during the period of engagement, Rio Minerals Ltd. becomes uninsured for any of the insurances listed above. If Rio Minerals Ltd. becomes uninsured, Western Star Resources Inc. can at its discretion:
  - (a) effect insurance at Rio Minerals Ltd.'s cost to cover Rio Minerals Ltd. for the duration of any current Project to which Rio Minerals Ltd. is providing Services;
  - (b) notify Rio Minerals Ltd. that Rio Minerals Ltd. shall not be engaged on Projects until such insurances are in place;

## **7. QUALITY ASSURANCE, ENVIRONMENT, AND HEALTH AND SAFETY**

- 7.1 Rio Minerals Ltd. shall at all times be responsible for quality assurance, environmental management, and the health and safety of its employees, agents and directors. Rio Minerals Ltd. will be required to adhere to Western Star Resources Inc.'s quality assurance, health and safety, and/or environmental management systems, or those of the Client, where appropriate.
- 7.2 Western Star Resources Inc. may undertake audits of Rio Minerals Ltd.'s environmental management and health and safety practices.
- 7.3 If at any time Western Star Resources Inc. or the Client considers that Rio Minerals Ltd.'s conduct, plant, or condition in providing the Services constitutes a risk to health and safety or the environment, Western Star Resources Inc. may, at its discretion, either:
- (a) direct Rio Minerals Ltd. to rectify that conduct, plant, or condition, which Rio Minerals Ltd. shall comply with immediately;
  - (b) suspend Rio Minerals Ltd.'s services until such time as the conduct, plant, or condition shall be rectified;
- 7.4 Any incidents, accidents, or events arising out of the provision of Services under this Contract (that are required to be reported by law, or otherwise) shall be reported to the Western Star Resources Inc. representative along with the completion of Western Star Resources Inc. Incident Report Form.

## **8. CONFIDENTIALITY AND COPYRIGHT**

- 8.1 Rio Minerals Ltd. shall not disclose any details of information developed or discussed under this Agreement with any third party during or after the term of engagement under this Agreement without the prior written approval of Western Star Resources Inc. The above provision shall not apply to any disclosure required by law, to any information in Rio Minerals Ltd.'s possession prior to this Agreement, or to any information generally available to the public.
- 8.2 Intellectual property that has been developed by each of the parties prior to the signing of this agreement remains the property of that party. Intellectual property of a general nature developed during work on the project automatically becomes the property of Western Star Resources Inc.

## **9. CONFLICTS OF INTEREST**

- 9.1 Rio Minerals Ltd. is responsible for assessing its material personal interest and whether there is a conflict of interest or the potential for conflict of interest with Western Star Resources Inc. or Western Star Resources Inc.'s clients.
- 9.2 Western Star Resources Inc. requires Rio Minerals Ltd. to abide by its Conflict of Interest Policy.
- 9.3 A Rio Minerals Ltd. Employee who considers that they have a conflict of interest must disclose such to a director of Western Star Resources Inc. prior to commencing the assignment or as soon as they become aware of the issue.

## 10. ASSIGNMENT

Rio Minerals Ltd. shall not assign, sublet, or transfer any right or obligation under this Agreement without the prior written consent of Western Star Resources Inc., which shall not be unreasonably withheld. Unless specifically stated to the contrary, no assignment, sublease, or transfer shall release or discharge the assignor from any obligation under this Agreement.

## 11. TERMINATION

Either party may terminate its obligations under this Agreement in the event of a substantial breach by the other party of its obligations, where the breach has not been remedied within 07 days of a written notice requiring the breach to be remedied; or upon giving the other party 07 days' written notice of its intention to do so.

## 12. DISPUTE RESOLUTION

Any dispute between Western Star Resources Inc. and Rio Minerals Ltd. shall be notified in writing by the aggrieved party to the other within 07 days of the onset of the dispute. It shall be handled as follows:

- (a) Within 07 days of notification, the parties and their principals shall meet in good faith, without legal representation, in an attempt to resolve the dispute.
- (b) If the dispute is not resolved within a reasonable time it shall be the subject of mediation, administered in accordance with the procedures set out by the Institute of Arbitrators and Mediators, or similar body in the jurisdiction of the agreement.
- (c) The costs of the mediation shall be borne equally by the parties in the dispute.
- (d) Any dispute not resolved by mediation may then be the subject of legal action, at which time this provision shall not prevent either party from pursuing all available remedies.
- (e) Notwithstanding the subject of the dispute, the parties shall continue to perform all other obligations under this Agreement.

## 13. GENERAL MATTERS

- 13.1 This Agreement shall be subject to the laws within the jurisdiction of the Western Star Resources Inc. office out of which Rio Minerals Ltd. was engaged.
- 13.2 This Agreement is the entire Agreement between the parties for the provision of the Services and shall take precedence over any other terms. If any clause of this Agreement is found to be inoperable due to illegality, such clause is severed from the Agreement and the rest of the Agreement remains in force.
- 13.3 Nothing in this Agreement, or in the performance of the Services, shall operate to create a relationship of agency, partnership, or other relationship other than that of purchaser of services and independent consultant between Western Star Resources Inc. and Rio Minerals Ltd.
- 13.4 A notice will be deemed properly served under this Agreement if it is in writing and is sent to the usual business address or email address of the recipient.
- 13.5 Definitions:
  - (a) "Agreement" means this contract between Western Star Resources Inc. and Rio Minerals Ltd. plus the Scope of Work of the engagement of Rio Minerals Ltd. for the provision of the Services.
  - (b) "Client" means Western Star Resources Inc.
  - (c) "Rio Minerals Ltd." means the company, person, or entity named in the Scope of Work who has agreed to provide Western Star Resources Inc. with the Services.
  - (d) "Western Star Resources Inc." means Western Star Resources Inc. and its subsidiary companies.


- (e) "Deliverables" means the documentation and services to be delivered by Rio Minerals Ltd. as detailed in the Scope of Work between Western Star Resources Inc. and Rio Minerals Ltd.
  - (f) "Project" means the project in respect of which Western Star Resources Inc. has engaged Rio Minerals Ltd. for the provision of the Services.
  - (g) "Project Outcome" means the outcome as detailed in the Scope of Work between Western Star Resources Inc. and Rio Minerals Ltd.
  - (h) "Schedule 1" means the Scope of Work and details pertaining to each assignment as agreed between Western Star Resources Inc. and Rio Minerals Ltd.
  - (i) "Scope of Works" is as defined and agreed in a proposal, purchase order, or Schedule 1 between Western Star Resources Inc. and Rio Minerals Ltd.
  - (j) "Services" means those services defined in the Scope of Work between Western Star Resources Inc. and Rio Minerals Ltd.
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**EXECUTED** as an Agreement:

**EXECUTED** on behalf of:

Western Star Resources Inc.

by

  
.....  
Director **MING CHAN**


  
.....  
Name of Director **ANTHONY CHAN**

August 18, 2020

.....  
Date

**EXECUTED** on behalf of

Rio Minerals Ltd

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.....  
Rio Minerals Ltd.

**Andrew W. Molnar**  
.....  
Name of Rio Minerals Ltd.

**August 18, 2020**  
.....  
Date

## SCHEDULE 1 – SCOPE OF WORK

This Schedule forms part of the Terms of Engagement between Western Star Resources Inc. and Rio Minerals Ltd. signed by each party. The terms of the original Agreement are valid and in force for the Project completed by Rio Minerals Ltd. if this Schedule 1 is completed.

<b>Reporting Person:</b>	Andrew Molnar	<b>Western Star Resources Inc. Office:</b>	Vancouver
<b>Company Contact:</b>	Ming Chiang		
<b>Client Name:</b>	Western Star Resources Inc.		
<b>Project Code:</b>	20-12		
<b>Scope:</b>	Ground geochemical and geological surveys on the Western Star claim group located south of Revelstoke, BC.		
<b>Project Outcome &amp; Deliverables:</b>	<ol style="list-style-type: none"> <li>1. Delivery of data and figures for surveys.</li> <li>2. Delivery of BC Assessment Report.</li> </ol>		
<b>Specific Services Provided:</b>	As above.		
<b>Period of Contract:</b>	The work will commence on or before September 06, 2020.		
<b>Contract Fee:</b>	The agreed fees payable for the Western Star Project are based on a daily rate plus expenses exclusive of GST. To a total of CDN \$80,000.00.		
<b>Deposit Required</b>	CDN \$50,000.00		
<b>Permitting</b>	None Required.		
<b>Insurance:</b>	<p>Commercial General Liability, including non-owned automobile insurance to the limit CAD2,000,000 is required.</p> <p>Professional Indemnity insurance is not required.</p> <p>Travel and emergency response insurance is not required.</p> <p>BC WorkSafe Health and Safety Board insurance is required.</p>		


Should Western Star or Rio Minerals Ltd. wish to vary any of these terms they must be agreed to in writing.

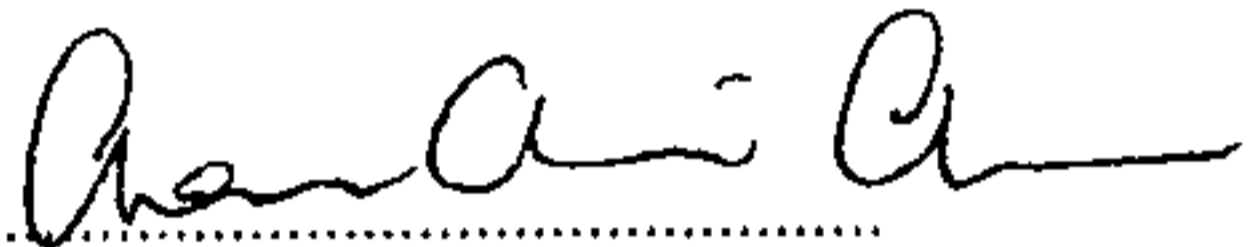
**ACCEPTANCE**

Western Star Resources Inc. accepts the terms and conditions of this Agreement.

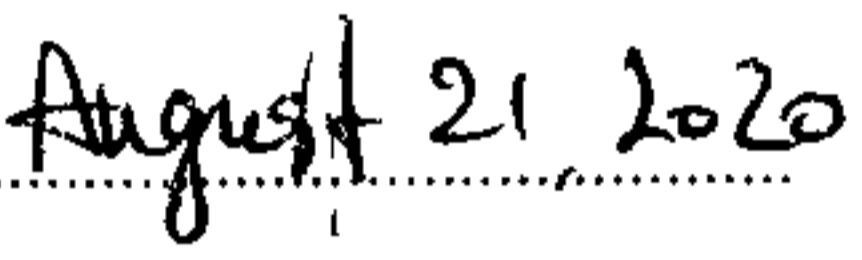
**Signed by:**

**EXECUTED** on behalf of  
Western Star Resources Inc.

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Western Star Resources Inc.

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Date



Rio Minerals Ltd. Wire Transfer Information:

Beneficiary's Name(s)	RIO MINERALS LTD
Beneficiary's Address	600-800 PENDER ST W, VANCOUVER BC V6C 2V6
CAD CHEQUING	1007390
Beneficiary's Bank Name	BMO Bank of Montreal
Beneficiary's Bank Address	455 W GEORGIA ST, VANCOUVER, BC V6B1B3
Bank Institution Number	001
Bank's Transit Number	27260
Swift BIC Code	BOFMCAM2
Routing Number	CC000127260