

## AGENCY AGREEMENT

February 28, 2022

Longhorn Exploration Corp.  
Suite 605 - 815 Hornby Street  
Vancouver, BC V6Z 2E6

**Attention: Mr. Anthony Zelen, Chief Executive Officer**

Dear Sir:

The undersigned, Haywood Securities Inc. (the "**Agent**"), hereby agrees, upon and subject to the terms contained herein, to offer for purchase and sale on a 'best efforts' basis and Longhorn Exploration Corp. (the "**Corporation**") upon and subject to the terms contained herein, agrees to issue and sell through the Agent:

- (i) 2,000,000 previously unissued common shares in the capital of the Corporation (the "**Shares**"), at the purchase price of \$0.20 per Share for gross proceeds of \$400,000; and
- (ii) 800,000 previously unissued common shares in the capital of the Corporation (the "**FT Shares**", and collectively with the Shares, the "**Offered Shares**") issued as "flow-through shares" within the meaning of the Tax Act (as defined below), at the purchase price of \$0.25 per FT Share for gross proceeds of \$200,000,  
  
(collectively, the "**Offering**").

The FT Shares will have the attributes described in the Prospectus (as defined below) and will be issued to purchasers in Canada under the Subscription and Renunciation Agreements (as defined below). The Prospectus (as defined below) qualifies the distribution of the Shares, the FT Shares, the Agent's Warrants (as defined below), the Agent's Warrant Shares (as defined below) and the Over-Allotment Shares (as defined below).

By acceptance of this Agreement, the Corporation hereby grants to the Agent an option (the "**Over-Allotment Option**") for the purposes of covering the Agent's "over-allocation position" (as that term is defined in NI 41-101 (as hereinafter defined), exercisable in whole or in part, to acquire up to an additional 300,000 previously unissued common shares in the capital of the Corporation (the "**Over-Allotment Shares**") at the price of \$0.20 per Over-Allotment Share for additional gross proceeds of up to \$60,000, that is exercisable by notice in writing given to the Corporation by the Agent at any time not later than the 30<sup>th</sup> day following the Closing Date (as defined below). The Agent shall be under no obligation whatsoever to exercise the Over-Allotment Option in whole or in part. If the Agent elects to exercise such Over-Allotment Option, the Agent shall notify the Corporation in writing not later than 30 days from the Closing Date, which notice shall specify (i) the aggregate number of Over-Allotment Shares to be acquired; and (ii) the date (the "**Option Closing Date**") on which the Over-Allotment Shares are to be distributed, provided that such closing date may be the same as the Closing Date (as hereinafter defined). The Over-Allotment Shares may be purchased for the purpose of covering over-allotments made in connection with the Offering (as defined herein) and for market stabilization purposes, if any.

The Closing (as defined herein) of the Offering is subject to aggregate gross proceeds from the Offering being a minimum of \$600,000 (the "**Minimum Offering**"). All funds received by the Agent for subscriptions will be held in trust by the Agent until the Minimum Offering has been obtained or will be returned to the subscribers without interest or deduction if the Minimum Offering is not obtained within the period required to complete the Offering pursuant to Securities Laws unless the subscribers have otherwise instructed the Agent.

The offering of the Shares and the FT Shares by the Corporation described in this Agreement is hereinafter referred to as the "**Offering**" and, unless otherwise required by the context, references to the "**Offering**" and "**Offered Shares**" shall include the offering of Over-Allotment Shares. The net proceeds of the Offering to the Corporation shall be used by the Corporation substantially in accordance with the disclosure set out under "Use of Proceeds" in the Final Prospectus (as hereinafter defined), subject to the qualifications set out therein. Any reference in this Agreement to "the purchasers" shall be taken to be a reference to purchasers of Offered Shares.

The Agent understands that the Corporation has prepared and, concurrently with or immediately after the execution hereof, will file a Final Prospectus (as defined herein) and all necessary documents relating thereto and will take all additional steps to qualify the Offered Shares and the Over-Allotment Option for distribution in the Qualifying Jurisdictions (as defined herein). The Agent intends to make a public offering of the Offered Shares in the Qualifying Jurisdictions upon the terms set forth herein and in the Prospectus. The Corporation acknowledges and agrees that the Agent may offer and sell the Offered Shares to or through any affiliate of the Agent and that such affiliate may offer and sell the Offered Shares to or through the Agent. The Agent shall be entitled to appoint a soliciting dealer group consisting of other registered dealers acceptable to the Corporation, acting reasonably, for the purposes of arranging for purchasers of the Offered Shares and the Agent shall be entitled to determine the remuneration payable by the Agent to such other dealers appointed by them.

In consideration of the Agent's services to be rendered in connection with the Offering, the Corporation shall: (a) pay to the Agent, at the Closing (as hereinafter defined), a corporate finance advisory fee of \$20,000 in cash (the "**Corporate Finance Fee**"); (b) pay to the Agent at the Closing a cash commission (the "**Commission**") equal to 9.0% of the gross proceeds realized by the Corporation in respect of the Offered Shares including any Over-Allotment Shares, except with respect to gross proceeds realized by the Corporation from purchasers on the President's List (as defined herein), upon which a cash commission equal to 2.0% of such gross proceeds shall be payable; and (c) issue to the Agent at the Closing, that number of non-transferable common share purchase warrants (the "**Agent's Warrants**") equal to 9.0% of the number of Offered Shares issued under the Offering, including any Over-Allotment Shares, except that the number of Agent's Warrants issuable with respect to purchasers on the President's List shall be equal to 2.0% of the Offered Shares and Over-Allotment Shares issued to such purchasers. Each Agent's Warrant will entitle the Agent to acquire one previously unissued common share in the capital of the Corporation (an "**Agent's Warrant Share**") at an exercise price of \$0.20 for a period of 24 months from the Closing Date. If the Agent's Warrants are unavailable for any reason, the Corporation shall pay the agent other compensation of comparable value to the Agent's Warrants, which shall be agreed to by the Corporation and the Agent, acting reasonably.

## DEFINITIONS

In this Agreement, in addition to the terms defined above or elsewhere in this Agreement, the following terms shall have the following meanings:

**“Agreement”** means the agreement resulting from the acceptance by the Corporation of the offer made hereby;

**“Alternative Business Transaction”** means either:

- (a) any debt or equity financing transaction (excluding a bank loan from commercial bank or other similar lenders including equipment financing transactions); or
- (b) a business transaction which involves a change in control of the Corporation, or any material subsidiary including a merger, amalgamation, arrangement, take-over bid supported by the board of directors of the Corporation, insider bid, reorganization, joint venture, sale of all or substantially all assets, exchange of assets or any similar transaction, but excluding an issuance of securities pursuant to the exercise of securities of the Corporation outstanding on the date hereof or in connection with a bona fide debt settlement or acquisition by the Corporation (other than a direct or indirect acquisition, whether by way of one or more transactions, of an entity all or substantially all of the assets of which are cash, marketable securities or financial in nature or an acquisition that is structured primarily to circumvent the scope of this definition);

**“BC FT Mining Expenditure”** means an expense that qualifies, once renounced by the Corporation pursuant to the Tax Act to a FT Purchaser who is an individual (other than a trust or estate) subject to tax in British Columbia or a partnership, as a “BC flow-through mining expenditure” as defined in subsection 4.721(1) of the BC Tax Act of such FT Purchaser or, where the FT Purchaser is a partnership, of the members of the FT Purchaser who are individuals (other than trusts or estates) subject to tax in British Columbia to the extent of their respective shares of the expense so renounced;

**“BC Tax Act”** means the *Income Tax Act* (British Columbia), as amended, re-enacted or replaced from time to time and any proposed amendments thereto announced publicly to have effect prior to the date hereto;

**“Business Day”** means a day which is not a Saturday, Sunday or statutory or civic holiday in the City of Vancouver;

**“Canadian Exploration Expense”** or **“CEE”** means an expense or expenses incurred (or deemed to be incurred) as described in paragraph (f) of the definition of “Canadian exploration expense” in subsection 66.1(6) of the Tax Act or which would be included in paragraph (h) of that definition if the reference therein to “paragraphs (a) to (d) and (f) to (g.4)” were read as “paragraph (f)”, excluding (i) any amounts which are prescribed to be “Canadian exploration and development overhead expense” for the purposes of paragraph 66(12.6)(b) of the Tax Act of the Corporation, (ii) Canadian Exploration Expenses to the extent of the amount of any assistance described in paragraph 66(12.6)(a) of the Tax Act, (iii) the cost of acquiring or obtaining the use of seismic data described in paragraph 66(12.6)(b.1) of the Tax Act, (iv) or any expenses for prepaid services or rent that do not qualify as outlays and expenses for the period as described in the definition of “expense” in paragraph 66(15) of the Tax Act

**“Canadian Securities Regulators”** means the applicable securities commission or securities regulatory authority in each of the Qualifying Jurisdictions;

**“Closing”** means the completion of the issue and sale by the Corporation of the Offered Shares as contemplated by this Agreement;

**“Closing Date”** means the day which falls 10 business days after the Offering Day or such other day as may be agreed to by the Issuer and the Agent on which the Closing takes place;

**“Closing Time”** means 5:30 a.m. (Vancouver time) on the Closing Date or such other time on the Closing Date as the Corporation and the Agent, may agree;

**“Commitment Amount”** means the amount equal to \$0.25 multiplied by the number of FT Shares issued by the Corporation pursuant to the Offering;

**“Common Shares”** means the common shares in the capital of the Corporation which the Corporation is authorized to issue, as constituted on the date hereof;

**“Corporation’s Auditors”** means such firm of chartered accountants as the Corporation may have appointed or may from time to time appoint as auditors of the Corporation;

**“CRA”** means the Canada Revenue Agency;

**“Exchange”** means the TSX Venture Exchange;

**“Expenditure Period”** means the period commencing on the Closing Date and ending on the earlier of: (i) the date on which the Commitment Amount has been fully expended in accordance with the terms of the Subscription and Renunciation Agreements; and (ii) the Termination Date;

**“Fame Option Agreement”** means the option agreement dated May 10, 2021 made between the Corporation and Chris Dyakowski, relating to the Fame Property;

**“Fame Property”** means the eleven (11) mineral claims comprising a total of approximately 3,200.05 hectares in the Clinton Mining Division, British Columbia, to which the Corporation has an option to acquire 100% interest, right and title pursuant to the Fame Option Agreement;

**“Final Prospectus”** means the (final) long form prospectus prepared by the Corporation in accordance with NI 41-101 and relating to the distribution of the Offered Shares and for which a receipt has been issued by the British Columbia Securities Commission on its own behalf and, as principal regulator, on behalf of each of the other Canadian Securities Regulators;

**“Financial Statements”** means the financial statements of the Corporation included in the Prospectus, including the notes to such statements and the related auditors’ report on such statements, if any;

**“FT Mining Expenditure”** means an expense which qualifies, once renounced by the Corporation pursuant to the Tax Act, to a FT Purchaser who is an individual (other than a trust or estate), as a “flow-through mining expenditure”, as defined in subsection 127(9) of the Tax Act, of the purchaser;

**“FT Purchasers”** means the purchasers of the FT Shares;

**“Governmental Authority”** means any (a) multinational, federal, provincial, state, regional, municipal, local or other government, governmental or public department, ministry, central bank, court, tribunal, arbitral body, bureau or agency, domestic or foreign, (b) any subdivision, agent, commission, board, or authority of any of the foregoing, or (c) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any foregoing, and any stock exchange or self-regulatory authority and, for greater certainty, includes the Securities Regulators;

**“Indemnified Party”** or **“Indemnified Parties”** has the meaning ascribed thereto in Section 19;

**“Laws”** means any and all applicable laws, including all statutes, codes, ordinances, decrees, rules, regulations, municipal by-laws, judicial or arbitral or administrative or ministerial or departmental or regulatory judgments, orders, decisions, rulings or awards, or policies or guidelines of or issued by a Governmental Authority;

**“Letter Agreement”** means the letter agreement dated September 17, 2021 between the Agent and the Corporation relating to the Offering;

**“Lock-Up Agreements”** has the meaning ascribed thereto in Section 14(a);

**“Marketing Materials”** has the meaning ascribed to “marketing materials” in NI 41-101 (including any template version, revised template version or limited use version thereof) provided to a potential investor in connection with the Offering;

**“Material Adverse Effect”** or **“Material Adverse Change”** means any effect or change on the Corporation or its business that is or is reasonably likely to be materially adverse to the results of operations, financial condition, assets, properties, capital, liabilities (contingent or otherwise), cash flow, income or business operations of the Corporation and its business, taken as a whole, after giving effect to this Agreement and the transactions contemplated hereby or that is or is reasonably likely to be materially adverse to the completion of the transactions contemplated by this Agreement;

**“misrepresentation”, “material fact”, “material change”, “affiliate”, “associate”, and “distribution”** shall have the respective meanings ascribed thereto in the *Securities Act* (British Columbia);

**“MI 11-102”** means Multilateral Instrument 11-102 – *Passport System* and its companion policy;

**“NI 41-101”** means National Instrument 44-101 – *General Prospectus Requirements*;

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

**“NI 51-102”** means National Instrument 51-102 – *Continuous Disclosure Obligations*;

**“NP 11-202”** means National Policy 11-202 – *Process for Prospectus Reviews in Multiple Jurisdictions*;

**“Offering”** means the issuance and sale of the Offered Shares, including any Over-Allotment Shares pursuant to this Agreement;

**“Offering Day”** means the day chosen by the Agent to contract the purchases of Offered Shares by the purchasers;

**“Offering Documents”** has the meaning ascribed thereto in subparagraph 7(a)(iii);

**“Option Closing Time”** means 5:30 a.m. (Vancouver time) on the Option Closing Date or such other time on the Option Closing Date as the Corporation and the Agent, may agree;

**“Over-Allotment Shares”** means the previously unissued Common Shares which will be issued pursuant to the exercise of the Over-Allotment Option at \$0.20 per Over-Allotment Share;

**“Passport System”** means the system and process for prospectus reviews provided for under MI 11-102 and NP 11-202;

**“person”** shall be broadly interpreted and shall include any individual, corporation, partnership, limited liability company, joint venture, association, trust or other legal entity;

**“Preliminary Prospectus”** means the preliminary long form prospectus dated February 15, 2022 prepared by the Corporation relating to the distribution of the Offered Shares and for which a receipt has been issued by the British Columbia Securities Commission on its own behalf and, as principal regulator, on behalf of each of the other Canadian Securities Regulators;

**“Prescribed Forms”** means the forms prescribed from time to time under subsection 66(12.7) of the Tax Act or to be filed by the Corporation within the prescribed times renouncing to the FT Purchasers the Resource Expenses incurred (or deemed to be incurred) pursuant to the Subscription and Renunciation Agreements and all parts or copies of such forms required by the CRA to be delivered to the FT Purchasers;

**“President’s List”** means the list of potential purchasers of Offered Shares provided by the Corporation to the Agent and as agreed to by the Agent;

**“Prospectus”** means, collectively, the Preliminary Prospectus and the Final Prospectus and any amendments thereto;

**“Qualifying Jurisdictions”** means, collectively, the provinces of British Columbia and Alberta;

**“Resource Expense”** means an expense which is CEE incurred (or deemed to be incurred) by the Corporation during the Expenditure Period and which qualifies as a FT Mining Expenditure and as a BC FT Mining Expenditure, which has not been previously renounced by the Corporation to any person, which may be renounced by the Corporation pursuant to subsection 66(12.6) of the Tax Act (in conjunction with subsection 66(12.66) of the Tax Act) with an effective date not later than December 31, 2022 and in respect of which, but for the renunciation, the Corporation would be entitled to a deduction from income for income tax purposes;

**“Securities”** means the Offered Shares, the Over-Allotment Shares, the Agent’s Warrants and the Agent’s Warrant Shares;

**“Securities Laws”** means, unless the context otherwise requires, all applicable securities laws in each of the Qualifying Jurisdictions and the respective regulations made thereunder, together with applicable published fee schedules, prescribed forms, policy statements, orders, blanket

rulings and other regulatory instruments of the securities regulatory authorities in such jurisdictions;

“**Securities Regulators**” means, collectively, the Exchange and the Canadian Securities Regulators;

“**Selling Firm**” has the meaning ascribed thereto in paragraph 4(a);

“**Standard Term Sheet**” has the meaning ascribed to "standard term sheet" in NI 41-101;

“**Subscription and Renunciation Agreements**” means the subscription and renunciation agreements in the form agreed to between the Corporation and the Agent to be entered into between the Corporation and FT Purchasers with respect to the purchase of the FT Shares;

“**subsidiary**” shall have the meaning ascribed thereto in the *Business Corporations Act* (British Columbia);

“**Supplementary Material**” means, collectively, any amendment to the Final Prospectus, any amendment or supplemental prospectus or ancillary materials that may be filed by or on behalf of the Corporation under the Securities Laws relating to the distribution of the Securities hereunder;

“**Tax Act**” means the Income Tax Act (Canada), as amended, re-enacted or replaced from time to time and all rules and regulations made pursuant thereto and any proposed amendments thereto announced publicly by or on behalf of the Minister of Finance (Canada) on or prior to the date of the Subscription and Renunciation Agreements;

“**Technical Report**” means the technical report dated February 10, 2022, effective December 3, 2021, entitled “Technical Report on the Fame Property” prepared in accordance with the requirements of NI 43-101, authored by Agnes M. Koffyberg; M.Sc., P.Geo.;

“**Termination Date**” means December 31, 2023; and

“**Transfer Agent**” means the registrar and transfer agent of the Corporation, namely, Computershare Investor Services Inc.

## TERMS AND CONDITIONS

**1. Compliance With Securities Laws.** The Corporation will use its commercially reasonable efforts to resolve as soon as possible any comments of the Canadian Securities Regulators relating to the Preliminary Prospectus and will, by such date as may be determined by the Agent and the Corporation acting reasonably, file the Final Prospectus and obtain, pursuant to the Passport System, a receipt from the British Columbia Securities Commission (as principal regulator) evidencing the issuance or deemed issuance by the Canadian Securities Regulators of receipts for the Final Prospectus and other related documents in respect of the proposed distribution of the Offered Shares, the Over-Allotment Shares, and the Agent's Warrants.

**2. Due Diligence.** Prior to the filing of the Preliminary Prospectus and the Final Prospectus and continuing until the Closing, the Corporation shall have permitted the Agent to review each of the Preliminary Prospectus and the Final Prospectus and shall allow the Agent to conduct any due diligence investigations which it reasonably requires in order to fulfill its obligations as an Agent under the Securities Laws and in order to enable it to responsibly execute the certificate in the Preliminary Prospectus and the Final Prospectus required to be executed by it.

### **3. The FT Shares**

- (a) Incurring and Renouncing of CEE: The Corporation hereby agrees to incur (or be deemed to incur) Resource Expenses in an amount equal to the Commitment Amount on or after the Closing Time and on or before the Termination Date in accordance with the Tax Act and the Subscription and Renunciation Agreements in respect of the FT Shares and agrees to renounce to the FT Purchasers, with an effective date no later than December 31, 2022, Resource Expenses in an amount equal to the Commitment Amount.
- (b) Renunciation: The Corporation shall deliver to the FT Purchasers the relevant Prescribed Forms, fully completed and executed, renouncing to each FT Purchaser, as the case may be, Resource Expenses in an amount equal to the Commitment Amount applicable to such FT Purchaser, as applicable, with an effective date of no later than December 31, 2022, such delivery constituting the authorization of the Corporation to the FT Purchasers to file such Prescribed Forms with applicable taxation authorities. The Corporation shall file the requisite Prescribed Forms in a timely fashion with the CRA pursuant to subsection 66(12.7) of the Tax Act in respect of such renunciations.

### **4. Distribution and Certain Obligations of the Agent.**

- (a) The Agent shall and use its commercially reasonable efforts to require any investment dealer or broker (other than the Agent) with which the Agent has a contractual relationship in respect of the distribution of the Offered Shares or who are otherwise offered selling group participation by the Agent (each, a "**Selling Firm**") to agree to comply with the Securities Laws in connection with the distribution of the Offered Shares and shall offer the Offered Shares for sale to the public directly and through Selling Firms upon the

terms and conditions set out in the Final Prospectus and this Agreement. The Agent shall, and shall use its commercially reasonable efforts to require any Selling Firm to, offer for sale to the public and sell the Offered Shares only in those jurisdictions where they may be lawfully offered for sale or sold. The Agent shall: (i) use all reasonable efforts to complete and cause each Selling Firm to complete the distribution of the Offered Shares as soon as reasonably practicable; and (ii) promptly notify the Corporation when, in its opinion, the Agent and the Selling Firms have ceased distribution of the Offered Shares and provide a breakdown of the number of Offered Shares distributed in each of the Qualifying Jurisdictions where such breakdown is required for the purpose of calculating fees payable to the Securities Regulators.

- (b) The Agent shall, and shall use its commercially reasonable efforts to require any Selling Firm to agree to, distribute the Offered Shares in a manner which complies with and observes all applicable Laws and regulations in each jurisdiction into and from which they may offer to sell the Securities, or distribute the Prospectus or any Supplementary Material in connection with the distribution of the Offered Shares and will not, directly or indirectly, offer, sell or deliver any Offered Shares or deliver the Prospectus or any Supplementary Material to any person in any jurisdiction other than in the Qualifying Jurisdictions except in a manner which will not require the Corporation to comply with the registration, prospectus, filing, continuous disclosure or other similar requirements under the applicable securities laws of such other jurisdictions or pay any additional governmental filing fees which relate to such other jurisdictions. Subject to the foregoing, the Agent and any Selling Firm shall be entitled to offer and sell the Offered Shares in such other jurisdictions in accordance with any applicable securities and other Laws in such jurisdictions in which the Agent and/or Selling Firms offer the Offered Shares provided that the Corporation is not required to file a prospectus or other disclosure document or become subject to continuing obligations in such other jurisdictions, in accordance with the provisions of this Agreement.
- (c) For the purposes of this paragraph 4, the Agent shall be entitled to assume that the Offered Shares and Agent's Warrants are qualified for distribution in any Qualifying Jurisdiction where a receipt or similar document for the Final Prospectus shall have been obtained from the applicable Canadian Securities Regulators (including a receipt for the Final Prospectus issued under the Passport System) following the filing of the Final Prospectus unless otherwise notified in writing.
- (d) The Corporation and the Agent agree that the Offered Shares will not be offered or sold in the United States or to, or for the account of, United States persons.

## **5. Marketing Materials.**

- (a) During the distribution of the Offered Shares:

- (i) the Corporation and the Agent, shall approve in writing, prior to the time Marketing Materials are provided to potential investors, a template version of any Marketing Materials reasonably requested to be provided by the Agent to any such potential investor, such Marketing Materials to comply with Securities Laws. The Corporation shall file a template version of such Marketing Materials with the Commissions as soon as reasonably practicable after such Marketing Materials are so approved in writing by the Corporation and the Agent, and in any event on or before the day the Marketing Materials are first provided to any potential investor of Offered Shares, and such filing shall constitute the Agent's authority to use such Marketing Materials in connection with the Offering. Any comparables shall be redacted from the template version in accordance with NI 41-101 prior to filing such template version with the Commissions and a complete template version containing such comparables and any disclosure relating to the comparables, if any, shall be delivered to the Commissions by the Corporation. The Corporation shall prepare and file with the Commissions a revised template version of any Marketing Materials provided to potential investors of Offered Shares where required under Securities Laws;
- (ii) the Corporation, and the Agent each covenant and agree:
  - (A) not to provide any potential investor of Offered Shares with any Marketing Materials unless a template version of such Marketing Materials has been filed by the Corporation with the Commissions on or before the day such Marketing Materials are first provided to any potential investor of Offered Shares; and
  - (B) not to provide any potential investor with any materials or information in relation to the distribution of the Offered Shares or the Corporation other than: (a) such Marketing Materials that have been approved and filed in accordance with subsection 5(a); (b) the Prospectus; and (c) any Standard Term Sheets approved in writing by the Corporation and the Agent.

## **6. Deliveries on Filing and Related Matters.**

- (a) The Corporation shall deliver to the Agent:
  - (i) at the Closing Time, a copy of the Preliminary Prospectus and the Final Prospectus in the English language signed and certified by the Corporation as required by the Securities Laws;
  - (ii) prior to the filing of the Final Prospectus with the Canadian Securities Regulators, a "long form" comfort letter dated the date of the Final Prospectus, in form and substance satisfactory to the Agent, acting reasonably, addressed to the Agent and the directors of the Corporation from the Corporation's Auditors with respect to financial and accounting information relating to the Corporation contained in the Final Prospectus, which letter shall be based on a review by the

Corporation's Auditors within a cut-off date of not more than two Business Days prior to the date of the letter, which letter shall be in addition to any auditors' consent letter or comfort letter addressed to the Canadian Securities Regulators;

- (iii) prior to the filing of the Final Prospectus with the Canadian Securities Regulators, a legal opinion of AFG Law LLP dated as of the date of the Final Prospectus with respect to the tax commentary included in the section of the Prospectus entitled "Eligibility for Investment" addressed to the Agent and its legal counsel, in form and content acceptable to the Agent, acting reasonably; and
  - (iv) prior to the filing of the Final Prospectus with the Canadian Securities Regulators, copies of correspondence indicating that the application for the listing and posting for trading on the Exchange of the Offered Shares, and the Agent's Warrant Shares have been approved for listing subject only to satisfaction by the Corporation of customary post-closing conditions imposed by the Exchange (the "**Standard Listing Conditions**").
- (b) The Corporation shall also prepare and deliver promptly to the Agent signed copies of all Supplementary Material required to be filed by the Corporation in compliance with the Securities Laws.
- (c) Delivery of the Preliminary Prospectus, the Final Prospectus and any Supplementary Material by the Corporation shall constitute the representation and warranty of the Corporation to the Agent that, as at their respective dates of filing:
- (i) all information and statements (except information and statements relating solely to the Agent and provided by the Agent in writing) contained in the Preliminary Prospectus or the Final Prospectus or any Supplementary Material, as the case may be, are true and correct, in all material respects, and contain no misrepresentation and constitute full, true and plain disclosure of all material facts relating to the Corporation and the Offered Shares;
  - (ii) no material fact or information has been omitted therefrom (except facts or information relating solely to the Agent) which is required to be stated in such disclosure or is necessary to make the statements or information contained in such disclosure not misleading in light of the circumstances under which they were made; and
  - (iii) except with respect to any information relating solely to the Agent and provided by the Agent in writing, such documents comply in all material respects with the requirements of the Securities Laws.

Such deliveries shall also constitute the Corporation's consent to the Agent's use of the Preliminary Prospectus, the Final Prospectus and any Supplementary Material in connection with the distribution of the Offered Shares in the Qualifying Jurisdictions.

- (d) The Corporation shall cause commercial copies of the Preliminary Prospectus, the Final Prospectus and any Supplementary to be delivered to the Agent without charge, in such numbers and in such cities as the Agent may reasonably request by written instructions to the Corporation's financial printer of the Preliminary Prospectus, the Final Prospectus and any Supplementary Material after the Agent has been advised that the Corporation has complied with the Securities Laws in the Qualifying Jurisdictions. Such delivery shall be effected as soon as possible and, in any event, on or before a date which is two Business Days after the Canadian Securities Regulators have issued a receipt for the Preliminary Prospectus and the Final Prospectus, and on or before a date which is two Business Days after the Canadian Securities Regulators issue receipts for or accept for filing, as the case may be, any Supplementary Material.

## 7. Material Changes.

- (a) During the period prior to the Agent notifying the Corporation of the completion of the distribution of the Offered Shares, the Corporation shall promptly inform the Agent (and if requested by the Agent, confirm such notification in writing) of the full particulars of:
  - (i) any material change (actual, anticipated, contemplated, threatened, financial or otherwise) in the assets, liabilities (contingent or otherwise), business, affairs, operations or capital of the Corporation taken as a whole;
  - (ii) any material fact which has arisen or has been discovered and would have been required to have been stated in the Preliminary Prospectus or the Final Prospectus had the fact arisen or been discovered on, or prior to, the date of such documents; and
  - (iii) any change in any material fact contained in the Preliminary Prospectus, the Final Prospectus or any Supplementary Material (collectively, the "**Offering Documents**") or whether any event or state of facts has occurred after the date hereof, which, in any case, is, or may be, of such a nature as to render any of the Offering Documents untrue or misleading in any material respect or to result in any misrepresentation in any of the Offering Documents, or which would result in the Final Prospectus or any Supplementary Material not complying (to the extent that such compliance is required) with Securities Laws.
- (b) The Corporation will comply with Section 6.5(1) of NI 41-101, and the Corporation will prepare and file promptly any Supplementary Material which may be necessary and will otherwise comply with all legal requirements necessary to continue to qualify the Offered Shares for distribution in each of the Qualifying Jurisdictions.
- (c) In addition to the provisions of subparagraphs 7(a) and 7(b) hereof, the Corporation shall in good faith discuss with the Agent any change, event or fact contemplated in subparagraphs 7(a) and 7(b) which is of such a nature

that there is or could be reasonable doubt as to whether notice should be given to the Agent under subparagraph 7(a) hereof and shall consult with the Agent with respect to the form and content of any amendment or other Supplementary Material proposed to be filed by the Corporation, it being understood and agreed that no such amendment or other Supplementary Material shall be filed with any Securities Regulator prior to the review thereof by the Agent and its counsel, acting reasonably and without undue delay.

- (d) If during the period of distribution of the Offered Shares there shall be any change in Securities Laws which, in the opinion of the Agent, acting reasonably, requires the filing of any Supplementary Material, upon written notice from the Agent, the Corporation shall, to the satisfaction of the Agent, acting reasonably, promptly prepare and file any such Supplementary Material with the appropriate Securities Regulators where such filing is required.

**8. Covenants of the Corporation.** The Corporation hereby covenants to the Agent that:

- (a) the Corporation will advise the Agent, promptly after receiving notice thereof, of the time when the Final Prospectus and any Supplementary Material has been filed and receipts therefor have been obtained pursuant to the Passport System and will provide evidence reasonably satisfactory to the Agent of each such filing and copies of such receipts;
- (b) the Corporation will advise the Agent, promptly after receiving notice or obtaining knowledge thereof, of:
  - (i) the issuance by any Canadian Securities Regulators of any order suspending or preventing the use of the Preliminary Prospectus, the Final Prospectus or any Supplementary Material;
  - (ii) the institution, threatening or contemplation of any proceeding for any such purposes;
  - (iii) any order, ruling, or determination having the effect of suspending the sale or ceasing the trading in any securities of the Corporation (including the Offered Shares) has been issued by any Securities Regulator or the institution, threatening or contemplation of any proceeding for any such purposes; or
  - (iv) any requests made by any Canadian Securities Regulators for amending or supplementing the Preliminary Prospectus or the Final Prospectus or for additional information, and will use its commercially reasonable efforts to prevent the issuance of any order referred to in (i) above and, if any such order is issued, to obtain the withdrawal thereof as quickly as possible;
- (c) except to the extent the Corporation participates in a merger or business combination transaction which the Corporation's board of directors determines is in the best interest of the Corporation and following which the

Corporation is not a “reporting issuer”, the Corporation will use its reasonable best efforts to maintain its status as a “reporting issuer” (or the equivalent thereof) not in default of the requirements of the Securities Laws of each of the Qualifying Jurisdictions to the date which is 24 months following the Closing Date;

- (d) except to the extent the Corporation participates in a merger or business combination transaction which the Corporation’s board of directors determines is in the best interest of the Corporation and following which the Corporation is not listed on the Exchange, the Corporation will use its reasonable best efforts to maintain the listing of the Common Shares on the Exchange or such other recognized stock exchange or quotation system as the Agent may approve, acting reasonably, to the date that is 24 months following the Closing Date so long as the Corporation meets the minimum listing requirements of the Exchange or such other exchange or quotation system;
- (e) during the distribution of the Offered Shares, the Corporation will consult with the Agent and promptly provide to the Agent drafts of any press releases of the Corporation for review by the Agent and the Agent’s counsel prior to issuance, provided that any such review will be completed in a timely manner;
- (f) the Corporation will use the net proceeds of the Offering contemplated herein in the manner and subject to the qualifications described in the Prospectus under the heading “Use of Proceeds”;
- (g) the Corporation will continue to be a “principal-business corporation”, as defined in subsection 66(15) of the Tax Act until such time as all of the Resource Expenses required to be renounced under the Subscription and Renunciation Agreements have been incurred and validly renounced pursuant to the Tax Act;
- (h) the Corporation will use the gross proceeds from the sale of the FT Shares to incur (or be deemed to incur) Resource Expenses;
- (i) the expenses to be renounced by the Corporation to the FT Purchasers: (a) will constitute Resource Expenses on the effective date of the renunciation; (b) once renounced will qualify as FT Mining Expenditures and, in particular, will not include expenses that are (I) “Canadian exploration and development overhead expenses” (as defined in the regulations to the Tax Act for purposes of paragraph 66(12.6)(b) of the Tax Act) of the Corporation, (II) amounts which constitute specified expenses for seismic data described in paragraph 66(12.6)(b.1) of the Tax Act, or (III) any expenses for prepaid services or rent that do not qualify as outlays and expenses for the period as described in the definition of “expense” in subsection 66(15) of the Tax Act; (c) will not include any amount that has previously been renounced by the Corporation to the FT Purchasers or to any other Person; (d) would be deductible by the Corporation in computing its income for the purposes of Part I of the Tax Act but for the renunciation

to the FT Purchasers; and (e) will not be subject to any reduction under subsection 66(12.73) of the Tax Act;

- (j) the Corporation will not reduce the amount renounced to the FT Purchasers pursuant to subsection 66(12.6) of the Tax Act;
- (k) if the Corporation receives, or becomes entitled to receive, any assistance that has or will have the effect of reducing the amount of CEE which the Corporation may validly renounce to the FT Purchasers hereunder to less than the Commitment Amount, the Corporation will incur additional CEE so that it may renounce Resource Expenses in an amount not less than the Commitment Amount;
- (l) if the Corporation does not renounce to the FT Purchasers Resource Expenses equal to the Commitment Amount in accordance with the Tax Act, the Corporation shall indemnify and hold harmless the FT Purchasers or each of the partners thereof if the FT Purchaser is a partnership or a limited partnership (for the purposes of this paragraph each an “**Indemnified Person**”) as to, and pay in settlement thereof to the Indemnified Person on or before the 20th Business Day following the date the amount is determined, an amount equal to the amount of any tax payable under the Tax Act or the Laws of a province (for purposes of subparagraph (c)(i) of the definition “excluded obligation” in subsection 6202.1(5) of the regulations to the Tax Act) by any Indemnified Person as a consequence of such failure. In the event that the amount renounced by the Corporation to the FT Purchaser is reduced pursuant to subsection 66(12.73) of the Tax Act, the Corporation shall indemnify and hold harmless each Indemnified Person as to, and pay to the Indemnified Person, an amount equal to the amount of any tax payable under the Tax Act or the Laws of a province (within the meaning of subparagraph (c)(ii) of the definition of “excluded obligation” at subsection 6202.1(5) of the regulations to the Tax Act) by the Indemnified Person as a consequence of such reduction. Nothing in this paragraph shall derogate from any rights or remedies an FT Purchaser may have at common law with respect to claims for damages other than for tax payable under the Tax Act or the laws of a province. For certainty, the foregoing indemnity shall have no force or effect to the extent that such indemnity would otherwise cause the FT Shares to be “prescribed shares” within the meaning of section 6202.1 of the regulations to the Tax Act. The Corporation hereby appoints the Agent as trustee in respect of the rights and benefits of this paragraph for, and on behalf of, and the Agent hereby obtains and holds the rights and benefits of this paragraph in trust for, and on behalf of, each Indemnified Person and the Corporation hereby agrees that the Indemnified Persons shall be entitled to enforce the provisions of this paragraph notwithstanding that such Indemnified Persons may not be party to this Agreement;
- (m) the Corporation shall file with the CRA within the time prescribed by subsection 66(12.68) of the Tax Act, the forms prescribed for the purposes of that subsection together with a copy of the Subscription and Renunciation Agreements or any “selling instrument” contemplated by that

subsection and shall forthwith following such filing provide to the FT Purchasers a copy of such form certified by an officer of the Corporation;

- (n) the Corporation shall incur and renounce Resource Expenses pursuant to the Subscription and Renunciation Agreements and all other agreements with other Persons providing for the issue of FT Shares entered into by the Corporation on the Closing Date (collectively the “**Other Agreements**”) before incurring and renouncing Resource Expenses pursuant to any other agreement which the Corporation will enter into with any Person with respect to the issue of Common Shares which are “flow-through shares”, as defined in the Tax Act, after the Closing Date. If the Corporation is required under the Tax Act or otherwise to reduce Resource Expenses previously renounced to the FT Purchasers, the reduction shall, except with respect to any FT Purchaser that agrees otherwise, be made pro rata by the number of FT Shares issued or to be issued pursuant to the Subscription and Renunciation Agreements and the Other Agreements only after it has first reduced to the extent possible all Resource Expenses renounced to Persons (other than the FT Purchasers and the purchasers under the Other Agreements) under any agreements relating to Common Shares which are “flow-through shares”, as defined in the Tax Act, entered into after the Closing Date;
- (o) the Corporation will maintain proper, complete and accurate accounting books and records relating to the Resource Expenses. The Corporation will retain all such books and records as may be required to support the renunciation of Resource Expenses contemplated by the Subscription and Renunciation Agreements;
- (p) the Corporation shall not enter into any other agreement which would prevent or restrict its ability to renounce Resource Expenses to the FT Purchasers in the amount of the Commitment Amount; and
- (q) the Corporation shall perform and carry out all acts and things to be completed by it as provided in the Subscription and Renunciation Agreements.

**9. Representations and Warranties of the Corporation.** The Corporation represents and warrants to the Agent that each of the following representations and warranties is true and correct on the date of this Agreement:

- (a) Incorporation and Organization: The Corporation has been incorporated, is organized and is a valid and subsisting corporation under the Laws of its jurisdiction of existence and has all requisite corporate power and capacity to carry on its business as now conducted or proposed to be conducted and to own or lease and operate the property and assets thereof.
- (b) Authorized Capital: The Corporation is authorized to issue an unlimited number of Common Shares of which, as of the date of the herein, 5,100,000 Common Shares were issued and outstanding as fully paid and non-assessable shares and an unlimited number of Class B preferred

shares without par value of which there are no preferred shares outstanding.

- (c) Subsidiary: The Corporation has no subsidiaries.
- (d) Listing: The Corporation has made application so that at the time of issue of the Offered Shares, including Over-Allotment Shares, and the Agent's Warrant Shares will have been conditionally approved for listing on the Exchange, subject only to the Standard Listing Conditions.
- (e) Certain Securities Law Matters: The Corporation is not a reporting issuer or the equivalent only in any jurisdiction and is not in default of any material requirement of the Securities Laws.
- (f) No Shareholders Agreement: No shareholders agreement or similar agreement affecting the business, affairs or governance of the Corporation or the rights of shareholders of the Corporation (including, without limitation, the ability of such shareholders to transfer or vote their shares) exists.
- (g) Rights to Acquire Securities: No person has any agreement, option, right or privilege (whether pre-emptive, contractual or otherwise) capable of becoming an agreement for the purchase, acquisition, subscription for or issue of any of the unissued common shares or other securities of the Corporation, except under (i) the Subscription and Renunciation Agreements; or (ii) property agreements as disclosed by the Corporation in the Prospectus.
- (h) No Pre-emptive Rights: The issue of the Offered Shares will not be subject to any pre-emptive right or other contractual right to purchase securities granted by the Corporation or to which the Corporation is subject.
- (i) Prospectus: The Prospectus contains full, true and plain disclosure of all material facts in relation to the Corporation, the Corporation's business and its securities, will contain no misrepresentations, will be accurate in all material respects and will omit no fact, the omission of which will make such representations misleading or incorrect. There is no fact known to the Corporation which the Corporation has not disclosed in the Prospectus which results in a Material Adverse Effect, or so far as the Corporation can reasonably foresee, will have a Material Adverse Effect or materially adversely affect the ability of the Corporation to perform its obligations under this Agreement.
- (j) No Significant Acquisition. The Corporation has not completed a 'significant acquisition' (as such term is defined in NI 51-102) requiring disclosure in the Prospectus.
- (k) Transfer Agent: Computershare Investor Services Inc. has been appointed by the Corporation as the registrar and transfer agent for the Common Shares.

- (l) Issue of Securities: All necessary corporate action has been taken, or will be taken before Closing, to authorize the issue and sale of, and the delivery of certificates representing, the Offered Shares and the Agent's Warrants and, upon payment of the requisite consideration therefor, the Offered Shares and Agent's Warrant Shares will be validly issued as fully paid and non-assessable Common Shares.
- (m) Consents, Approvals and Conflicts: None of the offering and sale of the Offered Shares, the execution and delivery of this Agreement or the Prospectus, the compliance by the Corporation with the provisions of this Agreement or the consummation of the transactions contemplated herein and therein including, without limitation, the issue of the Offered Shares upon the terms and conditions as set forth herein, do or will (i) subject to compliance by the Agent with the provisions of this Agreement, require the consent, approval, authorization, order or agreement of, or registration or qualification with, any governmental agency, body or authority, court, stock exchange, securities regulatory authority or other person, except (A) such as have been, or will by the Closing Date, be obtained, or (B) such as may be required under the Securities Laws of any of the Qualifying Jurisdictions and the policies of the Exchange and will be obtained by the Closing Date, or (ii) conflict with or result in any breach or violation of any of the provisions of, or constitute a default under, any indenture, mortgage, deed of trust, lease or other agreement or instrument to which the Corporation is a party or by which the Corporation or any of the properties or assets thereof is bound, or the notice of articles or articles or any other constating document of the Corporation or any resolution passed by the directors (or any committee thereof) or shareholders of the Corporation, or any statute or any judgment, decree, order, rule, policy or regulation of any court, governmental authority, arbitrator, stock exchange or securities regulatory authority applicable to the Corporation or any of the properties or assets thereof which could have a Material Adverse Effect.
- (n) Authority and Authorization: The Corporation has all requisite corporate power and capacity to enter into this Agreement and the Subscription and Renunciation Agreements and to do all acts and things and execute and deliver all documents as are required under such agreements to be done, observed, performed or executed and delivered by it in accordance with the terms of such agreements and the Corporation has taken, or will have taken before Closing, all necessary corporate action to authorize the execution, and delivery of, and performance of its obligations under this Agreement and the Subscription and Renunciation Agreements and to observe and perform its obligations under such Agreements, in accordance with the provisions thereof including, without limitation, the issue of the Offered Shares, the Agent's Warrants and the Agent's Warrant Shares.
- (o) No Material Adverse Change: Subsequent to August 31, 2021, there has not been any Material Adverse Change and there has been no event or occurrence that would reasonably be expected to result in a Material Adverse Change except as disclosed in the Prospectus.

- (p) Validity and Enforceability: This Agreement has been authorized, executed and delivered by the Corporation and constitutes a valid and legally binding obligation of the Corporation enforceable against the Corporation in accordance with the terms hereof and will be authorized, executed and delivered by the Corporation on or prior to the Closing Date and will constitute a valid and legally binding obligation of the Corporation enforceable against the Corporation in accordance with the terms thereof, except in any case as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium and other laws relating to or affecting the rights of creditors generally and except as limited by the application of equitable principles when equitable remedies are sought, and by the fact that rights to indemnity, contribution and waiver, and the ability to sever unenforceable terms, may be limited by applicable law.
- (q) No Cease Trade Order: No order preventing, ceasing or suspending trading in any securities of the Corporation or prohibiting the issue and sale of securities by the Corporation is issued and outstanding and no proceedings for either of such purposes have been instituted or, to the best of the knowledge of the Corporation, are pending, contemplated or threatened.
- (r) Accounting Controls: The Corporation maintains a system of internal accounting controls sufficient to provide reasonable assurance: (i) that transactions are completed in accordance with the general or a specific authorization of management or directors of the Corporation; (ii) that transactions are recorded as necessary to permit the preparation of consolidated financial statements for the Corporation in conformity with International Financial Reporting Standards and to maintain asset accountability; (iii) that access to assets of the Corporation is permitted only in accordance with the general or a specific authorization of management or directors of the Corporation; (iv) that the recorded accountability for assets of the Corporation is compared with the existing assets of the Corporation and at reasonable intervals and appropriate action is taken with respect to any differences therein; and (v) regarding the prevention or timely detection of unauthorized acquisition, use or disposition of the Corporation's assets that could have a material effect on its financial statements or interim financial statements.
- (s) Financial Statements: The Corporation's audited financial statements for the period from incorporation to August 31, 2021 (the "**Audited Financial Statements**") and all notes thereto (i) comply as to form in all material respects with the requirements of the applicable Securities Laws, (ii) present fairly, in all material respects, the financial position, the results of operations and cash flows and the shareholders' equity and other information purported to be shown therein at the respective dates and for the respective periods to which they apply, (iii) have been prepared in conformity with International Financial Reporting Standards, consistently applied throughout the period covered thereby, and all adjustments necessary for a fair presentation of the results for such periods have been made in all material respects, and (iv) contain and reflect adequate provision or allowance for all reasonably anticipated liabilities, expenses and losses of the Corporation, and, except

as disclosed in the Prospectus there has been no change in accounting policies or practices of the Corporation since August 31, 2021.

- (t) Auditors: The Corporation's Auditors who audited the Audited Financial Statements and who provided their audit report thereon are independent public accountants as required under applicable Securities Laws and there has not, during the last two financial years, been a reportable event (within the meaning of NI 51-102) between the Corporation and any such auditor.
- (u) Audit Committee: The audit committee of the Corporation is comprised and operates in accordance with the requirements of National Instrument 52-110 – *Audit Committees* of the Canadian Securities Administrators.
- (v) Changes in Financial Position: Other than as disclosed in the Prospectus, since August 31, 2021, the Corporation has not
  - (i) paid or declared any dividend or incurred any material capital expenditure or made any commitment therefor;
  - (ii) incurred any obligation or liability, direct or indirect, contingent or otherwise, except in the ordinary course of business; and
  - (iii) entered into any material transaction or made a significant acquisition.
- (w) Insolvency: The Corporation has not committed an act of bankruptcy or sought protection from the creditors thereof before any court or pursuant to any legislation, proposed a compromise or arrangement to the creditors thereof generally, taken any proceeding with respect to a compromise or arrangement, taken any proceeding to be declared bankrupt or wound up, taken any proceeding to have a receiver appointed of any of the assets thereof, had any person holding any encumbrance, lien, charge, hypothec, pledge, mortgage, title retention agreement or other security interest or receiver take possession of any of the property thereof, had an execution or distress become enforceable or levied upon any portion of the property thereof or had any petition for a receiving order in bankruptcy filed against it.
- (x) No Contemplated Changes: The Corporation has not approved or entered into any agreement in respect of, or has any knowledge of:
  - (i) the purchase of any material property or assets or any interest therein or, other than as disclosed in the Prospectus, the sale, transfer or other disposition of any material property or assets or any interest therein currently owned, directly or indirectly, by the Corporation whether by asset sale, transfer of shares or otherwise;
  - (ii) the change of control (by sale or transfer of shares or sale of all or substantially all of the property and assets of the Corporation or otherwise) of the Corporation; or

- (iii) a proposed or planned disposition of shares by any shareholder who owns, directly or indirectly, 10% or more of the shares of the Corporation.
  
- (y) Taxes and Tax Returns: The Corporation has filed in a timely manner all federal, provincial, local and foreign tax returns and notices that are required to be filed and due and has paid all taxes of whatsoever nature required to be paid by it and any other assessment, fine or penalty levied against it or any amounts payable to any Governmental Authority for all tax years prior to the date hereof to the extent that such taxes, assessments, fines, penalties or amounts have become due or have been alleged to be due and the Corporation is not aware of any tax deficiencies or interest or penalties accrued or accruing, or alleged to be accrued or accruing, thereon where, in any of the above cases, it might reasonably be expected to have a Material Adverse Effect and there are no agreements, waivers or other arrangements providing for an extension of time with respect to the filing of any tax return by any of them or the payment of any tax, governmental charge, penalty, interest or fine against any of them. There are no actions, suits, proceedings, investigations or claims now threatened or, to the best knowledge of the Corporation, pending against the Corporation which could result in a liability in respect of taxes, charges or levies of any governmental authority, penalties, interest, fines, assessments or reassessments or any matters under discussion with any governmental authority relating to taxes, governmental charges, penalties, interest, fines, assessments or reassessments asserted by any such authority and the Corporation has withheld (where applicable) from each payment the amount of all taxes and other amounts, including, but not limited to, income tax and other deductions, required to be withheld therefrom, and has paid the same or will pay the same when due to the proper tax or other receiving authority within the time required under applicable tax legislation. The Corporation has established on its books and records reserves which are adequate for the payment of all taxes not yet due and payable and there are no liens for taxes on the assets of the Corporation, except for taxes not yet due.
  
- (z) Compliance with Laws, Licenses and Permits: The Corporation has conducted and is conducting the business thereof in compliance in all material respects with all applicable laws, rules, regulations, tariffs, orders and directives of each jurisdiction in which it carries on business, including, but not limited to, NI 43-101, and possesses all material approvals, consents, certificates, registrations, authorizations, permits and licenses issued by the appropriate provincial, state, municipal, federal or other regulatory agency or body necessary to carry on the business currently carried on by it, is in compliance in all material respects with the terms and conditions of all such approvals, consents, certificates, authorizations, permits and licenses and with all laws, regulations, tariffs, rules, orders and directives material to the operations thereof, and the Corporation has not received any notice of the modification, revocation or cancellation of, or any intention to modify, revoke or cancel or any proceeding relating to the modification, revocation or cancellation of any such approval, consent, certificate, authorization, permit or license which, singly or in the aggregate,

if the subject of an unfavourable decision, order, ruling or finding, would have a Material Adverse Effect.

- (aa) Agreements and Actions: The Corporation is not in violation of any term of any constating document thereof in any material respect. The Corporation is not in violation of any term or provision of any agreement, indenture or other instrument applicable to it which would, or could reasonably be expected to, result in any Material Adverse Effect, the Corporation is not in default in the payment of any material obligation owed which is now due, if any, and there is no action, suit, proceeding or investigation commenced, threatened or, to the knowledge of the Corporation after due inquiry, pending which, either in any case or in the aggregate, might result in any Material Adverse Effect or which places, or could reasonably be expected to place, in question the validity or enforceability of this Agreement or any document or instrument delivered, or to be delivered, by the Corporation pursuant hereto.
- (bb) Fame Property: The Fame Property is the only property which the Corporation currently considers to be “material” in which the Corporation has an interest and the Corporation has good and marketable title to the assets as described in the Prospectus, and except as disclosed in the Prospectus, such interests are free of all mortgages, liens, charges, pledges, security interests, encumbrances, claims or demands whatsoever and no other property rights are necessary for the conduct of the activities of the Corporation on the Fame Property as currently conducted, and the Corporation does not know of any claim or the basis for any claim that might or could materially adversely affect the right thereof to use, transfer or otherwise exploit such property rights and, except as disclosed in the Prospectus.
- (cc) Property Agreements: Any and all of the agreements and other documents and instruments pursuant to which the Corporation holds the Fame Property (including any interest in, or right to earn an interest in, the Fame Property), including but not limited to the Fame Option Agreement, are valid and subsisting agreements, documents or instruments in full force and effect, enforceable against the Corporation in accordance with the terms thereof; the Corporation is not in default of any of the material provisions of any such agreements, documents or instruments nor has any such default been alleged and the Fame Property is in good standing under the applicable statutes and regulations of the jurisdictions in which it is situated; all material leases, licences and claims pursuant to which the Corporation derives the interests in such property and assets are in good standing and, to the knowledge of the Corporation, there has been no material default under any such lease, licence or claim. To the Corporation’s knowledge, after due inquiry, the Fame Property (or any interest in, or right to earn an interest in, the Fame Property) is not subject to any right of first refusal or purchase or acquisition right which is not disclosed in the Prospectus.
- (dd) Property Rights: The Corporation holds interests to acquire interests in certain mining concessions in British Columbia (the “**Fame Property Rights**”) in respect of the minerals located on the Fame Property under

valid, subsisting and enforceable documents sufficient to permit the Corporation to explore for and exploit the minerals relating thereto; to the knowledge of the Corporation, all concessions, leases or claims and permits relating to the Fame Property in which the Corporation has an interest or right have been validly located and recorded in accordance with all applicable laws and are valid and subsisting; the Corporation has all surface rights, access rights and other necessary rights and interests relating to the Fame Property as are appropriate in view of the rights and interest therein of the Corporation and necessary for the Corporation's current activities thereon, with only such exceptions as do not materially interfere with the use made by the Corporation of the rights or interest so held, and each of the proprietary interests or rights and each of the documents, agreements and instruments and obligations relating thereto referred to above is currently in good standing in all material respects in the name of the Corporation or its or their contractual partners; the Corporation does not have any responsibility or obligation to pay any commission, royalty, licence, fee or similar payment to any person with respect to the property rights thereof other than as disclosed in the Prospectus. The description of the Fame Property Rights, as disclosed generally in the Prospectus, constitutes an accurate and complete description of all material Fame Property Rights held by the Corporation.

- (ee) Mining Works: All assessments or other work required to be performed in relation to the mining claims and the mining rights of the Corporation in order to maintain the Fame Property Rights to date, if any, have been performed to date and the Corporation has complied in all material respects with all applicable governmental laws, regulations and policies in this regard as well as with regard to legal, contractual obligations to third parties in this regard except in respect of mining claims and mining rights that the Corporation intends to abandon or relinquish and except for any non-compliance which would not either individually or in the aggregate have a Material Adverse Effect; all such mining claims and mining rights are in good standing in all material respects as of the date of this Agreement.
- (ff) Operations: To the Corporation's knowledge, all operations on the Fame Property have been conducted in all respects in accordance with good mining, exploration and engineering practices and all applicable workers' compensation and health and safety and workplace laws, regulations and policies have been duly complied with.
- (gg) Preparation of Technical Report: The Corporation made available to the author of the Technical Report prior to the issuance of thereof, for the purpose of preparing the Technical Report, all information requested, and to the knowledge and belief of the Corporation, no such information contained any material misrepresentation as at the relevant time the relevant information was made available; except as otherwise disclosed in the Prospectus.
- (hh) Content of Technical Report: To the best of the Corporation's knowledge, the Technical Report accurately and completely sets forth all material facts relating to the Technical Report as at the date of such report; since the date

of preparation of the Technical Report there has been no change, to the best of the Corporation's knowledge, except as otherwise disclosed in the Prospectus, that would disaffirm or change any aspect of the Technical Report in any material respect.

- (ii) NI 43-101: The Corporation is in compliance with NI 43-101 in all material respects in connection with the Technical Report and, other than the Technical Report, the Corporation does not hold any interest in a mineral property that is material to the Corporation for the purposes of NI 43-101.
- (jj) Legislation: The Corporation is not aware of any proposed material changes to existing legislation, or proposed legislation published by a legislative body, which it anticipates will materially and adversely affect the business, affairs, operations, assets, liabilities (contingent or otherwise) of the Corporation.
- (kk) No Defaults: The Corporation is not in default of any material term, covenant or condition under or in respect of any judgement, order, agreement or instrument to which it is a party or to which it or any of the property or assets thereof are or may be subject, and no event has occurred and is continuing, and no circumstance exists which has not been waived, which constitutes a default in respect of any commitment, agreement, document or other instrument to which the Corporation is a party or by which it is otherwise bound entitling any other party thereto to accelerate the maturity of any material amount owing thereunder or which could have a Material Adverse Effect.
- (ll) Compliance with Employment Laws: The Corporation is in compliance with all laws and regulations respecting employment and employment practices, terms and conditions of employment, pay equity and wages, except where such non-compliance would not constitute an adverse material fact concerning the Corporation or result in a Material Adverse Effect, and has not and is not engaged in any unfair labour practice, there is no labour strike, dispute, slowdown, stoppage, complaint or grievance pending or, to the best of the knowledge of the Corporation after due inquiry, threatened against the Corporation, no union representation question exists respecting the employees of the Corporation and no collective bargaining agreement is in place or currently being negotiated by the Corporation, the Corporation has not received any notice of any unresolved matter and there are no outstanding orders under any employment or human rights legislation in any jurisdiction in which the Corporation carries on business or has employees, other than as disclosed in the Prospectus, no employee has any agreement as to the length of notice required to terminate his or her employment with the Corporation in excess of 24 months or equivalent compensation and all benefit and pension plans of the Corporation are funded in accordance with applicable laws and no past service funding liability exist thereunder.
- (mm) Employee Plans: Each material plan for retirement, bonus, stock purchase, profit sharing, stock option, deferred compensation, severance or termination pay, insurance, medical, hospital, dental, vision care, drug, sick leave, disability, salary continuation, legal benefits, unemployment benefits,

vacation, pension, incentive or otherwise contributed to, or required to be contributed to, by the Corporation for the benefit of any current or former officer, director, employee or consultant of the Corporation has been maintained in material compliance with the terms thereof and with the requirements prescribed by any and all statutes, orders, rules, policies and regulations that are applicable to any such plan.

- (nn) Accruals: All material accruals for unpaid vacation pay, premiums for unemployment insurance, health premiums, federal or provincial pension plan premiums, accrued wages, salaries and commissions and payments for any plan for any officer, director, employee or consultant of the Corporation have been accurately reflected in the books and records of the Corporation.
- (oo) Work Stoppage: There has not been, and there is not currently, any labour trouble which is having a Material Adverse Effect or could reasonably be expected to have a Material Adverse Effect.
- (pp) Environmental Compliance: Except as disclosed in the Prospectus:
  - (i) to the best of the knowledge of the Corporation, the property, assets and operations of the Corporation comply in all material respects with all applicable Environmental Laws (which term means and includes, without limitation, any and all applicable federal, provincial, municipal or local laws, statutes, regulations, treaties, orders, judgments, decrees, ordinances, official directives and all authorizations relating to the environment, occupational health and safety, or any Environmental Activity (which term means and includes, without limitation, any past or present activity, event or circumstance in respect of a Contaminant (which term means and includes, without limitation, any pollutants, dangerous substances, liquid wastes, hazardous wastes, hazardous materials, hazardous substances or contaminants or any other matter including any of the foregoing, as defined or described as such pursuant to any Environmental Law), including, without limitation, the storage, use, holding, collection, purchase, accumulation, assessment, generation, manufacture, construction, processing, treatment, stabilization, disposition, handling or transportation thereof, or the release, escape, leaching, dispersal or migration thereof into the natural environment, including the movement through or in the air, soil, surface water or groundwater));
  - (ii) to the best of the knowledge of the Corporation, the Corporation has obtained all material licences, permits, approvals, consents, certificates, registrations and other authorizations under all applicable Environmental Laws (the “**Environmental Permits**”) necessary as at the date hereof for the operation of the businesses currently carried on by the Corporation, and each Environmental Permit is valid, subsisting and in good standing and, to the best knowledge of the Corporation, the Corporation is not in material default or breach of any Environmental Permit and, to the best of the knowledge of the

Corporation, no proceeding is pending or threatened to revoke or limit any Environmental Permit;

- (iii) the Corporation does not have any knowledge of, and have not received any notice of, any material claim, judicial or administrative proceeding, pending or threatened against, or which may affect, either the Corporation or any of the property, assets or operations thereof, relating to, or alleging any violation of any Environmental Laws, the Corporation is not aware of any facts which could give rise to any such claim or judicial or administrative proceeding and neither the Corporation nor any of the property, assets or operations thereof is the subject of any investigation, evaluation, audit or review by any Governmental Authority to determine whether any violation of any Environmental Laws has occurred or is occurring or whether any remedial action is needed in connection with a release of any Contaminant into the environment, except for compliance investigations conducted in the normal course by any Governmental Authority;
  - (iv) the Corporation has not given or filed any notice under any federal, provincial or local law with respect to any Environmental Activity, the Corporation does not have any material liability (whether contingent or otherwise) in connection with any Environmental Activity and, to the knowledge of the Corporation, no notice has been given under any federal, state, provincial or local law or of any material liability (whether contingent or otherwise) with respect to any Environmental Activity relating to or affecting the Corporation or the property, assets, business or operations thereof;
  - (v) the Corporation does not store any hazardous or toxic waste or substance on the property thereof and have not disposed of any hazardous or toxic waste, in each case in a manner contrary to any Environmental Laws, and to the best of the knowledge of the Corporation, there are no Contaminants on any of the premises at which the Corporation carries on business, in each case other than in compliance with Environmental Laws; and
  - (vi) to the best of the knowledge of the Corporation, the Corporation is not subject to any contingent or other material liability relating to non-compliance with Environmental Law.
- (qq) Environmental Audits: There are no environmental audits, evaluations, assessments, studies or tests relating to the Corporation except for ongoing assessments conducted by or on behalf of the Corporation in the ordinary course.
- (rr) No Litigation: There are no actions, suits, proceedings, inquiries or investigations existing, pending or, to the knowledge of the Corporation after due inquiry, threatened against any of the property or assets thereof, at law or equity, or before or by any court, federal, provincial, state, municipal or other governmental department, commission, board, bureau, agency or

instrumentality, domestic or foreign, which may result in a Material Adverse Effect or materially adversely affects the ability of any of them to perform the obligations thereof and the Corporation is not subject to any judgement, order, writ, injunction, decree, award, rule, policy or regulation of any Governmental Authority, which, either separately or in the aggregate, may result in a Material Adverse Effect or materially adversely affects the ability of the Corporation to perform its obligations under this Agreement.

- (ss) Unlawful Payments: The Corporation has not nor, to the best knowledge of the Corporation, any director, officer, agent, employee or other person associated with or acting on behalf of the Corporation, has (i) used any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expense relating to political activity, (ii) made any direct or indirect unlawful payment to any foreign or domestic government official or employee from corporate funds, (iii) violated or is in violation of any provision of the *Corruption of Foreign Officials Act (Canada)* or the *Foreign Corrupt Practices Act (United States)*, or (iv) made any bribe, rebate, payoff, influence payment, kickback or other unlawful payment.
- (tt) Anti-Money Laundering and Unlawful Payments:
- (i) the operations of the Corporation are and have been conducted, at all times, in material compliance with all applicable financial recordkeeping and reporting requirements of applicable anti-money laundering statutes of the jurisdictions in which the Corporation conducts business, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any governmental agency (collectively, the "**Anti-Money Laundering Laws**"), and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Corporation with respect to the Anti-Money Laundering Laws is pending or, to the best knowledge of the Corporation, threatened;
  - (ii) the Corporation has not, directly or indirectly: (A) made or authorized any contribution, payment or gift of funds or property to any official, employee or agent of any governmental agency, authority or instrumentality of any jurisdiction; or (B) made any contribution to any candidate for public office, in either case where either the payment or the purpose of such contribution, payment or gift was, is or would be prohibited under the *Canada Corruption of Foreign Public Officials Act (Canada)* or the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada)* or the *Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act (United States)* or the rules and regulations promulgated thereunder or under any other legislation of any relevant jurisdiction covering a similar subject matter applicable to the Corporation and its operations, and will not use any portion of the proceeds of the Offering, in contravention of such legislation; and
  - (iii) the Corporation or, to the best knowledge of the Corporation, any director, officer, agent, employee, affiliate or person acting on behalf of the

Corporation has not been or is not currently subject to any United States sanctions administered by the Office of Foreign Assets Control of the United States Treasury Department and the Corporation will not directly or indirectly use any proceeds of the distribution of the Offered Shares or lend, contribute or otherwise make available such proceeds to the Corporation or to any affiliated entity, joint venture partner or other person or entity, to finance any investments in, or make any payments to, any country or person targeted by any of the sanctions of the United States.

- (uu) Intellectual Property: The Corporation owns or possesses adequate enforceable rights to use all trademarks, copyrights and trade secrets used or proposed to be used in the conduct of the business thereof and, to the knowledge of the Corporation, after due inquiry, the Corporation is not infringing upon the rights of any other person with respect to any such trademarks, copyrights or trade secrets and no other person has infringed any such trademarks, copyrights or trade secrets.
- (vv) Non-Arm's Length Transactions: Except as disclosed in the Prospectus and to the Agent, the Corporation does not owe any amount to, nor has the Corporation any present loans to, or borrowed any amount from or is otherwise indebted to, any officer, director, employee or securityholder of any of them or any person not dealing at "arm's length" (as such term is defined in the *Income Tax Act (Canada)*) with any of them except for usual employee reimbursements and compensation paid or other advances of funds in the ordinary and normal course of the business of the Corporation. Except usual employee or consulting arrangements made in the ordinary and normal course of business, the Corporation is not a party to any contract, agreement or understanding with any officer, director, employee or securityholder of any of them or any other person not dealing at arm's length with the Corporation. No officer, director or employee of the Corporation and no person which is an affiliate or associate of any of the foregoing persons, owns, directly or indirectly, any interest (except for shares representing less than 5% of the outstanding shares of any class or series of any publicly traded company) in, or is an officer, director, employee or consultant of, any person which is, or is engaged in, a business competitive with the business of the Corporation which could have a material adverse effect on the ability to properly perform the services to be performed by such person for the Corporation. Except as described in the Prospectus, no officer, director, employee or securityholder of the Corporation has any cause of action or other claim whatsoever against, or owes any amount to, the Corporation except for claims in the ordinary and normal course of the business of the Corporation such as for accrued vacation pay or other amounts or matters which would not be material to the Corporation.
- (ww) Minute Books: The minute books of the Corporation, all of which have been or will be made available to the Agent or counsel to the Agent, are complete and accurate in all material respects, except for minutes of board meetings or resolutions of the board of directors that have not been formally approved by the board of directors or items in the minute book that are not current, but which are not material in the context of the Corporation on a consolidated basis.

- (xx) Commission: Other than the Agent, there is no person acting or purporting to act at the request or on behalf of the Corporation that is entitled to any brokerage or finder's fee in connection with the transactions contemplated by this Agreement.
- (yy) No Withholding of Public Information: The Corporation has not withheld from the Agent any fact or information relating to the Corporation or to the Offering that would reasonably be expected to be material to the Agent.
- (zz) Flow Through Shares:
  - (i) the Corporation is a "principal-business corporation", as defined in subsection 66(15) of the Tax Act;
  - (ii) the FT Shares will be "flow-through shares" as defined in subsection 66(15) of the Tax Act and such FT Shares will not be "prescribed shares" for the purpose of section 6202.1 of the regulations to the Tax Act;
  - (iii) the Corporation has not entered into any agreements or made any covenants with any parties with respect to the renunciation of CEE, which amounts have not been fully expended and renounced as required thereunder and has never been in default or in breach of its contractual obligations respecting any previous issuance of flow-through shares. The CRA and the Corporation have not reduced pursuant to subsection 66(12.73) of the Tax Act any amount renounced by the Corporation;
  - (iv) if the Corporation amalgamates with any one or more companies, any shares issued to or held by an FT Purchaser as a replacement for the FT Shares as a result of such amalgamation will qualify, by virtue of subsection 87(4.4) of the Tax Act, as "flow-through shares" and in particular will not be "prescribed shares" as defined in section 6202.1 of the regulations to the Tax Act, but for any agreement to which the Corporation is not a party and of which it has no knowledge;
  - (v) the Corporation will not be subject to the provisions of subsection 66(12.67) or 66(12.73) of the Tax Act in a manner which impairs its ability to renounce Resource Expenses to the FT Purchasers in an amount equal to the Commitment Amount;
  - (vi) the Corporation has not entered into any agreements or made any covenants with any parties that would restrict the Corporation from entering into the Subscription and Renunciation Agreements and agreeing to incur and renounce Resource Expenses during the Expenditure Period in accordance with the Subscription and Renunciation Agreements, nor that would require the prior renunciation to any other Person of Resource Expenses prior to the renunciation of the aggregate Commitment Amount in favour of the FT Purchasers; and

- (vii) the representations and warranties of the Corporation in the Subscription and Renunciation Agreements are, or will on the Closing Date be, true and correct.

**10. Representations and Warranties of the Agent.** The Agent represents, warrants and covenants to and with the Corporation that:

- (a) it is a valid and subsisting corporation and in good standing under the law of the jurisdiction in which it was incorporated;
- (b) it has good and sufficient right and authority to enter into this Agreement and complete the transactions contemplated under this Agreement on the terms and conditions set forth herein;
- (c) it is an investment dealer registered under the Securities Laws; and
- (d) it will sell the Offered Shares in compliance with the Securities Laws.

**11. Closing Deliveries.** The purchase and sale of the Offered Shares and, if applicable, the Over-Allotment Shares shall be completed at the Closing Time and the Option Closing Time, respectively, at the offices of AFG Law LLP in Vancouver, British Columbia, or at such other place as the Agent and the Corporation may agree. At or prior to the Closing Time and the Option Closing Time, as the case may be, the Corporation shall duly and validly deliver to the Agent:

- (a) one or more certificate(s) (whether in definitive form or electronic form) representing the Offered Shares, as the case may be, registered in such name or names as the Agent may notify the Corporation in writing not less than 48 hours prior to Closing; and
- (b) one or more certificate(s) representing the Agent's Warrants, registered in such name or names as the Agent may notify the Corporation in writing not less than 48 hours prior to Closing;

against payment by the Agent to the Corporation, at the direction of the Corporation, in lawful money of Canada by certified cheque or wire transfer an amount equal to the aggregate purchase price for the Offered Shares and/or the Over-Allotment Shares, as the case may be, being issued and sold hereunder less the Commission, the Corporate Finance Fee and all of the estimated out-of-pocket expenses of the Agent payable by the Corporation to the Agent in accordance with paragraph 22 hereof.

**12. Agent's Conditions.** The obligation of the Agent to complete the transactions contemplated by this Agreement at the Closing Time shall be subject to the following conditions (it being understood that the Agent may waive in whole or in part or extend the time for compliance with any of such terms and conditions without prejudice to its rights in respect of any other of the following terms and conditions or any other or subsequent breach or non-compliance, provided that to be binding on the Agent any such waiver or extension must be in writing):

- (a) the Agent shall have received an opinion, dated the Closing Date and subject to customary qualifications, of AFG Law LLP, the Corporation's

British Columbia legal counsel, addressed to the Agent and their legal counsel as to all legal matters reasonably requested by the Agent relating to the Corporation and the creation, issuance and sale of the Offered Shares and the Over-Allotment Shares, or, instead of rendering opinions relating to the laws of the Qualifying Jurisdictions other than British Columbia or elsewhere, the Corporation's solicitors may engage one or more legal counsel in the Qualifying Jurisdictions or elsewhere to provide such local counsel opinions as may be necessary;

- (b) the Agent shall have received an opinion dated the Closing Date from the Corporation's local counsel in respect of the Corporation's title to the Fame Property addressed to the Agent and its legal counsel, in form and content acceptable to the Agent, acting reasonably;
- (c) the Agent shall have received an incumbency certificate dated the Closing Date including specimen signatures of the Chief Executive Officer, the Chief Financial Officer and any other officer of the Corporation signing this Agreement or any document delivered hereunder;
- (d) the Agent shall have received a certificate, dated the Closing Date, of such two senior officers of the Corporation as are acceptable to the Agent, addressed to the Agent and its counsel to the effect that, to the best of their knowledge, information and belief, after due enquiry and without personal liability:
  - (i) the representations and warranties of the Corporation in this Agreement are true and correct in all material respects as if made at and as of the Closing Time and the Corporation has performed all covenants and agreements and satisfied all conditions on its part to be performed or satisfied in all material respects at or prior to the Closing Time;
  - (ii) no order, ruling or determination having the effect of suspending the sale or ceasing, suspending or restricting the trading of Common Shares in the Qualifying Jurisdictions has been issued or made by any stock exchange, securities commission or regulatory authority and is continuing in effect and, to the knowledge of the officers, no proceedings, investigations or enquiries for that purpose have been instituted or are pending;
  - (iii) the notice of articles and articles of the Corporation delivered at Closing are full, true and correct copies, unamended, and in effect on the date thereof;
  - (iv) the minutes or other records of various proceedings and actions of the Corporation's Board of Directors relating to the Offering and delivered at Closing are full, true and correct copies thereof and have not been modified or rescinded as of the date thereof; and
  - (v) subsequent to the respective dates as at which information is given in the Prospectus, there has not been a Material Adverse Change other

than as disclosed in the Prospectus or any Supplementary Material, as the case may be.

- (e) the Agent shall have received a letter dated as of the Closing Date, in form and substance satisfactory to the Agent, addressed to the Agent and the directors of the Corporation from the Corporation's Auditors confirming the continued accuracy of the comfort letter to be delivered to the Agent pursuant to subparagraph 6(a)(ii) hereof with such changes as may be necessary to bring the information in such letter forward to a date not more than two Business Days prior to the Closing Date, which changes shall be acceptable to the Agent;
- (f) the Agent shall have received a letter dated as of the Closing Date, in form and substance satisfactory to the Agent, addressed to the Agent and the directors of the Corporation from AFG Law LLP confirming the continued accuracy of the legal opinion to be delivered to the Agent pursuant to subparagraph 6(a)(iii) hereof with such changes as may be necessary to bring the information in such opinion forward to a date not more than two Business Days prior to the Closing Date, which changes shall be acceptable to the Agent;
- (g) the Offered Shares and the Agent's Warrant Shares shall have been approved for listing on the Exchange, subject only to the official notices of issuance and fulfilment of the Standard Listing Conditions;
- (h) the Agent and its counsel shall have been provided with information and documentation, reasonably requested relating to their due diligence inquiries and investigations and shall not have identified any material adverse changes or misrepresentations or any items materially adversely affecting the Corporation's affairs which exist as of the date hereof but which have not been disseminated to the public in accordance with applicable Securities Laws;
- (i) the Agent shall have received a certificate of good standing in respect of the Corporation dated the day prior to the Closing Date;
- (j) the Agent shall have received executed Lock-up Agreements;
- (k) the Agents shall have received an executed Subscription and Renunciation Agreements accepted by the Corporation;
- (l) the Agent shall have received certificates or lists, issued under the Securities Laws of the Reporting Provinces stating or evidencing that the Corporation is not in default under such Securities Laws; and
- (m) the Agent shall have received a certificate from the Transfer Agent as to the number of Common Shares issued and outstanding as at a date no more than two Business Days prior to the Closing Date.

**13. Closing of Over-Allotment Option.** The Agent's obligation to complete the exercise of the Over-Allotment Option on the Option Closing Date (in the event that the Over-Allotment

Option is exercised) shall be subject to the accuracy of the representations and warranties of the Corporation contained in this Agreement as of the Option Closing Date and the performance by the Corporation of its obligations under this Agreement. The Corporation agrees to fulfill or cause to be fulfilled the following conditions (it being understood that the Agent may waive in whole or in part or extend the time for compliance with any of such terms and conditions without prejudice to its rights in respect of any other of the following terms and conditions or any other or subsequent breach or non-compliance, provided that to be binding on the Agent any such waiver or extension must be in writing):

- (a) the Agent shall have received an opinion, dated the Option Closing Date and subject to customary qualifications, of AFG Law LLP, the Corporation's British Columbia legal counsel, addressed to the Agent and their legal counsel in substantially the same form as the opinion delivered pursuant to subsection 12(a), or, instead of rendering opinions relating to the laws of the Qualifying Jurisdictions other than British Columbia or elsewhere, the Corporation's solicitors may engage one or more legal counsel in the Qualifying Jurisdictions or elsewhere to provide such local counsel opinions as may be necessary;
- (b) the Agent shall have received a certificate in the form set out in subsection 12(c) dated as of the Option Closing Date;
- (c) the Agent shall have received a certificate in the form set out in subsection 12(d) dated as of the Option Closing Date; and
- (d) the Agent shall have received such other certificates, agreements, materials or documents as they may reasonably request.

In the event that the Corporation shall subdivide, consolidate, reclassify or otherwise change its Common Shares during the period in which the Over-Allotment Option is exercisable, appropriate adjustments will be made to the price per Over-Allotment Share and to the number of additional securities issuable on exercise thereof such that the Agent is entitled to arrange for the sale of the same number and type of securities that the Agent would have otherwise arranged for had it exercised such Over-Allotment Option immediately prior to such subdivision, consolidation, reclassification or change.

#### **14. Restrictions on Further Issues or Sales and Lock-Up Agreements**

- (a) The Corporation agrees that it will not, directly or indirectly, issue, sell, offer, grant an option or right in respect of, or otherwise dispose of, or agree to or announce any intention to issue, sell, offer, grant an option or right in respect of, or otherwise dispose of, any additional Common Shares or any securities convertible into or exchangeable for Common Shares, other than pursuant to (i) the grant or exercise of stock options and other similar issuances pursuant to any stock option plan or similar share compensation arrangements in place prior to the Closing Date; (ii) the issue of Common Shares upon the exercise of convertible securities, warrants or options outstanding prior to the Closing Date; and (iii) previously scheduled property and/or other corporate acquisitions, from the date hereof and continuing for a period of 90 days from the Closing Date without the prior

written consent of the Agent, such consent not to be unreasonably withheld or delayed.

- (b) As a condition of Closing, the Corporation shall cause its directors and officers to execute and deliver a written undertaking in favour of the Agent (a "**Lock-Up Agreement**") in which each will covenant and agree that they will not, for a period of 90 days following the Closing Date, directly or indirectly, offer, sell, contract to sell, lend, swap, or enter into any other agreement to transfer the economic consequences of, or otherwise dispose of or deal with, or publicly announce any intention to offer, sell, contract to sell, grant or sell any option to purchase, hypothecate, pledge, transfer, assign, purchase any option or contract to sell, lend, swap or enter into any agreement to transfer the economic consequences of, or otherwise dispose of or deal with, whether through the facilities of a stock exchange, by private placement or otherwise, any securities of the Corporation held by such directors, officers and principal shareholders (and the associates of such directors, officers and principal shareholders), directly or indirectly, without the written consent of the Agent, which consent will not be unreasonably withheld or delayed.

**15. All Terms to be Conditions.** The Corporation agrees that the conditions contained in paragraph 12 will be complied with insofar as the same relate to acts to be performed or caused to be performed by the Corporation and that it will use its commercially reasonable efforts to cause all such conditions to be complied with. Any breach or failure to comply with any of the conditions set out in paragraph 12 shall entitle the Agent to terminate its obligations under this Agreement, by written notice to that effect given to the Corporation at or prior to the Closing Time. It is understood that the Agent may waive, in whole or in part, or extend the time for compliance with, any of such terms and conditions without prejudice to the rights of the Agent in respect of any such terms and conditions or any other or subsequent breach or non-compliance, provided that to be binding on the Agent any such waiver or extension must be in writing.

**16. Termination Events.** In addition to any other remedies which may be available to the Agent, the Agent may terminate its obligations under this Agreement by delivering written notice to that effect to the Corporation at or prior to the Closing Time, if:

- (a) the Agent is not satisfied in its sole discretion with its due diligence review and investigations;
- (b) the Corporation is in breach of, default under or non-compliance with any material representation, warrant, term, condition or covenant of this Agreement or any material representation or warranty given by the Corporation in this Agreement becomes false;
- (c) the state of the financial markets is such that in the opinion of the Agent, it would be impractical or unprofitable to offer or continue to offer the Offered Shares for sale;
- (d) the Agent or the Agent's counsel, identify any undisclosed adverse information regarding the Corporation as a result of their due diligence proceedings or otherwise that could reasonably be expected to have a

material adverse effect on the Corporation or an adverse effect on the Offering;

- (e) there is an inquiry or investigation (whether formal or informal) by any securities regulatory authority, including without limitation the Exchange, in relation to the Corporation or any one of its officers or directors that could be reasonably expected to have a material adverse effect on the Corporation;
- (f) there should develop, occur or come into effect or existence any event, action, state, condition or any action, law or regulation, inquiry, including without limitation, terrorism, accident or major financial political or economic occurrence of national or international consequence, or any action, government law, regulation, inquiry or other occurrence of any nature, including any escalation in the severity of the COVID-19 pandemic, which in the opinion of the Agent materially adversely affects, or will, or would reasonably be expected to, materially adversely affect, the financial markets or the business, operations or affairs of the Corporation or the marketability of the Offered Shares;
- (g) any order shall have been made or threatened to cease, halt or suspend trading or to otherwise prohibit or restrict in any manner the distribution or trading of the Offered Shares, or proceedings are announced or commenced for the making of any such order by any securities regulatory authority or similar regulatory or judicial authority or the Exchange;
- (h) any condition shall remain outstanding and uncompleted at any time after the time which is it required to be completed or waived; or
- (i) both the Agent and the Corporation mutually agree to terminate this agreement.

**17. Exercise of Termination Right.** If this Agreement is terminated by the Agent pursuant to paragraph 16, there shall be no further liability to the Corporation on the part of the Agent or of the Corporation to the Agent, except in respect of any liability which may have arisen or may thereafter arise under paragraphs 19 and 22. The right of the Agent to terminate its respective obligations under this Agreement is in addition to such other remedies as it may have in respect of any default, act or failure to act of the Corporation in respect of any of the matters contemplated by this Agreement.

**18. Survival of Representations and Warranties.** The representations, warranties, covenants and indemnities of the Corporation and the Agent contained in this Agreement will survive the Closing.

**19. Indemnity.** The Corporation agrees to indemnify and save harmless the Agent, its respective affiliates and its directors, officers, employees, partners, agents, and shareholders (collectively, the "**Indemnified Parties**" and individually, an "**Indemnified Party**") from and against any and all losses, claims, actions, suits, proceedings, damages, liabilities or expenses of whatsoever nature or kind (excluding loss of profits), including the aggregate amount paid in reasonable settlement of any actions, suits, proceedings, investigations or claims and the reasonable fees, disbursements and taxes of their counsel in connection with any action, suit,

proceeding, investigation or claim that may be made or threatened against any Indemnified Party or in enforcing this indemnity (collectively, the “**Claims**”), which an Indemnified Party may incur or become subject to or otherwise involved in (in any capacity) insofar as the Claims relate to, are caused by, result from, arise out of or are based upon, directly or indirectly, the engagement of the Agent in connection with the Offering, whether performed before or after the Corporation’s execution of the Agreement, and to reimburse each Indemnified Party forthwith, upon demand, for any legal or other expenses reasonably incurred by such Indemnified Party in connection with any Claim.

This indemnity shall not be available to any Indemnified Party in relation to any losses, expenses, claims, actions, damages or liabilities incurred by the Corporation that are determined by a court of competent jurisdiction in a final judgement that has become non-appealable to have resulted primarily from the Indemnified Party’s breach of agreement, gross negligence, fraud or wilful misconduct.

In the event and to the extent that a court of competent jurisdiction in a final judgement that has become non-appealable determines that an Indemnified Party was grossly negligent, fraudulent or guilty of wilful misconduct in connection with a Claim in respect of which the Corporation has advanced funds to the Indemnified Party pursuant to this indemnity, such Indemnified Party will reimburse such funds to the Corporation and thereafter this indemnity will not apply to such Indemnified Party in respect of such Claim. The Corporation agrees to waive any right the Corporation might have of first requiring the Indemnified Party to proceed against or enforce any other right, power, remedy or security or claim payment from any other person before claiming under this indemnity.

If a Claim is brought against an Indemnified Party or an Indemnified Party has received notice of the commencement of any investigation in respect of which indemnity may be sought against the Corporation, the Indemnified Party will give the Corporation prompt written notice of any such Claim of which the Indemnified Party has knowledge and the Corporation will undertake the investigation and defence thereof on behalf of the Indemnified Party, including the prompt employment of counsel acceptable to the Indemnified Parties affected and the payment of all expenses. Failure by the Indemnified Party to so notify will not relieve the Corporation of its obligation of indemnification hereunder unless (and only to the extent that) such failure results in forfeiture by the Corporation of substantive rights or defences.

No admission of liability and no settlement, compromise or termination of any Claim will be made without the Corporation’s consent and the consent of the Indemnified Parties affected, such consents not to be unreasonably withheld; provided, however, that no consent of an Indemnified Party will be required if the Corporation has acknowledged in writing that the Indemnified Parties are entitled to be indemnified in respect of such Claim and such settlement, compromise or termination includes an unconditional release of each Indemnified Party from any liability arising out of such Claim without any admission of negligence, misconduct, liability or responsibility by or on behalf of any Indemnified Party. Notwithstanding that the Corporation will undertake the investigation and defence of any Claim, an Indemnified Party will have the right to employ separate counsel with respect to any Claim and participate in the defence thereof, but the fees and expenses of such counsel will be at the expense of the Indemnified Party unless:

- (a) employment of such counsel has been authorized in writing by the Corporation;

- (b) the Corporation has not assumed the defence of the action within a reasonable period of time after receiving notice of the claim;
- (c) the named parties to any such claim include both the Corporation and the Indemnified Party and the Indemnified Party will have been advised by counsel to the Indemnified Party that there may be a conflict of interest between the Corporation and the Indemnified Party; or
- (d) there are one or more defences available to the Indemnified Party which are different from or in addition to those available to the Corporation;

in which case such fees and expenses of such counsel to the Indemnified Party will be for the Corporation's account, provided that the Corporation shall not be responsible for the fees or expenses of more than one legal firm in any single jurisdiction for all of the Indemnified Parties. The rights accorded to the Indemnified Parties hereunder will be in addition to any rights an Indemnified Party may have at common law or otherwise.

If for any reason the foregoing indemnification is unavailable (other than in accordance with the terms hereof) to the Indemnified Parties (or any of them) or is insufficient to hold them harmless, the Corporation will contribute to the amount paid or payable by the Indemnified Parties as a result of such Claims in such proportion as is appropriate to reflect not only the relative benefits received by the Corporation or the Corporation's shareholders on the one hand and the Indemnified Parties on the other, but also the relative fault of the parties and other equitable considerations which may be relevant. Notwithstanding the foregoing, the Corporation will in any event contribute to the amount paid or payable by the Indemnified Parties as a result of such Claim any amount in excess of the fees actually received by any Indemnified Parties hereunder.

The Corporation hereby constitutes the Agent as trustee for each of the other Indemnified Parties of the Corporation's covenants under this indemnity with respect to such persons and the Agent agrees to accept such trust and to hold and enforce such covenants on behalf of such persons.

The indemnity and contribution obligations of the Corporation shall be in addition to any liability which the Corporation may otherwise have, shall extend upon the same terms and conditions to the Indemnified Parties and shall be binding upon and inure to the benefit of any successors, assigns, heirs and personal representatives of the Corporation, the Agent and any of the Indemnified Parties. The foregoing provisions shall survive the completion of professional services rendered under the Agreement or any termination of the authorization given by the Agreement.

## **20. Assignment and Selling Group Participation.**

- (a) The Agent will not assign this Agreement or any of its rights under this Agreement or, with respect to the Securities, enter into any agreement in the nature of an option or a sub-option unless and until, for each intended transaction, the Agent has obtained the consent of the Corporation and notice has been given to and accepted by the Regulatory Authorities.
- (b) The Agent may offer selling group participation in the normal course of the brokerage business to selling groups of other licensed dealers, brokers and

investments dealers, who may or who may not be offered part of the commissions or warrants to be received by the Agent pursuant to this Agreement.

**21. Alternative Business Transaction.** If the Offering is not completed because an Alternative Business Transaction is entered into by the Corporation or any of its directors or officers, the Corporation shall pay the Agent promptly upon closing the Alternative Business Transaction a fee equal to the maximum amount of fees otherwise payable under this Agreement calculated on the basis of the maximum offering of Offered Common Shares proposed hereunder.

**22. Expenses.** The Corporation shall pay all reasonable expenses and fees in connection with the Offering contemplated by this Agreement, including, without limitation, expenses of or incidental to the issue, sale or distribution of the Offered Shares and the filing of the Offering Documents and expenses of or incidental to all other matters in connection with the transaction set out in this Agreement, including, without limitation, the fees and expenses payable in connection with the distribution of the Offered Shares, Over-Allotment Shares, the fees and expenses of the Corporation's counsel and of local counsel to the Corporation, the fees and expenses of the auditors and the transfer agent for the Common Shares, all costs incurred in connection with the preparation and printing of the Offering Documents and certificates representing the Offered Shares and the Agent's Warrants, the miscellaneous fees and expenses of the Agent and the reasonable fees and disbursements of the Agent's counsel, whether or not the Offering is completed. All fees and expenses incurred by the Agent or on its behalf shall be payable by the Corporation immediately upon receiving an invoice therefor from the Agent and shall be payable whether or not the Offering is completed. At the option of the Agent, such fees and expenses may be deducted from the gross proceeds of the Offering otherwise payable to the Corporation at Closing.

**23. Advertisements.** The Corporation agrees, if so requested by the agent, to include a reference to the Agent and their role in any press release or other public communication issued by the Corporation with respect to the Offering unless restricted by applicable law. Any press release issued by the Corporation after execution of the Letter Agreement in respect of the Offering shall be issued only after consultation with the Agent and in compliance with applicable law and policies of the securities regulatory authorities in the Qualifying Jurisdictions. The Corporation acknowledges that the Agent shall have the right, subject always to subparagraphs 4(a) and (c) of this Agreement, at its own expense, subject to the prior consent of the Corporation, such consent not to be unreasonably withheld, to place such advertisement or advertisements relating to the sale of the Offered Shares contemplated herein as the Agent may consider desirable or appropriate and as may be permitted by applicable law. The Corporation and the Agent each agree that they will not make or publish any advertisement in any media whatsoever relating to, or otherwise publicize, the transaction provided for herein so as to result in any exemption from the prospectus and registration or other similar requirements under applicable securities legislation in any of the provinces of Canada or any other jurisdiction in which the Offered Shares shall be offered and sold being unavailable in respect of the sale of the Offered Shares to prospective purchasers.

**24. Notices.** Unless otherwise expressly provided in this Agreement, any notice or other communication to be given under this Agreement (a "**notice**") shall be in writing addressed as follows:

- (a) If to the Corporation, to:

Longhorn Exploration Corp.  
Suite 605 – 815 Hornby Street  
Vancouver, BC V6Z 2E6

Attention: Anthony Zelen, CEO  
Email: Anthonyzelen88@gmail.com

with a copy to (which shall not constitute notice):

AFG Law LLP  
605-815 Hornby Street  
Vancouver, British Columbia, V6Z 2E6

Attention: Nick Ayling  
Email: nick@afgllp.com

(b) If to the Agent, to:

Haywood Securities Inc.  
Waterfront Centre  
200 Burrard Street, Suit 700  
Vancouver, British Columbia, V6C 3A6

Attention: Don Wong, Vice President, Investment Banking  
Email: dwong@haywood.com

with a copy to (which shall not constitute notice):

Miller Thomson LLP  
400-725 Granville Street  
Vancouver, British Columbia V7Y 1G5

Attention: Dwight Dee / Thomas Ghag  
Facsimile: (604) 643-1200  
Email: ddee@millerthomson.com / tghag@millerthomson.com

and if so given, shall be deemed to have been given and received upon receipt by the addressee or a responsible officer of the addressee if delivered, or one hour after being emailed and receipt confirmed during normal business hours.. Any party may, at any time, give notice in writing to the others in the manner provided for above of any change of address or email.

**25. Time of the Essence.** Time shall, in all respects, be of the essence hereof.

**26. Canadian Dollars.** All references herein to dollar amounts are to lawful money of Canada.

**27. Headings.** The headings contained herein are for convenience only and shall not affect the meaning or interpretation hereof.

**28. Singular and Plural, etc.** Where the context so requires, words importing the singular number include the plural and vice versa, and words importing gender shall include the masculine, feminine and neuter genders.

**29. Entire Agreement.** This Agreement constitutes the only agreement between the parties with respect to the subject matter hereof and shall supersede any and all prior negotiations and understandings, including, without limitation, the Letter Agreement. This Agreement may be amended or modified in any respect by written instrument only signed by each of the parties hereto.

**30. Severability.** If one or more provisions contained herein shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof, but this Agreement shall be construed as if such invalid, illegal or unenforceable provision or provisions had never been contained herein.

**31. Governing Law.** This Agreement is governed by the law of British Columbia, and the parties hereto irrevocably attorn and submit to the jurisdiction of the courts of British Columbia with respect to any dispute related to this Agreement.

**32. No Fiduciary Duty.** The Corporation hereby acknowledges that (i) the transactions contemplated hereunder are arm's-length commercial transactions between the Corporation, on the one hand, and the Agent and any affiliate through which it may be acting, on the other, (ii) the Agent is acting as agent but not as fiduciary of the Corporation and (iii) the Corporation's engagement of the Agent in connection with the Offering and the process leading up to the Offering is as agent and not in any other capacity. Furthermore, the Corporation agrees that it is solely responsible for making its own judgments in connection with the Offering (irrespective of whether the Agent has advised or is currently advising the Corporation on related or other matters). The Agent has not rendered advisory services beyond those, if any, required of an investment dealer by Securities Laws in respect of an offering of the nature contemplated by this Agreement and the Corporation agrees that it will not claim that the Agent has rendered advisory services beyond those, if any, required of an investment dealer by Securities Laws in respect of the Offering, or that the Agent owes a fiduciary or similar duty to the Corporation, in connection with such transaction or the process leading thereto.

**33. Successors and Assigns.** The terms and provisions of this Agreement shall be binding upon and enure to the benefit of the Corporation and the Agent and its respective successors and permitted assigns. This Agreement shall not be assignable by any party hereto without the prior written consent of the other party.

**34. Further Assurances.** Each of the parties hereto shall do or cause to be done all such acts and things and shall execute or cause to be executed all such documents, agreements and other instruments as may reasonably be necessary or desirable for the purpose of carrying out the provisions and intent of this Agreement.

**35. Effective Date.** This Agreement is intended to and shall take effect as of the date first set forth above, notwithstanding its actual date of execution or delivery.

**36. Counterparts.** This Agreement may be executed in two or more counterparts and may be delivered by facsimile transmission or other means of electronic transmission, each of which will be deemed to be an original and all of which will constitute one agreement, effective as of the reference date given above.

[signature page follows – remainder of page intentionally blank]

If the Corporation is in agreement with the foregoing terms and conditions, please so indicate by executing a copy of this Agreement where indicated below and delivering the same to the Agent.

Yours very truly,

**HAYWOOD SECURITIES INC.**

Per: /s/ Don Wong  
Authorized Signing Officer

The foregoing is hereby accepted on the terms and conditions therein set forth.

**DATED** as of the 28 day of February, 2022.

**LONGHORN EXPLORATION CORP.**

Per: /s/ Anthony Zelen  
Authorized Signing Officer