

## AGENCY AGREEMENT

September 8, 2017

Sable Resources Ltd.  
Suite 900, 999 West Hastings Street  
Vancouver, British Columbia  
V6C 2W2 Canada

**Attention: Thomas Obradovich, President and Chief Executive Officer**

Dear Sir:

Based on the terms and conditions set out below, Haywood Securities Inc. (the “**Agent**”) understands that Sable Resources Ltd. (the “**Company**”) proposes to issue and sell units (each a “**Unit**”, and collectively, the “**Units**”) by way of private placement. Upon and subject to the terms and conditions contained in this agency agreement, the Agent hereby agrees to act as, and upon acceptance hereof, the Company hereby appoints the Agent as, the exclusive agent of the Company to offer for sale by way of private placement on a “best efforts” agency basis (and without any underwriting liability) 24,670,000 Units at a price of \$0.15 (the “**Issue Price**”) per Unit, for aggregate gross proceeds of \$3,700,500 (the “**Offering**”). Each Unit is comprised of one Common Share (as defined below) (each a “**Unit Share**”) and one warrant (a “**Warrant**”). Each Warrant is exercisable to acquire one Common Share (each, a “**Warrant Share**”) at an exercise price of \$0.25 per Warrant Share for a period of 24 months from the Closing Date (as defined below).

The Offering may be completed in one or more partial closings at the discretion of the Company and the Agent (subject to the necessary regulatory approvals) and each such partial closing shall be made in accordance with the terms of this Agreement.

Pursuant to the terms of the Engagement Letter (as defined below), the Company granted the Agent an option (the “**Agent’s Option**”), to increase the size of the Offering and offer for sale up to an additional 3,700,500 Units (the “**Additional Units**”) on the same basis as the Units and at the Issue Price, to raise additional gross proceeds of \$555,075, which was exercisable in whole or in part by the Agent, in the Agent’s sole discretion and without obligation up to 48 hours prior to the Closing.

The Agent partially exercised the Agent’s Option to sell 2,700,500 Additional Units to raise additional gross proceeds of \$405,075 and the Agent confirms that the unexercised portion of Agent’s Option has expired in accordance with its terms. As a result, any Additional Units issued pursuant to such partial exercise of the Agent’s Option, shall be deemed to form part of the Offering for the purposes hereof and the term “Offering”, as used herein, shall include the offering of any Additional Units to be issued by the Company in connection with the exercise of the Agent’s Option. Unless the context otherwise requires, all references to (a) the “Units” shall include the Additional Units, (b) the “Unit Shares” shall include the Common Shares comprising, in part, the Additional Units, (c) the “Warrants” shall include the Warrants comprising, in part, the Additional Units, and (d) the

“Warrant Shares” shall include the Common Shares issuable upon exercise of the Warrants comprising the Additional Units.

The Agent agrees that the Company will sell, on a non-brokered private placement basis, 1,000,000 Units directly to a person in Canada and that such sale is intended to be completed by the Company contemporaneously with the Offering.

The Securities (as defined below) will be issued and sold pursuant to exemptions under Applicable Securities Laws (as defined below) including, but not limited to, “accredited investors” in Canada pursuant to National Instrument 45-106 - *Prospectus Exemptions*, in accordance with the provisions hereof.

The following are the terms and conditions of the agreement between the Company and the Agent:

## TERM AND CONDITIONS

### Section 1 Certain Definitions and Interpretation

(1) In this Agreement:

“**Additional Units**” has the meaning given to that term in the third paragraph of this Agreement;

“**Agent**” has the meaning given to that term in the first paragraph of this Agreement;

“**Agent’s Fee**” has the meaning given to that term in Section 10(1) of this Agreement;

“**Agent’s Option**” has the meaning given to that term in the third paragraph of this Agreement;

“**Agreement**” means this agency agreement;

“**Affiliate**” has the meaning given to that term in the *Business Corporations Act* (British Columbia);

“**Applicable Securities Laws**” means the Canadian Securities Laws **and the U.S. Securities Laws**;

“**Business Day**” means any day other than a Saturday, Sunday or statutory or civic holiday in the cities of Vancouver, British Columbia or Toronto, Ontario;

“**Canadian Securities Laws**” means, collectively, all applicable securities laws of each of the Qualifying Jurisdictions and the respective rules and regulations under such laws together with applicable published policies, instruments, notices and orders of the securities regulatory authorities in the Qualifying Jurisdictions including, without limitation, the published rules, policies, notices and by-laws of the TSX-V;

**“Closing”** means the closing of this Offering;

**“Closing Date”** means September 6, 2017 or such other date as may be agreed to by the Company and the Agent;

**“Common Shares”** means the common shares in the capital of the Company;

**“Company”** means Sable Resources Ltd. and unless the context so requires, includes the Material Subsidiary on a consolidated basis;

**“Company’s Auditors”** means Sam S. Mah Inc.;

**“Compensation Warrant”** has the meaning given to that term in Section 10(2) of this Agreement;

**“Compensation Warrant Certificates”** has the meaning given to that term in Section 10(2) of this Agreement;

**“Compensation Warrant Share”** has the meaning given to that term in Section 10(2) of this Agreement;

**“Disqualification Event”** means any conviction, order, judgment, decree, suspension, expulsion, event or other matter set out in Rule 506(d)(1)(i) through (viii) of Regulation D that is currently in effect or which occurred within the periods set out in Rule 506(d)(1)(i) through (viii) and, without limiting the foregoing, includes criminal convictions, court injunctions or restraining orders, final orders of any state or federal regulator, SEC disciplinary orders, SEC cease-and-desist orders, SEC stop orders or orders suspending the Regulation A exemption, suspension or expulsion from membership in, or association with a member of, a self-regulatory organization (such as FINRA) or United States Postal Service false representation orders;

**“Documents”** means collectively, this Agreement, the Subscription Agreements, the Warrant Certificates and the Compensation Warrant Certificates;

**“Due Diligence Review”** has the meaning given to that term in Section 4 of this Agreement;

**“Due Diligence Session”** has the meaning given to that term in Section 4 of this Agreement;

**“Due Diligence Session Responses”** means the written or oral responses provided by the Company, as given by any director or senior officer of the Company, at a Due Diligence Session, excluding the portion of such responses which are forward-looking or relate to projections or forecasts;

**“Engagement Letter”** means the letter agreement dated July 26, 2017 between the Company and the Agent, as amended on August 30, 2017;

**“Environmental Laws”** has the meaning given to that term in Section 6(1)(o) of this Agreement;

**“Financial Information”** means the audited annual financial statements of the Company as at and for the year ended December 31, 2016 and the unaudited interim financial statements of the Company as at and for three month period ended March 31, 2017 (including in each case the notes thereto and the accompanying Management’s Discussion and Analysis);

**“Governmental Authority”** means (i) any international, multinational, national, federal, provincial, state, municipal, local or other government or governmental or public ministry, department, court, commission, board, bureau, agency or instrumentality, domestic or foreign, (ii) any subdivision or authority of any of the foregoing, (iii) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority, or (iv) any stock exchange or securities market, including without limitation the TSX-V;

**“Governmental Licenses”** has the meaning given to that term in Section 6(1)(p) of this Agreement;

**“Hazardous Materials”** has the meaning given to that term in Section 6(1)(o) of this Agreement;

**“IFRS”** means International Financial Reporting Standards;

**“Issue Price”** has the meaning given to that term in the first paragraph of this Agreement;

**“Indemnified Party”** has the meaning given to that term in (1) of this Agreement;

**“Liens”** means any encumbrance or title defect of whatever kind or nature, regardless of form, whether or not registered or registrable and whether or not consensual or arising by law (statutory or otherwise), including any mortgage, lien, charge, pledge or security interest, whether fixed or floating, or any joint-venture or similar interest, earn-in provision, assignment, lease, option, right of pre-emption, privilege, encumbrance, easement, servitude, right of way, restrictive covenant, right of use or any other material right or material claim of any kind or nature whatever which affects ownership or possession of, or title to, any interest in, or the right to use or occupy such property or assets;

**“Material Adverse Effect”** means any effect on or change in either the Company or the business as described in the Public Record 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 Company;

**“material change”** means a material change for the purposes of Applicable Securities Laws or where undefined under Applicable Securities Laws of an Offering

Jurisdiction means a change in the business, operations or capital of the Company that would reasonably be expected to have a significant effect on the market price or value of the Common Shares, and includes a decision to implement such a change made by the directors of the Company;

**“Material Subsidiary”** means Multinational Mining Inc.;

**“material fact”** means a material fact for the purposes of Applicable Securities Laws or any of them, or where undefined under the Applicable Securities Laws of an Offering Jurisdiction means a fact that would reasonably be expected to have a significant effect on the market price or value of the Common Shares;

**“Mineral Projects”** means the mineral properties described in the Public Record;

**“misrepresentation”** means a misrepresentation for the purposes of Applicable Securities Laws or where undefined under the Applicable Securities Laws of an Offering Jurisdiction means: (i) an untrue statement of a material fact, or (ii) an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made;

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

**“Offering”** has the meaning given to that term in the first paragraph of this Agreement;

**“Offering Jurisdictions”** means the Qualifying Jurisdictions, the United States, and certain foreign jurisdictions; provided that, no prospectus filing or comparable obligation arises in any such jurisdiction;

**“Permitted Encumbrances”** means:

- (i) rights of way for, or reservations or rights of others relating to, sewers, water lines, gas lines, pipelines, electric lines, telegraph and telephone lines and other similar products or services;
- (ii) any reservations or exceptions to or vested in any Governmental Authority by the terms of any lease, licence, grant or permit forming part of the Mineral Projects;
- (iii) any encumbrance right vested in favour of any Governmental Authority arising under applicable laws;
- (iv) security given to a public utility or any Governmental Authority when required in the ordinary course of business in connection with the Mineral Projects;

**“Person”** means an individual, a firm, a corporation, a syndicate, a partnership, a trust, an association, an unincorporated organization, a joint venture, an investment club, a government or an agency or political subdivision thereof and every other form of legal or business entity of any nature or kind whatsoever;

**“Public Record”** means all information filed by or on behalf of the Company or any predecessor entity since November 30, 2016 with the Securities Commissions in compliance, or intended compliance, with Canadian Securities Laws and includes information on the Company’s website;

**“Purchasers”** means the persons who, as purchasers or beneficial purchasers, acquire Units by duly completing, executing and delivering Subscription Agreements and any other required documentation;

**“Qualifying Jurisdictions”** means, collectively, each of the provinces of Canada;

**“Regulation A”** means Regulation A adopted by the SEC under the U.S. Securities Act;

**“Regulation D”** means Regulation D adopted by the SEC under the U.S. Securities Act;

**“Regulation S”** means Regulation S adopted by the SEC under the U.S. Securities Act;

**“SEC”** means the United States Securities and Exchange Commission;

**“Securities”** means the Units, the Unit Shares, the Warrants, the Warrant Shares, the Compensation Warrants, and the Compensation Warrant Shares, collectively or individually, as the context requires;

**“Securities Commissions”** means the applicable securities commission or regulatory authority in each of the Qualifying Jurisdictions where the Company is a “reporting issuer”;

**“Subscription Agreements”** means, collectively, the subscription agreements entered into between the Company and each of the Purchasers in respect of the Offering and shall include, for greater certainty, all schedules thereto;

**“Technical Report”** means the technical report entitled “Technical Report on the Baker Gold Project, Toodoggone Region British Columbia, Canada”, effective date June 19, 2017.

**“Time of Closing”** means 9:00 a.m. (Vancouver time) on the Closing Date or any other time on the Closing Date as may be agreed to by the Company and the Agent;

**“Transfer Agent”** means Computershare Investor Services Inc., the transfer agent and registrar for the Common Shares;

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

“**Units**” has the meaning given to that term in the first paragraph of this Agreement;

“**Unit Share**” has the meaning given to that term in the first paragraph of this Agreement;

“**United States**” means the United States of America, its territories and possessions, any state of the United States, and the District of Columbia;

“**U.S. Accredited Investor**” means an “accredited investor” that meets the criteria in Rule 501(a) of Regulation D, as amended by the Dodd-Frank Wall Street Reform and Consumer Protection Act;

“**U.S. Affiliate**” means the U.S. registered broker-dealer affiliate of the Agent, being Haywood Securities (USA) Inc.;

“**U.S. Exchange Act**” means the United States Securities Exchange Act of 1934, as amended;

“**U.S. Person**” means a “U.S. person” as such term is defined in Regulation S promulgated under the U.S. Securities Act;

“**U.S. Securities Act**” means the United States Securities Act of 1933, as amended;

“**U.S. Securities Laws**” means all applicable securities legislation in the United States, including without limitation, the U.S. Securities Act, the U.S. Exchange Act and any applicable state securities laws, and the respective rules and regulations promulgated thereunder;

“**Warrant**” has the meaning given to that term in the first paragraph of this Agreement;

“**Warrant Certificates**” means the certificates evidencing the Warrants in a form to be agreed upon by the Agent and the Company, acting reasonably; and

“**Warrant Shares**” has the meaning given to that term in the first paragraph of this Agreement.

- (2) *Headings, etc.* The division of this Agreement into sections, subsections, paragraphs and other subdivisions and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. Unless something in the subject matter or context is inconsistent therewith, references herein to sections, subsections, paragraphs and other subdivisions are to sections, subsections, paragraphs and other subdivisions of this Agreement.
- (3) *Currency.* Except as otherwise indicated, all amounts expressed herein in terms of money refer to lawful currency of Canada and all payments to be made hereunder shall be made in such currency.

- (4) *Schedules.* The parties acknowledge that the schedules attached to this Agreement are deemed to be a part hereof and are hereby incorporated by reference herein.

## **Section 2      Offering Restrictions**

- (1) The Company acknowledges and the Agent hereby represents, warrants, covenants and agrees that:

- (a) the Agent shall: (i) use its reasonable commercial efforts to arrange for Purchasers in the Offering Jurisdictions; (ii) only solicit subscriptions for Units and sell the Units on a private placement basis in accordance with the terms and conditions of this Agreement and in compliance with all applicable securities laws and securities regulations applicable to the Agent, in those jurisdictions where they may be lawfully offered for sale or sold; (iii) not offer or otherwise do any act in furtherance of a trade of the Units so as to require registration thereof or the filing of a prospectus, offering memorandum or similar document with respect thereto under the laws of any jurisdiction and will not solicit offers to purchase the Units in any jurisdiction outside of Canada where the solicitation, sale or trade of the Units would result in any ongoing disclosure requirements in such jurisdiction or any registration requirements in such jurisdiction; (iv) obtain from each Purchaser an executed Subscription Agreement in the appropriate form provided by the Company to the Agent, together with all requisite forms, undertakings and materials as supplied by the Company to the Agent for execution; and (v) not deliver to prospective purchasers of the Units any documents which would constitute an “offering memorandum” as defined under Canadian Securities Laws and other Applicable Securities Laws and not advertise the proposed sale of such securities in printed public media, radio, television or telecommunications, including electronic display;
- (b) the Agent may form a sub-agency group or otherwise engage one or more sub-agents who shall be appropriately qualified or authorised investment dealers or brokers (the “**Sub-Agents**”) in the applicable jurisdiction, and may determine the percentage fee payable to such Sub-Agent, which fee will be paid by the Agent out of the Agent’s Fee;
- (c) the Agent,
- (i) acting in accordance with applicable exemptions from the registration requirements of the U.S. Securities Act and U.S. state securities laws or
- (ii) through its U.S. Affiliate in accordance with Schedule “A” hereto,
- may offer and sell the Units on behalf of the Company to, or for the account or benefit of, persons in the United States or U.S. Persons who are U.S. Accredited Investors in accordance with Rule 506 of Regulation D and

Section 4(a)(2) of the U.S. Securities Act, and in each case in accordance with the provisions of Schedule "A" hereto;

- (d) the Agent acknowledges that the Securities have not been and will not be registered under the U.S. Securities Act or any U.S. state securities laws and the Units may be offered and sold only in transactions exempt from or not subject to the registration requirements of the U.S. Securities Act and U.S. state securities laws;
  - (e) neither the Agent nor the U.S. Affiliate, nor any of their respective directors, executive officers, general partners, managing members or other officers participating in the Offering, nor any of their respective other officers or employees that have been or will be paid (directly or indirectly) remuneration for solicitation of purchasers in connection with the sale of any Units (each, an "**Agent Covered Person**" and, collectively, the "**Agent Covered Persons**") is subject to a Disqualification Event except for a Disqualification Event (i) covered by Rule 506(d)(2) under Regulation D and (ii) a description of which has been furnished in writing to the Company prior to the date hereof or, in the case of a Disqualification Event occurring after the date hereof, prior to the Closing Date.
- (2) The provisions of Schedule "A" of this Agreement entitled "Compliance with United States Securities Laws" apply in respect of all offers of the Units and are incorporated by reference in and shall form part of this Agreement.

### **Section 3      Obligations of the Company**

- (a) The Company undertakes to file or cause to be filed, on a timely basis and within the time periods stipulated by Canadian Securities Laws all forms, undertakings and other documents required to be filed by the Company under Canadian Securities Laws in connection with the purchase and sale of the Units so that the distribution of the Securities may lawfully occur without the necessity of filing a prospectus, registration statement or similar document. All fees payable in connection with such filings shall be at the sole expense of the Company.
- (b) The Company undertakes to file or cause to be filed, on a timely basis and within the time periods stipulated by U.S. Securities Laws, all forms, undertakings and other documents required to be filed by the Company under U.S. Securities Laws in connection with the offer and sale of the Units. All fees payable in connection with such filings shall be at the sole expense of the Company.
- (c) The Company further agrees to comply with all Applicable Securities Laws in connection with the distribution of the Securities. If the Agent, directly or through selling group members, conducts selling activities in jurisdictions other than Canada and the United States, and without limitation to the obligations of the Agent in Section 2(1)(a), the Company will file all forms

and other documents required to be filed in such other jurisdictions, to the extent the Agent obtained the prior written consent of the Company to conduct any activity requiring such filings.

- (d) Subject to compliance with Applicable Securities Laws, any press release of the Company relating to the Offering will be provided in advance to the Agent. The Company and the Agent will agree, each acting reasonably, to the form and content thereof prior to the release thereof. In order to comply with U.S. Securities Laws, no press release will be issued in the United States by the Company concerning the Offering from the date hereof, and any press release issued concerning the Offering shall include the following:

**“Not for distribution to U.S. news wire services or dissemination in the United States.”**

“This news release does not constitute an offer to sell or a solicitation of an offer to buy any of the securities in the United States or to or for the account or benefit of, a U.S. person (a **“U.S. Person”**) (as such term is defined in Regulation S promulgated under the United States Securities Act of 1933, as amended (the **“U.S. Securities Act”**)). The securities have not been and will not be registered under the United States Securities Act or any state securities laws and may not be offered or sold within the United States or to or for the account or benefit of a U.S. Person unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available.”

- (e) The Company shall not (i) provide to prospective Purchasers of the Units any document or other material that would constitute an “offering memorandum” or “future oriented financial information” within the meaning of Canadian Securities Laws; or (ii) engage in any form of general solicitation or general advertising in connection with the offer and sale of the Units, including but not limited to, causing the offering of the Units to be advertised in any newspaper, magazine, printed public media, printed media or similar medium of general and regular paid circulation, broadcast over radio, television or telecommunications, including electronic display.
- (f) The Company hereby covenants to and in favour of the Agent and the Purchasers, and acknowledges that each of them is relying on such covenants, as follows:
- (i) the Company shall use its best efforts to fulfil or cause to be fulfilled, at or prior to the Closing Date, each of the conditions set out in Section 5 to the extent the same are in respect of acts to be performed or caused to be performed by it;

- (ii) the Company shall deliver to the Agent copies of all correspondence and other written communications received by the Company, on the one hand and any securities regulatory authority or other Governmental Authority, on the other hand, relating to the offering of the Units and will generally keep the Agent apprised of the status of, including all developments relating to, the Offering;
- (iii) the Company shall duly execute and deliver the Subscription Agreements and, to the extent certificated, the certificates representing the Securities at the Time of Closing, and comply with and satisfy all terms, conditions and covenants therein contained to be complied with or satisfied by the Company;
- (iv) the Company shall ensure that the Securities shall be duly and validly authorized and issued in accordance with the terms thereof and have the attributes corresponding in all material respects to the description thereof set forth in this Agreement, the Warrant Certificates, the Compensation Warrant Certificates and the Subscription Agreements, as applicable; and
- (v) the Company shall ensure that the Compensation Warrants shall be validly created and that, upon the exercise in accordance with the terms thereof, including payment therefor, the Compensation Warrant Shares shall be duly issued as fully paid and non-assessable Common Shares, and that at all times prior to the expiry thereof, sufficient Common Shares are allotted and reserved for issuance upon the exercise of the Compensation Warrants.

#### **Section 4 Due Diligence**

During the time prior to the Time of Closing, the Agent, its legal counsel, and technical consultants will be provided with timely access to all information reasonably required to permit them to conduct a full due diligence investigation of the Company and its business operations, properties, assets, affairs and financial condition. In particular, the Company will make available to the Agent and its legal counsel, and technical consultants, on a timely basis, all corporate and operating records, material contracts, technical reports, feasibility studies, financial information, budgets, key officers, and other relevant information necessary in order to complete the due diligence investigation of the Company and its business operations, properties, assets, affairs and financial condition for this purpose (the **"Due Diligence Review"**). Without limiting the generality of the foregoing, the Company shall make available its senior management, the Company's legal counsel and the authors of the Technical Reports to answer any questions which the Agent may have and to participate in one or more due diligence sessions, either by way of written or oral responses, or both, to be held prior to the Time of Closing (collectively, the **"Due Diligence Session"**). The Agent will be entitled to rely on and assume no obligation to verify the accuracy or completeness of such information and under no circumstances will be liable to the Company or the Company's securityholders for any damages arising out of the inaccuracy or incompleteness of such information.

## Section 5      Conditions of Closing

The Agent's obligations under this Agreement and the obligations of the Purchasers under the Subscription Agreements are conditional upon and subject to the accuracy of the representations and warranties of the Company contained in this Agreement as of the date of this Agreement and as of the Time of Closing, the performance of the Company of its obligations under this Agreement and to the satisfaction of each of the following conditions, subject to the Agent's right to waive some or all of the following conditions or part(s) thereof:

- (1) *Canadian Legal Opinions.* The Agent and Agent's counsel receiving favourable legal opinions dated as of the Closing Date, delivered at the Time of Closing and addressed to the Agent and the Purchasers, from Cassels Brock & Blackwell LLP, counsel to the Company, as to matters governed by the laws of those of the Qualifying Jurisdictions in respect of which a distribution of Units to Purchasers under the Offering has occurred and in which Cassels Brock & Blackwell LLP is qualified to render legal opinions, to the effect, or substantially to the effect set forth below:
  - (a) the Company having been incorporated and existing under the laws of British Columbia;
  - (b) the Company having the corporate capacity and power to own and lease its properties and assets and to conduct its business as now currently conducted, to execute and deliver the Documents and to carry out the transactions contemplated by the Documents;
  - (c) as to the authorized and issued share capital of the Company;
  - (d) all necessary corporate action having been taken by the Company to authorize the execution and delivery of each of the Documents and the performance of its obligations hereunder and thereunder;
  - (e) all necessary corporate action having been taken by the Company to authorize the creation, execution, issuance and delivery of the Securities;
  - (f) the Unit Shares comprising the Units having been validly issued as fully paid and non-assessable Common Shares of the Company to the holders thereof;
  - (g) the Warrants comprising the Units having been validly created, authorized and issued by the Company and the certificates representing the Warrants having been duly executed and delivered by the Company;
  - (h) the Warrant Shares having been allotted and reserved for issuance to the holders of the Warrants and upon the due and proper exercise of the Warrants in accordance with their terms thereof (including payment of the exercise price therefor), the Warrant Shares will be validly issued as fully-paid and non-assessable Common Shares of the Company;

- (i) the Compensation Warrants having been validly created, authorized and issued by the Company and the Compensation Warrant Certificates having been duly executed and delivered by the Company;
- (j) the Compensation Warrant Shares having been allotted and reserved for issuance to the holders of the Compensation Warrants and upon the due and proper exercise of the Compensation Warrants in accordance with their terms (including payment of the exercise price therefor), the Compensation Warrant Shares will be validly issued as fully-paid and non-assessable Common Shares of the Company;
- (k) each of the Documents having been duly executed and delivered by the Company and each of the Documents constituting a legal, valid and binding obligation enforceable against the Company, in accordance with its respective terms (subject to bankruptcy, insolvency or other laws affecting the rights of creditors generally, general equitable principles including the availability of equitable remedies and the qualification that no opinion need be expressed as to rights to indemnity or contribution);
- (l) the execution and delivery by the Company of each of the Documents, the fulfilment of the terms hereunder and thereunder by the Company, including the issue, sale and delivery on the Closing Date of the Units and the Compensation Warrants, to the Agent or the Purchasers, as the case may be, do not constitute or result in a breach of or a default under, and do not create a state of facts which, after notice or lapse of time or both, will constitute or result in a breach of, and will not conflict with, any of the terms, conditions or provisions of the articles of the Company, any applicable law of the Province of British Columbia, or Canada, or any judgment, order, decree, of which counsel is aware of any Governmental Authority;
- (m) the offering, sale and issuance of the Securities to the Purchasers is exempt from the prospectus requirements of the Canadian Securities Laws, and no prospectus is required to be filed nor are any other documents required to be filed, proceedings taken, or approvals, permits, consents or authorizations obtained by the Company under the Canadian Securities Laws to permit the offer, issue and sale of the Securities by the Company to the Purchasers in the Qualifying Jurisdictions, except for the filing within 10 days of the Closing of a report in Form 45-106F1, prepared in accordance with applicable Canadian Securities Laws, with securities regulators in each applicable Qualifying Jurisdiction and together with the requisite filing fees;
- (n) no other documents will be required to be filed, proceedings taken or approval, permits, consents, orders or authorizations of regulatory authorities required to be obtained under Canadian Securities Laws in connection with the first trade in the Securities by a holder resident in the Qualifying Jurisdictions (other than a trade which is otherwise exempt under applicable Canadian Securities Laws) provided that, at the time of such trade:

- (i) the Company is and has been a reporting issuer in a jurisdiction of Canada for the four months immediately preceding the trade;
  - (ii) at least four months have elapsed from the date of distribution of the Securities;
  - (iii) the certificates, if any, representing the Securities carry the legend required by section 2.5(2)3(i) of NI 45-102;
  - (iv) if the Securities are entered into a direct registration or other electronic book-entry system, or if the Purchaser did not directly receive a certificate representing such Securities, the Purchaser received written notice containing the legend restriction notation required by section 2.5(2)3(i) of NI 45-102;
  - (v) the trade is not a "control distribution" as such term is defined in NI 45-102;
  - (vi) no unusual effort is made to prepare the market or to create a demand for the Securities that are the subject of the trade;
  - (vii) no extraordinary commission or consideration is paid to a person or company in respect of the trade; and
  - (viii) if the selling security holder is an insider or officer of the Company, the selling security holder has no reasonable grounds to believe that the Company is in default of securities legislation;
- (o) the Unit Shares, the Warrant Shares and the Compensation Warrant Shares, having been conditionally accepted for listing by the TSX-V, subject to the Company fulfilling all requirements of the TSX-V;
  - (p) such other matters as counsel to the Agent may reasonably request prior to the Time of closing; and

in a form acceptable to counsel to the Agent, Irwin Lowy LLP, acting reasonably;

- (2) *U.S. Legal Opinion.* If any Units are sold in the United States, the Agent shall have received a favourable legal opinion addressed to the Agent, in form and substance satisfactory to the Agent and its legal counsel, acting reasonably, dated as of the Closing Date, from SecuritiesLawUSA, PC, which counsel in turn may rely as to matters of fact on the representations and warranties of the Company in this Agreement and the certificates of the Agent, to the effect that registration will not be required under the U.S. Securities Act in respect of the sale of such Units by the Company, provided that such offers and sales are made in accordance with Schedule "A" to this Agreement;

- (3) *Title and Material Subsidiary Opinions.* The Agent shall have received a favourable opinion addressed to the Agent and the Purchasers, in form and substance satisfactory to the Agent's counsel, acting reasonably, dated as of the Closing date, from Dentons Canada LLP, as to the title and ownership interest of the Company in each of the Mineral Projects in British Columbia;
- (4) *Officer's Certificates.* The Agent having received certificates dated the Closing Date, signed by two senior officers of the Company in form and content satisfactory to the Agent, acting reasonably, with respect to:
  - (a) the constating documents of the Company;
  - (b) the resolutions of the directors of the Company relevant to the Offering, the allotment, issue (or reservation for issue) and sale of the Securities, and the authorization of the Documents, and the other agreements and transactions contemplated by this Agreement; and
  - (c) the incumbency and signatures of signing officers of the Company;
- (5) *Certificates of Status.* The Company having delivered to the Agent, at the Time of Closing, a certificate of good standing under the *Business Corporations Act* (British Columbia) for the Company, dated within two days of the Closing Date;
- (6) *Lock-Up Agreements.* The Company having delivered to the Agent, at the Time of Closing, executed agreements of the directors and officers in favour of the Agent as contemplated by Section 7(i);
- (7) *Closing Certificates.* The Company having delivered to the Agent, at the Time of Closing, a certificate dated the Closing Date, addressed to the Agent and signed by two senior officers of the Company, certifying for and on behalf of the Company, and not in their personal capacities, after having made due inquiries, with respect to the following matters:
  - (a) the Company having complied with all the covenants and satisfied all the terms and conditions of this Agreement on its part to be complied with and satisfied at or prior to the Time of Closing;
  - (b) no order, ruling or determination (including any stop order) having the effect of ceasing or suspending trading in any securities of the Company or prohibiting the sale of the Units or any of the Company's issued securities having been issued and no proceeding for such purpose being pending or, to the knowledge of such officers, threatened by any securities regulatory authority or stock exchange in Canada or the United States;
  - (c) (i) there having not occurred a Material Adverse Effect, or any change or development involving a prospective Material Adverse Effect, or the coming into existence of a new material fact, other than as disclosed in the Public Record; and (ii) except as disclosed in the Public Record, no transactions have

been entered into by the Company which are or would be material to the Company, other than in the ordinary course of business; and

- (d) the representations and warranties of the Company contained in this Agreement and in any certificates of the Company delivered pursuant to or in connection with this Agreement, being true and correct in all material respects as at the Time of Closing, with the same force and effect as if made on and as at the Time of Closing, after giving effect to the transactions contemplated by this Agreement;
- (8) *No Termination.* The Agent not having exercised any rights of termination set forth in Section 11;
- (9) *Adverse Proceedings.* At the Time of Closing, no order, ruling or determination having the effect of ceasing or suspending trading in any securities of the Company or prohibiting the sale of the Units or any of the Company's issued securities being issued and no proceeding for such purpose being pending or, to the knowledge of the Company, threatened in Canada or the United States;
- (10) *Subscription Agreements.* The Subscription Agreements, at the Time of Closing, shall have been executed and delivered by the Company in form and substance satisfactory to the Agent and its counsel, acting reasonably; and
- (11) *Other Documentation.* The Agent having received at the Time of Closing, such further certificates, opinions of counsel and other documentation from the Company as may be contemplated herein or as the Agent or its counsel may reasonably require, provided, however, that the Agent or its counsel shall request any such certificate or document within a reasonable period prior to the Time of Closing that is sufficient for the Company to obtain and deliver such certificate, opinion or document, and in any event, at least two (2) Business Days prior to the Time of Closing.

## **Section 6      Representations and Warranties of the Company**

- (1) The Company hereby represents and warrants to the Agent and the Purchasers, intending that the same may be relied upon by the Agent and the Purchasers, (and confirms for greater certainty, that the Purchasers in addition to the Agent, shall have the benefit of such representations and warranties as if they had been made directly to the Purchasers under their respective Subscription Agreements) that:
  - (a) *Good Standing of the Company.* The Company has been duly incorporated or organized and is validly existing under the laws of British Columbia and is current and up to date with all annual report filings required to be made by it in such jurisdiction, and has all requisite corporate power and authority to carry on its business, as now conducted and as presently proposed to be conducted by it, and to own, lease and operate its properties and assets and to carry out the transactions contemplated by this Agreement including executing and delivering the Documents and carrying out the obligations thereunder; and the Company is duly qualified or authorized to transact

business and is in good standing (in respect of the filing of annual returns where required or other information filings under applicable corporations information legislation) in each jurisdiction in which such qualification is required, whether by reason of the ownership or leasing of property or the conduct of business.

- (b) *Subsidiaries.* As of the date of this Agreement, the Company has no subsidiaries other than the Material Subsidiary.
- (c) *Share Capital of the Company.* As of the date hereof, the authorized share capital of the Company consists of an unlimited number of Common Shares. As of the close of business on September 5, 2017, 56,176,957 Common Shares, 12,437,482 common share purchase warrants to purchase 12,437,482 Common Shares and options to purchase 5,000,000 Common Shares are issued and outstanding.
- (d) *Listed Securities.* The Common Shares are listed on the TSX-V and the TSX-V has or will have prior to the Time of Closing conditionally approved the listing of the Unit Shares, the Warrant Shares and the Compensation Warrant Shares, subject only to the fulfillment of the TSX-V standard listing conditions.
- (e) *Authorization.* At the Time of Closing, the Securities will have been duly authorized for issuance and sale to the Purchasers and the Agent and when issued and delivered by the Company against payment of the consideration set forth therein, will be validly issued as fully paid and non-assessable securities of the Company. The issuance of the Securities is not subject to the pre-emptive rights of any shareholder of the Company, and all corporate action required to be taken by the Company for the authorization, issuance, sale and delivery of the Securities will have been validly taken at the Time of Closing.
- (f) *Absence of Rights.* No person has any right, agreement or option, present or future, contingent or absolute, pre-emptive or contractual, or any right capable of becoming a right, agreement or option, for the issue or allotment of any unissued Common Shares or any other agreement or option, for the issue or allotment of any unissued Common Shares or any other security convertible into or exchangeable for any such Common Shares or to require the Company to purchase, redeem or otherwise acquire any of the issued and outstanding Common Shares, except (A) options granted by the Company pursuant to its stock option plan to acquire an aggregate of 5,000,000 Common Shares; (B) warrants to acquire an aggregate of 12,437,482 Common Shares; (C) the right to issue 500,000 Common Shares as bonus shares in the event the Company completes a NI 43-101 technical report on the Tulox gold project, located in south-central British Columbia, that contains a measured and indicated resource of at least 500,000 ounces of gold within five years of the related agreement; (D) the right to issue 500,000 Common Shares as bonus shares in the event the Company completes a NI 43-101 technical

report on the Bot Deal project located in north-central British Columbia, that contains a measured and indicated resource of at least 500,000 ounces of gold within five years of the related agreement; and (E) the right to issue (i) 200,000 Common Shares upon TSX-V approval of the option agreement regarding the Margarita silver project; (ii) \$500,000 worth of Common Shares on or before the first anniversary of the option agreement, valued at the date of issue, less the value of the 200,000 Common shares issued upon TSX-V approval; (iii) \$1,000,000 worth of Common Shares on or before the second anniversary of the option agreement, valued at the date of issue; and (iv) \$2,000,000 worth of Common Shares on or before the third anniversary of the option agreement, valued at the date of issue.

- (g) *Financial Statements.* The Financial Information and the notes thereto contain no misrepresentation and,
- (A) present fairly, in all material respects, the financial position of the Company and the statements of operations, retained earnings, cash flow from operations and changes in financial information of the Company for the periods specified in such Financial Information;
  - (B) have been prepared in conformity with IFRS applied throughout the periods involved; and
  - (C) do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the Financial Information.
- (h) *Liabilities.* The Company does not have any liabilities, obligations, indebtedness or commitments, whether accrued, absolute, contingent or otherwise of the type required to be reflected as liabilities on a balance sheet prepared in accordance with IFRS, which are not disclosed or referred to in the Financial Information or referred to or disclosed herein, other than liabilities, obligations, or indebtedness or commitments (i) incurred in the normal course of business, or (ii) which would not reasonably be expected to have a Material Adverse Effect.
- (i) *No Default.* The Company is not in default or breach or violation of, and the execution and delivery of, and the entering into and performance of, and compliance with, the terms of the Documents do not and will not:
- (i) result in any breach of, or constitute a default under, and do not and will not create a state of facts which, after notice or lapse of time or both, would result in a breach of or constitute a default under, any term or provision of the constating documents, or resolutions of the Company, any applicable laws, mortgage, note, contract, agreement

(written or oral), instrument, lease or other document to which the Company is a party or by which it is bound, or any judgment, decree, order, statute, rule or regulation applicable to the Company which default or breach might reasonably be expected to have a Material Adverse Effect; or

- (ii) create a right for any other party to terminate, accelerate or in any way alter any other rights existing under any indenture, mortgage, note, contract, agreement (written or oral), instrument, lease or other document to which the Company is a party or by which it is bound which, upon exercise of such right, might reasonably be expected to have a Material Adverse Effect.
- (j) *Independent Accountants.* The Company's Auditors who reported on and audited the Financial Information, were independent with respect to the Company within the meaning of the Canadian Institute of Chartered Accountants Handbook.
- (k) *No Reportable Events.* There has not been any reportable event (within the meaning of Section 4.11 of National Instrument 51-102 of the Canadian Securities Administrators) with the Company's Auditors.
- (l) *Accounting Controls.*
- (i) The Company maintains, and will maintain, a system of internal accounting controls sufficient to provide reasonable assurance that (i) transactions are executed in accordance with management's general or specific authorizations, and (ii) access to assets is permitted only in accordance with management's general or specific authorization; and
  - (ii) The Company maintains a system of internal accounting controls sufficient to provide reasonable assurance that (i) transactions are recorded as necessary to permit preparation of financial statements in conformity with IFRS and to maintain asset accountability and (ii) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.
- (m) *Material Assets.* Other than as disclosed in the Public Record and the Permitted Encumbrances, the Company is the absolute legal and beneficial owner of, and has good and marketable title to, all of its material assets relating to the Mineral Projects free of all mortgages, liens, charges, pledges, security interests, encumbrances, claims or demands whatsoever and no other assets or property rights are necessary for the conduct of the business of the Company as currently conducted and, there are no material restrictions on the ability of the Company to use, transfer or otherwise exploit such assets or property rights, and the Company does not know of any claim or basis for a claim that might or could adversely affect its rights to use, transfer or

otherwise exploit such assets or property rights and the Company has no responsibility or obligation to pay any commission, royalty, licence, fee or similar payment to any person with respect to the assets or property rights thereof. Any and all agreements pursuant to which the Company holds its material assets relating to the Mineral Projects or is entitled to the use of or to acquire ownership of such material assets (whether directly or indirectly) are valid and subsisting agreements in full force and effect, enforceable in accordance with its respective terms, and to the knowledge of the Company, there is currently no material default of any of the provisions of any such agreements by any party thereto nor has any such default been alleged, and the Company, after making due enquiries, is not aware of any disputes with respect thereto and such assets are in good standing under the applicable statutes and regulations of the jurisdictions in which they are situate, and all leases, licences, concessions, and claims pursuant to which the Company derives its interests (whether legal or beneficial) in such material assets are in good standing and there has been no material default under any such leases, licences, concessions, and claims and all material taxes required to be paid with respect to such assets to the date hereof have been paid.

- (n) *Mineral Information.* The information set forth in the Public Record relating to information which is subject to the requirements of NI 43-101 has been reviewed and verified by qualified persons and, in all cases, the information has been prepared, in all material respects, in accordance with Canadian industry standards set forth in NI 43-101, and the information, was, at the time of delivery thereof, complete and accurate in all material respects and there have been no undisclosed material changes to such information since the date of delivery or preparation thereof. The Technical Report is the most recent reports within the meaning of NI 43-101 and there has been no new material scientific or technical information with respect to the subject properties since the date of the Technical Report.
  
- (o) *Environmental Laws.* The Company is not in violation of any federal, provincial, state, local, municipal or foreign statute, law, rule, regulation, ordinance, code, policy or any judicial or administrative interpretation thereof, including any judicial or administrative order, consent decree or judgment, relating to pollution or protection of human health, the environment (including, without limitation, ambient air, surface water, groundwater, land surface or subsurface strata) or wildlife, including, without limitation, laws and regulations relating to the release or threatened release of chemicals, pollutants, contaminants, wastes, toxic substances, hazardous substances, petroleum or petroleum products (collectively, "**Hazardous Materials**") or to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials (collectively, "**Environmental Laws**"), except where such violation would not reasonably be expected to have a Material Adverse Effect, (b) the Company has all permits, authorizations and approvals required under any applicable Environmental Laws and is in compliance with its requirements to conduct

its business as currently conducted, except where such non-compliance would not reasonably be expected to have a Material Adverse Effect, and (c) there are no pending, or to the knowledge of the Company, threatened administrative, regulatory or judicial actions, suits, demands, demand letters, claims, liens, notices of non-compliance or violation, investigation or proceedings relating to any Environmental Laws against the Company, which if determined adversely, would reasonably be expected to have a Material Adverse Effect.

- (p) *Possession of Licenses and Permits.* The Company possesses such permits, certificates, licenses, approvals, consents and other authorizations (collectively, "**Governmental Licenses**") issued by the appropriate federal, provincial, state, local or foreign regulatory agencies or bodies necessary to own, lease, use, stake or maintain the Mineral Projects and to conduct the business now operated by it and to explore the Mineral Projects as currently proposed, except where the failure to possess such permits, certificates, licenses, approvals, consents or authorizations would not reasonably be expected to have a Material Adverse Effect. The Company is in material compliance with the terms and conditions of all such Governmental Licenses. All of the Governmental Licenses are valid and in full force and effect. Other than as disclosed to the Agent, the Company has not received any notice of proceedings relating to the revocation or modification of any such Governmental Licenses that remain outstanding. The Company is licensed, qualified and registered to carry on business as currently conducted.
- (q) *Material Contracts.* The Company does not currently have any material contracts.
- (r) *No Material Adverse Effect.* Since December 31, 2016, (a) there has been no change in the condition (financial or otherwise), or in the properties, capital, affairs, prospects, operations, assets or liabilities of the Company whether or not arising in the ordinary course of business which would reasonably be expected to give rise to a Material Adverse Effect, except as disclosed in the Public Record, and (b) there have been no transactions entered into by the Company, other than those in the ordinary course of business, which are material with respect to the Company, except as disclosed in the Public Record.
- (s) *Absence of Proceedings.* There is no action, suit, proceeding, or to the knowledge of the Company any inquiry or investigation before or brought by any court or governmental agency, governmental instrumentality or body, domestic or foreign (collectively "**Proceedings**"), now pending or, to the knowledge of the Company, threatened against or affecting the Company which is required to be disclosed in the Public Record and which is not so disclosed. To the knowledge of the Company, there are no Proceedings which if determined adversely, would have a Material Adverse Effect, or which if determined adversely would materially and adversely affect the

consummation of the transactions contemplated in this Agreement or the performance by the Company of its obligations hereunder.

- (t) *Absence of Defaults and Conflicts.* The Company is not in violation of its articles or by-laws or other constating documents or in default in the performance or observance of any obligation, agreement, covenant or condition contained in any contract, indenture, mortgage, deed of trust, loan or credit agreement, note, lease, license or other agreement or instrument to which the Company is a party or by which it may be bound, or to which any of the property or assets of the Company is subject (collectively, "**Agreements and Instruments**"), except where such default, breach or conflict would not reasonably be expected to have a Material Adverse Effect. The execution, delivery and performance of the Documents and the consummation of the transactions contemplated herein and therein (including the authorization, issuance, sale and delivery of the Securities) and compliance by the Company with its obligations hereunder, have been duly authorized by all necessary corporate action, and do not and will not, whether with or without the giving of notice or passage of time or both, conflict with or constitute a breach of, or default or Repayment Event (as defined below) under, or result in the creation or imposition of any Lien upon any property or assets of the Company pursuant to the Agreements and Instruments, nor will such action result in any violation or conflict with the provisions of the articles or by-laws or other constating documents of the Company or any existing applicable law, statute, rule, regulation, judgment, order, writ or decree of any government, government instrumentality or court, domestic or foreign, having jurisdiction over the Company or any of its assets, properties or operations, except for such violations or conflicts that would not, singly or in the aggregate, have a Material Adverse Effect. As used herein, a "**Repayment Event**" means any event or condition which gives the holder of any note, debenture or other evidence of indebtedness (or any person acting on such holder's behalf) the right to require the repurchase, redemption or repayment of all or a portion of such indebtedness by the Company.
- (u) *Outstanding Judgments.* There is no outstanding judgment, order, decree, arbitral award or decision of any court, tribunal or governmental agency against the Company.
- (v) *Consents and Approvals.* None of the offering, sale and issuance of the Securities, the execution and delivery of this Agreement, the compliance by the Company with the provisions of the Documents or the consummation of the transactions contemplated thereunder including, without limitation, the issue of the Securities for the consideration and upon the terms and conditions as set out herein and in the Subscription Agreements, do or will require the consent, approval, or authorization, order or agreement of, or registration or qualification with, any Governmental Authority or other Person, except as may be required under the Applicable Securities Laws of

the Offering Jurisdictions and will be obtained by the Closing Date or such later date as the Applicable Securities Laws of the Offering Jurisdictions allow.

- (w) *Unlawful Payment.* Neither the Company, nor to the knowledge of the Company, any of its directors, officers, employees or agents, has made any unlawful contribution or other payment to any official of, or candidate for, any federal, state, provincial or foreign office, or failed to disclose fully any contribution, in violation of any law, or made any payment to any foreign, Canadian, United States or provincial or state governmental officer or official, or other Person charged with similar public or quasi-public duties, other than payments required or permitted by applicable laws.
- (x) *Brokerage Fees.* Other than the Agent, there is no Person, firm or corporation acting or, to the knowledge of the Company, purporting to act at the request of the Company, who is entitled to any brokerage or finder's fees in connection with the Offering contemplated herein.
- (y) *Authorization of Documents.* At the Time of Closing, the Documents will have been duly authorized, executed and delivered by the Company and in each case, will be a legal, valid and binding obligation of, and enforceable against, the Company in accordance with its terms (subject to bankruptcy, insolvency or other laws affecting the rights of creditors generally, the availability of equitable remedies and the qualification that rights to indemnity and waiver of contribution may be contrary to public policy).
- (z) *No Default of Securities Laws.* The Company is not in default of any requirement of Applicable Securities Laws which would reasonably be expected to have a Material Adverse Effect on the Offering or the Company. All information which has been prepared by the Company relating to the Company, its business, property and liabilities provided to the Agent, including all financial, marketing, sales and operational information provided to the Agent and information provided to the Agent at the Due Diligence Session are, as of the date of such information, true and correct in all material respects, and no material fact or facts have been omitted therefrom which would make such information misleading.
- (aa) *Disclosure.* The information and statements in the Public Record were true and correct at the time such documents were filed and contained no misrepresentations.
- (bb) *Voting Agreements.* The Company is not party to any agreement, nor is the Company aware of any agreement, which in any manner affects the voting control of any of the securities of the Company.
- (cc) *Interest of Insiders.* Other than as disclosed in the Public Record, none of the directors, officers or employees of the Company, any known holder of more than 10% of any class of shares of the Company, or any known associate or,

to the knowledge of the Company, affiliate of any of the foregoing persons or companies, has had any material interest, direct or indirect, in any material transaction within the previous two years or has any material interest in any proposed material transaction involving the Company which, as the case may be, materially affected, is material to or will materially affect the Company.

- (dd) *Shareholder Agreements.* Neither the Company nor to the knowledge of the Company any of its shareholders is a party to any shareholders agreement, pooling agreement, voting trust or other similar type of arrangements in respect of outstanding securities of the Company, other than as disclosed in the Public Record.
- (ee) *Interest in Revenues.* No officer, director, employee or any other Person not dealing at arm's length with the Company, or to the knowledge of the Company, any associate or affiliate of such person, owns, has or is entitled to any royalty, net profits interest, carried interest, licensing fee, or any other encumbrances or claims of any nature whatsoever which are based on the revenues of the Company.
- (ff) *Employees.* All material employment agreements, severance agreements and change of control agreements and all employee plans have been disclosed in the Public Record where required by applicable law. The Company is in material compliance with all laws respecting employment and employment practices, terms and conditions of employment, occupational health and safety, pay equity and wages; there is not currently any labour disruption or conflict involving the Company and the Company is not a party to a collective bargaining agreement. To the best of the Company's knowledge, there are no union organizing efforts being made at the Company.
- (gg) *Indebtedness.* The Company does not have any loans or other material indebtedness outstanding which has been made to any of its shareholders, officers, directors or employees, past or present, or any person not dealing at "arm's length" (as such term is defined in the *Income Tax Act* (Canada)) with it.
- (hh) *Insurance.* The Company maintains no insurance with respect to its assets.
- (ii) *Taxes.* All tax returns, reports, elections, remittances and payments of the Company required by applicable law to have been filed or made in any applicable jurisdiction, have been filed or made (as the case may be), and are substantially true, complete and correct and all taxes of the Company which are due and payable have been paid or accrued in the Financial Information (except in any case in which the failure to file, pay or accrue such taxes would not result in a Material Adverse Effect).

- (jj) *Transfer Agent.* Computershare Investor Services Inc. at its offices in Vancouver, British Columbia has been duly appointed as the Transfer Agent and registrar for the Common Shares.
- (kk) *Status in the U.S.* The Company makes the representations, warranties and covenants applicable to it in Schedule "A" hereto and acknowledges that the terms and conditions of the representations, warranties and covenants of the parties contained in Schedule "A" form part of this Agreement.
- (ll) *Directors and Officers.* To the knowledge of the Company, none of the directors or officers of the Company are now, or have ever been, subject to an order or ruling of any securities regulatory authority or stock exchange prohibiting such individual from acting as a director or officer of a public company or of a company listed on a particular stock exchange.
- (mm) *Insiders.* Upon the completion of Offering, to the knowledge of the Company, no Purchaser will be a Control Person of the Company (as such term is defined in TSX-V Policy 1.1 - *Interpretation*).
- (nn) *Exchange Compliance.* The Company is, and will at the Time of Closing be, in compliance in all material respects with the by-laws, rules and regulations of the TSX-V and no material change relating to the Company has occurred within the past 12 months that has not been generally disclosed and that in relation thereto the requisite material change report has not been filed under Canadian Securities Laws and no such disclosure has been made on a confidential basis that at the date hereof remains confidential.
- (oo) *Reporting Issuer Status.* As at the date hereof, the Company is a "reporting issuer" in the provinces of British Columbia and Alberta within the meaning of the Canadian Securities Laws in such provinces and is not currently in default of any material requirement of the Canadian Securities Laws of such jurisdictions and the Company is not included on a list of defaulting reporting issuers maintained by any of the Securities Commissions of such jurisdictions.
- (pp) *Purchase and Sales.* Except as disclosed in the Public Record, the Company has not approved, has not entered into any agreement in respect of, and has no knowledge of:
  - (i) the purchase of any material property or any interest therein or the sale, transfer or other disposition of any material property or any interest therein currently owned, directly or indirectly, by the Company whether by asset sale, transfer of shares, or otherwise; or
  - (ii) the change of control (by sale or transfer of shares or sale of all or substantially all of the assets of the Company) of the Company.

- (qq) *No Cease Trade Orders.* No order ceasing or suspending trading in securities of the Company or prohibiting the sale of securities by the Company has been issued by an exchange or securities regulatory authority that remains in effect, and no proceedings for this purpose have been instituted, or are, to the Company's knowledge, pending, contemplated or threatened.
- (rr) *Money Laundering Laws.* The operations of the Company are and have been conducted at all times in compliance with applicable financial recordkeeping and reporting requirements of the money laundering statutes of all jurisdictions, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any governmental authority (collectively, the "**Money Laundering Laws**") and no action, suit or proceeding by or before any court of governmental authority or any arbitrator non-governmental authority involving the Company with respect to the Money Laundering Laws is to the knowledge of the Company pending or threatened.
- (ss) *No "Bad Actor" Disqualification Events.* To the best of the Company's knowledge after reasonable investigation, none of the Company (including its predecessors or affiliated issuers), any director or executive officer, any non-executive officer participating in the Offering, any shareholder holding or controlling 20% or more of the Common Shares, any current promoter of the Company or any person (other than the Agent Covered Persons, for which no representation or warranty is made) that has been or will be paid (directly or indirectly) for the solicitation of purchasers in the Offering (a "**Compensated Solicitor**") and no general partner or managing member of any Compensated Solicitor or any executive officer, non-executive officer participating in the Offering, or director of any Compensated Solicitor or general partner or managing member of such Compensated Solicitor is subject to a Disqualification Event, except for a Disqualification Event (i) covered by Rule 506(d)(2) or (d)(3) of Regulation D and (ii) a description of which has been furnished in writing to the Agent prior to the date hereof or, in the case of a Disqualification Event occurring after the date hereof, prior to the Closing Date.

## **Section 7 Additional Covenants of the Company**

In addition to any other covenant of the Company set forth in this Agreement, the Company covenants with the Agent and the Purchasers (and confirms, for greater certainty, that the Purchasers, in addition to the Agent shall have the benefit of such covenants as if they had been made directly to the Purchasers under their respective Subscription Agreements) that:

- (a) *Stock Exchange Listing.* The Company will use its reasonable best efforts to obtain, prior to the Closing Date, all necessary acceptances and approvals of the TSX-V with respect to the listing of the Unit Shares, the Warrant Shares and the Compensation Warrant Shares, subject only to the satisfaction by the Company of customary post-closing conditions imposed by the TSX-V in

similar circumstances (the “**Standard Listing Conditions**”), provided that this covenant shall not prevent the Company from completing any consolidation, amalgamation, take-over bid, corporate sale, merger or combination transaction.

- (b) *Reporting Issuer Status.* The Company will use its reasonable commercial efforts to maintain its status as a “reporting issuer” (or the equivalent thereof) not in default pursuant to the requirements of the applicable Canadian Securities Laws which have such a concept to the date that is two years following the Closing Date, provided that this covenant shall not prevent the Company from completing any consolidation, amalgamation, take-over bid, corporate sale, merger or combination transaction.
- (c) *Maintaining Stock Exchange Listing.* The Company will use its reasonable commercial efforts to maintain the listing of its Common Shares on the TSX-V, TSX or such other recognized stock exchange as Company may decide, acting reasonably, to the date that is two years following the Closing Date, provided that this covenant shall not prevent the Company from completing any consolidation, amalgamation, take-over bid, corporate sale, merger or combination transaction.
- (d) *Corporate Existence.* The Company will use its reasonable commercial efforts to preserve and maintain its corporate existence to the date that is two years following the Closing Date, provided that this covenant shall not prevent the Company from completing any consolidation, amalgamation, take-over bid, corporate sale, merger or combination transaction.
- (e) *Other Filings.* The Company will make all necessary filings with and obtain all necessary approvals, consents and acceptances of all applicable regulatory authorities in the Qualifying Jurisdictions required to be made or obtained in order to permit the Company to distribute the Securities on a basis exempt from the registration and prospectus requirements under the Canadian Securities Laws and to permit the holders of the Securities to be able to resell the Unit Shares, the Warrant Shares, and the Compensation Warrant Shares through registered dealers or brokers after the expiry of the four-month and one day hold period relating thereto without the requirement of filing a prospectus or other document, taking any proceeding or obtaining any approval, permit, consent or authorization under the Canadian Securities Laws, subject to the absence of any orders restricting trades in such Securities, no unusual effort being made to prepare the market or to create a demand for the Securities that are subject of the trade, no extraordinary commission or consideration being paid to a person or entity in respect of the trade, and general restrictions applicable to holders thereof who are insiders or officers of the Company or who are “control persons” or to “control distributions” as contemplated by Canadian Securities Laws.
- (f) *Press Releases.* Subject to compliance with applicable law, any press release of the Company relating to the Offering will be provided in advance to the

Agent, and, subject to the Company's requirements under Applicable Securities Laws, Company will use its reasonable best efforts to agree to the form and content thereof with the Agent, prior to the release thereof and will comply with Section 3(d) hereof.

- (g) *Use of Proceeds.* The Company confirms its intention to use the net proceeds from the purchase and sale of the Units in accordance with the descriptions set forth below assuming that the Agent's Option is exercised to raise gross proceeds of at least \$4,000,000:

G&A	Balance
Mine, Mill and Tailings Storage Facility	\$300,000
Exploration	
Prospecting newly staked claims	\$100,000
Margarita	\$1,000,000
Tulox	\$500,000
Baker	\$500,000
Bot	\$1,000,000

Although the Company intends to expend the proceeds from the purchase and sale of Units as set forth in the use of proceeds set forth above, the actual allocation of the available proceeds may vary, depending on future developments in the Corporation's mineral properties or where, for sound business reasons, a reallocation of the use of proceeds is necessary. In particular, the use of funds will be affected by exploration results, which may compel management, in its discretion, to re-allocate proceeds.

- (h) *Blackout Period.* The Company agrees that it shall not, directly or indirectly, issue or announce the issuance of any Common Shares or securities convertible into or exercisable or exchangeable for Common Shares, other than pursuant to this Agreement, and pursuant to issuances (i) pursuant to presently outstanding rights or agreements, including options, warrants and other convertible securities and any rights which have been granted or issued including with respect to property agreements, (ii) pursuant to the grant or exercise of options under the Company's employee stock option plan and other Common Share plans currently in existence or adopted by the Company's board of directors, including employee stock purchase plan deductions, or (iii) in connection with property or share acquisitions, for a period of 120 days from the Closing Date without the prior written consent of the Agent, such consent not to be unreasonably withheld or delayed.
- (i) *Lock-Up Agreements.* The Company shall cause each of its directors and officers of the Company to execute agreements, in favour of the Agent, agreeing not to, 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 publicly announce any intention to do so whether through the facilities of a stock exchange, by private placement or otherwise,

any Common Shares or other securities of the Company held by them, directly or indirectly, for a period ending 120 days from the Closing Date; unless (a) they first obtain the prior written consent of the Agent, which consent will not be unreasonably withheld or delayed; (b) there occurs a take-over bid or similar transaction involving a change of control of the Company; or (c) the exercise of currently outstanding stock options or warrants held by them.

- (j) *Availability of Management.* Management of the Company will make themselves available to provide such assistance in marketing the Offering as the Agent may reasonably request.

## **Section 8 Closing**

- (1) *Location of Closing.* The Offering will be completed at the offices of the Company's counsel, Cassels Brock & Blackwell LLP, in Vancouver, British Columbia at the Time of Closing.
- (2) *Certificates.* (a) Certificates representing the Unit Shares purchased by the Purchasers, in the names and denominations reasonably requested by the Purchasers and as directed by the Agent, shall be certified and delivered by the Transfer Agent to the Agent or an electronic deposit of such Unit Shares shall be made to CDS & Co. as directed by the Agent, (b) the Warrant Certificates representing the Warrants shall be registered and delivered as directed by the Agent, and (c) the Compensation Warrant Certificates shall be registered and delivered as directed by the Agent, in each case, subject to delivery by the Agent to the Company of duly executed and completed Subscription Agreements for acceptance by the Company and, subject to Section 9, the gross proceeds of the Offering less the applicable Expenses and Agent's Fee. The certificate or certificates representing the Unit Shares and the Warrant Certificates will contain such legends as required by Canadian Securities Laws and/or U.S. Securities Laws.

## **Section 9 Payment of the Purchase Price**

- (1) *Purchase Price.* The Agent will, at the Time of Closing, pay the gross proceeds of the sale of the Offering (the "**Purchase Price**"), to the Company by electronic funds or wire transfer or other similar payment mechanism payable to the order of the Company in Canadian funds, less the amount of: (i) the Agent's Fee, and (ii) the Expenses subject to and in accordance with Section 9(2).
- (2) *Payment.* The Company will, at the Time of Closing, (i) make payment in full of the amounts as are due pursuant to Section 14 (the "**Expenses**") which shall be made by the Company directing the Agent to withhold the Expenses from the payment of the Purchase Price to the Company; and (ii) deliver to the Agent certificates representing the Compensation Warrants.

## Section 10 Compensation of the Agent

- (1) *Agent's Fee.* In consideration of the services to be rendered by the Agent in connection with the Offering the Company shall pay to the Agent at the Time of Closing, a cash fee (the "**Agent's Fee**") equal to: (i) 6.0% of the gross proceeds of the sale of Units pursuant to the Offering to Purchasers not on the President's List; and (ii) 3.0% of the gross proceeds of the sale of Units pursuant to the Offering to Purchasers on the President's List.
- (2) *Compensation Warrants.* As additional compensation for the services to be rendered by the Agent in connection with the Offering, the Company shall issue to the Agent, as the Agent shall direct, at the Time of Closing, that number of compensation warrants (the "**Compensation Warrants**") as is equal to: (i) 6.0% of the total number of Units sold pursuant to the Offering to Purchasers not on the President's List; and (ii) 3.0% of the total number of Units sold pursuant to the Offering to Purchasers on the President's List. Each Compensation Warrant will entitle the holder on exercise thereof to purchase one Common Share (each a "**Compensation Warrant Share**") at an exercise price of \$0.15 per Compensation Warrant Share for a period of 24 months from the Closing Date. The Company shall execute and deliver to the Agent at the Time of Closing certificates evidencing the Compensation Warrants (the "**Compensation Warrant Certificates**") to which the Agent is entitled in a form to be agreed upon by the Agent and the Company, acting reasonably.
- (3) *President's List.* The Company shall have the ability to allocate up to \$350,000 of the gross proceeds of the Offering to certain Purchasers (the "**President's List**").
- (4) *Right of First Refusal.* Subject to the Closing of the Offering, if, within twelve (12) months of the Closing Date, the Company (a) proposes to engage in a transaction involving (i) the offering or placement of equity or debt securities on a brokered basis (a "**Future Transaction**"), (ii) the acquisition or disposition of assets outside of the Company's ordinary course of business where the Company proposes to engage an advisor, or (iii) a material corporate transaction, such as an amalgamation, recapitalization, merger, take-over bid, joint venture, plan of arrangement or reorganization where the Company proposes to engage an advisor, or (b) receives an unsolicited take-over bid and the Company proposes to engage an advisor, the Company will offer to the Agent a right of first refusal (the "**ROFR**") to act as its lead manager, underwriter, and/or private placement agent with minimum syndicate economics of 50%, and/or financial advisor (as the case may be, depending upon the nature of the transaction) in connection with such Future Transaction. The terms and conditions relating to any such services will be outlined in a separate engagement letter, underwriting agreement, agency agreement or financial advisory agreement, and the fees for such services will be in addition to the fees payable hereunder and will be negotiated separately and in good faith by the Company and the Agent. The Company shall send a notice to Agent (the "**First Refusal Notice**") in writing to offer the ROFR in connection with a Future Transaction, setting out the details of the Future Transaction. Any offer by way of a First Refusal Notice shall be irrevocable and shall remain open for acceptance by the Agent for a period of two (2) Business

Days (the “**ROFR Offer Period**”) after receipt of the First Refusal Notice. The Agent shall have the right, exercisable by written notice (the “**Acceptance Notice**”) to the Company within the ROFR Offer Period to accept the ROFR. If no Acceptance Notice is given during the ROFR Offer Period, the Agent shall be deemed to have rejected the ROFR, in which case, the Company may engage any other financial institution as lead manager, underwriter, private placement agent and/or financial advisor (as the case may be, depending on the nature of the transaction) in connection with such transaction, provided that the terms and conditions of any such engagement shall be no more favourable to such other financial institution than the terms and conditions offered by the Company to the Agent in the First Refusal Notice. The ROFR shall remain outstanding for the twelve (12) month period (the “**ROFR Term**”) following the Closing Date and the acceptance, rejection or deemed rejection by the Agent of any ROFR in connection with a Future Transaction shall not preclude the Agent from any ROFR in connection with any subsequent Future Transaction during such ROFR Term.

## **Section 11 Termination Rights**

- (1) The Agent shall be entitled, at its option, to terminate and cancel, without any liability on the part of such Agent or the Purchasers, its obligations hereunder and any obligations of Affiliates, as well as the obligation to purchase any Units made by Purchasers, by giving written notice to the Company at any time at or prior to the relevant Time of Closing on the relevant Closing Date if:
  - (a) the Agent or its counsel, identify any undisclosed adverse information regarding the Company or its subsidiaries as a result of their Due Diligence Review or otherwise that would reasonably be expected to have a material adverse effect on the Company or a material adverse effect on the Offering;
  - (b) there is, in the sole opinion of the Agent, a material change or a change in any material fact or new material fact with respect to the Company or its business shall arise which would be reasonably expected to have a significant adverse effect on the business, operations or affairs of the Company or on the market price or value of the securities of the Company;
  - (c) the state of the financial markets is such that, in the sole opinion of the Agent, it would be unprofitable to offer or to continue to offer Units for sale;
  - (d) any order to cease trading in securities of the Company is made or threatened by a securities regulatory authority
  - (e) any action, suit, or other proceeding is commenced against the Company or any of its officers or directors, or there is any inquiry or investigation (whether formal or informal) commenced, announced or threatened by any securities regulatory authority, including without limitation the TSX-V, in relation to the Company or any one of its officers or directors which, in the sole opinion of the Agent, has or would reasonably be expected to have a significant adverse effect on the business, operations or affairs of the

Company and its subsidiaries, taken as a whole, or on the market price or the value of the securities of the Company;

- (f) if there should develop, occur or come into effect or existence any event, action, state, condition or major financial occurrence of national or international consequence or any change in any law or regulation which, in the sole opinion of such Agent, seriously adversely affects, or involves, or would be expected to seriously adversely affect, or involve, the financial markets or the business, operations or affairs of the Company and its subsidiaries, taken as a whole, or the market price or value of the securities of the Company; ;
  - (g) if the Company is in breach of any term, condition or covenant of this Agreement, or any material representation or warranty given by the Company in this Agreement becomes or is false; or
  - (h) the Agent is not satisfied, in its sole discretion, with its Due Diligence Review and investigations respecting the Company, its business or operations.
- (2) If the obligations of the Agent are terminated under this Agreement pursuant to these termination rights, the liability of the Company to the Agent shall be limited to the obligations under Section 12, Section 13 and Section 14.

## **Section 12 Indemnification and Limitation of Liability Provisions**

- (1) The Company agrees to indemnify and hold harmless the Agent and its affiliates, and its and their respective 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 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, this 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.
- (2) This indemnity shall not be available to any Indemnified Party in relation to any losses, expenses, claims, actions, damages or liabilities incurred by the Company 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 gross negligence, fraud or wilful misconduct.

- (3) 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 Company has advanced funds to the Indemnified Party pursuant to this indemnity, such Indemnified Party will reimburse such funds to the Company and thereafter this indemnity will not apply to such Indemnified Party in respect of such Claim. The Company agrees to waive any right the Company 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.
- (4) 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 Company, the Indemnified Party will give the Company prompt written notice of any such Claim of which the Indemnified Party has knowledge and the Company 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 Company of its obligation of indemnification hereunder unless (and only to the extent that) such failure results in forfeiture by the Company of substantive rights or defences.
- (5) No admission of liability and no settlement, compromise or termination of any Claim will be made without the Company'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 Company 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 Company 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 Company;
  - (b) the Company 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 Company 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 Company 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 Company;

in which case such fees and expenses of such counsel to the Indemnified Party will be for the Company's account, provided that the Company 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.

- (6) 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 Company 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 Company or the Company'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 Company 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.
- (7) The Company hereby constitutes the Agent as trustee for each of the other Indemnified Parties of the Company's covenants under this indemnity with respect to such persons and Haywood agrees to accept such trust and to hold and enforce such covenants on behalf of such persons.
- (8) The foregoing provisions of this Section 12 are in addition to rights the Agent may have at common law or otherwise and shall inure to the benefit of the Indemnified Parties and their respective successors and assigns. The provisions of this Section 12 shall remain in full force and effect notwithstanding any termination or expiration of this Agreement.

### **Section 13     Alternative Transaction**

In the event that the Company withdraws from the Offering, at any time prior to Closing in order to complete an alternative transaction (which transaction is completed within six (6) months of the withdrawal from the Offering), the Company shall pay to the Agent promptly upon closing the alternative transaction a fee equal to the maximum amount of fees otherwise payable under this Agreement calculated on the basis of the maximum offering of Units proposed hereunder. An "**Alternative Transaction**" means the issuance of securities of the Company or a business transaction, either of which involve a change in control of the Company, or any material subsidiary including a merger, amalgamation, arrangement, take-over bid supported by the board of directors of the Company, insider bid, reorganization, joint venture, sale of all or substantially all assets, exchange of assets or any similar transaction, excluding an issuance of securities pursuant to the exercise of securities of the Company outstanding on the date hereof or pursuant to the exercise of stock options granted after the date hereof, or in connection with a bona fide

acquisition by the Company (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 defeat the intent of this provision).

#### **Section 14 Expenses**

The Company will pay all reasonable fees and expenses in connection with the Offering, whether completed or not, including, without limitation: (i) all reasonable expenses of or incidental to the creation, issue, sale or distribution of the Securities; (ii) the reasonable fees and expenses of the Company's legal counsel; (iii) the reasonable expenses and fees incurred by the Agent which shall include the reasonable fees and disbursements of the Agent's Canadian legal counsel (up to a maximum of \$25,000, plus applicable disbursements) and the Agent's United States legal counsel (up to a maximum of USD \$5,000, plus applicable disbursements); and (iv) all applicable taxes in respect of the foregoing.

#### **Section 15 Governing Law**

This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein.

#### **Section 16 Survival of Warranties, Representations, Covenants and Agreements**

All warranties, representations, covenants and agreements of the Company herein contained, or contained in, documents submitted or required to be submitted pursuant to this Agreement, shall survive the purchase by the Purchasers of the Units and shall continue in full force and effect for the benefit of the Agent and the Purchasers, regardless of any investigation which may be carried on by the Agent, or on its behalf, for a period of two years, subject only to the limitation requirements of applicable law.

#### **Section 17 Notices**

All notices or other communications by the terms hereof required or permitted to be given by one party to another shall be given in writing by personal delivery, email or by facsimile delivered or facsimile to such other party as follows:

- (a) to the Company at:

Sable Resources Ltd.  
Suite 900, 999 West Hastings Street  
Vancouver, British Columbia  
V6C 2W2 Canada

Attention: Thomas Obradovich, President and Chief Executive Officer  
Facsimile No.: **[Facsimile No. redacted for confidentiality]**

with a copy (for informational purposes only and not constituting notice) to:

Cassels Brock & Blackwell LLP  
40 King Street West, Suite 2100  
Toronto, ON M5H 3C2

Attention: Jay Goldman  
Fax: **[Facsimile No. redacted for confidentiality]**

(b) to the Agent care of:

Haywood Securities Inc.  
181 Bay Street, Suite 2910  
Toronto, Ontario  
M5J 2T3

Attention: Ryan Matthiesen  
Facsimile No.: **[Facsimile No. redacted for confidentiality]**

with a copy to (for informational purposes only and not constituting notice) to:

Irwin Lowy LLP  
365 Bay Street, Suite 400  
Toronto, Ontario, Canada M5H 2V1

Attention: Eric Lowy  
Facsimile No.: **[Facsimile No. redacted for confidentiality]**

or at such other address, email address or facsimile number as may be given by either of them to the other in writing from time to time and such notices or other communications shall be deemed to have been received when delivered or, if by email or facsimile, on the next Business Day after such notice or other communication has been sent (with receipt confirmed).

### **Section 18 Counterpart Signature**

This Agreement may be executed in one or more counterparts (including counterparts by facsimile or electronic transmission), which together shall constitute an original copy hereof as of the date first noted above.

### **Section 19 Time of the Essence**

Time shall be of the essence in this Agreement.

**Section 20 Severability**

If any provision of this Agreement is determined to be void or unenforceable, in whole or in part, such void or unenforceable provision shall not affect or impair the validity of any other provision of this Agreement and shall be severable from this Agreement.

**Section 21 No Fiduciary Relationship**

The Company acknowledges and agrees that (a) the Offering is an arm's-length commercial transaction involving the Company and the Agent; (b) in connection with the Offering and the process leading thereto, the Agent is and has been acting solely as a principal and is not the agent or fiduciary of the Company or its shareholders, creditors, employees or any other party; (c) the Agent has not assumed or will not assume an advisory or fiduciary responsibility in favour of the Company with respect to the Offering or the process leading thereto (irrespective of whether the Agent has advised or is currently advising the Company on other matters) and the Agent has no obligation to the Company with respect to the Offering except the obligations expressly set forth in this Agreement; (d) the Agent and its Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Company; and (e) the Agent has not provided any legal, accounting, regulatory or tax advice with respect to the Offering and the Company has consulted its own legal, accounting, regulatory and tax advisors to the extent it deemed appropriate.

**Section 22 Entire Agreement**

This Agreement constitutes the entire agreement between the Agent and the Company relating to the subject matter hereof and supersede any previous verbal or written agreement between the Agent and the Company. For greater certainty, the Engagement Letter is superseded by this Agreement.

*[The remainder of this page is intentionally blank.]*

If this Agreement accurately reflects the terms of the transaction which we are to enter into and if such terms are agreed to by the Company, please communicate your acceptance by executing where indicated below and returning by facsimile one copy and returning by courier an originally executed copy to the Agent.

Yours very truly,

**HAYWOOD SECURITIES INC.**

By: *"Ryan Matthiesen"*

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Name: Ryan Matthiesen

Title: Managing Director, Investment  
Banking

The foregoing accurately reflects the terms of the transaction that we are to enter into and such terms are agreed to.

ACCEPTED as of this 8<sup>th</sup> day of September 2017.

**SABLE RESOURCE LTD.**

*"Tom Obradovich"*

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By: Name: Tom Obradovich

Title: President and CEO

## SCHEDULE "A"

### COMPLIANCE WITH UNITED STATES SECURITIES LAWS

As used in this Schedule "A", the following terms have the following meanings:

**"Canadian Retirement Account"** means a trust or other arrangement, including, but not limited to, a "Registered Retirement Savings Plan" or "Registered Retirement Income Fund" administered under Canadian law, that is managed by a Canadian temporarily living in the United States.

**"Directed Selling Efforts"** means "directed selling efforts" as that term is defined in Regulation S. Without limiting the foregoing, but for greater clarity in this schedule, it means, subject to the exclusions from the definition of directed selling efforts contained in Regulation S, any activity undertaken for the purpose of, or that could reasonably be expected to have the effect of, conditioning the market in the United States for the Offered Securities, and includes the placement of any advertisement in a publication with a general circulation in the United States that refers to the offering of the Offered Securities.

**"General Solicitation" or "General Advertising"** means "general solicitation" or "general advertising", respectively, as used in Rule 502(c) of Regulation D, including, but not limited to, advertisements, articles, notices or other communications published in any newspaper, magazine or similar media or on the internet or broadcast over radio, television or internet, or any seminar or meeting whose attendees had been invited by general solicitation or general advertising.

**"Offered Securities"** means the Units, the Unit Shares, the Warrants, the Warrant Shares, the Compensation Warrants and the Compensation Warrant Shares.

**"Regulation D"** means Regulation D promulgated under the U.S. Securities Act.

**"Regulation S"** means Regulation S promulgated under the U.S. Securities Act.

**"Substantial U.S. Market Interest"** means "substantial U.S. market interest" as that term is defined in Regulation S.

**"U.S. Accredited Investor"** means an "accredited investor" that meets the criteria in Rule 501(a) of Regulation D, as amended by the Dodd-Frank Wall Street Reform and Consumer Protection Act.

All other capitalized terms used but not otherwise defined in this Schedule "A" shall have the meanings assigned to them in the Agreement to which this Schedule "A" is attached.

#### **Section 1 Representations, Warranties and Covenants of the Company**

The Company represents and warrants to and covenants with the Agent that:

1. The Company is, and at the Time of Closing will be, a “foreign issuer” within the meaning of Regulation S and the Company reasonably believes that there is no Substantial U.S. Market Interest in any class of its equity securities.

2. The Company is not now, and as a result of the sale of Offered Securities contemplated hereby will not be, an “investment company” as such term is defined under the United States Investment Company Act of 1940, as amended, under such Act.

3. Neither the Company nor any of its predecessors or affiliates has been subject to any order, judgment or decree of any court of competent jurisdiction temporarily, preliminarily or permanently enjoining such person for failure to comply with Rule 503 of Regulation D.

4. During the period in which the Units are offered for sale, none of the Company, its subsidiaries or any persons acting on its or their behalf (other than the Agent, its affiliates (including the U.S. Affiliate) or any person acting on its or their behalf, in respect of which no representation, warranty or covenant is made) (a) has made or will make any Directed Selling Efforts, (b) has engaged or will engage in any form of General Solicitation or General Advertising with respect to offers and sales of the Units to, or for the account or benefit of, persons in the United States or U.S. Persons or in any conduct involving a public offering within the meaning of Section 4(a)(2) of the U.S. Securities Act, (c) has violated or will violate Regulation M under the U.S. Exchange Act in connection with offers or sales of the Units, (d) has made or will make any offer or sale of the Units to, or for the account or benefit of, persons in the United States or U.S. Persons except through the Agent or the U.S. Affiliate as set forth in this Schedule “A” or (e) has taken or will take any other action that would cause the exemptions or exclusions from registration provided by Rule 237 under the U.S. Securities Act, Rule 903 of Regulation S or Rule 506 of Regulation D to be unavailable with respect to offers or sales of the Units pursuant to this Schedule “A”.

5. The Company has not, for a period of six months prior to the commencement of the offering of Units, sold, offered for sale or solicited any offer to buy, and will not, for a period of six months following completion of the offering of the Units, sell, offer for sale or solicit any offer to buy, any of its securities in the United States in a manner that would be integrated with the offer and sale of the Units and would cause the exemption from registration set forth in Rule 506 of Regulation D or Rule 903 of Regulation S to become unavailable with respect to the offer or sale of securities contemplated hereby.

6. In connection with offers and sales of Units outside the United States to non-U.S. Persons, the Company, its respective affiliates and any person acting on its or their behalf (other than the Agent, its affiliates (including the U.S. Affiliate) or any person acting on its or their behalf, in respect of which no representation, warranty or covenant is made) have complied and will comply with the requirements for an "offshore transaction", as such term is defined in Regulation S.

7. The Company will, within prescribed time periods, prepare and file any forms or notices required under the U.S. Securities Act or applicable state securities laws related to the offer and sale of the Units.

8. The Company is not, and as a result of the sale of the Offered Securities will not be, registered or required to be registered as an “investment company” under the United States Investment Company Act of 1940, as amended.

## **Section 2 Representations, Warranties and Covenants of the Agent**

The Agent acknowledges that the Offered Securities have not been and will not be registered under the U.S. Securities Act or any U.S. state securities laws and the Units may be offered and sold only in transactions exempt from or not subject to the registration requirements of the U.S. Securities Act and U.S. state securities laws. Accordingly, the Agent, severally and not jointly, represents and warrants to and covenants with the Company that:

1. It has offered and sold and will offer and sell the Units only (1) to, or for the account or benefit of, persons outside the United States who are non-U.S. Persons in accordance with Rule 903 of Regulation S, (2) to or for the account or benefit of Canadians temporarily resident in the United States for his or her Canadian Retirement Account, or (3) to, or for the account or benefit of, persons in the United States or U.S. Persons, as provided in paragraphs 2 through 12 below. Accordingly, none of the Agent, its affiliates (including the U.S. Affiliate) or any persons acting on its or their behalf, has made or will make (except as permitted in paragraphs 2 through 12 below) (i) any offer to sell or any solicitation of an offer to buy, any Units to, or for the account or benefit of, any person in the United States or a U.S. Person, unless such offer to sell was made pursuant to an exemption from the U.S. Securities Act and applicable state securities laws (ii) any sale of Units to any Purchaser unless, at the time the buy order was or will have been originated, the Purchaser was outside the United States and not a U.S. Person, or such Agent, affiliate (including the U.S. Affiliate) or person acting on behalf of either reasonably believed that such Purchaser was outside the United States and not a U.S. Person, or (iii) any Directed Selling Efforts.

2. It has not entered and will not enter into any contractual arrangement with respect to the distribution of the Units, except with the U.S. Affiliate, any selling group members or with the prior written consent of the Company. It shall require the Agent, the U.S. Affiliate, if applicable, and each selling group member to agree, for the benefit of the Company, to comply with, and shall use its best efforts to ensure that the Agent, the U.S. Affiliate and each selling group member complies with, the same provisions of this Schedule as apply to such Agent as if such provisions applied to the U.S. Affiliate and such selling group member.

3. All offers and sales of the Units in the United States will be effected by the Agent or the U.S. Affiliate in accordance with all applicable U.S. federal and state broker-dealer requirements or pursuant to an exemption thereto. The U.S. Affiliate is, and will be on the date of each offer or sale of Units in the United States, duly registered as a broker-dealer pursuant to Section 15(b) of the U.S. Exchange Act and the securities laws of each state in which such offer or sale is made (unless exempted from the respective state's broker-dealer registration requirements) and a member of and in good standing with the Financial Industry Regulatory Authority, Inc.

4. All offers, sales and solicitations of offers to buy Units that have been made or will be made to, or for the account or benefit of, persons in the United States or U.S. Persons were or will be made only to purchasers that are U.S. Accredited Investors in

accordance with Rule 506 of Regulation D, with which the Agent or its U.S. Affiliate has a pre-existing relationship, and in transactions that are exempt from registration under the U.S. Securities Act and applicable state securities laws.

5. All Purchasers of the Units in the United States, all Purchasers who are U.S. Persons and all Purchasers acting for the account or benefit of persons in the United States or U.S. Persons shall be informed that the Units have not been and will not be registered under the U.S. Securities Act or applicable state securities laws and the Units are being offered and sold to such Purchasers in reliance on exemptions from the registration requirements of the U.S. Securities Act provided by Rule 237 under the U.S. Securities Act or Rule 506 of Regulation D and similar exemptions from registration under applicable state securities laws.

6. No form of General Solicitation or General Advertising has been or will be used and no action involving a public offering within the meaning of Section 4(a)(2) of the U.S. Securities Act has been or will be taken in connection with the offer or sale of the Units to, or for the account or benefit of, persons in the United States or U.S. Persons.

7. Each offeree in the United States, (i) who is a Canadian temporarily resident in the United States, or (ii) who is a U.S. Person or who is acting for the account or benefit of a person in the United States or a U.S. Person will be provided with a Subscription Agreement in the form agreed upon by the Company and the Agent and no other written material has been or will be used in connection with offers or sales of the Units to, or for the account or benefit of, persons in the United States or U.S. Persons.

8. Immediately prior to transmitting such Subscription Agreement, it had reasonable grounds to believe and did believe that each offeree in the United States, who is a U.S. Person or who is acting for the account or benefit of a person in the United States or a U.S. Person was an U.S. Accredited Investor.

9. Prior to any sale of Units to, or for the account or benefit of, persons in the United States or U.S. Persons, it shall cause each Purchaser thereof to sign and deliver the Subscription Agreement in the form agreed upon by the Company and the Agent.

10. Prior to the Time of Closing, it will provide the Company and its transfer agent with a list of all Purchasers of the Units in the United States, all Purchasers who are Canadian Purchasers temporarily resident in the United States, all U.S. Persons and all Purchasers acting for the account or benefit of persons in the United States or U.S. Persons. Prior to the Time of Closing, it will provide the Company with copies of all Subscription Agreements for such Purchasers for acceptance by the Company.

11. At the closing, if the Agent, together with its U.S. Affiliate, has made offers or sales of Units to, or for the account or benefit of, persons in the United States or U.S. Persons, it will provide a certificate, substantially in the form of Annex 1 to this Schedule "A", relating to the manner of the offer and sale of the Units to, or for the account or benefit of, persons in the United States or U.S. Persons, or will be deemed to have represented and warranted for the benefit of the Company that neither it nor its U.S. Affiliate offered or sold Units to, or for the account or benefit of, persons in the United States or U.S. Persons, and all other members of the selling group will be deemed to represent and warrant that they made no

offers or sales of Units to, for the account or benefit of, persons in the United States or U.S. Persons.

12. None of the Agent, its affiliates (including the U.S. Affiliate) or any person acting on behalf of any of them has violated or will violate Regulation M under the U.S. Exchange Act in connection with offers or sales of the Units.

## ANNEX 1

### AGENT'S CERTIFICATE

In connection with the private placement of Units of Sable Resources Ltd. (the "**Company**") to, or for the account or benefit of, persons in the United States and U.S. Persons pursuant to an Agency Agreement dated as of September 9, 2017 (the "**Agency Agreement**"), Haywood Securities Inc. (the "**Agent**") and Haywood Securities (USA) Inc., in its capacity as U.S. Affiliate for the Agent, do each hereby certify that:

(a) we acknowledge that the Offered Securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**") or any applicable state securities laws, and the Units may not be offered or sold to, or for the account or benefit of, persons in the United States or U.S. Persons except pursuant to an available exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws;

(b) all offers and sales within the United States of Units were made by the U.S. Affiliate, and the U.S. Affiliate was on the date of each offer or sale of such securities, and is on the date hereof, duly registered as a broker or dealer with the United States Securities and Exchange Commission and under any applicable state securities laws, and is a member of, and in good standing with, the Financial Industry Regulatory Authority, Inc.;

(c) all offers and sales of the Units in the United States have been effected through the U.S. Affiliate in accordance with all applicable U.S. federal and state broker-dealer requirements including the rules of the Financial Industry Regulatory Authority, Inc.;

(d) each offeree who is in the United States, is a U.S. Person or is acting for the account or benefit of a person in the United States or a U.S. Person was provided with a Subscription Agreement in the form agreed upon by the Company and the Agent and no other written material was used in connection with the offer or sale of the Units with respect to such offerees;

(e) immediately prior to our transmitting the Subscription Agreement to such offerees, we had reasonable grounds to believe and did believe that each such offeree was a U.S. Accredited Investor, and, on the date hereof, we continue to believe that each such person purchasing Units is an U.S. Accredited Investor;

(f) no form of General Solicitation or General Advertising was used by us in connection with the offer or sale of the Units to, or for the account or benefit of, persons in the United States or U.S. Persons;

(g) prior to any sale of Units to, or for the account or benefit of, persons in the United States or U.S. Persons, we caused each such Purchaser to sign a Subscription Agreement in the form agreed upon by the Company and the Agent;

(h) the offering of the Units has been conducted by us in accordance with the terms of the Agency Agreement, including Schedule "A" attached thereto; and

(i) none of the Agent, the U.S. Affiliate, any selling group member or any of our or its affiliates, have taken or will take any action that would constitute a violation of Regulation M under the U.S. Exchange Act in connection with the offer or sale of the Units.

Capitalized terms used in this certificate have the meanings given to them in the Agency Agreement, including Schedule "A" attached thereto, unless otherwise defined herein.

Dated this \_\_\_\_ day of \_\_\_\_\_, 2017.

Haywood Securities Inc.

Haywood Securities (USA) Inc.

By: \_\_\_\_\_  
Name: Ryan Matthiesen  
Title: Managing Director,  
Investment Banking

By: \_\_\_\_\_  
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