

## AGENCY AGREEMENT

October 28, 2021

Canagold Resources Ltd.  
625 Howe Street, Suite 810  
Vancouver, British Columbia  
V6C 2T6

**Attention: Scott Eldridge, Chief Executive Officer and Director**

Dear Sirs/Mesdames:

**Re: Private Placement of Securities**

Red Cloud Securities Inc. (“**Red Cloud**” or the “**Agent**”) understands that Canagold Resources Ltd. (the “**Corporation**”) proposes to issue and sell Common Shares of the Corporation to be issued as “flow-through shares” as defined in subsection 66(15) of the Tax Act (as defined herein) (each a “**FT Share**,” and collectively the “**FT Shares**”) at a price of \$0.50 per FT Share for aggregate gross proceeds raised from the issuance and sale of the Offered Securities of \$5,320,924.50 on a “best efforts basis” (the “**Offering**”).

The Agent and the Corporation acknowledge and agree that, as part of the Offering, the Corporation shall have the right to include a list of subscribers to purchase \$292,500 of FT Shares under the Offering (the “**President’s List**”).

Subject to the representations, warranties, covenants and terms and conditions set forth below, the Corporation hereby appoints the Agent as the exclusive agent of the Corporation to solicit, on a best efforts basis, orders for the Offered Securities from Purchasers (as hereinafter defined) in the Offering Jurisdictions (as hereinafter defined), and the Agent hereby agrees to act in such capacity. The Corporation agrees that the Agent is under no obligation to purchase any of the Offered Securities.

The Corporation acknowledges and agrees that the Agent is, in connection with the Offering, acting solely in the capacity of an arm’s length contractual counterparty to the Corporation with respect to the offering of Offered Securities contemplated hereby (including in connection with determining the terms of the Offering (as hereinafter defined)) and not, in connection with the Offering, as a financial advisor or a fiduciary to the Corporation or any other person. Additionally, the Agent is not, in connection with the Offering, advising the Corporation or any other person as to any legal, tax, investment, accounting or regulatory matters in any jurisdiction. The Corporation shall consult with its own advisors concerning such matters, shall be responsible for making its own independent investigation and appraisal of the transactions contemplated hereby, and, in connection with the Offering, the Agent shall not have responsibility or liability to the Corporation with respect thereto. Any review by the Agent of the Corporation, the transactions contemplated hereby or other matters relating to such transactions will be performed solely for the benefit of the Agent and shall not be on behalf of the Corporation. The Corporation agrees that it will not claim that the Agent owes a fiduciary or similar duty to the Corporation, in connection with the Offering.

It is understood that the sale of the Offered Securities to the Purchasers may take place only in the Offering Jurisdictions.

The terms and conditions of this Agreement are as follows:

## 1. **Definitions, Interpretation and Schedules**

- (a) **Definitions:** In addition to the terms defined elsewhere in this Agreement, whenever used in this Agreement:
- (i) “**Agent**” has the meaning ascribed thereto on the face page hereof;
  - (ii) “**Agreement**” means this agency agreement between the Corporation and the Agent, including the schedules attached hereto, as amended or supplemented from time to time;
  - (iii) “**Ancillary Documents**” means the Subscription and Renunciation Agreements and any other documents executed and delivered, or to be executed and delivered, by the Corporation in connection with the transactions contemplated by this Agreement;
  - (iv) “**Auditor**” means Smythe LLP, the auditor of the Corporation;
  - (v) “**British Columbia Act**” means the *Securities Act* (British Columbia) and the regulations thereunder, together with the instruments, policies, rules, orders, codes, notices and interpretation notes of the British Columbia Securities Commission, as amended, supplemented or replaced from time to time;
  - (vi) “**BCBCA**” means the *Business Corporations Act* (British Columbia);
  - (vii) “**BC Act**” means the *Income Tax Act* (British Columbia) together with any and all regulations promulgated thereunder, as amended from time to time;
  - (viii) “**BC flow-through mining expenditures**” has the meaning set out in section 4.721 of the BC Act;
  - (ix) “**Broker Warrants**” shall have the meaning given to that term in subsection 6(a)(iii) hereto;
  - (x) “**Broker Warrant Certificates**” means the certificates representing the Broker Warrants;
  - (xi) “**Broker Warrant Shares**” shall have the meaning given to that term in subsection 6(a)(iii) hereto;
  - (xii) “**Business Day**” means a day which is not a Saturday, Sunday or a statutory or civic holiday in the City of Toronto, Province of Ontario or the City of Vancouver, Province of British Columbia;
  - (xiii) “**Canadian Exploration Expense(s)**” or “**CEE**” means an expense of the nature referred to in paragraph (f) of the definition of “Canadian exploration expense” in subsection 66.1(6) of the Tax Act, or would be described in paragraph (h) of that definition if the reference therein to paragraph (a) to (d) and (f) to (g.4) was a reference to (f), other than amounts which are prescribed to be “Canadian exploration and development overhead expense” for the purposes of paragraph 66(12.6)(b) of the Tax Act, the cost of acquiring or obtaining the use of seismic data described in paragraph 66(12.6)(b.1) of the Tax Act, or any expenses for prepaid services or rent that do not qualify as outlays and expenses

for the period as described in the definition of “expense” in paragraph 66(15) of the Tax Act;

- (xiv) “**Claim**” and “**Claims**” have the meanings given to them in subsection 10(a) hereto;
- (xv) “**Closing Date**” means October 28, 2021, or such other date as the Corporation and the Agent may mutually agree upon in writing;
- (xvi) “**Closing Time**” means 8:30 a.m. (Vancouver, British Columbia time) on the Closing Date or such other time on the Closing Date as the Corporation and the Agent may mutually agree upon in writing;
- (xvii) “**Closing**” means the purchase and sale of the Offered Securities;
- (xviii) “**Commission**” has the meaning given to that term in subsection 6(a)(iii) hereto;
- (xix) “**Common Shares**” means the common shares which the Corporation is authorized to issue as constituted on the date hereof;
- (xx) “**Corporation**” means Canagold Resources Ltd., a corporation incorporated under the BCBCA and includes any successor corporation thereto;
- (xxi) “**CRA**” means Canada Revenue Agency;
- (xxii) “**Debt Instrument**” means any material loan, bond, debenture, promissory note or other instrument evidencing indebtedness (demand or otherwise) for borrowed money;
- (xxiii) “**Employee Plans**” has the meaning given to that term in subsection 7(ccc) hereto;
- (xxiv) “**Engagement Letter**” means the letter agreement dated September 23, 2021 between the Corporation and Red Cloud in connection with the Offering;
- (xxv) “**Environmental and Health Laws**” has the meaning given to that term in subsection 7(pp) hereto;
- (xxvi) “**Expenditure Period**” means the period commencing on the Closing Date and ending on the Termination Date;
- (xxvii) “**Flow-Through Mining Expenditure**” means an expense which is a “flow-through mining expenditure” as defined in subsection 127(9) of the Tax Act;
- (xxviii) “**FT Commitment Amount**” means the aggregate amount paid by the Purchasers on the Closing Date for the FT Shares;
- (xxix) “**FT Shares**” has the meaning ascribed thereto on the face page hereof;
- (xxx) “**FT Share Subscription Agreement**” means the subscription agreement in the form agreed to between the Corporation and the Agent to be entered into between the Corporation and the Purchasers with respect to the purchase of the FT Shares;
- (xxxix) “**governmental authority**” means (a) any multinational, federal, provincial, state, municipal, regional, local or other governmental or public department, regulatory

authority, central bank, court, commission, board, bureau, agency or instrumentality, domestic or foreign, (b) any subdivision agent, commission, board, or authority or any of the foregoing, or (c) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing, and (d) any stock exchange or self-regulatory authority and, for greater certainty, includes the Securities Commissions;

- (xxxii) “**Hazardous Substances**” has the meaning given to that term in subsection 7(pp) hereto;
- (xxxiii) “**IFRS**” means International Financial Reporting Standards;
- (xxxiv) “**Indemnified Party**” and “**Indemnified Parties**” have the meanings given to them in subsection 10(a) hereto;
- (xxxv) “**Information**” means all information regarding the Corporation that is, or becomes, publicly available on the Corporation’s SEDAR profile and includes, but is not limited to, all material change reports, press releases and financial statements of the Corporation;
- (xxxvi) “**Laws**” means any and all applicable laws, including all statutes, codes, ordinances, decrees, rules, regulations, municipal by-laws, judicial or arbitral or administrative or ministerial or departmental or regulatory judgments, orders, decisions, rulings or awards, or policies or guidelines of or issued by a governmental authority;
- (xxxvii) “**material adverse effect**” means (i) the effect resulting from any event or change which is materially adverse to the business, affairs, capital, operations, property rights or assets, liabilities (contingent or otherwise) of the Corporation, or which event or change could reasonably be expected to have a significant negative effect on the market price or value of the Common Shares of the Corporation, or (ii) any fact, event or change that is adverse to the Corporation, its assets or property, that would result in any Ancillary Document containing a misrepresentation;
- (xxxviii) “**Material Property**” mean the Corporation’s New Polaris Gold Mine property;
- (xxxix) “**Money Laundering Laws**” has the meaning given to that term in subsection 7(sss) hereto;
- (xl) “**NI 43-101**” means National Instrument 43-101 – *Standards of Disclosure for Mineral Projects*;
- (xli) “**NI 51-102**” means National Instrument 51-102 – *Continuous Disclosure Obligations*;
- (xlii) “**OFAC**” has the meaning given to that term in subsection 7(ttt) hereto;
- (xliii) “**Off-Balance Sheet Arrangement**” means with respect to any Person, any securitization transaction to which that Person or its subsidiaries is party and any other transaction, agreement or other contractual arrangement to which an entity unconsolidated with that Person is a party, under which that Person or its subsidiaries, whether or not a party to the arrangement, has, or in the future may have (a) any obligation under a direct or indirect guarantee or similar arrangement, (b) a retained or contingent interest in assets transferred to an unconsolidated entity or similar arrangement, (c) derivatives to the extent that the fair value thereof is not fully reflected as a liability or asset in the financial

statements, or (d) any obligation or liability, including a contingent obligation or liability, to the extent that it is not fully reflected in the financial statements (excluding the footnotes thereto) (for this purpose, obligations or liabilities that are not fully reflected in the financial statements (excluding the footnotes thereto) include, without limitation (i) obligations that are not classified as a liability according to Canadian or United States generally accepted accounting principles and IFRS, as applicable (ii) contingent liabilities as to which, as of the date of the financial statements, it is not probable that a loss has been incurred or, if probable, is not reasonably estimable, or (iii) liabilities as to which the amount recognized in the financial statements is less than the reasonably possible maximum exposure to loss under the obligation as of the date of the financial statements, but, in each case, exclude contingent liabilities arising out of litigation, arbitration or regulatory actions (not otherwise related to off-balance sheet arrangements));

- (xliv) **“Offered Securities”** means the FT Shares offered to the Purchasers;
- (xlv) **“Offering”** has the meaning ascribed thereto on the face page hereof;
- (xlvi) **“Offering Jurisdictions”** means the Qualifying Jurisdictions where the Offered Securities are offered to prospective purchasers or those provinces where Purchasers reside, as the context permits or requires;
- (xlvii) **“Other Agreements”** has the meaning given to that term in subsection 8(d)(x);
- (xlviii) **“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;
- (xlix) **“Prescribed Forms”** means the forms prescribed from time to time under subsection 66(12.7) of the Tax Act (or any corresponding provincial legislation) filed or to be filed by the Corporation within the prescribed times renouncing to the Purchasers the Resource Expenses incurred pursuant to the Subscription and Renunciation Agreements and all parts or copies of such forms required by the CRA (or any similar provincial authority) to be delivered to the Purchasers;
  - (l) **“President’s List”** has the meaning ascribed thereto on the face page hereof;
  - (li) **“Purchase Price”** means \$0.50 per FT Share;
  - (lii) **“Purchasers”** means the purchasers of FT Shares;
  - (liii) **“Qualifying Jurisdictions”** means each of the provinces of Canada;
  - (liv) **“Red Cloud”** has the meaning ascribed thereto on the face page hereof;
  - (lv) **“Reporting Jurisdictions”** means the provinces of British Columbia, Alberta, Saskatchewan, Ontario, and Nova Scotia;
  - (lvi) **“Required Permits”** has the meaning given to that term in subsection 7(qq) hereto;

- (lvii) **“Resource Expense”** means an expense which: (i) qualifies as CEE; (ii) qualifies as a Flow-Through Mining Expenditure; (iii) for Purchasers who are qualifying individuals under the BC Act, or where the Purchaser is a partnership, for members who are such qualifying individuals, qualifies as BC flow-through mining expenditures; and (iv) is incurred on or after the Closing Date and on or before the Termination Date which may be renounced by the Corporation pursuant to subsection 66(12.6) or subsection 66(12.66) of the Tax Act with an effective date not later than December 31, 2021 and in respect of which, but for the renunciation, the Corporation would be entitled to a deduction from income for income tax purposes;
- (lviii) **“Securities Commissions”** means the securities regulatory authorities of the Offering Jurisdictions, as the case may be;
- (lix) **“Securities Laws”** means the securities legislation and regulations of, and the instruments, policies, rules, orders, codes, notices and interpretation notes of the securities regulatory authorities (including the Stock Exchange) of, the applicable Offering Jurisdiction or Offering Jurisdictions collectively;
- (lx) **“Stock Exchange”** means the Toronto Stock Exchange;
- (lxi) **“Subscription and Renunciation Agreements”** means, the FT Share Subscription Agreement;
- (lxii) **“Subsidiary”** has the meaning given to that term in subsection 7(c) hereto;
- (lxiii) **“Tax Act”** means the *Income Tax Act* (Canada), as amended, re-enacted or replaced from time to time and all rules and regulations made pursuant thereto and any proposed amendments thereto announced publicly by or on behalf of the Minister of Finance (Canada) on or prior to the date of the Subscription and Renunciation Agreements;
- (lxiv) **“Technical Reports”** has the meaning given to that term in Section 8(kkk) hereto;
- (lxv) **“Termination Date”** means December 31, 2022;
- (lxvi) **“Transfer Agent”** means Computershare Investor Services Inc., the registrar and transfer agent for the Common Shares;
  - (i) **“United States”** means the United States of America, its territories and possessions, any state of the United States and the District of Columbia.
- (b) Other Defined Terms: Whenever used in this Agreement, the words and terms “affiliate”, “associate”, “material fact”, “material change”, “misrepresentation”, “senior officer” and “subsidiary” and “trade” shall have the meaning given to such word or term in the British Columbia Act unless specifically provided otherwise herein.
- (c) Knowledge: Whenever used in this Agreement, the phrases “to the knowledge of the Corporation” shall refer to the actual knowledge of Scott Eldridge, Chief Executive Officer and Director, Garry Biles, President and Chief Operating Officer, Troy Gill, Vice President (Exploration), Knox Henderson, Vice President (Corporate Development) and Philip Yee, Chief Financial Officer and Corporate Secretary, after due inquiry.

- (d) Plural and Gender: Whenever used in this Agreement, words importing the singular number only shall include the plural and vice versa and words importing the masculine gender shall include the feminine gender and neuter.
- (e) Currency: All references to monetary amounts in this Agreement are to lawful money of Canada.

## 2. **The Offering**

- (a) Sales on Exempt Basis. The Offered Securities shall be offered by the Agent in the Offering Jurisdictions in compliance with applicable Securities Laws of Canada and only to such Purchasers and in such manner to reasonably ensure that, pursuant to the provisions of applicable Securities Laws of Canada, no prospectus (as such term is defined under the applicable Securities Laws of Canada), registration statement, offering memorandum or other similar document need be filed or delivered in connection therewith. The Corporation shall have the right to reject, or accept in part only, subscriptions received.
- (b) Selling Group: The Corporation agrees that, subject to the consent of the Corporation, such consent not to be unreasonably withheld, the Agent has the right to invite one or more investment dealers to form a selling group to participate in the soliciting of offers to purchase the Offered Securities. The Agent shall have the exclusive right to control all compensation arrangements between the members of the selling group. The Corporation grants all of the rights and benefits of this Agreement to any investment dealer who is a member of any selling group formed by the Agent and appoints the Agent as trustee of such rights and benefits for all such investment dealers, and the Agent hereby accepts such trust and agree to hold such rights and benefits for and on behalf of all such investment dealers. The Agent shall ensure that any member of any selling group formed by the Agent pursuant to the provisions of this subsection 2(b) to comply with the covenants and obligations given by the Agent herein. The Agent represent, warrant and covenant to the Corporation that each of the members of the selling group, if any, will be persons that the Agent reasonably believes are duly registered or licensed as investment dealers in those jurisdictions where such members of the selling group are required to be so registered in order to perform the services contemplated in connection with the Offering.
- (c) Covenants of the Agent: Red Cloud represents, warrants and covenant to and with the Corporation that: (i) it is a valid and subsisting corporation duly incorporated, continued or amalgamated and in good standing under the laws of the jurisdiction in which it was incorporated, continued or amalgamated; (ii) either it or its sub-agent, as applicable, is an investment dealer or an exempt market dealer registered under the applicable Securities Laws in each of the Qualifying Jurisdictions where it solicits investors for the Offering or solicits or procures subscriptions for the Offered Securities; (iii) it will comply with the provisions of this Agreement, the Subscription and Renunciation Agreements, the rules of the Exchange and the Securities Laws of the Offering Jurisdictions in which they solicit or procure subscriptions for Offered Securities in connection with the Offering; (iv) it will not solicit or procure subscriptions for Offered Securities so as to require the registration thereof or the filing of a prospectus, offering memorandum or similar document with respect thereto under the laws of any jurisdiction, or obligate the Corporation to take any action to qualify any of its securities or any trade of any of its securities or to establish or maintain any office or an director or officer in such jurisdiction, or subject to the Corporation to any reporting or other requirements in such jurisdiction; (v) it will obtain from each Purchaser an executed Subscription and Renunciation Agreement in a form acceptable to the Corporation and the Agent, acting reasonably; and (vi)

it will obtain and deliver such agreements, documents and instruments to the Corporation, together with such other documents with respect to the Offered Securities as may be reasonably requested by the Corporation to comply with applicable Securities Laws.

- (d) Filings: The Corporation undertakes to file or cause to be filed a Form 45-106F1 Report of Exempt Distribution in each of the Qualifying Jurisdictions in which the Offered Securities are sold in accordance with this Agreement and the Subscription and Renunciation Agreements. The Agent undertakes to use their best efforts to cause the Purchasers of the Offered Securities to complete any forms and undertakings required by the Securities Laws of the Offering Jurisdictions and in such forms as provided to the Agent by the Corporation. All fees payable in connection with such filings shall be at the expense of the Corporation.
- (e) No Offering Memorandum: Neither the Corporation nor the Agent shall provide to prospective purchasers of Offered Securities any document or other material that would constitute an offering memorandum within the meaning of the Securities Laws of the Offering Jurisdictions. The Corporation and the Agent will cause each of their respective affiliates, and any person acting on their behalf or on behalf of their respective affiliates, to comply with the provisions of this subsection 2(e).
- (f) Several Obligations. The rights and obligations of the Agent under this Agreement, and any representations, warranties or covenants given by the Agent, shall be several (as distinguished from joint or joint and several) rights and obligations, representations, warranties or covenants for each Agent. No Agent shall be liable for any act, omission or default by any other Agent.
- (g) Representations, Warranties and Covenants in Schedule "A". Each of the representations, warranties, covenants and agreements of the Agent set forth in Schedule "A" are incorporated by reference as if fully set forth herein.

### 3. **Due Diligence**

The Corporation shall allow the Agent to conduct all due diligence investigations, including meeting with senior management of the Corporation and the Auditor, as the Agent shall consider appropriate in connection with the Offering.

### 4. **Deliveries By Closing Time**

- (a) Deliveries: By the Closing Time:
  - (i) all actions required to be taken by or on behalf of the Corporation including, without limitation, the passing of all required resolutions of the directors, including committees of the directors, shall have occurred in order to complete the transactions contemplated by this Agreement and the Subscription and Renunciation Agreements, including, without limitation, to issue the FT Shares, to create and issue the Broker Warrants and to reserve for issue and conditionally issue the Broker Warrant Shares, and a certified copy of all such resolutions shall have been delivered by the Corporation to the Agent;
  - (ii) the Corporation shall have delivered or caused to be delivered to Red Cloud a customary legal opinion, dated the Closing Date, of counsel to the Corporation, Blake Cassels Graydon LLP, who may rely on opinions of local counsel acceptable to the Agent, addressed to, among others, the Agent and the Purchasers in a form acceptable to the Agent, acting reasonably;

- (iii) the Corporation shall have delivered or caused to be delivered to Red Cloud a tax opinion with respect to the FT Shares addressed to, among others, Red Cloud and the Purchasers, in a form acceptable to Red Cloud, acting reasonable, with respect to the following matters:
  - (A) the FT Shares are “flow-through shares” as defined in subsection 66(15) of the Tax Act and are not “prescribed shares” within the meaning of section 6202.1 of the regulations to the Tax Act;
  - (B) the Corporation qualifies as a “principal business corporation” within the meaning of subsection 66(15) of the Tax Act; and
- (iv) the Corporation shall have delivered or caused to be delivered to the Agent title opinions with respect to title to each of the Material Properties addressed to, among others, the Agent and the Purchasers, in a form acceptable to the Agent, acting reasonably;
- (v) the Corporation shall have delivered or caused to be delivered to the Agent:
  - (A) a certificate, dated as of the Closing Date, signed by each of the Chief Executive Officer and the Chief Financial Officer of the Corporation, or such other officers of the Corporation as the Agent may agree, certifying for and on behalf of the Corporation, that: (1) no order, ruling or determination having the effect of suspending the sale or ceasing the trading in any securities of the Corporation (including the Common Shares) has been issued by any regulatory authority and is continuing in effect and no proceedings for that purpose have been instituted or are pending or, to the knowledge of such officers, threatened by any regulatory authority; (2) the Corporation has duly complied with all the terms, covenants and conditions of this Agreement on its part to be complied with up to the Closing Time; and (3) the representations and warranties of the Corporation contained in this Agreement are true and correct in all material respects as of the Closing Time with the same force and effect as if made at and as of the Closing Time after giving effect to the transactions contemplated by this Agreement;
  - (B) a certificate dated the Closing Date signed by an appropriate officer of the Corporation and addressed to the Agent with respect to the notice of articles and articles of the Corporation, the resolutions of the directors and shareholders, if any, of the Corporation and any other corporate action taken relating to this Agreement and the Ancillary Documents and with respect to such other matters as the Agent may reasonably request and including specimen signatures of the signing officers of the Corporation;
  - (C) a Subscription and Renunciation Agreement from each Purchaser accepted by the Corporation;
  - (D) lock-up agreements in favour of the Agent from each of the directors and officers of the Corporation in form and substance satisfactory to Red Cloud Securities Inc., acting reasonably, evidencing such director’s or officer’s agreement not to, without the prior written consent of Red Cloud Securities Inc., such consent not to be unreasonably withheld, offer, sell

or resell any Common Shares of the Corporation or financial instruments or securities convertible into or exercisable or exchangeable for Common Shares of the Corporation held by it or agree to or announce any such offer or sale for a period of 60 days following the Closing Date;

- (E) a certificate of the Transfer Agent as to the issued and outstanding Common Shares as at the close of business on the day prior to the Closing Date;
- (F) evidence that all requisite approvals, consents and acceptances of the appropriate regulatory authorities and the Stock Exchange required to be made or obtained by the Corporation in order to complete the Offering have been made or obtained; and
- (G) such further documents as may be contemplated by this Agreement or as the Agent may reasonably require;

all in form and substance satisfactory to the Agent;

- (vi) the Corporation shall have delivered to the Agent a written direction of the Corporation directing the Agent to deliver the gross proceeds from the sale of the Offered Securities to the Corporation in accordance with clause 4(a)(viii) below;
- (vii) the Corporation shall have delivered or cause to be delivered to the Agent:
  - (A) payment of the commission as provided in Section 6 and the expenses payable by the Corporation to the Agents as provided in Section 11, by wire transfer payable to the Agent; and
  - (B) A Broker Warrant Certificate representing the Broker Warrants;
- (viii) the Agent shall have delivered or cause to be delivered to the Corporation
  - (A) payment of the aggregate Purchase Price for the FT Shares purchased by the Purchasers by wire transfer payable to the Corporation; and
  - (B) such further documents as may be contemplated by this Agreement or as the Corporation may reasonably require,

all in form and substance satisfactory to the Corporation.

## 5. Closing

- (a) Closing: The Closing shall be completed at the offices of counsel for the Corporation, Blake, Cassels & Graydon LLP, at the Closing Time on the Closing Date.
- (b) At the Closing, the Corporation shall issue to CDS Clearing & Depository Services, by way of electronic deposit or a book-entry global certificate representing the Offered Securities sold in registered form.
- (c) Conditions of Closing: The following are conditions precedent to the obligation of the Agent to complete the Closing and of the Purchasers to purchase the Offered Securities, which

conditions the Corporation hereby covenants and agrees to use its best efforts thereof to fulfill within the time set out herein therefor, and which conditions may be waived in writing in whole or in part by the Agent:

- (i) the Corporation shall have received all necessary approvals and consents, including all necessary regulatory approvals and consents (including those of the Stock Exchange) required for the completion of the transaction contemplated by this Agreement, all in a form satisfactory to the Agent, and the Stock Exchange shall have conditionally approved the listing thereon of the FT Shares, subject to the fulfillment of normal conditions;
- (ii) receipt by the Agent of the documents set forth in Section 4 of this Agreement to be delivered to the Agent;
- (iii) the representations and warranties of the Corporation contained herein being true and correct as of the Closing Time with the same force and effect as if made at and as of the Closing Time after giving effect to the transactions contemplated hereby;
- (iv) the Corporation having complied with all covenants, and satisfied all terms and conditions, contained herein to be complied with and satisfied by the Corporation at or prior to the Closing Time;
- (v) Conditions of Closing in favour of the Corporation: The following are conditions precedent to the obligation of the Corporation to complete the Closing, which conditions the Agent hereby covenants and agrees to fulfill within the time set out herein therefor, and which conditions may be waived in writing in whole or in part by the Corporation:
  - (i) receipt by the Corporation of the closing deliverables set forth in Section 4 of this Agreement to be delivered by the Agent to the Corporation;
  - (ii) the representations and warranties of the Agent contained herein being true and correct in all material aspects as of the Closing Time with the same force and effect as if made at and as of the Closing Time after giving effect to the transactions contemplated hereby; and
  - (iii) the Agent having complied with all covenants, and satisfied all terms and conditions, contained herein to be complied with and satisfied by the Corporation at or prior to the Closing Time;

the Agent not having previously terminated its obligations pursuant to this Agreement.

## 6. Fee

- (a) Commission: In consideration of the agreement of the Agent to act as agent in respect of the Offering, and in consideration of the services performed and to be performed by the Agent in connection therewith, including, without limitation:
  - (i) acting as agent to solicit offers to purchase the Offered Securities;
  - (ii) participating in the preparation of the form of the Subscription and Renunciation Agreements and certain of the Ancillary Documents; and

- (iii) advising the Corporation with respect to the private placement of the Offered Securities;

the Corporation shall pay to the Agent or as the Agent may otherwise direct at the Closing Time against receipt of payment of the Purchase Price for the Offered Securities: (i) a cash commission of 6.0% of the aggregate Purchase Price for the Offered Securities, other than in respect of the Offered Securities sold to subscribers on the President's List, in which case the Corporation shall pay a cash commission equal to 2.0% of the aggregate Purchase Price in respect of \$292,500 of the Offered Securities and 4.0% of the aggregate Purchase Prices in respect of \$2,700,000 of the Offered Securities (collectively, the "**Commission**") which Commission will be paid by separate wire by the Company at Closing; and (ii) issue to the Agent warrants of the Corporation (the "**Broker Warrants**"), exercisable for a period of 24 months following the Closing Date, to acquire in aggregate that number of common shares of the Corporation (the "**Broker Warrant Shares**") which is equal to 6.0% of the number of Offered Securities sold under the Offering at an exercise price equal to \$0.75 per Broker Warrant Share.

- (b) Taxes: The Corporation and the Agent acknowledge and agree that if a separate fee would have been charged to the Corporation for the services described in clause 6(a)(i) above, such separate fee would represent more than 50% of the fee payable to the Agent, and the Corporation hereby further acknowledges and agrees that the Agent will rely on the foregoing statement in not charging federal goods and services tax or harmonized sales tax on such fee and that the Corporation will forthwith pay to the Agent any such tax and any applicable interest and penalties to the extent determined to be exigible.

## 7. **Representations and Warranties of the Corporation**

The Corporation represents and warrants to the Agent, and acknowledges that the Agent is relying upon such representations and warranties in entering into this Agreement, that:

- (a) as at the date hereof: (A) the authorized capital of the Corporation consists of an unlimited number of Common Shares; and (B) the issued and outstanding capital of the Corporation consists solely of 71,307,747 Common Shares; each of which has been issued as fully paid and non-assessable;
- (b) the Corporation (A) has been duly incorporated and organized and is validly existing and in good standing under the laws of British Columbia; (B) has all requisite corporate power and authority, and all necessary licences, leases, permits, authorizations and other approvals to carry on its business as now conducted and to own or lease, and operate, its properties and assets; and (C) will have all required corporate power and authority to create, issue, allot, sell and deliver, the Offered Securities at the Closing Time, to enter into this Agreement and the Ancillary Documents and to carry out the provisions of this Agreement and the Ancillary Documents required to be carried out by it;
- (c) the Corporation's only material subsidiary is New Polaris Gold Mines Ltd. (the "**Subsidiary**") and all of the securities of the Subsidiary are held directly by the Corporation, free and clear of all mortgages, liens, charges, pledges, security interests, encumbrances, claims and demands, and the Corporation holds full beneficial ownership of all such shares in the Subsidiary. All of such shares in the capital of the Subsidiary have been duly authorized and validly issued and are outstanding as fully paid shares and no person, other than the Corporation has any right, agreement or option, present or future, contingent or absolute, or any right capable of becoming

a right, agreement or option, for the purchase or acquisition from the Corporation of any interest in any of such shares, or for the issue or allotment of any unissued shares in the capital of the Subsidiary or any other security convertible into or exchangeable for any such shares.

- (d) The Subsidiary: (i) has been duly incorporated and organized and is validly existing and in good standing under the federal laws of Canada; (ii) has all requisite corporate power and capacity to carry on its business as now conducted and to own, lease and operate its assets; and (iii) has all necessary licences, authorizations, permits and other approvals necessary to permit it to conduct its business as currently conducted and all such licences, authorizations, permits and approvals are in full force and effect in accordance with their terms.
- (e) the Corporation is responsible for directing and directly overseeing the operations and development of its business and the operations, exploration and development of the properties in which the Corporation has a direct or indirect ownership, royalty or other interest;
- (f) neither the Corporation nor the Subsidiary is a party to or bound or affected by any commitment, agreement or document containing any covenant which expressly limits the freedom of the Corporation or the Subsidiary to compete in any line of business, to transfer or move any of its assets or operations or which materially or adversely affects the business practices, operations or condition of the Corporation;
- (g) neither the Corporation nor the Subsidiary has any agreements of any nature to acquire, directly or indirectly, any securities, or other equity or proprietary interest in, any Person and the Corporation does not have any agreements to acquire or lease any other business operations;
- (h) except in connection with the net exercise or net settlement of equity compensation securities, the Corporation has not engaged in any Off-Balance Sheet Arrangement or similar financing;
- (i) each of the Corporation and the Subsidiary are, in all material respects, conducting their business in compliance with all applicable laws, rules and regulations of each jurisdiction in which its business is carried on and is duly licensed, registered or qualified in all jurisdictions in which it owns, leases or operates its property or carries on business to enable its business to be carried on as now conducted and its property and assets to be owned, leased and operated and all such licences, registrations and qualifications are and will at the Closing Time be valid, subsisting and in good standing, except in respect of matters which do not and will not result in any adverse material change to the Corporation or the Subsidiary and except where the failure to be so qualified or the absence of any such licence, registration or qualification does not and will not have a material adverse effect on the assets or properties, business, results of operations or condition (financial or otherwise) of the Corporation or the Subsidiary;
- (j) no Person has any agreement or option or right or privilege (whether by law, pre-emptive or contractual) issued or capable of becoming an agreement for (A) the purchase, subscription or issuance of any unissued shares, securities or warrants of the Corporation; or (B) the repurchase by or on behalf of the Corporation of any issued and outstanding securities of the Corporation, except as contemplated herein and as at the date hereof, an aggregate of 17,550,200 Common Shares were reserved for issue pursuant to outstanding options, warrants, share incentive plans, convertible, exercisable and exchangeable securities and other rights to acquire Common Shares;
- (k) to the knowledge of the Corporation, other than the constating documents of the Corporation (to the extent that they would constitute an agreement), no agreement exists among the

shareholders of the Corporation in respect of the Corporation and no such agreement will exist at the Closing Time;

- (l) there is not, in the constating documents, articles or in any agreement, mortgage, note, debenture, indenture or other instrument or document to which the Corporation is a party, any restriction upon or impediment to, the declaration or payment of dividends by the directors of the Corporation;
- (m) neither the Corporation nor the Subsidiary has committed an act of bankruptcy or sought protection from its creditors from any court or pursuant to any legislation, proposed a compromise or arrangement to its creditors generally, taken any proceeding with respect to a compromise or arrangement, taken any proceeding to have itself declared bankrupt or wound up, as the case may be, taken any proceeding to have a receiver appointed for any part of its assets, had any encumbrance or receiver take possession of any of its property, had an execution or distress become enforceable or levied upon any portion of its property or had any petition for a receiving order in bankruptcy or application for a bankruptcy order filed against it, and at the Closing Time, neither the Corporation nor the Subsidiary will be an insolvent person (as that term is defined in the *Bankruptcy and Insolvency Act* (Canada));
- (n) no order, ruling or decision granted by a Securities Commission, court of competent jurisdiction, regulatory or administrative body having jurisdiction is in effect, pending or (to the best of the knowledge of the Corporation) threatened that restricts any trades in any securities of the Corporation as of the date hereof including any cease trade orders;
- (o) each of the Corporation and the Subsidiary is the owner of all of its material property and assets, as applicable, used by it in connection with its business, unless leased or licensed, in each case with good and marketable title thereto, free and clear of any encumbrances, and of any rights or privileges capable of becoming encumbrances;
- (p) there are no claims with respect to native rights currently or, to the best of the knowledge, information and belief of the Corporation, after due inquiry, pending or threatened with respect to any of the material properties of the Corporation;
- (q) except as disclosed in the Information, the Corporation does not own, lease, possess, operate or otherwise hold any material property, now or previously, outside Canada;
- (r) except as disclosed in the Information, neither the Corporation nor the Subsidiary is a party to any Debt Instrument or any agreement, contract or commitment to create, assume or issue any Debt Instrument;
- (s) the Corporation is not subject to any materially adverse liabilities or obligations, direct or indirect, accrued, absolute, contingent or otherwise and, to the knowledge of the Corporation, without limiting the generality of any representation or warranty given in this Agreement, there are currently no facts or circumstances existing which might reasonably serve as the basis for, or give rise to, any material adverse liabilities or obligations on the part of the Corporation;
- (t) there are no judgments against the Corporation or the Subsidiary that are unsatisfied, nor are there any consent decrees or injunctions to which the Corporation or the Subsidiary are subject;
- (u) neither the Corporation nor the Subsidiary has guaranteed or otherwise given security for or agreed to guarantee or give security for any liability, debt or obligation of any other Person;

- (v) since December 31, 2020, except as disclosed in the Information, each of the Corporation and the Subsidiary has carried on business in the ordinary course and, in each case, there has not been:
  - (i) any material change in the assets, liabilities or obligations (absolute, accrued, contingent or otherwise), business, business prospects, condition (financial or otherwise) or results of operations of the Corporation or the Subsidiary, other than: (A) the growth and expansion of the business of the Corporation, and (B) those changes occurring in the ordinary course of business, none of which is (either singly or taken together) materially adverse to the Corporation or the Subsidiary,
  - (ii) except as contemplated in this Agreement, any material change in the share capital or long-term debt of the Corporation or the Subsidiary,
  - (iii) any adverse material change to the Corporation or the Subsidiary,
  - (iv) any declaration, setting aside or payment of any dividend or other distribution with respect to any shares in the capital of the Corporation or the Subsidiary or any direct or indirect redemption, purchase or other acquisition of any shares, or
  - (v) any change in accounting or tax practices followed by the Corporation or the Subsidiary;
- (w) the Corporation is not in default or in breach in any material respect of, and each of the execution and delivery of this Agreement, the performance by the Corporation and compliance with the terms of this Agreement and the issue, sale and delivery of the Offered Securities by the Corporation will not result in any material breach of, or be in conflict with or constitute a default under, or create a state of facts which, after notice or lapse of time, or both, would constitute a default under any term or provision of the constating documents, articles or resolutions of the Corporation or any material mortgage, note, indenture, contract, agreement, instrument, lease or other material document to which the Corporation is a party or by which any of them is bound or any judgment, decree, order, statute, rule or regulation applicable to it, except as would not reasonably be expected to have a material adverse effect on the Corporation;
- (x) the Corporation is, and will at the Closing Time be, a “reporting issuer” (or its equivalent), not in default of any requirement of applicable Securities Laws, in each of the Reporting Jurisdictions, and the Corporation has made timely disclosure of all material changes relating to it and no such disclosure has been made on a confidential basis and there is no material change relating to the Corporation which has occurred with respect to which the requisite material change report has not been filed;
- (y) no portion of the Information contained a material misrepresentation as at its date of public dissemination, and no fact or facts have been omitted therefrom which would make such information materially misleading;
- (z) any financial statements of the Corporation filed prior to the date hereof have been prepared in accordance with Canadian generally accepted accounting principles or IFRS, as applicable, in each case, consistently applied, accurately, fairly and fully reflect the financial position of the Corporation as of the respective dates of the statements thereof, and no adverse material changes in the financial position of the Corporation have taken place since December 31, 2020, save in the ordinary course of the Corporation’s business;

- (aa) the auditors who audited the financial statements of the Corporation most recently delivered to the securityholders of the Corporation and delivered their report with respect thereto are, to the best of the Corporation's knowledge, information and belief, independent public accountants as required by the applicable Securities Laws and which meet the criteria of Part II of National Instrument 52-108 – *Auditor Oversight*;
- (bb) there has never been any "reportable event" (as defined in Section 4.11(1) of NI 51-102) with the present or any former auditors (if any) of the Corporation;
- (cc) the issued and outstanding Common Shares of the Corporation are listed and posted for trading on the Stock Exchange and no order ceasing or suspending trading in any securities of the Corporation or prohibiting the issue, sale and delivery (as applicable) of the Offered Securities or the trading of any of the Corporation's issued securities has been issued and no proceedings for such purpose are, to the knowledge of the Corporation, pending or threatened;
- (dd) Computershare Investor Services Inc. has been duly appointed as the registrar and transfer agent for the Common Shares at its principal transfer office in the City of Vancouver, British Columbia;
- (ee) each of the Corporation and the Subsidiary has filed in a timely manner all necessary tax returns and notices and has paid or remitted all material applicable taxes of whatsoever nature for all tax years prior to the date hereof to the extent that such taxes have become due or have been required to be remitted; and there are no agreements, waivers or other arrangements providing for an extension of time with respect to the filing of any tax return by the Corporation or the Subsidiary or the payment of any material tax, governmental charge, penalty, interest or fine against the Corporation or the Subsidiary. There are no material actions, suits, proceedings, audits, investigations or claims in progress, now threatened or pending against the Corporation or the Subsidiary which could result in a material liability in respect of taxes, charges or levies upon the Corporation or the Subsidiary. Each of the Corporation and the Subsidiary has withheld (where applicable) from each payment to each of the present and former officers, directors, employees and consultants thereof and any person that is a non-resident of Canada for purposes of the Tax Act, the amount of all taxes and other amounts, including, but not limited to, income tax and other deductions, required to be withheld therefrom, and has paid the same or will pay the same when due to the proper tax or other receiving authority within the time required under applicable tax legislation;
- (ff) each of the Corporation and the Subsidiary has established on its books and records reserves that are adequate for the payment of all taxes not yet due and payable and there are no liens for taxes on the assets of the Corporation or the Subsidiary, except for taxes not yet due and there are no audits known by the Corporation or the Subsidiary or, to the knowledge of the Corporation, to be pending, of the tax returns of the Corporation or the Subsidiary (whether federal, provincial, local or foreign); and to the knowledge of the Corporation, there are no claims which have been or may be asserted relating to any such tax returns, which audits and claims, if determined adversely, would result in the assertion by any governmental agency of any deficiency that would have a material adverse effect on the assets or properties, business, results of operations, prospects or condition (financial or otherwise) of the Corporation or the Subsidiary;
- (gg) the Corporation maintains 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; (ii) transactions are recorded as necessary to permit

- preparation of financial statements in conformity with Canadian generally accepted accounting principles or IFRS and to maintain asset accountability, (iii) access to monies and investments is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences;
- (hh) neither the Corporation nor the Subsidiary, nor, to the knowledge of the Corporation, any other party, is in default in the observance or performance of any material term or material obligation to be performed by any of them under any material contract to which the Corporation or the Subsidiary is a party or otherwise bound and no event has occurred which with notice or lapse of time or both would constitute such a default, in any such case which default or event would have a material adverse effect on the assets or properties, business, results of operations, prospects or condition (financial or otherwise) of the Corporation or the Subsidiary;
  - (ii) this Agreement and the Ancillary Documents shall be a valid and binding obligation of the Corporation enforceable in accordance with its terms, except as the enforceability thereof may be limited by (i) bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally, (ii) general equitable principles, or (iii) limitations under applicable Laws in respect of rights of indemnity, contribution and waiver of contribution;
  - (jj) the attributes of the Offered Securities will conform in all material respects with the description thereof in this Agreement and the Ancillary Documents;
  - (kk) the Broker Warrant Shares, if issued, will be qualified investments under the Tax Act for a trust governed by a registered retirement savings plan, a registered education savings plan, a registered retirement income fund, a deferred profit sharing plan, a registered disability savings plan and a tax-free savings account (collectively, "**Registered Plans**"), provided that in the case of the Broker Warrants, the Corporation is not an annuitant, a beneficiary, an employer nor a subscriber under, nor a holder of the Registered Plan and deals at arm's length with any such person;
  - (ll) the forms of the certificates representing the FT Shares, the Broker Warrant Shares, and the Broker Warrants have been duly approved by the directors of the Corporation and the forms of certificates representing the FT Shares, the Broker Warrant Shares, and the Broker Warrants comply with the provisions of the BCBCA and, to the extent applicable, the rules and policies of the Stock Exchange;
  - (mm) there is no Person acting at the request of the Corporation, other than the Agent, who is entitled to any brokerage, agency or similar fee in connection with the transactions contemplated herein;
  - (nn) the Corporation has insured its business and operations against loss or damage by insurable hazards or risks on a basis that the Corporation believes to be consistent with insurance obtained by reasonably prudent participants in comparable businesses. Such insurance coverage is of a type and in an amount typical to the businesses in which the Corporation operates as conducted by a reasonably prudent person, based on the advice of insurance brokers consulted by the Corporation. The Corporation has not made any material claim on any policy of insurance or been refused any insurance coverage sought or applied for. The Corporation has no reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business at a cost that would not be reasonably expected to have a material adverse

effect on the assets or properties, business, results of operations, prospects or condition (financial or otherwise) of the Corporation;

- (oo) except as disclosed in the Information, to the knowledge of the Corporation, none of the directors or officers of the Corporation, nor any holder of more than 10% of any class of shares of the Corporation, or any associate or affiliate (as such terms are defined in the British Columbia Act) of any of the foregoing Persons, has any material interest, direct or indirect, in any proposed material transaction which is material to or will materially affect the Corporation;
- (pp) to the knowledge of the Corporation, the Corporation and the Subsidiary have been and are in material compliance with all, and has not received any notice of, or been prosecuted for an offence alleging non-compliance with any, applicable federal, provincial, municipal, state and local laws, statutes, ordinances, by-laws and regulations and orders, directives and decisions rendered by any ministry, department or administrative or regulatory agency, domestic or foreign (collectively, the “**Environmental and Health Laws**”), relating to the protection of the environment, occupational health and safety or the processing, use, treatment, storage, disposal, discharge, transport or handling of any pollutants, contaminants, chemicals or industrial, toxic or hazardous wastes or substance (collectively, “**Hazardous Substances**”), except where such non-compliance or prosecution could not reasonably be expected to have a material adverse effect on the assets or properties, business, results of operations, prospects or condition (financial or otherwise) of the Corporation or the Subsidiary;
- (qq) to the knowledge of the Corporation, the Corporation and the Subsidiary or, where applicable, its consultants has obtained all material licences, permits, approvals, consents, certificates, registrations and other authorizations under the Environmental and Health Laws (the “**Required Permits**”) required for the operation of its business, as currently conducted, and, to the knowledge of the Corporation, each Required Permit is valid, subsisting and in good standing and the holders of the Required Permits are not in material default or breach thereof and no proceeding is pending or to the knowledge of the Corporation threatened to revoke or limit any Required Permit, except where such breach or default could not reasonably be expected to have a material adverse effect on the assets or properties, business, results of operations, prospects or condition (financial or otherwise) of the Corporation or the Subsidiary;
- (rr) to the knowledge of the Corporation, neither the Corporation nor the Subsidiary has used, except in compliance with all Environmental and Health Laws or except to the extent that the consequences would not be materially adverse to the Corporation or the Subsidiary, any property or facility which it owns or leases or previously owned or leased, to generate, manufacture, process, distribute, use, treat, store, dispose of, transport or handle any Hazardous Substance;
- (ss) neither the Corporation nor the Subsidiary has received any notice of, or been prosecuted for an offence alleging, noncompliance with any Environmental and Health Laws, and neither the Corporation nor the Subsidiary has settled any allegation of non-compliance short of prosecution, except where such non-compliance could not reasonably be expected to have a material adverse effect on the assets or properties, business, results of operations, prospects or condition (financial or otherwise) of the Corporation or the Subsidiary. There are no orders or directions relating to environmental matters requiring any work, repairs, construction or capital expenditures to be made with respect to any of the assets of the Corporation or the Subsidiary nor has the Corporation or the Subsidiary received notice of any of the same;

- (tt) except as ordinarily or customarily required by applicable permits, neither the Corporation nor the Subsidiary has received any notice that it is potentially responsible for a federal, provincial, state, municipal or local clean-up site or corrective action under any Environmental and Health Laws except where such action could not reasonably be expected to have a material adverse effect on the assets or properties, business, results of operations, prospects or condition (financial or otherwise) of the Corporation or the Subsidiary. Neither the Corporation nor the Subsidiary has received any request for information in connection with any federal, state, municipal or local inquiries as to disposal sites except where such inquiries could not reasonably be expected to have a material adverse effect on the assets or properties, business, results of operations, prospects or condition (financial or otherwise) of the Corporation or the Subsidiary;
- (uu) the Corporation controls or has legal rights to, through mining tenements of various types and descriptions, all of the rights, titles and interests materially necessary or appropriate to authorize and enable it to carry on the material mineral exploration as currently being undertaken and neither the Corporation nor the Subsidiary is in material default of such rights, titles and interests;
- (vv) to the knowledge of the Corporation, all assessments or other work required to be performed in relation to the material mining claims and the mining rights of the Corporation and the Subsidiary, in order to maintain its and their interests therein, if any, have been performed to date and the Corporation and the Subsidiary has complied in all material respects with all applicable governmental laws, regulations and policies in this connection as well as with regard to legal, contractual obligations to third parties in this connection except in respect of mining claims and mining rights that the Corporation intends to abandon or relinquish and except for any non-compliance which could not either individually or in the aggregate be expected to have a material adverse effect on the Corporation or the Subsidiary. All such mining claims and mining rights are in good standing in all material respects as of the date of this Agreement;
- (ww) to the knowledge of the Corporation, there are no expropriations or similar proceedings or any material challenges to title or ownership, actual or threatened, of which the Corporation or the Subsidiary has received notice against the material mining claims or material mining rights of the Corporation or the Subsidiary, or any part thereof;
- (xx) to the knowledge of the Corporation, all mineral exploration activities on the properties of the Corporation have been conducted in all material respects in accordance with all applicable workers' compensation and health and safety and workplace laws, regulations and policies have been duly complied with except where the failure to so conduct operations could not reasonably be expected to have a material adverse effect on the Corporation or the Subsidiary;
- (yy) to the knowledge of the Corporation, there are no environmental audits, evaluations, assessments, studies or tests relating to the Corporation and the Subsidiary, except for ongoing assessments conducted by or on behalf of the Corporation and the Subsidiary in the ordinary course;
- (zz) prior to the Closing Date, the Corporation shall allow the Agent to conduct all due diligence which they may reasonably require in respect of the Offering and if one or more visits to the offices of the Corporation is required, such visit(s) shall be made within normal business hours;
- (aaa) the minute books and corporate records of the Corporation and its predecessor corporations, if applicable, and the Subsidiary, made available to Peterson McVicar LLP in connection with

- the Agent's due diligence investigations of the Corporation for the periods from their respective dates of incorporation to the date of examination thereof, are the original minute books and records of such companies or true copies thereof and contain copies of all material proceedings (or certified copies thereof) of the shareholders, the boards of directors and all committees and are complete in all material respects other than those which have been disclosed to the Agent in writing and those which are not material in the context of the Corporation;
- (bbb) to the knowledge of the Corporation, each of the Corporation and the Subsidiary is in all material respects in compliance with all applicable laws and regulations respecting employment and employment practices;
  - (ccc) each material plan for retirement, bonus, stock purchase, profit sharing, stock option, deferred compensation, severance or termination pay, insurance, medical, hospital, dental, vision care, drug, sick leave, disability, salary continuation, legal benefits, unemployment benefits, vacation, incentive or otherwise contributed to or required to be contributed to, by the Corporation or the Subsidiary for the benefit of any current or former director, officer, employee or consultant (the "**Employee Plans**") has been maintained in material compliance with its terms and with the requirements prescribed by any and all statutes, orders, rules and regulations that are applicable to such Employee Plans. Neither the Corporation nor the Subsidiary has, nor has had, any pension plan (as such term is defined in the relevant legislation of the applicable jurisdiction);
  - (ddd) all material accruals for unpaid vacation pay, premiums for unemployment insurance, health premiums, federal or provincial pension plan premiums, accrued wages, salaries and commissions and Employee Plan payments have been reflected in the books and records of the Corporation;
  - (eee) there has not been, and there is not to the knowledge of the Corporation currently, any labour trouble which is adversely affecting or could adversely affect, in a material manner, the carrying on of the business of the Corporation or the Subsidiary;
  - (fff) to the knowledge of the Corporation, except as disclosed in the Information, neither the Corporation nor the Subsidiary owes any monies to, nor has the Corporation or the Subsidiary any present loans to, or borrowed any monies from or is otherwise indebted to, any officer, director, employee, shareholder or any person not dealing at "arm's length" (as such term is defined in the Tax Act) with any of them except for usual employee reimbursements and compensation paid in the ordinary and normal course of business. To the knowledge of the Corporation, except as disclosed in the Information and usual employee or consulting arrangements made in the ordinary and normal course of business, neither the Corporation nor the Subsidiary is a party to any contract or agreement with any person not dealing at arm's length with it;
  - (ggg) except as disclosed in the Information, to the knowledge of the Corporation, after due inquiry, no officer, director or employee of the Corporation or the Subsidiary and no entity which is an affiliate or associate of one or more of the foregoing, owns, directly or indirectly, any interest in (except for shares representing less than 5% of the outstanding shares of any class or series of any publicly traded company), or is an officer, director, employee or consultant of, any person which is, or is engaged in, a business competitive with the Corporation or the Subsidiary which, in either case, materially adversely impacts, or can reasonably be expected to materially and adversely impact, on the ability to duly and properly perform its services;

- (hhh) to the knowledge of the Corporation, no officer, director, employee or security holder of the Corporation or the Subsidiary has any cause of action or other claim whatsoever against, or owes any amount to, the Corporation or the Subsidiary in connection with their business except for claims in the ordinary and normal course of the business such as for accrued vacation pay or other amounts or matters which would not be material to the Corporation or the Subsidiary;
- (iii) all necessary documents and proceedings have been or will be filed and taken and all other legal requirements have been or will be fulfilled under each of the applicable Securities Laws in connection with the issuance and sale of the Offered Securities;
- (jjj) the Material Property is the only material property or project of the Corporation;
- (kkk) the information set forth in any technical reports filed in respect of the Material Property (the “**Technical Reports**”) has been reviewed and verified by the authors of such Technical Reports and, to the knowledge of the Corporation, (i) such Technical Reports comply in all material respects with the requirements of NI 43-101 and Form 43-101F1 – *Technical Report* at the time of filing; and (ii) the Corporation made available to the authors of such Technical Reports, prior to the issuance thereof, for the purpose of preparing such report, all information requested by them, and none of such information contained any misrepresentation at the time such information was so provided;
- (lll) all of the material assumptions underlying the mineral resource estimates in the Technical Report are, to the knowledge of the Corporation, reasonable and appropriate and the estimates of mineral resources therein comply in all material respects with applicable Securities Laws of Canada, subject to current technical reports superseding prior reports;
- (mmm) the Corporation is in compliance in all material respects with the provisions of NI 43-101 and the Corporation has filed the Technical Reports as required thereby and there has been no change in respect thereof that would require the filing by the Corporation of any other new technical report under NI 43-101;
- (nnn) the Corporation is a “principal-business corporation” as defined in subsection 66(15) of the Tax Act;
- (ooo) upon issuance, the FT Shares will be “flow-through shares” as defined in subsection 66(15) of the Tax Act and such FT Shares will not be “prescribed shares” for the purpose of section 6202.1 of the regulations to the Tax Act;
- (ppp) neither the Corporation nor the Subsidiary has entered into any agreements or made any covenants with any parties with respect to the renunciation of CEE, which amounts have not been fully expended and renounced as required thereunder;
- (qqq) the representations and warranties of the Corporation in the Subscription and Renunciation Agreements are, and will on the Closing Date be, true and correct;
- (rrr) neither the Corporation nor the Subsidiary has entered into any agreements or made any covenants with any parties that would restrict the Corporation from entering into the Subscription and Renunciation Agreements and agreeing to incur and renounce Resource Expenses during the Expenditure Period in accordance with the Subscription and Renunciation Agreements nor that would require the prior renunciation to any other person of Resource

Expenses prior to the renunciation of the aggregate FT Commitment Amount in favour of the Purchasers;

- (sss) the operations of the Corporation and the Subsidiary are and have been conducted at all times in all material respects 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 or governmental authority or any arbitrator or non-governmental authority involving the Corporation or the Subsidiary with respect to the Money Laundering Laws is to the best knowledge of the Corporation pending or threatened;
- (ttt) neither the Corporation, the Subsidiary, nor, to the best of the knowledge of the Corporation, any director, officer, agent, employee, affiliate or person acting on behalf of the Corporation or the Subsidiary is currently subject to any United States sanctions administered by the Office of Foreign Assets Control of the United States Treasury Department (“**OFAC**”); and the Corporation will not knowingly, directly or indirectly, use the proceeds of the Offering, or knowingly lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other person or entity, for the purpose of financing the activities of any person currently subject to any United States sanctions administered by OFAC; and
- (uuu) there are no material actions, proceedings or investigations (whether or not purportedly by or on behalf of the Corporation or the Subsidiary) that have commenced or that have been threatened against, or to the best knowledge of the Corporation, that are pending against the Corporation or the Subsidiary or any of their properties at law or in equity (whether in any court, arbitration or similar tribunal) or before or by any federal, provincial, state, municipal or other governmental department, commission, board or agency, domestic or foreign.

## 8. **Covenants of the Corporation**

- (a) Consents and Approvals: Immediately following the acceptance by the Corporation hereof, the Corporation covenants and agrees with the Agent and the Purchasers (and acknowledges that such covenants and agreements are incorporated by reference in the Subscription and Renunciation Agreements) that the Corporation will:
  - (i) obtain, to the extent not already obtained, the necessary regulatory consents from the Stock Exchange and, to the extent necessary, from the Securities Commissions of the Qualifying Jurisdictions, for the Offering on such terms as are mutually acceptable to the Agent and the Corporation, acting reasonably;
  - (ii) arrange for the listing of the FT Shares and the Broker Warrant Shares on the Stock Exchange as soon as possible; and
  - (iii) make all necessary filings to obtain all other necessary regulatory and other consents and approvals required in connection with the transactions contemplated by this Agreement.
- (b) General: The Corporation hereby covenants and agrees with the Agent and the Purchasers (and acknowledges that such covenants and agreements are incorporated by reference in the Subscription and Renunciation Agreements) that the Corporation will:

- (i) fulfill all legal requirements to permit the creation, issue, offering and sale of the Offered Securities and the issue of the FT Shares and Broker Warrant Shares as contemplated in this Agreement including, without limitation, compliance with the Securities Laws of the Qualifying Jurisdictions to enable the Offered Securities to be offered for sale and sold to the Purchasers without the necessity of filing a prospectus or offering memorandum in the Qualifying Jurisdictions;
  - (ii) maintain the listing of the Common Shares on the Stock Exchange and the status thereof as a reporting issuer not in default under the securities legislation of each of the Reporting Jurisdictions for a period of 12 months after the Closing Date unless the Corporation shall become merged into, or amalgamated with, or otherwise acquired by, another issuer and the shareholders of the Corporation shall receive cash from or publicly traded shares of such other issuer; and
  - (iii) forthwith after the Closing Date file such documents as may be required under the Securities Laws of the Offering Jurisdictions in Canada relating to the offer and sale of the Offered Securities in a manner exempt from the prospectus requirements of applicable Securities Laws of Canada.
- (c) Restricted Period: The Corporation agrees that, for a period from the signing of this Agreement to 120 days following the Closing Date, it shall not issue, sell, authorize or agree to issue or approve for issuance any Common Shares in the capital of the Corporation or any securities convertible into or exchangeable for or exercisable to acquire Common Shares of the Corporation without the prior written consent of Red Cloud Securities Inc., such consent not to be unreasonably withheld, other than: (a) pursuant to currently outstanding rights, agreements, options, warrants and other convertible securities, including any Common Shares of the Corporation issued pursuant to the exercise of any options granted pursuant to option or purchase plans; (b) options granted pursuant to any stock option plans or stock purchase plans or any other stock based compensation plan currently in place for the Corporation; (c) in connection with obligations in respect of existing acquisitions of assets or securities; or (d) in connection with future transactions involving acquisitions of assets or securities or royalties that, in aggregate, shall not exceed 10% of the Common Shares of the Corporation issued and outstanding as at the Closing Date.
- (d) FT Shares: The Corporation hereby covenants with the Agent and the Purchasers that:
- (i) The Corporation is and will continue to be a “principal-business corporation” as defined in subsection 66(15) of the Tax Act, until such time as all of the Resource Expenses required to be renounced under the Subscription and Renunciation Agreements have been incurred and validly renounced pursuant to the Tax Act.
  - (ii) The Corporation will use the gross proceeds from the sale of the FT Shares and to incur CEE related to the Corporation’s exploration properties located in British Columbia.
  - (iii) The Corporation agrees to incur Resource Expenses in an amount equal to the FT Commitment Amount on or before the Termination Date in accordance with the Subscription and Renunciation Agreements and agrees to renounce to the Purchasers, with an effective date no later than December 31, 2021, pursuant to subsection 66(12.6) or subsection 66(12.66) of the Tax Act, Resource Expenses in an amount equal to the FT Commitment Amount.

- (iv) The expenses to be renounced by the Corporation to the Purchasers: (i) will constitute CEE on the effective date of the renunciation and will constitute a Flow-Through Mining Expenditure on the effective date of the renunciation; (ii) will not include expenses that are (1) “Canadian exploration and development overhead expenses” (as defined in the regulations to the Tax Act for purposes of paragraph 66(12.6)(b) of the Tax Act) of the Corporation, (2) the amount of any assistance described in paragraph 66(12.6)(a) of the Tax Act, (3) amounts which constitute specified expenses for seismic data described in paragraph 66(12.6)(b.1) of the Tax Act or (4) any expenses for prepaid services or rent that do not qualify as outlays and expenses for the period as described in the definition of “expense” in subsection 66(15) of the Tax Act; (iii) will not include any amount that has previously been renounced by the Corporation to the Purchasers or any other person; (v) would be deductible by the Corporation in computing its income for the purposes of Part I of the Tax Act but for the renunciation to the Purchasers; and (vi) will not be subject to any reduction under subsection 66(12.73) of the Tax Act.
- (v) The Corporation shall not be subject to the provisions of subsection 66(12.67) of the Tax Act in a manner which impairs its ability to renounce Resource Expenses to the Purchasers in an amount equal to the FT Commitment Amount.
- (vi) If the Corporation receives, becomes entitled to receive or may reasonably be expected to receive, any “assistance” as defined in subsection 66(15) of the Tax Act and the receipt of or entitlement to receive such assistance has or will have the effect of reducing the amount of Resource Expenses validly renounced to the Purchasers to an amount less than the FT Commitment Amount, the Corporation will incur additional Resource Expenses using funds from other sources in an amount equal to any such assistance so that it may renounce Resource Expenses in an amount not less than the FT Commitment Amount pursuant to the Subscription and Renunciation Agreements.
- (vii) If the Corporation does not renounce to the Purchasers effective on or before December 31, 2021, Resource Expenses equal to the FT Commitment Amount, the Corporation shall indemnify and hold harmless the Purchasers and each of the partners thereof if the Purchaser is a partnership or a limited partnership (for the purposes of this paragraph each an “**Indemnified Person**”) as to, and pay in settlement thereof to the Indemnified Person on or before the twentieth (20th) Business Day following the date the amount is determined, an amount equal to the amount of any tax (within the meaning of subparagraph 6202.1(5)(c) of the regulations to the Tax Act) payable under the Tax Act (and under any corresponding provincial legislation) by any Indemnified Person as a consequence of such failure. In the event that the Corporation reduces the amount renounced to the Purchasers hereunder or the CRA (or any similar provincial tax authority) reduces the amount renounced by the Corporation to the Purchasers pursuant to subsection 66(12.73) of the Tax Act (or any corresponding provincial legislation), the Corporation shall indemnify and hold harmless each Indemnified Person as to, and pay in settlement thereof to the Indemnified Person, an amount equal to the amount of any tax (within the meaning of subparagraph 6202.1(5)(c) of the regulations to the Tax Act) payable under the Tax Act (and under any corresponding provincial legislation) by the Indemnified Person as a consequence of such reduction. For certainty, the foregoing indemnity shall have no force or effect and the Purchasers shall not have any recourse or rights of action to the extent that such indemnity would otherwise cause the FT Shares to be “prescribed shares” within the meaning of section 6202.1 of the regulations to the Tax Act.

- (viii) The Corporation shall deliver to the Purchasers, on or before March 1, 2022, the relevant Prescribed Forms, fully completed and executed, renouncing to the Purchasers Resource Expenses in an amount equal to the FT Commitment Amount with an effective date of no later than December 31, 2021, such delivery constituting the authorization of the Corporation to the Purchasers to file such Prescribed Forms with the relevant taxation authorities.
- (ix) The Corporation shall file with the CRA within the time prescribed by subsection 66(12.68) of the Tax Act, the forms prescribed for the purposes of that subsection together with a copy of the Subscription and Renunciation Agreements or any “selling instrument” contemplated by that subsection.
- (x) The Corporation shall incur and renounce Resource Expenses pursuant to the Subscription and Renunciation Agreements and all other agreements with other Persons providing for the issue of “flow-through shares” entered into by the Corporation on the Closing Date (collectively the “**Other Agreements**”) before incurring and renouncing Resource Expenses pursuant to any other agreement which the Corporation will enter into with any Person with respect to the issue of “flow-through shares” after the Closing Date. If the Corporation is required under the Tax Act or otherwise to reduce Resource Expenses previously renounced to the Purchasers, the reduction shall be made pro rata by the number of “flow-through shares” issued or to be issued pursuant to the Subscription and Renunciation Agreements and the Other Agreements only after it has first reduced to the extent possible all Resource Expenses renounced to Persons (other than the Purchasers and the purchasers under the Other Agreements) under any agreements relating to “flow-through shares” entered into after the Closing Date.
- (xi) The Corporation will maintain proper, complete and accurate accounting books and records relating to the Resource Expenses. The Corporation will retain all such books and records as may be required to support the renunciation of Resource Expenses contemplated by the Subscription and Renunciation Agreements.
- (xii) The Corporation shall not enter into any other agreement which would prevent or restrict its ability to renounce Resource Expenses to the Purchasers in the amount of the FT Commitment Amount.
- (xiii) The Corporation shall perform and carry out all acts and things to be completed by it as provided in the Subscription and Renunciation Agreements.
- (xiv) If the Corporation amalgamates with any one or more companies prior to incurring and renouncing the Resource Expenses pursuant to this Agreement, any shares issued to or held by the Purchasers as a replacement for the FT Shares as a result of such amalgamation will qualify, by virtue of subsection 87(4.4) of the Tax Act, as “flow-through shares” and in particular will not be “prescribed shares” or “prescribed rights”, as the case may be, as defined in Section 6202.1 of the regulations to the Tax Act.
- (e) Use of Proceeds: The Corporation will use the gross proceeds from the sale of the FT Shares to fund directly or indirectly Resource Expenses on the Material Properties located in the Province of British Columbia, advance the assets of the Corporation, all subject to the terms and conditions set out herein.

9. **Termination**

- (a) Right of Termination: The Agent shall be entitled, at the sole option thereof, to terminate and cancel, without any liability on the part of the Agent, all of the obligations thereof under this Agreement and the obligations of any Person who has executed a Subscription and Renunciation Agreement by notice in writing to that effect delivered to the Corporation prior to or at the Closing Time if:
- (i) an order is made to cease or suspend trading in any securities of the Corporation, or to prohibit or restrict the distribution of the Offered Securities, or if proceedings are announced, commenced or threatened for the making of any such orders, by any Securities Commission in Canada, a stock exchange on which the securities of the Corporation are listed or by any other competent authority, and such order has not been rescinded, revoked or withdrawn, or such announced, commenced or threatened proceeding has not been terminated or withdrawn;
  - (ii) any inquiry, action, suit, investigation or other proceeding (whether formal or informal) in relation to the Corporation, or any of its directors or senior officers is announced, commenced or threatened by any federal, provincial, state, municipal, other governmental agency or any Securities Commission or similar regulatory authority, a stock exchange on which the securities of the Corporation are listed or by any other competent authority, or there is any change of law, regulation or policy or the interpretation or administration thereof, if, in the sole opinion of the Agent, the announcement, commencement or threat thereof or change, as the case may be, operates or could operate to prevent, suspend, hinder, delay, restrict or otherwise materially adversely affects, or may materially adversely affect, the Corporation, the trading, distribution or market price or value of the Offered Securities;
  - (iii) there should develop, occur or come into effect or existence any event, action, state, condition or major financial occurrence of national or international consequence, including, without limitation, any military conflict, civil insurrection, act of terrorism, war or like event, or a governmental action, law, regulation, inquiry or any occurrence of any nature whatsoever, which, in the sole opinion of the Agent, seriously adversely affects, or involves, or may seriously adversely affect, or involve, the financial markets or the business, operations, affairs or profitability of the Corporation or the market price or value or marketability of the Offered Securities;
  - (iv) there should occur any material change, change of a material fact, occurrence, event, fact or circumstance (whether actual, anticipated, proposed, contemplated or threatened) or any development that could result in a material change or change of a material fact, any of which, in the sole opinion of the Agent, as determined by the Agent in its sole discretion, could reasonably be expected to have a material adverse effect on the business, operations, affairs or profitability of the Corporation or the market price or value or the marketability of the Offered Securities or other securities of the Corporation;
  - (v) the Corporation shall be in breach of, default under or non-compliance with any covenant, term or condition of this Agreement or the Subscription and Renunciation Agreements, or any representation or warranty given by the Corporation in this Agreement or the Subscription and Renunciation Agreements becomes or is false;

- (vi) the Agent becomes aware, as a result of its due diligence review or otherwise, of any adverse material information, fact or change with respect to the Corporation (in the sole opinion of the Agent) which had not been publicly disclosed or disclosed to the Agent prior to the date hereof or which occurred after the effective date hereof but prior to the Closing and which would have a material adverse effect on the market price or value of the Offered Securities;
  - (vii) there is announced any change or proposed change in the income tax laws of Canada or the interpretation or administration thereof and such change, which in the sole opinion of the Agent, acting reasonably, could be expected to have a significant adverse effect on the market price or value of the Offered Securities; or
  - (viii) the state of financial markets in Canada or elsewhere where it is planned to market the Offered Securities is such that, in the sole opinion of the Agent, the Offered Securities cannot be marketed profitably.
- (b) Rights on Termination: Any termination by the Agent pursuant to subsection (a) hereof shall be effected by notice in writing delivered by the Agent to the Corporation at the address thereof as set out in Section 13 hereof. The right of the Agent to so terminate the obligations thereof under this Agreement is in addition to such other remedies as the Agent may have in respect of any default, act or failure to act of the Corporation in respect of any of the matters contemplated by this Agreement. In the event of a termination by the Agent pursuant to subsection (a) hereof there shall be no further liability on the part of the Agent to the Corporation or of the Corporation to the Agent except any liability which may have arisen or may thereafter arise under either Section 10 or 11 hereof.

## 10. **Indemnity and Contribution**

- (a) The Corporation agrees to indemnify and hold harmless the Agent and each of its affiliates, and its directors, officers, managers, members, partners, employees, agents, advisors, shareholders and each other person controlling an Agent or any of its respective affiliates (individually, an “**Indemnified Party**” and collectively, the “**Indemnified Parties**”) from and against any and all losses, damages, liabilities, claims, actions, suits, proceedings or expenses (“**Claims**,” and each a “**Claim**”), joint or several, to which any Indemnified Party may become subject in connection with, related to or arising out of the engagement of the Agent pursuant to this Agreement or the performance by the Agent of the services or any transactions contemplated by this Agreement. The Corporation will also promptly reimburse each Indemnified Party for all expenses (including, without limitation, fees and expenses of legal counsel on a full indemnity basis, including any expenses relating to enforcing this indemnity) as such expenses are incurred in connection with investigating, preparing to defend, or defending such Claims, whether or not such Indemnified Party is a party and whether or not such Claim is initiated or brought by or on behalf of the Corporation. The Corporation will not, however, be responsible to indemnify an Indemnified Party pursuant to this Section 10 for any Claim referred to in clause (b) above or to reimburse pursuant to this Section 10 expenses relating thereto, if such Claim is judicially determined by final non-appealable order issued by a court of competent jurisdiction to have resulted solely from the gross negligence or wilful misconduct of such Indemnified Party (provided that for greater certainty, the foregoing shall not disentitle an Agent from claiming indemnification hereunder to the extent that the gross negligence, if any, relates to the Agent’s failure to conduct adequate “due diligence”).

- (b) In the event that the foregoing indemnification is for any reason unavailable to any Indemnified Party or insufficient to hold it harmless, the Corporation agrees to contribute to the Claims for which such indemnification is unavailable or insufficient (a) in such proportion as is appropriate to reflect the relative benefits received (or sought to be received) by the Corporation, its affiliates, and its security holders, on the one hand, and the Indemnified Party, on the other hand, in connection with the activity to which such indemnification or reimbursement relates) or (b) if (but only if) the allocation provided for in clause (a) of this paragraph is judicially determined not to be permitted, in such proportion as is appropriate to reflect not only the relative benefits referred to in such clause (a) but also the relative fault of the Corporation, on the one hand, and the Indemnified Party, on the other hand, as well as any other relevant equitable considerations. The Corporation agrees that for the purposes of this paragraph, the relative benefits to the Corporation, its affiliates, and its security holders, on the one hand, and the Indemnified Party, on the other hand, shall be deemed to be in the same proportion that the total value actually or contemplated to be paid, issued, exchanged or transferred in connection with the actual or proposed transaction (whether or not such transaction is consummated) bears to the fees actually paid to, and retained by, the Agent under this Agreement (exclusive of amounts paid for reimbursement of expenses under this Agreement or amounts paid to an Indemnified Party under this Section 10). The Corporation and the Agent agree that it would not be just and equitable if contribution were determined by pro rata allocation or by any other method of allocation that does not take account of the equitable considerations referred to above.
- (c) The Corporation agrees that, without the prior written consent of the Indemnified Party affected, it will not settle, compromise or consent to the entry of any judgment in any pending or threatened claim, action or proceeding in respect of which indemnification could be sought under the indemnification provisions of this Agreement (whether or not the Agent or any Indemnified Party is an actual or potential party to such Claim), unless such settlement, compromise or consent includes an unconditional release of each Indemnified Party from all liability arising out of such Claim and the Agent's engagement and conduct in connection therewith.
- (d) In the event that any Indemnified Party is requested or authorized by the Corporation or is required by government regulation, subpoena, or other legal process to produce an Agent's documents as evidence or personnel as witnesses with respect to the Agent's services for the Corporation, the Corporation will reimburse the Agent for its reasonable professional time and expenses, including, without limitation, the reasonable fees and expenses of its counsel, on a full indemnity basis, incurred in responding to such requests.
- (e) The Corporation will also promptly reimburse Indemnified Parties for reasonable expenses (including, without limitation counsel fees and expenses on a full indemnity basis) as they are incurred in connection with enforcing this Section 10.
- (f) Promptly after receipt of notice of the commencement of any Claim against any Indemnified Party or after receipt of notice of the commencement of any investigation which is based, directly or indirectly, upon any matter in respect of which indemnification may be sought from the Corporation, the Indemnified Parties will notify the Corporation in writing of the commencement thereof (provided that any delay or failure in so notifying shall not prejudice the Indemnified Parties' rights hereunder, except to the extent that such failure results in forfeiture by the Corporation of substantive rights or defenses) and, throughout the course thereof, will provide copies of all relevant documentation to the Corporation, will keep the

Corporation advised of the progress thereof and will discuss with the Corporation all significant actions proposed.

- (g) The Corporation shall be entitled, at its own expense, to participate in and, to the extent it may wish to do so, assume the defence thereof, provided such defence is conducted by experienced and competent counsel. Upon the Corporation notifying the Indemnified Party in writing of its election to assume the defence and retaining counsel, the Corporation shall not be liable to the Indemnified Party for any legal expenses subsequently incurred by them in connection with such defence. If such defence is assumed by the Corporation, the Corporation throughout the course thereof will provide copies of all relevant documentation to the Indemnified Party, will keep the Indemnified Party advised of the progress thereof and will discuss with the Indemnified Party all significant actions proposed.
- (h) Notwithstanding the foregoing paragraph, the Indemnified Party shall have the right, at the Corporation's expense, to employ counsel of the Indemnified Party's choice, in respect of the defence of any action, suit, proceeding, claim or investigation if: (i) the employment of such counsel has been authorized by the Corporation; or (ii) the Corporation has not assumed the defence and employed counsel therefor within a reasonable time after receiving notice of such Claim; or (iii) counsel retained by the Corporation or the Indemnified Party has advised the Indemnified Party that representation of both parties by the same counsel would be inappropriate for any reason, including without limitation because there may be legal defences available to the Indemnified Party which are different from or in addition to those available to the Corporation (in which event and to that extent, the Corporation shall not have the right to assume or direct the defence on the Indemnified Party's behalf) or that there is a conflict of interest between the Corporation and the Indemnified Party or the subject matter of the action, suit, proceeding, claim or investigation may not fall within the indemnity set forth herein (in either of which events the Corporation shall not have the right to assume or direct the defence on the Indemnified Party's behalf).
- (i) In no event shall any Indemnified Party have any liability (whether direct or indirect, in contract or tort or otherwise) to the Corporation or any of its affiliates, security holders or creditors related to, arising out of or in connection with the Agent's engagement, performance of any service in connection therewith or any transaction contemplated thereby, other than with respect to any Claim that is judicially determined by final non-appealable order issued by a court of competent jurisdiction to have resulted solely from such Indemnified Party's gross negligence or wilful misconduct. Neither party shall be liable to the other for consequential, incidental, indirect, punitive or special damages (including loss of profits, data, business or goodwill), regardless of the legal theory advanced or of any notice given as to the likelihood of such damages; provided that (a) this provision shall not limit an Indemnified Party's indemnity or contribution rights as provided for in this Agreement or applicable law and (b) damages required to be paid by an Indemnified Party to any third party that is not an Indemnified Party may be considered direct damages to such Indemnified Party. The Corporation's recourse with respect to any liability or obligation of an Agent hereunder shall be limited to the assets of the Agent, and the Corporation shall have no recourse against, and expressly waives its right to bring any claim against, any other Indemnified Party relating to the Agent or any of their assets.
- (j) The foregoing provisions of this Section 10 are in addition to rights the Agent may have at common law or otherwise and shall inure to the benefit of any successors and permitted assigns of the Corporation and Indemnified Party.

- (k) To the extent that the indemnity contained in this Section 10 is given in favour of a Person who is not a party to this Agreement, the Corporation hereby constitutes the Agent as trustee for such Person for such indemnity and the covenants given by Corporation to such Person in this Agreement. Red Cloud hereby accepts such trust and holds such indemnity and covenants for the benefit of such Persons. The benefit of such indemnity and covenants shall be held by Red Cloud in trust for the Persons in favour of whom such indemnities and covenants are given and may be enforced directly by such Persons.

**11. Expenses**

Whether or not the purchase and sale of the Offered Securities shall be completed as contemplated by this Agreement, reasonable expenses of or incidental to the issue, sale and delivery of the Offered Securities and of or incidental to all matters in connection with the transaction herein set out shall be borne by the Corporation including, without limitation, all reasonable expenses and fees incurred by the Agent and the reasonable fees and expenses of legal counsel to the Agent to a maximum of \$40,000.

**12. Conditions**

All of the terms and conditions contained in this Agreement to be satisfied by the Corporation prior to the Closing Time shall be construed as conditions and any breach or failure by the Corporation to comply with any of such terms and conditions in any material respect shall entitle the Agent to terminate the obligations thereof to complete the Closing by written notice to that effect given by the Agent to the Corporation prior to the Closing Time. It is understood and agreed that the Agent may waive in whole or in part, or extend the time for compliance with, any of such terms and conditions without prejudice to the rights thereof in respect of any other such term and condition or any other or subsequent breach or non-compliance; provided that to be binding on the Agent any such waiver or extension must be in writing and signed by or on behalf of the Agent. If the Agent shall elect to terminate the obligations thereof to complete the Closing as aforesaid, whether the reason for such termination is within or beyond the control of the Corporation, the liability of the Corporation hereunder shall be limited to the indemnity referred to in Section 10 hereof, the right to contribution referred to in Section 10 hereof and the payment of expenses referred to in Section 12 hereof.

**13. Notices**

Any notice or other communication required or permitted to be given hereunder shall be in writing and shall be personally delivered or sent by facsimile or electronic transmission on a Business Day to the following addresses:

- (a) in the case of the Corporation:

Canagold Resources Ltd.  
625 Howe Street, Suite 810  
Vancouver, British Columbia  
V6C 2T6

Attention: Scott Eldridge  
Philip Yee  
Facsimile: 604-685-9744  
Emails: scott@canagoldresources.com

philip@canagoldresources.com

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

Blake, Cassels & Graydon LLP  
595 Burrard Street, Suite 2600  
Vancouver BC V7X 1L3  
Attention: Kathleen Keilty  
Facsimile: 604-631-3318  
Email: kathleen.keilty@blakes.com

(b) in the case of Red Cloud Securities Inc., on behalf of the Agent:

Red Cloud Securities Inc.  
105 King Street East  
2<sup>nd</sup> Floor  
Toronto, Ontario  
M5C 1G6

Attention: Linda Lang  
Facsimile: 647-259-1785  
Email: llang@redcloudsecurities.com

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

Peterson McVicar LLP  
18 King Street East  
Suite 902  
Toronto, Ontario  
M5C 1C4

Attention: Dennis Peterson  
Facsimile: 647-259-1785  
Email: dhp@petelaw.com

Any such notice or other communication shall be in writing, and unless delivered to a responsible officer of the addressee, shall be given by facsimile or email transmission, and shall be deemed to have been given on the day on which it was delivered or sent by facsimile or email transmission unless it was facsimile or email transmission outside of the usual business hours in the jurisdiction of the recipient, in which case it shall be deemed given on the next Business Day.

Either the Corporation or the Agent may change its address for notice by notice given in the manner aforesaid.

#### 14. **Miscellaneous**

- (a) Governing Law: This Agreement shall be governed by and be interpreted in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein and the parties hereto irrevocably attorn to the jurisdiction of the courts of such province.
- (b) Time of Essence: Time shall be of the essence of this Agreement.

- (c) Survival: All representations, warranties, covenants and agreements of the Corporation herein contained or contained in any documents contemplated by, or delivered pursuant to, this Agreement or in connection with the purchase and sale of the Offered Securities shall survive the purchase and sale of the Offered Securities and the termination of this Agreement and shall continue in full force and effect for the benefit of the Agent and the Purchasers, regardless of any subsequent disposition of FT Shares or any investigation by or on behalf of the Agent with respect thereto.
- (d) Counterparts and Delivery: This Agreement may be executed by any one or more of the parties to this Agreement in any number of counterparts and delivered by facsimile, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute one and the same agreement.
- (e) Entire Agreement: This Agreement constitutes the entire agreement between the Corporation and the Agent in connection with the issue and sale of the Offered Securities by the Corporation and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, including, but not limited to, any engagement agreement or term sheet relating to the Offering between the Corporation and the Agent.
- (f) Severability: If any provision of this Agreement is determined to be void or unenforceable in whole or in part, it shall be deemed not to affect or impair the validity of any other provision of this Agreement and such void or unenforceable provision shall be severed from this Agreement.
- (g) Language: The parties hereto acknowledge and confirm that they have requested that this Agreement as well as all notices and other documents contemplated hereby be drawn up in the English language. *Les parties aux présentes reconnaissent et confirment qu'elles ont convenu que la présente convention ainsi que tous les avis et documents qui s'y rattachent soient rédigés dans la langue anglaise.*

**[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]**

Would you kindly confirm the agreement of the Corporation to the foregoing by executing the acknowledgment below and returning a copy to Red Cloud Securities Inc.

Yours truly,

**RED CLOUD SECURITIES INC.**

By:   
\_\_\_\_\_  
Name: Bruce Tatters  
Title: Chief Executive Officer

The undersigned hereby accepts and agrees to the foregoing as of the 28 day of October, 2021.

**CANAGOLD RESOURCES LTD.**

By:   
\_\_\_\_\_  
Scott Eldridge  
Chief Executive Officer