

## OPTION AGREEMENT

THIS AGREEMENT is dated effective as of February 27, 2017 (the “**Effective Date**”)

BETWEEN:

**RICHARD JOSEF HASLINGER**

(the “**Optionor**”)

AND:

**PACIFIC EMPIRE MINERALS CORPORATION,**  
a company created under the laws of British Columbia

(the “**Optionee**”)

### RECITALS:

A. The Optionor is the registered and beneficial owner of certain mining claims located in the Omineca Mining Division in the Province of British Columbia, as further described in Schedule A to this Agreement (the “**Property**”); and

B. The parties wish to enter into this Agreement to provide for the grant to the Optionee of an option to acquire a 100% registered and beneficial interest in the Property from the Optionor, subject to a royalty in favor of the Optionor described below.

The parties agree as follows:

#### **1. Definitions and Interpretation**

1.1 For the purposes of this Agreement:

“**43-101 Resource**” means an estimate of mineral resources of any category on the Property prepared in accordance with NI 43-101.

“**Affected Party**” has the meaning ascribed in Section 18.1;

“**Affiliate**” means any person, partnership, joint venture, corporation or other form of enterprise, which directly or indirectly controls, is controlled by, or is under common control with, a party to this Agreement. For purposes of the preceding sentence, “control” means possession, directly or indirectly, of the power to direct or cause direction of management and policies through ownership of voting securities, contract, voting trust or otherwise;

“**Agreement**” means this agreement, as amended from time to time, and all schedules which are incorporated by reference;

“**Acquired Claims**” has the meaning assigned in Section 6.1;

“**Acquiring Party**” has the meaning assigned in Section 6.1;

“**Area of Interest**” has the meaning assigned in Section 6.1;

“**Business Day**” means any day, other than a Saturday or Sunday, on which banks in Vancouver, British Columbia, Canada are open for commercial banking business during normal banking hours;

“**Confidential Information**” means all information and documents (whether in tangible or electronic form) relating to the Property including without limitation, documents recording or evidencing Expenditures made on the Property, correspondence with government authorities or third parties relating to the Property, all maps, assays, surveys, mosaics, aerial photographs, electromagnetic tapes, sketches, drawings, memoranda, drill cores, drill logs, drilling and assay reports, production reports, samples, metallurgical, geological, geophysical, geochemical and engineering data in respect of the Property;

“**Effective Date**” means the date first set out above;

“**Expenditures**” means the amounts (inclusive of any and all taxes imposed or levied by a government, government authority or agency) spent by the Optionee on or with respect to exploration activities on the Property directed towards ascertaining the existence, location, quality, quantity or commercial value of deposits of ores, minerals and mineral resources on any of the Property, and all exploration activities related towards developing and exploiting the Property, and such amounts will consist of (i) the actual cost of such activities; (ii) the assessment work required under applicable mining laws; and (iii) the mining duties on each of the Property and all other costs and expenses to keep the Property and Property Rights in good standing;

“**Exploration Commitments**” means all exploration activities related towards developing and exploiting the Property;

“**Lien**” means any lien, security interest, mortgage, charge, encumbrance, or other claim of a third party, whether registered or unregistered, and whether arising by agreement, statute or otherwise;

“**Material Adverse Change**” means any change or effect (or any condition, event or development involving a prospective change or effect) which, taken as a whole, may reasonably be expected to materially reduce the value of the Property (other than a change or effect: (i) affecting the mining industry generally in the jurisdiction where the Property is located, including changes in metal prices, laws or taxes; (ii) general or economic, financial, currency exchange or commodities market conditions; and (iii) any matter which was publicly disclosed or which was communicated in writing to the other party prior to the date of this Agreement;

“**NI 43-101**” means National Instrument 43-101 *Standards of Disclosure for Mineral Projects* of the Canadian securities administrators.

“**Other Party**” has the meaning assigned in Section 6.1;

“**Option**” has the meaning assigned in Section 3.1;

“**Option Period**” has the meaning assigned in Section 3.1;

“**Payment**” means a payment in the form of cash, certified cheque, wire transfer, or other form of immediately available funds by the Optionee to the Optionor;

“**Property**” has the meaning assigned in Recital B above;

“**Property Rights**” means all licences, permits, easements, rights-of-way, certificates and other approvals obtained by either of the parties, either before or after the date of this Agreement, and necessary or desirable for the development of any of the Property or for the purpose of placing any of the Property into production or of continuing production on any of the Property; and

“**Royalty**” means the royalty on the Property in favour of the Optionor described in Schedule B.

1.2 For the purposes of this Agreement, except as otherwise expressly provided:

- (a) the words “herein” and “hereunder” and other words of similar import refer to this Agreement as a whole and not to any particular Section or other subdivision of this Agreement;
- (b) the word “including”, when following any general statement, term or matter, is not to be construed to limit such general statement, term or matter to the specific items or matters set out immediately following such word or to similar items or matters, whether or not non-limiting language (such as “without limitation” or “but not limited to” or words of similar import) is used with reference thereto but rather refers to all other items or matters that could reasonably fall within the broadest possible scope of such general statement, term or matter;
- (c) any reference to a statute includes and, unless otherwise specified in this Agreement, is a reference to such statute and to the regulations made pursuant thereto, with all amendments made thereto and in force from time to time, and to any statute or regulations that may be passed which has the effect of supplementing or superseding such statute or such regulation;
- (d) any reference to “party” or “parties” means the Optionor (acting together), the Optionee, or either of them, as the context requires;
- (e) the headings in this Agreement are for convenience of reference only and do not affect the interpretation of this Agreement;
- (f) words importing the masculine gender include the feminine or neuter gender and words in the singular include the plural, and vice versa; and
- (g) all references to currency refer to Canadian dollars.

1.3 The following are the Schedules to this Agreement and are incorporated into this Agreement by reference:

Schedule A: Property  
Schedule B: Royalty

Wherever any term or condition, expressed or implied, in any of the Schedules conflicts or is at variance with any term or conditions of this Agreement, the terms or conditions of this Agreement will prevail.

## **2. Representations and Warranties**

2.1 The Optionor represents and warrants to the Optionee that, as of the date of this Agreement:

- (a) the Optionor is the registered and beneficial owners of the Property, free and clear of all Liens;
- (b) the Property has been properly staked, located and recorded pursuant to applicable laws and regulations and all mining claims comprising the Property are in good standing;
- (c) the execution and delivery of this Agreement and any of the agreements referred to or contemplated in this Agreement will not conflict with nor result in any breach of any covenants or agreements contained in or constitute a default under or accelerate the performance required under any agreement or other instrument whatever to which it is a party or by which it is bound or to which it may be subject;
- (d) there are no actual or pending proceedings for, and it is unaware of any basis for, the institution of any proceedings leading to the placing of the Optionor in bankruptcy or subject to any other laws governing the affairs of insolvent parties;
- (e) the execution and delivery of this Agreement and the performance of its obligations in this Agreement, will not violate or result in the breach of the laws of any jurisdiction applicable to it;
- (f) to the best of its knowledge, information and belief, there is no adverse claim or challenge against or to the ownership or title to any part of the Property and, to the best of its knowledge, there is no basis for such adverse claim or challenge except for claims by aboriginal peoples which may affect the Property;
- (g) the Optionor has paid all taxes, assessment, rentals and levies and made all other payments relating to the Property required to be made to any applicable government authority;
- (h) no person, firm or corporation has any proprietary or possessory interest in the Property other than the Optionor and no person is entitled to any royalties or other payment in the nature of rent or royalties on any minerals, ores, metals or concentrates or any other such products removed from the Property, other than the Royalty payable to the Optionor pursuant to this Agreement;

- (i) it has not received from any government or any other person any notice of or communication relating to any actual or alleged environmental claims, and there are no outstanding work orders or actions required to be taken relating to environmental matters respecting the Property or any operations carried out on the Property;
- (j) it is not a non-resident for the purposes of Section 116 of the *Income Tax Act* (Canada);
- (k) it has the legal capacity and competence to enter into and execute this Agreement and to take all actions required pursuant hereto;
- (l) no filing with or notice to or authorization of any regulatory agency or governmental authority is required on the part of the Optionor as a condition to the lawful completion of the transactions contemplated under this Agreement; and
- (m) the Optionor has been advised that the TransCanada Prince Rupert Gas Transmission pipeline is proposed to cross the Property and follow the Rainbow connector road and then pass west across the Property about 1 km south of drill hole WC11-09 as shown in the following maps:
  - (i) <http://www.princerupertgas.com/about-2/route-maps/>;
  - (ii) <http://www.princerupertgas.com/about-2/project/>; and
  - (iii) <http://www.carriersekani.ca/images/docs/cstc/LNG%20Summit%20Map%2011x17%20Oct%202013.pdf>.

2.2 The representations and warranties contained in Section 2.1 are provided for the exclusive benefit of the Optionee, and a breach of any one or more representations or warranties may be waived by the Optionee in whole or in part at any time without prejudice to its rights in respect of any other breach of the same or any other representation or warranty, and the representations and warranties contained in Section 2.1 will survive the execution and delivery of this Agreement.

2.3 The Optionee represents and warrants to the Optionor that:

- (a) the execution and delivery of this Agreement and any of the agreements referred to or contemplated in this Agreement will not conflict with nor result in any breach of any covenants or agreements contained in or constitute a default under or accelerate the performance required under any agreement or other instrument whatever to which it is a party or by which it is bound or to which it may be subject;
- (b) there are no actual or pending proceedings for, and it is unaware of any basis for, the institution of any proceedings leading to the placing of it in bankruptcy or subject to any other laws governing the affairs of insolvent parties;

- (c) the execution and delivery of this Agreement and the performance of its obligations in this Agreement, will not violate or result in the breach of the laws of any jurisdiction applicable to it;
- (d) it has been duly authorized to enter into, and to carry out its obligations under, this Agreement;
- (e) it is a valid and subsisting corporation duly created and in good standing under the laws of the jurisdiction in which it is created;
- (f) neither the execution and delivery of this Agreement nor any of the agreements referred to or contemplated in this Agreement will not conflict with nor result in any breach of its constating documents; and
- (g) no filing with or notice to or authorization of any regulatory agency or governmental authority is required on the part of the Optionee as a condition to the lawful completion of the transactions contemplated under this Agreement.

2.4 The representations and warranties contained in Section 2.3 are provided for the exclusive benefit of the Optionor, and a breach of any one or more representations or warranties may be waived by the Optionor in whole or in part at any time without prejudice to its rights in respect of any other breach of the same or any other representation or warranty, and the representations and warranties contained in Section 2.3 will survive the execution and delivery of this Agreement.

### 3. Option

3.1 The Optionor irrevocably agrees to grant to the Optionee the sole and exclusive right and option (the “**Option**”) for a period of four years from the Effective Date (the “**Option Period**”), to acquire, at the election of the Optionee, an undivided 100% interest in the Property. The Option will be exercised by the Optionee issuing 2,000,000 common shares and incurring Expenditures in connection with Exploration Commitments as follows:

Date	Share Payments	Exploration Commitments
On the Effective Date	NIL	-
On or before first anniversary of Effective Date	200,000	Minimum of 10 line-km Induced Polarization survey
On or before second anniversary of Effective Date	400,000	Minimum of 1 drill hole (RC or diamond)
On or before third anniversary of Effective Date	600,000	NIL

<b>Date</b>	<b>Share Payments</b>	<b>Exploration Commitments</b>
On or before fourth anniversary of Effective Date	800,000	NIL
<b>TOTAL:</b>	<b>2,000,000</b>	<b>10 line-km IP and 1 diamond or RC hole</b>

3.2 The Optionor and the Optionee acknowledge and agree that when the Optionee has fulfilled all of its obligations under Section 3.1, whether on or before the time contemplated thereby, the Optionee, without any further payment or action, shall be deemed to have exercised the Option in full, and the Optionee will have earned an undivided 100% legal and beneficial interest in the Property.

3.3 The Optionee acknowledges and agrees that it will not have earned an interest in any of the Property unless the Option is exercised in its entirety.

3.4 Except as specifically provided elsewhere in this Agreement, this is an option agreement only and until the exercise of the Option, nothing in this Agreement will obligate the Optionee to do any further act or acts and in no event will this Agreement or any act done be construed as an obligation of the Optionee to do or perform any work on or with respect to the Property.

#### **4. Transfer of Title and Recording of Agreement**

4.1 Promptly following the Effective Date, the Optionor and the Optionee will execute and deliver such documentation as is necessary to duly register and record in the appropriate registration and recording offices notice that the Optionor's interest in the Property is subject to and bound by the terms of this Agreement.

4.2 As soon as practicable upon the Optionee having exercised the Option, and in any event within 10 Business Days thereafter, each of the Optionee and the Optionor will do all such further acts and execute all such further documents as may be necessary or desirable to transfer and to effect registration of the Optionee's 100% interest in the Property with the appropriate registries. For clarity, following the exercise of the Option by the Optionee and prior to the registration of the Optionee's 100% interest in the Property, the Optionor will be deemed to hold beneficial ownership of the Property in trust for the Optionee in respect of the Optionee's 100% interest in the Property.

#### **5. Royalty**

5.1 The Optionee hereby grants the Royalty to the Optionor, which Royalty will be effective only upon exercise of the Option, to be paid in accordance with Schedule B. The parties intend that the Royalty constitute a direct real interest in the Property in favour of the Optionor; provided, however, that such interest will be satisfied by the payment of the Royalty to the Optionor in respect thereof. The Royalty will run with the Property and the products therefrom, and every interest therein. The Royalty will continue in perpetuity, except that if any right, power or interest of either party pertaining to the Royalty would violate the rule against perpetuities, then

such right, power or interest will terminate at the expiration of 20 years after the death of the last survivor of all the lineal descendants of Her Majesty, Queen Elizabeth II of England, living on the date of this Agreement.

5.2 The Optionee acknowledges that any interest it earns in the Property upon exercise of the Option will be subject to the Royalty.

5.3 The Optionee may elect to purchase one half (1%) of the Royalty from the Optionor for a period of 15 years following the completion, by or on behalf of the Optionee, of a report, in the form prescribed by NI 43-101, containing a 43-101 Resource, for the Canadian dollar price determined by the following formula:

$$\text{CAD purchase price} = 0.0007 \times \text{CAD gold price} \times \text{gold ounce-equivalent in 43-101 Resource}$$

Where:

1. the CAD gold price is the Canadian price equivalent of the London Metals Exchange (LME) gold price average for the 30 days preceding the purchase date,
2. United States dollars are converted into Canadian dollars using the average conversion rate posted by the Bank of Canada on its website for the same 30 day period; and
3. Gold ounce equivalent is determined by the report author or other competent resource estimation professional and includes all payable metals factored by their grade within the 43-101 Resource, estimated metallurgical recoveries and average LME prices for the 30 days preceding the purchase date.

The Optionor may, directly or through a third party evaluator, audit the data utilized to estimate the 43-101 Resource. Upon purchase of one half (1%) of the Royalty, the Royalty payable under this Agreement will be reduced to 1%.

## 6. Area of Interest

6.1 If at any time during the term of this Agreement either the Optionor or the Optionee (in this Section only called the “**Acquiring Party**”) stakes, directly or indirectly, any mining claim (“**Acquired Claims**”) located wholly or partly within one kilometre of the outer perimeter of any of the Property as constituted on the Effective Date (the “**Area of Interest**”) the Acquiring Party shall, forthwith give notice to the other (the “**Other Party**”) of that staking, the cost thereof and all details in possession of that party with respect to the nature of the Acquired Claims and the known mineralization.

6.2 The Other Party may, within 30 days of receipt of the Acquiring Party’s notice, elect, by notice to the Acquiring Party and on terms, if any, to be negotiated among the parties, acting reasonably, require that the Acquired Claims be included in and thereafter form part of the Property for all purposes of this Agreement.

6.3 If the Other Party does not make the election aforesaid within that period of 30 days, the Acquired Claims shall not form part of the Property and the Acquiring Party shall be solely entitled thereto.

## **7. Obligations during the Option Period**

7.1 During the Option Period, unless this Agreement is terminated in accordance with Section 13, the Optionee covenants and agrees with the Optionor that the Optionee will:

- (a) keep the Property free and clear of all Liens and other charges arising from or out of the Optionee's activities on the Property;
- (b) provide notice to the Optionor and supporting documentation evidencing Expenditures incurred on the Property promptly after incurring Expenditures and not less than once in each calendar year;
- (c) provide the Optionor with copies of all internal or external technical reports with respect to the Property as soon as they become available;
- (d) not less than 90 days prior to each of the deadlines contemplated in Section 3.1, advise the Optionor whether or not the Optionee will incur the Expenditures and complete the Exploration Commitments contemplated in Section 3.1 in advance of the deadlines set out therein;
- (e) be responsible for all reclamation on the Property as a result of all work conducted on the Property by the Optionee during the term of this Agreement;
- (f) do all work on the Property in accordance with sound mining, exploration and engineering practices and in compliance with all applicable laws, bylaws, regulations, orders, and lawful requirements of any governmental or regulatory authority and comply with all laws governing the possession of the Property, including, without limitation, those governing safety, pollution and environmental matters;
- (g) ensure that all environmental rehabilitation works required under applicable laws, bylaws, regulations, orders, and lawful requirements of any governmental or regulatory authority are completed in a timely manner in respect of any mining operations conducted on the Property;
- (h) prior to the commencement of any mining operations, post as directed by governmental representatives or other regulatory bodies, an environmental bond in form and amount required by such representatives or bodies;
- (i) obtain and maintain, and cause any contractor or subcontractor to obtain and maintain adequate comprehensive general liability insurance and any additional insurance coverage required by any governmental or regulatory authority, including workers' compensation insurance, during any period in which active work is carried out on the Property;
- (j) permit the Optionor, or its representatives duly authorized by it in writing, at its own risk and expense, access to the Property at all reasonable times (upon prior notice and without interference with or obstruction of the operations of the

Optionee and provided that the Optionor will indemnify and save the Optionee harmless from and against any and all claims, suits, damages or losses of any kind or nature in any way arising from or caused by the entry, presence or activities of the Optionor or a representative of the Optionor on the Property, including without limitation, bodily injuries or death, or damage to the Property) and to all records and reports, if any, prepared by the Optionee in connection with work done on or with respect to the Property; and

- (k) furnish the Optionor within 60 Business Days of the completion of a program on any of the Property with a report with respect to the work carried out by the Optionee on or with respect to said program and material results obtained.

7.2 During the Option Period, unless this Agreement is terminated in accordance with Section 13, the Optionor covenants and agrees with the Optionee that the Optionor will:

- (a) at the Optionee's cost, maintain the Property in good standing by doing and filing all assessment work or making payments in lieu thereof and by performing all other acts which may be necessary in order to keep the Property in good standing and provide the Optionee with all copies of relevant documentation in connection therewith; and
- (b) not at any time, directly or indirectly, enter into or agree to enter into any other transaction regarding the Property.

## **8. Right of Entry**

8.1 Throughout the Option Period, the Optionee and its employees, agents, directors, consultants and independent contractors, will have the exclusive right to:

- (a) enter the Property;
- (b) do prospecting, exploration, development and/or other mining work on and under the Property;
- (c) bring and erect upon the Property such buildings, plant, machinery and equipment as the Optionee may deem necessary or desirable in its sole discretion; and
- (d) remove from the Property, all metals and minerals derived from its operations on the Property as may be deemed necessary by the Optionee for testing, including bulk sampling and testing mining processes and methods.

## **9. Rights and Obligations after Termination of Option**

9.1 If this Agreement and the Option terminates pursuant to the provisions of Section 13, then the Optionee will:

- (a) make such payments to and do such filings with the appropriate mining authorities as may be required to keep the Property in good standing for a period of not less

than 60 days from the date of termination with the exception of the mineral claim with Tenure Number 511859 which shall be in good standing for a period of not less than one year;

- (b) deliver to the Optionor all copies of Confidential Information, whether acquired prior to or during the Option Period, provided that the Optionee may retain one copy of the Confidential Information solely for the purposes of determining its legal obligations under this Agreement and for corporate governance and secretarial purposes, in which case the Optionee will remain bound by the restrictions and obligations under this Agreement and provided that the Optionee will make no representations and warranties with respect thereto or be liable for any errors or omissions in the materials so provided;
- (c) leave the Property in a safe condition with all openings safeguarded in accordance with applicable laws;
- (d) promptly, but in any event within 90 days, remove all buildings, plant, equipment, machinery, tools, appliances and supplies which may have been brought by the Optionee upon the Property (and the Optionor will permit the Optionee to access the Property, or the applicable part thereof for such purposes) and, if not so removed, the Optionor may either remove same and charge the cost of removal to the Optionee or elect to keep such items on the Property, or the applicable part thereof, with the effect that any such buildings, plants, equipment, machinery, tools, appliances and supplies not removed become the property of the Optionor; and
- (e) promptly perform any reclamation, remediation or pollution control, which is required as of the date of the termination of the Option arising in connection with the Optionee's activities on the Property during the Option Period, such performance to include, without limitation, the provision of all financial assurances required by applicable laws, rules and regulations with respect to the costs of such reclamation, remediation or pollution control.

## **10. Confidential Information**

10.1 Except as provided in Section 10.2, or with the prior written consent of the other party, each party will keep confidential and not disclose to any third party or the public any Confidential Information.

10.2 The consent required by Section 10.1 will not apply to a disclosure:

- (a) in confidence to an Affiliate, shareholder, consultant, contractor or subcontractor that has a *bona fide* need to be informed;
- (b) in confidence to any third party to whom the disclosing party contemplates a transfer of all or any part of its interest in this Agreement;
- (c) to a governmental agency or to the public where such disclosure is required by pertinent laws or regulation or the rules of any applicable stock exchange;

- (d) to an investment dealer, broker, bank or similar financial institution, in confidence if required as part of a due diligence investigation by such financial institution in connection with a financing required by such party or its shareholders or Affiliates to meet, in part, its obligations under this Agreement; or
- (e) to the public if such disclosure is a technical content press release provided that the Optionee will provide a copy of any such proposed press release in advance of disclosure and allow the Optionor reasonable time to comment upon such release.

## **11. Public Announcements**

11.1 Subject to Section 10.2(e), no party will make any public statement or give any press release concerning the matters contemplated in this Agreement or about the existence of this Agreement without the written consent of the other party, which consent will not be unreasonably withheld.

11.2 A party wishing to make a public announcement will give the other party two Business Days to comment upon and suggest changes to the public announcement unless the party is obligated to make the public announcement in less than two Business Days in order to comply with applicable securities laws or stock exchange rules, regulations or policies.

## **12. Payments**

12.1 Any and all payments due by the Optionee to the Optionor hereunder, including without limitation payments of the Royalty, will be paid 100% to the Optionor.

## **13. Default and Termination**

13.1 The Optionee will have the right to terminate this Agreement at any time up to the date of exercise of the Option by giving notice in writing of such termination to the Optionor, and upon delivery of such notice, this Agreement will terminate and be of no further force or effect save or except for any obligations of the Optionee incurred prior to the effective date of termination, with no right, interest or title in the Property having been earned by the Optionee.

13.2 If at any time prior to the date of exercise of the Option, the Optionee is in default of any requirement of this Agreement or is in breach of any provision contained in this Agreement, then the Optionor may terminate this Agreement by giving written notice of termination to the Optionee but only if:

- (a) the Optionor have given to the Optionee written notice of the particular failure, default, or breach on the part of the Optionee; and
- (b) the Optionee has not, within 30 Business Days following delivery of such written notice of default, cured such default.

13.3 Notwithstanding any termination of this Agreement, the Optionee and the Optionor will remain liable for their respective obligations under Sections 10 and 14.

**14. Indemnity**

14.1 The Optionor covenants and agrees with the Optionee (which covenant and agreement will survive the execution, delivery and termination of this Agreement) to indemnify and save harmless the Optionee against all liabilities, claims, demands, actions, causes of action, damages, losses, costs, expenses or legal fees suffered or incurred by the Optionee, directly or indirectly, by reason of or arising out of any warranties or representations on the part of the Optionor in this Agreement being untrue or arising out of work done by the Optionor on or with respect to the Property.

14.2 The Optionee covenants and agrees with the Optionor (which covenant and agreement will survive the execution, delivery and termination of this Agreement) to indemnify and save harmless the Optionor against all liabilities, claims, demands, actions, causes of action, damages, losses, costs, expenses or legal fees suffered or incurred by reason of or arising out of any warranties or representations on the part of the Optionee in this Agreement being untrue or arising out of the Optionee and its duly authorized representatives accessing the Property or any work done by them or with respect to the Property.

**15. Governing Law and Jurisdiction**

15.1 This Agreement is construed and in all respects governed by the laws of the Province of British Columbia, and the parties submit to the non-exclusive jurisdiction of the courts of British Columbia.

**16. Notices**

16.1 All notices and other required communications and deliveries to the parties will be in writing given by personal delivery or by electronic means addressed as follows (or to such other address as the parties may specify in writing from time to time):

(a) to the Optionor:

Richard Josef Haslinger



with a copy to the Optionor's solicitors for informational purposes:

Cobbett & Cotton Law Corporation  
Suite 300, 410 Carleton Avenue  
Burnaby, British Columbia V5C 6P6  
Fax: 604-299-0538  
Email: rdouble@cobbett-cotton.com  
Attention: Richard Double

(b) to the Optionee:

Pacific Empire Minerals Corporation  
Suite 211, 850 West Hastings Street  
Vancouver, British Columbia V6C 1E1  
Email: brad@pemcorp.ca  
Attention: Brad Peters

with a copy to the Optionee's solicitors for informational purposes:

Michael F. Provenzano  
Suite 704, 595 Howe Street  
Vancouver, British Columbia V6C 2T5  
Fax: 604-687-6650  
Email: mfprovenzano@telus.net  
Attention: Michael Provenzano

Any notices and other required communications and deliveries given by personal delivery will be conclusively deemed to have been given on the day of actual delivery thereof and, if given by electronic means, on the day of transmittal thereof if given during the normal business hours of the recipient and on the next day if not given during such normal business hours on any day.

## **17. Assignment and Encumbrances**

17.1 During the Option Period, neither the Optionee nor the Optionor will be entitled to grant any Lien of or upon the Property or any portion thereof without the prior written consent of the other party.

17.2 The Optionor's rights hereunder may be assigned, in whole but not in part, by the Optionor to an assignee provided that:

- (a) if assigned prior to the exercise of the Option, the assignee is a corporation wholly-owned by the Optionor and should the assignee cease to be wholly-owned by the Optionor it shall, immediately prior thereto, assign its rights hereunder back to the Optionor and the Optionor shall agree to be bound by the terms and conditions of this Agreement and, if assigned after the exercise of the Option, the assignee can be any third party chosen by the Optionor;
- (b) the Optionor is not, at the time of assignment, in default of any of the obligations, warranties or representations given hereunder or to be performed by it pursuant to this Agreement; and
- (c) the assignee agrees in writing, prior to the effective date of the assignment, with the Optionee to be bound by the terms and conditions of this Agreement.

17.3 The Option and the Optionee's rights hereunder may be assigned, either in whole or in part, by the Optionee to an assignee provided that:

- (a) the Optionor gives its prior written consent to such assignment, which consent may not be unreasonably withheld by the Optionor;
- (b) the Optionee is not, at the time of assignment, in default of any of the obligations, warranties or representations given hereunder or to be performed by it pursuant to this Agreement;
- (c) the Optionee will not be relieved of any duty or obligation hereunder unless the Optionee has assigned its entire interest in this Agreement; and
- (d) the assignee agrees in writing, prior to the effective date of the assignment, with the Optionor to be bound by the terms and conditions of this Agreement.

## **18. Force Majeure**

18.1 If any party is at any time during the Option Period prevented or delayed in complying with any of the provisions of this Agreement (the “**Affected Party**”) by reason of strikes, lockouts, labour, power or fuel shortages, electrical blackouts, fires, wars, acts of God, civil disturbances, governmental regulations restricting normal operations, shipping delays, the availability of workers and equipment, or any other reason or reasons beyond the reasonable control of the Affected Party (provided that lack of sufficient funds to carry out exploration on the Property will be deemed not to be beyond the reasonable control of the Affected Party), then the time limited for the performance by the Affected Party of its obligations hereunder will be extended by a period of time equal in length to the period of each such prevention or delay. Nothing in this Section or this Agreement will relieve either Party from its obligation to maintain the claims comprising the Property in good standing and to comply with all applicable laws and regulations including, without limitation, those governing safety, pollution and environmental matters.

18.2 The Affected Party will give notice to the other party of each event of force majeure within seven Business Days of such event commencing and upon cessation of such event will furnish the other party with written notice to that effect and particulars of the number of days by which the time for performing the obligations of the Affected Party under this Agreement has been extended by virtue of such event of force majeure and all preceding events of force majeure.

## **19. Entire Agreement**

This Agreement constitutes the entire agreement between the Optionor and the Optionee and will supersede and replace any other agreement or arrangement, whether oral or in writing, previously existing between the parties with respect to the subject matter of this Agreement.

## **20. Consent or Waiver**

No consent or waiver, express or implied, by either party in respect of any breach or default by the other party in the performance by such other party of its obligations under this Agreement will be deemed or construed to be a consent to or a waiver of any other breach or default.

**21. Further Assurances**

The parties will promptly execute, or cause to be executed, all bills of sale, transfers, documents, conveyances and other instruments of further assurance which may be reasonably necessary or advisable to carry out fully the intent and purpose of this Agreement or to record wherever appropriate the respective interests from time to time of the parties in the Property.

**22. Severability**

If any provision of this Agreement is or becomes illegal, unenforceable or invalid for any reason whatsoever, then such illegal, unenforceable or invalid provisions will be severable from the remainder of this Agreement and will not affect the legality, enforceability or validity of the remaining provisions of this Agreement.

**23. Enurement**

This Agreement enures to the benefit of and is binding on the parties and their respective successors and assigns.

**24. Amendments**

This Agreement may only be amended in writing with the mutual consent of all parties.

**25. Time**

Time is of the essence of this Agreement and will be calculated in accordance with the *Interpretation Act* (British Columbia).

**26. Expense and Commissions**

Each party will pay its own legal and other costs and expenses incurred in connection with this Agreement and agrees to save harmless each other party from and against any and all claims whatsoever for any commissions or other remuneration payable or alleged to be payable to anyone acting on its behalf.

**27. Arbitration**

27.1 All questions or matters in dispute with respect to the accounting of moneys expended by the Optionee and all other obligations as provided herein, will be submitted to arbitration pursuant to the terms hereof.

27.2 It will be a condition precedent to the right of any party to submit any matter to arbitration pursuant to the provisions hereof, that any party intending to refer any matter to arbitration gives not less than 30 days prior written notice of its intention so to do to the other party together with particulars of the matter in dispute.

27.3 On the expiration of such 30 days, the party who gave such notice may proceed to refer the dispute to arbitration as provided in Section 27.4.

27.4 The party desiring arbitration will appoint one arbitrator, and will notify the other party of such appointment, and the other party will, within 15 days after receiving such notice, appoint an arbitrator, and the two arbitrators so named, before proceeding to act, will, within 15 days after the appointment of the last appointed arbitrator, unanimously agree on the appointment of a third arbitrator to act with them and be chairman of the arbitration herein provided for.

27.5 If the other party will fail to appoint an arbitrator within 15 days after receiving notice of the appointment of the first arbitrator, and if the two arbitrators appointed by the parties will be unable to agree on the appointment of the chairman, the chairman will be appointed under the provision of the *Commercial Arbitration Act* (British Columbia).

27.6 Except as specifically otherwise provided in this Part 27, the arbitration herein provided for will be conducted in accordance with such Act.

27.7 The chairman, or in the case where only one arbitrator is appointed, the single arbitrator, will fix a time and place in Vancouver, British Columbia, for the purpose of hearing the evidence and representations of the parties, and he will preside over the arbitration and determine all questions of procedure not provided for under such Act or this Part 27.

27.8 After hearing any evidence and representations that the parties may submit, the single arbitrator, or the arbitrators, as the case may be, will make an award and reduce it to writing, and deliver one copy thereof to each of the parties.

27.9 The expense of the arbitration will be paid as specified in the award.

27.10 The award of a majority of the arbitrators, or in the case of a single arbitrator, of such arbitrator, will be final and binding upon each of them.

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**28. Counterparts and Delivery**

This Agreement may be executed in any number of counterparts and delivered by electronic means with the same effect as if the parties had signed the same document. All counterparts so executed and delivered will be construed together and constitute one and the same agreement.

**IN WITNESS WHEREOF** the parties have executed this Agreement the day and year first written above.

**PACIFIC EMPIRE MINERALS CORPORATION**

*“Richard Haslinger”*

\_\_\_\_\_  
RICHARD JOSEF HASLINGER

*“Brad Peters”*

\_\_\_\_\_  
Authorized Signatory

Name: Brad Peters

Title: President

**SCHEDULE A**  
**THE PROPERTY**

<b>Tenure Number</b>	<b>Claim Name</b>	<b>Owner</b>	<b>Tenure Type</b>	<b>Tenure Sub Type</b>	<b>Map Number</b>	<b>Issue Date</b>	<b>Good To Date</b>	<b>Status</b>	<b>Area (ha)</b>
511798	-	111296 (100%)	Mineral	Claim	093N	2005/Apr/28	2021/Dec/20	Good	649.18
511800	-	111296 (100%)	Mineral	Claim	093N	2005/Apr/28	2021/Dec/20	Good	519.11
511859	-	111296 (100%)	Mineral	Claim	093N	2005/Apr/30	2021/Dec/20	Good	1168.3
539399	Wildcat 4	111296 (100%)	Mineral	Claim	093K	2006/Aug/15	2018/Aug/15	Good	445.36
539400	Wildcat 5	111296 (100%)	Mineral	Claim	093K	2006/Aug/15	2021/Dec/20	Good	445.36
769522	Wildcat 7	111296 (100%)	Mineral	Claim	093K	2010/May/07	2017/May/07	Good	371.25
769542	Wildcat 8	111296 (100%)	Mineral	Claim	093K	2010/May/07	2017/May/07	Good	445.36
769582	Wildcat 10	111296 (100%)	Mineral	Claim	093K	2010/May/07	2017/May/07	Good	445.54
841427	Wildcat 16	111296 (100%)	Mineral	Claim	093N	2010/May/07	2017/May/07	Good	445.13

## SCHEDULE B

### NET SMELTER RETURN ROYALTY

1. For the purpose of this Schedule, capitalized terms not defined herein have the meanings set out in the Agreement to which this schedule is attached, and:

**“Commencement of Commercial Production”** means the first business day after the Property has been in Commercial Production for at least 30 consecutive days.

**“Commercial Production”** means the operation of the Property, or any portion thereof, as a producing mine and the production of Products therefrom (excluding bulk sampling, pilot plant or test operations).

**“net smelter return royalty”** means all monies realized and actually received by the Optionee and any successors and assigns on the sale of any Products mined or extracted from the Property as evidenced by its returns or settlement sheets, including any premiums, bonuses and subsidies, less, if any such ores or minerals require smelting or other processing, all monies paid or payable on account of:

- (a) loading and transporting of the ores or minerals from the Property to the smelter or other purchaser;
- (b) smelter treatment charges or other charges levied by the purchaser;
- (c) freight allowance and severance taxes or royalties that may be paid to governmental bodies;
- (d) insurance and security costs and charges;
- (e) out of pocket marketing costs and commissions payable to unaffiliated third parties; and
- (f) penalties and other deductions whatsoever paid or payable in relation to the sale of the ores or minerals.

For greater clarity:

- (a) in calculating the net smelter returns royalty there shall not be deducted any charges or costs related to the mining, ore hauling, milling or solution extraction and precipitation (whether on site or at a custom mill) or production of product resulting from the minerals, metals or concentrates;
- (b) monies realized for Products taken in kind will be deemed to be equal to the average price(s) or quotation(s) for such Products for the month of sale or taking as may be reported in such publication or source generally recognized in the mining industry as reflecting the price(s) or quotation(s) at which such Products are currently being offered for sale and purchase; and

- (c) if Products from the Property are commingled with ore and minerals from other properties, the Optionee and any successors and assigns will establish procedures, in accordance with accepted mining and metallurgical techniques, for determining the proportional amount of the total recoverable metal content in the commingled minerals attributable to the input from each of the properties by calculating the same on a metallurgical basis in accordance with sampling schedules and mining efficiency experience so that the Royalty may reasonably be determined.

“**Product**” means all ore and concentrates and other products derived from the Property.

“**Royalty**” means a 2% net smelter return royalty.

“**Year**” means the fiscal year established by the Optionee.

2. The Royalty shall accrue for each calendar quarter following the date of Commencement of Commercial Production and shall be paid to the Optionor within 30 days after receipt of proceeds by the Optionee while the Property is in Commercial Production and delivered to the address provided in the Agreement, or such other address as may be specified in writing by the Optionor.
3. Within 90 days after the end of each Year during which the Property is in Commercial Production, the records relating to the calculation of the Royalty during that Year will be audited. The audited statements will be delivered to the Optionor, who will have 60 days after receipt of such statements to question in writing their accuracy and, failing such question, the statements will be deemed correct. If the Optionor objects to the accuracy of particular statements or the amount of payment within 60 days after receipt of such statements, a chartered professional accountant mutually acceptable to the parties and retained by the Optionor may promptly audit the Optionee’s relevant records at an office selected by the Optionee and during the Optionee’s normal business hours. Any such audit will be made at the sole expense of the Optionor if the audit determines that the payment in question was accurate within five percent (5%). Any such audit will be made at the sole expense of the Optionee if the audit determines that the payment in question was inaccurate by more than five percent (5%). In any case, the payment in question will be promptly adjusted to reflect the results of the audit.
4. The Optionor or its representative(s) duly appointed in writing will have the right at all reasonable times, upon written request, to inspect such technical resource and production data, books and financial records of the Optionee as are relevant to the determination of the Royalty and at the Optionor’s expense, to make copies thereof.
5. If the Optionee elects to engage in hedging activities, forward selling, metal loans, metal streaming, stockpiling of any mineral concentrates or metals produced from the Property or any similar such actions, there shall be included in the term “**Net Smelter Returns**” the actual value of such minerals, concentrates or metals produced but not sold. The actual value shall be determined using the prices for such products on the day that such product would have been sold were it not for the actions of the Optionee and such values shall be added to the Net Smelter Return. The prices for such minerals, concentrates or metals shall

be as set by the London Metals Exchange or as set out in some similar generally recognized publication for the relevant period or in the case of precious metals the afternoon fixing for the price of the precious metals as quoted on the London Bullion Market Association or similar recognized quotation service.

6. If any portion of the minerals, metals or concentrates extracted and derived from the ore mined and removed from the Property are sold to a purchaser owned or controlled by Optionee, or treated by a smelter owned or controlled by Optionee the actual proceeds received shall be deemed to be an amount equal to what could be obtained from a purchaser or a smelter not so owned or controlled in respect of minerals, metals or concentrates, as applicable, of like grade, quality and quantity.
7. For the purpose of determining Net Smelter Returns, all receipts and disbursements in currency other than Canadian or US dollars shall be converted into Canadian or US currency on the day of receipt or disbursement, as the case may be, using the Bank of Canada noon exchange rate posting.
8. The obligation of Optionee to pay the Royalty is an obligation which creates an interest in the Property, or any successor title, and an interest in the minerals, metals and concentrates extracted and removed from the claims.
9. Minerals, metals and concentrates extracted and removed from the Property may be integrated with and operated as a single operation with other mining properties owned by third parties or in which Optionee has an interest, in which event, the parties agree that (notwithstanding separate ownership thereof) all materials mined, extracted and removed from such other mining properties owned by third parties and subsequently milled, treated or otherwise beneficiated for the purpose of removing its mineral content (the “**Third Party Ore**”) may be blended and commingled at the time of mining or at any time thereafter with the minerals, metals or concentrates from the Property, provided however, that such commingling is accomplished only after the quantity, character and mineral content of any minerals have been determined or ascertained by sound assaying or engineering principles consistently applied and provided further that respective mining properties shall bear and have allocated to them the proportionate share of charges and costs described in Section 1 above as well as the proportionate share of charges and costs affected by the tonnage and respective characteristics of Third Part Ore and other materials mined and beneficiated and the characteristics of such material including the metal content of such minerals, metals or concentrates removed from, and to any special charges relating particularly to Third Party Ores, concentrates or other products or the treatment thereof derived from any such mining properties.
10. The Optionee shall ensure that customary and usual practices and procedures are adopted and employed for weighing, determining moisture content, sampling and assaying and determining recovery factors for the mineral, metals and concentrates extracted, derived, and removed from the Property and Third Party Ores and shall record such data in order to determine the amount of economically recoverable materials extracted or derived from such minerals, metals and concentrates and Third Party Ores. Optionee shall maintain accurate records of the results of such sampling, weighing and analysis and the Optionor

shall be permitted to the right to examine, at all reasonable times and at its own cost, such records relating to any blending and commingling of minerals, metals and concentrates and Third Party Ores.

11. Any dispute respecting the Royalty shall be settled by arbitration as set out in the Agreement.