

SKY RIDGE RESOURCES LTD.

Suite 3123 – 595 Burrard Street
Vancouver, British Columbia
V7X 1J1

September 15, 2016

Southern Arc Minerals Inc.
3123 - 595 Burrard Street
Vancouver, BC V7X 1J1

Attention: John Proust, Chairman & Chief Executive Officer, Director

Dear Sir:

This agreement (the “**Agreement**”) sets out the terms of the transaction (the “**Acquisition**”) pursuant to which Sky Ridge Resources Ltd. (“**Sky Ridge**”) will acquire 950,000 common shares (the “**SAMJ Shares**”) in the capital of Southern Arc Minerals Japan KK (“**SAMJ**”) from Southern Arc Minerals Inc. (“**Southern Arc**”). The Acquisition will constitute a reverse takeover (the “**RTO**”) in respect of Sky Ridge pursuant to the policies of the TSX Venture Exchange (together with the NEX Board, the “**Exchange**”).

1. Terms of Acquisition

The Parties acknowledge and agree that:

- 1.1 Pursuant to the Acquisition, Sky Ridge will acquire 950,000 SAMJ Shares from Southern Arc.
- 1.2 Pursuant to the Acquisition, Southern Arc will receive, pre-Consolidation (defined below) common shares in the capital of Sky Ridge (the “**Sky Ridge Shares**”) in the aggregate amount of 47,500,000 Sky Ridge Shares.
- 1.3 Upon completion of the Transaction (as defined below), Sky Ridge will:
 - (a) change its name to “Japan Gold Corp.” (the “**Name Change**”);
 - (b) consolidate its share capital on the basis of one (1) Sky Ridge Share for every two (2) existing Sky Ridge Shares (the “**Consolidation**”);
 - (c) re-constitute its board of directors (the “**Board**”) such that it then consists of seven members, as follows: (i) John Proust, (ii) Michael Andrews, (iii) Robert Gallagher, (iv) John Carlisle, (v) Sally Eyre, and two additional directors to be agreed upon and appointed as soon as reasonably practical;
 - (d) appoint Mr. John Proust as its Chief Executive Officer and Chairman;
 - (e) appoint Michael Andrews as its President and Chief Operating Officer;

- (f) appoint Vincent Boon as its Chief Financial Officer and Corporate Secretary; and
 - (g) appoint John Carlile as Executive Vice President.
- 1.4 Until the completion of the Acquisition, Sky Ridge agrees not to issue any further equity securities (or debt convertible into equity), except as contemplated in this Agreement, without the written consent of Southern Arc.
- 1.5 In connection with the Acquisition, Sky Ridge will complete a private placement (the “**Concurrent Financing**” and together with the Acquisition, the “**Transaction**”) of equity securities (the “**Financing Securities**” and each a “**Financing Security**”) for gross proceeds of \$7,000,000 at a price of \$0.20 per Financing Security (on a pre-Consolidation basis). Any securities issued in connection with the Concurrent Financing will be subject to a four-month statutory hold period.
- 1.6 Sky Ridge agrees with Southern Arc that Sky Ridge will issue 2,500,000 pre-Consolidation Sky Ridge Shares (together with the 47,500,000 Sky Ridge Shares issuable to Southern Arc pursuant to Section 1.2, the “**Acquisition Shares**”) to Saltpancove Consulting Pty Ltd. (“**Saltpancove**”) in consideration for, (i) Saltpancove’s 5% ownership position in SAMJ, and (ii) Saltpancove delivering to Sky Ridge an acknowledgement and release (in form and substance satisfactory to Sky Ridge in its sole discretion) which confirms that Saltpancove has no interest in (including in its share capital) SAMJ, or to any of its assets and provides a full release of any past, present or future claims Saltpancove may have against Sky Ridge or SAMJ.
- 1.7 Sky Ridge will use all reasonable commercial efforts to obtain the Exchange Approval (defined below).
- 1.8 Prior to Closing, Sky Ridge will use all reasonable commercial efforts to obtain written consent to the Acquisition of Sky Ridge shareholders holding more than 50% of Sky Ridge’s issued and outstanding Sky Ridge Shares as required under Exchange policies (“**Shareholder Consents**”).
- 1.9 Fiore Management & Advisory Corp. will be paid a fee (the “**Transaction Fee**”) by Sky Ridge of 1,000,000 pre-Consolidation Sky Ridge Shares.
- 1.10 At Closing, Southern Arc will have entered into such respective escrow arrangements as may be required by the Exchange.
- 1.11 Prior to Closing, Southern Arc will have forgiven all intercompany debt owing from SAMJ to Southern Arc as at July 4, 2016 (the “**Intercompany Debt**”), and all such Intercompany Debt shall have been forever extinguished.
- 1.12 At Closing, Southern Arc will have delivered to Sky Ridge a title opinion in respect of the Licenses (defined below), such opinion to be satisfactory in substance and form to counsel to Sky Ridge, acting reasonably.
- 1.13 At Closing, Southern Arc will have delivered to Sky Ridge National Instrument 43-101 compliant technical reports in respect of the Licenses, such reports to be in form and substance satisfactory to Sky Ridge, acting reasonably.

1.14 At closing, Sky Ridge will have granted (under its existing stock option plan) and issued options to purchase pre-Consolidation Sky Ridge Shares in accordance with the terms set out in Schedule “C” hereto (the “**Stock Options**”).

2. **Representations and Warranties**

2.1 Sky Ridge represents and warrants to Southern Arc and acknowledges that Southern Arc is relying on such representations and warranties, that as of the date of this Agreement and as at Closing:

- (a) Sky Ridge is duly formed, validly existing and in good standing under the laws of the Province of British Columbia and is not in default of any material requirements of the Exchange;
- (b) the capital structure of Sky Ridge currently consists of 24,428,107 Sky Ridge Shares; 1,639,663 common share purchase stock options (the “**Sky Ridge Options**”); and 300,000 common share purchase warrants (the “**Sky Ridge Warrants**”) outstanding;
- (c) other than the Sky Ridge Options and Sky Ridge Warrants, there are no securities outstanding which are convertible into Sky Ridge Shares;
- (d) Sky Ridge is a reporting issuer in the Provinces of British Columbia and Alberta, and Sky Ridge Shares are listed for trading on the NEX Board (the “**NEX**”);
- (e) Sky Ridge has the corporate power and capacity and has taken all necessary corporate action and has obtained all necessary approvals to own and lease its property and assets, to conduct its business as presently conducted, and to enter into and execute this Agreement and to carry out its obligations hereunder (other than Exchange Approval (defined below));
- (f) Sky Ridge has duly executed this Agreement and this Agreement constitutes a legal, valid and binding obligation of it enforceable against it in accordance with the Agreement’s terms except that (i) enforceability may be limited by bankruptcy, insolvency or other laws affecting creditors’ rights generally; (ii) equitable remedies, including the remedies of specific performance and injunctive relief, are available only in the discretion of the applicable court; (iii) rights of indemnity and contribution hereunder may be limited under applicable law; and (iv) a court may stay proceedings before them by virtue of equitable or statutory powers; and
- (g) neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated herein will constitute or result in a breach of or default under, or create a state of facts which after notice or lapse of time or both will constitute or result in a breach of or default under, or will otherwise conflict with (i) Sky Ridge’s constituting documents or any resolutions of its directors, shareholders or other stakeholders, (ii) any indenture, agreement or instrument to which Sky Ridge is a party or by which it is bound (or otherwise cause a forfeiture of rights or accelerate any performance required thereby), or (iii) any applicable laws or orders, rulings or other judgments or decisions of a court or regulatory authority having jurisdiction over Sky Ridge.

- 2.2 Southern Arc represents and warrants to Sky Ridge, and acknowledges that Sky Ridge is relying on such representations and warranties, that as of the date of this Agreement and as at Closing:
- (a) Southern Arc is duly formed, validly existing and in good standing under the laws of the Province of British Columbia and is not in default of any material requirements of the Exchange;
 - (b) Southern Arc is a reporting issuer in the Provinces of British Columbia, Alberta and Ontario, and the common shares in the capital of Southern Arc are listed for trading on the Exchange;
 - (c) Southern Arc has the legal power and capacity and has taken all necessary action and has obtained all necessary approvals to enter into and execute this Agreement and to carry out its obligations hereunder;
 - (d) Southern Arc has duly executed this Agreement and this Agreement constitutes a legal, valid and binding obligation of it enforceable against it in accordance with the Agreement's terms;
 - (e) neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated herein by Southern Arc will constitute or result in a breach of or default under, or create a state of facts which after notice or lapse of time or both will constitute or result in a breach of or default under, or will otherwise conflict with (i) its constituting documents or any resolutions of its directors, shareholders or other stakeholders, (ii) any indenture, agreement or instrument to which it is a party or by which it is bound, or (iii) any applicable laws or orders, rulings or other judgments or decisions of a court or regulatory authority having jurisdiction over it;
 - (f) Southern Arc is the registered holder and beneficial owner of 950,000 SAMJ Shares, which represents ninety-five percent (95%) of the issued and outstanding SAMJ Shares; Southern Arc is the registered holder and beneficial owner of one-hundred percent (100%) right, title and interest in and to its respective SAMJ Shares; it has good and marketable title to such SAMJ Shares free and clear of all adverse interests; its SAMJ Shares are validly issued and outstanding as fully paid and non-assessable securities in the capital of SAMJ; and it holds no right, privilege, option, warrant or agreement to purchase or otherwise acquire, directly or indirectly, any other shares in the capital of SAMJ;
 - (g) Saltpancove is the registered holder of 50,000 SAMJ Shares, which represents five percent (5%) of the issued and outstanding SAMJ Shares;
 - (h) no person has any right, privilege, option, warrant or agreement, contingent or otherwise, or any of the foregoing capable of become any right, privilege, option, warrant or agreement, to purchase or otherwise acquire, directly or indirectly, any of its respective SAMJ Shares or any interest or entitlement therein (other than as provided to Sky Ridge by this Agreement);
 - (i) it is not a party to any unanimous shareholders agreement, escrow agreement, pooling agreement, voting trust or similar arrangements or obligations in respect of its respective SAMJ Shares or any other securities of SAMJ (other than in connection with the Transaction);

- (j) Southern Arc does not have any information or knowledge of any facts relating to SAMJ which if known to Sky Ridge would or might reasonably be expected to deter Sky Ridge from completing the transactions contemplated herein and hereby, and none of the foregoing representations and warranties and no documents furnished by or on behalf Southern Arc to Sky Ridge in connection herewith or hereunder, contains any untrue statement of material fact or omits to state any material fact that the party knew or ought to have known is necessary to make any such representation or warranty not misleading to a prospective purchaser of the SAMJ Shares seeking full information as to the SAMJ Shares, SAMJ and its business and affairs;
- (k) SAMJ is validly existing under the laws of its jurisdiction of formation;
- (l) SAMJ is the 100% owner of 80 mineral prospecting rights license applications (the “**Licenses**”) which are described in Schedules “A” and “B” attached hereto; it has good and marketable title to such Licenses free and clear of all adverse interests; the Licenses comprise eight separate mineral exploration project areas (each a “**Mineral Project**”);
- (m) SAMJ has taken all requisite corporate action to authorize the transfer of 100% of the SAMJ Shares to Sky Ridge;
- (n) the consummation of the transactions contemplated herein will not constitute or result in a breach of or default under, or create a state of facts which after notice or lapse of time or both will constitute or result in a breach of or default under, or will otherwise conflict with (i) SAMJ’s constituting documents or any resolutions of its directors, shareholders or other stakeholders, (ii) any indenture, agreement or instrument to which SAMJ is a party or by which it is bound, or (iii) any applicable laws or orders, rulings or other judgments or decisions of a court or regulatory authority having jurisdiction over SAMJ;
- (o) as at the date of this Agreement, the directors of SAMJ are Michael Andrews, Robert Crane and Roderick Michael Davies;
- (p) as at the date of this Agreement, there are no officers of SAMJ;
- (q) Southern Arc is not a party to any agreement (oral or written) with Roderick Michael Davies (“**Davies**”) or Saltpancove, or with any Associates of Davies (as defined in the *Securities Act* (British Columbia)), or any Affiliate of Saltpancove (as defined in the *Business Corporations Act* (British Columbia)) other than the Term Sheet dated February 1, 2016 among Southern Arc, SAMJ, Saltpancove and Davies (the “**Term Sheet**”);
- (r) SAMJ is not a party to any agreement (oral or written) with Davies or Saltpancove, other than the Term Sheet and the consulting agreement between SAMJ and Saltpancove dated February 1, 2016 (the “**Consulting Agreement**”);
- (s) no amendment (neither oral nor written) has been made to either the Term Sheet or the Consulting Agreement;
- (t) Saltpancove owes \$51,368 to Southern Arc (the “**Loan**”), as at the date of this Agreement, as set out in the Term Sheet;
- (u) Southern Arc acknowledges and confirms that it does not have any rights under the Loan, and that neither Saltpancove nor Davies, respectively, has any obligations under the

Loan, that could in any manner affect the Sky Ridge Shares to be issued by Sky Ridge to Saltpancove;

- (v) Southern Arc acknowledges and confirms that the terms of the Loan do not provide it with any recourse whatsoever against SAMJ, or any of its assets, nor is SAMJ in any way subject to the Loan;
- (w) Southern Arc acknowledges and confirms that it has no right of first refusal that it will exercise vis-a-vis the transfer by Saltpancove of any interest it may have in SAMJ to Sky Ridge;
- (x) for the avoidance of doubt, the Loan does not create any obligations with respect to how Saltpancove will vote its Sky Ridge Shares or otherwise create a voting trust agreement;
- (y) other than Saltpancove pursuant to the Term Sheet, as at the date of this Agreement, no person has any right, privilege, option, warrant or agreement, contingent or otherwise, or any of the foregoing capable of become any right, privilege, option, warrant or agreement, to purchase or otherwise acquire, directly or indirectly, any SAMJ Shares or any interest or entitlement therein (other than as provided by this Agreement);
- (z) at Closing, no person will have any right, privilege, option, warrant or agreement, contingent or otherwise, or any of the foregoing capable of become any right, privilege, option, warrant or agreement, to purchase or otherwise acquire, directly or indirectly, any SAMJ Shares or any interest or entitlement therein (other than as provided by this Agreement);
- (aa) SAMJ is not a party to any unanimous shareholders agreement, escrow agreement, pooling agreement, voting trust or similar arrangements or obligations in respect of any securities of SAMJ;
- (bb) SAMJ is not a party to any contracts or commitments other than as provided to Sky Ridge in the drop box folder provided as at the date of this Agreement at the following location: <https://www.dropbox.com/sh/d2by2445imvdfk8/AABnfbHgHvueAMwNXuUR5kK0a?dl=0> (the “**Drop Box**”);
- (cc) Southern Arc does not have any information or knowledge of any facts relating to SAMJ which if known to Sky Ridge would or might reasonably be expected to deter Sky Ridge from completing the transactions contemplated herein and hereby, and none of the foregoing representations and warranties and no documents furnished by or on behalf of SAMJ to Sky Ridge in connection herewith or hereunder, contains any untrue statement of material fact or omits to state any material fact that the party knew or ought to have known is necessary to make any such representation or warranty not misleading to a prospective purchaser of the SAMJ Shares seeking full information as to the SAMJ Shares, SAMJ and its business and affairs;
- (dd) SAMJ owes approximately \$933,853 in Intercompany Debt to Southern Arc as at July 4, 2016;
- (ee) SAMJ has no liabilities, obligations or commitments of any nature whatsoever, asserted or unasserted, known or unknown, absolute or contingent, accrued or unaccrued, matured

or unmatured or otherwise, except (a) the Intercompany Debt and; and (b) as set out in the SAMJ audited financial statements for the year ended June 30, 2016;

- (ff) at Closing, SAMJ will have no liabilities, obligations or commitments of any nature whatsoever, asserted or unasserted, known or unknown, absolute or contingent, accrued or unaccrued, matured or unmatured or otherwise, other than as disclosed in the Drop Box;
- (gg) with respect to the Licences:
 - i. SAMJ is in material compliance with any and all applicable laws relating to the protection of the environment (“**Environmental Laws**”) including those relating to the storage, generation, use, handling, manufacture, processing, transportation, import, export, treatment, release or disposal of any hazardous substance relating to the Licences or the exploration and development of the areas covered by the Licences; SAMJ has not received any notice from any governmental authority alleging that they are or any of their predecessors in interest have violated or are violating in any material respect any Environmental Law to which the areas covered by the Licences are subject;
 - ii. SAMJ has not caused or permitted the release of any hazardous substances at, in, on, under or from the area covered by the Licences, except in compliance with Environmental Laws;
 - iii. all hazardous substances handled, recycled, disposed of, treated or stored on or off site of the areas covered by the Licences by SAMJ have been handled, recycled, disposed of, treated and stored in compliance in all material respects with all applicable Environmental Laws;
 - iv. SAMJ has not contractually assumed any material environmental liabilities or obligations of another person under or relating to Environmental Laws that in any case would reasonably be expected to have a material adverse effect;
- (hh) there are no actions, suits, claims, inquiries, complaints, grievances or proceedings, including appeals and applications for review, that are outstanding, in progress or, to Southern Arc’s knowledge, pending or threatened against or relating to SAMJ or to the Licences or Mineral Projects at law or in equity or before any governmental authority; to Southern Arc’s knowledge, there are no outstanding or ongoing investigations by any governmental authority relating to SAMJ or to the Licences or Mineral Projects; and
- (ii) no material dispute between Southern Arc or SAMJ and any non-governmental organization, community, community group, aboriginal peoples or aboriginal group exists or, to the best of Southern Arc’s knowledge, is threatened or imminent with respect to any of the Licences; Southern Arc has provided Sky Ridge and Sky Ridge’s representatives with reasonable access to all material correspondence received by Southern Arc and SAMJ or their representatives from any non-governmental organization, community, community group, aboriginal peoples or aboriginal group relating to any of the Licences.

2.3 The representations and warranties set out herein shall survive the Closing and, notwithstanding any investigation made by or on behalf of a party hereto and the occurrence of the Closing, shall continue in full force and effect for a period of two (2) years following the date hereof.

3. **Conditions to Closing**

3.1 The parties' obligations to close the Acquisition are subject to the following conditions precedent:

- (a) all necessary consents, approvals and other authorizations of any regulatory authorities or third parties being obtained, including the conditional approval of the Exchange for the Acquisition (the "**Exchange Approval**");
- (b) the Concurrent Financing having been completed by Sky Ridge;
- (c) the representations and warranties of the parties, as set out in section 2 of this Agreement, remaining true and accurate in all material respects (or, if qualified by materiality, in all respects) as at the closing of the Transaction (the "**Closing**");
- (d) no material adverse changes occurring in relation to the business of the parties or good standing of the Licenses;
- (e) Sky Ridge not having issued any further securities after the date of this Agreement, other than in connection with the exercise of Sky Ridge Options and Sky Ridge Warrants, without the consent of Southern Arc or as contemplated herein;
- (f) Sky Ridge reconstituting its Board to consist of seven members, as follows: (i) John Proust, (ii) Michael Andrews, (iii) Robert Gallagher, (iv) John Carlisle, (v) Sally Eyre, and two additional directors to be agreed upon and appointed as soon as reasonably practical;
- (g) effective at Closing, Mr. John Proust being appointed Chief Executive Officer and Chairman of Sky Ridge;
- (h) effective at Closing, Mr. Michael Andrews being appointed President and Chief Operating Officer of Sky Ridge;
- (i) effective at Closing, Mr. Vincent Boon being appointed Chief Financial Officer and Corporate Secretary of Sky Ridge;
- (j) effective at Closing, Mr. John Carlisle being appointed Executive Vice President of Sky Ridge;
- (k) at Closing, Southern Arc having entered into such escrow arrangements as may be required by the Exchange;
- (l) at Closing, Sky Ridge having received evidence of satisfaction of all applicable listing requirements of the Exchange in connection with the RTO;
- (m) prior to Closing, Southern Arc having forgiven all Intercompany Debt owing from SAMJ to Southern Arc as at July 4, 2016, and having presented Sky Ridge with evidence

(satisfactory to Sky Ridge in its discretion, acting reasonably) that such Intercompany Debt has been fully forgiven and fully extinguished;

- (n) prior to Closing, Sky Ridge having obtained the Shareholder Consents and provided sufficient evidence (in the reasonable opinion of Southern Arc) of such consents to Southern Arc;
- (o) at Closing, Sky Ridge having received from Saltpancove, (i) Saltpancove's 5% ownership position in SAMJ, and (ii) a written acknowledgement and release (satisfactory to Sky Ridge in its sole discretion) under which Saltpancove, among other things, provides a full and final release of any and all past, present and future claims against Sky Ridge and SAMJ, in exchange for 2,500,000 Sky Ridge Shares;
- (p) at Closing, Southern Arc having delivered to Sky Ridge a title opinion in respect of the Licenses, such opinion to be satisfactory in substance and form to counsel to Sky Ridge, acting reasonably;
- (q) at Closing, Southern Arc having delivered to Sky Ridge National Instrument 43-101 compliant technical reports in respect of the Licenses, such reports to be in form and substance satisfactory to Sky Ridge, acting reasonably;
- (r) at Closing, Sky Ridge having granted and issued the Stock Options as set out in Schedule "C";
- (s) delivery of all customary closing documentation, including but not limited to:
 - i. Sky Ridge having delivered to Southern Arc a certificate, dated as of Closing of two senior officers or directors of Sky Ridge, to the effect that, to the best of their knowledge, information and belief, after due enquiry and without personal liability, the representations and warranties of Sky Ridge in section 2.1 are true and correct in all material respects (or, if qualified by materiality, in all respects) as if made at and as of Closing and Sky Ridge has performed all covenants and agreements and satisfied all conditions on its part to be performed or satisfied at or prior to Closing;
 - ii. Southern Arc having delivered to Sky Ridge a certificate, dated as of Closing of two senior officers or directors of Southern Arc, to the effect that, to the best of their knowledge, information and belief, after due enquiry and without personal liability, the representations and warranties of Southern Arc in section 2.2 are true and correct in all material respects (or, if qualified by materiality, in all respects) as if made at and as of Closing and Southern Arc has performed all covenants and agreements and satisfied all conditions on its part to be performed or satisfied at or prior to Closing; and
- (t) there being no material action, cause of action, claim, demand, suit, investigation, or other proceedings in progress, pending or threatened against or affecting either Sky Ridge, SAMJ, Southern Arc, the Licenses or the Mineral Projects, at law or in equity, or before or by any governmental department, commission, or agency, which involve the reasonable likelihood of any judgment or liability against either party.

4. **Access to Information**

- 4.1 Immediately upon the parties' execution of this Agreement until the first to occur of the completion of the Transaction or the termination of this Agreement, each of the parties and their respective attorneys, accountants and financial advisors will have full access during normal business hours to all employees, consultants, assets, properties, books, accounts, records, tax returns, contacts and other documents of the other parties hereto that are pertinent to the subject matter of the Acquisition, provided, however, that such access will not materially interfere with the normal business operations of such corporation. In the event this Agreement is terminated prior to completion of the Transaction, each of the parties will promptly return all documents and other materials so provided to it.

5. **Use and Confidentiality**

- 5.1 All of the information, records, books and data to which each party and/or their respective representatives are given access as set forth above including, but not limited to, that which relates to research, products, services, customers, markets, business policies or practices, unreleased developments, inventions, processes, designs, drawings, engineering, marketing, business plans or finances and the terms, conditions and existence of this Agreement and all discussions between the parties (the "**Confidential Information**"), will be used by such party solely for the purpose of analyzing the Acquisition and the parties hereto and will be treated on a confidential basis. Each of the parties covenants to each other that they will not at any time, other than in accordance with the terms of this Agreement, disclose the Confidential Information of the other to any person or entity without the prior written approval of the disclosing party, or use any such Confidential Information for any purpose, other than for the specific purpose of evaluating and negotiating the terms of the Acquisition, unless specifically pre-approved in writing by the disclosing party, subject to required disclosure to regulatory authorities and as otherwise required by the rules of the Exchange which may be applicable. Each party shall maintain the confidential nature of the Confidential Information of the other in its possession by taking commercially reasonable steps to protect the information from unauthorized use, access and disclosure, which shall be no less than those efforts made by the receiving party to protect its own confidential information. The receiving party may disclose Confidential Information of the other only to its employees, shareholders and consultants who have a 'need-to-know' for the purposes of evaluating and negotiating the Acquisition. None of the parties will make any public announcement concerning the Acquisition or related negotiations without the other parties' prior written approval, except as may be required by law or the policies of the Exchange. Where such an announcement is required by law or the policies of the Exchange, the party required to make the announcement will inform the other parties of the contents of the proposed announcement and will make commercially reasonable efforts to obtain the other parties' written approval for the announcement, which approval may not be unreasonably withheld. The parties covenant and agree to keep confidential all of the information including the Confidential Information obtained by it concerning the business, assets of the other including the terms of this Agreement except such information which:

- (a) prior to the date hereof was already in the possession of the other;
- (b) is generally available to the public;
- (c) is required to be disclosed by a party to any regulatory body having jurisdiction over the parties hereto; or

(d) is made available to the other party on a non-confidential basis from a source other than a party to this Agreement, or their representatives, provided that such source is not in breach of any confidentiality obligation owing to the party to which the Confidential Information relates.

5.2 Notwithstanding the foregoing provisions of this paragraph, the obligation to maintain the confidentiality of such information will not apply to the extent that disclosure of such information is required in connection with governmental, regulatory or other applicable filings related to the transactions contemplated under this Agreement.

6. **Closing**

6.1 Closing will occur as soon as reasonably possible after the satisfaction of all conditions precedent specified herein, subject to all applicable laws and receiving all requisite consents and approvals.

7. **Stand Still Provisions**

7.1 Commencing immediately upon execution of the Agreement, except for activities undertaken in connection with the transactions contemplated herein, including the Concurrent Financing: (a) Sky Ridge will not, nor will it permit any of its respective officers, employees, consultants or agents (including without limitation, investment bankers, attorneys and accountants) to directly or indirectly solicit, discuss, encourage or accept any offer for the purchase, joint venture, option or financing of its business, and (b) Southern Arc will not, nor will it permit any of its respective officers, employees, consultants or agents (including without limitation, investment bankers, attorneys and accountants) to directly or indirectly solicit, discuss, encourage or accept any offer for the purchase, joint venture or option, or indirectly dispose of, joint venture, option, grant a royalty upon or a back-in right with respect to, or otherwise encumber, the Licenses, whether as a primary or back-up offer, or take any other action with the intention or reasonably foreseeable effect of leading to a transaction contrary in intent to the Acquisition. In addition, the parties will conduct their respective operations according to their ordinary and usual course of business consistent with past practices, and the parties will not enter into any material transactions or incur any material liabilities without first obtaining the consent of the other parties hereto, which consent will not be unreasonably withheld or delayed.

8. **Costs and Expenses**

8.1 Except as otherwise specifically set forth herein, each party will bear its own expenses in connection with the Acquisition and all associated transactions, including, without limitation, the costs and expenses of all attorneys, engineers, brokers, investment bankers, agents and finders employed by such party. The parties will indemnify each other against any claims, costs, losses, expenses or liabilities arising from any claim for commissions, finder's fees or other compensation in connection with the contemplated transaction, which may be asserted by any person, based on any agreement or arrangement for payment by the other party.

9. **Currency**

9.1 All dollar amounts referred to herein are expressed in Canadian dollars, unless otherwise indicated.

10. Choice of Law

10.1 This Agreement shall be construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein, and the parties attorn to the exclusive jurisdiction of the courts of the Province of British Columbia in respect of all disputes arising hereunder.

11. Currency

11.1 Unless otherwise indicated, all references to “\$” and dollar amounts are to the lawful currency of Canada.

12. Entire Agreement

12.1 This Agreement constitutes the entire agreement among the parties and replaces and supersedes all prior agreements, memoranda, correspondence, communications, negotiations and representations, whether oral or written, express or implied, statutory or otherwise among the parties with respect to the subject matter herein, including, for greater certainty, the letter of intent between Sky Ridge and Southern Arc dated July 4, 2016.

13. Termination

13.1 This Agreement may be terminated by the mutual consent of the parties or in the following circumstances by written notice given by the terminating party to the other parties hereto:

- (a) by either Southern Arc or Sky Ridge if the Closing has not occurred on or before September 30, 2016 or such later date as may be mutually agreed (in writing) by Sky Ridge and Southern Arc;
- (b) by Southern Arc (i) if Sky Ridge is in default of any covenant on its part to be performed hereunder, (ii) Southern Arc has given written notice to Sky Ridge of such default, and (iii) Sky Ridge has not proceeded to cure such default within 14 days of such notice and thereafter proceeded in good faith to diligently cure such default to Southern Arc’s reasonable satisfaction provided that in any case such default shall be cured within 30 days after such notice (or such longer period as may be reasonably required to cure the default given the nature or circumstances thereof); and
- (c) by Sky Ridge if (i) Southern Arc is in default of any covenant on its part to be performed hereunder, (ii) Sky Ridge has given written notice to Southern Arc of such default, and (iii) Southern Arc has not proceeded to cure such default within 14 days of such notice and thereafter proceeded in good faith to diligently cure such default to Sky Ridge’s reasonable satisfaction provided that in any case such default shall be cured within 30 days after such notice (or such longer period as may be reasonably required to cure the default given the nature or circumstances thereof).

14. Execution in Counterpart

14.1 The parties may execute this Agreement in two or more counterparts, and may deliver such execution by email, each of which is deemed to be an original and all of which will constitute one agreement, effective as of the date given above.

If the foregoing correctly sets forth our understanding, please indicate your acceptance of the terms hereof by returning to us an executed counterpart hereof, whereupon this Agreement shall become a binding agreement among us.

Respectfully,

SKY RIDGE RESOURCES LTD.

By: Jeff Durno
Name: Jeff Durno
Title: CEO

AGREED AND ACCEPTED as of the date of this Agreement.

SOUTHERN ARC MINERALS INC.

By: John G. Proust
Name: John G. Proust
Title: Executive Chairman & CEO

SCHEDULE "A"

Epithermal gold projects

Name	# of Applications	Area
Ikutawara	38	13,286 ha
Numanoue	4	1,296 ha
Aibetsu	9	2,916 ha
Buho	1	323 ha

SCHEDULE "B"

Lithocap/Porphyry projects

Name	# of Applications	Area
Ponkutosan	5	1,570 ha
Minamikyabe	6	1,943 ha
Kobui	8	2,738 ha
Eboshi	9	3,080 ha

SCHEDULE “C”

Stock Options

<u>Name</u>	<u># of options allocated</u>	<u>Vesting</u>			
		<u>Immediately</u>	<u>6 months</u>	<u>12 months</u>	<u>18 months</u>
John Proust	2,800,000	700,000	700,000	700,000	700,000
Michael Andrews	1,800,000	450,000	450,000	450,000	450,000
John Carlile	950,000	237,500	237,500	237,500	237,500
Andrew Rowe	450,000	112,500	112,500	112,500	112,500
Robert Gallagher	400,000	100,000	100,000	100,000	100,000
David Farrell	400,000	100,000	100,000	100,000	100,000
Sally Eyre	400,000	100,000	100,000	100,000	100,000
Mitsuhiko Yamada	400,000	100,000	100,000	100,000	100,000
Fiore Management and Advisory Corp	400,000	100,000	100,000	100,000	100,000
Vince Boon	250,000	62,500	62,500	62,500	62,500
Eileen Au	200,000	50,000	50,000	50,000	50,000
Rhylin Baillie	50,000	50,000			
Brad Wake	200,000	50,000	50,000	50,000	50,000
Charities	200,000	50,000	50,000	50,000	50,000
Kotaro Ohga	200,000	50,000	50,000	50,000	50,000
Dela Salem	100,000	25,000	25,000	25,000	25,000
Bryan Dear	50,000	50,000			
	<u>9,250,000</u>	<u>2,387,500</u>	<u>2,287,500</u>	<u>2,287,500</u>	<u>2,287,500</u>