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## **ASSET PURCHASE AGREEMENT**

Made as of August 10, 2016

Between

**COMSTOCK METALS LTD.**

and

**SELECT SANDS CORP.**

## **ASSET PURCHASE AGREEMENT**

**THIS AGREEMENT** made as of the 10<sup>th</sup> day of August, 2016.

**B E T W E E N :**

**COMSTOCK METALS LTD.**

a corporation organized under the laws of the Province  
of British Columbia

(hereinafter referred to as the "Purchaser")

- and -

**SELECT SANDS CORP.**, a corporation organized  
under the laws of the Province of British Columbia

(hereinafter referred to as the "Vendor")

**WHEREAS:**

1. The Vendor owns the Purchased Assets (as defined below);
2. The Vendor wishes to sell, and the Purchaser wishes to purchase, the Purchased Assets upon the terms and subject to the conditions hereinafter contained;

**NOW THEREFORE THIS AGREEMENT WITNESSES** that in consideration of the mutual covenants and agreements herein contained and the sum of \$1.00 of lawful money of Canada and other good and valuable consideration paid by each of the parties hereto to each of the other parties hereto (the receipt and sufficiency of which are hereby acknowledged), it is agreed among the parties hereto as follows:

### **ARTICLE 1** **INTERPRETATION**

#### **1.1 Defined Terms**

In this Agreement and in the schedules hereto, unless there is something in the subject matter or context inconsistent therewith, the following terms and expressions will have the following meanings:

- (a) "**Affiliate**" has the meaning given to it in the *Business Corporations Act* (British Columbia).
- (b) "**Agreement**" means this asset purchase agreement and all instruments amending it; "hereof", "hereto" and "hereunder" and similar expressions mean and refer to this Agreement and not to any particular Article, Section, or other subdivision; "Article", "Section" or other subdivisions of this Agreement followed by a number means and refers to the specified Article, Section or other subdivision of this Agreement.

- (c) **"Business Day"** means any day other than a day which is a Saturday, a Sunday or a statutory holiday in Vancouver, British Columbia.
- (d) **"Common Shares"** means the common shares in the capital of the Purchaser.
- (e) **"Consents"** means a license, permit, approval, consent, certificate, registration or authorization (including, without limitation, those made or issued by a Regulatory Authority, in respect of a Contract, or otherwise).
- (f) **"Contracts"** means any agreement, understanding, indenture, contract, lease, deed of trust, license, option, instrument or other commitment, whether written or oral.
- (g) **"Encumbrances"** means mortgages, charges, pledges, royalties, security interests, liens, encumbrances, actions, claims, demands and equities of any nature whatsoever or howsoever arising and any rights or privileges capable of becoming any of the foregoing.
- (h) **"Environmental Laws"** means applicable common law and any federal, provincial, municipal or local law, statute, by-law, ordinance, regulation, rule, order, decree, permit, agreement, judicial or administrative decision, injunction or legally binding requirement of any governmental entity which relates to or otherwise imposes liability or standards of conduct concerning discharges, spills, releases or threatened releases of noises, odours or any substances into, or the presence of noises, odours or any substances in, ambient air, ground or surface water or land, municipal or other works (including sewers and storm drains) or otherwise relating to the manufacture, processing, generation, distribution, use, treatment, storage, discharge, release, disposal, clean up, transport or handling of substances, as in effect on the date hereof.
- (i) **"ETA"** means the *Excise Tax Act* (Canada);
- (j) **"Liabilities"** means the liabilities due to the original optionor of the Preview Project pursuant to the Preview Project Option Agreement of: (i) payment of \$60,000 upon receipt of a positive feasibility study and (ii) issuance of 625,000 common shares upon making a production decision (or such other securities as may be permitted pursuant to the Preview Project Option Agreement), as well as a 2.5% Net Smelter Return ("**NSR**") royalty of which 1.0% NSR can be repurchased for \$1,000,000 at any time prior to a production decision and the remaining 1.5% NSR can be repurchased for \$2,000,000.
- (k) **"Material Adverse Effect"** means any change, effect, event or occurrence that is, or could reasonably be expected to be, material and adverse to the business, properties, assets, liabilities, obligations, operations or financial condition.
- (l) **"Old Cabin Project"** means the early-stage Old Cabin property located in south-central Jacobson Township, District of Algoma, approximately 48 km northeast of the town of Wawa, Ontario, Canada, as described in Schedule "A".
- (m) **"Outside Date"** means October 31, 2016 or such other date as may be agreed to by the parties hereto;
- (n) **"Permitted Encumbrances"** means:

- (i) servitudes, easements, restrictions, rights of parties in possession, zoning restrictions, encroachments, reservations, rights-of-way and other similar rights in real property or any interest therein, provided the same are not of such nature as to materially adversely affect the validity of title to or the value, marketability or use of the property subject thereto by the Vendor;
  - (ii) liens for taxes either not due and payable or due but for which notice of assessment has not been given;
  - (iii) undetermined or inchoate liens, charges and privileges incidental to current operations and Encumbrances claimed or held by any Regulatory Authority that have not at the time been filed or registered against the title to the asset or served upon the Vendor pursuant to law or that relate to obligations not due or delinquent;
  - (iv) the reservations in any original grants from the Crown of any real property or interest therein and statutory exceptions to title that do not materially detract from the value of the real property concerned or materially impair its use; and
  - (v) the Preview Project Option Agreement, including the Liabilities.
- (o) "**person**" means and includes any individual, corporation, partnership, firm, joint venture, syndicate, association, trust, government, governmental agency or board or commission or authority, and any other form of entity or organization.
  - (p) "**Preview Project**" means the Preview SW gold project located in the La Ronge district of Saskatchewan, as described in Schedule "A".
  - (q) "**Preview Project Option Agreement**" means the option agreement dated the 22<sup>nd</sup> day of September, 2011 between North-Sask Ventures Ltd. and the Vendor (formerly, La Ronge Gold Corp.), as amended by an amending agreement made effective the 31<sup>st</sup> day of May, 2013.
  - (r) "**Purchase Price**" means 20 million Common Shares and the assumption of the Liabilities.
  - (s) "**Purchased Assets**" means the Preview Project and Old Cabin Project and the Records and Contracts listed in Schedule A.
  - (t) "**Purchased Properties**" has the meaning ascribed thereto in Section 3.1(j).
  - (u) "**Records**" means all technical, business and financial records relating to the Preview Property and Old Cabin Property, including, without limitation, technical reports and information, resource estimation models, digital logs and data, maps, core library on site, operating data, files, financial books, correspondence, credit information, research materials, contract documents, title documents, leases, surveys, financial statements and any other similar records in any form whatsoever (including written, printed, electronic or computer printout form).

- (v) **"Regulatory Authority"** means any government, regulatory or administrative authority, agency, commission, utility or board (federal, provincial, municipal or local, domestic or foreign) having jurisdiction in the relevant circumstances and any person acting under the authority of any of the foregoing and any judicial, administrative or arbitral court, authority, tribunal or commission having jurisdiction in the relevant circumstances.
- (w) **"Transfer Documents"** means:
  - (i) all conveyance documents required to transfer title to the Purchased Assets, duly executed by the Vendor;
  - (ii) all documents necessary to discharge any Encumbrance other than Permitted Encumbrances registered against any of the Purchased Assets; and
  - (iii) all other documents required or contemplated to be delivered to the Purchaser to transfer title to the Purchased Assets hereunder.
- (x) **"Transfer Date"** means the date which the Purchased Assets are transferred to the Purchaser, which date will be the date that is five Business Days following the date of satisfaction or waiver of the conditions precedent set out in Article 7 (excluding conditions that, by their terms, cannot be satisfied until the Transfer Date) or such other date as may be agreed to by the parties hereto.

## **1.2 Best of Knowledge**

Any reference herein to "the knowledge" of the Vendor or the Purchaser will mean the actual knowledge of the President and/or Chief Financial Officer of the Vendor and the Purchaser, respectively, and the knowledge which either of them would have if they had conducted a reasonably diligent inquiry into the relevant subject matter.

## **1.3 Schedules**

The schedules which are attached to this Agreement are incorporated into this Agreement by reference and are deemed to be part hereof.

## **1.4 Currency**

Unless otherwise indicated, all dollar amounts referred to in this Agreement are in lawful money of Canada.

## **1.5 Choice of Law and Attornment**

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

## **1.6 Interpretation Not Affected by Headings or Party Drafting**

The division of this Agreement into articles, sections, paragraphs, subparagraphs and clauses and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms "this Agreement", "hereof", "herein",

"hereunder" and similar expressions refer to this Agreement and the schedules hereto and not to any particular article, section, paragraph, subparagraph, clause or other portion hereof and include any agreement or instrument supplementary or ancillary hereto. Each party hereto acknowledges that it and its legal counsel have reviewed and participated in settling the terms of this Agreement, and the parties hereby agree that any rule of construction to the effect that any ambiguity is to be resolved against the drafting party shall not be applicable in the interpretation of this Agreement.

### **1.7 Number and Gender**

In this Agreement, unless there is something in the subject matter or context inconsistent therewith:

- (a) words in the singular number include the plural and such words shall be construed as if the plural had been used;
- (b) words in the plural include the singular and such words shall be construed as if the singular had been used, and
- (c) words importing the use of any gender shall include all genders where the context or party referred to so requires, and the rest of the sentence shall be construed as if the necessary grammatical and terminological changes had been made.

### **1.8 Time of Essence**

Time shall be of the essence hereof.

## **ARTICLE 2** **PURCHASE AND SALE**

### **2.1 Purchased Assets**

On the terms and subject to the fulfillment of the conditions hereof, the Vendor hereby agrees to sell, transfer and assign to the Purchaser, and the Purchaser hereby agrees to purchase and accept from the Vendor, the Purchased Assets.

### **2.2 Purchase Price**

The Purchase Price will be paid on the Transfer Date. The Common Shares forming part of the Purchase Price shall be registered in the name of Vendor or pursuant to its direction. The Vendor acknowledges that such shares shall be subject to regulatory hold periods and the share certificates representing the shares shall bear the appropriate legends.

### **2.3 Payment of Taxes**

The Purchaser shall be liable for and shall pay all applicable federal and provincial land transfer taxes and all other taxes (other than income taxes of the Vendor) and legal fees, properly payable upon and in connection with the conveyance and transfer of the Purchased Assets to the Purchaser. The Vendor will do and cause to be done such things as are reasonably requested to enable the Purchaser to comply with such obligation in an efficient manner.

## **2.4 Allocation of Purchase Price**

The Vendor and Purchaser agree to allocate the Purchase Price among the Purchased Assets in accordance with Schedule 2.4 and to report the sale and purchase of the Purchased Assets for all federal, provincial and local tax purposes in a manner consistent with such allocation, and shall not dispute such allocation in connection with any audit or other proceeding.

## **2.5 ETA Election**

The Vendor and Purchaser shall, on the closing date, elect jointly under subsection 167(1) of the ETA, in the form prescribed for the purposes of that subsection, in respect of the sale and transfer of the Purchased Assets hereunder. The Purchaser shall file such election with the Canada Revenue Agency not later than the day on which it is required to file its GST/HST return for its reporting period which includes the closing date and shall provide evidence of such filing to the Vendor.

# **ARTICLE 3** **REPRESENTATIONS AND WARRANTIES**

## **3.1 Representations and Warranties by the Vendor**

The Vendor hereby represents and warrants to the Purchaser as follows, and confirms that the Purchaser is relying upon the accuracy of each of such representations and warranties in connection with the purchase of the Purchased Assets and the completion of the other transactions hereunder:

- (a) Corporate Authority and Binding Obligation. The Vendor has good right, full corporate power and absolute authority to enter into this Agreement and to sell, assign and transfer the Purchased Assets to the Purchaser in the manner contemplated herein and to perform all of the Vendor's obligations under this Agreement. The Vendor has taken all necessary actions, steps and corporate and other proceedings to approve or authorize, validly and effectively, the entering into, and the execution, delivery and performance of, this Agreement and the sale and transfer of the Purchased Assets by the Vendor to the Purchaser. This Agreement is a legal, valid and binding obligation of the Vendor, enforceable against it in accordance with its terms subject to (i) bankruptcy, insolvency, moratorium, reorganization and other laws relating to or affecting the enforcement of creditors' rights generally, and (ii) the fact that equitable remedies, including the remedies of specific performance and injunction, may only be granted in the discretion of a court.
- (b) No Other Purchase Agreements. No person has any agreement, option, understanding or commitment, or any right or privilege (whether by law, pre-emptive or contractual) capable of becoming an agreement, option or commitment, for the purchase or other acquisition from the Vendor of any of the Purchased Assets, or any rights or interest therein.
- (c) Contractual and Regulatory Approvals. Other than the approval of the TSX Venture Exchange and consent of North-Sask Ventures Ltd. to the transfer of the Preview Project and the assignment of the Preview Project Option Agreement by the Vendor to the Purchaser, the Vendor is not under any obligation, contractual or otherwise, to request or obtain the consent of any person, and no permits, licences, certifications, authorizations or approvals of, or notifications to, any federal, provincial, municipal or local government or governmental agency, board, commission or authority are required to be obtained by

the Vendor in connection with the execution, delivery or performance by the Vendor of this Agreement or the completion of any of the transactions contemplated herein.

- (d) Status and Governmental Licences. The Vendor is a corporation duly incorporated and validly subsisting in all respects under the laws of its jurisdiction of incorporation. The Vendor has all necessary corporate power to own the Purchased Assets and to carry on its business as it is now being conducted.
- (e) Compliance with Constatng Documents, Agreements and Laws. The execution, delivery and performance of this Agreement and each of the other agreements contemplated or referred to herein by the Vendor, and the completion of the transactions contemplated hereby, will not constitute or result in a violation, breach or default, or cause the acceleration of any obligations, under:
  - (i) any term or provision of any of the articles, by-laws or other constating documents of the Vendor;
  - (ii) the terms of any indenture, agreement (written or oral), instrument or understanding or other obligation or restriction to which the Vendor is a party or by which it is bound, or
  - (iii) any term or provision of any of the property rights comprising the Purchased Assets or any order of any court, governmental authority or regulatory body or any law or regulation.
- (f) Liabilities. As at the date hereof, other than the Liabilities, to the Vendor's knowledge there are no liabilities (contingent or otherwise) of the Vendor of any kind whatsoever in respect of which the Purchaser may become liable on or after the consummation of the transactions contemplated by this Agreement.
- (g) Tax Matters.
  - (i) For purposes of this Agreement, the term "**Governmental Charges**" means and includes all taxes, customs duties, rates, levies, assessments, reassessments and other charges, together with all penalties, interest and fines with respect thereto, payable to any federal, provincial, municipal, local or other government or governmental agency, authority, board, bureau or commission, domestic or foreign, in each case, relating to the Purchased Assets.
  - (ii) The Vendor has paid, or by the Transfer Date will have paid, all Governmental Charges which are due and payable by it on or before the date hereof. There are no actions, suits, proceedings, investigations, enquiries or claims now pending or made or, to the knowledge of the Vendor threatened against the Vendor in respect of Governmental Charges.
- (h) Litigation. There are no actions, suits or proceedings, judicial or administrative (whether or not purportedly on behalf of the Vendor) pending or, to the knowledge of the Vendor, threatened in writing, by or against or affecting the Vendor which relate to the Purchased Assets, at law or in equity, or before or by any court or any federal, provincial, municipal or other governmental department, commission, board, bureau, agency or instrumentality,



domestic or foreign which, in any case, could reasonably be expected to have a Material Adverse Effect on the Purchased Assets.

- (i) Title to Assets. The Vendor is the recorded and beneficial owner of and has good and marketable title to all of the Purchased Properties, free and clear of any Encumbrances other than Permitted Encumbrances.
- (j) Properties. Schedule "A" attached hereto lists all mineral claims included in the Purchased Assets. There are no agreements, options, contracts or commitments to sell, transfer or otherwise dispose of the mineral claims comprising the Purchased Assets (the "**Purchased Properties**") or which would restrict the ability of the Vendor to transfer the Purchased Properties, other than the Preview Project Option Agreement. There are no leases, tenancies, licences or other rights of occupancy or use for any portion of the Purchased Properties, and no person other than the Vendor occupies or uses any portion of the Purchased Properties.
- (k) Patented Mineral Claims. To the Vendor's knowledge, the mineral claims included in the Purchased Assets have been properly tagged, staked and recorded in accordance with applicable laws of the Province of Saskatchewan or Ontario, as applicable. All assessment work has been performed, filed and recorded to maintain the mineral claims in good standing in accordance with the laws of the Province of Saskatchewan or Ontario, as applicable.
- (l) Affiliates. No part of the Purchased Assets are owned or operated by any Affiliate of the Vendor.
- (m) Partnerships or Joint Ventures. The Vendor is not a partner or participant in any partnership, joint venture, profit-sharing arrangement or other association of any kind with respect to the Purchased Assets.
- (n) Outstanding Agreements. Other than as set forth in Schedule A, the Vendor is not a party to or bound by any outstanding or executory agreement, contract or commitment, whether written or oral, relating to the Purchased Assets.
- (o) Compliance with Laws. To the Vendor's knowledge, the Vendor is not in violation in any material respect of any federal, provincial or other law, regulation or order of any government or governmental or Regulatory Authority, domestic or foreign, including, without limitation, Environmental Laws and any law, regulation or order relating to the Purchased Assets.
- (p) Complete Conveyance. The Purchased Assets include all rights, properties, interests, assets (both tangible and intangible) and agreements necessary to enable the Purchaser to carry on the exploration of the Preview Project and the Old Cabin Project in the same manner and to the same extent as it has been carried on by the Vendor prior to the date hereof, other than the permits described in Schedule "B".
- (q) Vendor's Residency. The Vendor is not a non-resident of Canada within the meaning of the *Income Tax Act* (Canada).

- (r) Records. The Records have been duly maintained in accordance with all applicable legal requirements and contain full and accurate records of all material matters relating to the Preview Project and Old Cabin Project. No Records are in the possession of, recorded, stored, maintained by, or otherwise dependent on, any other person.
- (s) Condition of Assets. All material tangible personal property included in the Purchased Assets is in good operating condition, repair and proper working order, having regard to its use and age, except only for reasonable wear and tear.
- (t) Capital Expenditures. The Vendor is not committed to make any capital expenditures relating to the Purchased Assets, nor have any capital expenditures been authorized by the Vendor.
- (u) Contracts. The contracts listed in Schedule A constitute all the Contracts of the Vendor included in the Purchased Assets. The Contracts listed in Schedule A are all in full force and effect unamended and no default exists on the part of any of the parties thereto. The Vendor is not in default or in breach of any such Contract to which it is a party and there exists no condition, event or act which, with the giving of notice or lapse of time or both would constitute such a default or breach and all such Contracts are in good standing and in full force and effect unamended and the Vendor is entitled to all benefits thereunder. The Vendor has provided to the Purchaser a true and complete copy of each Contract listed in Schedule A and all amendments.
- (v) Insurance. The Vendor has not insured the Purchased Assets against loss or damage.
- (w) Environmental Matters
  - (i) For the purposes of this Agreement, the following terms and expressions shall have the following meanings:
    - (A) "Environmental Consents" means all Consents issued by or issuable by any Regulatory Authority under Environmental Laws.
    - (B) "Hazardous Substance" means, any material or substance that may impair the quality of the environment or which under Environmental Laws is deemed to be "hazardous", a "pollutant", "toxic", "deleterious", caustic", "dangerous", a "waste", a "hazardous material", a "source of contamination" or analogous substance including, without limitation, petroleum and petroleum products, asbestos, polychlorinated biphenyls, and flammable and radioactive materials.
    - (C) "Release" means any release, spill, leak, emission, discharge, leach, dumping, migration, pumping, pouring, emitting, emptying, injecting, spraying, burying, abandoning, incinerating, seeping, escape, disposal or similar or analogous act as defined in any Environmental Laws.
  - (ii) To the Vendor's knowledge, the operation of the Preview Project and Old Cabin Project and all of the Purchased Assets have been and are in compliance with all Environmental Consents.

- (iii) The Vendor has not been charged with or convicted of any offence for non-compliance with Environmental Laws in relation to the Purchased Assets, or been fined or otherwise sentenced or settled any prosecution short of conviction in relation to the Purchased Assets; and to the Vendor's knowledge there are no notices of judgment or commencement of proceedings of any nature in relation to the Purchased Assets and the Vendor has never been investigated relating to any breach or alleged breach of Environmental Laws in relation to the Purchased Assets.
- (iv) The Vendor has obtained all Environmental Consents necessary to conduct the business conducted by it at the Preview Project and Old Cabin Project and to own, use and operate the Purchased Assets as they are currently owned, used and operated are listed in Schedule "B" and correct copies have been provided to the Purchaser.
- (v) To the Vendor's knowledge there are no Hazardous Substances located on or in or under the surface of any properties comprised in the Purchased Assets and no Release of any Hazardous Substances has occurred on, in or from any such properties or has resulted from the conduct of activities thereon.
- (vi) The Vendor has not used any of its properties comprised in the Purchased Assets to produce, generate, manufacture, treat, store, handle, transport or dispose of any Hazardous Substances except in compliance with Environmental Laws.
- (vii) To the Vendor's knowledge, there are no underground or above-ground storage tanks or associated piping or appurtenances (active or abandoned), or urea formaldehyde foam insulation, asbestos, polychlorinated biphenyls or radioactive substances located on or in or under the surface of any of the properties comprised in the Purchased Assets or other assets used thereon.
- (viii) The Vendor is not, and to the Vendor's knowledge there is no basis upon which the Vendor could become, responsible for any clean-up or corrective action under any Environmental Laws. The Vendor has provided the Purchaser with copies of any environmental audits, site assessments and studies (including all drafts thereof) concerning any of the properties comprised in the Purchased Assets or that are in any way related to the activities conducted in respect of the Preview Project or Old Cabin Project, that are in its possession or control.
- (x) Bulk Sales Act (Ontario). The sale of the Purchased Assets will not constitute a sale of all or substantially all of the assets of the Vendor for the purposes of the *Bulk Sales Act* (Ontario).

### **3.2 Representations and Warranties by the Purchaser**

The Purchaser hereby represents and warrants to the Vendor as follows, and confirms that the Vendor is relying upon the accuracy of each of such representations and warranties in connection with the sale of the Purchased Assets and the completion of the other transactions hereunder:

- (a) Corporate Authority and Binding Obligation. The Purchaser is a corporation duly incorporated and validly subsisting in all respects under the laws of its jurisdiction of

incorporation. The Purchaser has good right, full corporate power and absolute authority to carry on its business as now conducted or proposed to be conducted and to own or lease and operate its property and assets and to enter into this Agreement and to purchase the Purchased Assets from the Vendor in the manner contemplated herein and to perform all of the Purchaser's obligations under this Agreement. The Company and its subsidiaries together hold all licences, registrations and qualifications in all jurisdictions where the character of the property or assets thereof owned or leased or the nature of the activities conducted make licensing, registration or qualification necessary and is carrying on the business thereof in compliance in all material respects with all applicable laws, rules and regulations of each such jurisdiction. The Purchaser has taken all necessary or desirable actions, steps and corporate and other proceedings to approve or authorize, validly and effectively, the entering into of, and the execution, delivery and performance of, this Agreement and the purchase of the Purchased Assets by the Purchaser from the Vendor. This Agreement is a legal, valid and binding obligation of the Purchaser, enforceable against it in accordance with its terms subject to bankruptcy, insolvency, moratorium, reorganization and other laws relating to or affecting the enforcement of creditors' rights generally and the fact that equitable remedies, including the remedies of specific performance and injunction, may only be granted in the discretion of a court.

- (b) Contractual and Regulatory Approvals. Except for the approval of the TSX Venture Exchange (and shareholders if required by the TSX Venture Exchange) in order to issue the Common Shares comprising the Purchase Price, the Purchaser is not under any obligation, contractual or otherwise to request or obtain the consent of any person, and no permits, licences, certifications, authorizations or approvals of, or notifications to, any federal, provincial, municipal or local government or governmental agency, board, commission or authority are required to be obtained by the Purchaser in connection with the execution, delivery or performance by the Purchaser of this Agreement or the completion of any of the transactions contemplated herein.
- (c) Compliance with Constatng Documents, Agreements and Laws. The execution, delivery and performance of this Agreement and each of the other agreements contemplated or referred to herein by the Purchaser, and the completion of the transactions contemplated hereby, will not constitute or result in a violation or breach of or default under:
  - (i) any term or provision of any of the articles, by-laws or other constating documents of the Purchaser;
  - (ii) the terms of any indenture, agreement (written or oral), instrument or understanding or other obligation or restriction to which the Purchaser is a party or by which it is bound, or
  - (iii) any term or provision of any licences, registrations or qualification of the Purchaser or any order of any court, governmental authority or regulatory body or any applicable law or regulation of any jurisdiction.
- (d) Investment Canada Act. The Purchaser is not a "non-Canadian" for purposes of and within the meaning of the *Investment Canada Act* (Canada).

- (e) Issuance of Shares. The Common Shares forming part of the Purchase Price will, when issued pursuant to this Agreement, be duly and validly issued as fully paid and non-assessable Common Shares.
- (f) Listing. The outstanding Common Shares are listed on the TSX Venture Exchange; the Purchaser is in material compliance with all filing and other requirements of the TSX Venture Exchange and is otherwise in good standing with the TSX Venture Exchange policies; and the TSX Venture Exchange has provided no notice of any investigation into or proceeding against the Purchaser or of any delisting of the Common Shares.
- (g) Reporting Issuer Status and Securities Laws Matters. The Purchaser is a “reporting issuer” in the Provinces of British Columbia, Alberta, Saskatchewan and Ontario and is not in default of any material requirement under the securities laws of such provinces. To the knowledge of the Purchaser, no inquiry or investigation (formal or informal) of any securities authority is in effect or ongoing or expected to be implemented or undertaken. No order ceasing or suspending trading in the Common Shares (or any of them) or any other securities of the Purchaser is outstanding and no proceedings for this purpose have been instituted or, to the knowledge of the Purchaser, are pending, contemplated or threatened.
- (h) Public Filings. The Purchaser has filed all documents required by applicable securities laws (all such documents are referred to collectively as the “**Purchaser Public Disclosure Record**”) with the applicable securities authorities on SEDAR. All such documents comprising the Purchaser Public Disclosure Record, as of their respective dates (and the dates of any amendments thereto), (i) did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading, and (ii) complied in all material respects with the requirements of applicable securities laws. The Purchaser has not filed any confidential material change report that at the date of this Agreement remains confidential.
- (i) Financial Statements. The audited consolidated financial statements of the Purchaser for the year ended September 30, 2015 and the most recent unaudited consolidated interim financial statements of the Purchaser (collectively, the “**Purchaser Financial Statements**”) were prepared in accordance with International Financial Reporting Standards (IFRS) consistently applied, fairly present in all material respects the consolidated financial position, results of operations and changes in financial position of the Purchaser as of the dates thereof and for the periods indicated therein, and reflect reserves required by IFRS in respect of all material contingent liabilities, if any, of the Purchaser and the subsidiaries of the Purchaser (the “**Purchaser Companies**”) on a consolidated basis.
- (j) No Material Change. Since September 30, 2015, except as disclosed in the Purchaser Public Disclosure Record, there has been no material change in respect of the Purchaser.
- (k) No Undisclosed Liabilities. None of the Purchaser Companies have any outstanding indebtedness or liabilities, nor are any of them party to or bound by any surety, guarantee, indemnification or assumption agreement, or endorsement thereof, or any other similar commitment with respect to the obligations, liabilities or indebtedness of any other

person, other than those specifically identified in the Purchaser Financial Statements, and other than those incurred in the ordinary course of business since the date of the most recent Purchaser Financial Statements.

- (l) Litigation. There are no actions, suits or other legal proceedings pending or, to the knowledge of the Purchaser, threatened against any of the Purchaser Companies, which individually or in the aggregate have, or could reasonably be expected to have, a Material Adverse Effect on the Purchaser or any subsidiary of the Purchaser. None of the Purchaser Companies nor their respective assets or properties are subject to any outstanding judgment, order, writ, injunction or decree.
- (m) Bankruptcy. None of the Purchaser Companies are insolvent within the meaning of applicable bankruptcy, insolvency or fraudulent conveyance laws. No act or proceeding has been taken or, to the knowledge of the Purchaser, threatened by or against any of the Purchaser Companies in connection with the dissolution, liquidation, winding up, bankruptcy or reorganization of any of the Purchaser Companies or the appointment of a trustee, receiver, manager or other administrator of any of the Purchaser Companies or any of their respective properties or assets.
- (n) Properties.
  - (i) Except as disclosed to the Vendor on the due diligence conference call held on July 26, 2016, each of the Purchaser Companies owns, exclusively possesses or has obtained, and is in material compliance with, all concessions, licences, permits, certificates, orders, grants and other authorizations of or from any Regulatory Authority necessary to conduct its respective businesses relating to its mineral properties (collectively, the “**Purchaser Properties**”) as they are currently being conducted and as they are presently contemplated.
  - (ii) Except as disclosed to the Vendor on the due diligence conference call held on July 26, 2016, the Purchaser Properties (i) have been properly located and recorded in compliance with applicable law and are comprised of valid and subsisting mineral concessions; (ii) except as disclosed in the Purchaser Public Disclosure Record no person other than the Purchaser Companies has any material interest in the Purchaser Properties or any right to acquire any such interest; (iii) none of the Purchaser Companies has received any notice, whether written or oral, from any Regulatory Authority or any person with jurisdiction or applicable authority of any revocation or intention to revoke its interest in the Purchaser Properties; and (vi) the Purchaser Properties are in good standing under applicable law and are adequate and suitable for the purposes for which they are currently being used and all work required to be performed has been performed and all taxes, fees, expenditures and other payments in respect thereof have been paid and all filings in respect thereof have been made.
  - (iii) Except as disclosed to the Vendor on the due diligence conference call held on July 26, 2016, the Purchaser Companies have all necessary surface rights, access rights and other rights and interests relating to the areas of the Purchaser Properties granting the Purchaser Companies the right and ability to explore for minerals, ore and metals for development purposes as are appropriate in view of

the rights and interest therein of the Purchaser Companies, with only such exceptions as do not materially interfere with the use made by the Purchaser Companies of the rights or interests so held and each of the proprietary interests or rights and each of the documents, agreements and instruments and obligations relating thereto referred to above is currently in good standing in the name of the Purchaser Companies, as applicable.

- (iv) There are no adverse claims, actions, suits or proceedings that have been commenced or, to the knowledge of the Purchaser, that are pending or threatened, affecting or which could affect the title to or right to explore or develop any of the Purchaser Properties.
- (v) The most recent estimated mineral resources disclosed in the Purchaser Public Disclosure Record have been prepared and disclosed in all material respects in accordance with accepted practices and applicable law and there has been no material reduction in such estimated mineral resources.
- (vi) To the knowledge of the Purchaser:
  - (A) the operation of the Purchaser Properties by the Purchaser Companies have been and are in compliance with all Environmental Consents;
  - (B) the Purchaser Companies have obtained all Environmental Consents necessary to conduct the business conducted at the Purchaser Properties; and
  - (C) the Purchaser Companies are not, and there is no basis upon which the Purchaser Companies could become, responsible for any clean-up or corrective action under any Environmental Laws.
- (o) Information. All information provided to Vendor and its representatives in relation to its and their due diligence requests was accurate in all material respects as at its respective date as stated therein or, if any such information is undated, the date it was delivered to the Vendor or its representatives, and no material facts have been omitted from such information which would make such information misleading, except to the extent, in each such case, subsequent information has been provided to the Vendor prior to the date of this Agreement, which has corrected any inaccuracy or omission contained in the original information.

#### **ARTICLE 4**

#### **SURVIVAL AND LIMITATIONS OF REPRESENTATIONS AND WARRANTIES**

##### **4.1 Survival of Warranties by the Vendor**

The representations and warranties made by the Vendor and contained in this Agreement, or contained in any document or certificate given in order to carry out the transactions contemplated hereby, will survive the closing of the purchase of the Purchased Assets provided for herein and, notwithstanding such closing or any investigation made by or on behalf of the Purchaser or any other person or any knowledge of the Purchaser or any other person, shall continue in full force and effect for the benefit of the Purchaser, subject to the following provisions of this section.

- (a) Except as provided in paragraph (b) or (c) of this section, no claim may be made or brought by the Purchaser after the date which is twelve (12) months following the Transfer Date.
- (b) Any claim which is based upon the representation and warranty contained in Section 3.1(i) (Title to Assets) may be made or brought by the Purchaser until the date which is thirty-six (36) months following the Transfer Date.
- (c) Any claim which is based upon intentional misrepresentation or fraud by the Vendor may be made or brought by the Purchaser at any time

After the expiration of the period of time referred to in paragraph (a) of this section, the Vendor will be released from all obligations and liabilities in respect of the representations and warranties made by the Vendor and contained in this Agreement or in any document or certificate given in order to carry out the transactions contemplated hereby except with respect to any claims made by the Purchaser in writing prior to the expiration of such period and subject to the rights of the Purchaser to make any claim permitted by paragraph (b) of this section prior to the expiration of the period of time referred to in paragraph (b).

#### **4.2 Survival of Warranties by Purchaser**

The representations and warranties made by the Purchaser and contained in this Agreement, or contained in any document or certificate given in order to carry out the transactions contemplated hereby, will survive the closing of the purchase of the Purchased Assets provided for herein and, notwithstanding such closing or any investigation made by or on behalf of the Vendor or any other person or any knowledge of the Vendor or any other person, shall continue in full force and effect for the benefit of the Vendor, subject to the following provisions of this section.

- (a) Except as provided in paragraph 4.1(b) of this section, no claim may be made or brought by the Vendor after the date which is twelve (12) months following the Transfer Date.
- (b) Any claim which is based upon the representation and warranty contained in Section 3.2(e) (Issuance of Shares) or which is based upon intentional misrepresentation or fraud by the Vendor may be made or brought by the Purchaser until the date which is twenty-four (24) months following the Transfer Date.

After the expiration of the period of time referred to in paragraph 4.1(a) of this section, the Purchaser will be released from all obligations and liabilities in respect of the representations and warranties made by the Purchaser and contained in this Agreement or in any document or certificate given in order to carry out the transactions contemplated hereby except with respect to any claims made by the Vendor in writing prior to the expiration of such period and subject to the rights of the Vendor to make any claim permitted by paragraph 4.1(b) of this section prior to the expiration of the period of time referred to in paragraph 4.1(b).

#### **4.3 Limitations on Claims**

- (a) Neither the Purchaser nor the Vendor shall be entitled to make a claim if the Purchaser or the Vendor, as applicable, has been advised in writing or otherwise has actual knowledge prior to the Transfer Date of the inaccuracy, non-performance, non-fulfillment or breach which is the basis for such claim and the Purchaser or the Vendor, as applicable,



completes the transactions hereunder notwithstanding such inaccuracy, non-performance, non-fulfillment or breach.

- (b) The amount of any damages which may be claimed by the Purchaser or the Vendor, as applicable, pursuant to a claim shall be calculated to be the cost or loss to the Purchaser or the Vendor, as applicable, after giving effect to:
  - (i) any insurance proceeds available to the Purchaser or the Vendor, as applicable, in relation to the matter which is the subject of the claim, and
  - (ii) the value of any related, determinable tax benefits realized, or to be realized within a two year period following the date of incurring such cost or loss, by the Purchaser or the Vendor, as applicable, in relation to the matter which is the subject of the claim.
- (c) The Purchaser or the Vendor, as applicable, shall not be entitled to make any claim until the aggregate amount of all damages, losses, liabilities and expenses incurred by the Purchaser or the Vendor, as applicable, as a result of all misrepresentations and breaches of warranties contained in this Agreement or contained in any document or certificate given in order to carry out the transactions contemplated hereby, after taking into account paragraph (b) of this section, is equal to \$10,000. After the aggregate amount of such damages, losses, liabilities and expenses incurred by the Purchaser or the Vendor, as applicable, exceeds \$10,000, the Purchaser or the Vendor, as applicable, shall be entitled to make claims hereunder.
- (d) The aggregate liability of any indemnifying party to the other party will be limited to \$3,000,000 plus the amount of the reasonable legal costs of the indemnified party.

## **ARTICLE 5**

### **COVENANTS**

#### **5.1 Covenants by the Vendor**

The Vendor covenants to the Purchaser that it will do or cause to be done the following:

- (a) Investigation of Purchased Assets. Prior to the Transfer Date, the Vendor will provide access to and will permit the Purchaser, through its representatives, to make such investigation of the legal conditions of the Purchased Assets as the Purchaser deems necessary or advisable to familiarize itself with such matters.
- (b) Transfer of the Purchased Assets. At or before the Transfer Date, the Vendor will cause all necessary steps and corporate proceedings to be taken in order to permit the transfer of the Purchased Assets.
- (c) Business Acquisition Report. Provide to the Purchaser such information as it may require to complete any required regulatory filings either prior to or following completion of the Purchased Assets, including such information as may be required to enable the Purchaser to complete a business acquisition report, if required under applicable laws.

## 5.2 **Covenants by the Purchaser**

The Purchaser covenants to the Vendor that it will do or cause to be done the following:

- (a) **Investigation of Purchaser.** Prior to the Transfer Date, the Purchaser will provide access to and will permit the Vendor, directly or through its representatives, to make such investigation of the Purchaser as the Vendor deems necessary or advisable.
- (b) **Confidentiality.** Prior to the Transfer Date and, if the transaction contemplated hereby is not completed, the Purchaser will keep confidential all information obtained by it relating to the Purchased Assets, except such information which:
  - (i) is generally available to the public, other than as a result of a disclosure by the Purchaser, or
  - (ii) is made available to the Purchaser on a non-confidential basis from a source other than the Vendor or its representatives.

The Purchaser further agrees that such information will be disclosed only to those of its employees and representatives of its advisors who need to know such information for the purposes of evaluating and implementing the transaction contemplated hereby.

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 or other applicable filings relating to the transactions hereunder, provided that, in such case, unless the Vendor otherwise agrees, the Purchaser will, if possible, request confidentiality in respect of such governmental or other filings. If the transactions contemplated hereby are not consummated for any reason, the Purchaser will return forthwith, without retaining any copies thereof, all information and documents obtained from the Vendor.

## **ARTICLE 6** **STANDSTILL**

### 6.1 **Standstill**

Each of the Vendor and the Purchaser acknowledges and agrees that for a period of two years from the date hereof, it shall not, directly or indirectly, except with the prior written consent of the other party, which consent shall not be unreasonably withheld:

- (a) commence an offer of any nature or kind whatsoever for any securities of the other party or its Affiliates, including a takeover bid, tender or exchange offer;
- (b) in respect of any shareholder meeting of the other party, solicit proxies from one or more holders of securities of the other party or its Affiliates or form, join or in any way participate in a proxy contest with respect to the securities of the other party or its Affiliates;
- (c) conclude any understandings or enter into any agreement, or otherwise act in concert with any third party to propose or effect any business combination or other similar transaction

of any nature or kind with respect to the other party or its Affiliates, provided that the aforesaid shall not prevent the board of directors of a party making a recommendation to its shareholders regarding any unsolicited proposal by a third party relating to a business combination or other similar transaction with such party itself; or

- (d) advise, assist or encourage any person or party or join with or in any way participate in a group which is acting jointly or in concert in connection with any of the foregoing;

provided, however, that the provisions of this section shall not be effective in the event that the transactions contemplated in this Agreement are not completed for any reason. Nothing in this Section 6 shall prevent a party from agreeing to support a transaction that was not solicited by it including by agreeing to vote or tender shares.

The obligations of the Vendor under this section shall terminate immediately upon any third party taking, or making any public announcement of its intention to take, any of the actions listed in (a) or (b) above with respect to the Purchaser, provided that, in the case of (a), the effect of such offer if successful would or could result in the acquisition of more than 50% of the securities for which the offer is made. The obligations of the Purchaser under this section shall terminate immediately upon any third party taking, or making any public announcement of its intention to take, any of the actions listed in (a) and (b) above with respect to the Vendor provided that, in the case of (a), the effect of such offer if successful would or could result in the acquisition of more than 50% of the securities for which the offer is made. For greater certainty, the provisions of this section shall not in any way restrict the Vendor from disposing or agreeing to dispose of the Common Shares comprising the Purchase Price.

## **ARTICLE 7**

### **CONDITIONS**

#### **7.1 Conditions to the Obligations of the Purchaser**

Notwithstanding anything herein contained, the obligation of the Purchaser to complete the transactions provided for herein will be subject to the fulfillment of the following conditions at or prior to the Transfer Date, and the Vendor covenants to use its commercially reasonable best efforts to ensure that such conditions are fulfilled as soon as soon as reasonably practicable following the date of execution of this Agreement and in any event on or before August 26, 2016.

- (a) Accuracy of Representations and Warranties and Performance of Covenants. The representations and warranties of the Vendor contained in section 3.1 of this Agreement shall be true and accurate on the date hereof and at the Transfer Date with the same force and effect as though such representations and warranties had been made as of the date hereof (regardless of the date as of which the information in this Agreement or in any schedule or other document made pursuant hereto is given). In addition, the Vendor shall have complied with all covenants and agreements herein agreed to be performed or caused to be performed by it at or prior to the Transfer Date. In addition, the Vendor shall have delivered to the Purchaser a certificate confirming that the facts with respect to each of the above-noted representations and warranties of the Vendor are as set out herein at the Transfer Date and that the Vendor has performed all covenants required to be performed by it hereunder.

- (b) Material Adverse Changes. There will have been no change in the condition in the Purchased Assets, howsoever arising, except changes which have occurred in the ordinary course of business and which, individually or in the aggregate, have not affected and may not affect the Purchased Assets in any material adverse respect. Without limiting the generality of the foregoing, no damage to or destruction of any material part of the Purchased Assets shall have occurred, whether or not covered by insurance.
- (c) No Restraining Proceedings. No order, decision or ruling of any court, tribunal or regulatory authority having jurisdiction shall have been made, and no action or proceeding shall be pending or threatened which, in the opinion of counsel to the Purchaser, is likely to result in an order, decision or ruling:
  - (i) to disallow, enjoin, prohibit or impose any limitations or conditions on the purchase and sale of the Purchased Assets contemplated hereby or the right of the Purchaser to own the Purchased Assets, or
  - (ii) to impose any limitations or conditions which may have a Material Adverse Effect on the Purchased Assets.
- (d) Consents. All consents required to be obtained in order to carry out the transactions contemplated hereby in compliance with all laws and agreements binding upon the parties hereto shall have been obtained.
- (e) Fairness Opinion. The Purchaser shall have received a fairness opinion in a form acceptable to it in its sole discretion in respect of the proposed acquisition of the Purchased Assets.
- (f) TSXV Approval. The Purchaser shall have received the approval of the TSX Venture Exchange necessary to complete the transactions contemplated hereby.
- (g) Deliveries. The Vendor shall have delivered to the Purchaser the following in form and substance satisfactory to the Purchaser:
  - (i) a favourable opinion of counsel to the Vendor acceptable to the Purchaser and its counsel acting reasonably;
  - (ii) all Records of the Vendor and other documents referred to in this Agreement or any Schedule;
  - (iii) all documentation and other evidence reasonably requested by the Purchaser in order to establish the due authorization and consummation of the Transactions, including the taking of all corporate proceedings by the boards of directors of the Vendor required to effectively carry out the obligations of the Vendor pursuant to this Agreement; and
  - (iv) all necessary deeds, conveyances, bills of sale, discharges, assurances, transfers, assignments and any other documentation necessary or reasonably required to transfer the Purchased Assets to the Purchaser with a good and marketable title, free and clear of all Encumbrances whatsoever other than the Permitted Encumbrances.

## **7.2 Waiver or Termination by Purchaser**

The conditions contained in section 7.1 hereof are inserted for the exclusive benefit of the Purchaser and may be waived in whole or in part by the Purchaser at any time. The Vendor acknowledges that the waiver by the Purchaser of any condition or any part of any condition shall constitute a waiver only of such condition or such part of such condition, as the case may be, and shall not constitute a waiver of any covenant, agreement, representation or warranty made by the Vendor herein that corresponds or is related to such condition or such part of such condition, as the case may be. If any of the conditions contained in section 7.1 hereof are not fulfilled or complied with as herein provided, the Purchaser may, at or prior to the Outside Date at its option, rescind this Agreement by notice in writing to the Vendor and in such event the Purchaser shall be released from all obligations hereunder and, unless the condition or conditions which have not been fulfilled are reasonably capable of being fulfilled or caused to be fulfilled by the Vendor, then the Vendor shall also be released from all obligations hereunder.

## **7.3 Conditions to the Obligations of the Vendor**

Notwithstanding anything herein contained, the obligations of the Vendor to complete the transactions provided for herein will be subject to the fulfillment of the following conditions at or prior to the Transfer Date, and the Purchaser will use its commercially reasonable best efforts to ensure that such conditions are fulfilled as soon as soon as reasonably practicable following the date of execution of this Agreement and in any event on or before August 26, 2016.

- (a) Accuracy of Representations and Warranties and Performance of Covenants. The representations and warranties of the Purchaser contained in this Agreement or in any documents delivered in order to carry out the transactions contemplated hereby will be true and accurate on the date hereof and at the Transfer Date with the same force and effect as though such representations and warranties had been made as of the date hereof (regardless of the date as of which the information in this Agreement or any such schedule or other document made pursuant hereto is given). In addition, the Purchaser shall have complied with all covenants and agreements herein agreed to be performed or caused to be performed by it at or prior to the Transfer Date. In addition, the Purchaser shall have delivered to the Vendor a certificate confirming that the facts with respect to each of the representations and warranties of the Purchaser are as set out herein at the Transfer Date and that the Purchaser has performed each of the covenants required to be performed by it hereunder.
- (b) No Restraining Proceedings. No order, decision or ruling of any court, tribunal or regulatory authority having jurisdiction shall have been made, and no action or proceeding shall be pending or threatened which, in the opinion of counsel to the Vendor, is likely to result in an order, decision or ruling, to disallow, enjoin or prohibit the purchase and sale of the Purchased Assets contemplated hereby.
- (c) TSX Approval. The Purchaser shall have obtained or filed all necessary documentation to obtain the approval of the TSX Venture Exchange for the issuance of the Common Shares comprising the Purchase Price and the Vendor shall have obtained the approval of the TSX Venture Exchange to the sale of the Purchased Assets.

- (d) Fairness Opinion. The Vendor shall have received a fairness opinion in a form acceptable to it in its sole discretion in respect of the proposed sale of the Purchased Assets.
- (e) Consents. All consents required to be obtained in order to carry out the transactions contemplated hereby in compliance with all laws and agreements binding upon the parties hereto shall have been obtained.
- (f) Material Adverse Changes. Since May 13, 2016, there shall not have occurred any event, occurrence, development or circumstance that, individually or in the aggregate, has had or could reasonably be expected to have a Material Adverse Effect on the Purchaser.
- (g) Deliveries. The Purchaser shall have delivered to the Vendor the following in form and substance satisfactory to the Purchaser:
  - (i) a favourable opinion of counsel to the Purchaser acceptable to the Vendor and its counsel acting reasonably;
  - (ii) a certificate representing the Common Shares comprising the Purchase Price;
  - (iii) all documentation and other evidence reasonably requested by the Vendor in order to establish the due authorization and consummation of the Transactions, including the taking of all corporate proceedings by the boards of directors and, if applicable, shareholders of the Purchaser required to effectively carry out the obligations of the Purchaser pursuant to this Agreement; and
  - (iv) all necessary deeds, agreements, discharges, assurances, transfers, assignments and any other documentation necessary or reasonably required for the assumption by the Purchaser of the Liabilities.

#### **7.4 Waiver or Termination by Vendor**

The conditions contained in section 7.3 hereof are inserted for the exclusive benefit of the Vendor and may be waived in whole or in part by the Vendor at any time. The Purchaser acknowledges that the waiver by the Vendor of any condition or any part of any condition shall constitute a waiver only of such condition or such part of such condition, as the case may be, and shall not constitute a waiver of any covenant, agreement, representation or warranty made by the Purchaser herein that corresponds or is related to such condition or such part of such condition, as the case may be. If any of the conditions contained in section 7.3 hereof are not fulfilled or complied with as herein provided, the Vendor may, at or prior to the Outside Date at its option, rescind this Agreement by notice in writing to the Purchaser and in such event the Vendor shall be released from all obligations hereunder and, unless the condition or conditions which have not been fulfilled are reasonably capable of being fulfilled or caused to be fulfilled by the Purchaser, then the Purchaser shall also be released from all obligations hereunder.

**7.5 Exclusive Dealing** The Vendor shall not take any action, directly or indirectly, to encourage, initiate or engage in discussions or negotiations with, or provide any information to any person, other than the Purchaser, concerning any merger, sale of substantial assets or similar transaction involving the Vendor or the Purchased Assets, provided that the Vendor will not be restricted from taking action in respect of a transaction that would not impede in any material respect the completion of any of the transactions contemplated herein.

## **ARTICLE 8**

### **INDEMNIFICATION AND SET-OFF**

#### **8.1 Indemnity by the Vendor**

- (a) The Vendor hereby agrees to indemnify and save the Purchaser harmless from and against any claims, demands, actions, causes of action, damage, loss, deficiency, costs, expenses (including, without limitation, legal fees on a solicitor and client basis), liability and expense which may be made or brought against the Purchaser or which the Purchaser may suffer or incur as a result of, in respect of or arising out of:
  - (i) any non-performance or non-fulfillment of any covenant or agreement on the part of the Vendor contained in this Agreement or in any document given in order to carry out the transactions contemplated hereby;
  - (ii) any misrepresentation, inaccuracy, incorrectness or breach of any representation or warranty made by the Vendor contained in this Agreement or contained in any document or certificate given in order to carry out the transactions contemplated hereby; or
  - (iii) any claim made against the Purchaser pursuant to the *Bulk Sales Act* (Ontario).
- (b) The obligations of indemnification by the Vendor pursuant to paragraph (a) of this section will be:
  - (i) subject to the limitations referred to in section 4.1 hereof with respect to the survival of the representations and warranties by the Vendor; and
  - (ii) subject to the limitations referred to in sections 4.3 and 8.3 hereof.

#### **8.2 Indemnity by the Purchaser**

- (a) The Purchaser hereby agrees to indemnify and save the Vendor harmless from and against any claims, demands, actions, causes of action, damage, loss, deficiency, costs, expenses (including, without limitation, legal fees on a solicitor and client basis), liability and expense which may be made or brought against the Vendor or which the Vendor may suffer or incur as a result of, in respect of or arising out of:
  - (i) any non-performance or non-fulfillment of any covenant or agreement on the part of the Purchaser contained in this Agreement or in any document given in order to carry out the transactions contemplated hereby; or

- (ii) any misrepresentation, inaccuracy, incorrectness or breach of any representation or warranty made by the Purchaser contained in this Agreement or contained in any document or certificate given in order to carry out the transactions contemplated hereby.
- (b) The obligations of indemnification by the Purchaser pursuant to paragraph (a) of this section will be:
  - (i) subject to the limitations referred to in section 4.2 hereof with respect to the survival of the representations and warranties by the Purchaser; and
  - (ii) subject to the limitations referred to in sections 4.3 and 8.3 hereof.

### **8.3 Provisions Relating to Indemnity Claims**

The following provisions will apply to any claim by either the Vendor or the Purchaser (the "**Indemnified Party**") for indemnification by the other (the "**Indemnifying Party**") pursuant to section 8.1 or 8.2 hereof, as the case may be (hereinafter, in this section, called an "**Indemnity Claim**").

- (a) Promptly after becoming aware of any matter that may give rise to an Indemnity Claim, the Indemnified Party will provide to the Indemnifying Party written notice of the Indemnity Claim specifying (to the extent that information is available) the factual basis for the Indemnity Claim and the amount of the Indemnity Claim or, if an amount is not then determinable, an estimate of the amount of the Indemnity Claim, if an estimate is feasible in the circumstances.
- (b) If an Indemnity Claim relates to an alleged liability to any other person (hereinafter, in this section, called a "**Third Party Liability**"), including without limitation any governmental or regulatory body or any taxing authority, which is of a nature such that the Indemnified Party is required by applicable law to make a payment to a third party before the relevant procedure for challenging the existence or quantum of the alleged liability can be implemented or completed, then the Indemnified Party may, notwithstanding the provisions of paragraphs (c) and (d) of this section, make such payment and forthwith demand reimbursement for such payment from the Indemnifying Party in accordance with this Agreement; provided that, if the alleged liability to the third party as finally determined upon completion of settlement negotiations or related legal proceedings is less than the amount which is paid by the Indemnifying Party in respect of the related Indemnity Claim, then the Indemnified Party shall forthwith following the final determination pay to the Indemnifying Party the amount by which the amount of the liability as finally determined is less than the amount which is so paid by the Indemnifying Party.
- (c) The Indemnified Party shall not negotiate, settle, compromise or pay (except in the case of payment of a judgment) any Third Party Liability as to which it proposes to assert an Indemnity Claim, except with the prior consent of the Indemnifying Party (which consent shall not be unreasonably withheld or delayed), unless there is a reasonable possibility that such Third Party Liability may materially and adversely affect the condition of the Purchased Assets or the Indemnified Party, in which case the Indemnified Party shall have the right, after notifying the Indemnifying Party, to negotiate, settle, compromise or



- pay such Third Party Liability without prejudice to its rights of indemnification hereunder.
- (d) With respect to any Third Party Liability, provided the Indemnifying Party first admits the Indemnified Party's right to indemnification for the amount of such Third Party Liability which may at any time be determined or settled, then in any legal, administrative or other proceedings in connection with the matters forming the basis of the Third Party Liability, the following procedures will apply:
- (i) except as contemplated by subparagraph (iii) below, the Indemnifying Party will have the right to assume carriage of the compromise or settlement of the Third Party Liability and the conduct of any related legal, administrative or other proceedings, but the Indemnified Party shall have the right and shall be given the opportunity to participate in the defence of the Third Party Liability, to consult with the Indemnifying Party in the settlement of the Third Party Liability and the conduct of related legal, administrative and other proceedings (including consultation with counsel) and to disagree on reasonable grounds with the selection and retention of counsel, in which case counsel satisfactory to the Indemnifying Party and the Indemnified Party shall be retained by the Indemnifying Party;
  - (ii) the Indemnifying Party will co-operate with the Indemnified Party in relation to the Third Party Liability, will keep it fully advised with respect thereto, will provide it with copies of all relevant documentation as it becomes available, will provide it with access to all records and files relating to the defence of the Third Party Liability and will meet with representatives of the Indemnified Party at all reasonable times to discuss the Third Party Liability, and
  - (iii) notwithstanding subparagraphs (i) and (ii), the Indemnifying Party will not settle the Third Party Liability or conduct any legal, administrative or other proceedings in any manner which could, in the reasonable opinion of the Indemnified Party, have a material adverse affect on the condition of the Purchased Assets or the Indemnified Party, except with the prior written consent of the Indemnified Party.
- (e) If, with respect to any Third Party Liability, the Indemnifying Party does not admit the Indemnified Party's right to indemnification or declines to assume carriage of the settlement or of any legal, administrative or other proceedings relating to the Third Party Liability, then the following provisions will apply:
- (i) the Indemnified Party, at its discretion, may assume carriage of the settlement or of any legal, administrative or other proceedings relating to the Third Party Liability and may defend or settle the Third Party Liability on such terms as the Indemnified Party, acting in good faith, considers advisable, and
  - (ii) any cost, lost, damage or expense incurred or suffered by the Indemnified Party in the settlement of such Third Party Liability or the conduct of any legal, administrative or other proceedings shall be added to the amount of the Indemnity Claim.

#### **8.4 Right of Set-Off**

The Purchaser and the Vendor shall have the right to satisfy any amount from time to time owing by it to the other party by way of set-off against any amount from time to time owing by the other party to it, including any amount owing pursuant to the Vendor's indemnification pursuant to section 8.1 hereof.

### **ARTICLE 9** **GENERAL PROVISIONS**

#### **9.1 Further Assurances**

Each of the Vendor and the Purchaser hereby covenants and agrees that at any time and from time to time after the Transfer Date it will, upon the request of the others, do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered all such further acts, deeds, assignments, transfers, conveyances and assurances as may be required for the better carrying out and performance of all the terms of this Agreement.

#### **9.2 Remedies Cumulative**

The rights and remedies of the parties under this Agreement are cumulative and in addition to and not in substitution for any rights or remedies provided by law. Any single or partial exercise by any party hereto of any right or remedy for default or breach of any term, covenant or condition of this Agreement does not waive, alter, affect or prejudice any other right or remedy to which such party may be lawfully entitled for the same default or breach.

#### **9.3 Notices**

- (a) Any notice, designation, communication, request, demand or other document, required or permitted to be given or sent or delivered hereunder to any party hereto shall be in writing and shall be sufficiently given or sent or delivered if it is:
  - (i) delivered personally to an officer or director of such party;
  - (ii) sent to the party entitled to receive it by registered mail, postage prepaid, mailed in Canada, or
  - (iii) sent by facsimile or e-mail.
- (b) Notices shall be sent to the following addresses or telecopy numbers:
  - (i) in the case of the Vendor;

Select Sands Corp.  
Suite 310 - 850 West Hastings Street  
Vancouver, British Columbia  
V6C 1E1

Attention: Rasool Mohammad

Facsimile: 604 669-2744  
 e-mail: rasool@selectsandscorp.com

- (ii) in the case of the Purchaser:

Comstock Metals Ltd.  
 Suite 310 - 850 West Hastings Street  
 Vancouver, British Columbia  
 V6C 1E1

Attention: David Terry  
 Facsimile: 604 604-669-2744  
 e-mail: david@comstock-metals.com

or to such other address, facsimile number or e-mail as the party entitled to or receiving such notice, designation, communication, request, demand or other document shall, by a notice given in accordance with this section, have communicated to the party giving or sending or delivering such notice, designation, communication, request, demand or other document.

Any notice, designation, communication, request, demand or other document given or sent or delivered as aforesaid shall

- (iii) if delivered as aforesaid, be deemed to have been given, sent, delivered and received on the date of delivery;
- (iv) if sent by mail as aforesaid, be deemed to have been given, sent, delivered and received (but not actually received) on the fourth Business Day following the date of mailing, unless at any time between the date of mailing and the fourth Business Day thereafter there is a discontinuance or interruption of regular postal service, whether due to strike or lockout or work slowdown, affecting postal service at the point of dispatch or delivery or any intermediate point, in which case the same shall be deemed to have been given, sent, delivered and received in the ordinary course of the mails, allowing for such discontinuance or interruption of regular postal service, and
- (c) if sent by facsimile or e-mail, be deemed to have been given, sent, delivered and received on the date sent if sent before or during business hours on a Business Day and otherwise on the next following Business Day.

#### **9.4 Counterparts**

This Agreement may be executed in several counterparts, each of which so executed shall be deemed to be an original, and such counterparts together shall constitute but one and the same instrument.

## **9.5 Expenses of Parties**

Each of the parties hereto shall bear all expenses incurred by it in connection with this Agreement including, without limitation, the charges of their respective counsel, accountants, financial advisors and finders.

## **9.6 Brokerage and Finder's Fees**

It is understood and agreed that no broker, agent or other intermediary acted for either the Vendor or the Purchaser in connection with the sale or purchase of the Purchased Assets, provided that (i) the Vendor agrees to indemnify the Purchaser and hold it harmless in respect of any claim for brokerage or other commissions relative to this Agreement or the transactions contemplated hereby which is caused by actions of the Vendor or any of its Affiliates, and (ii) the Purchaser will indemnify the Vendor and hold it harmless in respect of any claim for brokerage or other commissions relative to this Agreement or to the transactions contemplated hereby which is caused by actions of the Purchaser or any of its Affiliates.

## **9.7 Announcements**

No announcement with respect to this Agreement will be made by any party hereto without the prior approval of the other parties. The foregoing will not apply to any announcement by any party required in order to comply with laws pertaining to timely disclosure, provided that such party consults with the other parties before making any such announcement.

## **9.8 Assignment**

The rights of the Vendor hereunder shall not be assignable without the written consent of the Purchaser. The rights of the Purchaser hereunder shall not be assignable without the written consent of the Vendor.

## **9.9 Successors and Assigns**

This Agreement shall be binding upon and enure to the benefit of the parties hereto and their respective successors and permitted assigns. Nothing herein, express or implied, is intended to confer upon any person, other than the parties hereto and their respective successors and assigns, any rights, remedies, obligations or liabilities under or by reason of this Agreement.

## **9.10 Entire Agreement**

This Agreement and the schedules referred to herein constitute the entire agreement between the parties hereto and supersede all prior agreements, representations, warranties, statements, promises, information, arrangements and understandings, whether oral or written, express or implied, with respect to the subject matter hereof. None of the parties hereto shall be bound or charged with any oral or written agreements, representations, warranties, statements, promises, information, arrangements or understandings not specifically set forth in this Agreement or in the schedules, documents and instruments to be delivered on or before the Transfer Date pursuant to this Agreement. The parties hereto further acknowledge and agree that, in entering into this Agreement and in delivering the schedules, documents and instruments to be delivered on or before the Transfer Date, they have not in any way relied, and will not in any way rely, upon any oral or written agreements, representations,

warranties, statements, promises, information, arrangements or understandings, express or implied, not specifically set forth in this Agreement or in such schedules, documents or instruments.

#### **9.11 Planning Act**

This Agreement shall only be effective to create an interest in the Purchased Assets if the subdivision control provisions of the *Planning Act* (Ontario) are complied with by the Vendor on or before the Transfer Date and the Vendor covenants to proceed diligently at its expense to obtain any necessary consent on or before Transfer Date. The Vendor has no knowledge that completion of the transactions provided for in this Agreement will require any consent under the *Planning Act* (Ontario) and if any consent is required the Vendor will obtain such consent prior to the Transfer Date, at its sole cost and expense. If requested by the Purchaser, the Vendor covenants that the transfer/deeds of land to be delivered on the Transfer Date shall contain statements contemplated by section 50(22) of the *Planning Act* (Ontario).

#### **9.12 Waiver**

Any party hereto which is entitled to the benefits of this Agreement may, and has the right to, waive any term or condition hereof at any time on or prior to the Transfer Date; provided, however, that such waiver shall be evidenced by written instrument duly executed on behalf of such party.

#### **9.13 Amendments**

No modification or amendment to this Agreement may be made unless agreed to by the parties hereto in writing.

***EXECUTION PAGE TO FOLLOW***

**IN WITNESS WHEREOF** the parties hereto have duly executed this agreement under seal as of the day and year first written above.

**COMSTOCK METALS LTD.**

by: "David Terry" c/s  
David Terry  
President and Chief Executive Officer

**SELECT SANDS CORP.**

by: "Rasool Mohammad" c/s  
Rasool Mohammad  
President and Chief Executive Officer

**Schedule "A"**  
**Description of Purchased Assets**

**1. Preview Project**

SASKACHEWAN CLAIMS

Claim	Owner	Good standing	Area (Ha)
S-107877	LA RONGE GOLD CORP.: 100.000%	2025/05/29	241
S-107878	LA RONGE GOLD CORP.: 100.000%	2022/05/29	400
S-107154	LA RONGE GOLD CORP.: 100.000%	2023/05/29	199.5

**2. Old Cabin Project**

ONTARIO CLAIMS

SSM 1228575

SSM 3013761

SSM 3013762

SSM 4218098

**3. Contracts**

Preview Project Option Agreement

**3. Records**

All Records (other than those required by law to be retained by the Vendor, copies of which will be made available to the Purchaser).

**Schedule 2.4**  
**Allocation of Purchase Price**

95% Preview Project

5% Old Cabin Project



## **Schedule “B”**

### **Environmental Consents**

#### Old Cabin Project

Exploration Permit Number PR-14-10587 issued on 11/14/2014

#### Preview Project

Forest Product Permit 952-I, Temporary Work Camp Permit 14PA255 and Aquatic Habitat Protection Permit 14PA255