

PACIFIC BAY MINERALS LTD.

PRIVATE PLACEMENT SUBSCRIPTION AGREEMENT  
(FT UNITS)

TO: PACIFIC BAY MINERALS LTD. (the "Issuer")

Subject and pursuant to the terms set out in this Subscription Agreement, the undersigned (hereinafter referred to as the "Purchaser") hereby irrevocably subscribes for, and on Closing will purchase from the Issuer, the following securities at the following price:

_____ FT Units at \$0.175 per FT Unit, for a total purchase price of \$ _____
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The Purchaser must complete Parts 1 and 2 below, and sign where indicated with an "X" on page 3.

**PART 1 – INFORMATION ABOUT THE PURCHASER**

**A. Name and Jurisdiction of Residence:**

Name of Purchaser: \_\_\_\_\_

Jurisdiction of Residence: \_\_\_\_\_

**B. Present Ownership of Securities**

The Purchaser ***[check one of the following boxes]***

- does not own directly or indirectly, or exercise control or direction over, any common shares in the capital of the Issuer ("**Common Shares**") or securities convertible into Common Shares; or
- owns directly or indirectly, or exercises control or direction over, \_\_\_\_\_ Common Shares and \_\_\_\_\_ convertible securities entitling the holder thereof to acquire an additional \_\_\_\_\_ Common Shares.

**C. Insider Status**

The Purchaser ***[check one of the following boxes]***

- is an "**insider**" of the Issuer as defined in the *Securities Act* (Ontario), meaning the Purchaser is: (a) a director or officer of the Issuer; (b) a director or officer of a Person that is itself an insider or subsidiary of the Issuer; (c) a Person that has: (i) beneficial ownership of, or control or direction over, directly or indirectly, securities of the Issuer carrying more than 10% of the voting rights attached to all the Issuer's outstanding voting securities, excluding, for the purpose of the calculation of the percentage held, any securities held by the Person as underwriter in the course of a distribution; or (ii) a combination of beneficial ownership of, and control or direction over, directly or indirectly, securities of the Issuer carrying more than 10% of the voting rights attached to all the Issuer's outstanding voting securities, excluding, for the purpose of the calculation of the percentage held, any securities held by the Person as underwriter in the course of a distribution; or (d) a Person designated as an insider of the Issuer in an order; or
- is not an "**insider**" of the Issuer.

**D. Registrant Status**

The Purchaser ***[check one of the following boxes]***

- is a "**registrant**", meaning the Purchaser is registered under applicable securities laws; or
- is not a "**registrant**".

**E. Pro Group Status**

The Purchaser either *[check appropriate box]*

- is a member of the “Pro Group” as defined in the Exchange’s Corporate Finance Manual, namely the “Pro Group” includes, subject to subparagraphs (i), (ii) and (iii) below, either individually or as a group
  - (a) the member (i.e., a member of the TSX Venture Exchange under the TSX Venture Exchange requirements);
  - (b) employees of the member;
  - (c) partners, officers and directors of the member;
  - (d) affiliates of the member; and
  - (e) associates of any parties referred to in subparagraphs (a) through (d).
    - (i) The Exchange may, in its discretion, include a person, company or party in the Pro Group for the purposes of a particular calculation where the Exchange determines that the person is not acting at arm’s length to the member.
    - (ii) The Exchange may, in its discretion, exclude a person or company from the Pro Group for the purposes of a particular calculation where the Exchange determines that the person or company is acting at arm’s length to the member.
    - (iii) The Exchange may deem a person or company who would otherwise be included in the Pro Group pursuant to subparagraphs (a) through (e) above to be excluded from the Pro Group where the Exchange determines that
      - (A) the person or company is an affiliate or associate of the member acting at arm’s length of the member;
      - (B) the associate or affiliate has a separate corporate and reporting structure;
      - (C) there are sufficient controls on information flowing between the member and the associate or affiliate; and
      - (D) the member maintains a list of such excluded persons or companies; or
- is not a member of the Pro Group.

**PART 2 – INFORMATION ABOUT THE PURCHASE OF THE SECURITIES**

1. The Purchaser *[check one of the following boxes]*

- A** is resident in a jurisdiction other than Newfoundland and Labrador and qualifies for the “Existing Security Holder” exemption described in BC Instrument 45-534 - *Exemption From Prospectus Requirement for Certain Trades to Existing Security Holders*; or
- B** is resident in a Canadian Selling Jurisdiction (as defined below) and is an "accredited investor", as such term is defined in National Instrument 45-106 – *Prospectus Exemptions*; or
- C** is resident in a Canadian Selling Jurisdiction other than Saskatchewan and qualifies for the “Family, Friends and Business Associates” exemption in section 2.5 or 2.6.1 of National Instrument 45-106 – *Prospectus Exemptions*.

***IF THE PURCHASER CHECKED BOX A ABOVE, THE PURCHASER MUST COMPLETE AND EXECUTE THE EXISTING SECURITY HOLDER FORM, WHICH BEGINS ON PAGE 5.***

***IF THE PURCHASER CHECKED BOX B ABOVE, THE PURCHASER MUST COMPLETE AND EXECUTE THE ACCREDITED INVESTOR FORM, WHICH BEGINS ON PAGE 6 AND, IF APPLICABLE, FORM 45-106F9 – FORM FOR INDIVIDUAL ACCREDITED INVESTORS, WHICH BEGINS ON PAGE 11.***

***IF THE PURCHASER CHECKED BOX C, ABOVE, THE PURCHASER MUST COMPLETE AND EXECUTE THE FAMILY, FRIENDS AND BUSINESS ASSOCIATES FORM, WHICH BEGINS ON PAGE 13, AND, IF APPLICABLE, FORM 45-106F12 – RISK ACKNOWLEDGEMENT FORM FOR FAMILY, FRIENDS AND BUSINESS ASSOCIATES (ONTARIO), WHICH BEGINS ON PAGE 15.***

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2. The Purchaser directs the Issuer to issue, register and deliver the certificates representing the FT Shares and Warrants as follows:

REGISTRATION INSTRUCTIONS	DELIVERY INSTRUCTIONS
Name to appear on certificate	Name and account reference, if applicable
Account reference if applicable	Contact name
Address	Address
	Telephone Number

**EXECUTED** by the Purchaser this \_\_\_\_\_ day of \_\_\_\_\_, 2020. Unless the "Beneficial Purchaser" fields below have been completed, the Purchaser certifies that it is buying the FT Units for its own account and not for the account of a beneficial purchaser. By executing this Subscription Agreement, the Purchaser certifies that the Purchaser and any beneficial purchaser for whom the Purchaser is acting are resident in the jurisdiction(s) shown as the "Address of Purchaser" and "Address of beneficial purchaser".

EXECUTION BY PURCHASER	BENEFICIAL PURCHASER INFORMATION (if applicable)
Name of Purchaser ( <b>please print</b> )	Name of beneficial purchaser for whom Purchaser is contracting ( <b>please print</b> )
<b>X</b>	
Signature (of individual or authorized signatory)	Address of beneficial purchaser
Name of individual whose signature appears above ( <b>please print</b> ) if different from the name of the Purchaser printed above	Telephone number of beneficial purchaser
Official capacity or title of authorized signatory (if Purchaser is not an individual)	Email address of beneficial purchaser
Address of Purchaser (residence)	
Telephone number of Purchaser	
Email address of Purchaser	
Social Insurance Number/Business Tax Number	

The Issuer accepts the subscription as set forth above on the terms and conditions contained in this Subscription Agreement on this \_\_\_\_\_ day of \_\_\_\_\_, 2020.

**PACIFIC BAY MINERALS LTD.**

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

**The FT Shares, Warrants and any Common Shares issuable upon exercise of the Warrants will be subject to a hold period under the Applicable Legislation of four months from the Closing Date and the certificates**

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evidencing the FT Shares, Warrants and any Common Shares issuable upon exercise of the Warrants will bear a legend to that effect, in addition to any hold period and legends required under the policies of the Exchange. Consequently, the FT Shares, Warrants and any Common Shares issuable upon exercise of the Warrants may only be resold during such period in accordance with appropriate statutory exemptions from the prospectus requirements of the Applicable Legislation or if appropriate consents or discretionary orders have been obtained. The Purchaser is advised to consult its own legal advisors in this regard.

The FT Shares and Warrants have not been and will not be registered under the United States Securities Act of 1933, as amended.

**EXISTING SECURITY HOLDER FORM**

**NOT FOR USE BY PERSONS IN NEWFOUNDLAND AND LABRADOR, CANADA**

Terms not specifically defined in this Existing Security Holder Form have the meaning otherwise ascribed to them in this Subscription Agreement.

In connection with the execution of this Subscription Agreement, the undersigned (the "**Purchaser**") represents, warrants, covenants and certifies to the Issuer that the Purchaser satisfies one or more of the categories indicated below (please place an "X" on the appropriate line(s)):

- \_\_\_\_\_ Category 1    The Purchaser has obtained advice regarding the suitability of the investment and, if the Purchaser is resident in a jurisdiction of Canada, that advice has been obtained from a Person that is registered as an investment dealer in the jurisdiction.
  
- \_\_\_\_\_ Category 2    The aggregate acquisition cost to the Purchaser for the Purchased Securities purchased under the Existing Security Holder Exemption (as defined under the General Provisions that begin on page 20), when combined with the acquisition cost to the Purchaser for the purchase of any other security from the Issuer issued under any Existing Security Holder Exemption in the last 12 months, does not exceed \$15,000.

The statements made in this Existing Security Holder Form are true and accurate as of the date of signing and will be true and accurate as of the Closing Date. If any such representations and warranties shall cease to be true and accurate at any time prior to Closing, the Purchaser will promptly notify the Issuer.

Dated \_\_\_\_\_ 2020.

**X**  
\_\_\_\_\_  
Signature of individual (if Purchaser **is** an individual)

**X**  
\_\_\_\_\_  
Authorized signatory (if Purchaser is **not** an individual)

\_\_\_\_\_  
Name of Purchaser (**please print**)

\_\_\_\_\_  
Name of authorized signatory (**please print**)

\_\_\_\_\_  
Official capacity of authorized signatory (**please print**)

## ACCREDITED INVESTOR FORM

*Certain terms used in this Accredited Investor Form have the meanings provided in this form, on pages 8 to 10. Terms not specifically defined in this Accredited Investor Form have the meaning otherwise ascribed to them in this Subscription Agreement or, if not defined herein, have the meaning ascribed under Applicable Legislation.*

In connection with the execution of this Subscription Agreement, the Purchaser certifies, represents and warrants to the Issuer that the Purchaser qualifies under one or more of the categories indicated below (please initial the appropriate box(es)).

Initial	Category
	1. (a) <u>except in Ontario</u> , a Canadian financial institution, or a Schedule III bank
	(b) <u>in Ontario</u> , a financial institution described in paragraph 1, 2 or 3 of subsection 73.1(1) of the <i>Securities Act</i> (Ontario)
	2. the Business Development Bank of Canada incorporated under the <i>Business Development Bank of Canada Act</i> (Canada)
	3. (a) <u>except in Ontario</u> , a subsidiary of any person referred to in Category 1(a) or 2, if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of that subsidiary
	(b) <u>in Ontario</u> , a subsidiary of any person or company referred to in Category 1(b) or 2, if the person or company owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of that subsidiary
	4. (a) <u>except in Ontario</u> , a person registered under the securities legislation of a jurisdiction of Canada as an adviser or dealer*
	(b) <u>in Ontario</u> , a person or company registered under the securities legislation of a province or territory of Canada as an adviser or dealer, except as otherwise prescribed by the regulations
	5. (a) an individual registered under the securities legislation of a jurisdiction of Canada as a representative of a person referred to in Category 4
	(b) an individual formerly registered under the securities legislation of a jurisdiction of Canada, other than an individual formerly registered solely as a representative of a limited market dealer under one or both of the <i>Securities Act</i> (Ontario) or the <i>Securities Act</i> (Newfoundland and Labrador)
	6. (a) <u>except in Ontario</u> , the Government of Canada or a jurisdiction of Canada, or any crown corporation, agency or wholly owned entity of the Government of Canada or a jurisdiction of Canada
	(b) <u>in Ontario</u> , the Government of Canada, the government of a province or territory of Canada, or any crown corporation, agency or wholly owned entity of the Government of Canada or of the government of a province or territory of Canada
	7. a municipality, public board or commission in Canada and a metropolitan community, school board, the Comité de gestion de la taxe scolaire de l'île de Montréal or an intermunicipal management board in Québec
	8. any national, federal, state, provincial, territorial or municipal government of or in any foreign jurisdiction, or any agency of that government
	9. a pension fund that is regulated by the Office of the Superintendent of Financial Institutions (Canada), a pension commission or similar regulatory authority of a jurisdiction of Canada
	10. an individual who, either alone or with a spouse, beneficially owns financial assets having an aggregate realizable value that, before taxes but net of any related liabilities, exceeds \$1,000,000 <b>IMPORTANT – IF YOU QUALIFY AS AN ACCREDITED INVESTOR UNDER THIS CATEGORY 10, YOU MUST COMPLETE AND EXECUTE FORM 45-106F9 – FORM FOR INDIVIDUAL ACCREDITED INVESTORS, WHICH BEGINS ON PAGE 11.</b>
	11. an individual who beneficially owns financial assets having an aggregate realizable value that, before taxes but net of related liabilities, exceeds \$5,000,000
	12. an individual whose net income before taxes exceeded \$200,000 in each of the two (2) most recent

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	<p>calendar years or whose net income before taxes combined with that of a spouse exceeded \$300,000 in each of the two (2) most recent calendar years and who, in either case, reasonably expects to exceed that net income level in the current calendar year**</p> <p><b>IMPORTANT – IF YOU QUALIFY AS AN ACCREDITED INVESTOR UNDER THIS CATEGORY 12, YOU MUST COMPLETE AND EXECUTE FORM 45-106F9 – FORM FOR INDIVIDUAL ACCREDITED INVESTORS, WHICH BEGINS ON PAGE 11.</b></p>
	<p>13. an individual who, either alone or with a spouse, has net assets of at least \$5,000,000***</p> <p><b>IMPORTANT – IF YOU QUALIFY AS AN ACCREDITED INVESTOR UNDER THIS CATEGORY 13, YOU MUST COMPLETE AND EXECUTE FORM 45-106F9 – FORM FOR INDIVIDUAL ACCREDITED INVESTORS, WHICH BEGINS ON PAGE 11.</b></p>
	<p>14. a person (including a corporate entity), other than an individual or investment fund, that has net assets of at least \$5,000,000 as shown on its most recently prepared financial statements***</p>
	<p>15. an investment fund that distributes or has distributed its securities only to</p> <ul style="list-style-type: none"> <li>(a) a person that is or was an accredited investor at the time of the distribution;</li> <li>(b) a person that acquires or acquired securities in the circumstances referred to in sections 2.10 of National Instrument 45-106 [<i>Minimum amount investment</i>], or 2.19 of National Instrument 45-106 [<i>Additional investment in investment funds</i>]; or</li> <li>(c) a person described in paragraph (a) or (b) that acquires or acquired securities under section 2.18 of National Instrument 45-106 [<i>Investment fund reinvestment</i>]</li> </ul>
	<p>16. an investment fund that distributes or has distributed securities under a prospectus in a jurisdiction of Canada for which the regulator or, in Québec, the securities regulatory authority, has issued a receipt</p>
	<p>17. a trust company or trust corporation registered or authorized to carry on business under the <i>Trust and Loan Companies Act</i> (Canada) or under comparable legislation in a jurisdiction of Canada or a foreign jurisdiction, acting on behalf of a fully managed account managed by the trust company or trust corporation, as the case may be</p>
	<p>18. a person (including a corporate entity) acting on behalf of a fully managed account managed by that person, if that person is registered or authorized to carry on business as an adviser or the equivalent under the securities legislation of a jurisdiction of Canada or a foreign jurisdiction</p>
	<p>19. a registered charity under the <i>Income Tax Act</i> (Canada) that, in regard to the trade, has obtained advice from an eligibility adviser or an adviser registered under the securities legislation of the jurisdiction of the registered charity to give advice on the securities being traded</p>
	<p>20. an entity organized in a foreign jurisdiction that is analogous to any of the entities referred to in Categories 1 to 4 or Category 9 in form and function</p>
	<p>21. a person (including a corporate entity) in respect of which all of the owners of interests, direct, indirect or beneficial, except the voting securities required by law to be owned by directors, are persons that are accredited investors</p>
	<p>22. an investment fund that is advised by a person registered as an adviser or a person that is exempt from registration as an adviser</p>
	<p>23. a person (including a corporate entity) that is recognized or designated by the securities regulatory authority or, except in Ontario and Québec, the regulator as an accredited investor</p>
	<p>24. a trust established by an accredited investor for the benefit of the accredited investor's family members of which a majority of the trustees are accredited investors and all of the beneficiaries are the accredited investor's spouse, a former spouse of the accredited investor or a parent, grandparent, brother, sister, child or grandchild of that accredited investor, of that accredited investor's spouse or of that accredited investor's former spouse</p>

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The statements made in this Accredited Investor Form are true and accurate as of the date of signing and will be true and accurate as of the Closing Date. If any such statements shall cease to be true and accurate at any time prior to Closing, the Purchaser will promptly notify the Issuer.

Dated \_\_\_\_\_, 2020.

\_\_\_\_\_  
Name of Purchaser (**please print**)

**X**

\_\_\_\_\_  
Authorized (of individual or authorized signatory)

\_\_\_\_\_  
Name of individual whose signature appears above  
(**please print**) if different from the name of the Purchaser  
printed above

\_\_\_\_\_  
Official capacity or title of authorized signatory (if  
Purchaser is not an individual)

\_\_\_\_\_  
Telephone number of Purchaser

For the purposes of this Accredited Investor Form,

"**accredited investor**" means a person who meets the criteria in one or more of the categories set out in the table in this Accredited Investor Form;

"**bank**" means a bank named in Schedule I or II of the *Bank Act* (Canada);

"**Canadian financial institution**" means

- (a) an association governed by the *Cooperative Credit Associations Act* (Canada) or a central cooperative credit society for which an order has been made under section 473(1) of that Act, or
- (b) a bank, loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services cooperative, or league that, in each case, is authorized by an enactment of Canada or a jurisdiction of Canada to carry on business in Canada or a jurisdiction of Canada;

"**control**" - a person (first person) is considered to control another person (second person) if

- (a) the first person beneficially owns or directly or indirectly exercises control or direction over securities of the second person carrying votes which, if exercised, would entitle the first person to elect a majority of the directors of the second person, unless that first person holds the voting securities only to secure an obligation,
- (b) the second person is a partnership, other than a limited partnership, and the first person holds more than 50% of the interests of the partnership, or
- (c) the second person is a limited partnership and the general partner of the limited partnership is the first person;

"**director**" means

- (a) a member of the board of directors of a company or an individual who performs similar functions for a company, and
- (b) with respect to a person that is not a company, an individual who performs functions similar to those of a director of a company;

"**eligibility adviser**" means

- (a) a person that is registered as an investment dealer and authorized to give advice with respect to the type of security being distributed, and
- (b) in Saskatchewan or Manitoba, also means a lawyer who is a practicing member in good standing with a law society of a jurisdiction of Canada or a public accountant who is a member in good standing of an institute or



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association of chartered accountants, certified general accountants or certified management accountants in a jurisdiction of Canada provided that the lawyer or public accountant must not

- (i) have a professional, business or personal relationship with the issuer, or any of its directors, executive officers, founders or control persons, and
- (ii) have acted for or been retained personally or otherwise as an employee, executive officer, director, associate or partner of a person that has acted for or been retained by the issuer or any of its directors, executive officers, founders or control persons within the previous 12 months;

**"executive officer"** means, for an issuer, an individual who is

- (a) a chair, vice-chair or president,
- (b) a vice-president in charge of a principal business unit, division or function including sales, finance or production, or
- (c) performing a policy-making function in respect of the issuer;

**"financial assets"** means

- (a) cash,
- (b) securities, or
- (c) a contract of insurance, a deposit or an evidence of a deposit that is not a security for the purposes of securities legislation;

**(These financial assets are generally liquid or relatively easy to liquidate. The value of the Purchaser's personal residence or other real estate is not included in the calculation of financial assets.)**

**"financial statements"** includes interim financial reports;

**"founder"** means, in respect of an issuer, a person who,

- (a) acting alone, in conjunction, or in concert with one or more persons, directly or indirectly, takes the initiative in founding, organizing or substantially reorganizing the business of the issuer, and
- (b) at the time of the distribution or trade is actively involved in the business of the issuer;

**"fully managed account"** means an account of a client for which a person makes the investment decisions if that person has full discretion to trade in securities for the account without requiring the client's express consent to a transaction;

**"indirect interest"**, as used in Category 21 of the table in this Accredited Investor Form, means an economic interest in the person referred to in that Category;

**"investment fund"** means a mutual fund or a non-redeemable investment fund, and, for greater certainty in British Columbia, includes an employee venture capital corporation and a venture capital corporation, as such terms are defined in National Instrument 81-106 *Investment Fund Continuous Disclosure*;

**"net assets"** means all of the Purchaser's total assets minus all of the Purchaser's total liabilities;

**"non-redeemable investment fund"** means an issuer

- (a) whose primary purpose is to invest money provided by its securityholders,
- (b) that does not invest
  - (i) for the purpose of exercising or seeking to exercise control of an issuer, other than an issuer that is a mutual fund or a non-redeemable investment fund, or
  - (ii) for the purpose of being actively involved in the management of any issuer in which it invests, other than an issuer that is a mutual fund or a non-redeemable investment fund, and
- (c) that is not a mutual fund;

**"person"** includes

- (a) an individual,
- (b) a corporation,
- (c) a partnership, trust, fund and an association, syndicate, organization or other organized group of persons, whether incorporated or not, and

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- (d) an individual or other person in that person's capacity as a trustee, executor, administrator or personal or other legal representative;

**"related liabilities"** means

- (a) liabilities incurred or assumed for the purpose of financing the acquisition or ownership of financial assets, or  
(b) liabilities that are secured by financial assets;

**"Schedule III bank"** means an authorized foreign bank named in Schedule III of the *Bank Act* (Canada);

**"spouse"** means an individual who

- (a) is married to another individual and is not living separate and apart within the meaning of the *Divorce Act* (Canada), from the other individual,  
(b) is living with another individual in a marriage-like relationship, including a marriage-like relationship between individuals of the same gender, or  
(c) in Alberta, is an individual referred to in paragraph (a) or (b), or is an adult interdependent partner within the meaning of the *Adult Interdependent Relationships Act* (Alberta); and

**"subsidiary"** means an issuer that is controlled directly or indirectly by another issuer and includes a subsidiary of that subsidiary.

### Notes:

\* For the purposes of this Accredited Investor Form, **"regulations"** means the regulations made under the *Securities Act* (Ontario) and, unless the context otherwise indicates, includes the rules made under section 143 of said Act and orders, rulings and policies listed in the Schedule to said Act.

\*\*Note that if the combined net income of both spouses does not exceed \$300,000, but the net income of one of the spouses exceeds \$200,000, only the spouse whose net income exceeds \$200,000 qualifies as an accredited investor under Category 12.

\*\*\*The net asset test under Categories 13 and 14 means all of the Purchaser's total assets minus all of the Purchaser's total liabilities. Accordingly, for the purposes of the net asset test, the calculation of total assets would include the value of the Purchaser's personal residence and the calculation of total liabilities would include the amount of any liability (such as a mortgage) in respect of the Purchaser's personal residence. The value attributed to assets should reasonably reflect their estimated fair value. Income tax should be considered a liability if the obligation to pay it is outstanding at the time of the distribution of the FT Units to the Purchaser.

**Form 45-106F9  
Form for Individual Accredited Investors**

**WARNING!**

**This investment is risky. Don't invest unless you can afford to lose all the money you pay for this investment.**

<b>SECTION 1 TO BE COMPLETED BY THE ISSUER OR SELLING SECURITY HOLDER</b>	
<b>1. About your investment</b>	
Type of securities: FT Units of the Issuer.	Issuer: <b>PACIFIC BAY MINERALS LTD.</b>
Purchased from: Pacific Bay Minerals Ltd. (the "Issuer")	
<b>SECTIONS 2 TO 4 TO BE COMPLETED BY THE PURCHASER</b>	
<b>2. Risk acknowledgement</b>	
This investment is risky. Initial that you understand that:	<b>Your initials</b>
<b>Risk of loss</b> – You could lose your entire investment of \$_____. <i>[Instruction: Insert the total dollar amount of the investment.]</i>	
<b>Liquidity risk</b> – You may not be able to sell your investment quickly – or at all.	
<b>Lack of information</b> – You may receive little or no information about your investment.	
<b>Lack of advice</b> – You will not receive advice from the salesperson about whether this investment is suitable for you unless the salesperson is registered. The salesperson is the person who meets with, or provides information to, you about making this investment. To check whether the salesperson is registered, go to <a href="http://www.aretheyregistered.ca">www.aretheyregistered.ca</a> .	
<b>3. Accredited investor status</b>	
You must meet at least <b>one</b> of the following criteria to be able to make this investment. Initial the statement that applies to you. (You may initial more than one statement.) The person identified in section 6 is responsible for ensuring that you meet the definition of accredited investor. That person, or the salesperson identified in section 5, can help you if you have questions about whether you meet these criteria.	<b>Your initials</b>
<ul style="list-style-type: none"> <li>• Your net income before taxes was more than \$200,000 in each of the 2 most recent calendar years, and you expect it to be more than \$200,000 in the current calendar year. (You can find your net income before taxes on your personal income tax return.)</li> </ul>	
<ul style="list-style-type: none"> <li>• Your net income before taxes combined with your spouse's was more than \$300,000 in each of the 2 most recent calendar years, and you expect your combined net income before taxes to be more than \$300,000 in the current calendar year.</li> </ul>	
<ul style="list-style-type: none"> <li>• Either alone or with your spouse, you own more than \$1 million in cash and securities, after subtracting any debt related to the cash and securities.</li> </ul>	
<ul style="list-style-type: none"> <li>• Either alone or with your spouse, you have net assets worth more than \$5 million. (Your net assets are your total assets (including real estate) minus your total debt.)</li> </ul>	

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<b>4. Your name and signature</b>	
By signing this form, you confirm that you have read this form and you understand the risks of making this investment as identified in this form.	
First and last name (please print):	
Signature:	Date: _____, 2020
<b>SECTION 5 TO BE COMPLETED BY THE SALESPERSON</b>	
<b>5. Salesperson information</b>	
<i>[Instruction: The salesperson is the person who meets with, or provides information to, the purchaser with respect to making this investment. That could include a representative of the issuer or selling security holder, a registrant or a person who is exempt from the registration requirement.]</i>	
First and last name of salesperson (please print):	
Telephone:	Email:
Name of firm (if registered):	
<b>SECTION 6 TO BE COMPLETED BY THE ISSUER OR SELLING SECURITY HOLDER</b>	
<b>6. For more information about this investment</b>	
Pacific Bay Minerals Ltd. Suite 120 – 601 West Cordova Street Vancouver, BC V6B 1G1 Attention: David Brett 604-682-2421 dbrett@pacificbayminerals.com	
<b>For more information about prospectus exemptions, contact your local securities regulator. You can find contact information at <a href="http://www.securities-administrators.ca">www.securities-administrators.ca</a>.</b>	

**Form instructions:**

1. This form does not mandate the use of a specific font size or style but the font must be legible.
2. The information in sections 1, 5 and 6 must be completed before the purchaser completes and signs the form.
3. The purchaser must sign this form. Each of the purchaser and the issuer or selling security holder must receive a copy of this form signed by the purchaser. The issuer or selling security holder is required to keep a copy of this form for 8 years after the distribution.

## FAMILY, FRIENDS AND BUSINESS ASSOCIATES FORM

### NOT FOR USE BY PERSONS IN SASKATCHEWAN

**IMPORTANT – If you are a purchaser in Ontario and qualify under any of the categories below, you must complete and execute *Form 45-106F12 – Risk Acknowledgement Form for Family, Friends and Business Associates (Ontario)*, which begins on page 15.**

Capitalized terms not specifically defined in this Form have the meaning ascribed to them in the Subscription Agreement. In connection with the execution of the Subscription Agreement the Purchaser represents and warrants to the Issuer that the Purchaser satisfies one or more of the categories indicated below (please place an “X” on the appropriate lines):

___ Category 1	a director, executive officer or control person of the Issuer, or of an affiliate of the Issuer.
___ Category 2	a spouse, parent, grandparent, brother, sister or child of _____, being a director, executive officer or control person of the Issuer, or of an affiliate of the Issuer
___ Category 3	a parent, grandparent, brother, sister or child of the spouse of _____, being a director, executive officer or control person of the Issuer, or of an affiliate of the Issuer
___ Category 4	a close personal friend of _____, being a director, executive officer or control person of the Issuer, or of an affiliate of the Issuer
___ Category 5	a close business associate of _____, being a director, executive officer or control person of the Issuer, or of an affiliate of the Issuer
___ Category 6	a founder of the Issuer or a spouse, parent, grandparent, brother, sister, child, close personal friend or close business associate of _____, being a founder of the Issuer
___ Category 7	a parent, grandparent, brother, sister or child of a spouse of _____, being a founder of the Issuer
___ Category 8	a person of which a majority of the voting securities are beneficially owned by, or a majority of the directors are, persons described in Categories 1 to 7
___ Category 9	a trust or estate of which all of the beneficiaries or a majority of the trustees or executors are persons described in Categories 1 to 7

The statements made in this Form are true and accurate as of the date of signing and will be true and accurate as of the Closing Date. If any such representations and warranties shall cease to be true and accurate at any time prior to Closing, the Purchaser will promptly notify the Issuer.

Dated \_\_\_\_\_ 2020.

**X**  
\_\_\_\_\_  
Signature of individual (if Purchaser **is** an individual)

**X**  
\_\_\_\_\_  
Authorized signatory (if Purchaser **is not** an individual)

\_\_\_\_\_  
Name of Purchaser (**please print**)

\_\_\_\_\_  
Name of authorized signatory (**please print**)

\_\_\_\_\_  
Official capacity of authorized signatory (**please print**)

## Subscription Agreement

For the purposes hereof:

- (a) “control person” has the same meaning as in securities legislation except in Manitoba, Newfoundland and Labrador, Northwest Territories, Nova Scotia, Nunavut, Ontario, Prince Edward Island and Québec where control person means any person that holds or is one of a combination of persons that hold:
  - (i) a sufficient number of any of the securities of an issuer so as to affect materially the control of the issuer; or
  - (ii) more than 20% of the outstanding voting securities of an issuer except where there is evidence showing that the holding of those securities does not affect materially the control of the issuer;
- (b) “founder” means, in respect of an issuer, a person who,
  - (i) acting alone, in conjunction, or in concert with one or more persons, directly or indirectly, takes the initiative in founding, organizing or substantially reorganizing the business of the issuer; and
  - (ii) at the time of the trade is actively involved in the business of the issuer;
- (c) “person” includes
  - (i) an individual;
  - (ii) a corporation;
  - (iii) a partnership, trust, fund and an association, syndicate, organization or other organized group of persons, whether incorporated or not; and
  - (iv) an individual or other person in that person's capacity as a trustee, executor, administrator or personal or other legal representative; and
- (d) “spouse” means, an individual who,
  - (i) is married to another individual and is not living separate and apart within the meaning of the *Divorce Act* (Canada), from the other individual,
  - (ii) is living with another individual in a marriage-like relationship, including a marriage-like relationship between individuals of the same gender, or
  - (iii) in Alberta, is an individual referred to in paragraph (i) or (ii), or is an adult interdependent partner within the meaning of the *Adult Interdependent Relationships Act* (Alberta).

### Affiliates and Control

1. An issuer is considered to be an affiliate of another issuer if:
  - (a) one of them is the subsidiary of the other, or
  - (b) each of them is controlled by the same person
2. A person (first person) is considered to control another person (second person) if
  - (a) the first person, directly or indirectly, beneficially owns or exercises control or direction over securities of the second person carrying votes which, if exercised, would entitle the first person to elect a majority of the directors of the second person, unless that first person holds the voting securities only to secure an obligation;
  - (b) the second person is a partnership, other than a limited partnership, and the first person holds more than 50% of the interests of the partnership; or
  - (c) the second person is a limited partnership and the general partner of the limited partnership is the first person.

### Close Personal Friend

A “close personal friend” of a director, executive officer, founder or control person of an issuer is an individual who knows the director, executive officer, founder or control person well enough and has known them for a sufficient period of time to be in a position to assess their capabilities and trustworthiness. The term “close personal friend” can include a family member who is not already specifically identified if the family member satisfies the criteria discussed above. The relationship between the individual and the director, executive officer, founder or control person must be direct. For example, the exemption is not available to a close personal friend of a close personal friend of a director of the issuer. An individual is not a close personal friend solely because the individual is:

- (a) a relative;
- (b) a member of the same organization, association or religious group; or
- (c) a client, customer, former client or a former customer.

### Close Business Associate

A “close business associate” is an individual who has had sufficient prior business dealings with a director, executive officer, founder or control person of the issuer to be in a position to assess their capabilities and trustworthiness. An individual is not a close business associate solely because the individual is a client, customer, former client or former customer of the issuer. The relationship between the individual and the director, executive officer, founder or control person must be direct. For example, the exemption is not available for a close business associate of a close business associate of a director of the issuer.

**FORM 45-106F12**  
**Risk Acknowledgement Form for Family, Friends and**  
**Business Associates (Ontario)**

**WARNING**

**This investment is risky. Don't invest unless you can afford to lose all the money you pay for this investment.**

**SECTION 1 TO BE COMPLETED BY THE ISSUER**

**1. About your investment**

Type of securities: Flow-Through Units of the Issuer, with each Flow-Through Unit consisting of one flow-through share of the Issuer and one-half of one common share purchase warrant of the Issuer.	Issuer: <b>PACIFIC BAY MINERALS LTD.</b>
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**SECTIONS 2 TO 4 TO BE COMPLETED BY THE PURCHASER**

**2. Risk acknowledgement**

This investment is risky. Initial that you understand that:	<b>Your initials</b>
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<b>Risk of loss</b> — You could lose your entire investment of \$_____. <i>[Instruction: Insert the total dollar amount of the investment.]</i>	
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<b>Liquidity risk</b> — You may not be able to sell your investment quickly — or at all.	
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<b>Lack of information</b> — You may receive little or no information about your investment. The information you receive may be limited to the information provided to you by the family member, friend or close business associate specified in section 3 of this form.	
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**3. Family, friend or business associate status**

You must meet one of the following criteria to be able to make this investment. Initial the statement that applies to you:	<b>Your initials</b>
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A) You are: 1) <i>[check all applicable boxes]</i> <input type="checkbox"/> a director of the issuer or an affiliate of the issuer <input type="checkbox"/> an executive officer of the issuer or an affiliate of the issuer <input type="checkbox"/> a control person of the issuer or an affiliate of the issuer <input type="checkbox"/> a founder of the issuer  OR 2) <i>[check all applicable boxes]</i> <input type="checkbox"/> a person of which a majority of the voting securities are beneficially owned by, or a majority of the directors are, (i) individuals listed in (1) above and/or (ii) family members, close personal friends or close business associates of individuals listed in (1) above <input type="checkbox"/> a trust or estate of which all of the beneficiaries or a majority of the trustees or executors are (i) individuals listed in (1) above and/or (ii) family members, close personal friends or close business associates of individuals listed in (1) above	
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**Subscription Agreement**

<p>B) You are a family member of _____ <i>[Instruction: Insert the name of the person who is your relative either directly or through his or her spouse]</i>, who holds the following position at the issuer or an affiliate of the issuer: _____.</p> <p>You are the _____ of that person or that person's spouse.</p> <p><i>[Instruction: To qualify for this investment, you must be (a) the spouse of the person listed above or (b) the parent, grandparent, brother, sister, child or grandchild of that person or that person's spouse.]</i></p>	
<p>C) You are a close personal friend of _____ <i>[Instruction: Insert the name of your close personal friend]</i>, who holds the following position at the issuer or an affiliate of the issuer: _____.</p> <p>You have known that person for _____ years.</p>	
<p>D) You are a close business associate of _____ <i>[Instruction: Insert the name of your close business associate]</i>, who holds the following position at the issuer or an affiliate of the issuer: _____.</p> <p>You have known that person for _____ years.</p>	
<b>4. Your name and signature</b>	
<p>By signing this form, you confirm that you have read this form and you understand the risks of making this investment as identified in this form. You also confirm that you are eligible to make this investment because you are a family member, close personal friend or close business associate of the person identified in section 5 of this form.</p>	
First and last name (please print):	
Signature:	Date:
<b>SECTION 5 TO BE COMPLETED BY PERSON WHO CLAIMS THE PERSONAL RELATIONSHIP, IF APPLICABLE</b>	
<b>5. Contact person at the issuer or an affiliate of the issuer</b>	
<p><i>[Instruction: To be completed by the director, executive officer, control person or founder with whom the purchaser has a close personal relationship indicated under sections 3B, C or D of this form.]</i></p> <p>By signing this form, you confirm that you have, or your spouse has, the following relationship with the purchaser: <i>[check the box that applies]</i></p> <ul style="list-style-type: none"><li><input type="checkbox"/> family relationship as set out in section 3B of this form</li><li><input type="checkbox"/> close personal friendship as set out in section 3C of this form</li><li><input type="checkbox"/> close business associate relationship as set out in section 3D of this form</li></ul>	
First and last name of contact person <i>[please print]</i> :	
Position with the issuer or affiliate of the issuer (director, executive officer, control person or founder):	
Telephone:	Email:
Signature:	Date:



SECTION TO BE COMPLETED BY THE ISSUER	
<b>6. For more information about this investment</b>	
Pacific Bay Minerals Ltd. Suite 120 – 601 West Cordova Street Vancouver, BC V6B 1G1 Attention: David Brett 604-682-2421 dbrett@pacificbayminerals.com	
For more information about prospectus exemptions, contact your local securities regulator. You can find contact information at <a href="http://www.securities-administrators.ca">www.securities-administrators.ca</a>	
Signature of executive officer of the issuer (other than the purchaser):	Date:

**Form Instructions:**

- 1. This form does not mandate the use of a specific font size or style but the font must be legible.***
- 2. The information in sections 1, 5 and 6 must be completed before the purchaser completes and signs the form.***
- 3. The Purchaser, an executive officer who is not the Purchaser and, if applicable, the person who claims the close personal relationship to the Purchaser must sign this form. Each of the Purchaser, contact person at the Issuer and the Issuer must receive a copy of this form signed by the Purchaser. The Issuer is required to keep a copy of this form for 8 years after the distribution.***

## TERMS

**Reference date of this  
Subscription Agreement**

November 3, 2020 (the “**Agreement Date**”)

### The Offering

**The Issuer**

Pacific Bay Minerals Ltd. (the “**Issuer**”)

**Offering**

Private placement offering of up to 2,000,000 flow-through units (“**FT Units**”) of the Issuer (the “**Offering**”).

**Offering Price**

\$0.175 per FT Unit (the “**Offering Price**”)

**Total Amount**

Up to \$350,000

**Purchased Securities**

The securities offered will be FT Units of the Issuer. Each FT Unit consists of one “flow-through share” (as defined in subsection 66(15) of the Tax Act), which is a Common Share in the capital of the Issuer (“**FT Share**”) and one Common Share purchase warrant (“**Warrant**”). Each Warrant will entitle the holder to purchase one Common Share (“**Warrant Share**”) for a period of one year at a price of \$0.225 per Warrant Share.

**Concurrent Offering**

The Issuer is also concurrently offering units (“**Units**”) at a price of \$0.125 per Unit (the “**Concurrent Offering**”). Each Unit consists of one Common Share of the Issuer and one Common Share purchase warrant (“**Unit Warrant**”). Each Unit Warrant will entitle the holder to purchase one Common Share for a period of one year at a price of \$0.175 per Warrant Share. Further details regarding the Concurrent Offering are available from the Issuer.

**Warrants**

The Warrants will be non-transferable. The Warrant certificates will, among other things, include provisions for the appropriate adjustment in the class, number and price of the Warrant Shares issued upon exercise of the Warrants upon the occurrence of certain events, including any subdivision, consolidation or reclassification of the Common Shares, the payment of stock dividends and the amalgamation of the Issuer. In the event of an inconsistency between this Subscription Agreement and the warrant certificate, the terms of the Warrant certificate shall govern.

The issue of the Warrants will not restrict or prevent the Issuer from obtaining any other financing, or from issuing additional securities or rights, during the period within which the Warrants may be exercised.

**Compensation to Finders**

Certain finders may receive a cash commission of up to 7% and that number of non-transferable warrants equal to up to 7% of the number of FT Units sold to Purchasers under the Offering, with each finder’s warrant entitling the holder to purchase one Common Share for a period of one year at an exercise price of \$0.125 per Common Share.

**Selling Jurisdictions**

The FT Units may be sold in each of the provinces of Canada (the “**Canadian Selling Jurisdictions**”).

**Exemptions**

The Offering will be made in the Canadian Selling Jurisdictions in accordance with the following exemptions from the prospectus requirements:

- (a) the "existing shareholder" exemption found in BC Instrument 45-534 - *Exemption From Prospectus Requirement for Certain Trades to Existing Security Holders*; or
- (b) the "accredited investor" exemption found in section 2.3 of National Instrument 45-106 - *Prospectus Exemptions* and, in Ontario, in section 73.3(2) of the *Securities Act (Ontario)*; or
- (c) the "friends and family exemption" found in section 2.5 and 2.6.1 of National Instrument 45 106 *Prospectus and Registration Exemptions*.

**Resale restrictions and legends**

The FT Shares and Warrants will be subject to a four month hold period that starts to run on the Closing Date.

The Purchaser acknowledges that the FT Shares and Warrants will bear the following legends:

"Unless permitted under securities legislation, the holder of this security must not trade the security before [the date that is four months and a day after the distribution date]."

"Without prior written approval of TSX Venture Exchange and compliance with all applicable securities legislation, the securities represented by this certificate may not be sold, transferred, hypothecated or otherwise traded on or through the facilities of TSX Venture Exchange or otherwise in Canada or to or for the benefit of a Canadian resident until [insert date]."

The Issuer agrees that the FT Shares and Warrants will bear no legends other than those set out herein.

Purchasers are advised to consult with their own legal counsel or advisors to determine the resale restrictions that may be applicable to them.

**Closing Date**

Payment for, and delivery of, the FT Units is scheduled to occur on such date as may be agreed upon by the Issuer and the Purchaser (the "**Closing Date**").

**The Issuer**

**Jurisdiction of organization**

The Issuer is incorporated under the laws of British Columbia.

**Stock exchange listings**

The Common Shares are listed on the TSX Venture Exchange.

**End of Terms**

## GENERAL PROVISIONS

### 1. DEFINITIONS

1.1 In this Subscription Agreement the following words have the following meanings unless otherwise indicated:

- (a) **"1933 Act"** means the United States Securities Act of 1933, as amended;
- (b) **"Agreement Date"** has the meaning assigned in the Terms;
- (c) **"Applicable Legislation"** means, as applicable, the securities laws, regulations, rules, rulings and orders in the Canadian Selling Jurisdictions and in jurisdictions where the Issuer is a reporting issuer and all applicable administrative policy statements issued by the securities regulatory authorities in each of the Canadian Selling Jurisdictions and in jurisdictions where the Issuer is a reporting issuer together with the applicable rules and policies of the Exchange;
- (d) **"Business Day"** means a day other than a Saturday, Sunday or any other day on which the principal chartered banks located in Vancouver, BC are not open for business;
- (e) **"Canadian Selling Jurisdictions"** means all provinces of Canada;
- (f) **"CEE"** means Canadian exploration expenses described in paragraph (f) of the definition of "Canadian exploration expense" in subsection 66.1(6) of the Tax Act, or that would be described in paragraph (h) of that definition if the reference therein to paragraphs (a) to (d) and (f) to (g.4) was a reference to paragraph (f), other than (i) amounts which are prescribed to constitute "Canadian exploration and development overhead expense" under the Tax Act, (ii) Canadian exploration expenses to the extent of the amount of any assistance described in paragraph 66(12.6)(a) of the Tax Act, (iii) any expenditures described in paragraph 66(12.6)(b.1) of the Tax Act, and (iv) any amount paid or payable for prepaid services or rent that do not qualify as outlays and expenses for the period as described in the definition of "expense" in subsection 66(15) of the Tax Act;
- (g) **"Closing"** means the completion of the sale and purchase of the FT Units;
- (h) **"Closing Date"** has the meaning assigned in the Terms;
- (i) **"Commissions"** means the securities regulatory authorities in each of the Canadian Selling Jurisdictions;
- (j) **"Commitment Amount"** means the amount equal to the FT Share Price multiplied by the number of FT Units subscribed and paid for pursuant to this Subscription Agreement and received by the Issuer;
- (k) **"Common Shares"** means the common shares of the Issuer;
- (l) **"company"** means a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual;
- (m) **"Core Document"** has the meaning prescribed under the applicable Existing Security Holder Exemption(s);
- (n) **"CRA"** means Canada Revenue Agency;
- (o) **"Document"** has the meaning prescribed under the applicable Existing Security Holder Exemption(s);
- (p) **"Exchange"** means the TSX Venture Exchange;

- (q) **"Existing Security Holder Exemptions"** means the exemptions to prospectus requirements applicable to the Purchaser or the Issuer or both, as required by the context used, as set out in BC Instrument 45-534, Alberta Securities Commission Rule 45-513, Ontario Securities Commission Rule 45-501, Québec Regulation 45-513, Saskatchewan General Order 45-926, Manitoba Blanket Order 45-501, Nova Scotia Blanket Order 45-525, Prince Edward Island Blanket Order 45-511, New Brunswick Blanket Order 45-505, Yukon Superintendent's Order 2014/05 Y.S.A., Northwest Territories Blanket Order 45-502 and Nunavut Superintendent's Order Nu 2014-002;
- (r) **"FTME"** means expenses which are described in paragraphs (a) to (d) of the definition of "flow-through mining expenditure" in subsection 127(9) of the Tax Act;
- (s) **"FT Share"** means a previously unissued Common Share of the Issuer which will constitute a "flow-through share" as defined in subsection 66(15) of the Tax Act;
- (t) **"FT Share Price"** means \$0.1749 per FT Share;
- (u) **"General Provisions"** means the section of this Subscription Agreement headed "General Provisions" and contained on pages 20 to 38;
- (v) **"Issuer"** has the meaning assigned on page 1;
- (w) **"material change"** has the meaning prescribed by the Applicable Legislation;
- (x) **"material fact"** has the meaning prescribed by the Applicable Legislation;
- (y) **"Offering"** has the meaning assigned in the Terms;
- (z) **"Offering Price"** has the meaning assigned in the Terms;
- (aa) **"Person"** includes an individual, corporation, partnership, party, trust, fund, association and any other organized group of persons and the personal or other legal representative of a person to whom the context can apply according to law;
- (bb) **"Personal Information"** means any information about an identifiable individual, and includes information provided by the Purchaser in this Subscription Agreement;
- (cc) **"Prescribed Forms"** means the forms prescribed from time to time under or pursuant to subsection 66(12.7) of the Tax Act filed or to be filed by the Issuer within the prescribed times renouncing to the Purchaser the Qualifying Expenditures incurred pursuant to this Subscription Agreement and all parts or copies of such forms required by CRA to be delivered to the Purchaser;
- (dd) **"Prescribed Relationship"** means a relationship between the Issuer and the Purchaser, or in the case of an Purchaser that is a partnership, the partners of the Purchaser where any such person and the Issuer are related or otherwise do not deal at arm's length for purposes of the Tax Act;
- (ee) **"Purchaser"** means the purchaser of the FT Units under this Subscription Agreement and, if applicable in the context used, includes any beneficial purchaser identified on page 3;
- (ff) **"Qualifying Expenditures"** means expenses that (i) qualify as CEE at the date they are incurred and are expenses which may be renounced by the Issuer pursuant to subsection 66(12.6) in conjunction with subsection 66(12.66) of the Tax Act with an effective date not later than December 31, 2020, and (ii) qualify as FTME at the date they are incurred.
- (gg) **"Record Date"** means November 3, 2020;

- (hh) **"Regulation S"** means Regulation S promulgated under the 1933 Act;
  - (ii) **"Regulatory Authorities"** means the Commissions and the Exchange, and, if the context requires, the United States Securities and Exchange Commission;
  - (jj) **"Securities Act"** means the *Securities Act* (Ontario);
  - (kk) **"Subscription Agreement"** means the cover page, the Terms, the General Provisions and the other appendices, acknowledgements, certifications and forms included herein or attached hereto;
  - (ll) **"Tax Act"** means the *Income Tax Act* (Canada), as amended, re-enacted or replaced from time to time, including where applicable any specific proposals to amend the Tax Act that are publicly announced by the Minister of Finance (Canada) to have effect prior to the Agreement Date;
  - (mm) **"Termination Date"** means December 31, 2020;
  - (nn) **"Terms"** means the section of this Subscription Agreement headed "Terms" and contained on pages 18 to 19;
  - (oo) **"United States"** has the meaning prescribed by Regulation S; and
  - (pp) **"U.S. Person"** has the meaning ascribed to it in Regulation S, without limiting the foregoing, but for greater clarity in this Subscription Agreement, a U.S. Person includes, subject to the exclusions set forth in Regulation S, (i) any natural person resident in the United States, (ii) any partnership or corporation organized or incorporated under the laws of the United States, (iii) any estate or trust of which any executor, administrator or trustee is a U.S. Person, (iv) any agency or branch of a foreign entity located in the United States; (v) any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. Person, (vi) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organized, incorporated, or (if an individual) resident in the United States, and (vii) any partnership or corporation organized or incorporated under the laws of any non-U.S. jurisdiction which is formed by a U.S. Person principally for the purpose of investing in securities not registered under the 1933 Act, unless it is organized or incorporated, and owned, by accredited investors (as defined by Rule 501(a) of the 1933 Act) who are not natural persons, estates or trusts.
- 1.2 In this Subscription Agreement, unless otherwise specified, currencies are indicated in Canadian dollars.
- 1.3 In this Subscription Agreement, other words and phrases that are defined herein have the meaning assigned in this Subscription Agreement.

## 2. **ACKNOWLEDGEMENTS, REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE PURCHASER**

### 2.1 Acknowledgements concerning the Offering

The Purchaser acknowledges that:

- (a) the FT Units are highly speculative in nature and there are significant risks associated with the purchase of the FT Units;
- (b) the Purchaser has such knowledge, sophistication and experience in business and financial matters as to be capable of evaluating the merits and risks of its investment in the FT Units, fully understands the speculative nature of the FT Units and is able to bear the economic risk of loss of its entire investment;

## Subscription Agreement

- (c) no securities commission or similar regulatory authority has reviewed or passed on the merits of the FT Units;
- (d) there is no government or other insurance covering the FT Units;
- (e) the Issuer's counsel are acting as counsel to the Issuer and not as counsel to the Purchaser, and all costs and expenses incurred by the Purchaser (including any fees and disbursements of any counsel retained by the Purchaser) relating to the purchase of the FT Units shall be borne by the Purchaser;
- (f) there are restrictions on the Purchaser's ability to resell the FT Units and it is the Purchaser's sole responsibility to find out what those restrictions are and to comply with them before selling the FT Units;
- (g) the Issuer has advised the Purchaser that the Issuer is relying on an exemption from the requirements to provide the Purchaser with a prospectus and to sell securities through a person registered to sell securities under Applicable Legislation and, as a consequence of acquiring securities pursuant to this exemption, certain protections, rights and remedies provided by Applicable Legislation, including statutory rights of rescission or damages, will not be available to the Purchaser;
- (h) no prospectus has been or is intended to be filed by the Issuer with the Commissions in connection with the issuance of the FT Units, the issuance is intended to be exempted from the prospectus requirements of the Applicable Legislation and as a consequence of acquiring the FT Units pursuant to these exemptions,
  - (i) the Purchaser is restricted from using many of the civil remedies available under the Applicable Legislation,
  - (ii) the Purchaser may not receive information that would otherwise be required to be provided to the Purchaser under the Applicable Legislation, and
  - (iii) the Issuer is relieved from certain obligations that would otherwise apply under the Applicable Legislation;
- (i) the FT Units are subject to the terms, conditions and provisions of this Subscription Agreement;
- (j) the offer to purchase made by this subscription is irrevocable and requires acceptance by the Issuer and the approval of the Exchange;
- (k) the Purchaser has been advised to consult its own legal and tax advisors;
- (l) the certificates evidencing the FT Shares and Warrants will bear one or more legends, regarding restrictions on transfer as required pursuant to Applicable Legislation and requirements of the Exchange; and
- (m) certain finders may receive compensation in connection with this Offering, as set out in the Terms.

### 2.2 Representations, warranties and covenants

The Purchaser certifies, represents, warrants to, and covenants with the Issuer that:

- (a) the Purchaser is a resident of Canada and the Purchaser complies with one of the following:
  - (i) the Purchaser:

## Subscription Agreement

- (A) is purchasing as principal or is deemed to be purchasing as principal in accordance with the Applicable Legislation,
  - (B) meets the definition of "accredited investor" as such term is defined under National Instrument 45-106 - *Prospectus Exemptions* or, in Ontario, under the *Securities Act* (Ontario),
  - (C) has completed and signed the Accredited Investor Form, which begins on page 6, and, if applicable, Form 45-106F9 – Form for Individual Accredited Investors, which begins on page 11, and
  - (D) if relying on Category 14 of the definition of "accredited investor" contained in the Accredited Investor Form, which begins on page 6, (I) is not a Person created or used solely to purchase or hold securities in order to qualify as an accredited investor and (II) pre-existed Offering and has a bona fide purpose other than investment in the FT Units, or
- (ii) the Purchaser:
- (A) is purchasing as principal,
  - (B) meets one of the criteria under the "Family, Friends and Business Associate" exemption under National Instrument 45-106 *Prospectus and Registration Exemptions*, and
  - (C) has completed and signed the Family, Friends and Business Associates Form, which begins on page 13 and, if applicable Form 45-106F12 - Risk Acknowledgement Form for Family, Friends and Business Associates (*Ontario*), which begins on page 15, or
- (iii) the Purchaser:
- (A) is purchasing as principal,
  - (B) on or before the Record Date, acquired and continues to hold one or more Common Shares, and
  - (C) has completed the Existing Shareholder Form on page 5;
- (b) the Purchaser is subscribing for the FT Units as principal for its own account and not for the benefit of any other Person or, if it is contracting hereunder as an agent or trustee for a principal (including, for greater certainty, a portfolio manager or comparable adviser) and not purchasing as agent or trustee for accounts fully managed by it, the name and address of such principal have been fully disclosed and set forth on page 3;
- (c) in the case of the purchase by the Purchaser of the FT Units as agent or trustee for a principal, the Purchaser is the duly authorized trustee or agent of such beneficial purchaser with due and proper power and authority to execute and deliver, on behalf of such beneficial purchaser, this Subscription Agreement and all other documentation in connection with the purchase of the FT Units hereunder, to agree to the terms and conditions herein and therein set out and to make the representations, warranties, acknowledgements and covenants herein and therein contained, all as if such beneficial purchaser were the Purchaser and is subscribing as principal for its own account and not for the benefit of any other Person for investment only and not for resale and the Purchaser's actions as trustee or agent are in compliance with applicable law and the Purchaser and the beneficial purchaser each acknowledge that the Issuer may be required by law to disclose to certain regulatory authorities the identity of the beneficial purchaser of FT Units;



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- (d) the Purchaser is a resident of, or if not an individual, has its head office or is otherwise subject to the laws of, the jurisdiction set out on page 3 as being the Purchaser's address. Such address was not created and is not used solely for the purpose of acquiring the FT Units and the Purchaser was solicited to purchase in such jurisdiction;
- (e) the information provided by the Purchaser under the headings "Part 1 – Information about the Purchaser", which begins on page 1, and "Part 2 – Information about the Purchase of the Securities", which begins on page 2, is true and correct as of the date of signing and will be true and correct as at the Closing Date;
- (f) the Purchaser has properly completed, executed and delivered the applicable form(s) and certification set forth on pages 5 to 17 and such forms contain information about the Purchaser that is true and accurate as of the date of signing and will be true and correct as at the Closing Date;
- (g) the Purchaser is not a "control person" (as such term is defined in the Applicable Legislation), will not become a "control person" by virtue of this subscription for the FT Shares and does not intend to act jointly or in concert with any other Person to form a control group of the Issuer;
- (h) the Purchaser is capable of assessing the proposed investment as a result of the Purchaser's financial and business experience or as a result of advice received from a registered Person other than the Issuer or any affiliates of the Issuer, and the Purchaser is capable of bearing the economic risk of a loss of its entire investment;
- (i) no prospectus or offering memorandum (as such terms are defined in the Applicable Legislation) has been delivered to or summarized for or seen by the Purchaser (and, if applicable, others for whom it is contracting hereunder) in connection with the Offering and the Purchaser (and, if applicable, others for whom it is contracting hereunder) is not aware of any prospectus or offering memorandum having been prepared by the Issuer;
- (j) the Purchaser has not received, nor has the Purchaser requested, nor does the Purchaser have any need to receive, any prospectus or offering memorandum (as such terms are defined in the Applicable Legislation), or any other document describing the business and affairs of the Issuer in order to assist the Purchaser in making an investment decision in respect of the FT Units and the Purchaser has not become aware of any advertisement in printed media of general and regular paid circulation, radio or television with respect to the distribution of the FT Units;
- (k) in subscribing for the FT Units, the Purchaser (and, if applicable, others for whom it is contracting hereunder) has relied solely upon publicly available information relating to the Issuer and this Subscription Agreement and not upon any verbal or written representation as to any fact or otherwise made by or on behalf of the Issuer or any employee, agent or affiliate thereof or any other Person associated therewith. The Purchaser, on its own behalf and, if applicable, on behalf of others for whom the Purchaser is contracting hereunder, acknowledges that the decision to purchase the FT Units was made on the basis of currently available public information and this Subscription Agreement;
- (l) the Purchaser has no knowledge of a material fact or material change in the affairs of the Issuer that has not been generally disclosed to the public, except knowledge of this particular transaction;
- (m) the subscription for the FT Units has not been made through or as a result of any general solicitation or general advertising or any seminar or meeting whose attendees have been invited by general solicitation or general advertising and the distribution of the FT Units has not been accompanied by any advertisement, including, without limitation, in printed public media, radio, television or telecommunications, including electronic display, or as part of a general solicitation;

## Subscription Agreement

- (n) no Person has made to the Purchaser any written or oral representations:
  - (i) that any Person will resell or repurchase the FT Shares and Warrants,
  - (ii) that any Person will refund the purchase price of the FT Shares and Warrants,
  - (iii) as to the future price or value of any of the FT Shares, Warrants or Warrant Shares, or
  - (iv) that any of the FT Shares, Warrants or Warrant Shares will be listed and posted for trading on a stock exchange or that application has been made to list and post any of the FT Shares, Warrants or Warrant Shares for trading on any stock exchange, other than the FT Shares and Warrant Shares on the Exchange;
- (o) the Purchaser has been independently advised as to the applicable hold period imposed in respect of the FT Shares, Warrants and Warrant Shares by securities legislation in the jurisdiction in which the Purchaser resides and confirms that no representation has been made respecting the applicable hold periods for the FT Shares, Warrants and Warrant Shares and acknowledges that the hold period indicated in the Terms does not constitute such representation and is aware of the risks and other characteristics of the FT Shares, Warrants and Warrant Shares and of the fact that the Purchaser may not be able to resell the FT Shares, Warrants and Warrant Shares except in accordance with applicable securities legislation and regulatory policies;
- (p) this subscription has not been solicited in any other manner contrary to the Applicable Legislation, the 1933 Act or any state securities laws of the United States;
- (q) the offer was not made to the Purchaser when the Purchaser was in the United States and, at the time the Purchaser's buy order was made and this Subscription Agreement was executed and delivered, the Purchaser (or its authorized signatory) was outside the United States;
- (r) the current structure of this transaction and all transactions and activities contemplated hereunder is not a scheme to avoid the registration requirements of the 1933 Act;
- (s) the Purchaser has no intention to distribute either directly or indirectly any of the FT Units, FT Shares, Warrants and Warrant Shares in the United States, except in compliance with the 1933 Act and any applicable securities laws of any state of the United States;
- (t) the Purchaser is not a U.S. Person;
- (u) the Purchaser is not purchasing FT Units, FT Shares or Warrants as a result of any "directed selling efforts" as defined in Regulation S;
- (v) the Purchaser is not and will not be purchasing FT Units, FT Shares, Warrants and Warrant Shares for the account or benefit of any U.S. Person or any person in the United States;
- (w) if the Purchaser is
  - (i) a corporation, the Purchaser is duly incorporated and is validly subsisting under the laws of its jurisdiction of incorporation and has all requisite legal and corporate power and authority to execute and deliver this Subscription Agreement, to subscribe for the FT Units as contemplated herein and to carry out and perform its covenants and obligations under the terms of this Subscription Agreement and the entering into of this Subscription Agreement and the transactions contemplated hereby will not result in the violation of any of the terms and provisions of any law applicable to, or the constating documents of,

## Subscription Agreement

the Purchaser or of any agreement, written or oral, to which the Purchaser may be a party or by which the Purchaser is or may be bound,

- (ii) a partnership, syndicate or other form of unincorporated organization, the Purchaser has the necessary legal capacity and authority to execute and deliver this Subscription Agreement and to observe and perform its covenants and obligations hereunder and has obtained all necessary approvals in respect thereof, or
- (iii) an individual, the Purchaser has the legal capacity and competence to enter into and to execute this Subscription Agreement and to observe and perform his or her covenants and obligations hereunder;
- (x) this Subscription Agreement has been duly executed and delivered by the Purchaser and constitutes a legal, valid and binding agreement of the Purchaser enforceable against the Purchaser;
- (y) if required by applicable securities legislation, policy or order or by any securities commission, stock exchange or other regulatory authority, the Purchaser will execute, deliver, file and otherwise assist the Issuer in filing such reports, undertakings and other documents with respect to the issuance of the FT Shares and Warrants as may be required;
- (z) the Purchaser will execute and deliver within the approved time periods all documentation as may be required by Applicable Legislation and any other applicable law to permit the purchase of the FT Units on the terms herein set forth;
- (aa) the Purchaser deals at arm's length with the Issuer within the meaning of the Tax Act;
- (bb) the Purchaser, and if the Purchaser is a partnership, the Purchaser's partners, do not have and will at all material times, including throughout 2020 and 2021, continue to not have, a Prescribed Relationship with the Issuer;
- (cc) if the Purchaser has a Prescribed Relationship with the Issuer at any time during 2020, the Issuer will not be able to validly renounce Qualifying Expenditures incurred in 2021 to the Purchaser with an effective date of December 31, 2020 and the Purchaser may be subject to increased income tax liabilities for 2020. In addition, notwithstanding any other provisions contained in this Subscription Agreement, the indemnity contained in subsection 4.1(m) of this Subscription Agreement shall not apply in relation to any loss to the Purchaser in respect of Qualifying Expenditures that could not be renounced to the Purchaser effective December 31, 2020 because of the Purchaser's Prescribed Relationship with the Issuer;
- (dd) the Purchaser has not entered into and will not enter into any agreement or arrangement with any person or partnership which will cause the FT Shares to be or become "prescribed shares" within the meaning of section 6202.1 of the Regulations;
- (ee) the Purchaser is not a non-resident of Canada for the purposes of the Tax Act;
- (ff) the Purchaser acknowledges that the Issuer may pay finders' fees in connection with this Private Placement; and
- (gg) the funds representing the aggregate subscription price for the FT Units which will be advanced by the Purchaser hereunder will not represent proceeds of crime for the purposes of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada)* or the *Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act* and the Purchaser acknowledges that the Issuer may in the future be required by law to disclose the Purchaser's name and other information relating to this Subscription Agreement and the Purchaser's

## Subscription Agreement

subscription hereunder, on a confidential basis, pursuant to such legislation. To the best of its knowledge, (a) none of the subscription funds to be provided by the Purchaser (i) have been or will be derived from or related to any activity that is deemed criminal under the law of Canada, the United States, or any other jurisdiction, or (ii) are being tendered on behalf of a Person or entity who has not been identified to the Purchaser; and (b) the Purchaser shall promptly notify the Issuer if the Purchaser discovers that any of such representations ceases to be true, and to provide the Issuer with appropriate information in connection therewith. Notwithstanding that the Purchaser may be purchasing FT Shares as agent on behalf of an undisclosed principal, the Purchaser agrees to provide, on request, particulars as to the identity of such undisclosed principal as may be required by the Issuer in order to comply with the foregoing.

### 2.3 Reliance, indemnity and notification of changes

The representations and warranties in this Subscription Agreement are made by the Purchaser with the intent that they be relied upon by the Issuer in determining the Purchaser's suitability as a purchaser of FT Units, and the Purchaser hereby agrees to indemnify the Issuer against all losses, claims, costs, expenses and damages or liabilities which any of them may suffer or incur as a result of reliance thereon. The Purchaser covenants to notify the Issuer immediately of any change in any acknowledgement, certification, representation, warranty or other information relating to the Purchaser set forth in this Subscription Agreement which takes place prior to Closing and, in the absence of such notification, the Purchaser is deemed to make the acknowledgements, certifications, representations, warranties and covenants and to provide the acknowledgements set forth in this Subscription Agreement as at Closing, notwithstanding the Agreement Date and the date(s) on which this Subscription Agreement was completed and executed by the Purchaser.

### 2.4 Survival of representations and warranties

The representations and warranties contained in this Section 2 will survive the Closing.

## 3. **WARRANTS**

### 3.1 Warrant Certificates

The Warrants will be non-transferable and will be issued pursuant to warrant certificates. In the event of an inconsistency between the terms of this Subscription Agreement and the warrant certificates, the terms of the warrant certificates shall govern.

### 3.2 Exercise of Warrants

If the Purchaser exercises any Warrants in accordance with the terms of the warrant certificate, including making payment in full of the exercise price thereof, the Issuer will, subject to applicable law:

- (a) issue to the Purchaser the number of Warrant Shares equal to the number of Warrants exercised; and
- (b) deliver to the Purchaser a share certificate representing the Warrant Shares.

3.3 Issuer agrees that the Offering Price for each FT Unit shall be allocated \$0.0001 per Warrant and \$0.1749 as to the FT Share.

## 4. **FLOW-THROUGH MATTERS**

### 4.1 Representations, warranties and covenants of the Issuer

The Issuer certifies, represents, warrants to, and covenants with the Purchaser that:

- (a) the Issuer shall keep proper and complete books, records and accounts in accordance with generally accepted accounting principles showing true and accurate records of all

Qualifying Expenditures incurred pursuant to this Subscription Agreement and upon reasonable notice shall make such books, records and accounts in respect of the relevant Qualifying Expenditures available for inspection by or on behalf of the Purchaser;

- (b) the Issuer shall file with CRA within the time prescribed by subsection 66(12.68) of the Tax Act the forms prescribed for the purposes of such subsection together with a copy of this Subscription Agreement and any “selling instrument” contemplated by such legislation or by this Agreement and shall forthwith following such filings and upon receiving a written request from the Purchaser, provide to the Purchaser a copy of such forms certified by an officer of the Issuer;
- (c) the Issuer or its subsidiaries, if any, is licensed, registered or qualified as an extra provincial or foreign issuer in all jurisdictions where the character of the property or assets thereof owned or leased or the nature of the activities generating Qualifying Expenditures conducted by it make licensing, registration or qualification necessary and is carrying on the business thereof in compliance with all applicable laws, rules and regulations of each such jurisdiction;
- (d) the Issuer has no reason to believe that it will be unable to incur during the period commencing on the Closing Date and ending on the Termination Date, or that it will be unable to renounce to the Purchaser effective on or before December 31, 2020, Qualifying Expenditures in an aggregate amount equal to the Commitment Amount;
- (e) the Issuer has not breached any flow-through share agreement to which it is or was a party and, in particular, the Issuer has not failed to incur and renounce expenses which it covenanted to incur and renounce nor has the CRA or the Issuer reduced pursuant to subsection 66(12.73) of the Tax Act any amount renounced by the Issuer;
- (f) the Issuer hereby agrees to incur Qualifying Expenditures on its mineral properties in accordance with this Subscription Agreement and the Tax Act, and in an amount equal to the Commitment Amount during the period commencing on the Closing Date and ending on the Termination Date, and the Issuer agrees to renounce pursuant to subsection 66(12.6) in conjunction with subsection 66(12.66) of the Tax Act in prescribed form to the Purchaser in respect of the FT Shares purchased by the Purchaser pursuant to this Subscription Agreement an amount in respect of such Qualifying Expenditures so incurred by the Issuer equal to the Commitment Amount, with an effective date no later than December 31, 2020;
- (g) the Issuer shall deliver to the Purchaser, before March 1, 2021, the Prescribed Forms that the Issuer is required to deliver to the Purchaser pursuant to the provisions of the Tax Act, fully completed and executed, renouncing to the Purchaser Qualifying Expenditures in an amount equal to the Commitment Amount with an effective date of no later than December 31, 2020 and shall timely file such Prescribed Forms with the relevant taxation authorities;
- (h) the Issuer shall incur and renounce Qualifying Expenditures pursuant to this Subscription Agreement and all other agreements with other persons providing for the issue of FT Shares entered into by the Issuer on the Closing Date (collectively, the “**Other Agreements**”) pro rata by the number of FT Shares issued or to be issued pursuant thereto before incurring and renouncing qualifying expenditures pursuant to any other agreement which the Issuer has entered into or shall enter into with any person with respect to the issue of flow-through shares (as defined in subsection 66(15) of the Tax Act) subsequent to this Subscription Agreement; the Issuer shall not, without the prior consent of the Purchaser enter into any other agreement which would prevent or restrict its ability to renounce Qualifying Expenditures to the Purchaser in the amount of the Commitment Amount; if the Issuer is required under the Tax Act to reduce Qualifying Expenditures previously renounced to the Purchaser, the reduction shall be made pro

rata by the number of FT Shares issued or to be issued pursuant to this Subscription Agreement to the reduction made under the Other Agreements but the Issuer shall not reduce Qualifying Expenditures renounced to the Purchaser under this Subscription Agreement until it has first reduced to the extent possible all qualifying expenditures renounced to persons other than the Purchaser and the subscribers under the Other Agreements pursuant to agreements entered into after the Closing Date;

- (i) the Issuer shall incur and renounce CEE that will qualify as FTME in the amount of the Commitment Amount;
- (j) the Qualifying Expenditures to be renounced by the Issuer to the Purchaser:
  - (i) will constitute Qualifying Expenditures on the effective date of the renunciation;
  - (ii) once renounced, will qualify as FTME;
  - (iii) will not include any amount that has previously been renounced by the Issuer to the Purchaser or to any other person;
  - (iv) would be deductible by the Issuer in computing its income for the purposes of Part I of the Tax Act but for the renunciation to the Purchaser if the Issuer had sufficient income; and
  - (v) will not be subject to any reduction under subsection 66(12.73) of the Tax Act;
- (k) except as required by the Tax Act, the Issuer shall not reduce the amount renounced to the Purchaser pursuant to subsection 66(12.6) of the Tax Act;
- (l) the Issuer shall not be subject to the provisions of subsection 66(12.67) of the Tax Act in a manner which impairs its ability to renounce Qualifying Expenditures to the Purchaser in an amount equal to the Commitment Amount;
- (m) if the Issuer receives, or becomes entitled to receive, any government assistance which is described in paragraph (a) of the definition of “excluded obligation” in subsection 6202.1(5) of the Regulations and the receipt or entitlement to receive such government assistance has or will have the effect of reducing the amount of Qualifying Expenditures that may validly be renounced to the Purchaser hereunder to less than the Commitment Amount, the Issuer shall to the extent it is commercially reasonable to do so, incur on or before the Termination Date sufficient additional Qualifying Expenditures so that it is able to renounce an amount equal to the Commitment Amount to the Purchaser after accounting for government assistance received, and to the extent it is not able to do so the Issuer shall remit to the Purchaser the benefit of all amounts received or receivable in respect of such government assistance to the extent of such reduction but only to the extent the flowing out of such assistance to the Purchaser is in accordance with any of the relevant statutes referenced in paragraph (a) of the definition of “excluded obligation” in subsection 6202.1(5) of the Regulations;
- (n) if the Issuer does not incur on or before the Termination Date and renounce to the Purchaser, effective on or before December 31, 2020, Qualifying Expenditures equal to the Commitment Amount, the Issuer shall, to the extent subsection 4.1(m) of this Subscription Agreement does not apply and provided the Purchaser is not in breach of any of its representations under this Subscription Agreement which would prevent the renunciation of such expenses to the Purchaser, indemnify and hold harmless the Purchaser and each of the partners thereof if the Purchaser is a partnership or a limited partnership (each an “**Indemnified Party**”), as to, and pay in settlement thereof to the Indemnified Party on or before the twentieth Business Day following the Termination Date, an amount equal to the amount of any tax (within the meaning of paragraph (c) of the definition of “excluded obligation” in subsection 6202.1(5) of the Regulations) payable

under the Tax Act (and under any corresponding provincial legislation) by the Indemnified Party as a consequence of such failure; in the event that CRA (or any similar provincial tax authority) reduces the amount renounced by the Issuer to the Purchaser pursuant to subsection 66(12.73) of the Tax Act (or any corresponding provincial legislation), the Issuer shall indemnify and hold harmless each Indemnified Party, as to, and pay in settlement thereof to the Indemnified Party on or before the twentieth Business Day following the date of such reduction, an amount equal to the amount of any tax (within the meaning of paragraph (c) the definition of “excluded obligation” in subsection 6202.1(5) of the Regulations) payable under the Tax Act (and under any corresponding provincial legislation) by the Indemnified Party as a consequence of such reduction. Notwithstanding the foregoing, this indemnity shall have no force or effect and the Purchaser shall not have any recourse or rights of action to the extent that such indemnity, recourse or right of action would otherwise cause the FT Shares to be “prescribed shares” within the meaning of section 6202.1 of the Regulations;

- (o) the Issuer is and will continue to be a “principal-business corporation” as defined in subsection 66(15) of the Tax Act until such time as the last of the Qualifying Expenditures have been incurred and validly renounced to the Purchaser;
- (p) upon issue, each FT Share issued and sold to the Purchaser pursuant to this Subscription Agreement will be a “flow-through share” as defined in subsection 66(15) of the Tax Act and each FT Share will not constitute a “prescribed share” for the purpose of section 6202.1 of the Regulations, provided that the Purchaser is not in breach of any of its representations, warranties, covenants or certifications under this Subscription Agreement which would prevent the renunciation of Qualified Expenditures to the Purchaser or cause a FT Share to be a “prescribed share” including, without limitation, the Purchaser’s representation in section 2.2(bb);
- (q) the Issuer will not take any step or fail to take any step if, under the Tax Act, such action or omission would result in a reduction of amounts required to be renounced to the Purchaser pursuant to the terms of this Subscription Agreement; and
- (r) to the extent that any Indemnified Party entitled to be indemnified under subsection 4.1(n) of this Subscription Agreement is not a party to this Subscription Agreement, the Purchaser shall obtain and hold the rights and benefits of this Subscription Agreement in trust for, and on behalf of, such Indemnified Party and such Indemnified Party shall be entitled to enforce the provisions of this section notwithstanding that such Indemnified Party is not a party to this Subscription Agreement.

#### 4.2 Survival of representations, warranties and covenants

The representations, warranties and covenants contained in this Section 4.1 will survive the Closing.

### 5. REPRESENTATIONS AND WARRANTIES OF THE ISSUER

5.1 The Issuer represents, warrants and covenants that, as of the date given above and at the Closing:

- (a) the Issuer is a valid and subsisting corporation incorporated and in good standing under the laws of British Columbia;
- (b) the Issuer is duly registered and licensed to carry on business in the jurisdictions in which it carries on business or owns property where required under the laws of that jurisdiction;
- (c) this Subscription Agreement has been or will be by the Closing, duly authorized by all necessary corporate action on the part of the Issuer, and the Issuer has or will have by the Closing full corporate power and authority to undertake the Offering;

## Subscription Agreement

- (d) the Common Shares of the Issuer are, and will continue to be as of the Closing Date, listed and posted for trading on the Exchange;
- (e) the Issuer has filed all federal, provincial, local and foreign tax returns which are required to be filed, or has requested extensions thereof, and has paid all taxes required to be paid by it and any other assessment, fine or penalty levied against it, to the extent that any of the foregoing is due and payable, except for such assessments, fines and penalties which are currently being contested in good faith;
- (f) the Issuer has complied, or will comply, with all applicable corporate and securities laws and regulations in connection with the offer, sale and issuance of the Purchased Securities;
- (g) no order ceasing or suspending trading in the securities of the Issuer or prohibiting sale of its securities has been issued to the Issuer or its directors, officers or promoters and to the best of the Issuer's knowledge no investigations or proceedings for such purposes are pending or threatened;
- (h) the Issuer is a "reporting issuer" in the provinces of British Columbia and Alberta and is not included on the list of defaulting reporting issuers maintained by the Commissions;
- (i) upon their issuance on the Closing Date, the FT Shares will be validly issued and outstanding as fully paid and non-assessable common shares of the Issuer;
- (j) the Issuer shall keep proper and complete books, records and accounts in accordance with generally accepted accounting principles showing true and accurate records of all Qualifying Expenditures incurred pursuant to this Agreement and upon reasonable notice shall make such books, records and accounts in respect of the relevant Qualifying Expenditures available for inspection by or on behalf of the Purchaser;
- (k) the Issuer shall file with CRA within the time prescribed by subsection 66(12.68) of the Tax Act the forms prescribed for the purposes of such subsection together with a copy of this Agreement and any "selling instrument" contemplated by such legislation or by this Agreement and shall forthwith following such filings and upon receiving a written request from the Purchaser, provide to the Purchaser a copy of such forms certified by an officer of the Issuer;
- (l) the Issuer or its subsidiaries, if any, is licensed, registered or qualified as an extra provincial or foreign issuer in all jurisdictions where the character of the property or assets thereof owned or leased or the nature of the activities generating Qualifying Expenditures conducted by it make licensing, registration or qualification necessary and is carrying on the business thereof in compliance with all applicable laws, rules and regulations of each such jurisdiction;
- (m) the Issuer has no reason to believe that it will be unable to incur during the period commencing on the Closing Date and ending on the Termination Date, or that it will be unable to renounce to the Purchaser effective on or before December 31, 2020, Qualifying Expenditures in an aggregate amount equal to the Commitment Amount;
- (n) the Issuer has not breached any flow-through share agreement to which it is or was a party and, in particular, the Issuer has not failed to incur and renounce expenses which it covenanted to incur and renounce nor has the CRA or the Issuer reduced pursuant to subsection 66(12.73) of the Tax Act any amount renounced by the Issuer;
- (o) the Issuer hereby agrees to incur Qualifying Expenditures on its mineral properties in accordance with this Agreement and the Tax Act, and in an amount equal to the Commitment Amount during the period commencing on the Closing Date and ending on the Termination Date, and the Issuer agrees to renounce pursuant to subsection 66(12.6)



of the Tax Act in prescribed form to the Purchaser in respect of the FT Shares purchased by the Purchaser pursuant to this Agreement an amount in respect of such Qualifying Expenditures so incurred by the Issuer equal to the Commitment Amount, with an effective date no later than December 31, 2020;

- (p) the Issuer shall deliver to the Purchaser, before March 1, 2021, the Prescribed Forms that the Issuer is required to deliver to the Purchaser pursuant to the provisions of the Tax Act, fully completed and executed, renouncing to the Purchaser Qualifying Expenditures in an amount equal to the Commitment Amount with an effective date of no later than December 31, 2020 and shall timely file such Prescribed Forms with the relevant taxation authorities;
- (q) the Issuer shall incur and renounce Qualifying Expenditures pursuant to this Agreement and all other agreements with other persons providing for the issue of FT Shares entered into by the Issuer on the Closing Date (collectively, the “**Other Agreements**”) pro rata by the number of FT Shares issued or to be issued pursuant thereto before incurring and renouncing qualifying expenditures pursuant to any other agreement which the Issuer has entered into or shall enter into with any person with respect to the issue of flow-through shares (as defined in subsection 66(15) of the Tax Act) subsequent to this Agreement; the Issuer shall not, without the prior consent of the Purchaser enter into any other agreement which would prevent or restrict its ability to renounce Qualifying Expenditures to the Purchaser in the amount of the Commitment Amount; if the Issuer is required under the Tax Act to reduce Qualifying Expenditures previously renounced to the Purchaser, the reduction shall be made pro rata by the number of FT Shares issued or to be issued pursuant to this Agreement to the reduction made under the Other Agreements but the Issuer shall not reduce Qualifying Expenditures renounced to the Purchaser under this Agreement until it has first reduced to the extent possible all qualifying expenditures renounced to persons other than the Purchaser and the subscribers under the Other Agreements pursuant to agreements entered into after the Closing Date;
- (r) the Issuer shall incur and renounce Qualifying Expenditures in the amount of the Commitment Amount;
- (s) the Qualifying Expenditures to be renounced by the Issuer to the Purchaser:
  - (i) will constitute Qualifying Expenditures on the effective date of the renunciation;
  - (ii) will not include any amount that has previously been renounced by the Issuer to the Purchaser or to any other person;
  - (iii) would be deductible by the Issuer in computing its income for the purposes of Part I of the Tax Act but for the renunciation to the Purchaser if the Issuer had sufficient income; and
  - (iv) will not be subject to any reduction under subsection 66(12.73) of the Tax Act;
- (t) the Issuer shall not reduce the amount renounced to the Purchaser pursuant to subsection 66(12.6) of the Tax Act;
- (u) the Issuer shall not be subject to the provisions of subsection 66(12.67) of the Tax Act in a manner which impairs its ability to renounce Qualifying Expenditures to the Purchaser in an amount equal to the Commitment Amount;
- (v) if the Issuer receives, or becomes entitled to receive, any government assistance which is described in paragraph (a) of the definition of “excluded obligation” in subsection 6202.1(5) of the Regulations and the receipt or entitlement to receive such government assistance has or will have the effect of reducing the amount of Qualifying Expenditures

that may validly be renounced to the Purchaser hereunder to less than the Commitment Amount, the Issuer shall incur on or before the Termination Date sufficient additional Qualifying Expenditures so that it is able to renounce an amount equal to the Commitment Amount to the Purchaser after accounting for government assistance received, and to the extent it is not able to do so the Issuer shall remit to the Purchaser the benefit of all amounts received or receivable in respect of such government assistance to the extent of such reduction but only to the extent the flowing out of such assistance to the Purchaser is in accordance with any of the relevant statutes referenced in paragraph (a) of the definition of “excluded obligation” in subsection 6202.1(5) of the Regulations;

- (w) if the Issuer does not incur on or before the Termination Date and renounce to the Purchaser, effective on or before December 31, 2020, Qualifying Expenditures equal to the Commitment Amount, the Issuer shall, provided the Purchaser is not in breach of any of its representations under this Agreement which would prevent the renunciation of such expenses to the Purchaser, indemnify and hold harmless the Purchaser and each of the partners thereof if the Purchaser is a partnership or a limited partnership (each an “**Indemnified Party**”), as to, and pay in settlement thereof to the Indemnified Party on or before the twentieth Business Day following the Termination Date, an amount equal to the amount of any tax (within the meaning of paragraph (c) of the definition of “excluded obligation” in subsection 6202.1(5) of the Regulations) payable under the Tax Act (and under any corresponding provincial legislation) by the Indemnified Party as a consequence of such failure; in the event that CRA (or any similar provincial tax authority) reduces the amount renounced by the Issuer to the Purchaser pursuant to subsection 66(12.73) of the Tax Act (or any corresponding provincial legislation), the Issuer shall indemnify and hold harmless each Indemnified Party, as to, and pay in settlement thereof to the Indemnified Party on or before the twentieth Business Day following the date of such reduction, an amount equal to the amount of any tax (within the meaning of paragraph (c) the definition of “excluded obligation” in subsection 6202.1(5) of the Regulations) payable under the Tax Act (and under any corresponding provincial legislation) by the Indemnified Party as a consequence of such reduction. Notwithstanding the foregoing, this indemnity shall have no force or effect and the Purchaser shall not have any recourse or rights of action to the extent that such indemnity, recourse or right of action would otherwise cause the FT Shares to be “prescribed shares” within the meaning of section 6202.1 of the Regulations;
- (x) the Issuer is and will continue to be a “principal-business corporation” as defined in subsection 66(15) of the Tax Act until such time as the last of the Qualifying Expenditures have been incurred and validly renounced to the Purchaser;
- (y) upon issue, the FT Shares issued and sold to the Purchaser pursuant to this Agreement will be a “flow-through share” as defined in subsection 66(15) of the Tax Act and the FT Shares will not constitute a “prescribed share” for the purpose of section 6202.1 of the Regulations, provided that the Purchaser is not in breach of any of its representations, warranties, covenants or certifications under this Agreement which would prevent the renunciation of Qualified Expenditures to the Purchaser or cause a FT Share to be a “prescribed share” including, without limitation, the Purchaser’s representation in Section 2.2(x);
- (z) the Issuer will not take any step or fail to take any step if, under the Tax Act, such action or omission would result in a reduction of amounts required to be renounced to the Purchaser pursuant to the terms of this Agreement; and
- (aa) to the extent that any Indemnified Party entitled to be indemnified under subsection 3.1(w) of this Agreement is not a party to this Agreement, the Purchaser shall obtain and hold the rights and benefits of this Agreement in trust for, and on behalf of, such Indemnified Party and such Indemnified Party shall be entitled to enforce the provisions

## Subscription Agreement

of this section notwithstanding that such Indemnified Party is not a party to this Agreement.

### 5.2 Survival of representations and warranties

The representations and warranties contained in this Section will survive the Closing for a period of two years.

## 6. PERSONAL INFORMATION

6.1 By executing this Subscription Agreement, the Purchaser acknowledges and expressly consents to the Issuer's collection, use and disclosure of the Purchaser's personal information for the purpose of completing the Purchaser's subscription and expressly consents to the Issuer retaining the personal information for as long as permitted or required by applicable law or business practices and to the filing of such documents and any other documents as may be required to be filed with any stock exchange or securities regulatory authority in connection with this Offering. The Purchaser further acknowledges and expressly consents, in accordance with the *Freedom of Information and Protection of Privacy Act* (Ontario), to:

- (a) the disclosure of Personal Information by the Issuer to the Exchange, to the Ontario Securities Commission and to any other applicable securities regulatory authorities, the Issuer's registrar and transfer agent, legal counsel and any other party involved in the purchase and sale of the FT Units;
- (b) the collection, use and disclosure of Personal Information by the Exchange for the purposes described in Appendix 1, or as otherwise identified by the Exchange, from time to time; and
- (c) the collection, use and disclosure of Personal Information by the Commissions for the purposes described in Appendix 1.

6.2 In addition, the Purchaser acknowledges that the Issuer will file with the Commissions Form 45-106F1, which will be publicly available, and which will include the Purchaser's name and the amount of their subscription.

## 7. ISSUER'S ACCEPTANCE

This Subscription Agreement, when executed by the Purchaser and delivered to the Issuer, will constitute a subscription for the FT Units which will not be binding on the Issuer until accepted by the Issuer by executing this Subscription Agreement in the space provided on page 3 and, notwithstanding the Agreement Date, if the Issuer accepts the subscription by the Purchaser, this Subscription Agreement will be and be deemed to be entered into on the date of such execution by the Issuer.

## 8. CLOSING

8.1 The Purchaser acknowledges that, although FT Units may be issued to other purchasers under the Offering, there may be other sales of other securities under the Offering, some or all of which may close before or after the Closing. The Purchaser further acknowledges that there is a risk that insufficient funds may be raised on the Closing to fund the Issuer's objectives and that further closings may or may not take place after the Closing.

8.2 The Purchaser agrees to deliver to the Issuer as soon as possible and, in any event, not later than 12:00 noon (Vancouver time) on the date that is three (3) Business Days prior to the Closing Date, the following:

- (a) a completed and duly executed copy of pages 1 through 3;
- (b) if and as applicable, a completed and duly executed copy of:

## Subscription Agreement

- (i) the Accredited Investor Form, which begins on page 6,
  - (ii) the Existing Security Holder Form, which begins on page 5;
  - (iii) Form 45-106F9 – Form for Individual Accredited Investors, which begins on page 11, and
  - (iv) the Family, Friends and Business Associates Form, which begins on page 13;
- (c) all other documents as may be required or reasonably requested by the Issuer; and
- (d) unless other arrangements acceptable to the Issuer are made, **a certified cheque or bank draft made payable to “Pacific Bay Minerals Ltd.”** representing the Offering Price payable by the Purchaser for the Units set out on the first page of this Subscription Agreement.

8.3 It is a condition of Closing that all documents required to be completed and signed in accordance with this Subscription Agreement be received within a reasonable time prior to the Closing Date. The Purchaser acknowledges that Closing is conditional upon receipt of the necessary approvals of the Exchange, and upon Closing occurring, the certificates representing FT Shares and Warrants will be available for delivery provided that the Purchaser has satisfied the requirements of Section 7 hereof and the Issuer has accepted this Subscription Agreement.

## 9. CONTRACTUAL RIGHT OF ACTION

9.1 Purchasers resident in British Columbia, Saskatchewan, Manitoba, New Brunswick, Nova Scotia, Prince Edward Island, Northwest Territories, Yukon and Nunavut, who are purchasing under an Existing Security Holder Exemption have a contractual right of action against the Issuer for rescission or damages, if a Document or Core Document of the Issuer contains a misrepresentation which was not corrected before the Purchaser acquires Purchased Securities under the Existing Security Holder Exemption, without regard to whether the Purchaser relied on such misrepresentation (the "**Right of Action**").

9.2 The Right of Action is enforceable by the Purchaser delivering a notice to the Issuer:

- (a) in the case of an action for rescission, within 180 days after the Purchaser signs this Subscription Agreement; or
- (b) in the case of an action for damages, before the earlier of:
  - (i) 180 days after the Purchaser first has knowledge of the facts giving rise to the cause of action; and
  - (ii) 3 years after the Purchaser signs this Subscription Agreement.

9.3 In the case of an action for damages, the amount recoverable by the Purchaser:

- (a) must not exceed the price at which the Securities were offered; and
- (b) does not include all or any part of the damages that the Issuer proves does not represent the depreciation in value of the Securities resulting from the misrepresentation.

9.4 The Right of Action is in addition to, and does not detract from, any other right available to the Purchaser.

9.5 The Right of Action is subject to the defence on the part of the Issuer that the Purchaser had knowledge of the misrepresentation.

10. MISCELLANEOUS

10.1 The Purchaser agrees to sell, assign or transfer the FT Shares, Warrants and Warrant Shares only in accordance with the requirements of applicable securities laws and any legends placed on the FT Shares, Warrants and Warrant Shares as contemplated by this Subscription Agreement.

10.2 The Purchaser hereby authorizes the Issuer to correct any minor errors in, or complete any minor information missing from, any part of this Subscription Agreement and any other acknowledgements, provisions, forms, certificates or documents executed by the Purchaser and delivered to the Issuer in connection with the Offering.

10.3 The Issuer may rely on delivery by fax machine or e-mail of an executed copy of this subscription, and acceptance by the Issuer of such faxed or e-mailed copy will be equally effective to create a valid and binding agreement between the Purchaser and the Issuer in accordance with the terms of this Subscription Agreement. This Subscription Agreement may be executed in counterparts, each of which shall be deemed to be an original and all of which shall constitute one and the same document. If less than a complete copy of this Subscription Agreement is delivered to the Issuer at the Closing, the Issuer shall be entitled to assume that the Purchaser accepts and agrees with all terms and conditions of this Subscription Agreement on the pages not delivered at the Closing unaltered.

10.4 Without limitation, this subscription and the transactions contemplated by this Subscription Agreement are conditional upon and subject to the Issuer's having obtained such regulatory approval of this subscription and the transactions contemplated by this Subscription Agreement as the considers necessary.

10.5 This Subscription Agreement is not assignable or transferable by the parties hereto without the express written consent of the other party to this Subscription Agreement.

10.6 Time is of the essence of this Subscription Agreement and will be calculated in accordance with the provisions of the *Interpretation Act* (Ontario).

10.7 Except as expressly provided in this Subscription Agreement and in the agreements, instruments and other documents contemplated or provided for in this Subscription Agreement, this Subscription Agreement contains the entire agreement between the parties with respect to the FT Shares and there are no other terms, conditions, representations or warranties whether expressed, implied, oral or written, by statute, by common law, by the Issuer, or by anyone else.

10.8 The parties to this Subscription Agreement may amend this Subscription Agreement only in writing.

10.9 This Subscription Agreement enures to the benefit of and is binding upon the parties to this Subscription Agreement and their successors and permitted assigns.

10.10 A party to this Subscription Agreement will give all notices to or other written communications with the other party to this Subscription Agreement concerning this Subscription Agreement by hand or by registered mail addressed to the address of the Issuer given on page 1 and the residential address of the Purchaser given on page 3. Any party hereto may change its address for service from time to time by notice given to each of the other parties hereto in accordance with the foregoing provisions.

10.11 The contract arising out of this Subscription Agreement and all documents relating thereto, have been or will be drafted in English only by common accord among the parties. Le soussigné reconnaît par les présentes qu'il a exigé que le contrat résultant de cette convention de souscription ainsi que tous documents y afférents soient rédigés en langue anglaise seulement.

10.12 This Subscription Agreement is to be read with all changes in gender or number as required by the context.

10.13 This Subscription Agreement will be governed by and construed in accordance with the laws of British Columbia and the laws of Canada applicable therein (without reference to its rules governing the

## **Subscription Agreement**

choice or conflict of laws), and the parties hereto irrevocably attorn and submit to the exclusive jurisdiction of the courts of British Columbia with respect to any dispute related to this Subscription Agreement.

### **End of General Provisions**

## APPENDIX 1

1. TMX Group Inc. and its affiliates, authorized agents, subsidiaries and divisions, including the Toronto Stock Exchange (in this Appendix 1 collectively referred to as the "**Exchange**") collect Personal Information in certain Forms that are submitted by the individual and/or by an Issuer or Applicant and use it for the following purposes:
  - (a) to conduct background checks;
  - (b) to verify the Personal Information that has been provided about each individual;
  - (c) to consider the suitability of the individual to act as an officer, director, insider, promoter, investor relations provider or, as applicable, an employee or consultant, of the Issuer or Applicant;
  - (d) to consider the eligibility of the Issuer or Applicant to list on the Exchange;
  - (e) to provide disclosure to market participants as to the security holdings of directors, officers, other insiders and promoters of the Issuer, or its associates or affiliates;
  - (f) to conduct enforcement proceedings; and
  - (g) to perform other investigations as required by and to ensure compliance with all applicable rules, policies, rulings and regulations of the Exchange, securities legislation and other legal and regulatory requirements governing the conduct and protection of the public markets in Canada.

As part of this process, the Exchange also collects additional Personal Information from other sources, including but not limited to, securities regulatory authorities in Canada or elsewhere, investigative, law enforcement or self-regulatory organizations, regulations service providers and each of their subsidiaries, affiliates, regulators and authorized agents, to ensure that the purposes set out above can be accomplished.

The Personal Information the Exchange collects may also be disclosed

- (a) to the agencies and organizations in the preceding paragraph, or as otherwise permitted or required by law, and they may use it in their own investigations for the purposes described above; and
- (b) on the Exchange's website or through printed materials published by or pursuant to the directions of the Exchange.

The Exchange may from time to time use third parties to process information and/or provide other administrative services. In this regard, the Exchange may share the information with such third party service providers.

2. The Commissions may indirectly collect the Personal Information under the authority granted to them by securities legislation. The Personal Information is being collected for the purposes of the administration and enforcement of the securities legislation of the jurisdiction of each such Commission.

For questions about the collection of Personal Information by the Ontario Securities Commission, please contact the Administrative Support Clerk, Suite 1903, Box 55, 20 Queen Street West, Toronto, Ontario, M5H 3S8, (416) 593-3684.

**End of Subscription Agreement**