

# INDEPENDENT TECHNICAL REPORT

## **Shakespeare Property, Webbwood, Ontario**

Prepared For

BTU Capital Corp.

Prepared By

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Effective Date: January 25, 2017

## TABLE OF CONTENTS

<b>1.0</b>	<b>SUMMARY .....</b>	<b>4</b>
<b>2.0</b>	<b>INTRODUCTION.....</b>	<b>5</b>
2.1	TERMINOLOGY.....	5
2.2	UNITS.....	6
<b>3.0</b>	<b>RELIANCE ON OTHER EXPERTS.....</b>	<b>6</b>
<b>4.0</b>	<b>PROPERTY DESCRIPTION AND LOCATION .....</b>	<b>6</b>
4.1	OWNERSHIP .....	8
4.2	PERMITS .....	9
4.3	ENVIRONMENTAL LIABILITIES .....	9
<b>5.0</b>	<b>ACCESSIBILITY, CLIMATE, LOCAL RESOURCES, INFRASTRUCTURE, AND PHYSIOGRAPHY .....</b>	<b>11</b>
5.1	ACCESS.....	11
5.2	CLIMATE.....	11
5.3	PHYSIOGRAPHY AND VEGETATION .....	11
5.4	INFRASTRUCTURE AND LOCAL RESOURCES.....	12
<b>6.0</b>	<b>HISTORY .....</b>	<b>13</b>
6.1	SHAKESPEARE GOLD MINING COMPANY LIMITED – 1903—1907 .....	15
6.2	ENSIGN GOLD MINES LIMITED – 1936 .....	15
6.3	WEBBWOOD COPPER MINING SYNDICATE – 1942—1945 .....	16
6.4	GREENRAY MINES LIMITED – 1950—1961.....	16
6.5	PERRON GOLD MINES LIMITED – 1950.....	16
6.6	VERMONT MINES LIMITED – 1959-1961 .....	16
6.7	SHAWINIGAN MINING AND SMELTING – 1968.....	17
6.8	RODNEY GOLD MINES LIMITED – 1973.....	18
6.9	PETER BLUE – 1973–2007.....	18
6.10	JOHN GALBRAITH – 1979–1982 .....	18
6.11	HIGHLAND-CROW RESOURCES LTD. – 1980–198X.....	19
6.12	DANIEL PATRIE EXPLORATION LTD. – 2004.....	19
6.13	NY85 CAPITAL INC./ALCHEMIST MINING INC. – 2012 – 2013.....	19
6.14	GEONOVUS MINERALS CORP. – 2014 .....	20

<b>7.0</b>	<b>GEOLOGICAL SETTING AND MINERALIZATION.....</b>	<b>23</b>
7.1	REGIONAL GEOLOGY.....	23
7.2	LOCAL GEOLOGY .....	23
7.3	PROPERTY GEOLOGY .....	24
	7.3.1 Structure.....	27
7.4	MINERALIZATION .....	28
<b>8.0</b>	<b>DEPOSIT TYPES.....</b>	<b>28</b>
<b>9.0</b>	<b>EXPLORATION .....</b>	<b>29</b>
<b>10.0</b>	<b>DRILLING .....</b>	<b>29</b>
<b>11.0</b>	<b>SAMPLE PREPARATION, ANALYSES AND SECURITY .....</b>	<b>29</b>
<b>12.0</b>	<b>DATA VERIFICATION.....</b>	<b>30</b>
12.1	SITE VISIT .....	30
<b>13.0</b>	<b>MINERAL PROCESSING AND METALLURGICAL TESTING .....</b>	<b>30</b>
<b>14.0</b>	<b>MINERAL RESOURCE ESTIMATES.....</b>	<b>30</b>
<b>15.0</b>	<b>ADJACENT PROPERTIES .....</b>	<b>32</b>
<b>16.0</b>	<b>OTHER RELEVANT DATA AND INFORMATION.....</b>	<b>33</b>
<b>17.0</b>	<b>INTERPRETATION AND CONCLUSIONS .....</b>	<b>33</b>
<b>18.0</b>	<b>RECOMMENDATIONS.....</b>	<b>34</b>
<b>19.0</b>	<b>REFERENCES.....</b>	<b>35</b>
19.1	ASSESSMENT REPORTS .....	37
<b>20.0</b>	<b>STATEMENT OF AUTHORSHIP .....</b>	<b>39</b>

## FIGURES

Figure 4-1: Location of the Shakespeare property. ....	7
Figure 4-2: Claims of the Shakespeare property. ....	11
Figure 5-1: Map showing the access to the Shakespeare property. ....	12

Figure 6-1: Map showing the locations of the GeoNovus drillholes.....	22
Figure 7-1: Geological map of the area around the Shakespeare property. ....	24
Figure 7-2: Property geology map .....	26
Figure 12-1: Historic shaft (now covered). ....	31
Figure 12-2: Casing of historic drill hole C-14-1, -2 and -3 .....	32

## TABLES

Table 4-1: List of mineral claims of the Shakespeare property.....	6
Table 6-1: Historic production data of the Shakespeare mine; data from Gordon et al. (1979) .....	13
Table 6-2: List of relevant historic exploration activities on the property. ....	13
Table 6-3: Assay highlights of the Perron Mines drilling in 1950 .....	16
Table 6-4: Drillholes completed by John Galbraith between 1979 and 1982 .....	19
Table 6-5: Drillhole details for GeoNovus' drilling program in 2014.....	20
Table 6-6: Assay highlights of the 2014 drillhole samples as reported by Geonovus in 2014. ....	21
Table 18-1: Cost estimate for the recommended exploration program. ....	34

## APPENDICES

Appendix 1 – Certificates of authors
Appendix 2 – Option Agreement
Appendix 3 – 2013 Option Agreement

## 1.0 SUMMARY

BTU Capital Corp. (“BTU”) commissioned Ronacher McKenzie Geoscience (“Ronacher McKenzie”) to complete an Independent Technical Report compliant with the NI 43-101 on BTU’s Shakespeare Property near Sudbury, Ontario. BTU wishes to acquire, as its “Qualifying Transaction” for listing on the TSX Venture Exchange, an option to earn all interest in and to the Shakespeare property.

The property is located 80 km east of Sudbury, Ontario, and is easily accessible by vehicle. It consists of nine mineral claims totaling 528 ha. BTU and the property owners, Steven Anderson, Don McKinnon, 2554011 Ontario Ltd. and Kidridge Capital Inc. (“the Optionors”) entered into an option agreement on January 25, 2017, where BTU will issue a total of 1,800,000 shares to the Optionors and spend a total of \$400,000 over two years on the property to acquire all interest in and to the Shakespeare property.

The property is located in the area of the historic Shakespeare gold mine, which was in operation from 1903 to 1907. A total of 2,959 oz of Au were produced from six underground levels (Gordon et al., 1979). Historic exploration was completed on the property intermittently between 1938 and 2014, including trenching, sampling and limited drilling. An IP survey completed in 2012 delineated a zone of high chargeability, however, this anomaly was not interpreted in a geological context. In 2014, GeoNovus Minerals Corp. (“GeoNovus”) completed three diamond drill holes totaling 371 m; a thin mineralized zone was delineated in the area of the historic mine workings. GeoNovus did not complete any step-out holes to determine the continuation of this zone.

The property is located at the southern edge of the Superior Province, close to the contact with the Southern Province of the Canadian Shield. Middle Precambrian clastic metasedimentary rocks of the Huronian Supergroup and Early to Late Precambrian felsic plutonic rocks cut by Middle Precambrian mafic dikes are the dominant rock types on the property. A prominent fault, the Murray fault, strikes east-northeast and dips steeply to the south. The mineralized zone of the historic Shakespeare Mine was hosted by quartz-rich metasedimentary rocks and chlorite schists of the Matinenda Fm. Gold occurs as native metal with only minor amounts of sulfides, including pyrrhotite, pyrite, chalcopyrite and arsenopyrite. Sulfides are disseminated but also occur in small quartz veins.

BTU has not completed any exploration on the property to date.

A personal inspection was completed by Elisabeth Ronacher, P.Geo., on November 16, 2016. Ms. Ronacher is a Qualified Person for this report. During the site visit, the historic shaft and two historic trenches were visited. The geology of the property was reviewed. Gold was not observed.

Based on the review of historic data, the geology of the property and the personal inspection, Ronacher McKenzie concludes that potential exists to discover an extension of the mineralization mined underground and intersected by drilling in 2014.

Ronacher McKenzie recommends a compilation of relevant historic exploration data in order for BTU to be able to understand the factors controlling the mineralization on the property. Ronacher McKenzie also recommends a detailed 3D and borehole IP survey to delineate zones of high chargeability. The results of the IP survey should be integrated with the geological data and used for drillhole targeting.

## **2.0 INTRODUCTION**

BTU Capital Corp. ("BTU") commissioned Ronacher McKenzie Geoscience ("Ronacher McKenzie") to complete an Independent Technical Report compliant with the NI43-101 for BTU's Shakespeare property ("the property") near Sudbury, Ontario.

The purpose of the report is to satisfy BTU's requirements of listing as a publicly traded company at the TSX Venture Exchange. BTU wishes to acquire, as its "Qualifying Transaction", an option to earn all interest in and to the Shakespeare property.

The main source of information was the public domain; BTU provided information on geophysical surveys completed by NY85 Capital Inc. in 2012 and information about a drilling program completed by GeoNovus in 2014. Additional historic information and geological literature was obtained from the public domain, dominantly the Ontario Geological Survey ("OGS").

Elisabeth Ronacher, P.Geo., completed a personal inspection of the property on November 16, 2016. Several remnants of the historic Shakespeare gold mine were visited, including the back-filled shaft and an adit. The locations of three diamond drillholes completed in 2014 were also visited.

### **2.1 Terminology**

**Asl:** above sea level

**Fm:** Formation

**MNDM:** Ontario Ministry of Northern Development and Mines

**MNR:** Ontario Ministry of Natural Resources

## 2.2 Units

The metric system of measurement is used in this report. Historic data are typically reported in imperial units and were converted for this report using appropriate conversion factors. Ounces per (short) ton are converted to grams per (metric) tonne using the conversion factor of 34.2857. One foot is 0.3048 m. One mile is 1.609344 km. One gamma (unit of magnetic intensity) is  $1 \times 10^{-9}$  T or 1 nT.

Universal Transverse Mercator (UTM) coordinates are provided in the datum of NAD83, Zone 17N.

## 3.0 RELIANCE ON OTHER EXPERTS

Ronacher McKenzie relied on information provided by BTU regarding ownership of the property. Ronacher McKenzie reviewed the status of mineral claims on the website of the Government of Ontario, Ministry of Northern Development and Mines ([http://www.mci.mndm.gov.on.ca/claims/clm\\_mmen.cfm](http://www.mci.mndm.gov.on.ca/claims/clm_mmen.cfm)) on January 25, 2017.

## 4.0 PROPERTY DESCRIPTION AND LOCATION

The Shakespeare property is located in Shakespeare Township, approximately 80 km east of Sudbury, Ontario (Figure 4-1). The property consists of nine mineral claims covering 528 ha (Table 4-1, Figure 4-2). The claims are not contiguous. The property is centred on 434,000 m E and 5,128,000 m N, NAD 83, Zone 17, or a latitude of  $46^{\circ} 18' 10''$  N and longitude of  $81^{\circ} 50' 50''$  E.

Table 4-1: List of mineral claims of the Shakespeare property

Claim Number	Claim Owner	Claim Due Date	Units	Area (ha)	Surface Rights Owner
4217925	Steve Anderson	2017-Jun-21	2	32	Crown
4217973	Steve Anderson	2017-Jun-10	4	64	Crown
4217974	Steve Anderson	2017-Jun-10	4	64	R., E. and W. St. Michel
04245506	Steve Anderson	2017-Aug-30	5	80	Crown
04245507	Steve Anderson	2017-Aug-30	6	96	A. and N. Frescura
04245508	Steve Anderson	2017-Aug-30	6	96	Crown
4255247	Steve Anderson	2017-Jun-10	4	64	W. and J. St. Michel
4255248	Steve Anderson	2019-Jun-10	1	16	W. and J. St. Michel
4255249	Steve Anderson	2017-Jun-10	1	16	MNR and MNDM
<b>TOTAL</b>				<b>528</b>	

Exploration work of \$400 must be completed on each claim unit per year to keep the claims in good standing.

Legal access to the property is on public roads (see section 5.1 Access).

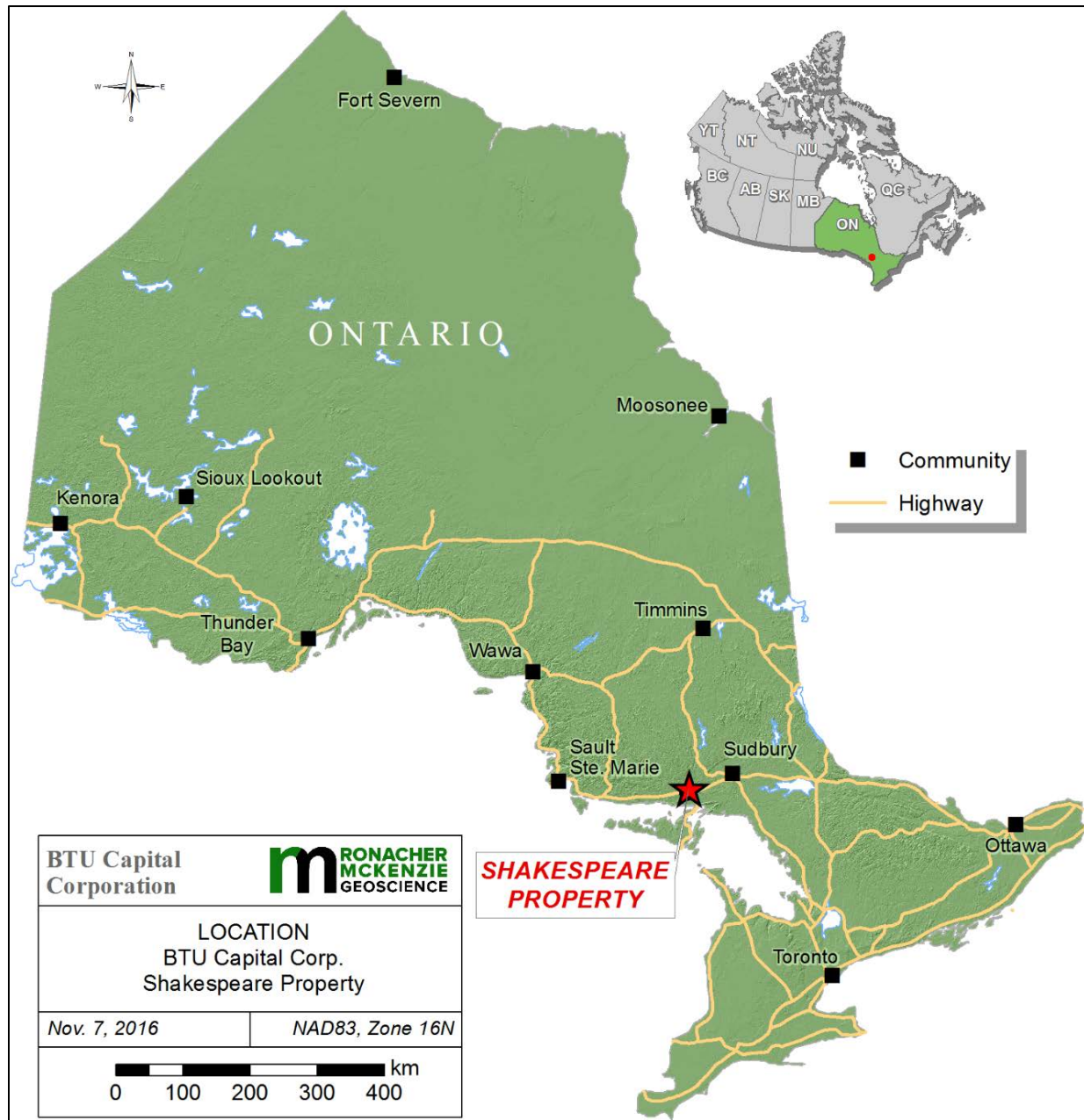


Figure 4-1: Location of the Shakespeare property.



#### 4.1 Ownership

BTU entered into an option agreement with the property owners on January 25, 2017. The parties to the option agreement are BTU, Steven Anderson (“Anderson”), under whose name the claims are registered, Don McKinnon (“McKinnon”), 2554022 Ontario Ltd. (“2554022”) and Kidridge Capital Inc. (“Kidridge”). The latter four parties are the Optionors. The agreement states that BTU wishes to acquire, as its “Qualifying Transaction”, an option to earn all of the Optionors’ interest in and to the Shakespeare property. The terms and conditions of the acquisition are listed below. The full agreement is provided in Appendix 2.

1. BTU shall issue a total of 1,800,000 BTU shares to all Optionors as follows:
  - a. On or before the date which is 5 days of the approval date of the agreement, BTU will issue
    - i. 225,000 BTU shares to Anderson
    - ii. 225,000 BTU shares to McKinnon
    - iii. 225,000 BTU shares to 2554022
    - iv. 225,000 BTU shares to Kidridge
  - b. On or before the date which is 12 months from the approval date of the agreement, BTU will issue:
    - i. 225,000 BTU shares to Anderson
    - ii. 225,000 BTU shares to McKinnon
    - iii. 225,000 BTU shares to 2554022
    - iv. 225,000 BTU shares to Kidridge
2. BTU will incur a total of \$400,000 in expenditures in or on the property as follows:
  - a. \$200,000 on or before the date which is 12 months from the approval date of the agreement
  - b. \$200,000 on or before the date which is 24 months from the approval date of the agreement
3. BTU shall pay the Optionors a royalty equal to 2.0% net smelter return (“NSR”) on all mineral products produced from the property. BTU has the option of buying back 1% of the NSR for \$1,000,000.

The surface rights are owned by the Crown, the Ontario Ministry of Natural Resources (“MNR”), the Ontario Ministry of Northern Development and Mines (“MNDM”) and private individuals (Table 4-1).

Ronacher McKenzie is not aware of any royalties, back-in rights, payments, or other agreements and encumbrances to which the property is subject other than the ones mentioned above.

## **4.2 Permits**

In Ontario, permits are generally required for exploration on unpatented mineral claims or leases. Exploration activities such as geophysical activities requiring a power generator, line cutting where the line width is less than 1.5 m, mechanized drilling where the total weight of the rig is less than 150 kg, mechanized surface stripping where the total stripped area is less than 100 m<sup>2</sup>, or pitting and trenching of a volume of 1 to 3 m<sup>3</sup> on unpatented mineral claims or leases require an exploration plan. Exploration permits are required for line cutting where the line width exceeds 1.5 m, for drilling where the weight of the drill exceeds 150 kg, mechanized stripping of an area greater than 100 m<sup>2</sup> and for pitting and trenching where the total volume of rock is more than 3 m<sup>3</sup>. Plan and permit applications are submitted to the Ministry of Northern Development and Mines for review, posting on the Environmental Registry (30 days) and circulation to First Nations communities who have areas of cultural significance. Plans are typically approved within 30 days and permits within 60 days. Plans are valid for two years and permits are valid for three years ([www.mndm.gov.on.ca](http://www.mndm.gov.on.ca)).

All surface rights holders must be notified of the application in advance of the submission.

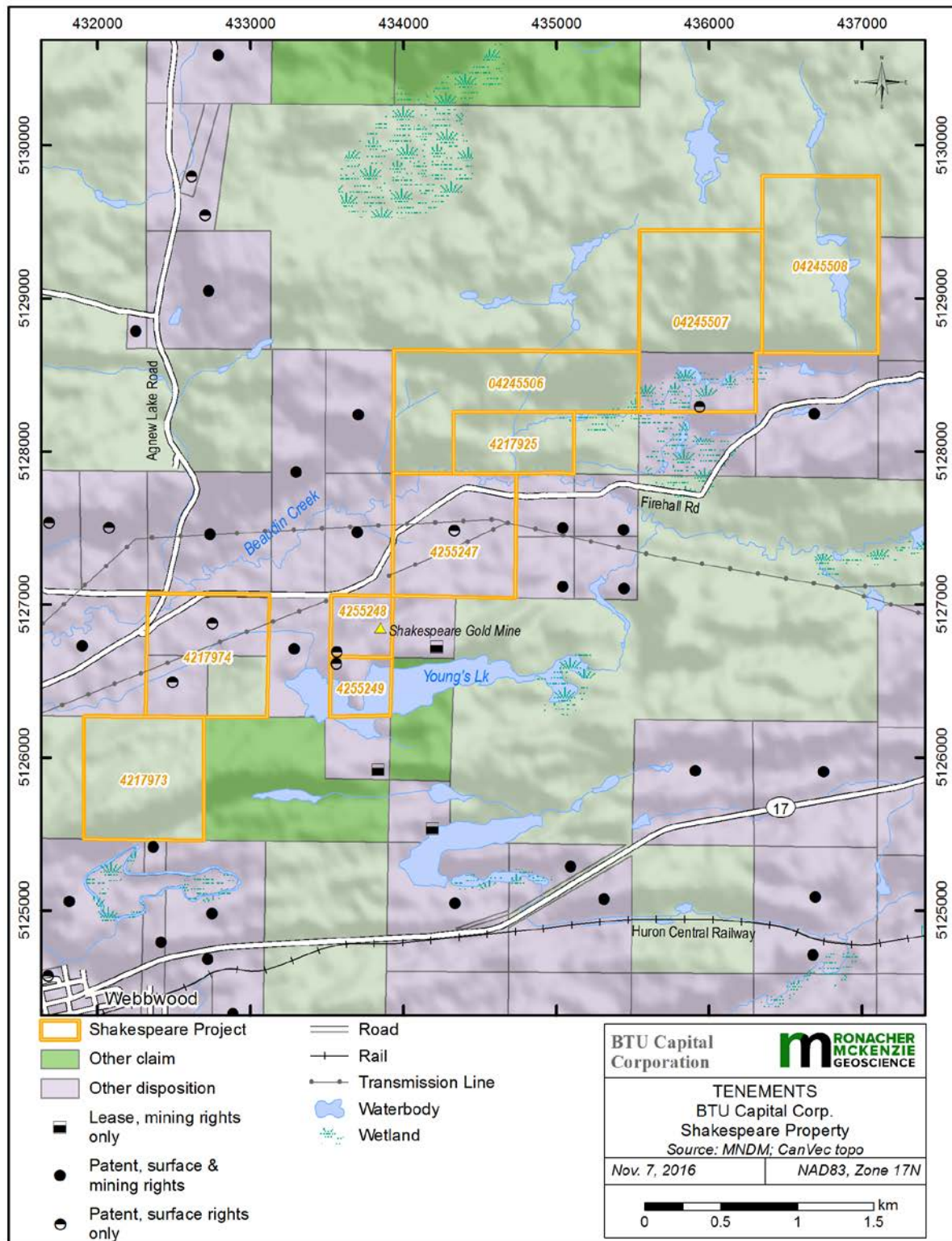
BTU Capital Corp. does not currently hold any exploration plan or permit.

## **4.3 Environmental Liabilities**

Several historic mine workings are listed by the Abandoned Mines Information System (AMIS) maintained by the Ontario Ministry of Northern Development and Mines ("MNDM"). Some of them are classified as active hazards, such as the historic shaft on claim 4255248. The shaft is currently filled in. However, BTU is not liable in respect of the rehabilitation of mine hazards unless BTU will convert the mineral claims to leases or patents (cf. Ontario Mining Act, 153 (3)).

Ronacher McKenzie is not aware of any other environmental liabilities to which the property is subject.

Ronacher McKenzie is not aware of any other significant factors and risks that may affect access, title or the right or ability to perform work on the property.



*Figure 4-2: Claims of the Shakespeare property.*

## **5.0 ACCESSIBILITY, CLIMATE, LOCAL RESOURCES, INFRASTRUCTURE, AND PHYSIOGRAPHY**

### **5.1 Access**

The property can be reached on Highway 17 from Sudbury, Ontario. At the town of Webbwood, ~80 km west of Sudbury, Agnew Lake Road turns north from Highway 17 towards the property. After ~4 km, Firehall Road turns east onto the property. Agnew Lake Road is fully paved; Firehall Road is paved for 2 km to point 433 551 m E and 5127069 m N; beyond this point, Firehall Road consist of one lane only and is unpaved. Those parts of the property without road access can be reached by ATV or by foot.

A rail line runs parallel to Highway 17, ~2 km south of the property (Figure 4-2). The closest airport is located in Sudbury.

The closest town is Webbwood, 4 km south of the property. According to Statistics Canada, Webbwood had a population of 458 in 2011 ([www.statcan.gc.ca](http://www.statcan.gc.ca)). The town of Espanola is located ~11 km east of Webbwood; it had a population of 5,364 in 2011 ([www.statcan.gc.ca](http://www.statcan.gc.ca)). All major services, such as stores, hotels, gas stations and banks are available in Espanola. The closest city is Sudbury.

### **5.2 Climate**

The climate in area of the Shakespeare property is continental with long, cold winters and warm summers. The daily average temperature is 25 °C in July and –18 °C in January. The average yearly rainfall is 675 mm with most of the rain falling between May and October. Average snowfall is 263 cm with the highest accumulations between December and February (cf. Environment Canada: [www.weather.gc.ca](http://www.weather.gc.ca)).

Exploration is possible year-round on the property.

### **5.3 Physiography and Vegetation**

Elevations on the property range from 200 m to 315 m asl on the property. A northeast-southwest striking hill characterizes the area of the historic Shakespeare gold mine on claim 4255248.

Much of the property is densely vegetated with birch and pine as the dominant species.



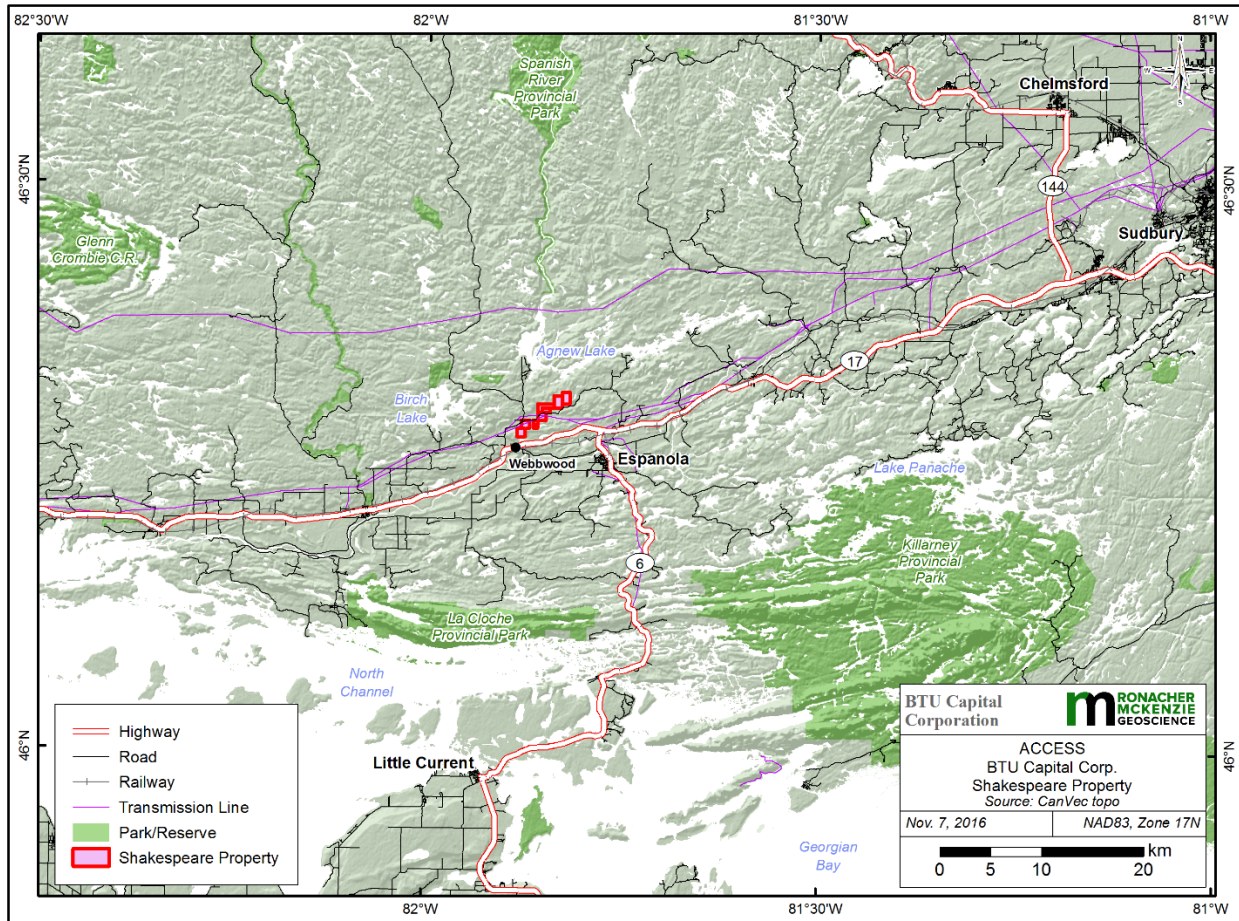


Figure 5-1: Map showing the access to the Shakespeare property.

## 5.4 Infrastructure and Local Resources

Water is readily available from streams and lakes on the property. A power line crosses the property (Figure 4-2). Mining personnel and skilled and unskilled labour are available in the area. BTU does not hold the surface rights; surface rights owners are listed in Table 4-1. Tailing storage areas, waste disposal areas, heap leach pad areas, and processing plant areas are not relevant to the project at this stage.

## 6.0 HISTORY

The claims of the Shakespeare property were staked in the area of the historic Shakespeare gold mine. According to the Ontario Ministry of Northern Development and Mines ("MNDM") Mineral Deposit Inventory ("MDI") the Shakespeare gold mine (MDI number MDI41105SW00015) was operating as an underground mine. Gordon et al. (1979) stated that the mine was in operation between 1903 and 1907. Production data are listed in Table 6-1 are from Gordon et al. (1979).

*Table 6-1: Historic production data of the Shakespeare mine; data from Gordon et al. (1979)*

Year	Gold (oz)	Ore Milled (tons)	Recovered Grade (oz/t)	Recovered Grade (g/t)
1905	1,723	4,550	0.38	13.03
1906	512	unknown		
1907	339	4,040	0.08	2.74
1941	1	unknown		
1945	237	9	26.30	901.71
1948*	147	unknown		
<b>TOTAL</b>	<b>2,959</b>	<b>8,599</b>		

\*Gordon et al. (1979) do not provide any information on what company operated the mine in 1948

Table 6-2 list relevant historic exploration activities on the property.

*Table 6-2: List of relevant historic exploration activities on the property.*

Year	Company	Type of Work	Results	Assessment Report #/Reference
1903-1907	Shakespeare Gold Mining Company Ltd.	underground mining	2,574 oz Au produced	Gordon et al., 1979
1936	Ensign Gold Mines	dewatering of underground workings, surveying sampling	no results available	Gordon et al., 1979
1942-1945	Webbwood Copper Syndicate	dewatering of underground workings, underground drilling	237 oz Au recovered	Gordon et al., 1979
1950-1961	Greenray Mines Ltd.	dewatering of underground workings, diamond drilling: 8 holes totalling 453 m, magnetic survey	no results available	Gordon et al., 1979
1950	Perron Gold Mines	drilling of 9 diamond drill holes totalling 2,114 ft (644.35 m)	hole numbers 1 to 9; highest Au values between 1.37 and 39.76 g/t	41105SW0091
1959	Vermont Mines Ltd.	Magnetic and EM survey	8 magnetic anomalies but no conductive zones identified	20006894
1960	Vermont Mines Ltd.	underground dewatering, mapping and sampling	highest Au values between 49.01 and 82.26 g/t Au	41105SW0071
1961	Vermont Mines Ltd.	drilling of 9 diamond drill holes totalling 1,486.5 ft (453.09 m)	no assay results reported	41105SW0116

Year	Company	Type of Work	Results	Assessment Report #/Reference
1968	Shawinigan Mining and Smelting	drilling of three diamond drill holes totalling 323 feet (98.45 m)	no significant assay results were reported	41I05SW0108
1968/69	Aggressive Mining Ltd.	drilling of two diamond drill holes totalling 2,504 ft (763.22 m) for uranium mapping	no assay results provided	20007186
1973	Rodney Gold Mines Ltd.		geological interpretation	41I05SW0100
1973	Peter Blue	drilling 1 diamond drill hole (11.58 m)	no significant results	41I05SW0102
1973	Peter Blue	drilling	no significant results	41I05SW0110
1974	Peter Blue	assaying of 3 samples from historic claim 369223	no significant gold grades	41I05SW0092
1975	Peter Blue	assaying of 6 samples from historic claim 369223	no significant results (trace or below detection limit)	41I05SW0088
1976	Peter Blue	trenching, blasting	maps showing trenched areas provided	41I05SW0073
1976	Peter Blue	assaying of six samples from claim 460724	all values below detection limit	41I05SW0081
1976	Peter Blue	assaying of 3 samples from claim 460724	only trace Au	41I05SW0087
1977	Peter Blue	sampling, assaying	no significant assays	41I05SW0072
1977	Peter Blue	assaying of samples from historic claim 460724	no significant results	41I05SW0076
1979	John Galbraith	drilling: hole 79-1, 9.1 m	no significant results (max Au 0.03 oz/t; 1.03 g/t Au)	41I05SW0064
1979-1981	John Galbraith	drilling: hole 81-1, 30.9 m	no assay results provided	41I05SW0068
1979	Peter Blue	assaying of unknown samples	no significant Au grades	41I05SW0065
1980	Peter Blue	sampling and assaying	no significant results	41I05SW0059
1980	Peter Blue	assaying of 3 samples for gold and 2 samples for Au from claim 543810	no significant results	41I05SW0057
1981	Peter Blue	sampling		41I05SW0051
1981	Highland-Crow Resources Ltd.	mapping, sampling	no provided	41I05SW0053
1981	Peter Blue	assaying	no significant results	41I05SW0054
1981	Peter Blue	trenching	maps showing trenched areas provided	41I05SW0074
1981	Peter Blue	trenching, sampling, assaying (20 samples) on claims 460724 and 543810	highest Au assay: 0.05 oz/t (1.71 g/t), 0.01 oz/t (0.34 g/t) and 0.003 oz/t (0.10 g/t); all other only trace	41I05SW0078
1982	John Galbraith	drilling: hole 82-1, 32.3 m	no assay results provided	41I05SW0052
1982	John Galbraith	drilling	no assay results provided	41I05SW0060
1982	Peter Blue	assaying of samples from historic claim 575769	no significant results	41I05SW0049

Year	Company	Type of Work	Results	Assessment Report #/Reference
1984	Peter Blue	trenching and sampling on historic claim 460724	no significant results	41I05SW0040
1987	Peter Blue	trenching/assaying	highest Au assay: 0.210 g/t Au	41I05SW0120
1988	Peter Blue	land surveying, trenching, sampling, assaying	no Au assay results reported	41I05SW0119
1990	Peter Blue	drilling three holes totaling 35 ft (10.67) on historic claim S43810	no assay results provided	41I05SW0063
2004	Daniel Patrie	Prospecting; magnetometer survey	old trenches and areas of quartz veining and sulfides located, circular magnetic high identified	20001007; 41I05SW2020
2007	Peter Blue	soil sampling (10 samples)	highest Au value: 18 ppb	20004220
2008	Peter Blue	soil sampling (13 samples)	highest Au value: 54 ppb	20006062
2008	Peter Blue	soil sampling (10 samples)	highest Au values: 15 and 14 ppb; all others below 6	20005645
2009	Peter Blue	soil sampling (11 samples)	gold values from 1-3 ppb	20007696
2012	NY85 Capital Inc.	line cutting, magnetic and IP survey	magnetic survey identified various rock units based on their magnetic signature; IP survey delineated chargeability zone	20011382; 2.54204
2014	GeoNovus Minerals Corp.	Drilling: 3 diamond drill holes (317 m)	Best result: 48.8 g/t Au over 1 m	

## 6.1 Shakespeare Gold Mining Company Limited – 1903—1907

Between 1903 and 1907, the Shakespeare Gold Mining Company drove an 18 m long tunnel and a 91 m long adit into a mineralized ridge. A 315 ft (96 m) deep shaft with six levels at 50 feet (15 m) intervals was also completed. The company operated a mill intermittently. A total of 2,574 oz were produced (Gordon et al., 1979)

## 6.2 Ensign Gold Mines Limited – 1936

Ensign Gold Mines Ltd. dewatered, surveyed and sampled the mine workings in 1936 (Gordon et al., 1979). A 136 kg samples was sent to the Canada Centre for Mineral and Energy Technology in Ottawa for testing. Not additional information is available.



### 6.3 Webbwood Copper Mining Syndicate – 1942—1945

The Webbwood Copper Mining Syndicate dewatered the shaft and completed diamond drilling underground between 1942 and 1945 (Gordon et al., 1979). A 9 m long adit was also driven. In 1944, the Syndicate leased the mine to N. Oreck who extracted 9 tons of high-grade (237 oz Au) ore by hand. No further details are available.

### 6.4 Greenray Mines Limited – 1950—1961

Greenray Mines Ltd. (“Greenway”) partially dewatered the shaft in 1950 (Gordon et al., 1979). In addition, Greenray collected samples and drilled eight diamond drillholes totaling 600 m. According to Poutanen (1950; Assessment Report 20006894) Greenray also collected a bulk sample of 1.36 tons which averaged 10.06 oz Au (345 g/t). Between 1956 and 1961, Greenray drilled nine additional diamond drillholes (453 m), completed a magnetic survey and mapped the second and third mine levels. No other information exists on the results of the exploration.

### 6.5 Perron Gold Mines Limited – 1950

In 1950, Perron Gold Mines Ltd. drilled nine diamond drill holes totaling 2,114 ft (644.35 m) in the mine area (Assessment Report 41I05SW0091). The target appears to have been the mineralization left behind by underground mining. A list of assay highlights is provided in Table 6-3.

Table 6-3: Assay highlights of the Perron Mines drilling in 1950

Hole #	From (ft)	To (ft)	From (m)	To (m)	Interval (m)	Au (oz/t)	Au (g/t)
1	318.2	320.0	96.99	97.54	0.55	0.46	15.77
1	320.0	324.2	97.54	98.82	1.28	1.16	39.76
6	169.0	171.0	51.51	52.12	0.61	0.04	1.37
8	140.0	142.0	42.67	43.28	0.61	0.64	21.94

### 6.6 Vermont Mines Limited – 1959-1961

In 1960, Vermont Mines Ltd. sampled a part of the third level of the Shakespeare Mine with the purpose of outlining gold ore zones and determining the association between mineralization and rock structure (Poutanen, 1960: Assessment Report 41I05SW0071). The third level was dewatered and a part of it mapped.

The samples consisted of chip samples of approximately 4 kg. Mineralization was not recognized visually. The highest gold grades were 2.40 oz/t (82.26 g/t) Au, 1.85 oz/t (63.41 g/t) Au and 1.43 oz/t (49.01 g/t) Au.

According to Vermont Mines, the sampling revealed that the host rocks for the samples with the highest gold grades is grey “quartz or quartzite” varying in width from a few centimeters to 85 cm. Fault and shear zones did not appear to host significant gold grades nor is there an apparent association between sulfide content and gold grade. Gold-rich samples contain minor or no pyrite and chalcopyrite. Although free gold was not observed, it is concluded that gold occurs as native gold.

In 1961, Vermont Mines drilled nine diamond drill holes totaling 1,486.5 ft (453.09 m). No assay results were reported (Assessment Report 41I05SW0116).

Prior to the exploration completed in 1960, Vermont Mines had completed a pace and compass ground magnetic survey and partial electromagnetic survey on the property from November 23 – December 1, 1959 (Poutanen, 1959; Assessment Report 20006894). The survey was run on pace and compass traverses from chained picket lines with readings taken at 100 foot (30.48 m) intervals on each traverse and 500 foot (152.4 m) line spacing.

The survey was completed using a sharpe model A2 magnetometer, with a 20 gamma (20 nT) scale constant. Two readings were taken at each station.

The survey failed to define any definite geological contacts. A large, 70 gamma (=70 nT) zone was identified north of the north baseline, and was interpreted to indicate a change in geology to a more basic rock. The anomaly was not ground truthed due to overburden cover. A possible fault zone was also noted at the western end of the lake on the property. Titled ‘Anomaly H’, a zone that strikes perpendicular to the general strike of the geology of the area, has an intensity of 200 gamma (=200 nT). This anomaly was considered to be upgraded for potential to host gold mineralization. In total, eight anomalies were identified, labelled A-H. Several of these were found to be parallel to the strike of the local geology.

An electromagnetic survey was conducted on the lake surface only, using a Sharpe Model SE100 unit. No effort was made to record receiver readings. No conductive zones were identified for follow-up.

## **6.7 Shawinigan Mining and Smelting – 1968**

Shawinigan Mining and Smelting drilled three diamond drill holes totaling 323 feet (98.45 m) on the property (historic claim S139279; Assessment Report 41I05SW0108). Samples were assayed for Cu, Ni, Ag, Au and platinum group elements. No significant assay results were reported.

## **6.8 Rodney Gold Mines Limited – 1973**

Rodney Gold Mines Ltd. mapped the area the shaft and nearby claims in 1973 (Ogden, 1972: Assessment Report 41I05SW0100). The mapping and a review of old level plans indicated that gold occurs in quartzite, near or at the contact with greywacke. Rodney Gold Mines further concluded that:

- gold occurs in quartz veins parallel to bedding with and without sulfides
- mineralized zones trend northerly away from and east-west fault
- mineralization was found close to and on both sides of the east-west fault
- an additional east-west striking fault located approximately 150 m south of the fault mentioned above has not been tested
- gold is not hosted by quartz pebble conglomerate

## **6.9 Peter Blue – 1973–2007**

Peter Blue drilled one diamond drill hole totaling 11.58 m in the northwest corner of historic claim 369223 in 1973 (no exact coordinates are available). No significant gold assay results were returned (Peter Blue, 1973: Assessment Reports 41I05SW0102 and 41I05SW0110). Between 1974 and 1988, Peter Blue stripped and trenched various locations on the property and collected samples from these trenches, dominantly on historic claims 543810 and 460724. None of the samples returned significant gold grades (Assessment reports 41I05SW0051, 41I05SW0054, 41I05SW0059, 41I05SW0065, 41I05SW0120). The highest gold grade returned was 0.210 g/t Au (41I05SW0120) from historic claim 460724 in 1987. In 1990, Peter Blue drilled three additional holes totaling 35 ft (10.67 m; Blue, 1990: Assessment Report 41I05SW0063). No assay results were provided.

In 2007, Peter Blue collected 10 soil samples from the property (Blue, 2007; Assessment Report 20004220). The gold values were below 3 ppb except one, which was 18 ppb. Additional 23 soil samples were collected in 2008 (Blue, 2008 a, b; Assessment Reports 20005645 and 20004220). The highest gold values were 54 ppb, 17 ppb, 15 ppb and 14 ppb, with the remaining values being 6 ppb and below. Eleven soil samples were collected in 2009 (Blue, 2009; Assessment Report 20007696). Gold values for these samples range from 1 to 3 ppb.

## **6.10 John Galbraith – 1979–1982**

John Galbraith completed four diamond drillhole totaling 107.2 m on the property between 1979 and 1982. The hole intersected greywacke, siltstone and quartzite (Assessment Reports 41I05SW0052,

41I05SW0060, 41I05SW0064, 41I05SW0068). Assay results are only available for underground hole 79-1: no significant gold grades were recorded.

*Table 6-4: Drillholes completed by John Galbraith between 1979 and 1982*

Hole #	Location	Elevation	Azimuth (°)	Dip (°)	Claim #	Final Depth (m)
79-1	558 feet from NE claim post, S 49 W	3rd level adit, ~128 m below surface	135	-11	S 515028	9.1
81-1	421 feet from NE claim post, S28°27'W	surface	320	-65	S 515028	30.9
82-1	380 feet S and 208 feet W of claim post 1	surface	310	-33	S 515028	32.3
82-2	381 feet S and 208 feet W of claim post 1	surface	310	0	S 515028	34.7
						<b>107.2</b>

### **6.11 Highland-Crow Resources Ltd. – 1980–198X**

Highland-Crow Resources Ltd. (“Highland-Crow”) staked 13 claims in the area of the Shakespeare property (Innes, 1981; Assessment Report 41I05SW0053). The company mapped the area, collected rock samples and cut lines. Sample results are not available.

### **6.12 Daniel Patrie Exploration Ltd. – 2004**

In 2004, a group of individuals prospected the area of the historic mine (Patrie, 2004; Assessment Report 20001007). They located old trenches and zones with quartz veins and sulfides.

A ground magnetic survey was completed on part of claim 3004645 from Nov 14 – 19, 2004. A total of 36 line-km were recorded using an Envi Magnetometer from Scintrex Ltd. The survey line spacing was 50 m and station spacing was 25 m (Patrie, 2004; Assessment Report 41I05SW2020).

A high, circular magnetic zone, with amplitude ranging from 200-1200 nT, was interpreted as a potential fold and recommended for follow-up as a possible gold and base metal target.

### **6.13 NY85 Capital Inc./Alchemist Mining Inc. – 2012 – 2013**

NY85 Capital Inc. (“NY85”) and Alchemist Mining Inc. entered into an option agreement as announced in a press release by NY85 on July 23, 2012 (see also Farrow and Bardeggia, 2013, p. 7). NY85 commissioned Vision Exploration to complete line cutting and a ground magnetic survey along 21 km of grid lines, using a GEM GSM19T magnetometer, in an area of approximately 2 km north of the village of Webbwood. The line interval was 100 m, with 12.5 m station spacing (Assessment Report 20011382).

The survey results were interpreted as successfully delineating a change between geological units, specifically on claim 4255247. The conclusion of this work program recommended an IP survey to follow-up the magnetic results (Assessment Report 20011382).

Between November 10 and 26, 2012, Vision Exploration completed a time-domain induced polarization ("IP") survey covering 12 line-km over 14 of the original 21 km grid lines (Anderson, 2013: Assessment Report 2.54204).

The IP survey was completed using a BRGM IP-6 receiver and GDD IP-II.1.4K va transmitter, at 100 m line intervals. The survey was completed using a Pole-Dipole array, with "a" spacing = 25 m and N=1-6. The pulse duration was 2 seconds on, 2 seconds off.

The results show a prominent, 1.6 km long and northeast striking high chargeability zone. This zone appears on strike with the historic gold mine. The anomaly was interpreted to be associated with sulfides or disseminated sulfides but was not interpreted fully in a geological context. Further geological mapping, stripping, sampling and diamond drilling were recommended.

#### 6.14 GeoNovus Minerals Corp. – 2014

GeoNovus Minerals Corp. ("Geonovus") entered into an option agreement with the Optionors on October 7, 2013 (see Appendix 3). Geonovus completed a diamond drilling program consisting of three drillholes totaling 371 m (Table 6-5; Figure 6-1; Figure 6-1: Map showing the locations of the GeoNovus drillholes. Assessment Report 2.55356). The purpose of the drilling program was to test the zones below historic stopes and a geophysical anomaly. A total of 132 samples were submitted to Activation Laboratories. Two samples returned grades above 1 g/t Au (Table 6-6)

*Table 6-5: Drillhole details for GeoNovus' drilling program in 2014*

Drill Hole Name	Easting	Northing	Elevation (m)	Azimuth (°)	Dip (°)	Final Depth (m)	Core Diameter	Target
C-14-01	433808	5126904	234	310	-45	101	NQ	Test below stoped areas
C-14-02	433808	5126904	234	310	-70	151	NQ	Test below stoped areas
C-14-03	433809	5126904	234	352	-48.5	119	NQ	Test below adit and level 3 stope
						371		

*Table 6-6: Assay highlights of the 2014 drillhole samples as reported by Geonovus in 2014.*

<b>Drillhole Name</b>	<b>From (m)</b>	<b>To (m)</b>	<b>Interval (m)</b>	<b>Au (g/t)</b>
C-14-01	70.0	70.5	0.5	4.03
C-14-01	70.5	71.5	1.0	5.76
C-14-02	106.0	107.0	1.0	7.02
C-14-02	107.0	108.0	1.0	5.04
C-14-02	108.0	109.0	1.0	48.80
C-14-03	63.0	64.0	1.0	2.58
C-14-03	68.0	68.5	0.5	1.85



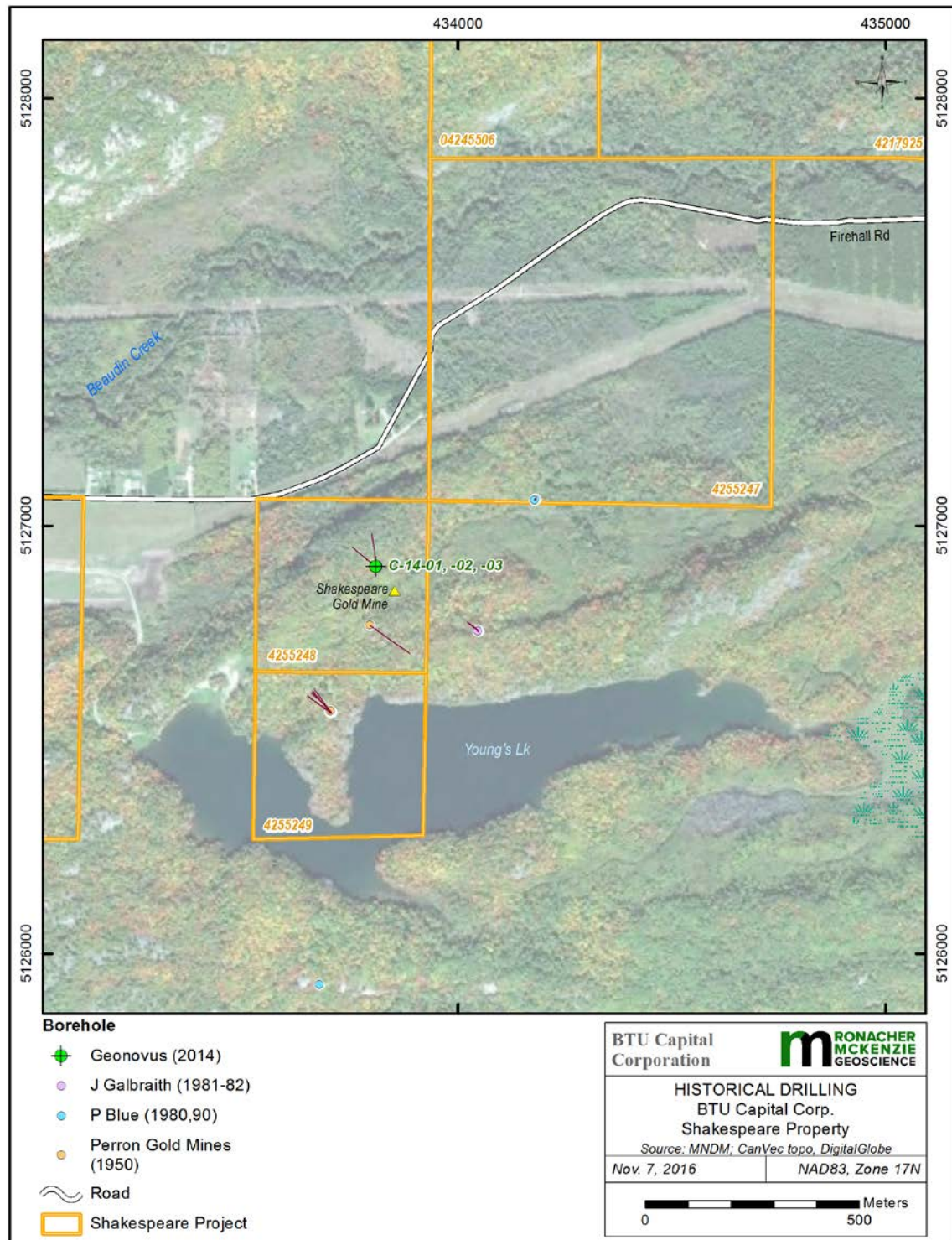


Figure 6-1: Map showing the locations of the GeoNovus drillholes.

## **7.0 GEOLOGICAL SETTING AND MINERALIZATION**

### **7.1 Regional Geology**

The property is located close to the contact of the Superior Province and Southern Province of the Canadian Shield. Rocks of the Huronian Supergroup occur in the region; the Huronian Supergroup is a passive margin sequence and was deposited during the Early Proterozoic crustal stretching along the southern margin of the Superior Province Archean craton (Zolnai, Price and Helmstaedt 1984). Zolnai et al. (1984) interpret the stretching to be due to the formation of an ocean basin. Syn-depositional normal faulting of the metasedimentary rocks is reflected in variations of thickness and facies of the Huronian sedimentary rocks.

Middle Precambrian orogenic events affected the rocks of both provinces in the property area. The ductile deformation of the Huronian rocks during the Penokean Orogeny (~1,900 Ma) was likely caused by an overriding allochthonous terrane. The syn-depositional normal faults were reactivated as north-verging listric thrust faults. Late Penokean brittle deformation is manifested as conjugate strike-slip faults, which indicated north-south compression in a rising fold belt (Zolnai et al., 1984). During the Grenville orogeny (~1,000 Ma) northwestward compression also caused right-lateral strike slip faulting, for example along the Murray Fault Zone that crosses the Shakespeare property.

### **7.2 Local Geology**

The geology of Shakespeare Township where the property is located is characterized by Early to Late Precambrian quartz monzonite and other felsic plutonic rocks that are cut by Early to Middle Precambrian mafic dikes and Middle Precambrian layered gabbro-anorthosite intrusions. Middle Precambrian clastic metasedimentary rocks of the Huronian Supergroup, including quartz-feldspar sandstone, conglomerate, siltstone and greywacke, overlie these basement rocks unconformably. These rocks are interpreted to be derived from Early Precambrian granitoids to the north and deposited in a marginal marine and deltaic environment (Card and Palonen 1976). Six formations of the Huronian Supergroup occur in Shakespeare Township: Matinenda, McKim, Ramsey Lake, Pecors, Mississagi and Bruce Formations. Mafic to intermediate volcanic flows and pyroclastic rocks are intercalated with the metasedimentary rocks. These rocks may be fissure eruptions related to tectonic activity along a developing Huronian depositional basin (Card and Palonen 1976). Nipissing diabase and other late diabase dikes intrude the basement and sedimentary rocks. Cenozoic glacial and glaciofluvial deposits overlay the older rocks.

The rocks are metamorphosed to greenschist and amphibolite facies.



In addition to gold, copper/nickel and uranium occur in the area. Card and Palonen (1976) claim that the Cu-Ni sulfide mineralization is associated with Nipissing Diabase intrusions. Uranium (and Th) occur in quartz-pebble conglomeratic sandstone at the base of the Huronian rocks.

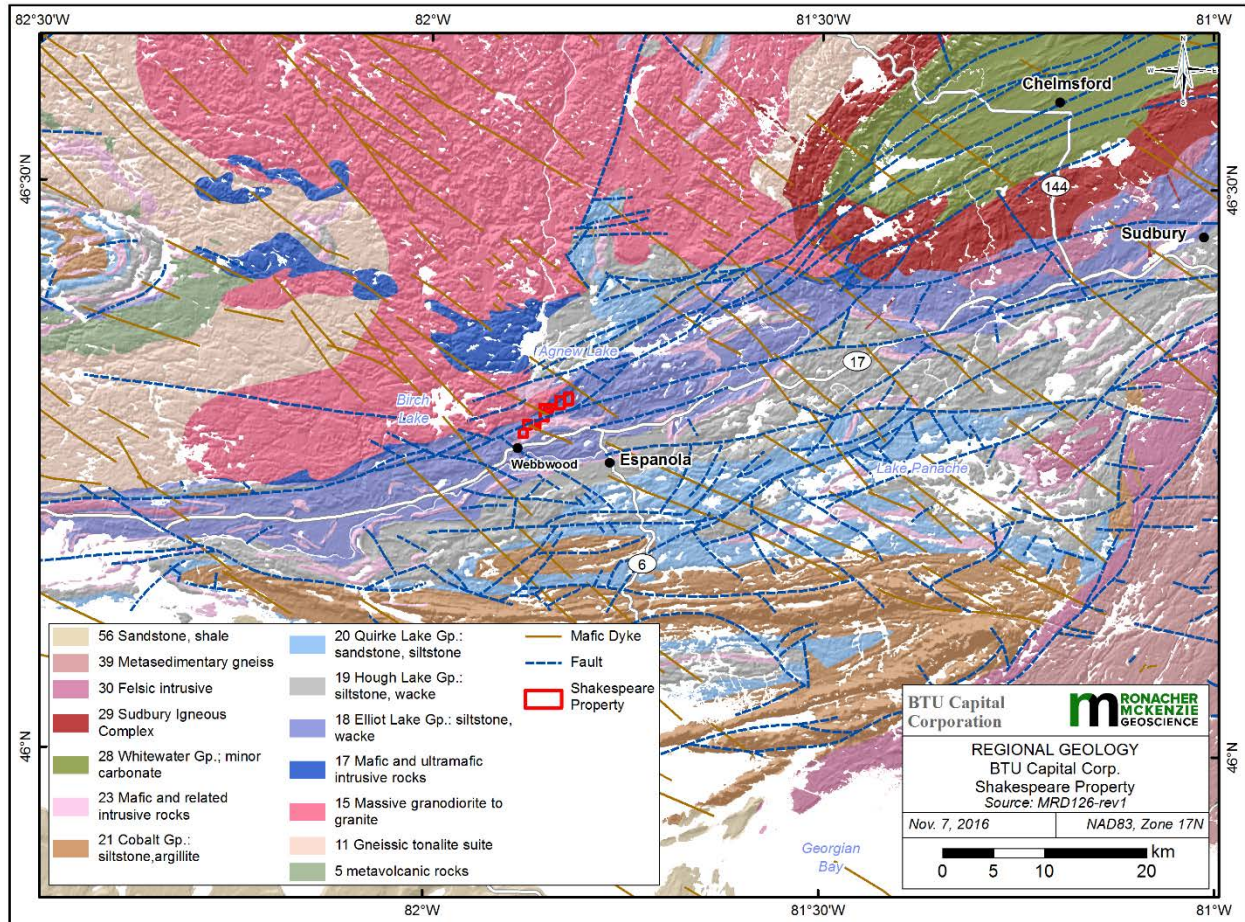


Figure 7-1: Geological map of the area around the Shakespeare property.

### 7.3 Property Geology

The dominant rocks are metasedimentary rocks of the Middle to Upper Matinenda Fm with intercalated mafic volcanic rocks in the southern part of the property where the historic Shakespeare Mine is located, and felsic plutonic and intermediate to mafic volcanic rocks as well as metagabbro and granophyre in the northern part (Figure 7-2; Innes, 1981: Assessment Report 41I05SW0053; Ontario Geological Survey Map 2313, 1975). Northwest trending Nipissing dikes also occur on the property. The Murray fault crosses the

property from northeast to southwest. Zolnai et al. (1984) interpret the right-lateral strike slip motion along the Murray fault to relate to northwestward compression during the Grenville orogeny at approximately 1,000 Ma.

The Matinenda Fm metasedimentary rocks consist of medium to thick bedded feldspathic sandstone with intercolated siltstone, greywacke and quartz-pebble conglomerate with the feldspathic sandstone being the dominant rock type (Innes 1981). The sandstone is well bedded and strongly foliated. Innes (1981) also reports up to 2% disseminated pyrite in the sandstone and conglomerate.

The dominant rocks observed during the personal inspection were quartzite and quartz-sericite schist.

Innes (1981) describes the metagabbros in the northern part of the property as medium- to coarse-grained, massive and rich in amphibole and chlorite. Locally, siltstone appears to occur within this mafic unit, which suggests it is more likely a mafic flow intercalated with metasedimentary rocks rather than a gabbro.

The Nipissing dikes are medium- to coarse-grained, northeast trending hornblende gabbro with minor disseminated pyrite, pyrrhotite and chalcopyrite (Innes 1981). Innes (1981) also describes silicified breccias with quartz veins in these rocks.

The general trend of the rock units, except the late dikes, is northeast; they dip steeply to south. The late dikes strike northwest.



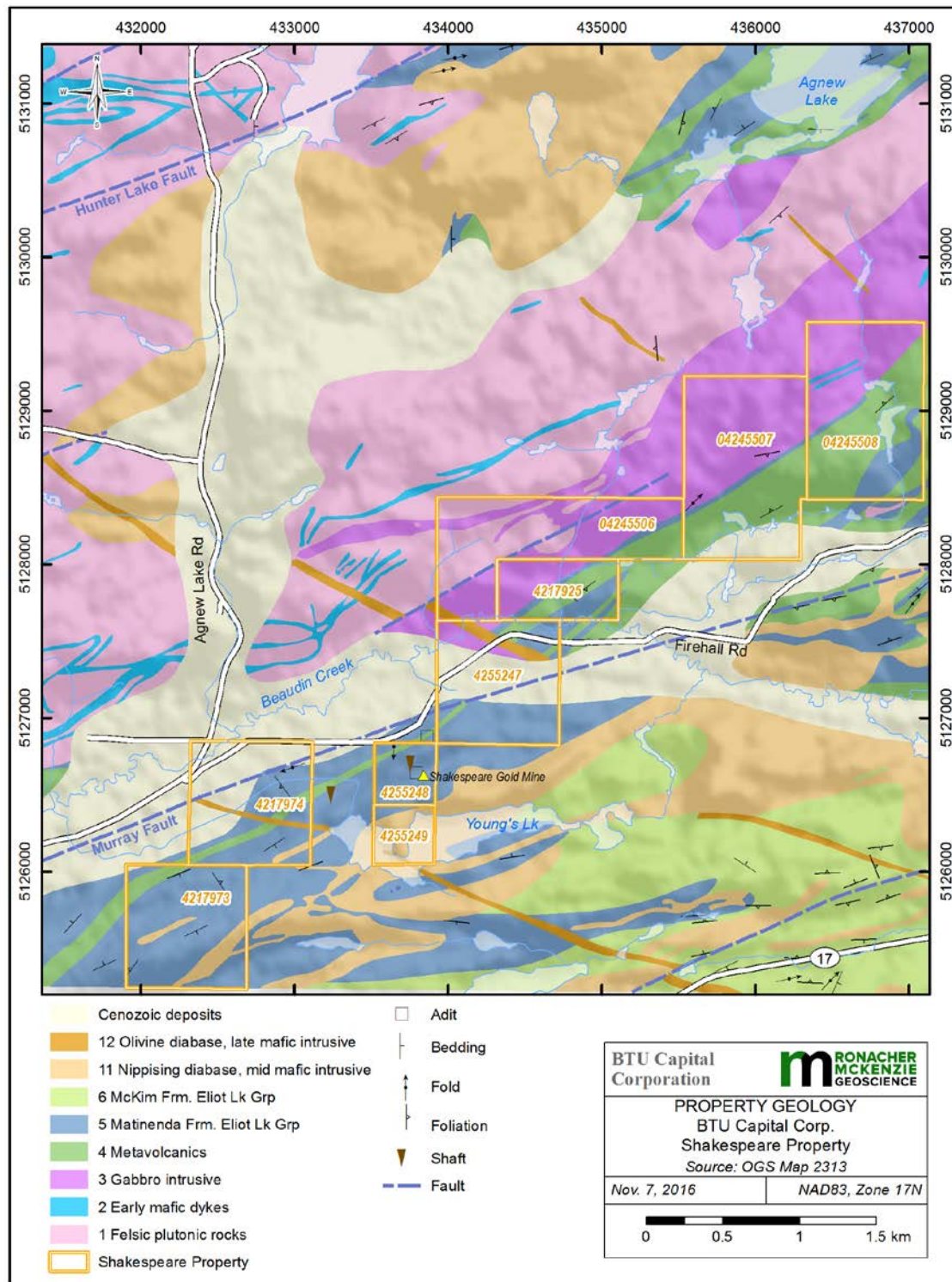


Figure 7-2: Property geology map

### 7.3.1 Structure

Folds, faults and foliations occur in the Huronian rocks and faults and cataclastic granulation are dominant in the basement rocks (Card and Palonen 1976). Changes in thickness and character of the Huronian metasedimentary rocks and changes in metamorphic facies and structural style were observed along the Murray Fault Zone (Zolnai et al., 1984). The area around the historic Shakespeare mine is strongly sheared. Poutanen (1960) observed narrow shear zones of 2.5 cm to 30 cm width in the mine area. These zones are characterized by abundant sericite but only minor sulfides.

Most of the deformation appears to have occurred during one event that formed the east-northeast trending structures.

#### Folds

The Huronian rocks were folded into moderately open, upright folds; the fold axes trend east-northeast and plunge northeast. Card and Palonen (1976) describe a major anticline consisting of basement rocks in the axial zone and Huronian rocks in the limbs in the east-central Shakespeare Township immediately north of the McMurray fault; this anticline is called Baldwin Anticlinorium.

#### Faults

Faults causing shearing, brecciation and displacement of geological contacts and rock units are typically marked by quartz veins and hematization.

East-northeast striking faults, such as the Murray fault (Figure 7-2), are the major faults on the property. The Murray fault and its branches can be traced over 320 m; it strikes 070° and dips 75°--90° to the south. The movement along these faults is interpreted to have started prior to the deposition of the Huronian rocks because of thickness variations within those rocks. The movement lasted until after the emplacement of the Nipissing dikes. Card and Palonen (1976) indicate that the post-Huronian movement was south side up and west. Offsets of marker units of up to 1.6 m were reported from elsewhere in the area.

West-northwest faults strike 300°, appear to dip steeply and are interpreted to be normal faults (Card and Palonen 1976).

North-south faults also exist in the southern part of Shakespeare Township. Offset along these apparently sinistral strike-slip faults is 120 m (Card and Palonen 1976).

## 7.4 Mineralization

The mineralized zones of the historic Shakespeare mine occur in grey, quartz-rich metasedimentary rocks bordered by a chlorite schist of the Matinenda Fm that is interpreted as a silicified metasedimentary unit (Card and Palonen 1976). The mineralized zone, which is up to 7.6 m wide, strikes northeast and dips steeply to the south like the country rocks. Less than 5% sulfides, including pyrrhotite, pyrite, chalcopyrite and arsenopyrite, occur as disseminations but small quartz veins also occur. Gold occurs as native gold.

Gold values are erratic; Card and Palonen (1976) claimed that gold grades do not correlate positively with sulfide content of the mineralized zone or with shearing. However, Poutanen (1960) stated that the mineralization “seems to be more concentrated in the areas of faulting and shearing”. Card and Palonen (1976) report two mineralized zones, a western and eastern zone. The authors further report 38.4 to 63.4 g/t Au over 1 m in the western zone and more erratic intervals of 15.4 g/t Au of 0.2 m and 49.03 g/t Au over 0.36 m.

Although a close link to shearing has not been determined for the mineralization on the property, the location of the mineralization in the immediate vicinity to the Murray fault makes a structural control on the mineralization likely.

BTU has not completed any exploration on the property and has therefore not verified the historic reports on the geological controls, type, character and distribution of the mineralization. The length, width, depth and continuity of the mineralization are not known at this time.

## 8.0 DEPOSIT TYPES

Based on descriptions of the mineralization at the historic Shakespeare mine, the exploration model suggested for the Shakespeare property is the model for orogenic gold deposits (Goldfarb, et al. 2005). A description of these deposits is provided below.

Epigenetic gold deposits in metamorphic terranes of Precambrian shields typically formed during the late stages of orogeny and are therefore called orogenic gold deposits (Goldfarb et al., 2005). Most of these deposits are located close to deep-crustal, compressional and transtensional fault zones with complex structural histories (Dubé and Gosselin, 2007). Mineralization is typically hosted by veins filling shears and faults; mineralization is concentrated at jogs or changes in strike along the larger-scale fault zones. The timing of the mineralization is typically syn- to late-deformation. Stockworks, breccias, crack-seal veins,

sigmoidal veins, and disseminations in deeper parts are all common. Swarms of lamprophyre dikes and intermediate to felsic porphyritic intrusions are also common in orogenic deposits.

The typical sulfide content of these deposits is 2–5% with arsenopyrite and pyrite being the dominant sulfides. Pyrrhotite occurs in higher-temperature systems. Base-metals are rare but W-, B- and Te-bearing phases can occur (Goldfarb et al., 2005). Visible gold and electrum are common. Typical gangue minerals are quartz and carbonate. Carbonates, sericite/muscovite, chlorite, K-feldspar, biotite, tourmaline and albite are typical alteration minerals.

Intermittent pressure changes in the shear zones and the resulting fluid unmixing and water–rock interaction and associated desulfidation are considered the dominant precipitation mechanisms. Metamorphic fluids are interpreted to be responsible for gold transport; however, gold may have been sequestered from rocks predating the metamorphic event (Goldfarb et al., 2005).

Economically significant orogenic deposits tend to be between 2 and 10 km long, ~1 km wide and can be mined to depths of 2 km. Examples of orogenic deposits/districts are Muruntau (Kazakhstan), Ashanti (West Africa) and Golden Mile (West Australia). Canadian examples include McIntyre–Hollinger (Ontario), Red Lake (Ontario) and Kirkland Lake (Ontario).

Veins are common in orogenic deposits, however, orogenic gold deposits are diverse in terms of their geometry and disseminated mineralization occurs in many of them (Groves, et al. 2003).

## **9.0 EXPLORATION**

BTU Capital has not completed any exploration on the property to date.

## **10.0 DRILLING**

BTU Capital has not completed any drilling on the property to date.

## **11.0 SAMPLE PREPARATION, ANALYSES AND SECURITY**

BTU Capital has not collected any samples on the property to date.

## **12.0 DATA VERIFICATION**

### **12.1 Site Visit**

Elisabeth Ronacher, P.Geo., visited the property on November 16, 2016. She was accompanied by Larry Salo, a company representative. Ms. Ronacher accessed the property via Agnew Lake Road and Firehall Road. A prominent hill characterizes the area around the historic Shakespeare mine (claim 4255248), on which the visit focused. Figure 12-1 shows the shaft sunk between 1903 and 1907 from the top of the ridge. GeoNovus drilled three diamond drill holes immediately south of the shaft; the casing of these three holes, which were all drilled from one collar, was also visited (Figure 12-2). Historic trenches still exist on the property, however, they are so overgrown that no bedrock could be seen during the site visit.

The prominent ridge consists dominantly of quartzite and quartz-sericite schist with minor mafic metavolcanic rocks. The area around the historic shaft is strongly sheared. Quartz-rich rocks with minor pyrite were observed in the waste rock area immediately south of the shaft but no visible gold was observed during the site visit.

No exploration data was collected by BTU. The historic and geological data were adequate for the purpose of this report.

## **13.0 MINERAL PROCESSING AND METALLURGICAL TESTING**

BTU Capital has not completed any mineral processing and metallurgical testing.

## **14.0 MINERAL RESOURCE ESTIMATES**

BTU Capital has not completed any resource estimates on the property.





*Figure 12-1: Historic shaft (now covered).*





*Figure 12-2: Casing of historic drill hole C-14-1, -2 and -3*

## **15.0 ADJACENT PROPERTIES**

No major properties exist adjacent to the Shakespeare property. Two mineral claims immediately adjacent (claims 4205079 and 1210828) are held by a private individual (Peter G. Blue). No information on recent activities by the claim owner is available.

## **16.0 OTHER RELEVANT DATA AND INFORMATION**

The Qualified Persons are not aware of any other relevant data, information or explanation that would make this report understandable or not misleading.

## **17.0 INTERPRETATION AND CONCLUSIONS**

The Shakespeare property is located in the area of the historic Shakespeare mine, ~80 km west of Sudbury, Ontario. The mine is reported to have produced more than 2,900 oz of gold in the early 1900s. The dominant rock types on the property are metasedimentary rocks of the Matinenda Fm and intercalated mafic metavolcanic rocks. The mineralization is hosted by strongly sheared quartzite and quartz-sericite schist. Gold occurs as native gold with little sulfide.

A significant amount of historic exploration was completed on the property between 1903 and 2014, including geophysical surveys, trenching and diamond drilling. The recent exploration is of particular interest: the 2012 IP survey delineated a chargeability anomaly and the 2014 diamond drilling delineated a thin, steeply dipping mineralized zone. The geophysical data were not interpreted in a geological context and the geological reason for the chargeability anomaly was not determined.

BTU has not completed any exploration on the property to date. All exploration information reported here is historic information. The Qualified Persons were not able to verify this information. The historical nature of the information is associated with some uncertainty in the reliability of the data and thus presents a risk. The lack of analytical quality control data for the historic data is also a risk. The impacts of these risks to the project's potential economic viability are minimal because the project's potential economic viability will be dominantly based on exploration data collected by BTU. This new exploration data will follow best practices and undergo rigorous quality control procedures.

Due to the historic nature of the exploration data, verification is difficult. This risk was taken into account while forming conclusions on the property. Verifiable exploration activities will have to be completed prior to determining the projects potential economic viability.

Based on the recent historic exploration data, the geology of the property and the personal inspection, Ronacher McKenzie conclude that potential exists to discover an extension of the mineralized zone mined historically underground and intersected in the 2014 drillholes.

## 18.0 RECOMMENDATIONS

A number of exploration surveys were completed on the property in the past. Ronacher McKenzie recommends that all relevant historic surveys be compiled, integrated and interpreted prior to any future exploration program. In particular, compiling the 2014 drilling program and the 2012 magnetic and IP surveys in 3D and interpreting the geophysical results in a geological context will be valuable for understanding the factors that control the location of the mineralization; in addition, such a 3D model will help with future targeting. It is unclear at this point what caused the chargeability anomaly delineated by the 2012 IP survey. In addition, the underground mine workings should be digitized and also included in the 3D model to avoid drilling into the workings in the future.

After the data compilation Ronacher McKenzie recommends completing a detailed 3D and downhole IP survey. The purpose of the IP survey is to determine the extent of the mineralization intersected by the 2014 drilling. The results from such a survey will then be integrated with the geological model to determine drill targets.

In addition, the targets identified by the 3D data integration should be drilled. The drilling is not contingent on the IP survey. Drilling results should be integrated with the existing model to refine the model for a subsequent exploration phase.

A cost estimate for the first phase of recommended exploration is show in Table 18-1.

*Table 18-1: Cost estimate for the recommended exploration program.*

Item	Cost
Data compilation in 3D, data integration and targeting	\$30,000
IP survey	\$70,000
Reconnaissance drilling	\$100,000
<b>TOTAL</b>	<b>\$200,000</b>

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- Assessment Report 20011382, 2012, Work Report on the Shakespeare Twp. Property, Sudbury Mining Division, NY85 Capital Inc., 16 p.
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## 20.0 STATEMENT OF AUTHORSHIP

This report, titled “Independent Technical Report – Shakespeare Property, Webbwood, Ontario”, dated January 25, 2017 and prepared for BTU Capital Corp., was completed and signed by the following authors:

“signed and sealed”

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Elisabeth Ronacher, PhD, P.Geo.  
January 25, 2017  
Sudbury, ON

“signed and sealed”

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Jenna McKenzie, P.Geo.  
January 25, 2017  
Toronto, ON



## **Appendix 1 – Certificates of Authors**

## CERTIFICATE OF QUALIFICATIONS

**Elisabeth Ronacher**  
**Ronacher McKenzie Geoscience**  
**Sudbury, ON, Canada**  
**elisabeth.ronacher@rmgeoscience.com**  
**☎ 705-419-1508**

I, Elisabeth Ronacher, do hereby certify that:

1. I am the Principal Geologist at Ronacher McKenzie Geoscience.
2. I am responsible for all sections of the report titled "Independent Technical Report – Shakespeare Property, Webbwood, Ontario" dated January 25, 2017, and prepared for BTU Capital Corp.
3. I hold the following academic qualifications: M.Sc. Geology (1997), University of Vienna, Vienna, Austria; Ph.D. Geology (2002), University of Alberta, Edmonton, Canada.
4. I am a member in good standing of the Association of Professional Geologists of Ontario (APGO, member # 1476), the Society of Economic Geologists (SEG) and the Society for Geology Applied to Mineral Deposits (SGA)
5. I have worked on exploration projects worldwide (including Canada, Mongolia, China, Austria) and on a variety of commodities including Au, Cu, base-metal, Cu-Ni PGE and U deposits since 1997.
6. I have read the definition of "Qualified Person" set out in the National Instrument 43-101 ("NI 43-101") and certify that by reason of my education, affiliation with a professional association (as defined in NI 43-101) and past relevant work experience, I fulfil the requirements to be a "Qualified Person" for the purposes of NI 43-101.
7. I visited the property on November 16, 2016.
8. I am independent of the issuer as described in section 1.5 of the National Instrument 43-101. I am also independent of all vendors.
9. I have no prior involvement with the property that is subject of this report.
10. I have read the National Instrument 43-101. This report has been prepared in compliance with this Instrument.
11. That, as of the date of this technical report, to the best of my knowledge, information, and belief, the technical report contains all scientific and technical information that is required to be disclosed to make the technical report not misleading.

Dated this 25<sup>th</sup> Day of January, 2017

"Signed and Sealed"

\_\_\_\_\_  
Elisabeth Ronacher, Ph.D., P.Geo.  
Ronacher McKenzie Geoscience

## CERTIFICATE OF QUALIFICATIONS

**Jenna McKenzie**  
**Ronacher McKenzie Geoscience**  
**Toronto, ON, Canada**  
**jenna.mckenzie@rmgeoscience.com**  
**☎ 647-378-2648**

I, Jenna McKenzie, do hereby certify that:

1. I am the Principal Geophysicist at Ronacher McKenzie Geoscience.
2. I am jointly responsible for sections 6, 17 and 18 of the report titled "Independent Technical Report – Shakespeare Property, Webbwood Ontario" dated January 25, 2017, and prepared for BTU Capital Corp.
3. I hold the following academic qualifications: Hons.B.Sc. Applied Physics – Geophysics (2002), University of Toronto, Toronto, ON, Canada.
4. I am a member in good standing of the Association of Professional Geologists of Ontario (APGO, member # 1653), the Canadian Exploration Geophysical Society (KEGS) and the Society of Exploration Geophysicists (SEG)
5. I have worked on exploration projects worldwide (including Canada, USA, Mexico, Dominican Republic, Angola, Democratic Republic of Congo, Zambia, Republic of South Africa, Russia, Turkey and Indonesia). I have worked on a variety of commodities including porphyry-copper, gold, diamond, Ni-Cu-PGE and potash since 2001.
6. I have read the definition of "Qualified Person" set out in the National Instrument 43-101 ("NI 43-101") and certify that by reason of my education, affiliation with a professional association (as defined in NI 43-101) and past relevant work experience, I fulfil the requirements to be a "Qualified Person" for the purposes of NI 43-101.
7. I have not visited the property.
8. I am independent of the issuer as described in section 1.5 of the National Instrument 43-101. I am also independent of all vendors.
9. I have no prior involvement with the property that is subject of this report.
10. I have read the National Instrument 43-101. This report has been prepared in compliance with this Instrument.
11. That, as of the date of this technical report, to the best of my knowledge, information, and belief, the technical report contains all scientific and technical information that is required to be disclosed to make the technical report not misleading.

Dated this 25<sup>th</sup> Day of January, 2017

"Signed and Sealed"

---

Jenna McKenzie, P.Geo.  
Ronacher McKenzie Geoscience

## **Appendix 2 – Option Agreement**

## **OPTION AGREEMENT**

**DATED** as of the 25 day of January, 2017

**AMONG:**

**BTU CAPITAL CORP.**, a British Columbia corporation with an address at #1240, 789 W. Pender Street, Vancouver, British Columbia V6C 1H2 ("**BTU**")

**AND:**

**STEVEN ANDERSON**, business person with an address at 1780 Coyote Ridge Road, Crystal Falls, Ont. P0H 1L0 ("**Anderson**")

**AND:**

**DON MC HOLDINGS LTD.**, business person with an address 95 Fraser Street, Connaught, ON P0N 1A0 ("**McKinnon**")

**AND:**

**2554022 ONTARIO LTD.**, an Ontario corporation with an address at Suite 106, 70-C Mountjoy Street N., Timmins ON P4N 4V7 ("**2554022**")

**AND:**

**KIDRIDGE CAPITAL INC.**, an Ontario corporation with an address at 1050 No. 1 Side Road, Burlington, ON L7R 3X4 ("**Kidridge**")

(Anderson, McKinnon, 2554022, & Kidridge collectively referred herein as the "**Optionors**" and each as an "**Optionor**")

**WHEREAS:**

- A. The Optionors are collectively the beneficial owners of certain mineral interests located in the Province of Ontario known as the "Shakespeare" property, as is more particularly described in Schedule A attached hereto, and all appurtenances thereto and all data and information related thereto ;
- B. BTU wishes to acquire, as its Qualifying Transaction", an option to earn all of the Optionors' interest in and to the Shakespeare property, upon and subject to the terms and conditions of this Agreement;

**NOW THEREFORE THIS AGREEMENT WITNESSES THAT** in consideration of the premises and mutual covenants set out herein, the parties agree as follows:



## ARTICLE 1 DEFINITIONS

### Definitions

- 1.1 In this Agreement, the following terms will, except where inconsistent with the context, have the following meanings:
- (a) "Affiliate" has that meaning ascribed to it under the *Business Corporations Act* (British Columbia), as amended from time to time;
  - (b) "Agreement" means this property option agreement, together with the schedules attached hereto, as amended, supplemented or restated from time to time;
  - (c) "Approval Date" means the date that the TSXV issues its written acceptance of this Agreement and the transactions contemplated thereby, or such later date as the parties may mutually agree;
  - (d) "BTU Shares" means the common shares in the capital of BTU;
  - (e) "Commencement of Commercial Production" means the last day of a period of 30 consecutive days during which ore has been shipped from the Property on a reasonably regularly basis for the purpose of earning revenues, but any period of time during which ore or concentrate is shipped from a Property for testing purposes or during which mill operations are undertaken as initial tune-up will not be taken into account in determining the date of Commencement of Commercial Production;
  - (f) "Data" means any maps, drill core, samples, assays, geological and other technical reports, studies, designs, plans and financial or other records (whether in tangible or electronic form) related to a Property in the possession of or under the control of the Optionors;
  - (g) "Encumbrance" means any interest or equity of any person (including any right to acquire, option or right of pre-emption or first offer or first refusal) or any mortgage, charge, pledge, lien, assignment, hypothecation, security interest, title retention or other security agreement or arrangement or any restriction on use, voting, transfer, receipt of income or exercise of any other attribute of ownership, royalty, carried interest, deferred obligation or similar right or encumbrance;
  - (h) "Expenditures" means, without limitation, all costs and expenses incurred on the Property including without limitation monies expended in doing geophysical, geochemical and geological surveys, drilling, drifting and other surface and underground work, assaying and metallurgical testing and engineering and costs, fees and expenses which may be paid to obtain feasibility, engineering or other studies or reports on or with respect to the Property or any part of it, and in acquiring facilities for the Property and equipping the Property for and commencing commercial production, including without limitation all taxes, management, legal and land fees associated with the management of the Property, the costs, fees and expenses of recording work for assessment credit under applicable legislation and property and mining taxes relating to or in respect of the Property; and in paying the fees, wages, salaries, travelling expenses and fringe benefits (whether

or not required by law) of all persons engaged in work with respect to or for the benefit of the Property, in paying for the food, lodging and other reasonable needs of such persons and including all costs at prevailing charge out rates for any personnel who from time to time are engaged directly in work on the Property, such rates to be in accordance with industry standards;

- (i) "the Property" means the mineral interests located in the Province of Ontario as is more particularly described in Schedule A attached herein, and includes the Data and Related Rights thereto, and any mineral leases or other mineral interests into which the respective mineral interests comprising the Property may be converted;
- (j) "Related Rights" means, collectively, any surface, water, access and other non-mineral rights of and to any lands comprising the Property, including surface rights held in fee or under lease, licence, easement, right of way or other rights of any kind (and all renewals, extensions and amendments thereof or substitutions therefor);
- (k) "Royalty" has that meaning ascribed to it under Section 2.6 herein;
- (l) "Qualifying Transaction" has that meaning ascribed to it under the policies of the TSXV;
- (m) "TSXV" means the TSX Venture Exchange.

## **Interpretation**

1.2 Except as otherwise expressly provided for herein, in this Agreement:

- (a) a reference to an Article, Section or Subsection of this Agreement refers to an article, section or subsection of this Agreement so designated;
- (b) the headings are for convenience only, do not form a part of this Agreement and are not intended to interpret, define or limit the scope, extent or intent of this Agreement or any of its provisions; and
- (c) a reference to currency means Canadian currency.

## **ARTICLE 2 THE OPTION**

### **The Option**

2.1 The Optionors each hereby grant to BTU an option (the "**Option**") to acquire, free and clear of all Encumbrances excepting the Royalty, all of the Optionors' interest, direct and indirect, legal and beneficial, in and to the Property, being an undivided 100% interest.

### **Good Standing**

2.2 To maintain the Option in good standing, BTU shall issue BTU Shares to the Optionors, and incur Expenditures in or on the Property as follows:

- (a) issue to the Optionors a total of 1,800,000 BTU Shares as follows:

- (i) an initial amount of 900,000 BTU Shares on or before that date which is 5 days of the Approval Date as follows:
    - (A) to Anderson, 225,000 BTU Shares;
    - (B) to McKinnon, 225,000 BTU Shares;
    - (C) to 2554022, 225,000 BTU Shares;
    - (D) to Kidridge, 225,000 BTU Shares; and
  - (ii) the remaining amount of 900,000 BTU Shares on or before that date which is 12 months from the Approval Date as follows:
    - (A) to Anderson, 225,000 BTU Shares;
    - (B) to McKinnon, 225,000 BTU Shares;
    - (C) to 2554022, 225,000 BTU Shares;
    - (D) to Kidridge, 225,000 BTU Shares; and
- (b) incur a total of \$400,000 in Expenditures in or on the Property as follows:
- (i) an amount of \$200,000 on or before that date which is 12 months from the Approval Date; and
  - (ii) the remaining amount of \$200,000 on or before that date which is 24 months from the Approval Date.

### **Legending**

- 2.3 The Optionors each acknowledge and agree that the BTU Shares issuable hereunder this Agreement shall be subject to such resale restrictions and legending requirements as are required under applicable securities laws.

### **Acceleration**

- 2.4 Notwithstanding Section 2.2 herein, if, in any given time period stipulated under Section 2.2, BTU issues BTU Shares or incurs Expenditures exceeding the amount required to be issued or incurred under Section 2.2 for that time period, BTU may apply the excess shares issued or Expenditures incurred in that time period to reduce the amount of BTU Shares or Expenditures otherwise required to be issued or incurred to maintain or exercise the Option during the following or subsequent time period(s) by a like amount.

### **No Obligation**

- 2.5 The Optionors each acknowledge and agree that this Agreement is an option only, and no provision in this Agreement shall obligate BTU to issue any shares or to incur Expenditures, and BTU may at any time and in its sole discretion terminate the Option and this Agreement by providing written notice to the Optionors, subject to the terms and conditions of this Agreement.

## **Royalty**

- 2.6 Subject to Section 2.7 herein, BTU shall pay to the Optionors a royalty (the "**Royalty**") equal to 2.0% of Net Smelter Returns (as such term is defined in Schedule B attached hereto) on all mineral products produced from the Property on the terms and conditions set forth in Schedule B attached hereto. Installments of the Royalty payable will be paid by BTU to and as directed by the Optionors on a quarterly basis, commencing with the quarter in which Commencement of Commercial Production occurs.
- 2.7 Notwithstanding Section 2.6, BTU may, in its sole discretion and at any time, purchase 1.0% of the Royalty in consideration of paying \$1,000,000 to and as directed by the Optionors, in which event the Royalty shall be reduced to 1.0% of Net Smelter Returns.

## **ARTICLE 3 EXERCISE OF OPTION**

### **Deemed Exercise**

- 3.1 In the event that BTU has made all of cash payments, share issuances and Expenditure incurrences as contemplated under Section 2.2 herein, BTU shall without any further payment or action be deemed to have exercised the Option and to have acquired and be vested with all of the Optionors' right, title and interest in and to the Property, being an undivided 100% interest, free and clear of all Encumbrances excepting the Royalty.

### **Transfer of Interest**

- 3.2 Within five days after the exercise of the Option pursuant to Section 3.1 herein, the Optionors shall each execute and deliver to BTU such deeds of transfer or other documents or assurances as BTU may request to convey, transfer and assign the legal title to the Property to it, and shall appoint BTU as their agent for the purpose of filing the same. BTU shall be entitled to record the transfers contemplated hereby at its own cost with the appropriate government office.

## **ARTICLE 4 OPERATORSHIP**

### **Operatorship**

- 4.1 The Optionors each hereby grant to BTU, its employees, agents and independent contractors, the sole and exclusive right and option to:
- (a) enter upon and have immediate possession of the Property;
  - (b) carry out operations on the Property as BTU may in its sole discretion determine;
  - (c) bring and install on the Property and remove from time to time such buildings, plant, machinery, equipment, tools, appliances and supplies as BTU may deem necessary; and
  - (d) remove from the Property reasonable quantities of rocks, ores, minerals and metals and to transport the same for the purpose of sampling, testing and assaying.

### **Interim Obligations of BTU**

- 4.2 Until this Agreement is terminated, BTU shall maintain the Property in good standing as required under applicable law, and conduct all operations in a proper and workmanlike manner and in accordance with all applicable laws.

### **Interim Obligations of the Optionors**

- 4.3 None of the Optionors shall enter into any agreement, right or option, present or future, contingent, absolute or capable of becoming an agreement, right or option, or which with the passage of time or the occurrence of an event could become an agreement, right or option to acquire any interest in and to the Property or any portion thereof except as provided for under this Agreement, nor shall it allow any Encumbrance to be created or registered against the Property or any portion thereof.

### **Surrender**

- 4.4 BTU may, at any time and from time to time during the term of this Agreement, abandon, surrender, allow to lapse, reduce the area of or otherwise deal with any part or parts of a Property as at it may determine, provided that BTU shall give to the Optionors not less than thirty days' notice of its intention to do so and will, if requested by any one of the Optionors by notice to BTU within such thirty day period, deliver forthwith to the Optionors duly executed transfers of the part or parts of the Property so intended to be dealt with. If none of the Optionors make a request for the transfer of such part or parts of such Property within such 30 day period, BTU may then deal with such part or parts of that Property as indicated without further notice to the Optionors. Any part or parts of the Property so dealt with shall cease to be included in that Property and will cease to be subject to this Agreement for all purposes.

## **ARTICLE 5 REPRESENTATIONS AND WARRANTIES**

### **Representations and Warranties of the Optionors.**

- 5.1 The Optionors each represent and warrant to BTU as follows:
- (a) he or it has the legal capacity and competence to enter into and to execute this Agreement and to observe and perform its covenants and obligations hereunder; and the transactions contemplated hereby will not result in the violation of any of the terms and provisions of any agreement, written or oral, to which it may be a party or by which it is or may be bound;
  - (b) to the best of his or its knowledge, the Property has been properly staked and is in good standing in accordance with relevant governing bodies, statutes and regulations;
  - (c) the Optionors are collectively the legal, beneficial and exclusive holders of the Property free and clear of any Encumbrances;
  - (d) to the best of his or its knowledge, there are no disputes with respect to the title to the Property, and, other than the Optionors, no other party has an interest in the



Property or the exploration or production of mineral products from or in relation to the Property, or any right to acquire any such interest;

- (e) there are no actions, suits, claims, proceedings, litigation or investigations pending or to the best of its knowledge after due investigation, threatened, or judgments outstanding and unsatisfied against or affecting its or any part of or all of the Property;
- (f) there are no outstanding orders or directions relating to environmental matters requiring any work, repairs, construction or capital expenditures with respect to the Property and the conduct of the operations related thereto, and it is not aware of any notice of same, and are not aware of any basis on which such orders or direction could be made;
- (g) his or its ownership of the Property is in compliance with, is not in default or violation in any material respect under, and he or it has not been charged with or received any notice at any time of any material violation of any statute, law, ordinance, regulation, rule, decree or other applicable regulation in connection with that Optionor's ownership of the Property;
- (h) to the best of his or its knowledge, there are no pending or ongoing actions taken by or on behalf of any native persons pursuant to the assertion of any land claims with respect to lands included in the Property; and
- (i) all reports and returns required to be filed with governmental authorities have been filed, and all governmental permits and other consents required to be obtained with respect to the Property and exploration activities in or on the Property, except as may be required after the execution of this Agreement, have been obtained and all of such permits and consents are in full force and effect, and no proceedings for the suspension or cancellation of any of them, and no investigation relating to any of them, is pending or, to his or its knowledge, threatened, and none of them will be adversely affected by the execution of this Agreement.

## **Representations and Warranties of BTU**

5.2 BTU represents and warrants to the Optionors as follows:

- (a) it has the legal capacity and competence to enter into and to execute this Agreement and to observe and perform its covenants and obligations hereunder; and the transactions contemplated hereby will not result in the violation of any of the terms and provisions of any agreement, written or oral, to which BTU may be a party or by which BTU is or may be bound.

## **Survival**

5.3 The representations and warranties of the Optionors contained in section 5.1 are provided for the exclusive benefit of BTU , and any misrepresentation or breach of warranty may be waived by BTU in whole or in part at any time without prejudice to its rights in respect of any other misrepresentation or breach of the same or any other representation or

warranty; and the representations and warranties contained in section 5.1 shall survive the execution and performance of this Agreement.

- 5.4 The representations and warranties of BTU contained in section 5.2 are provided for the exclusive benefit of the Optionors, and any misrepresentation or breach of warranty may be waived by the Optionors in whole or in part at any time without prejudice to its rights in respect of any other misrepresentation or breach of the same or any other representation or warranty; and the representations and warranties contained in section 5.2 shall survive the execution and performance of this Agreement.

## **ARTICLE 6 CONDITIONS PRECEDENT**

### **Conditions Precedent**

- 6.1 The parties acknowledge and agree that the completion of the transactions contemplated hereunder is subject to:
- (a) BTU receiving all necessary prior approvals from applicable regulatory authorities and the TSXV such that the transactions contemplated hereunder will be accepted as BTU's Qualifying Transaction, and the parties receiving all other necessary third party consents or approvals with respect to the transactions contemplated hereunder;
  - (b) BTU having completed a private placement financing for such amounts as BTU, in its sole discretion, may deem necessary to meet the TSXV's minimum listing criteria as a Tier 2 mining issuer;
  - (c) BTU receiving the prior approval from its board of directors with respect to the transactions contemplated herein; and
  - (d) the representations and warranties of each party hereunder being true as at the Approval Date.

## **ARTICLE 7 TERMINATION**

### **Termination**

- 7.1 This Agreement may be terminated prior to the exercise of the Option:
- (a) upon the mutual agreement of the parties;
  - (b) by the Optionors:
    - (i) if BTU is in default of its obligations under this Agreement and the Optionors have provided written notice (a "**Default Notice**") to BTU of such default; and
    - (ii) if BTU remains in default of such obligations after 30 days from its receipt of the Default Notice;
  - (c) by BTU if the TSXV does not approve of the transactions contemplated herein as BTU's Qualifying Transaction; or

- (d) by BTU pursuant to Section 2.6 herein.

### **Events on Termination**

7.2 If this Agreement is terminated pursuant to Subsection 7.1(c) or (d) herein, BTU shall:

- (a) in the event that BTU has registered title to the Property in its own name or the name of its nominee, forthwith deliver duly executed transfers of the Property in favour of the Optionors, free and clear of all Encumbrances arising from BTU's operations hereunder (except for taxes not yet due, other inchoate Encumbrances and Encumbrances contested in good faith by BTU); and
- (b) remove from the Property within twelve months of termination, or sooner if required under applicable law, all structures, machinery, equipment, facilities and supplies erected, installed or brought upon the Property by or at the instance of BTU . In the event that, after such twelve month period (or shorter period if required under applicable law) any of such structures, machinery, equipment, facilities or supplies are not removed from the Property, then the Optionors may, in its sole discretion, remove such structures, machinery, equipment, facilities or supplies from the Property at the cost of BTU.

## **ARTICLE 8 INDEMNITY**

### **Indemnity for the Optionors**

8.1 BTU shall indemnify, defend and save harmless the Optionors from all claims, demands, suits, judgments, costs, and expenses (including but not limited to reasonable legal costs) on account of any loss or injury suffered by them, directly or indirectly, by reason of or arising out of:

- (a) a breach of any agreement, term or covenant on the part of BTU made or to be observed or performed under this Agreement; or
- (b) any operations or activities conducted in or on the Property by or on behalf of BTU ; or

except to the extent that such loss or injury was caused by the negligent conduct of the Optionors or any of them.

### **Indemnity for BTU**

8.2 The Optionors shall jointly and severally indemnify, defend and save harmless BTU , its directors, officers, employees and agents from all claims, demands, suits, judgments, costs, and expenses (including but not limited to reasonable legal costs) on account of any loss or injury suffered by them to the extent that such loss or injury was caused by:

- (a) any representation or warranty of an Optionor under this Agreement being untrue or materially incomplete;

- (b) the negligent conduct or fraud of the Optionors or any of them.

## **ARTICLE 9 RESTRICTIONS ON TRANSFERS AND ENCUMBRANCES**

### **Restrictions on Transfers and Encumbrances**

- 9.1 None of the Optionors shall sell, transfer, assign or convey or grant any Encumbrance over all or part of its interest in the Property or this Agreement, or any of its rights, benefits and privileges hereunder without the prior written consent of BTU.

## **ARTICLE 10 GENERAL**

### **Relationship**

- 10.1 Nothing in this Agreement will be deemed to constitute either party as a partner, agent or legal representative of the other, or to create any fiduciary relationship between them, for any purpose whatsoever.

### **Other Activities**

- 10.2 Nothing in this Agreement will restrict in any way the freedom of either party, except with respect to its interest in the Property, to conduct as it sees fit any business or activity whatsoever, including the exploration for, or the development, mining, production or marketing of, any mineral, without any accountability to the other party. No party which is the owner or operator of another mining property, mill or other facility will be obliged to mill, beneficiate or handle any material from the Property.

### **Further Assurances**

- 10.3 Each of the parties hereby covenants and agrees to execute all further and other documents and instruments and to do all further and other things that may be necessary to implement and carry out the intent of this Agreement.

### **Notices**

- 10.4 Each notice, demand or other communication required or permitted to be given under this Agreement shall be in writing and shall be sent by prepaid registered mail addressed to the party entitled to receive the same, or delivered to such party by hand, or communicated by fax, at the address for such party as described on the first page of this Agreement.

The date of receipt of any notice, demand or other communication shall be the date of delivery thereof if delivered, the date of transmission if communicated by fax, or, if given by registered mail as aforesaid, shall be deemed conclusively to be the third day after the same shall have been so mailed except in the case of interruption of postal services for any reason whatever, in which case the date of receipt shall be the date on which the notice, demand or other communication is actually received by the addressee. The parties may at any time and from time to time notify the other party in writing of a change of address and the new address to which notice shall be given to it thereafter until further change.

### **Entire Agreement**

- 10.5 This Agreement, including the Schedules hereto, shall constitute the entire Agreement of the parties with respect to the subject matter hereof, and no modification or alteration of this Agreement shall be effective unless agreed to in writing by both of the parties. No prior or contemporaneous agreements shall be binding upon the parties.

### **No Waiver**

- 10.6 No consent or waiver, expressed or implied, by either party in respect of any breach or default by the other in the performance by such other of its obligations hereunder shall be deemed or construed to be a consent to or a waiver of any other breach or default.

### **Jurisdiction**

- 10.7 This Agreement shall in all respects be governed by and be construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein. Each party irrevocably submits to the exclusive jurisdiction of the courts of the Province of British Columbia with respect to any matter arising hereunder or related hereto to the specific and entire exclusion of all other jurisdictions.

### **Enurement**

- 10.8 This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

### **Recording of this Agreement**

- 10.9 BTU may, in its sole discretion and expense, record this Agreement or a memorandum of this Agreement in the office of any applicable governmental authority in order to give notice to third persons of this Agreement, and the Optionors each agree to execute all such documents as are necessary to perfect such recording.




**Counterparts**

10.10 This Agreement may be executed in as many counterparts as may be necessary or by facsimile and each such counterpart agreement or facsimile so executed shall be deemed to be an original and such counterparts and facsimile copies together shall constitute one and the same instrument.

IN WITNESS WHEREOF the parties have duly executed this Agreement as of the date first above written.

**BTU CAPITAL CORP.**

  
Per authorized signatory

MIKE ENGLAND - PRESIDENT

Witness:

Signature

Print name

Witness:

Signature

Print name

Witness:

Signature

Print name

Witness:

Signature

Print name

STEVEN ANDERSON

  
Don Mc Holdings Ltd

KIDRIDGE CAPITAL INC.

2554022 ONTARIO LTD.

Signature

)

)

)

**DON MCKINNON**

Print name

)

Witness:

)

)

)

Signature

)

)

)

**KIDRIDGE CAPITAL INC.**

Print name

)

Witness:

) *Joe Anne H. Salo*

) *Joe Anne Salo*

)

Signature

)

)

)

*Amanda Salo*  
*President, Director*

**2554022 ONTARIO LTD.**

Print name

)

*Amanda Salo*

**SCHEDULE A  
THE PROPERTY**

The following mineral interests located in the Province of Ontario:

**Counterparts**

This Agreement may be executed in as many counterparts as may be necessary or by facsimile and each such counterpart agreement or facsimile so executed shall be deemed to be an original and such counterparts and facsimile copies together shall constitute one and the same instrument.

IN WITNESS WHEREOF the parties have duly executed this Agreement as of the date first above written.


**BTU CAPITAL CORP.**

Per authorized signatory

Witness:

)  
)  
)

Signature

)   
)  
)

**STEVEN ANDERSON**

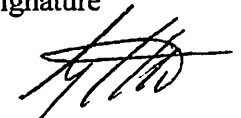
Print name

) Steven Anderson

Witness:

) Glenda Smith  
) 1780 Coyote Ridge Rd.  
) Crystal Falls, Ont  
POH 1L0

Signature

)   
)  
)

**Counterparts**

10.10 This Agreement may be executed in as many counterparts as may be necessary or by facsimile and each such counterpart agreement or facsimile so executed shall be deemed to be an original and such counterparts and facsimile copies together shall constitute one and the same instrument.

IN WITNESS WHEREOF the parties have duly executed this Agreement as of the date first above written.

**BTU CAPITAL CORP.**

\_\_\_\_\_  
Per authorized signatory

Witness: \_\_\_\_\_

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print name

Witness: \_\_\_\_\_

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print name

Witness: \_\_\_\_\_

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print name

Witness: \_\_\_\_\_

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Signature

\_\_\_\_\_  
Print name

\_\_\_\_\_  
**STEVEN ANDERSON**

\_\_\_\_\_  
**DON MCKINNON**

\_\_\_\_\_  
**KIDRIDGE FARMS INC.**

\_\_\_\_\_  
**2554022 ONTARIO LTD.**

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

The following mineral interests located in the Province of Ontario:

SHAKESPEARE	<u>04245506</u>	2010-Aug-30	2017-Aug-30	A	100 %	\$2,000	\$10,000	\$0	\$0
SHAKESPEARE	<u>04245507</u>	2010-Aug-30	2017-Aug-30	A	100 %	\$2,400	\$12,000	\$0	\$0
SHAKESPEARE	<u>04245508</u>	2010-Aug-30	2017-Aug-30	A	100 %	\$2,400	\$12,000	\$0	\$0
SHAKESPEARE	<u>4217925</u>	2010-Jun-21	2017-Jun-21	A	100 %	\$800	\$4,000	\$0	\$0
SHAKESPEARE	<u>4217973</u>	2010-Jun-10	2017-Jun-10	A	100 %	\$1,600	\$8,000	\$0	\$0
SHAKESPEARE	<u>4217974</u>	2010-Jun-10	2017-Jun-10	A	100 %	\$1,600	\$8,000	\$5,400	\$0
SHAKESPEARE	<u>4255247</u>	2010-Jun-10	2017-Jun-10	A	100 %	\$1,600	\$8,000	\$913	\$0
SHAKESPEARE	<u>4255248</u>	2010-Jun-10	2019-Jun-10	A	100 %	\$400	\$2,800	\$31,500	\$0
SHAKESPEARE	<u>4255249</u>	2010-Jun-10	2017-Jun-10	A	100 %	\$400	\$2,000	\$0	\$0



## **SCHEDULE B ROYALTY**

1. Pursuant to the agreement to which this Schedule B is attached (the "**Agreement**"), the Optionors are entitled to be paid the Royalty to be calculated and paid in accordance with this Schedule B. Undefined capitalized terms used herein have that meaning ascribed to them under the Agreement, unless the context should otherwise demand.
2. Calculation of the Royalty will be based upon the Net Smelter Returns of BTU with respect to Products (as defined below) produced from the Property. The Optionors each acknowledge that it may be necessary or appropriate to process, treat, or upgrade Products off the Property before they are sold or deemed sold and that to determine the value of such Product at the boundary of the Property, all costs incurred or deemed incurred by BTU after the Products leave the Property will be deducted from the proceeds received or deemed to be received by BTU. The obligation to pay the Royalty will accrue upon the outturn or other production of refined metals meeting the requirements for good delivery of the specified metals to BTU's account or the sooner sale of unrefined metals, doré, concentrates, ores or other Property, as hereinafter provided.
3. For the purposes of this Schedule B, unless otherwise stated or the context otherwise requires:
  - (a) "Net Smelter Returns" means the Gross Value of Products, less all costs, charges and expenses paid or incurred by BTU or its affiliates with respect to such Products after such Products leave the Property, including, without limitation:
    - (i) all charges for treatment of Products in the smelting and refining processes (including handling, processing, and provisional settlement fees, sampling, assaying and representation costs, penalties and other processor deductions, and interest) provided that if such treatment is carried out in facilities owned or controlled, in whole or in part, by BTU, then the foregoing charges will be equal to lesser of:
      - (A) the amount BTU would have incurred if such treatment were carried out at facilities not owned or controlled by BTU then offering comparable services for comparable products on terms then prevailing in the area; and
      - (B) the actual amount of such charges charged by the facilities owned or controlled, in whole or in part, by BTU;
    - (ii) the costs of transportation (including freight, insurance, security, transaction taxes, handling, port, demurrage, delay, and forwarding expenses incurred by reason of or in the course of such transportation) of Products from a Property to the place of refining, beneficiation or treatment and then to the place of sale, and
    - (iii) use, gross receipts, severance, export, and ad valorem taxes and any other tax or government royalty or levy payable by BTU or its affiliates and based directly upon and actually assessed against the value or quantity of Product

sold or otherwise disposed or deemed disposed of, but excluding any and all taxes:

- (A) based upon the net or gross income of BTU or its affiliates; or
    - (B) based upon the value of the Property, the privilege of doing business and other similarly based taxes;
  - (b) "Gross Value" means the price for such Product quoted by the London Metal Exchange or, if such Product is not traded on or quoted by the London Metal Exchange, the price for such Product quoted by another recognized public exchange on which such Product is traded; and
  - (c) "Products" means all minerals, ores, metals, concentrates, leachates, precipitates, dore, bullion and other products which are produced from the Property and which are sold to a purchaser who purchases and pays for such product because of its mineral content or other economic value.
4. The Optionors each acknowledge that BTU will have the right to market and sell or refrain from selling any Products produced from the Property in any manner it may, in its sole discretion, elect, and that BTU will have the right to engage in forward sales, futures trading or commodity options trading, and other price hedging, price protection, and speculative arrangements (collectively, "**Trading Activities**") which may, but not necessarily, involve the possible delivery of Products produced from the Property. The parties specifically acknowledge and agree that the Optionors will not be entitled to participate in the proceeds or be obligated to share in any losses generated by BTU's actual marketing or sales practices or by its Trading Activities. BTU may sell Products to any purchaser it wishes.
5. BTU may, but is not obligated to, beneficiate, mill, sort, concentrate, refine, smelt or otherwise process and upgrade Products prior to sale, transfer or conveyance to a purchaser, user or consumer. BTU will not be liable for mineral values lost in such processing under sound mineral processing practices.
6. All Products for which the Royalty is payable will be weighed or measured, sampled and analyzed in accordance with generally accepted mining and metallurgical practices. After such measurement, BTU may mix or commingle such Products with ores, materials, concentrates or other products from other properties, provided that BTU will keep detailed records to support all determinations as to the quantity and quality of commingled Products and will, upon request, make such information available to the Optionors.
7. Payments on account of the Royalty will become due and payable quarterly on the last day of each month following the last day of the quarter in which the same accrued. Payments on account of the Royalty will be accompanied by a statement from BTU (a "**Statement**") showing in reasonable detail:
- (a) the quantities and grades of the Products produced and sold or deemed sold by BTU in the preceding quarter;
  - (b) all costs and other deductions used in computing the applicable Net Smelter Returns for each Product on which payments on account of the Royalty are due; and

- (c) other pertinent information in sufficient detail to explain the calculation of the payments on account of the Royalty.
- 8. All payments on account of the Royalty will be considered final and in full satisfaction of all obligations of BTU with respect thereto, unless an Optionor delivers to BTU a written notice (an "**Objection Notice**") describing and setting forth a specific objection to the calculation thereof within thirty (30) days after the end of the fiscal year in which such payment and Statement was received. If an Optionor objects to a particular Statement as herein provided, that Optionor will, for a 60 day period commencing on the delivery of such Statement, have the right, upon reasonable notice and at a reasonable time, to inspect BTU's accounts and records relating to all of the factors involved in the calculation of the payment in question. If such inspection determines that there has been a deficiency or an excess in the payment made to the Optionors, such deficiency or excess will be resolved by adjusting the next quarterly payment due hereunder. Failure on the part of any Optionor to make claim against BTU for adjustment as herein provided will conclusively establish the correctness and sufficiency of the Statement and Royalty payments for such quarter, and forever preclude the filing of exceptions thereto or making of claims for adjustment thereon by an Optionor, except in the case of fraud.
- 9. Payment of all amounts on account of the Royalty will be made to the Optionors, in such allocations as directed by the Optionors, in Canadian dollars, and by bank draft, cheque or wire transfer at such place, or to such financial institution, as the Optionors may specify in writing from time to time.

## **Appendix 3 – 2013 Option Agreement**

**AMENDED AND RESTATED LETTER AGREEMENT SHAKESPEARE PROPERTY ONTARIO**

**Dated as of the 7<sup>th</sup> day of October, 2013**

**AMONG:**

**GEONOVUS MINERALS CORP.**, a British Columbia Corporation with an address at 1120-789 West Pender Street, Vancouver, British Columbia V6C 1H2

**("GeoNovus")**

**AND:**

**STEVEN ANDERSON**, a business person with an address at 1361 Kraft Creek Road, Timmins, ON P4N 7C3 (23.4%)

**("Anderson")**

**AND:**

**MONA MCKINNON**, a business person with an address at 79 Club House Drive, Huntsville, ON P1H 1B1 (23.3%)

**("McKinnon")**

**AND:**

**2554022 ONTARIO LTD.**, a business with and address at 70-C Mountjoy Street N., Timmins ON P4N 4V7 (23.3%)

**("2554022")**

**AND:**

**HOUGH CAPITAL MANAGEMENT**, a business with an address c/o BMO Nesbitt Burns, 1 First Canadian Place, 39<sup>th</sup> Floor, P.O. Box 150, Toronto ON M5X 1H3 (10%)

**("Hough")**

**AND:**

**BRENDA CHISHOLM**, a business person with and address at 94 Bel Air, Oakville, ON L6J 7N1 (10%)

**("Chisholm")**

**AND:**

**KIDRIDGE CAPITAL INC.**, a business with and address at 1050 No. 1 Side Road, Burlington, ON L7R 3X4 (10%)

**("Kidridge")**

(Anderson, McKinnon, 2554022, Hough, Chisholm & Kidridge collectively referred herein as the **"Optionors"** and each as an **"Optionor"**)

**Re: OPTION AGREEMENT  
Shakespeare Property, Ontario**

This letter summarizes our discussions and reflects our mutual interest to pursue the proposed grant (the **"Transaction"**) by the **"Optionors"** to **"GeoNovus"** of an option to acquire all of the **Optionors** legal and beneficial interest in and to certain mining interests located in Ontario known as the **"Shakespeare Property"**, more particularly set out at Schedule "A" (the **"Property"**) and the Related Rights and Data (defined below) in relation thereto, pursuant to the terms and conditions contained herein.

The parties acknowledge that, as of the date of this letter, the **Optionors** are the beneficial and legal owners of a 100% interest in and to the Property.

Once executed, this letter (the **"Letter Agreement"**) shall constitute a binding agreement with respect to the matters contemplated herein, which may be supplemented with a further agreement containing the terms and conditions not yet fully addressed or agreed upon (the **"Definitive Agreement"**).

Based on our discussions to date, we propose the following:

**1. OPTION**

The Optionors shall grant GeoNovus an option (the **"Option"**) to acquire the all of the Optionors legal and beneficial interest in and to:

- (1) the Property;
- (2) all surface, water, access and other non-mineral rights of and to any lands comprising the Property, including surface rights held in fee or under lease, license, easement, right of way or other rights of any kind (and all renewals, extensions, and amendments thereof or substitutions therefor) acquired by or on behalf of the Optionor (collectively, the **"Related Rights"**); and
- (3) any and all data, maps, surveys, technical reports, legal title opinions and all other information in relation to the Property and the Related Rights (collectively, the **"Data"**);

(all of the foregoing collectively the **"Optioned Interest"**).

**2. CONDITIONS PRECEDENT**

The obligations of the parties under this Letter Agreement will be subject to each of the following conditions being satisfied on or before that date that is 30 days after the date on which this Letter Agreement is executed by each party (**"Satisfaction Date"**) unless waived by the party in whose favour such condition is indicated to be:

- (1) GeoNovus and the Optionors obtaining any required approval, consent or acceptance of the TSX Venture Exchange, of any other regulatory body having jurisdiction in connection with this Letter Agreement or the subject matter of this Letter Agreement or of any other third parties as necessary to transfer the Property;



### 3. MAINTENANCE OF OPTION

To maintain the Option in good standing, GeoNovus shall provide the following to the Optionors:

- (1) A total of 1,500,000 common shares in the capital of GeoNovus (the "**Shares**") upon TSX Venture approval. The Shares will be divided between the Optionors as follows:
  - (a) Anderson, 351,000 shares
  - (b) McKinnon, 349,500 shares
  - (c) 2554022, 349,500 shares
  - (d) Hough, 150,000 shares
  - (e) Chisholm, 150,000 shares
  - (f) Kidridge, 150,000 shares
- (2) fund or incur an aggregate total of CAD \$300,000 in exploration expenditures (including costs reasonably incurred in holding the Property and maintaining, exploring and developing the Property and inclusive of any and all taxes imposed or levied by any government or government authority or agency on the Property) as follows:
  - (a) the amount of CAD \$100,000 within 12 months of regulatory body approval of this transaction;
  - (b) an additional amount of CAD \$200,000 on or before that date which is 24 months from the Closing Date; and

All share issuances and the expenditures set out above are inclusive of any and all taxes imposed or levied by any government or government authority or agency. The Optionors acknowledge that the Shares may be subject to resale restrictions under applicable securities laws or the policies of the TSX Venture Exchange.

If, in any given time period, GeoNovus should pay an amount, issue Shares or incur or fund exploration expenditures in excess of the amount required in such time period, the amount of such excess shall be credited towards GeoNovus' obligations in subsequent time periods.

The Optionors acknowledge that nothing contained herein this Letter Agreement shall be construed as obligating GeoNovus to make such cash payments, share issuances or incur or fund exploration expenditures.

### 4. ROYALTY AND BUY-BACK

In addition to the consideration described under Section 3 above, GeoNovus acknowledges and agrees that, upon the deemed exercise of the Option as contemplated under Section 5 herein, the Optionors shall reserve unto itself a royalty (the "**Royalty**") of 2.0% on Net Smelter Returns (as that term is defined in Schedule "B" attached hereto), to be calculated and paid according to Schedule "B" attached hereto. Notwithstanding the foregoing, GeoNovus may, in its sole discretion but without obligation, purchase one-half of such Royalty (being 1.0%) for cancellation in

consideration of CAD \$2,000,000, such that, upon such purchase, the Royalty shall be reduced to 1.0% of Net Smelter Returns.

**5. DEEMED EXERCISE**

In the event that GeoNovus should issue the Shares and fund all such exploration expenditures as are described under Section 3 herein, GeoNovus shall be deemed to have exercised the Option, and the Optionors shall do all such things as are necessary to convey the Optioned Interest to GeoNovus, free and clear of all liens, charges and encumbrances.

**6. DUE DILIGENCE**

- (1) Within 5 days of the date of execution of this Letter Agreement, the Optionors will deliver to GeoNovus all Data in its possession or control (whether in tangible or electronic form).
- (2) the Optionors must give full access to the Property to GeoNovus to permit GeoNovus to conduct those investigations that GeoNovus considers are desirable or necessary.
- (3) The obligation of GeoNovus to enter into the Definitive Agreement or continuing to negotiate in good faith will be subject to GeoNovus completing its due diligence review of the Property and reasonably determine that there are no material inaccuracies or omissions in the information furnished, and that there are no issues that arise as a result of the due diligence investigation or otherwise that would cause GeoNovus, in its sole discretion and for any reason whatsoever, to not want to proceed with the transactions contemplated herein.

**7. REPRESENTATIONS AND WARRANTIES**

The Optionors represent and warrant:

- (1) that, to the best of its knowledge, the mineral interests comprising the Property have been properly staked, issued and recorded, and are in good standing in accordance with relevant governing bodies, statutes and regulations;
- (2) that the Optionors are the legal, beneficial and exclusive holders of the Optioned Interest, free and clear of any liens, encumbrances or charges;
- (3) all operations on or under the Property to date by or on behalf of the Optionors have been conducting in a proper and workmanlike manner and in compliance with all applicable laws;
- (4) it has no knowledge regarding third party interests or claims of interests in the Optioned Interest, nor any knowledge of any suits, actions, prosecutions, investigations or proceedings, actual, pending or threatened, that relate to or would have a material adverse effect on the Optioned Interest or any portion thereof;
- (5) it has no knowledge or notice of the presence, release or discharge of any toxic or hazardous substances (other than naturally occurring minerals) on, in or under the Property;
- (6) it has no notice or knowledge of any investigation or proceeding by any federal, state or local government or agency thereof with respect to any obligations or liabilities under applicable environmental laws or regulations; and

- (7) that it has the right to enter into this Letter Agreement.

**8. OPERATORSHIP DURING EARN-IN PERIOD**

- (1) During the period from execution of this Letter Agreement until the earlier of termination of this Letter Agreement or exercise of the Option ("**Earn-in Period**"), GeoNovus and its representatives shall have the sole and exclusive right to:
- (a) enter in, under or upon the Property and to conduct operations and related activities on the Property;
  - (b) exclusive and quiet possession of the Property;
  - (c) bring upon and erect upon the Property such buildings, plant, machinery and equipment as GeoNovus may deem advisable;
  - (d) remove from the Property and dispose of reasonable quantities of ores, minerals and metals for the purpose of obtaining assays or making other tests; and
  - (e) do such prospecting, exploration, development or other mining work on and under the Property as GeoNovus in its sole discretion may determine advisable.
- (2) During the Earn-In Period, GeoNovus shall maintain the Property in good standing as required under applicable law, and shall conduct all operations in and the Property in a proper and workmanlike manner.
- (3) The Optionors acknowledge that situations beyond the control of GeoNovus, such as the availability of workers and equipment, may cause delays in any work program and such delays may affect the timely incurring by GeoNovus of the required expenditures described under Section 3 herein. Both parties agree to negotiate in good faith to set new requirements that reasonably allow for the work program to proceed under such situations. GeoNovus will be entitled to such additional period of time as is reasonable in the circumstances, which will then be added to each period specified in 3(2).

**9. INTERIM OBLIGATIONS**

The Optionors acknowledge that GeoNovus will incur expenses in connection with the transactions contemplated herein, including the costs of conducting its due diligence review and the drafting of the acquisition documents. As consideration for incurring these expenses, from the date of this letter until the termination of this letter in accordance with Section 10 herein:

- (1) neither the Optionors nor any of its directors, officers, employees, agents or representatives will discuss, negotiate or consummate any transaction involving the sale, exchange or other disposition of its interest in and to the Optioned Interest or any portion thereof;
- (2) the Optionors shall maintain or cause to maintain the Property in good standing and free and clear of all liens, encumbrances and other charges arising thereto; and
- (3) the Optionors will conduct its business in a diligent manner consistent with past practices and without making any material change adverse to its business operations and policies.

## **10. TERMINATION**

This Letter Agreement may be terminated as follows:

- (1) by the parties upon the earlier of: (a) their mutual agreement; or (b) entering into a Definitive Agreement;
- (2) by GeoNovus, upon providing 7 days prior written notice, at any time prior to exercising the Option; or
- (3) by either party in the event that the conditions described in Section 2(1). The obligations of the parties under Section 11 (Confidentiality), 13 (Expenses and Commissions) and 14 (Governing Law) shall continue subsequent to the termination of this Letter Agreement.

## **11. CONFIDENTIALITY**

Except as mutually agreed to by both parties or as required by applicable securities legislation or regulation, or by any stock exchange having jurisdiction over a party or its affiliates, or in the course of litigation, both the Optionors and GeoNovus will treat all information connected with or pertaining to this Letter Agreement as confidential and shall maintain such information in confidence.

## **12. DEFINITIVE AGREEMENT**

The terms and conditions contained herein may be further supplanted by a Definitive Agreement and all other necessary documents, which must be acceptable to the parties, which will contain detailed representations and warranties of each party (including but not limited to organization, authority of each to execute and deliver such Definitive Agreement and related agreements and perform contemplated transactions, valuation of tangible and intangible assets, ownership of assets, liabilities, existence of insurance, licenses and permits, material agreements, compliance with laws and corporate documents, and financial data, which will survive the closing), indemnifications by each party of the other for breach of representations, warranties and covenants and other terms customary for a transaction of the size and complexity of the transactions contemplated herein. Such Definitive Agreement also will provide for detailed schedules of all assets, liabilities, litigation and other business, financial and legal matters.

## **13. EXPENSES AND COMMISSIONS**

Each party will be responsible for its own costs and charges incurred with respect to this Letter Agreement including, all related legal, accounting and brokers or finder's fees and disbursements.

## **14. GOVERNING LAW**

This Letter Agreement is governed in all respects, including validity; interpretation and effect, by the laws of British Columbia and of Canada generally applicable in British Columbia and the parties irrevocably submit and consent to the jurisdiction of the courts of British Columbia, in respect of any matter arising under or in connection with this Letter Agreement.

## **15. CURRENCY**

Unless otherwise specified, all dollar amounts expressed in this Letter Agreement are in the currency of Canada.

604-683-3988

- 7 -

**16. COUNTERPARTS**

This Letter Agreement may be executed in any number of counterparts. Each counterpart is an original but the counterparts together are one and the same document. A copy of a counterpart sent by facsimile machine or by electronic mail (1) must be treated as an original counterpart; (2) is sufficient evidence of the execution of the original; and (3) may be produced in evidence for all purposes in place of the original.

If the foregoing terms are acceptable, then please sign and date this Letter Agreement in the space provided for below so as to confirm the parties' mutual understanding and agreement as contained in this Letter Agreement and return a signed copy to the undersigned; and the parties can then both proceed accordingly.

Sincerely

GEONOVUS MINERALS CORP.

  
 Michael B. England  
 CEO
Accepted and agreed to this 18<sup>th</sup> day of December, 2013.
  
 Witness

Print Name: Ashley Anderson

  
 Witness

Print Name: Ashley Anderson

Witness

Print Name:

Witness

Print Name:

Witness

Print Name:

Witness

Print Name:

  
 Steven Anderson

  
 Mona McKinnon

2554022 Ontario Ltd.

Hough Capital Management

Brenda Chisholm

Kidridge Capital Inc.


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Sincerely

GEONOVUS MINERALS CORP.

  
Michael B. England  
CEO

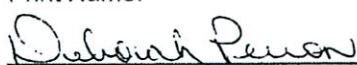
Accepted and agreed to this 18<sup>th</sup> day of December, 2013.

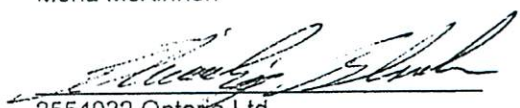
\_\_\_\_\_  
Witness  
Print Name:

\_\_\_\_\_  
Steven Anderson

\_\_\_\_\_  
Witness  
Print Name:

\_\_\_\_\_  
Mona McKinnon

  
Witness Deborah Perron  
Print Name:

  
2554022 Ontario Ltd.

\_\_\_\_\_  
Witness  
Print Name:

\_\_\_\_\_  
Hough Capital Management

\_\_\_\_\_  
Witness  
Print Name:

\_\_\_\_\_  
Brenda Chisholm

\_\_\_\_\_  
Witness  
Print Name:

\_\_\_\_\_  
Kidridge Capital Inc.

On Dec 17, 2013, at 3:21 PM, Mike England &lt;mike@engcom.ca&gt; wrote:

- 7 -


## 16. COUNTERPARTS

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Sincerely

GEONOVUS MINERALS CORP

  
 Michael B. England  
 CEO

Accepted and agreed to this 18<sup>th</sup> day of December, 2013.

 Witness  
 Print Name:

Steven Anderson

 Witness  
 Print Name:

Meng McKinnon

 Witness  
 Print Name:

2554022 Ontario Ltd

 Witness  
 Print Name:

Hough Capital Management

 Witness  
 Print Name:

Brenda Chisholm

 Witness  
 Print Name:

Kidridge Capital Inc





- 7 -

**16. COUNTERPARTS**

This Letter Agreement may be executed in any number of counterparts. Each counterpart is an original but the counterparts together are one and the same document. A copy of a counterpart sent by facsimile machine or by electronic mail (1) must be treated as an original counterpart; (2) is sufficient evidence of the execution of the original; and (3) may be produced in evidence for all purposes in place of the original.

If the foregoing terms are acceptable, then please sign and date this Letter Agreement in the space provided for below so as to confirm the parties' mutual understanding and agreement as contained in this Letter Agreement and return a signed copy to the undersigned; and the parties can then both proceed accordingly.

Sincerely

**GEONOVUS MINERALS CORP.**  
\_\_\_\_\_  
Michael B. England  
CEOAccepted and agreed to this 18<sup>th</sup> day of December, 2013.\_\_\_\_\_  
Witness  
Print Name:\_\_\_\_\_  
Steven Anderson\_\_\_\_\_  
Witness  
Print Name:\_\_\_\_\_  
Mona McKinnon\_\_\_\_\_  
Witness  
Print Name:\_\_\_\_\_  
2554022 Ontario Ltd.\_\_\_\_\_  
Witness  
Print Name:\_\_\_\_\_  
Hough Capital Management  
\_\_\_\_\_  
Witness  
Print Name:  
\_\_\_\_\_  
Brenda Chisholm\_\_\_\_\_  
Witness  
Print Name:\_\_\_\_\_  
Kidridge Capital Inc.


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CEO

Accepted and agreed to this 18<sup>th</sup> day of December, 2013.

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Witness  
Print Name:

\_\_\_\_\_  
Steven Anderson

\_\_\_\_\_  
Witness  
Print Name:

\_\_\_\_\_  
Mona McKinnon

\_\_\_\_\_  
Witness  
Print Name:

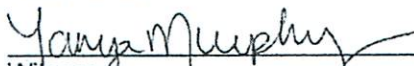
\_\_\_\_\_  
2554022 Ontario Ltd.

\_\_\_\_\_  
Witness  
Print Name:

\_\_\_\_\_  
Hough Capital Management

\_\_\_\_\_  
Witness  
Print Name:

\_\_\_\_\_  
Brenda Chisholm

  
\_\_\_\_\_  
Witness  
Print Name: TANYA MURPHY

  
\_\_\_\_\_  
Kidridge Capital Inc.

SCHEDULE A  
THE PROPERTY

**SUDBURY Mining Division - 102430**

Township/Area	Claim Number	Recording Date	Claim Due Date	Status	Percent Option	Work Required	Total Applied	Total Reserve	Claim Bank
BALDWIN	4250577	2011-Jul-21	2014-Jul-21	A	100 %	\$ 1,600	\$ 1,600	\$ 0	\$ 0
BALDWIN	4250578	2011-Jul-21	2014-Jul-21	A	100 %	\$ 6,400	\$ 6,400	\$ 0	\$ 0
BALDWIN	4250579	2011-Jul-21	2014-Jul-21	A	100 %	\$ 800	\$ 800	\$ 0	\$ 0
BALDWIN	4250580	2011-Jul-21	2014-Jul-21	A	100 %	\$ 1,600	\$ 1,600	\$ 0	\$ 0
BALDWIN	4256692	2011-Jul-20	2014-Jul-20	A	100 %	\$ 3,600	\$ 3,600	\$ 0	\$ 0
<del>BRODER</del>	<del>41810510</del>	<del>2010-Aug-30</del>	<del>2014-Aug-30</del>	<del>A</del>	<del>100 %</del>	<del>\$ 1,600</del>	<del>\$ 1,600</del>	<del>\$ 0</del>	<del>\$ 0</del>
<del>BRODER</del>	<del>41810511</del>	<del>2010-Aug-30</del>	<del>2014-Aug-30</del>	<del>A</del>	<del>100 %</del>	<del>\$ 1,600</del>	<del>\$ 1,600</del>	<del>\$ 0</del>	<del>\$ 0</del>
<del>BRODER</del>	<del>4255500</del>	<del>2010-Jun-10</del>	<del>2014-Jun-10</del>	<del>A</del>	<del>100 %</del>	<del>\$ 1,600</del>	<del>\$ 1,600</del>	<del>\$ 2,548</del>	<del>\$ 0</del>
<del>MAGDEWI</del>	<del>4258541</del>	<del>2012-Jan-09</del>	<del>2014-Jan-09</del>	<del>A</del>	<del>100 %</del>	<del>\$ 400</del>	<del>\$ 0</del>	<del>\$ 0</del>	<del>\$ 0</del>
<del>MAGDEWI</del>	<del>4258542</del>	<del>2011-Dec-07</del>	<del>2014-Dec-07</del>	<del>A</del>	<del>100 %</del>	<del>\$ 6,400</del>	<del>\$ 0</del>	<del>\$ 0</del>	<del>\$ 0</del>
SHAKESPEARE	04245506	2010-Aug-30	2014-Aug-30	A	100 %	\$ 2,000	\$ 4,000	\$ 0	\$ 0
SHAKESPEARE	04245507	2010-Aug-30	2014-Aug-30	A	100 %	\$ 2,400	\$ 4,800	\$ 0	\$ 0
SHAKESPEARE	04245508	2010-Aug-30	2014-Aug-30	A	100 %	\$ 2,400	\$ 4,800	\$ 0	\$ 0
SHAKESPEARE	4217925	2010-Jun-21	2014-Jun-21	A	100 %	\$ 800	\$ 1,600	\$ 0	\$ 0
SHAKESPEARE	4217973	2010-Jun-10	2017-Jun-10	A	100 %	\$ 1,600	\$ 8,000	\$ 0	\$ 0
SHAKESPEARE	4217974	2010-Jun-10	2017-Jun-10	A	100 %	\$ 1,600	\$ 8,000	\$ 5,400	\$ 0
SHAKESPEARE	4255247	2010-Jun-10	2014-Jun-10	A	100 %	\$ 1,600	\$ 3,200	\$ 4,113	\$ 0
SHAKESPEARE	4255248	2010-Jun-10	2014-Jun-10	A	100 %	\$ 400	\$ 800	\$ 0	\$ 0
SHAKESPEARE	4255249	2010-Jun-10	2014-Jun-10	A	100 %	\$ 400	\$ 800	\$ 0	\$ 0
SHAKESPEARE	4256684	2011-Jul-21	2014-Jul-21	A	100 %	\$ 6,400	\$ 6,400	\$ 0	\$ 0
SHAKESPEARE	4256691	2011-Jul-21	2016-Jul-21	A	100 %	\$ 800	\$ 2,400	\$ 0	\$ 0
SHAKESPEARE	4256693	2011-Jul-20	2014-Jul-20	A	100 %	\$ 2,400	\$ 2,400	\$ 0	\$ 0
SHAKESPEARE	4257595	2011-Jul-20	2014-Jul-20	A	100 %	\$ 1,200	\$ 1,200	\$ 0	\$ 0

## SCHEDULE B ROYALTY

1. Definitions: Unless the context otherwise requires, in this Schedule "B":

- (a) undefined capitalized terms have that meaning ascribed to them in the Agreement;
- (b) "**Affiliate**" means any person which directly or indirectly controls, is controlled by, or is under common control with, a party. For purposes of the preceding sentence, "**control**" means, in relation to any person, possession, directly or indirectly, of the power to direct or cause direction of management and policies of that person through ownership of voting securities, contract, voting trust or otherwise;
- (c) "**Agreement**" means the letter agreement to which this Schedule "B" is attached;
- (d) "**Allowable Deductions**" means:
  - (i) all costs, penalties, fees, expenses, charges, and deductions, including tolling charges or deductions, representation expenses, metal losses, umpire charges, assaying and sampling charges, smelting costs, treatment charges and penalties for impurities, that are incurred by the Payor relating to smelting or refining Mineral Products. In the case of leaching operations or other solution mining techniques, where the metal being treated is precipitated or otherwise directly derived from such leach solution, all processing and recovery costs incurred beyond the point at which the metal being treated is in solution will be considered as treatment charges (it being agreed and understood, however, that such processing and recovery costs will not include the cost of mining, crushing, preparation, distribution of leach solutions or other mining and preparation costs up to the point at which the metal goes into solution);
  - (ii) all costs, expenses and charges that are incurred by the Payor relating to transportation (including insurance, shipping, freight, handling, loading, port, demurrage, security, delay and forwarding expenses and transaction taxes) of the Mineral Products from the Property, a mill or other place of ore treatment to a smelter or refinery, including such costs, expenses, and charges related to transportation from any such facility to another, and from there to the place or places of storage and sale to the place where sold, and will include costs or charges of any nature for or in connection with insurance, storage or representation at a smelter or refinery for Mineral Products; and
  - (iii) all sales, production, extraction, net proceeds, use, gross receipts, severance, value added tax, excise, export, import and other taxes, custom duties, governmental royalties and other governmental charges, if any, payable by the Payor with respect to the severance, production, removal, sale, import, export or transportation of ore, concentrates, doré, refined gold, refined silver, or other Mineral Products produced from the Property or in respect of the NSR, but excluding taxes based on net or gross income and like taxes, the value of the Property and any value added or other taxes that are recoverable by the Payor.

For the avoidance of doubt, Allowable Deductions will not, except as expressly stated otherwise, include any exploration or mining costs. Where any Allowable Deductions are based upon costs incurred in respect of activities or services performed by the Payor, the charges for such activities must not exceed the charges or deductions that would be made for such activities or services by an independent contractor providing the most competitive alternative. Allowable Deductions will not be duplicative of any deductions made by the purchaser of Mineral Products in determining the amount received by the Payor from the sale of Mineral Products pursuant to the definition of Gross Proceeds below.

- (e) **"Average Spot Price"** for any expired Quarter means:
  - (i) in respect of gold, the arithmetic average of the London PM Fix Price for every day of the expired Quarter on which the London Bullion Dealers Association fixes a spot price for an ounce of gold in Canadian dollars;
  - (ii) in respect of other precious metals, the arithmetic average of the price of metal quoted on the London Metals Exchange in the Metals Bulletin, for every day of the expired Quarter on which the price of the metal is so quoted;
  - (iii) in respect to any other Mineral, the arithmetic average of the price of such Mineral on each Business Day of the expired Quarter, where such price is arrived at using the industry standard in Canada for establishing the average spot price of any other such Mineral;
- (f) **"Business Day"** means a day that is not a Saturday, Sunday or any other day which is a public holiday or a bank holiday in the place where an act is to be performed or a payment is to be made;
- (g) **"Commercial Production"** means the operation of all or part of the Property as a producing mine, but does not include bulk sampling or milling for the purpose of testing or milling by a pilot plant, and will be deemed to have commenced on the first day of the month following the first 30 consecutive days during which Minerals have been produced from a mine at an average rate of not less than 65% of the initial rated capacity if a plant is located on the Property or if no plant is located on the Property, the last day of the first period of 30 consecutive days during which ore has been shipped from the Property on a reasonably regular basis for the purpose of earning revenues, whether to a plant or facility constructed for that purpose or to a plant or facility already in existence;
- (h) **"Gross Proceeds"** means, except as expressly provided for herein, in respect of an expired Quarter the aggregate of:
  - (i) the gross proceeds from the sale (whether immediate or for future delivery) during the expired Quarter of all Mineral Products extracted from the Property where the sale is effected on an arms-length basis on normal commercial terms;
  - (ii) if sales are effected on any other basis than on an arms-length basis on normal commercial terms, or if Mineral Products are extracted from the Property is disposed of otherwise than by sale (whether immediate or for future delivery) during the expired Quarter, the Average Spot Price multiplied by the quantity of the Mineral Product extracted from the Property so sold or otherwise disposed of during the expired Quarter;

- (i) **"Interest Rate"** means the rate that is designated on the last business day of January of that year by the main branch of the Bank of America as being the prime commercial lending rate charged by such branch to its commercial customers;
  - (j) **"Metal"** means any metallic element in whatever form and however contained, including, by way of example, gold, silver, platinum, palladium, copper, zinc, nickel, iron, lead, cobalt, titanium, iridium and uranium;
  - (k) **"Minerals"** means gold, all other Metals, coal and diamonds;
  - (l) **"Mineral Product(s)"** means all Metals or Minerals extracted for use or commercial sale which is produced or extracted by or on behalf of the Payor from the Property (whether in concentrate or otherwise) including Stockpiled Material;
  - (m) **"Mineral Rights"** means prospecting licences, exploration licences, mining leases, mining licences, mineral concessions and claims and other forms of mineral tenure or other rights to minerals, or to work upon lands for the purpose of searching for, developing or extracting minerals under any form of mineral title recognized under applicable law in the State of Nevada, whether contractual, statutory or otherwise; or any interest in any Mineral Right;
  - (n) **"Net Smelter Returns" or "NSR"** means the Gross Proceeds derived from the sale or disposition of Mineral Product less Allowable Deductions;
  - (o) **"Payee"** means the party entitled to receive the NSR under the Agreement;
  - (p) **"Payor"** means the party required to pay the NSR under the Agreement;
  - (q) **"Quarter"** means a fiscal quarter of the Payor and "Quarterly" has a corresponding meaning;
  - (r) **"Royalty Statement"** has the meaning given in Section 7 of this Schedule "B"; and
  - (s) **"Stockpiled Material"** means Minerals or Mineral bearing material that has been extracted from the Property whether located on the Property or elsewhere.
2. **NSR Royalty:** The Payee shall be paid a royalty equal to 2.0% of the Net Smelter Returns, which GeoNovus may, in its sole discretion but without obligation, purchase one-half of such royalty (being 1.0%) for cancellation in consideration of \$2,000,000, such that, upon such purchase, such royalty shall be reduced to 1.0% of Net Smelter Returns, on the terms and conditions specified under this Schedule "B".
3. **Sales to Related Parties:** The Payor will be permitted to sell Mineral Products in the form of raw ore or concentrates to an Affiliate of the Payor or to any shareholder of the Payor and those sales will be deemed, for the purposes of calculating payments owing to the Payee under the NSR, to have been sold at prices and on terms no less favourable to the Payor than those which would be extended by an unaffiliated third party in an arm's length transaction under similar circumstances.
4. **Commingling:** Commingling of Mineral Products from the Property with other ores, concentrates, mineral products, metals and minerals produced elsewhere is permitted as long as reasonable and customary procedures are established for the weighing,

sampling, assaying and other measuring or testing necessary to fairly allocate valuable metals contained in such Mineral Products and in the other ores, concentrates, mineral products, metals and minerals.

5. Information and Reporting: The Payor must advise the Payee of the commencement of Commercial Production in respect of the Property by providing written notice to the Payee within five Business Days before the start of Commercial Production.
6. Accrual of Payments Obligation: The obligation to pay the NSR will accrue upon the first receipt by the Payor of payment from the sale of Mineral Products after the commencement of Commercial Production.
7. Payments: The NSR will be due and payable Quarterly on the last Business Day of the month next following the end of the Quarter in which the same accrued. NSR payments will be accompanied by a statement (a "**Royalty Statement**") showing in reasonable detail: (1) the quantities and grades of Mineral Products produced and sold or deemed sold by the Payor in the preceding Quarter; (2) the proceeds of sale for Mineral Products on which the NSR is due in the preceding Quarter; (3) the applicable Allowable Deductions; and (4) other pertinent information in sufficient detail to explain the calculation of the NSR payment.
8. Late Payment: If the Payor fails to pay any sum payable by it to the Payee under the NSR, the Payor must pay simple interest on that sum from the due date for payment until that sum is paid in full at the rate per annum which is the Interest Rate on the date on which the payment was due calculated daily. The right to require payment of interest is without prejudice to any other rights the Payee may have against the Payor under the Agreement, at law or in equity.
9. Manner of Payment: All payments under this Schedule "B" must be in the currency of Canada and must be made without demand, notice, set off, or reduction by wire transfer in good, immediately available funds, to such account or accounts as the Payee may designate not less than five Business Days prior to the dates upon which such payments are to be made.
10. Books and Records: All books and records used by the Payor to calculate the NSR must be kept according to international financial reporting standards. The Payor shall ensure that accurate and proper records are maintained of all operations (including mining and processing operations) carried out upon the Property and of all Mineral Products derived from those operations.