

PROPERTY PURCHASE AGREEMENT

THIS AGREEMENT is made effective the 31st day of March, 2017.

BETWEEN:

PRIMARY COBALT CORPORATION, a British Columbia company having an office at Suite 430-580 Hornby Street, Vancouver, British Columbia V6C 3B6

(the “**Purchaser**”)

AND: DG RESOURCE MANAGEMENT LTD., an Alberta company having an office at Suite 18, 10509 – 81 Ave, Edmonton, Alberta T6E 1X7

(the “**Vendor**”)

WHEREAS:

(A) The Vendor is the registered, legal and beneficial owner of a 100% interest in those certain group of mineral claims located in British Columbia, more particularly described in Schedule A hereto (the “**Mineral Claims**” or the “**Property**”); and

(B) The Vendor and the Purchaser wish to enter into this Agreement to provide for the purchase and sale of the Vendor’s interest in the Mineral Claims on the terms and conditions hereinafter set forth.

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the Parties, the Parties covenant and agree as follows:

PART 1 INTERPRETATION AND DEFINITIONS

Definitions

1.1 In addition to defined terms elsewhere in this Agreement, the following words and phrases have the following meanings:

- (a) “**Agreement**” means this Property Purchase Agreement together with the Schedules attached thereto;



- (b) **"Business Day"** means any day, other than a Saturday, a Sunday or a statutory holiday in Vancouver, British Columbia;
- (c) **"Claims"** means any and all losses, liabilities, expenses, costs, damages, actions, claims (including Environmental Claims), proceedings, suits and obligations of every kind and nature, including, without limitation, any losses, liabilities, expenses, costs, damages, actions, claims (including Environmental Claims), proceedings, suits and obligations relating to damage to property, personal injury and loss or diminution of mineral claim rights and land use rights;
- (d) **"Commercial Production"** means the operation of the Property or any part thereof as a Mine but does not include milling for the purpose of testing or milling by a pilot plant. Commercial Production shall be deemed to have commenced on the first day of the month following the first 15 consecutive days during which Minerals have been produced from the Property at an average rate of not less than 90% of the initial rated capacity of the Mine as specified in the Feasibility Study of the Property;
- (e) **"Environmental Claims"** means any and all administrative, regulatory, or judicial actions, suits, demands, claims, liens, notices of non-compliance or violation, investigations, or proceedings relating in any way to any Environmental Law or any permit issued under any Environmental Law, including, without limitation:
- (i) any and all claims by government or regulatory authorities for enforcement, clean-up, removal, response, remedial, or other actions or damages under any applicable Environmental Law; and
 - (ii) any and all claims by any third party seeking damages, contribution, indemnification, cost recovery, compensation, or injunctive or other relief resulting from hazardous materials, including any release of those claims, or arising from alleged injury or threat of injury to human health or safety (arising from environmental matters) or the environment;
- (f) **"Environmental Laws"** means all requirements of the common law, civil code, or of environmental, health, or safety statutes of any agency, board, or governmental authority applicable to the Property including, but not limited to, those relating to (i) noise, (ii) pollution or protection of the air, surface water, ground water, or land, (iii) solid, gaseous, or liquid waste generation, handling, treatment, storage, disposal, or transportation, (iv) exposure to hazardous or toxic substances, or (v) the closure, decommissioning, dismantling, or abandonment of any facilities, mines, or workings and the reclamation or restoration of lands;
- (g) **"Mineral Claims"** means those mineral claims described in Schedule A hereto;
- (h) **"Net Smelter Return"** or **"NSR"** means a 2% net smelter royalty interest as described in Schedule B.



- (i) **"Party"** means either the Vendor or the Purchaser and their successors and permitted assigns and **"Parties"** means together, the Vendor and the Purchaser and their successors and permitted assigns;
- (j) **"Property"** means the Mineral Claims;
- (k) **"Purchaser"** has the meaning set forth in the first page hereof;
- (l) **"Purchase and Sale"** has the meaning set forth in §3.1;
- (m) **"Regulatory Approval"** means the approval of the regulatory authorities governing the Purchaser in the event it files a prospectus for an initial public offering, with the British Columbia Securities Commission;
- (n) **"Shares"** means the common voting shares of the Purchaser;
- (o) **"Transfer Date"** means the date that the Vendor delivers to the Purchaser those items listed in section 3.6; and
- (p) **"Vendor"** has the meaning set forth in the first page hereof.

Entire Agreement

1.2 This Agreement and the attached schedules and all properly executed amendments are hereinafter collectively referred to as this Agreement. This Agreement constitutes the entire agreement between the Parties and supersedes all previous negotiations, communications, agreements and undertakings relating to the subject matter herein. The Parties acknowledge that there are no agreements, undertakings, representations, warranties or conditions collateral to this Agreement except as specifically stated otherwise in this Agreement.

Interpretation

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

- (a) the words **"herein"**, **"hereof"**, and **"hereunder"** and other words of similar import refer to this Agreement as a whole and not to any particular Part, clause, subclause or other subdivision or to Schedule A;
- (b) a reference to a **"Part"** means a Part of this Agreement and the symbol § followed by a number or some combination of numbers and letters refers to the section, paragraph or subparagraph of this Agreement so designated;
- (c) 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;



(d) the word “including”, when following a general statement, term or matter, is not to be construed as limiting such general statement, term or matter to the specific items or matters set forth or to similar items or matters (whether or not qualified by nonlimiting language such as “without limitation” or “but not limited to” or words of similar import) but rather as permitting the general statement or term to refer to all other items or matters that could reasonably fall within its possible scope;

(e) a reference to currency means Canadian currency; and

(f) words importing the masculine gender include the feminine or neuter, words in the singular include the plural, words importing a corporate entity include individuals, and vice versa.

PART 2 REPRESENTATIONS AND WARRANTIES

Representations and Warranties of the Vendor

2.1 The Vendor represents, warrants and covenants to and with the Purchaser that:

2.2 the Vendor is resident at the address set forth beside its name on the first page of this Agreement;

2.3 the Vendor has good and sufficient authority to enter into and deliver this Agreement and to transfer its legal and beneficial interest in the Property to the Purchaser;

2.4 the execution, delivery and performance of this Agreement by the Vendor, and the consummation of the transactions herein contemplated the Vendor will not (i) violate or conflict with any term or provision of any of the articles, by laws or other constating documents of the Vendor; (ii) violate or conflict with any term or provision of any order of any court, Government or Regulatory Authority or any law or regulation of any jurisdiction in which the Vendor's business is carried on; or (iii) conflict with, accelerate the performance required by or result in the breach of any agreement to which the Vendor is a party or by which the Vendor is currently bound;

2.5 to the best of the Vendor's knowledge, the Mineral Claims have been properly located, recorded and (where applicable) staked pursuant to the applicable laws and regulations of British Columbia are properly described in Schedule A and are in good standing;

2.6 to the best of the Vendor's knowledge, the Vendor holds all permits, licenses, consents and authorities issued by any Government or Regulatory Authority, which are necessary in connection with the ownership of the Property, all of which are included in the Property;

2.7 to the best of the Vendor's knowledge, all fees, taxes, assessments, rentals, levies or other payments required to be made relating to the Property have been made;



2.8 other than this Agreement, there are no outstanding agreements or options to acquire or purchase the Property or any portion thereof or any interest therein;

2.9 there is no known adverse claim or challenge against or to the ownership of or title to any part of the Property, and no party has any right, title, claim or other interest in the Property;

2.10 all property rights or interests of the Vendor in the Property are legally and beneficially owned or held by the Vendor, are in good standing, are valid and enforceable, are free and clear of any liens, charges or encumbrances and no royalty is payable in respect of any part of the Property and on the Transfer Date, the legal and beneficial title in the Property will be transferred to the Purchaser free and clear of any liens, charges or encumbrances subject only to the Net Smelter Return as provided for in Section 3;

2.11 there are no known actions, claims, investigations, suits, proceedings or inquiries (judicial or otherwise) pending or, to the best of its knowledge, threatened against or relating to the Vendor or the Property before or by any Government or Regulatory Authority, which may, in any way, have a materially adverse effect on the ability of the Vendor to perform its obligations hereunder;

2.12 the Property does not, to the best of the Vendor's knowledge, contain any hazardous or toxic material, pollution or other adverse environmental conditions that may give rise to any environmental liability under any applicable environmental laws, regulations, rules or by-laws of the Vendor has received, nor is aware of any pending or threatened, notice of non-compliance with any environmental laws, regulations, rules or by-laws;

2.13 the Vendor has not received from any Government or Regulatory Authority, any notice of or communication relating to any actual or alleged environmental claims, and there are no outstanding work orders or actions required to be taken relating to environmental matters respecting the Property or any operations carried out on the Property;

Representations and Warranties of Purchaser

2.14 The Purchaser represents, warrants and covenants to and with the Vendor that:

- (a) it is a company duly organized validly existing and in good standing under the laws of the Province of British Columbia;
- (b) it has full power and authority to carry on its business and to enter into this Agreement and any agreement or instrument referred to or contemplated by this Agreement;
- (c) neither the execution and delivery of this Agreement, nor any of the agreements referred to herein or contemplated hereby, nor the consummation of the transactions hereby contemplated conflict with, result in the breach of or accelerate the performance required by, any agreement to which it is a party;



- (d) the execution and delivery of this Agreement and the agreements contemplated hereby will not violate or result in the breach of the laws of any jurisdiction applicable or pertaining thereto or of its constating documents;
- (e) this Agreement constitutes a legal, valid and binding obligation of the Purchaser;
- (f) all necessary corporate action will be taken by the Purchaser to carry out its obligations hereunder and to allot and authorize the issuance of the Shares, and the Shares are validly issued as fully paid and non-assessable securities in the capital of the Purchaser;

The representations and warranties set out in Sections 2.1 and 2.14 are being relied on by the parties in entering into this Agreement and shall survive the execution of this Agreement for a term of two years.

Indemnity

2.15 Each Party will indemnify and save the other Party and its directors, officers, employees, agents, representatives, subcontractors, and affiliates harmless from all Claims arising out of or in connection with any breach by that Party of any representation, warranty, covenant or agreement contained in this Agreement. This indemnity will survive the execution of this Agreement for a period of two years.

Covenants of the Vendor

2.16 The Vendor covenants to and agrees with the Purchaser as follows:

- (a) the Vendor will not take any action to encumber or otherwise deal with the Property other than in accordance with the terms of this Agreement;
- (b) the Vendor will do and execute, or cause and procure to be made, done and executed, all such further acts, deeds or assurances as may be reasonably requested by the Purchaser whether for the purpose of more effectually and completely vesting in the Purchaser the interest in the Property being hereby conveyed or transferred in accordance with the terms hereof or for the purpose of registration or otherwise;
- (c) the Vendor will provide to the Purchaser all such documents, instruments and materials and do all such reasonable acts and things as may be requested by the Purchaser to obtain all permits and approvals necessary for the transfer of the Property; and
- (d) the Vendor will do all such other acts and things within its control as may be reasonably necessary or required of it to give effect to the transactions contemplated by this Agreement, including taking all such actions, required to comply with the relevant corporate laws and securities laws applicable to it.

PART 3 PURCHASE AND SALE, OPERATOR



Purchase and Sale

3.1 The Vendor hereby agrees to sell and transfer to the Purchaser and the Purchaser hereby purchases from the Vendor, an undivided 100% legal and beneficial interest in the Mineral Claims, free and clear of all encumbrances, other than the NSR in accordance with the terms of this Agreement (the "**Purchase and Sale**").

Consideration

3.2 As full and final consideration of the Purchase and Sale, the Purchaser will pay **\$50,000 and issue 1,500,000 Shares** as follows:

1. Cash: \$30,000 has been paid and the cash balance of **\$20,000** is payable upon execution of the Agreement **and not later than May 5, 2017**; and
2. Shares to be issued as follows:
 - (i) 1,000,000 Shares not later than sixty days after signing of this agreement, and
 - (ii) 250,000 Shares within 30 business days after completion of a minimum phase I exploration program of \$75,000, and a 43-101 report recommending further exploration work, not later than **September 30, 2017**; and
 - (iii) 250,000 Shares within 30 business days after completion of a minimum phase II exploration program of \$105,000, and a 43-101 report recommending further exploration work, not later than **September 30, 2018**, which, together with the other Shares issued to Vendor pursuant to this Agreement, will total not less than 9.9% of the total issued Shares at the time of issuance. If such share issuance does not result in Vendor owning 9.9% of the Shares outstanding, the number of Shares issued to Vendor shall be increased to become 9.9% of the outstanding Shares.

subject to Adjustment according to clause 3.3 herein.

If any payment listed above is not made as required, Vendor may at its option terminate this Agreement on 10 days' notice during which time Purchaser may cure any deficiency. If a deficiency is not cured, this Agreement will terminate and Purchaser will have no further rights pursuant hereto.

Net Smelter Return

3.3 The Vendor shall retain a 2% Net Smelter Return ("**NSR**") on the Property defined in Schedule A and as set out in Schedule B hereto. The Purchaser will have the right to purchase one percentage point of this royalty for \$1.0 million any time prior to the commencement of Commercial Production.

Operator



3.4 The Purchaser shall retain the Vendor as the sole operator with respect to the exploration of the Property for a period of 48 months from the date of signing of this agreement, subject to all budgets and programs undertaken being directed by and meeting the approval of the Purchaser.

Deliveries of the Vendor

3.5 Upon payment of the full consideration as outlined in section 3.2, the Vendor shall deliver to the Purchaser the following:

- (a) such documents to evidence the submission before the competent governmental authority of the documents necessary to transfer title to the Mineral Claims to the Purchaser and all documents, notices, instruments and forms necessary to give effect to the transactions contemplated by this Agreement;
- (b) all books, records, surveys, plans, files, correspondence, and other data and information of the Vendor relating to the Mineral Claims in the possession of the Vendor, including all data and information stored on computer-related or other electronic media, that have not previously been delivered by the Vendor to the Purchaser, if any; and
- (c) all such other documents and agreements as the Purchaser reasonably consider necessary or desirable to give effect to the transactions contemplated by this Agreement.

PART 4 CLOSING

Closing Date

4.1 Closing of the Purchase and Sale will take place at 10:00 a.m., Vancouver time, five days after the dates set out in section 3.2.2 (iii) which is the date of issuance of the final 250,000 Shares.

PART 5 TERMINATION

5.1 This Agreement shall terminate and be of no further force and effect in circumstances where the transactions contemplated herein have not occurred by the Closing Date.

PART 6 GENERAL AND MISCELLANEOUS

Notices



6.1 Any notice under this Agreement will be given in writing, by delivery in person to a named representative or by mail, facsimile or electronic transmission, properly addressed to each Party at the address first above written.

6.2 A notice given will be deemed given only when received by the Party to whom such notice is directed; except that any notice given by facsimile or electronic transmission will be deemed received the day such notice is successfully faxed or transmitted if during business hours or on the next Business Day if faxed or transmitted after business hours, or three Business Days after it is mailed, provided there is no postal disruption at the time. A Party may change its address for notice by providing the other Party with notice of such change in the manner set forth herein.

Expenses

6.3 Each Party will be responsible for all of its own costs and charges incurred with respect to the transactions contemplated herein including, without limitation, all costs and charges incurred prior to the date of this Agreement and all legal and accounting fees and disbursements relating to the transactions contemplated herein.

Successors and Assigns

6.4 This Agreement will be binding upon and enure to the benefit of the respective successors and permitted assigns of the Parties.

Amendments

6.5 No amendments to this Agreement will be of any force and effect unless executed in writing by all the Parties.

Time is of the Essence

6.6 Except as otherwise specifically provided in this Agreement, time is of the essence of each and every provision of this Agreement.

Governing Law

6.7 This Agreement will be construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada as applicable therein.

Further Assurances

6.8 Each Party will execute and deliver such further agreements and other documents and do such further acts and things as the other Party reasonably requests to evidence, carry out or give full force and effect to the intent of this Agreement.

Severability



Further Assurances

6.8 Each Party will execute and deliver such further agreements and other documents and do such further acts and things as the other Party reasonably requests to evidence, carry out or give full force and effect to the intent of this Agreement.

Severability

6.9 If any provision of this Agreement is found invalid, illegal, or incapable of enforcement by any court of competent jurisdiction, such provision shall be deemed severed and the remaining provisions of this Agreement will continue to be valid and enforceable.

Exchange Acceptance

6.10 The obligations of the Purchaser under this Agreement are subject to the acceptance for filing of this Agreement with the Exchange.

Counterparts

6.11 This Agreement may be executed in as many counterparts as may be necessary and may be delivered by facsimile or electronically transmitted and each such counterpart will be deemed to be an original and such counterparts together will constitute one and the same instrument.

IN WITNESS WHEREOF the Parties have executed this Agreement by their duly authorized officers as of the date first above written.

DG RESOURCE MANAGEMENT LTD.

Per: 

Authorized Signatory

PRIMARY COBALT CORP.

Per: _____
Authorized Signatory

6.9 If any provision of this Agreement is found invalid, illegal, or incapable of enforcement by any court of competent jurisdiction, such provision shall be deemed severed and the remaining provisions of this Agreement will continue to be valid and enforceable.

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DG RESOURCE MANAGEMENT LTD.

Per: _____
Authorized Signatory

PRIMARY COBALT CORP.

Per:  _____
Authorized Signatory



SCHEDULE A**DESCRIPTION OF MINERAL CLAIMS**

Title Number	Claim Name	Owner	Issue Date	Good To Date	Statu s	Area (ha)
1047950	CHICAG O	106050 (100%)	2016/nov/1 8	2017/nov/1 8	GOO D	1809.670 7
1047951	STATION MUDFLA	106050 (100%)	2016/nov/1 8	2017/nov/1 8	GOO D	1826.873 1846.815
1047952	T	106050 (100%)	2016/nov/1 8	2017/nov/1 8	GOO D	4
1047953	BUNKER	106050 (100%)	2016/nov/1 8	2017/nov/1 8	GOO D	369.1668



SCHEDULE B

Dated March 31, 2017

NET SMELTER RETURN OR NSR

Vendor has the right to receive a royalty of 2% of “**Net Smelter Returns**” with respect to the production of all materials from the Property. Purchaser will have the right to purchase one percentage point of this royalty for \$1.0 million any time prior to the commencement of Commercial Production.

1. **Net Smelter Return** means the actual proceeds received by Vendor for its own account from the sale of ore, or ore concentrates or other products from the Property (**Product**) to a smelter or other buyer after deduction of smelter and/or refining charges, ore treatment charges and penalties, less all umpire charges which the Purchaser may be required to pay, costs of insurance in respect of Product, and taxes levied by a government on the value of the Product sold, excluding income taxes. Not less than 60 days prior to the commencement of any fiscal year of the Purchaser, the Vendor shall have the right to give notice that it elect to receive Net Smelter Returns in kind for any fiscal year of the Purchaser. Upon the Vendor giving such notice, the Vendor and the Purchaser shall enter into good faith negotiations with each other to settle the manner in which the payment shall be calculated and paid, it being the intent that the payment received in kind shall be commercially equivalent to the payment that the Vendor would have received if it had been made in the form of money.
2. Payment of the Net Smelter Return by the Purchaser to the Vendor shall be made quarterly within 30 days after the end of each calendar quarter and shall be accompanied by unaudited financial statements pertaining to the operations carried out by the Purchaser on the Property. Within 120 days after the end of each fiscal year of **the Purchaser** in which the Net Smelter Return is payable to the Vendor, the records relating to the calculation of Net Smelter Returns for such year shall be audited and any resulting adjustments in the payment of Net Smelter Returns payable to the Vendor shall be made forthwith. A copy of the said audit shall be delivered to the Vendor within 30 days of the end of such 120-day period.
3. Each annual audit shall be final and not subject to adjustment unless the Vendor delivers to **Purchaser** written exceptions in reasonable detail within twelve months after the Vendor receive the report. The Vendor, or its representative duly authorized in writing, at its expense, shall have the right to audit the books and records of **the Purchaser** related to the Net Smelter Return to determine the accuracy of the report. **The Purchaser** shall have the right to conditional access to its books and records on execution of a written agreement by the auditor that all information will be held in confidence and used solely for purposes of audit and resolution of any disputes related to the report. A copy of the said audit shall be delivered to the **Purchaser** within 30 days of the end of such 90day period.
4. Each annual audit shall be final and not subject to adjustment unless the Vendor delivers to the **Purchaser** written exceptions in reasonable detail within six months after the **Purchaser** receives the report. The Vendor or its representative duly authorized in writing, at its expense, shall have the right to audit the books and records of the **Purchaser** related to Net



Smelter Returns to determine the accuracy of the report, but shall not have access to any other books and records of **the Purchaser**. The audit shall be conducted by a chartered or certified public accountant of recognized standing. **The Purchaser** shall not be required to provide access to its books and records to the auditor until such time as the auditor executes a written agreement that all information will be held in confidence and used solely for purposes of audit and resolution of any disputes related to the report. A copy of the Vendor report shall be delivered to the **Purchaser** upon completion, and any discrepancy between the amount actually paid by the **Purchaser** and the amount which should have been paid according to the Vendor report shall be paid forthwith, one party to the other. In the event that the said discrepancy is to the detriment of the Vendor and exceeds 5% of the amount actually paid by **Purchaser**, then the **Purchaser** shall pay the entire cost of the audit.

5. Any dispute arising out of or related to any report, payment, calculation or audit shall be resolved solely by arbitration as provided in the Agreement. No error in accounting or in interpretation of the Agreement shall be the basis for a claim of breach of fiduciary duty, or the like, or give rise to a claim for exemplary or punitive damages or for termination or rescission of the Agreement or the estate and rights acquired and held by the **Purchaser** under the terms of the Agreement.

