



## TERM SHEET

### SUBSCRIPTION RECEIPT PRIVATE PLACEMENT

**Minimum \$950,000 and Maximum \$1,600,000**

- Issuer:** Mayo Lake Minerals Inc. (“**Corporation**” or “**Mayo**”).
- Offering:** Private Placement (“**Offering**”) of a combination of common share subscription receipts (“**CS Subscription Receipts**”) at \$0.10 per CS Subscription Receipt and flow-through share subscription receipts (“**FT Subscription Receipts**”) at \$0.12 per FT Subscription Receipt.
- Offering Size:** Minimum gross proceeds of **\$950,000** (“**Minimum Offering**”), including any proceeds from the sale of assets, the sale of property interests, the sale of royalty interests, production payments, net smelter royalty profits, net profit interests, fee interests, streaming interests, offerings or other similar transactions by the corporation and maximum gross proceeds of **\$1,600,000** (“**Maximum Offering**”) to be completed on or about the Closing Date (as hereinafter defined), provided that if the Minimum Offering has not been achieved on or about the Closing Date, the Corporation shall, at its sole discretion, not complete the Offering and return the subscription funds to the purchasers without interest or deduction.
- Closing Date:** September 18, 2020 or such other date as the Corporation may determine (“**Closing Date**”). In the case of multiple closings, the final closing will be the Closing Date of record.
- CS Subscription Receipts:** **Each CS Subscription Receipt** will entitle the holder to receive, without payment of any further consideration, one unit of the Corporation (“**Unit**”) upon the earlier of:
- (i) the satisfaction of the Release Condition (as defined below); or
  - (ii) the third business day subsequent to one-hundred and twenty (120) days after the Closing Date.
- Each Unit is comprised of one common share (“**Share**”) and one common share purchase warrant. Each common share purchase warrant (“**Warrant**”) entitles the holder to acquire one common share until 5:00 p.m. (Toronto time) on the date which is two (2) years after the Liquidity Date (as defined below) at an exercise price of \$0.15 per Share, subject to adjustment.
- FT Subscription Receipts:** **Each FT Subscription Receipt** will entitle the holder to receive, without payment of any further consideration, one flow-through unit of the Corporation (each a “**FT Unit**”) upon the earlier of:
- (i) the satisfaction of the Release Condition (as defined below); or
  - (ii) the third business day after one-hundred and twenty (120) days after the Closing Date.
- Each FT Unit is comprised of one common share in the capital of the Corporation, issued on a “flow-through basis” (“**FT Share**”); and one-half of one flow-through warrant (“**FT Warrant**”). Each FT Warrant entitles the holder to acquire one common share until 5:00 p.m. (Toronto time) on the date which is two (2) years after the Liquidity Date (as defined below) at an exercise price of \$0.15 per Share, subject to adjustment. Shares issuable upon the exercise of Warrants will not be issued on a “flow-through” basis.

**Liquidity  
Event:**

Liquidity Event means completion by the Corporation of all items listed under either a) or (b) below and “**Liquidity Date**” means the date that such completion occurs.

- (a) (i) an initial public offering in Canada the Common Shares (“**Public Offering**”); and
  - (ii) becoming a reporting issuer in the Province of Ontario and taking all necessary steps and proceedings (including, if necessary, the clearing with applicable securities regulatory authorities of a (final) prospectus) to ensure that the Common Shares be freely tradable securities in the Offering Jurisdictions restriction as of the time of closing of the Public Offering; and
  - (iii) obtaining a listing or quotation of the Common Shares on a recognized stock exchange or quotation system in Canada; or
- (b) (i) a transaction which provides holders of the Subscription Receipts and FT Subscription Receipts with comparable liquidity that such holders would have received if the Public Offering occurred, whether by means of a reverse take-over, merger, amalgamation, arrangement, take-over bid, insider bid, reorganization, joint venture, sale of all or substantially all assets, exchange of assets or similar transaction or other combination with a public corporation or such other transaction as may be acceptable to the Corporation; and
  - (ii) obtaining a listing or quotation of the Common Shares on a recognized stock exchange or quotation system in Canada.

**Use of Proceeds:**

The net Proceeds of the offering will be used for exploration costs, primarily on the Corporation’s qualifying property, and working capital including listing expenses as the circumstances permit.

**Finders Fees:**

Subject to the satisfaction of the Release Condition, eligible persons (“**Finders**”) may receive commissions in the form of cash equal to up to seven percent (7%) of the gross proceeds raised by such Finders and such number of finder warrants (“**Finder Warrants**”) or flow-through finder warrants (“**FT Finder Warrants**”) equal to seven percent (7%) of the number of Subscription Receipts or FT Subscription Receipts, as applicable, sold under the Offering by such Finder.

Each Finder Warrant will entitle the holder to acquire one common share at a price of \$0.10 for a period of two (2) years following the Liquidity Date.

Each FT Finder Warrant will entitle the holder to acquire one common share at a price of \$0.12 for a period of two (2) years following the Liquidity Date.

**Tax  
Renunciation:**

The Corporation will agree to incur and renounce to the purchasers of the FT Subscription Receipts an amount equal to its Canadian Exploration Expenses for each FT Subscription Receipt for federal and provincial tax purposes.

**Offering  
Jurisdictions:**

The Subscription Receipts and FT Subscription Receipts will be offered for sale to applicable purchasers in: (i) all of the Provinces and Territories of Canada pursuant to available prospectus exemptions; (ii) the United States on a private placement basis only under Regulation D, Rule 144A or other available U.S. registration exemptions and (iii) jurisdictions outside of Canada and the United States, in each case in accordance with all applicable laws provided that no prospectus, registration statement or similar document is required to be filed in such jurisdiction and the Corporation does not thereafter become subject to continuous disclosure obligations in such jurisdiction.