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DISTRICT COURT

CLARK COUNTY, NEVADA

RONALD D. SLOAN; ROBIN SCHWARZ; GARY COLLINS; JILL BROWN; LARK TERRELL; NANCY HERBOLD; DANIEL R. SLOAN; BETTY ANN SLOAN; PEARL KIRK; JAMES BOAN; N O WAIT; LARRY ORWICK; PATRICIA LA SALLE; BRIAN WOLFE; STUART R. CAMERON; ROBERT WEBSTER; HUGO BONDI; JOAN BRATSETH; P A BRATSETH; DEREK MILANI; DEAN RACHEY; SAM BROUNSTEIN; SANDRA JANSEN; BRIAN JANSEN; RHONDA KIM NICHOLS; SCOTT NICHOLS; CARMEN ADAIR; KRISTA SCHOFIELD; MARK BRATSETH; ROSE TRUST 11; CLIFF OLSON; DON COLLINS; ROYCE NORDSTROM; NATALIE MAYZEL; DAVID JESSKE; THORNTON D. BARNES; JAMES HASON; SANDRA HASON; EDDIE GUILLET; RYAN GUILLET;

ON BEHALF OF CAN-CAL RESOURCES, LTD.,

Plaintiffs,

vs.

CAN-CAL RESOURCES, LTD., a Nevada corporation; WILLIAM J. HOGAN; THOMPSON MACDONALD; RONALD SCHINNOUR; MICHAEL HOGAN; CANDEO LAVA PRODUCTS, INC. a Canadian Corporation, and FUTUREWORTH CAPITAL CORP., a Canadian Corporation, Defendants.

Defendants.

Case No.: A-14-701465-B
Dept. No.: XI

STIPULATION AND AGREEMENT OF SETTLEMENT AND STIPULATION AND ORDER VACATING TRIAL DATE AND SETTING STATUS CHECK

Case Number: A-14-701465-B

STIPULATION

This stipulation and agreement of settlement (the "Stipulation") is made and entered into by and among the following Parties[1]: (1) Plaintiffs Ronald D. Sloan, Robin Schwarz, Gary Collins, Jill Brown, Lark Terrell, Daniel R. Sloan, Betty Ann Sloan, Pearl Kirk, N. O. Wait, Larry Orwick, Patricia La Salle, Brian Wolfe, Stuart R. Cameron, Hugo Bondi, Joan Bratseth, P. A. Bratseth, Derek Milani, Dean Rachey, Sam Brounstein, Sandra Jansen, Brian Jansen, Rhonda Kim Nichols, Scott Nichols, Carmen Adair, Krista Schofield, Mark Bratseth, Rose Trust II, Cliff Olson, Natalie Mayzel, David Jesske, Thornton D. Barnes, James Hason, Sandra Hason, Elodie Guillet and Ryan Guillet, derivatively on behalf of Can-Cal Resources, Ltd. ("Can-Cal" or the "Company"); (2) defendants William J. Hogan, Thompson MacDonald, Ronald Schinnour and Michael Hogan ("Individual Defendants"); (3) Candeo Lava Products, Inc. and Futureworth Capital Corporation ("Corporate Defendants") and (4) nominal defendant Can-Cal ("collectively with the Corporate Defendants and the Individual Defendants, "Defendants"). The settlement contemplated by this Stipulation shall be referred to as the "Settlement."

I. BACKGROUND

Can-Cal is an exploratory stage mining company whose principal asset is real property located in Pisgah, San Bernardino County, California, known as the "Pisgah Property." The Pisgah Property is made up of a volcanic cinder material known as the "Pisgah Material."

A. Nevada Derivative Action

Beginning on May 29, 2014, Plaintiffs filed a shareholder derivative complaint in this Court, the Eighth Judicial District Court of the State of Nevada in and for Clark County, against the Individual Defendants, the Corporate Defendants and nominal Defendant Can-Cal, styled as: *Ronald D. Sloan, et al. v. Can- Cal Resources, Ltd., et al,* Case No. A-14-701465-B (the "Derivative Action"). The Derivative Action alleges breaches of fiduciary duty, unjust

[1] All capitalized terms not otherwise defined are defined in Section IV.1.

enrichment, abuse of control, gross mismanagement, and taking of corporate opportunity relating to the events alleged in the Complaint. The Derivative Action seeks compensatory damages, punitive damages, corporate governance reforms, restitution and disgorgement of Defendants' alleged profits, equitable and/or injunctive relief, and costs and attorneys' fees. Plaintiffs' fundamental claim is that Individual Defendants William Hogan, Ronald Schinnour, Michael Hogan and Thompson MacDonald took from Can-Cal a corporate opportunity and engaged in self-dealing by entering into favorable contracts for their personal benefit, awarding themselves excessive compensation through stock and taking from the company its main corporate asset and opportunity, the development of its Pisgah Material, located at the Pisgah Property. Plaintiffs allege the Individual Defendants conspired to transfer the benefit of that corporate opportunity and asset to former Chairman of the Board William Hogan and Candeo Lava Products, Inc. ("Candeo") through a Material Supply Agreement ("MSA") and an Amended Material Supply Agreement ("Amended MSA") entered into by and between Can-Cal and Candeo. Defendants have denied all allegations of wrongdoing, claims of liability, and damages.

B. Canadian Action

On or about January 24, 2017, the Corporate Defendants and William J. Hogan, collectively, filed a Statement of Claim commencing an action in the Court of Queen's Bench of Alberta, Calgary, Canada, naming as defendants 36 of the 40 original individual Plaintiffs in the Nevada Derivative Action (the "Canadian Action"). The Canadian Action alleges that the primary purpose of the Derivative Action was a civil conspiracy among the Derivative Action Plaintiffs to unlawfully interfere with the Amended MSA and Candeo's research, development and verification of the Pisgah Material. The Canadian Action also alleges that the individual Plaintiff, Ronald D. Sloan, orchestrated and authorized the intimidation of individuals away from acting as directors of Can-Cal for the benefit of that company and Candeo. The Corporate Defendants and William J. Hogan seek general damages of $3,187,500.00, consequential damages for loss of business opportunities in an amount to be proven at trial, punitive damages in an amount to be proven at trial and costs and other relief as deemed appropriate by the Court in the Canadian Action. The defendants in the Canadian Action deny all allegations of wrongdoing, claims of liability and

damages.

C. Settlement Efforts

During the pendency of the Derivative Action and both before and after the filing of the Canadian Action, the Parties have conducted extended arms-length, good faith settlement discussions. On August 12, 2016, and December 2, 2016, counsel for the parties in the Derivative Action participated in two formal Settlement Conferences before the Honorable Joseph P. Hardy ("Judge Hardy") of this Court, to assist them in exploring a potential negotiated resolution of the claims in the Derivative Action. To facilitate a productive Settlement Conference, the Parties submitted extensive Confidential Settlement Conference Statements and Supplemental Settlement Conference Statements to Judge Hardy.

Subsequent to the August and December, 2016 Settlement Conferences, counsel for the Parties hereto have conducted substantial communications and arm's-length negotiations in an ongoing effort to reach a settlement of the Derivative Action and the subsequently filed Canadian Action, including agreement on substantive corporate governance changes for the Company, the replacement of the existing Board of Directors with a new Board of Directors agreed upon by Plaintiffs and Defendants, an Amendment of the Amended MSA on favorable terms to Can-Cal which are agreeable to Candeo, the payment of agreed amounts of revenue to Can-Cal through the purchase of set amounts of Pisgah Material by Candeo by certain deadlines, the payment of attorneys' fees and costs in the Derivative Action, the filing by Can-Cal of up to date audits and other documents for the years 2015, 2016, and through third quarter 2017 with the United States Securities and Exchange Commission ("SEC") (which filing was submitted on March 12, 2018) and the dismissals with prejudice of both the Derivative Action and the Canadian Action. The Parties' representatives and their counsel met for an entire day on November 13, 2017, to work out the details of this settlement which were finalized through subsequent discussions and correspondence through to the date of this Stipulation. The Parties believe that a settlement at this juncture on the terms and on the conditions set forth in this Stipulation is fair, reasonable, and adequate.

II. PLAINTIFFS' CLAIMS AND THE BENEFITS OF THE SETTLEMENT

Plaintiffs believe that the Derivative Action has substantial merit and that the Canadian Action is without merit. Plaintiffs' entry into this Stipulation and Settlement is not intended to be and shall not be construed as an admission or concession concerning the relative strength or merit of the claims alleged in the Derivative Action or the Canadian Action. Plaintiffs and Plaintiffs' Counsel also acknowledge the significant risk, expense, and length of continued proceedings necessary to defend the Canadian Action and prosecute the Derivative Action against Defendants through trial and through possible appeals. Plaintiffs' Counsel have also taken into account the substantial risks, costs, and delays involved in complex shareholder derivative litigation, generally, as well as the unique challenges presented by the Derivative Action and the defense of the Canadian Action, including pleading fraud with the requisite particularity, and the significant challenges of meeting the burdens of proof applicable to the underlying claims and of defeating the available affirmative defenses, including the business judgment rule and the exculpation and indemnification rights afforded the Individual Defendants pursuant to Nevada Law under NRS Chapter 78 and the Articles and By-Laws of Can-Cal.

Plaintiffs' Counsel have conducted an extensive investigation over the course of three years, including: (i) reviewing Can-Cal's press releases, public statements, SEC filings, and expert witnesses' reports about the Company and the potential economic value of the Pisgah Material; (ii) reviewing Confidential information and test result and reports about the Pisgah Material and its potential commercial uses and value; (iii) researching the applicable law with respect to the claims alleged in the Derivative Action and the Canadian Action and the potential claims and defenses thereto; (iv) preparing and filing the derivative complaint and numerous Motions in the Derivative Action and the Canadian Action, including defending against the removal of the Derivative Action to Federal Court in Nevada and its subsequent remand to state court, multiple motions to dismiss the Derivative Action, a partially successful motion to compel an annual meeting of the stockholders of Can-Cal, a partially successful motion to compel discovery, and numerous communications and letters regarding discovery matters and disputes; (v) conducting damages analyses and expert witness analyses; (vi) participating in informal conferences with Defendants'

Counsel regarding the specific facts of the cases, the perceived strengths and weaknesses of the cases, and other issues in an effort to facilitate negotiations and fact gathering; (vii) evaluating the merits of, and Defendants' potential liability in connection with the Derivative Action; (viii) reviewing and analyzing thousands of pages of confidential document discovery produced by Defendants; (ix) reviewing and analyzing tens of thousands of pages of relevant documents in the Derivative Action and evaluating the merits thereof; (x) submitting numerous correspondence and other documents to the SEC and filing formal motions to intervene and responses in the SEC Administrative Proceeding involving Can-Cal to protect the stockholders' interests; (xi) submitting comprehensive briefs prior to two separate Judicial Settlement Conferences, outlining their position, and Plaintiffs' claims in the Derivative Action; (xii) participating in two (2) in-person Judicial Settlement Conferences with Judge Hardy and numerous meetings in the Derivative Action; (xiii) assisting Canadian counsel in filing a defense and motion to adjourn in the Canadian Action; and (xiv) negotiating this Settlement with Defendants over the course of four years, culminating at a day-long, in-person meeting on November 13, 2017 and continuing through preparation of comprehensive settlement documents through March, 2018.

Based on Plaintiffs' Counsel's thorough review and analysis of the relevant facts and difficult circumstances, allegations, defenses, and controlling legal principles, Plaintiffs' Counsel believe that the Settlement set forth in this Stipulation is fair, reasonable, and adequate, and confers substantial benefits upon Can-Cal and its shareholders. Based on their evaluation, Plaintiffs and Plaintiffs' Counsel have determined that the Settlement is in the best interests of Can-Cal and its shareholders and have agreed to fully settle the Derivative Action and completely resolve the Canadian Action upon the terms and subject to the conditions set forth herein.

III. DEFENDANTS' DENIALS OF WRONGDOING AND LIABILITY

Each of the Defendants have denied and continue to deny each and all of the claims, contentions, and allegations made against them or that could have been made against them in the Derivative Action and each of them believe the Derivative Action has no merit and that the claims in the Canadian Action do have merit. Each of the Defendants have expressly denied and continue to deny all charges of wrongdoing or liability against them arising out of any of the conduct,

statements, acts, or omissions alleged, or that could have been alleged in the Derivative Action. Defendants assert that they have satisfied their fiduciary duties and have acted in good faith and in the best interest of Can-Cal and its shareholders at all relevant times. Each of the Defendants have entered into this Stipulation and Settlement solely to avoid the continuing additional expense, inconvenience, and distraction of the Derivative Action and the Canadian Action and to mitigate the risks and uncertainty inherent in any legal proceedings. Each of the Defendants believe that it is desirable and beneficial that the Derivative Action and the Canadian Action be settled in the manner and upon the terms and conditions set forth in this Stipulation because, among other things, it will allow the Company to conclude these legal proceedings on terms that are just and reasonable, including the amendment of the Amended MSA to give Can-Cal substantial equity funds in a short period of time, the completion of required audits for 2015, 2016, and 2017, which may enable Can-Cal's stock to continue to be registered with the SEC and resolve the SEC Administrative Proceeding (which filing was submitted on March 12, 2018), the adoption and maintenance of corporate governance measures, including selection of a new Board of Directors, that the current Board of Can-Cal has determined, in its business judgment, serve Can-Cal's and its shareholders' best interests. Further, Can-Cal through its Board, acknowledges that the Settlement is fair, reasonable, and adequate, and in the best interests of Can-Cal and its shareholders. Still further, the Corporate Defendants believe this Stipulation and Settlement will enable each of them to carry on their respective business enterprises without interference.

Neither this Stipulation, nor any of its terms or provisions, nor entry of the Judgment, nor any document or exhibit referred or attached to this Stipulation, nor any action taken to carry out this Stipulation, is, may be construed as, or may be used as evidence of the validity of any of the Released Claims or an admission by or against each of the Defendants or any of the Plaintiffs, including claims made in the Canadian Action against Plaintiffs, of any fault, wrongdoing, or concession of liability whatsoever.

IV. TERMS OF STIPULATION AND AGREEMENT OF SETTLEMENT

NOW THEREFORE, IT IS STIPULATED AND AGREED, subject to approval by the Court pursuant to Nevada Rule of Civil Procedure 23.1, by and between the undersigned counsel

for the Parties, in consideration of the benefits flowing to the Parties from, and as described in, the Settlement, that all Released Claims shall be and hereby are fully and finally compromised, settled, released, and discontinued, and that the Derivative Action and the Canadian Action shall be dismissed with prejudice as to all Released Persons upon the terms and conditions set forth herein.

1. Certain Definitions

As used in this Stipulation, the following terms have the meanings specified below:

1.1 "Court" means the Eighth Judicial District Court of the State of Nevada in and for Clark County.

1.2 "Current Can-Cal Shareholder(s)" means any Person who, as a record or beneficial owner, owned Can-Cal common stock or any other security of the Company as of the date of the execution of this Stipulation and who continues to hold their Can-Cal common stock or other security of the Company as of the date of the Settlement Hearing.

1.3 "Defendants" means the Individual Defendants, the Corporate Defendants and Can-Cal.

1.4 "Defendants' Counsel" means Holland & Hart and Jones Lovelock.

1.5 "Derivative Action" means this Derivative Action styled as *Ronald Sloan, et al v. Can-Cal Resources, Ltd.*, Case No. A-14-701465-B.

1.6 "Effective Date" means the date upon which the settlement shall have become effective as set forth in Paragraph 7.1 and for the avoidance of doubt, is intended to be construed as coterminous with the "Start Date" as defined in the Second Amended Material Supply Agreement between Candeo and Can-Cal.

1.7 "Fee and Expense Amount" shall have the meaning set forth in Paragraph 5.1.

1.8 "Final," with respect to a court order, including, but not limited to the Judgment, means the later of: (i) if there is an appeal from a court order, the date of final affirmance on appeal and the expiration of the time for any further judicial review whether by appeal reconsideration, or a petition for a writ of certiorari and, if certiorari is granted, the date of final affirmance of the order following review pursuant to the grant; or (ii) the date of final dismissal of any appeal from the order or the final dismissal of any proceeding on certiorari to review the order; or (iii) the

expiration of the time for the filing or noticing of any appeal or petition for certiorari from the order (or, if the date for taking an appeal or seeking review of the order shall be extended beyond this time by order of the issuing court, by operation of law or otherwise, or if such extension is requested, the date of expiration of any extension if any appeal or review is not sought), without any such filing or noticing being made. However, any appeal or proceeding seeking subsequent judicial review pertaining solely to the Court's award of attorneys' fees or expenses shall not in any way delay or affect the time set forth herein for the Judgment to become Final or otherwise preclude the Judgment from becoming Final.

1.9 "Individual Defendants" means defendants William J. Hogan, Thompson MacDonald, Ronald Schinnour and Michael Hogan.

1.10 "Corporate Defendants" means Candeo Lava Products, Inc. and Futureworth Capital Corp.

1.11 "Judgment" means the proposed judgment and order of dismissal with prejudice to be entered by the Court upon approval of the Settlement, substantially in the form attached hereto as Exhibit F.

1.12 "Notice" means the long form Notice of Proposed Settlement and Settlement Hearing, substantially in the form attached hereto as Exhibit D.

1.13 "Parties" means the current and former Plaintiffs in the Derivative Action, the parties in the Canadian Action, the Individual Defendants, the Corporate Defendants, Can-Cal and any current or former directors of Can-Cal.

1.14 "Person" means an individual, corporation, limited liability corporation, professional corporation, partnership, limited partnership, limited liability partnership, association, joint stock company, estate, legal representative, trust, unincorporated association, government or any political subdivision or agency thereof and any business or legal entity and their spouses, heirs, predecessors, successors, representatives, or assignees.

1.15 "Plaintiffs" means Ronald D. Sloan, Robin Schwarz, Gary Collins, Jill Brown, Lark Terrell, Daniel R. Sloan, Betty Ann Sloan, Pearl Kirk, N. O. Wait, Larry Orwick, Patricia La Salle, Brian Wolfe, Stuart R. Cameron, Hugo Bondi, Joan Bratseth; P. A. Bratseth, Derek Milani, Dean

Rachey, Sam Brounstein, Sandra Jansen, Brian Jansen, Rhonda Kim Nichols, Scott Nichols, Carmen Adair, Krista Schofield, Mark Bratseth, Rose Trust II, Cliff Olson, Natalie Mayzel, David Jesske, Thornton D. Barnes, James Hason, Sandra Hason, Eddie Guillet and Ryan Guillet.

1.16 "Plaintiffs' Counsel" means Sklar Williams PLLC and William R. Fishman.[2]

1.17 "Preliminary Approval Order" means an order entered by the Court, substantially in the form attached hereto as Exhibit C, setting forth the date for a Settlement Hearing on the proposed Settlement, directing notice thereof and preliminarily determining, for purposes of the Settlement only, that the Derivative Action is properly maintained as a shareholder derivative action on behalf of the Company.

1.18 "Related Persons" means: (i) all current or former Plaintiffs and their spouses, marital communities, immediate family members, heirs, executors, personal representatives, estates, administrators, trusts, predecessors, successors, and assigns or other individual or entity in which any Plaintiff has a controlling interest, and each and all of their respective past and present officers, directors, employees, agents, affiliates, parents, subsidiaries, divisions, attorneys, accountants, auditors, advisors, insurers, coinsurers, re-insurers, heirs, executors, personal representatives, estates, administrators, trusts, predecessors, successors, and assigns; (ii) with regard to each Individual Defendant, the Individual Defendant's spouses, marital communities, immediate family members, heirs, executors, personal representatives, estates, administrators,

[2] On June 26, 2014, a motion to associate William R. Fishman as counsel for Plaintiffs was filed in the Derivative Action. Thereafter, Defendants did not oppose the motion to associate counsel and on July 16, 2014, Defendants removed the case to the United States District Court for the District of Nevada ("Federal Court"). While the case was pending in Federal Court, this Court granted the unopposed motion to associate William R. Fishman as counsel for Plaintiffs by minute order dated August 1, 2014. However, no formal order was ever entered regarding Mr. Fishman's admission pro hac vice to practice in Nevada for purposes of this case only ("pro hac vice admission") because the case remained pending in Federal Court until it was remanded to this Court on August 8, 2015. Nevertheless, each year since 2014, Mr. Fishman has been invoiced by and has paid the Nevada State Bar the annual fee for his pro hac vice admission in this case. Accordingly, the Parties hereby stipulate and agree that William R. Fishman has been admitted pro hac vice as counsel for Plaintiffs in this case since this Court's minute order on August 1, 2014 and that order is confirmed and ratified nunc pro tunc.

trusts, predecessors, successors, and assigns or other individual or entity in which any Individual Defendant has a controlling interest, and each and all of their respective past and present officers, directors, employees, agents, affiliates, parents, subsidiaries, divisions, attorneys, accountants, auditors, advisors, insurers, coinsurers, re-insurers, heirs, executors, personal representatives, estates, administrators, trusts, predecessors, successors, and assigns; and (iii) with regard to the Corporate Defendants and Can-Cal, all past or present agents, officers, directors, attorneys, accountants, auditors, advisors, insurers, co-insurers, reinsurers, partners, controlling shareholders, joint venturers, related or affiliated entities, advisors, employees, affiliates, predecessors, successors, parents, subsidiaries, insurers, and assigns for Can-Cal or the Corporate Defendants.

1.19 "Released Claims" means any and all suits, claims, debts, demands, controversies, obligations, losses, rights, liabilities, and causes of action of every nature, including both known and Unknown Claims (as defined in paragraph 1.28 below), whether arising under federal, state, common or foreign law, at law or in equity, that were asserted or could have been asserted, directly or derivatively on behalf of Can-Cal, by Plaintiffs as shareholders or by any other Current Can-Cal Shareholder, or by Defendants, Can-Cal, or the current or former directors of Can-Cal, that arise out of or relate to: (i) the allegations asserted in the Derivative Action; (ii) the allegations asserted in the Canadian Action; or (iii) the Settlement, except for any claims to enforce the Settlement.

1.20 "Released Persons" means each and all of the current and former Plaintiffs, the Defendants, Can-Cal, the current and former directors of Can-Cal, and their Related Persons.

1.21 "Releasing Persons" means Plaintiffs (both individually and derivatively on behalf of Can-Cal), all other Current Can-Cal Shareholders, Plaintiffs' Counsel, Defendants, Defendants' Counsel, Can-Cal, and all other current and former directors of Can-Cal and any of their respective heirs, executors, administrators, estates, predecessors, successors, or assigns (or any Person claiming by, through, in the right of, or on behalf of them or the Company by subrogation, assignment, or otherwise).

1.22 "Settlement" means the settlement contemplated by this Stipulation.

1.23 "Settlement Hearing" means the hearing at which the Court will review the

adequacy, fairness, and reasonableness of the Settlement pursuant to NRCP 23.1 and determine whether to issue the Judgment.

1.24 "Can-Cal" or the "Company" means nominal defendant Can-Cal Resources, Ltd., a Nevada corporation, and its affiliates, subsidiaries, predecessors, successors, and assigns.

1.25 "Derivative Action" means the above-captioned consolidated state shareholder derivative action pending in this Court, captioned *Ronald D. Sloan, et al. v. Can- Cal Resources, Ltd., et al,* Case No. A-14-701465-B.

1.26 "Stipulation" means this stipulation and agreement of settlement.

1.27 "Summary Notice" means the Summary Notice of Proposed Settlement and Settlement Hearing, substantially in the form attached hereto as Exhibit E.

1.28 "Unknown Claims" means any and all Released Claims that any of the current or former Plaintiffs, Defendants, Can-Cal, the current or former directors of Can-Cal, or the Current Can-Cal Shareholders do not know or suspect to exist in his, her, or its favor at the time of the release of the Released Persons. With respect to any and all of the Released Claims, the Parties agree that upon the Effective Date, the Parties shall have, and each of the current or former directors of Can-Cal, and the Current Can-Cal Shareholders shall be deemed to have, and by operation of the Judgment shall have, expressly waived, relinquished and released any and all provisions, rights and benefits conferred by or under California Civil Code section 1542 or any law or principle of common law of the United States or any state or territory of the United States or any foreign nation which is similar, comparable or equivalent to California Civil Code section 1542, which provides:

> A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

The Parties acknowledge, and all the current or former directors of Can-Cal, and all the Current Can-Cal Shareholders by operation of law shall be deemed to have acknowledged, that they may discover facts in addition to or different from those now known or believed to be true with respect

to the Released Claims, but that it is the intention of the Parties, all current or former directors of Can-Cal and all Current Can-Cal Shareholders by operation of law to completely, fully, finally, and forever extinguish any and all Released Claims, known or unknown, suspected or unsuspected, which now exist or heretofore existed in either of the Derivative Action or the Canadian Action save and except for any claims which may arise after the effective date in connection with a failure by any of the Parties failing to comply with the terms of this Stipulation and Settlement. The Parties acknowledge, and all the current or former directors of Can-Cal, and the Current Can-Cal Shareholders by operation of law shall be deemed to have acknowledged, that the inclusion of "Unknown Claims" in the definition of "Released Claims" was separately bargained for and is a material element of the Settlement.

2. Terms of Settlement and Settlement Consideration

2.1 As a result of the filing, prosecution, and settlement of the Derivative Action and the Canadian Action, the Company has already adopted and implemented and/or will adopt and implement the Second Amended MSA, attached as Exhibit A hereto and the corporate resolutions and amendments to the Articles of Incorporation and other corporate governance reform measures described in Exhibit B hereto within thirty (30) calendar days after the Effective Date of the Settlement. The Amended MSA and the corporate governance reform measures were jointly developed and negotiated by the Parties through Counsel. Without admitting any wrongdoing, Can-Cal, through its Board, acknowledges that the securing of the Second Amended MSA attached as Exhibit A and the corporate governance reform measures attached as Exhibit B confer substantial benefits upon the Company and its shareholders. Can-Cal, through its Board, also acknowledges that the prosecution and settlement of the Derivative Action and the resolution of the Canadian Action were substantial and material factors in the Board's decision to enter into the Second Amended MSA attached as Exhibit A and adopt and implement the corporate governance reform measures identified in Exhibit B.

2.2 The Second Amended MSA shall be modified as follows: Candeo to have rights to the Pisgah Material for agricultural purposes only (i.e., both commercial and retail); provided, however, that material previously sold or sold as Minimum Purchases (as defined below) may be

used for any purpose. The term shall be limited to 20 years, subject to renewal rights for up to 4 separate 5 year terms in favor of Candeo, subject to completion by Candeo of specified performance criteria. Can-Cal shall receive from Candeo quarterly 20% of gross revenues (the "*ORI*"); provided, however, that such 20% is on an arm's–length basis, with no sales to Candeo or its affiliates except for "*Minimum Purchases*," as set forth below. Can-Cal to have customary audit rights of Candeo. Without regard to any purchase of material prior to the Effective Date (as defined below), which purchases are not subject to the ORI, Candeo shall purchase the following minimum amounts of material (the "*Minimum Purchases*") at the rate of $15 per ton with Candeo to pay (except for the purchases specified in subsection 2.2(a) below, for which the ORI shall not be paid) the ORI on the positive difference, if any, of the price thereof sold to third-parties less $15 per ton:

a. 25,000 tons ($375,000) within 5 calendar days after the Effective Date of the Settlement, which amount shall be deposited into the Trust account of Candeo's Counsel and then transferred to Sklar Williams PLLC as receiving agent for Plaintiffs' Counsel, within ten (10) days after the Effective Date (the sale(s) provided for under this Subsection (a) the "*Initial Settlement Payment*"); plus an option to purchase up to an additional 20,000 tons (payable to the Company up to $300,000) exercisable at any time within 180 days after the Effective Date ("Option - 1"); and only upon the prior exercise and payment in full of Option 1, an option to purchase an additional 40,000 tons (payable to the Company up to $600,000) of Material exercisable by Candeo within 365 days following the Effective Date ("Option 2");

b. 10,000 tons ($150,000) annually for each of the three years following the Effective Date, unless Option 1 is not exercised, in which case the first 10,000 tons hereunder must be Purchased and paid for by Candeo within 180 days of the Effective Date; and

c. In respect of each year after three years from the Effective Date, the annual Minimum Purchases shall increase (starting with the increase at the commencement of the fourth year from the Effective Date) annually by the increase in the CPI.

The material acquired by Candeo under the Minimum Purchases may be left "in-place" for subsequent removal upon notification from Candeo to Can-Cal as set forth in the Second Amended MSA and the Material Storage License Agreement, copies of which are attached hereto as Exhibit A and Exhibit A-1. Notwithstanding anything to the contrary, the Parties acknowledge that all

material acquired by Candeo as Minimum Purchases is acquired for resale to a third-party on an arm's-length basis and that except for the Minimum Purchases there shall be no sales of material to Candeo or any affiliate thereof.

All mining, material removal, and other activities of any kind or nature to extract material shall be performed and paid for by Candeo, with notice thereof to Can-Cal, with the Amended MSA (i.e., in the Second Amended MSA) to be modified incidental thereto (i.e., insurance obligations will be Candeo's, Candeo to secure requisite permits and all other governmental approvals, at its cost but with both Candeo and Can-Cal both named thereon, and all other applicable obligations that were to be those of Can-Cal under the MSA and Amended MSA to instead be Candeo's), as more fully set forth in Exhibit A hereto.

Candeo to report quarterly upon its activities (including any agreements entered into) and to share with Can-Cal all information that it shares with its stockholders as and when sent to Candeo's stockholders; provided, however, that prior to any disclosure of any information by Can-Cal relative to Candeo, Can-Cal shall consult with Candeo and provide Candeo with a reasonable opportunity to comment on such disclosure.

Candeo to have a right of first refusal with respect to Can-Cal's sale of the Pisgah Property. In all events, any transfer or hypothecation of the Pisgah Property will require the transferee or lender to offer to Candeo a customary Subordination Non-Disturbance and Attornment Agreement in a form reasonably satisfactory to Candeo.

Candeo cannot assign or hypothecate its rights without the prior written consent of Can-Cal, which consent shall not be unreasonably withheld.

To the extent that the foregoing description conflicts with the Second Amended MSA, the actual terms of the Second Amended MSA shall control and govern the Parties.

2.3 Can-Cal Corporate Governance Reforms

The Articles of Incorporation of Can-Cal will be amended to require a supermajority vote of at least 90% of the outstanding shares, as set forth in Exhibit B-1 attached hereto, for any determination by Can-Cal to: (i) petition for bankruptcy protection; (ii) modify the Second Amended MSA or otherwise interfere or negatively affect the ability of Candeo to exercise

its rights or comply with its obligations under the Second Amended MSA (except in enforcing the Second Amended MSA); and (iii) increase its voting capital stock to more than 100,000,000 votes in the aggregate.

Candeo and Defendants shall cause to be granted to a designee of the Plaintiffs a 7-year irrevocable proxy, coupled-with-an-interest, to vote at least 20% of the ownership of such parties in Can-Cal on all matters *except for* "Supermajority Matters," as that term is defined in the Certificate of Amendment of Articles of Incorporation of the Company filed with the Nevada Secretary of State, as set forth in Exhibit B-2 attached hereto.

The current Can-Cal Board of Directors shall resign and the new Board of Directors shall be appointed and will be comprised of three to five members to be mutually approved of by the Plaintiffs and Candeo.

Candeo, at its cost (without credit therefor to any other payments hereunder), shall complete payment for audit fees for 2015, 2016, and 2017 and to bring all SEC filings current (collectively, the "*Securities Compliance Work*").

Any potential claim by Good Corp. would be jointly opposed by Can-Cal and Candeo and the costs and liabilities (if any) with respect thereto would be shared by Can-Cal and Candeo on a 50-50 basis.

2.4 Settlement Consideration

The $375,000 proceeds from the Initial Settlement Payment to Can-Cal to be applied: $100,000 to Plaintiffs' Counsel as cost reimbursement; $225,000 to Plaintiff's Counsel as legal fees; and $50,000 to be retained as working capital by Can-Cal together with its currently-held funds. Any additional amounts paid to Can-Cal as a result of the exercise of the options by Candeo pursuant to section 2.2(a)and 2.2(b) above shall be retained as working capital by Can-Cal. An additional $375,000 of legal fees to Plaintiffs' Counsel will be paid exclusively with shares of common stock of Can-Cal at a price of U.S. $0.17 per share ("Can-Cal Shares"), plus rights to shares of common stock as follows: once the Can-Cal common shares trade for 45 continuous business days following the Effective Date, if the average closing trading price thereof is less than U.S. $0.17 per share during such 45-day period then the price per share of the Can-Cal

Shares (U.S. $0.17) will be reduced accordingly (but in no event to less than U.S. $.06 per share) and additional shares (as applicable) will be issued to Plaintiffs' Counsel in respect of such rights. A Final Judgment and Order of Dismissal substantially in the form of Exhibit F attached hereto will be entered dismissing with prejudice the Derivative Action and a similar order shall be entered in the Canadian Action pursuant to Section 6 below.

3. Releases

3.1 Upon the Effective Date, the Releasing Persons shall be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever released, relinquished, and discharged the Released Claims (including Unknown Claims) against the Released Persons. Nothing herein shall in any way impair or restrict the rights of any Party to enforce the terms of this Stipulation or the Judgment. Releasing Persons shall be deemed to have, and by operation of the Judgment shall have, covenanted not to sue any Released Person with respect to any Released Claims and shall be permanently barred and enjoined from instituting, commencing or prosecuting the Released Claims against the Released Persons.

3.2 Except as set forth in Paragraphs 3.3 and 3.4 below, upon the Effective Date, each of the Released Persons shall be deemed to have fully, finally, and forever released, relinquished, and discharged all current and former Plaintiffs, Plaintiffs' Counsel, and Can-Cal from all claims (including Unknown Claims), arising out of, relating to, or in connection with the institution, prosecution, assertion, settlement, or resolution of the Derivative Action, the Canadian Action or the Released Claims. Nothing herein shall in any way impair or restrict the rights of any Party to enforce the terms of this Stipulation or the Judgment.

3.3 Nothing in this Stipulation or in Paragraph 3.2 above constitutes or reflects a waiver or release of any rights or claims of Defendants against their insurers, or their insurers' subsidiaries, predecessors, successors, assigns, affiliates, or representatives, including, but not limited to, any rights or claims of Defendants under any directors' and officers' liability insurance or other applicable insurance coverage maintained by the Company.

3.4 Nothing in this Stipulation or in Paragraph 3.2 above constitutes or reflects a waiver or release of any of the following rights or claims (collectively the "Reimbursables"):

(a) 50% of monies advanced by Candeo for a reclamation permit to be used by both Can-Cal and Candeo ($65,274.19), for a total of $32,637.09;

(b) Reimbursement of 4/5 of the the professional services and costs of Holland & Hart, LLP, plus expert witness fees incurred in this action ($251,228.00), for a total of $200,982.40;

(c) Reimbursement of professional fees and costs incurred in this action by Can-Cal and advanced on its behalf in the amount of $43,019.75;

(d) Funds in the amount of $180,071.03 advanced by Michael Hogan to and on behalf of Can-Cal before and during this litigation; and

(e) Funds in the amount of $5,000.00 advanced by Defendant Ronald Schinnour while a director of Can-Cal.

The Reimbursables set forth in this section 3.4 shall be paid by Can-Cal only upon exercise of Option 2 and only upon and to the extent of receipt of payment by Can-Cal from Candeo for material purchased by Candeo under Option 2. In the event that Candeo does not exercise Option 2 within 365 days after the Effective Date, or in the event that Candeo does not make payment to Can-Cal for the purchase of said material within thirty (30) days after exercise of Option 2, the Defendants shall forever waive and release any and all claim of reimbursement from Can-Cal for repayment of the foregoing Reimbursables. Any and all other claims not expressly set forth herein are waived and released.

4. Approval and Notice

4.1 Promptly after execution of this Stipulation, Plaintiffs shall submit this Stipulation together with its exhibits to the Court and shall apply for entry of an order (the "Preliminary Approval Order"), substantially in the form of Exhibit C attached hereto, requesting, *inter alia*: (i) preliminary approval of the Settlement set forth in this Stipulation; (ii) approval of the form and manner of providing notice of the Settlement to Current Can-Cal Shareholders; and (iii) a date for the Settlement Hearing.

4.2 Notice to Current Can-Cal Shareholders shall consist of a Notice of Proposed Settlement and Settlement Hearing ("Notice") and Summary Notice of Proposed Settlement and Settlement Hearing ("Summary Notice"), which includes the general terms of the Settlement set

forth in this Stipulation and the date of the Settlement Hearing, substantially in the forms attached hereto as Exhibits D and E, respectively, which shall be filed by Can-Cal on a Form 8-K with the SEC.

4.3 Within ten (10) business days after the entry of the Preliminary Approval Order, Can-Cal shall: (i) cause the Summary Notice to be filed with the SEC via a Form 8-K; (ii) cause the Summary Notice to be published once in the *Calgary Herald* and *Las Vegas Review Journal* newspapers of general circulation; and (iii) post copies of the Notice and this Stipulation on the Defendants' counsels' websites, Holland & Hart & Jones Lovelock. Defendants shall be solely responsible for paying all costs and expenses related to providing notice as set forth in this Paragraph 4.3.

4.4 Within ten (10) business days after the entry of the Preliminary Approval Order, Plaintiffs' Counsel shall post a copy of the Notice and Stipulation on the website of Sklar Williams PLLC.

5. Attorneys' Fees and Expenses

5.1 After negotiating the Amended MSA and the corporate governance measures, Plaintiffs' Counsel and Defendants' Counsel separately negotiated the attorneys' fees and expenses that Candeo and the Company would pay to Plaintiffs' Counsel. As a result of these negotiations, and in light of the substantial benefits conferred upon Can-Cal by Plaintiffs' Counsel's efforts, the Company and Candeo have agreed that Candeo will purchase from Can-Cal, pursuant to the Second Amended MSA attached as Exhibit A, $375,000 of Pisgah Material upon the terms set forth in the Second Amended MSA, of which the Company has agreed to pay $225,000 to Plaintiffs' Counsel for attorneys' fees, $100,000 to Plaintiffs' Counsel for expenses (the "Fee and Expense Amount") and $50,000 (and any additional amounts paid to Can-Cal as a result of the exercise of the options by Candeo pursuant to section 2.2(a) and 2.2(b)) shall be reserved by Can-Cal as working capital; further, the Company has agreed to pay an additional $375,000 for Plaintiffs' attorneys' fees and expenses, which will be paid exclusively with Can-Cal common stock at a price of U.S. $0.17 per share, plus rights to shares as follows: once the Can-Cal common shares trade for 45 continuous business days after the Effective Date, if the average closing trading

price of the common stock is less than U.S. $0.17 per share during such 45-day period then the price per share of the Can-Cal Shares (U.S. $0.17) will be reduced accordingly (but in no event to less than U.S. $.06 per share) and additional shares (as applicable) will be issued in respect of such rights, all subject to Court approval.

5.2 Within ten (10) days after the Effective Date, Can-Cal shall pay the Fee and Expense Amount to Sklar Williams PLLC as receiving agent for Plaintiffs' Counsel and shall issue the Can-Cal Shares to Plaintiffs' Counsel as follows: $200,000 to William R. Fishman and $175,000 to Sklar Williams PLLC, all as set forth and subject to the formula in section 5.1 above and all subject to Court approval. The Fee and Expense Amount and the Can-Cal Shares, as approved by the Court, shall constitute final and complete payment for Plaintiffs' Counsels' fees and expenses that have been incurred or will be incurred in connection with the Derivative Action and the Canadian Action. Defendants shall have no involvement in, responsibility for, and no liability whatsoever with respect to the cost and fee allocation among Plaintiffs' Counsel, or if any other Person asserts some claim to any portion of the Fee and Expense Amount or the Can-Cal Shares.

5.3 If for any reason the Settlement is in any way canceled or terminated, or if the Fee and Expense Amount or Can-Cal Shares are reduced, disapproved, reversed, or otherwise modified, then it shall be the obligation of Plaintiffs' Counsel to make appropriate refunds or repayments to Can-Cal and/or Defendants' of any attorneys' fees and expenses previously paid within thirty (30) days of being ordered to do so by a court of appropriate jurisdiction. Each of Plaintiffs' Counsel that receives any portion of any Fee and Expense Award or Can-Cal Shares submits and is subject to the Court's jurisdiction for the purposes of enforcing this paragraph or the provisions related to any Fee and Expense Award or Can-Cal Shares issuance.

6. Discontinuance of the Canadian Action

6.1 Within five (5) calendar days after the $375,000 proceeds from the Initial Settlement Payment to Can-Cal have been deposited into the trust account of Candeo's Counsel, the Canadian Plaintiffs shall file a Discontinuance of Claim of the Canadian Action constituting the permanent discontinuance of the Canadian Action and shall otherwise use their reasonable best

efforts to take, or cause to be taken, all actions, and to do, or cause to be done, all things reasonably necessary, proper, and appropriate to secure the permanent discontinuance of the Canadian Action. The permanent discontinuance of the Canadian Action is a material part of this settlement and it is not effective unless the Canadian Court agrees to its permanent discontinuance.

7. Effective Date of Settlement

7.1 The Effective Date of the Settlement shall be the first business day on which all of the following shall have occurred or been waived in accordance with section 8 hereof:

(a) the mutual execution by Candeo and Can-Cal of the Second Amended MSA, substantially in the form attached hereto as Exhibit A (which occurred on March 15, 2018);

(b) entry of the Preliminary Approval Order substantially in the form attached hereto as Exhibit C;

(c) completion of the notice requirements as set forth in Section 4 above; and

(d) the entry of the Judgment substantially in the form attached hereto as Exhibit F.

8. Waiver or Termination

8.1 Plaintiffs and Defendants shall have the right to terminate the Settlement and this Stipulation by providing written notice of their election to do so to all other Parties hereto within fourteen (14) calendar days of: (i) the Court's Final refusal to enter the Preliminary Approval Order in any material respect; (ii) the Court's Final refusal to approve this Stipulation or any material part of it; (iii) the Court's Final refusal to enter the Judgment; (iv) the date upon which the Judgment is modified or reversed in any material respect by a Final order of the Court, the Nevada Court of Appeals, the Nevada Supreme Court, or the U.S. Supreme Court; or (v) the Canadian's Court's refusal to permanently discontinue the Canadian Action.

8.2 In addition, in the event that any shareholder derivative claims directly related to the subject matter of the Derivative Actions, the Canadian Action, or the Released Claims are commenced or prosecuted against any of the Released Persons in any court, tribunal, or forum prior to the Effective Date, and (following a motion by Defendants) such claims are not dismissed with prejudice or stayed in contemplation of dismissal, Plaintiffs and Defendants agree to

cooperate and use their best efforts to secure the dismissal (or a stay in contemplation of dismissal following the Judgment becoming Final) thereof.

8.3 In the event the Settlement is terminated as set forth in section 8.1 above, then the Settlement shall be without prejudice, and none of its terms shall be effective or enforceable except as specifically provided herein; the Parties shall be deemed to have reverted to their respective positions immediately prior to execution of this Stipulation; and, except as specifically provided herein, the Parties shall be deemed to be in the respective positions they were in prior to the execution of this Stipulation, including, for the avoidance of doubt, the refund set forth in Paragraph 5.3. In such event, this Stipulation and any aspect of the discussions or negotiations leading to this Stipulation shall not be admissible in the Derivative Actions or the Canadian Action and shall not be used against or to the prejudice of Plaintiffs or Defendants in any other proceeding for any purpose.

9. Cooperation

9.1 Pending the Court's determination as to final approval of the Settlement, Plaintiffs, Defendants and the Releasing Persons are barred and enjoined from commencing, prosecuting, instigating, or in any way participating in the commencement or prosecution of: (i) any action asserting any Released Claim against any of the Released Persons; and/or (ii) all claims arising out of, relating to, or in connection with the institution, prosecution, assertion, settlement, or resolution of the Derivative Action, the Canadian Action, or the Released Claims.

9 .2 The Parties and their respective counsel agree to cooperate fully with one another in seeking the Court's approval of the Settlement, to use their best efforts to effect the consummation of this Stipulation and the Settlement (including, but not limited to, resolving any objections raised with respect to the Settlement), and to agree upon and execute all such other documentation as reasonably may be required to obtain approval by the Court of the Settlement.

9.3 The Parties may agree to reasonable extensions of time to carry out any of the provisions of this Stipulation to the extent that such deadlines have not been so ordered by the Court.

9 .4 If any of the Released Claims are asserted or continue to be litigated against any of

the Released Persons in any court prior to the Effective Date, Plaintiffs and their counsel shall join, if requested by Defendants, in any motion to dismiss or stay such proceedings and otherwise shall use their best efforts to cooperate with Defendants to effect a withdrawal or dismissal of the claims.

9.5 To promote judicial comity, the Plaintiffs and the Plaintiffs' Counsel agree and will authorize the Canadian counsel they have retained in the Canadian Action to execute a Standstill Agreement in order to preserve any rights of the Parties in the Canadian Action up to and until the Discontinuance of Claim, as referred to in paragraph 6.1 above, is filed.

10. No Admission of Wrongdoing

10.1 Each of the Parties expressly denies and continues to deny all allegations of wrongdoing or liability against itself, himself, or herself arising out of any conduct, statements, acts, or omissions alleged, or which could have been alleged, in the Derivative Action or the Canadian Action. The existence of or the provisions contained in this Stipulation shall not be deemed to prejudice in any way the respective positions of the Parties with respect to the Derivative Action and the Canadian Action, shall not be deemed a presumption, a concession, or admission by any of the Parties of any fault, liability, or wrongdoing as to any facts, claims, or defenses that have been or might have been alleged or asserted in the Derivative Action or the Canadian Action, or with respect to any of the claims settled in the Derivative Action or the Canadian Action, or any other action or proceeding, and shall not be interpreted, construed, deemed, invoked, offered, or received in evidence or otherwise used by any Person in the Derivative Action or the Canadian Action, or in any other action or proceeding, whether civil, criminal, or administrative. The Released Persons may file this Stipulation and/or the Judgment in any action that may be brought against them in order to support a defense or counterclaim based on principles of res judicata, collateral estoppel, full faith and credit, release, standing, good faith settlement, judgment bar or reduction, or any other theory of claim preclusion or issue preclusion or similar defense or counterclaim. The Parties may also file this Stipulation and documents executed pursuant and in furtherance thereto in any action to enforce the Settlement and/or the Judgment.

11. Warranty

11.1 Plaintiffs' represent that Plaintiffs have been continuous shareholders of the Company at all times relevant to the allegations in the Derivative Action and through the date of this Stipulation; and all Parties represent and warrant that none of the Released Claims have been assigned, encumbered, or in any manner transferred in whole or in part, and that they will not attempt to assign, encumber, or in any manner transfer in whole or in part any of the Released Claims.

12. Miscellaneous Provisions

12.1 All of the exhibits to this Stipulation are material and integral parts hereof and are fully incorporated herein by this reference.

12.2 The Parties intend the Settlement to be the full, final, and complete resolution of all claims asserted or that could have been asserted by the Parties with respect to the Released Claims. Accordingly, the Parties agree not to assert in any forum that the Derivative Action and the Canadian Action were brought, prosecuted, or defended in bad faith or without a reasonable basis. The Parties agree that the terms of the Settlement were negotiated at arm's-length and in good faith by the Parties and their respective counsel and reflect a settlement that was reached voluntarily based upon adequate information and after consultation with experienced legal counsel.

12.3 This Stipulation and its exhibits constitute the entire agreement among the Parties concerning the Settlement, and no representation, warranty, or inducement has been made by any Party concerning this Stipulation and its exhibits other than those contained and memorialized in such documents.

12.4 This Stipulation along with its exhibits may not be modified or amended, nor may any of its provisions be waived, except by a writing signed by counsel for the Parties hereto, or their successors, that are materially and adversely affected by the modification, amendment, or waiver.

12.5 The headings herein are used for the purpose of convenience only and are not meant to have legal effect.

12.6 The waiver by one Party of any breach of this Stipulation by any other Party shall

not be deemed a waiver of any other prior or subsequent breach of this Stipulation.

12.7 Nothing in this Stipulation, or the negotiations relating thereto, is intended to or shall be deemed to constitute a waiver of any applicable privilege or immunity, including, without limitation, attorney-client privilege, joint defense privilege, or work product protection.

12.8 All designations and agreements made, or orders entered during the course of the Derivative Actions or the Canadian Action relating to the confidentiality of documents or information shall survive this Stipulation.

12.9 This Stipulation shall be binding upon, and inure to the benefit of, the successors and assigns of the Parties.

12.10 The construction, interpretation, operation, effect, and validity of this Stipulation, and all documents necessary to effectuate it, shall be governed by the laws of the State of Nevada, except to the extent that federal law or the laws of Alberta require thatsuch laws apply to the Canadian Action.

12.11 This Stipulation shall not be construed more strictly against one Party than another merely by virtue of the fact that it, or any part of it, may have been prepared by counsel for one of the Parties, it being recognized that it is the result of arm's-length negotiations among the Parties, and all Parties have contributed substantially and materially to the preparation of this Stipulation.

12.12 All counsel and any other Person executing this Stipulation and any of the exhibits hereto, or any related Settlement document, warrant and represent that they have the full authority to do so, and that they have the authority to take appropriate action required or permitted to be taken pursuant to this Stipulation to effectuate its terms.

12.13 The administration and consummation of the Settlement as embodied in this Stipulation shall be under the authority of the Court, subject only to the jurisdiction the Court of Queen's Bench of Alberta retains concerning the Canadian Action.

12.14 This Stipulation may be executed in one or more counterparts. All executed counterparts and each of them shall be deemed to be one and the same instrument. Signatures sent by facsimile or via e-mail in PDF format shall be deemed originals.

12.15 Except as otherwise expressly provided herein, each Party shall bear its own

attorney's fees and costs.

12.16 The trial date of March 19, 2018, shall be vacated.

IN WITNESS WHEREOF, the parties have caused this Stipulation to be executed by their duly authorized attorneys, as of March 15, 2018.

Dated this 15 day of March, 2018.

SKLAR WILLIAMS PLLC

Stephen R. Hackett, Esq. (NBN 5010)
Johnathon Fayeghi, Esq. (NBN 12736)
410 S. Rampart Blvd., Ste 350
Las Vegas, NV 89145

Co-Counsel for Plaintiffs

and

Dated this 15th day of MARCH, 2018.

WILLIAM R FISHMAN, ESQ.
2000 S. Colorado Blvd
Tower One, Suite 9000
Denver, CO 80222

Co-Counsel for Plaintiffs

Dated this ___ day of _____, 2018.

HOLLAND & HART LLP

Patrick J. Reilly, Esq. (NBN 6103)
9555 Hillwood Drive, Second Floor
Las Vegas, Nevada 89134
Counsel for Defendants William J. Hogan, Thompson MacDonald, Ronald Schinnour, Michael Hogan, Candeo Lava Products, Inc., and FutureWorth Capital Corp.

Dated this ___ day of _____, 2017.

JONES LOVELOCK

Justin Jones, Esq. (NBN 8519)
400 S. 4th St., Ste 500
Las Vegas, Nevada 89101
Counsel for Defendant Can-Cal Resources, Ltd

[Order Vacating Trial Date and Setting Status Check Follows]

attorney's fees and costs.

12.16 The trial date of March 19, 2018, shall be vacated.

IN WITNESS WHEREOF, the parties have caused this Stipulation to be executed by their duly authorized attorneys, as of March 15, 2018.

Dated this ___ day of _____, 2018.

SKLAR WILLIAMS PLLC

Stephen R. Hackett, Esq. (NBN 5010)
Johnathon Fayeghi, Esq. (NBN 12736)
410 S. Rampart Blvd., Ste 350
Las Vegas, NV 89145

Co-Counsel for Plaintiffs

and

Dated this ___ day of _____, 2018.

WILLIAM R FISHMAN, ESQ.
2000 S. Colorado Blvd
Tower One, Suite 9000
Denver, CO 80222

Co-Counsel for Plaintiffs

Dated this ___ day of _____, 2018.

HOLLAND & HART LLP

Patrick J. Reilly, Esq. (NBN 6103)
9555 Hillwood Drive, Second Floor
Las Vegas, Nevada 89134
Counsel for Defendants William J. Hogan, Thompson MacDonald, Ronald Schinnour, Michael Hogan, Candeo Lava Products, Inc., and FutureWorth Capital Corp.

Dated this 15th day of March, 2018.

JONES LOVELOCK

Justin Jones, Esq. (NBN 8519)
400 S. 4th St., Ste 500
Las Vegas, Nevada 89101
Counsel for Defendant Can-Cal Resources, Ltd

[Order Vacating Trial Date and Setting Status Check Follows]

attorney's fees and costs.

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IN WITNESS WHEREOF, the parties have caused this Stipulation to be executed by their duly authorized attorneys, as of March 15, 2018.

Dated this ___ day of _____, 2018.

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Stephen R. Hackett, Esq. (NBN 5010)
Johnathon Fayeghi, Esq. (NBN 12736)
410 S. Rampart Blvd., Ste 350
Las Vegas, NV 89145

Co-Counsel for Plaintiffs

and

Dated this ___ day of _____, 2018.

WILLIAM R FISHMAN, ESQ.
2000 S. Colorado Blvd
Tower One, Suite 9000
Denver, CO 80222

Co-Counsel for Plaintiffs

Dated this 15th day of March, 2018.

HOLLAND & HART LLP

#8061 FOR

Patrick J. Reilly, Esq. (NBN 6103)
9555 Hillwood Drive, Second Floor
Las Vegas, Nevada 89134
Counsel for Defendants William J. Hogan, Thompson MacDonald, Ronald Schinnour, Michael Hogan, Candeo Lava Products, Inc., and FutureWorth Capital Corp.

Dated this ___ day of _____, 2018.

JONES LOVELOCK

Justin Jones, Esq. (NBN 8519)
400 S. 4th St., Ste 500
Las Vegas, Nevada 89101
Counsel for Defendant Can-Cal Resources, Ltd

[Order Vacating Trial Date and Setting Status Check Follows]

ORDER

Based on the foregoing stipulation, the trial date of March 19, 2018 shall be VACATED. A status check shall be set for ~~March~~ April 2nd, 2018, at 4:30 a.m./p.m., to establish the procedure for providing notice of the settlement to Can-Cal shareholders and an opportunity to be heard regarding this settlement, and to schedule a fairness hearing.

IT IS SO ORDERED.

DATED this 16th day of March, 2018.

DISTRICT COURT JUDGE CR

Submitted by:

STEPHEN R. HACKETT, ESQ.
JOHNATHON FAYEGHI, ESQ.
SKLAR WILLIAMS PLLC
410 South Rampart Boulevard, Suite 350
Las Vegas, Nevada 89145

Attorneys for Plaintiff

EXHIBIT A

SECOND AMENDED AND RESTATED MATERIAL SUPPLY AGREEMENT

THIS SECOND AMENDED AND RESTATED MATERIAL SUPPLY AGREEMENT (hereinafter the "**Second Amended MSA**") is made and entered into as of this 15th day of March, 2018, by and between Can-Cal Resources, Ltd., a Nevada corporation, as supplier (hereinafter referred to as "**Can-Cal**") and Candeo Lava Products Inc., an Alberta corporation, as customer, (hereinafter referred to as "**Candeo**") and amends, replaces and supersedes that Amended and Restated Material Supply Agreement made and entered into as of the 3rd day of March, 2014 between Can-Cal and Candeo which amended and restated the Material Supply Agreement made and entered into as of the 9th day of April, 2013 (together with the Amended and Restated Material Supply Agreement, the "**Prior MSAs**").

WITNESSETH:

WHEREAS, Can-Cal is the owner of that certain property situated 45 miles east of the city of Barstow, CA, containing 120 acres, more or less, which property, including all Material (as defined herein) situated therein, thereon and thereunder and all improvements thereon and appurtenances thereto, is hereinafter referred to as the "Property" and is more fully described on Exhibit A, attached hereto;

WHEREAS, Candeo and Can-Cal desire to enter into this Second Amended MSA for the supply of Material to Candeo from Can-Cal;

NOW, THEREFORE, in consideration of ten dollars ($10.00) in hand paid to Can-Cal, the receipt and sufficiency of which are hereby acknowledged, and further in consideration of the covenants hereinafter set forth, Can-Cal and Candeo agree as follows:

1. REMOVAL OF MATERIAL. Can-Cal does hereby agree to allow Candeo or its successors or assigns to remove Material from the Property during the Term and upon the covenants and conditions set forth in this Second Amended MSA for the purposes of subsequent sale by Candeo for use in earth mineralization, both organic and inorganic, for rural and urban distribution in the agricultural sector (both retail and commercial) only (hereinafter referred to as "**Agricultural Purposes**"), provided however that Material previously purchased by Candeo under the Prior MSAs, in the total amount of 30,000 tons, which amount Candeo represents and warrants to be accurate and which amount shall be verified within thirty (30) days of the mutual execution of this Second Amended MSA by receipts and proof of payments received by Can-Cal and Material sold by Candeo pursuant to the Minimum Purchases (as defined below) may be used for any purpose whatsoever. Notwithstanding the foregoing, Candeo agrees that it shall not attempt to extract or cause to have extracted precious metals from Material or otherwise receive compensation, directly or indirectly, from the sale or use of Material for precious metal purposes.

2. DEFINITIONS. The following words and terms wherever used in this Second Amended MSA are defined as follows:

"Environmental Laws" means all federal, state, county, territorial, regional, municipal and local laws, statutes, ordinances, codes, rules and regulations related to protection of the environment or the handling, use, generation, treatment, storage, transportation or disposal of

Hazardous Materials.

"Gross Sale Revenue" means the actual gross sale revenue of Material received by Candeo or its assignee or assignees from purchasers, but shall not include any amounts credited or refunded to the purchasers for returned or defective goods.

"Hazardous Materials" means any hazardous or toxic substance, material or waste that is regulated by any federal, state, county, territorial, regional, municipal or local governmental authority under any Environmental Law now or hereafter effective, including, without limitation, any waste, pollutant, hazardous substance, toxic substance, hazardous waste, special waste, petroleum or petroleum-derived substance or waste, or any constituent of any such substance or waste.

"Material" means the volcanic lava, cinders, gravel, rock, sediments, and other material on or under the Property that Can-Cal may lawfully sell hereunder;

"Start Date" means the first business day after the Judgment is filed in the case currently pending in the Eighth Judicial District Court of the State of Nevada in and for Clark County, styled as: *Ronald D. Sloan, et al. v. Can- Cal Resources, Ltd., et al,* Case No. A-14-701465-B;

"Term" shall mean the term of this Second Amended MSA as set forth in section 4 below.

3. RIGHTS OF CANDEO. Can-Cal grants unto Candeo the following rights and privileges with respect to Material:

(a) The exclusive right and privilege during the Primary Term (as defined in Paragraph 4 below) to remove an initial amount of up to 1,000,000 tons (the "**Initial Amount**") of Material from the Property, in such manner as Candeo, in its sole discretion but subject to all applicable laws, rules and regulations and in compliance with all Environmental Laws, deems advisable;

(b) Provided that Candeo has removed the Initial Amount during the Primary Term, Candeo shall have the exclusive right and privilege during the Term to remove additional incremental amounts (the "**Additional Amounts**") of 1,000,000 tons each of Material from the Property, on the basis that once Candeo has removed the first Additional Amount of Material from the Property, it shall automatically have the right to remove a second Additional Amount of Material from the Property, and so on, such that it shall have the continuing right to remove further Additional Amounts as long as it removes its then current Additional Amount of Material from the property, all in such manner as Candeo, in its sole discretion but subject to all applicable laws, rules and regulations and in compliance with all Environmental Laws, deems advisable;

(c) The non-exclusive right to use and affect the surface of the Property, as may be necessary or incidental to the exercise of the rights herein granted subject to all applicable laws, rules and regulations and in compliance with all Environmental Laws;

(d) The non-exclusive right, to construct, assemble, erect, use, maintain, improve, repair, replace, rebuild, remove and relocate in or upon the Property such machinery, equipment, and

such other improvements and services, including roads, inclines, drifts, entry ways, fences, gates and conveyors, as may be necessary or incidental to the removal of Material and the subsequent sale of Material subject to all applicable laws, rules and regulations and in compliance with all Environmental Laws;

(e) The non-exclusive right to use, subject to all applicable laws, rules and regulations and in compliance with all Environmental Laws, any surface or ground water situated within or upon the Property in connection with Candeo's operations hereunder; provided, however, that Candeo shall not take water from Can-Cal's existing wells, tanks or surface reservoirs without the written consent of Can-Cal, which consent shall not be unreasonably withheld;

(f) All other rights and privileges which are necessary to Candeo in the exercise of any or all of the rights hereinabove set forth which are not in conflict with Can-Cal's rights under this Second Amended MSA or with applicable state, federal or local laws, ordinances and regulations including, without limitation, all Environmental Laws; and

(g) Candeo may record this Second Amended MSA to confirm and secure its rights and interests hereunder in any land records or registries where the Property is located; and, Candeo may in addition file and record Financing Statements in the form attached hereto as Exhibit B.

4. TERM. The Term of this Second Amended MSA shall, subject to Candeo's right to terminate as set forth in Paragraph 16 below, and to Can-Cal's right to terminate as set forth in Paragraph 17 below, continue for an initial period of twenty (20) years from the Start Date (the "**Primary Term**"), unless extended pursuant to the terms hereof. Candeo shall have the option to extend the Term of this Second Amended MSA, up to four (4) separate times, in each instance for an additional five (5) years (each a "**Renewal Term**"), exercisable at any time with no less than sixty (60) days written notice prior to the expiry of the Primary Term or the immediately previous Renewal Term, as the case may be, provided that Candeo is not in default under any of the provisions of this Second Amended MSA and that at least 1,000,000 tons of Material have been completely removed from the Property during the Primary Term and at least 250,000 tons of Material have been completely removed from the Property during any applicable Renewal Term, as the case may be.

5. DAMAGES. Candeo shall pay Can-Cal reasonable compensation for any damages to fences, existing structures or other tangible improvements, timber, crops or livestock resulting from Candeo's removal of Material, but Candeo shall not be liable for any reason or in any event whatsoever for consequential, special, punitive or incidental damages, including, but not limited to, loss of opportunity or loss of future profits arising from any damages to fences, existing structures or other tangible improvements, timber, crops or livestock resulting from Candeo's removal of Material.

6. PURCHASE PAYMENT. The price that Candeo shall pay to Can-Cal per ton of Material ("**Purchase Payment**") purchased by Candeo (or its assign or assigns) following the date hereof, shall be as follows:

(a) With respect to the sale of Material that is not a Minimum Purchase (as hereafter defined), 20% of the Gross Sale Revenue; and

(b) With respect to the sale of Material that is a Minimum Purchase, fifteen U.S. dollars (US$15.00) per ton; and

(c) In respect of Minimum Purchases referred to in section 7(b) and (c) below only, in the event that the Gross Sale Revenue per ton is greater than U.S.$15.00 per ton, an amount equal to 20% of the amount that the Gross Sale Revenue per ton exceeds US$15.00 per ton.

Candeo (or its assign or assigns) shall pay such Purchase Payment to Can-Cal quarterly, with each Purchase Payment being made on or before the January 15, April 15, July 15 or October 15 immediately following the date the subject Material has been purchased by Candeo, except where a more specific date for payment is set forth in Paragraph 7 below.

7. MINIMUM PURCHASES OF MATERIAL. Candeo will purchase a minimum amount of Material (the "**Minimum Purchases**") as follows:

(a) twenty-five thousand (25,000) tons of Material shall be paid for within five (5) days following the Start Date, with an option of Candeo to purchase an additional twenty thousand (20,000) tons of Material exercisable and payable by Candeo within 180 days following the Start Date ("Option 1"), and only upon the prior exercise and payment in full under Option 1, then Candeo shall be granted the right to purchase an additional forty thousand (40,000) tons of Material exercisable and payable by Candeo within 365 days following the Start Date("Option 2");

(b) ten thousand (10,000) tons of Material during each of the first three years following the first anniversary of the Start Date, unless Option 1 has not been exercised and paid in full by Candeo, in which case this Minimum Purchase obligation (10,000 tons per year) commences upon the Start Date and payment in full for the first year ($150,000) thereunder must be made within 180 days following the Start Date; and

(c) in each year following the three year period referred to in section 7(b) above, the Minimum Purchase amount will increase (or decrease) from ten thousand (10,000) tons of Material by an amount equal to the increase (or decrease) in the Consumer Price Index for the calendar year ended immediately prior to the calculation ("the CPI adjustment").

For greater clarity, only in respect of the Minimum Purchases referenced in section 7(a) above, the Purchase Payment shall be limited to and shall not exceed the amount of US$15.00 per ton. The Material purchased as part of the Minimum Purchases by Candeo may remain on the Property until Candeo commences its production operations, which will be subject to all necessary regulatory and other approvals required to remove Material from the Property, such as permits, certified weigh scale, productions plan, environmental reclamation plan (if applicable) and insurance all of which shall be the responsibility and at the sole cost of Candeo. Candeo hereby agrees that it will provide thirty (30) days prior written notice to Can-Cal of the commencement of the operations on the Property, which notice will state the anticipated amount of Material to be removed, the period of time during which the removal will occur and the means that will be used to effect such removal. A separate License Agreement shall secure Candeo's irrevocable right to access and remove Material purchased and paid for, but not removed from the Property.

8. BOOKS AND RECORDS: INSPECTION

(a) Candeo shall keep books and records necessary to document the quantity of Material removed from the Property, the amount of Minimum Purchases and the Gross Sale Revenue.

(b) Candeo shall install and maintain a bucket scale or truck scale to weigh all Material removed immediately prior to its removal from the Property. Candeo shall weigh all Material removed from the Property by use of such bucket scale or truck scale to determine and record the weight of all Material that has been removed from the Property. Scale tickets or other automatic means shall be used to record the weight of all such Material.

(c) For the purpose of permitting verification by Can-Cal of any amounts due hereunder, Candeo will keep and preserve supporting documentation and records which shall disclose in reasonable detail all information required to permit Can-Cal to verify the Purchase Payment calculations under this Second Amended MSA. Upon reasonable advance notice to Candeo, Can-Cal or its agents shall have the right, during Candeo's regular business hours, to examine or audit such supporting documentation and records. Candeo shall retain such supporting documentation and records for a period of one (1) year following the termination or expiration of this Second Amended MSA.

(d) On or before the 25th day of the end of the fiscal quarter following commencement of operations by Candeo and for each fiscal quarter of this Second Amended MSA, Candeo shall forward to Can-Cal, at the address herein given or at such other place or places as Can-Cal shall from time to time designate in writing, quarterly reports indicating thereof the quantity of Material removed from the Property during the previous quarter, the amount of Minimum Purchases and the Gross Sale Revenue, as well as a computation of the Purchase Payment due thereon. Payment of the Purchase Payment shall be made in accordance with section 6 hereof.

(e) In the event that Can-Cal and Candeo cannot agree as to the accuracy of the calculation of the Purchase Payment, then either party may refer the matter to arbitration under Paragraph 19 hereof.

(f) Candeo to report to Can-Cal quarterly upon its activities (including any agreements entered into) and share with Can-Cal all information that it shares with its shareholders as and when sent to Candeo's shareholders.

(g) Can-Cal will advise Candeo prior to any public disclosure of any information by Can-Cal relative to Candeo and shall consult with Candeo and provide Candeo with a reasonable opportunity to comment on such disclosure, as it relates to Candeo or this Second Amended MSA.

9. PERFORMANCE OBLIGATIONS

(a) Operations and Reclamation. Candeo shall conduct its operations on the Property in a careful and workmanlike manner and in compliance with all applicable laws, ordinances and regulations of all governmental authorities having jurisdiction over the Property or Candeo's operations including, without limitation, all Environmental Laws.

(b) Pledge Not to Compete. Candeo and Can-Cal shall not, and each shall cause its affiliates and associates to not, conduct its business in a manner which is in competition with the other parties' business, which is expressly limited to Agricultural Purposes with respect to any rights of Candeo arising from this pledge not to compete and expressly does not apply to Material purchased as Minimum Purchases hereunder. For the avoidance of doubt, Can-Cal shall not be restricted from competing with Candeo in any business outside Agricultural Purposes, including the sale of any Material for any purpose which is not an Agricultural Purpose and this expressly includes the right of Can-Cal to compete with sales by Candeo of Material purchased as Minimum Purchases hereunder.

10. TAXES AND UTILITIES.

(a) Candeo shall pay prior to delinquency all personal property taxes applicable to Candeo's personal property, fixtures, furnishing and equipment located on the Property, as well as all production or severance taxes computed or based upon removal by Candeo of Material from the Property. If Candeo shall in good faith desire to contest the validity or amount of any tax, assessment, levy, or other governmental charge herein agreed to be paid by Candeo, Candeo shall be permitted to do so, and to defer payment of such tax or charge, until final determination of the contest. If the outcome of such contest is unfavorable to Candeo, Candeo shall immediately pay all taxes, charges, interest and penalties determined to be due.

(b) Candeo agrees to pay all expenses for heat, electricity, lighting, telephone, waste management fees and charges for water assessed against the Property, arising from Candeo's activities thereon, at such time as said charges become due.

11. PERMITS.

(a) Candeo shall use its good faith efforts to cause all permits associated with its operations on the Property to be issued in the names of Candeo and Can-Cal provided, however, that the parties agree and acknowledge that such permit obligations are only applicable for activities associated with the removal and sale of Material. Candeo shall pay for any fees or costs associated with obtaining and maintaining such permits.

(b) In the event that Candeo's permits are terminated or not renewed as a result of Can-Cal's actions, Candeo may, in its sole discretion, either (i) terminate this Second Amended MSA with no further obligations hereunder; or (ii) suspend the Term of this Second Amended MSA until Candeo reinstates such permits, up to a maximum period of two (2) years. In the event Candeo's permits are not reinstated prior to the expiration of such two (2) year period, or in the event Candeo notifies Can-Cal that it has abandoned its efforts to reinstate such permits, this Second Amended MSA shall terminate, and Candeo shall have no further obligations hereunder. In the event that Candeo reinstates such permits within such two (2) year period, the applicable Term of this Second Amended MSA shall be extended for the period of suspension.

12. CAN-CAL'S RESERVED RIGHTS

(a) The rights of Candeo granted hereby shall be subject to Can-Cal's reserved concurrent right to use the Property for the purpose of exploration, development and mining and the use of any surface or underground water or water rights occurring on or appurtenant to the Property; so

long as Can-Cal's use does not interfere with the rights granted Candeo herein.

(b) Can-Cal shall not conduct its operations in any way which would adversely affect Candeo's use of the Property in accordance with this Agreement.

(c) Can-Cal agrees that for so long as this Second Amended MSA is in effect, it will not use or sell any Material from the Property for Agricultural Purposes or for any use by any party for Agricultural Purposes or in competition with the type of products that Candeo is selling, or planning to sell, into the market place for Agricultural Purposes.

13. INSURANCE.

(a) Candeo shall, at its sole cost and expense, commencing no later than the date upon which Candeo commences operations on the Property, and continuing throughout the duration of this Second Amended MSA, obtain, keep, and maintain in full force and effect comprehensive general public liability insurance against claims for personal injury, bodily injury, death, or property damage occurring in, upon, or about the Property in an amount of not less than Five Million United States Dollars (US$5,000,000.00) , or such other amount as the parties may agree, in respect to injury or death of one person and to the limit of not less than Five Million United States Dollars (US$5,000,000.00), or such other amount as the parties may agree, in respect to any one accident, and to the limit of not less than Five Million United States Dollars (US$5,000,000.00), or such other amount as the parties may agree, in respect to property damage with respect to the use of the Property. Each party shall deliver to the other party certificates of insurance, which shall declare that the respective insurer may not cancel the same, in whole or in part, without giving each party written notice of its intention to do so at least thirty (30) days' prior written notice. In addition, Candeo shall ensure that any contractors or sub-contractors engaged in respect of operations on the Property shall have insurance coverage substantially similar to that required of Candeo, which to the extent that all operations have been contracted by Candeo, can stand in place of the coverage required to be obtained by Candeo.

(b) Can-Cal shall, at its sole cost and expense, commencing no later than the date upon which Can-Cal commences operations on the Property, and continuing throughout the duration of this Second Amended MSA, obtain, keep, and maintain in full force and effect comprehensive general public liability insurance against claims for personal injury, bodily injury, death, or property damage occurring in, upon, or about the Property in an amount of not less than Five Million United States Dollars (US$5,000,000.00), or such other amount as the parties may agree, in respect to injury or death of one person and to the limit of not less than Five Million United States Dollars (US$5,000,000.00), or such other amount as the parties may agree, in respect to any one accident, and to the limit of not less than Five Million United States Dollars (US$5,000,000.00), or such other amount as the parties may agree, in respect to property damage with respect to the use of the Property. Each party shall deliver to the other party certificates of insurance, which shall declare that the respective insurer may not cancel the same, in whole or in part, without giving each party written notice of its intention to do so at least thirty (30) days' prior written notice.

14. INDEMNIFICATION.

(a) Candeo shall pay, defend and indemnify and hold Can-Cal and its officers, directors,

shareholders, agents and employees ("**Can-Cal Indemnified Parties**," individually a "**Can-Cal Indemnified Party**") harmless from and against any and all claims of liability for injury or damage to any person or property arising from the use of the Property by Candeo, or from the conduct of Candeo's business, or from any activity, work or thing done, permitted or suffered by Candeo or Candeo's invitees, licensees, agents, contractors or employees in or about the Property or elsewhere. Candeo shall further pay, defend, indemnify and hold the Can-Cal Indemnified Parties harmless from and against any and all claims arising from any breach of any representation, warranty or covenant hereunder, or default in the performance of any obligation on Candeo's part to be performed under this Second Amended MSA, or arising from any negligence of Candeo or Candeo's invitees, licensees, agents, contractors or employees, and from and against all costs, attorneys' fees, expenses and liabilities incurred in the defense of any such claim or action or proceeding brought thereon. In the event any action or proceeding is brought against any Can-Cal Indemnified Party by reason of any such claim, Candeo, upon notice from such Can-Cal Indemnified Party, shall defend the same at Candeo's expense by counsel reasonably satisfactory to such Can-Cal Indemnified Party.

(b) Can-Cal shall pay, defend and indemnify and hold Candeo and its officers, directors, shareholders, agents and employees ("**Candeo Indemnified Parties**," individually a "**Candeo Indemnified Party**") harmless from and against any and all claims of liability for injury or damage to any person or property arising from the use of the Property by Can-Cal, or from the conduct of Can-Cal's business, or from any activity, work or thing done, permitted or suffered by Can-Cal or Can-Cal's invitees, licensees, agents, contractors or employees in or about the Property or elsewhere. Can-Cal shall further pay, defend, indemnify and hold Candeo Indemnified Parties harmless from and against any and all claims arising from any breach of any representation, warranty or covenant hereunder or default in the performance of any obligation on Can-Cal's part to be performed under this Second Amended MSA, or arising from any negligence of Can-Cal or Can-Cal's invitees, licensees, agents, contractors or employees, and from and against all costs, attorneys' fees, expenses and liabilities incurred in the defense of any such claim or action or proceeding brought thereon. In the event any action or proceeding is brought against any Candeo Indemnified Party by reason of any such claim, Can-Cal, upon notice from such Candeo Indemnified Party, shall defend the same at Can-Cal's expense by counsel reasonably satisfactory to such Candeo indemnified Party.

15. LIENS. If any liens or claims of mechanics, laborers, or material men shall be filed against the Property or any part or parts thereof, for any work, labor, or materials furnished or claimed to be furnished to Candeo, or on behalf of Candeo, then Candeo shall cause such lien to be discharged within thirty (30) days after the date such lien is filed; or if such lien is disputed by Candeo and Candeo contests the same in good faith, Candeo shall cause such lien to be bonded around and discharged from the Property within thirty (30) days after the date such lien is filed.

16. CANDEO'S RIGHT TO TERMINATE. Candeo may terminate this Second Amended MSA:

(i) With the prior written consent of Can-Cal; or

(ii) If any court of competent jurisdiction over the Property, or any governmental, administrative or regulatory authority, agency or body shall have issued an order, decree or ruling or taken any other action permanently enjoining, restraining or otherwise prohibiting the

transactions contemplated by this Second Amended MSA.

(iii) If Can-Cal breaches any of its representations or warranties hereof or fails to perform in any material respect any of its covenants, agreements or obligations under this Second Amended MSA, without curing such failure with thirty (30) days written notice thereof (or moving to cure such failure is the event of such failure cannot be feasibly cured within such period).

17. CAN-CAL'S RIGHT TO TERMINATE. Can-Cal may terminate this Second Amended MSA:

(i) With the written consent of Candeo;

(ii) If Candeo at any time, other than during the first three years of the initial Term, does not remove any Material from the Property for a period of twelve (12) consecutive months;

(iii) If any court of competent jurisdiction over the Property, or any governmental, administrative or regulatory authority, agency or body shall have issued an order, decree or ruling or taken any other action permanently enjoining, restraining or otherwise prohibiting the transactions contemplated by this Second Amended MSA;

(iv) If Candeo breaches any of its representations or warranties hereof or fails to perform in any material respect any of its covenants, agreements or obligations under this Second Amended MSA, without curing such failure with thirty (30) days written notice thereof (or moving to cure such failure is the event of such failure cannot be feasibly cured within such period);

(v) In the event that Candeo fails to obtain or maintain sufficient property liability insurance, which policies shall be made available to Can-Cal upon Candeo's commencement of operations on the Property, without curing such failure with thirty (30) days written notice thereof; *provided*, however, that during such notice period Candeo shall cease any and all activity on the Property until such cure (or termination).

18. EXPROPRIATION.

(a) In the event that all or substantially all of the Property shall be taken by eminent domain for any public or quasi-public purpose such that Candeo's operations are no longer economically feasible, then this Second Amended MSA shall expire on the date when title to the Property vests in the appropriate authority or on the date possession is required to be surrendered, whichever is earlier. The compensation or damages for this taking shall be apportioned by and between the Can-Cal and Candeo taking into consideration the residual value of the land and surface rights to Can-Cal and the remaining present value of the existing term of this Second Amended MSA to Candeo.

(b) A voluntary sale or conveyance under threat of expropriation or condemnation but in lieu thereof, shall be deemed an appropriation or taking under the power of eminent domain.

19. ARBITRATION. Any disagreement between the parties in connection with any matter arising out of this Second Amended MSA shall be referred to arbitration before a single

arbitrator. Any such arbitration, including the selection of the arbitrator, shall be governed by the rules and regulations of the American Arbitration Association. The decision of any such arbitrator shall be final and binding on the parties and the costs and fees relating thereto shall be borne and paid in the manner the arbitrator determines to be fair and equitable.

20. NOTICES. Any notice or other communication which may be permitted or required under this Second Amended MSA shall be in writing and shall be delivered personally or sent by United States registered or certified mail, postage prepaid, addressed as follows, or to any other address as either party may designate by notice to the other party:

If to Can-Cal:	Can-Cal Resources Ltd. [address] [contact person]
If to Candeo:	Candeo Lava Products Inc. 1712 - 25 St. S.W. Calgary, Alberta T3C 1J6 Attention: William J. Hogan

21. ASSIGNMENT. Neither party shall assign all or a portion of its interest in this Second Amended MSA without the prior written consent of the other party, which consent shall not be unreasonably withheld, delayed or conditioned. Can-Cal shall be entitled to assign all or any portion of its interest in this Second Amended MSA provided the assignee agrees in writing to assume and be bound by the terms hereof.

22. BINDING ON SUCCESSORS AND ASSIGNS. All covenants, agreements, provisions, and conditions of this Second Amended MSA shall be binding upon and enure to the benefit of the parties hereto, their respective heirs, personal representatives, successors, and assigns.

23. RIGHT OF FIRST REFUSAL. In the event of any sale of all or any portion of the Property (collectively "**Disposition**"), Can-Cal hereby grants to Candeo the right of first refusal to acquire such Property. The right of first refusal shall be subject to the following terms:

(a) in the event Can-Cal proposes to undertake any Disposition of all or any portion of the Property or in the event Can-Cal receives a binding proposal (or a proposal which would be binding and enforceable if it were executed and delivered by the parties thereto) for a Disposition of all or any portion of the Property, Can-Cal shall forthwith provide written notice (the "**Disposition Notice**") thereof to Candeo;

(b) the Disposition Notice shall contain the terms and conditions pursuant to which Can-Cal proposes to complete the Disposition, or for which a proposal for a Disposition Notice has been made including the consideration proposed to be paid, if known;

(c) Candeo shall have a period of ten (10) business days after receipt of the Disposition Notice (the "**Notice Period**") from Can-Cal to elect in writing to acquire the Property under such proposed Disposition on the terms and conditions contained in the Disposition Notice and, if Candeo so elects, Can-Cal hereby agrees to complete the transaction comprising the Disposition with Candeo;

(d) if Candeo declines or fails to elect within the Notice Period to complete the Disposition on the terms and conditions set out in the Disposition Notice, Can-Cal shall be entitled for a period of 120 days beginning upon the expiry of the Notice Period, to complete the Disposition on substantially the same terms and conditions as set forth in the Disposition Notice. Upon expiry of such 120 day period, or in the event that such terms and conditions of the proposed Disposition, change materially, Can-Cal shall not be entitled to complete a Disposition without again complying with section 23(a) to (d) inclusive *mutatis mutandis*; and

(e) in the event that Can-Cal does not complete the proposed Disposition in accordance with the foregoing, the provisions of this section shall apply to the next proposed Disposition *mutatis mutandis*.

24. SUBORDINATION AND ATTORNMENT. Subject to the next sentence of this section 24, this Second Amended MSA and the rights of Candeo hereunder shall be subject and subordinate to any deed of trust, mortgage or other financing lien which at any time hereafter may encumber the Property (such deed of trust, mortgage or other financing lien, and any replacement, renewal, modification, amendment or extension thereof, being hereinafter referred to as an "**Encumbrance**"). Notwithstanding the foregoing, the subordination of this Second Amended MSA to any Encumbrance and Candeo's obligations under this section 24 shall only be effective if the holder of such Encumbrance executes and delivers to Candeo a commercially reasonable non-disturbance agreement acknowledging that the holder of such Encumbrance if it purchases the Property, or any other purchaser of the Property as a result of such Encumbrance, whether by foreclosure or deed in lieu thereof, shall take the Property subject to the then current rights of Candeo under this Second Amended MSA. Candeo shall, within ten (10) business days of Candeo's receipt of any request from Can-Cal therefor, execute and deliver to Can-Cal a commercially reasonable subordination, non-disturbance and attornment agreement with respect to any Encumbrance that (i) confirms and gives effect to the priority of such Encumbrance over this Second Amended MSA and the subordination of this Second Amended MSA to such Encumbrance, (ii) contains the non-disturbance agreement required under this section 24, and (iii) provides that if the holder of such Encumbrance or any other person claiming under or through such Encumbrance shall succeed to the interest of Can-Cal in this Second Amended MSA, then Candeo shall recognize and attorn to such holder or other person as Can-Cal under the terms of this Second Amended MSA.

25. PARTIAL INVALIDITY. If any term or provision of this Second Amended MSA shall to any extent be held invalid or unenforceable, then the remaining terms and provisions of this Second Amended MSA shall not be affected thereby, but each term and provision of this Second Amended MSA shall be valid and be enforced to the fullest extent permitted by law. In the event that any provision of this Second Amended MSA relating to the time periods shall be declared by a court of competent jurisdiction to exceed the maximum time period that such court deems reasonable and enforceable, the time period deemed reasonable and enforceable by the court shall become and thereafter be the maximum time period.

26. GOVERNING LAW. This Second Amended MSA shall be governed by the laws of the State of Nevada.

27. CAPTIONS. The captions of this Second Amended MSA are for convenience only and are not to be construed as part of this Second Amended MSA and shall not be construed as defining or limiting in any way the scope or intent of the provisions of this Second Amended MSA.

28. NO WAIVER. No waiver of any covenant or condition contained in this Second Amended MSA or of any breach of any such covenant or condition shall constitute a waiver of any subsequent breach of such covenant or condition by either party or justify or authorize the non-observance on any other occasion of the same or any other covenant or condition.

29. ENTIRE AGREEMENT; MODIFICATION. This Second Amended MSA represents the entire understanding and agreement between the parties with respect hereto and supersedes all prior written instruments or memoranda with respect to the subject matter of this Second Amended MSA. No modification of this Second Amended MSA shall be binding unless it is in writing and executed by an authorized representative of Can-Cal and Candeo.

30. COUNTERPARTS. This Second Amended MSA may be executed in one or more counterparts which, together, shall constitute an original and binding agreement on the parties hereto.

31. RELATIONSHIP OF THE PARTIES. Nothing contained in this Second Amended MSA shall be deemed or construed by the parties hereto, nor by any third party, as creating the relationship of principal and agent, partnership, or joint venture between the parties hereto, it being understood and agreed that no provision contained in this Second Amended MSA nor any acts of the parties hereto shall be deemed to create any relationship other than the relationship of supplier and customer.

32. INCORPORATION OF EXHIBITS. This Second Amended MSA shall be deemed to have incorporated by reference all of the Exhibits referred to herein to the same extent as if such Exhibits were fully set forth herein.

[signature page follows]

IN WITNESS WHEREOF, the parties have hereunto set their hands and seals as of the day and year first above written.

Executed effective as of the date first above written.

CANDEO LAVA PRODUCTS INC.

Per: _____
Name: WILLIAM T. HOGAN
Title: CHAIRMAN + CEO

CAN-CAL RESOURCES, LTD.

Per: _____
Name:
Title:

IN WITNESS WHEREOF, the parties have hereunto set their hands and seals as of the day and year first above written.

Executed effective as of the date first above written.

CANDEO LAVA PRODUCTS INC.

Per: _____
Name:
Title:

CAN-CAL RESOURCES, LTD.

Per: _____
Name: Casey Douglass
Title: Chairman of Board

Exhibit A

The Pisgah Mine Project is located in San Bernardino County, 72 kilometers (45 miles) east of the city of Barstow, California, and 307 kilometers (192 miles) south-southeast of Las Vegas, Nevada, United States. Barstow lies near the southwest border of California, east of the junction of Interstate 15, Interstate 40 and U.S. Route 66. The Project is centered at Latitude 34° 44' 47" North, Longitude 116° 22' 29" West, or UTM (metric) co-ordinates 55700 E/384500 N in Zone 11, datum point NAD 27. It lies within Section 32, Township 8 North, Range 6 East from San Bernardino Meridian. It has an area of 48.4 hectares (120.2 acres). In 1997 Can-Cal Resources Ltd., a Las Vegas, NV based exploration company, gained 100% ownership of the claim which covers the Pisgah property.

Access to the Pisgah Project is by the paved 2-lane paved road from the junction of Interstate 15 and Interstate 40 just east of Barstow, California travel east along Interstate 40 for 52 kilometers (32.5 miles). Take the Hector Rd. Exit and turn right onto Hector Rd. From here turn left onto Historic Route 66 for 7.4 kilometers (4.6 miles), and then turn right (south) onto the Pisgah Crater road. Follow this road for 3.2 kilometers (2.0 miles) to the Pisgah Crater workings.

The Pisgah Mining Property lies near the south end of the Mojave Desert. The region forms the southwestern extent of Precambrian continental North America and rests at the present plate edge formed by the San Andreas transform fault. An oceanic plate has bordered the region since late Precambrian time. Starting in late Miocene time the Mojave Desert area was dissected by NW-trending right-lateral strike-slip faults with local areas of E-trending left-lateral strike-slip faults.

Exhibit B

[Approved Form of UCC Financing Statement Attached]

[redacted]

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS

A. NAME & PHONE OF CONTACT AT FILER (optional)

B. E-MAIL CONTACT AT FILER (optional)

C. SEND ACKNOWLEDGMENT TO: (Name and Address)

Lori Argall
Holland & Hart LLP
5441 Kietzke Lane
Second Floor
Reno,NV 89511

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S NAME: Provide only one Debtor name (1a or 1b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); if any part of the Individual Debtor's name will not fit in line 1b, leave all of item 1 blank, check here ☐ and provide the Individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1Ad)

1a. ORGANIZATION'S NAME
Can-Cal Resources Ltd.

OR

1b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX

1c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY

2. DEBTOR'S NAME: Provide only one Debtor name (2a or 2b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); if any part of the Individual Debtor's name will not fit in line 2b, leave all of item 2 blank, check here ☐ and provide the Individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1Ad)

2a. ORGANIZATION'S NAME

OR

2b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX

2c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY

3. SECURED PARTY'S NAME (or NAME of ASSIGNEE of ASSIGNOR SECURED PARTY): Provide only one Secured Party name (3a or 3b)

3a. ORGANIZATION'S NAME
Candeo Lava Products Inc.

OR

3b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX

3c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
1712 - 25 St. S.W.	**Calgary, Alberta**		**T3C 1J6**	**CAN**

4. COLLATERAL: This financing statement covers the following collateral:

The collateral consists of (i) all Material that Secured Party has previously purchased until such Material is removed from the Property, (ii) all Material that Secured Party in the future purchases under the Second Amended MSA until such Material is removed from the Property, and (iii) all rights of Secured Party under the Second Amended MSA to purchase Material. As used herein, (i) "Second Amended MSA" means that Second Amended and Restated Material Supply Agreement, dated as of March 15, 2018, between Debtor and Secured Party, (ii) "Material" means the volcanic lava, cinders, gravel, rock, sediments, and other material on or under the Property that Debtor may lawfully sell under the Second Amended MSA, and (iii) "Property" means the approximately 120 acres of property situated 45 miles east of Barstow, California and more particularly described in attached Exhibit "A".

5. Check only if applicable and check only one box: Collateral is ☐ held in a Trust (see UCC1Ad, item 17 and Instructions) ☐ being administered by a Decedent's Personal Representative

6a. Check only if applicable and check only one box:
☐ Public-Finance Transaction ☐ Manufactured-Home Transaction ☐ A Debtor is a Transmitting Utility

6b. Check only if applicable and check only one box:
☐ Agricultural Lien ☐ Non-UCC Filing

7. ALTERNATIVE DESIGNATION (if applicable): ☐ Lessee/Lessor ☐ Consignee/Consignor ☐ Seller/Buyer ☐ Bailee/Bailor ☐ Licensee/Licensor

8. OPTIONAL FILER REFERENCE DATA:
85517.0001

Exhibit A

The Pisgah Mine Project is located in San Bernardino County, 72 kilometers (45 miles) east of the city of Barstow, California, and 307 kilometers (192 miles) south-southeast of Las Vegas, Nevada, United States. Barstow lies near the southwest border of California, east of the junction of Interstate 15, Interstate 40 and U.S. Route 66. The Project is centered at Latitude 34° 44' 47" North, Longitude 116° 22' 29" West, or UTM (metric) co-ordinates 55700 E/384500 N in Zone 11, datum point NAD 27. It lies within Section 32, Township 8 North, Range 6 East from San Bernardino Meridian. It has an area of 48.4 hectares (120.2 acres). In 1997 Can-Cal Resources Ltd., a Las Vegas, NV based exploration company, gained 100% ownership of the claim which covers the Pisgah property.

Access to the Pisgah Project is by the paved 2-lane paved road from the junction of Interstate 15 and Interstate 40 just east of Barstow, California travel east along Interstate 40 for 52 kilometers (32.5 miles). Take the Hector Rd. Exit and turn right onto Hector Rd. From here turn left onto Historic Route 66 for 7.4 kilometers (4.6 miles), and then turn right (south) onto the Pisgah Crater road. Follow this road for 3.2 kilometers (2.0 miles) to the Pisgah Crater workings.

The Pisgah Mining Property lies near the south end of the Mojave Desert. The region forms the southwestern extent of Precambrian continental North America and rests at the present plate edge formed by the San Andreas transform fault. An oceanic plate has bordered the region since late Precambrian time. Starting in late Miocene time the Mojave Desert area was dissected by NW-trending right-lateral strike-slip faults with local areas of E-trending left-lateral strike-slip faults.

[redacted]

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS

A. NAME & PHONE OF CONTACT AT FILER (optional)

B. E-MAIL CONTACT AT FILER (optional)

C. SEND ACKNOWLEDGMENT TO: (Name and Address)

Lori Argall
Holland & Hart LLP
5441 Kietzke Lane
Second Floor
Reno,NV 89511

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S NAME: Provide only one Debtor name (1a or 1b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); if any part of the Individual Debtor's name will not fit in line 1b, leave all of item 1 blank, check here ☐ and provide the Individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1Ad)

1a. ORGANIZATION'S NAME: **Can-Cal Resources Ltd.**

OR

1b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX

1c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY

2. DEBTOR'S NAME: Provide only one Debtor name (2a or 2b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); if any part of the Individual Debtor's name will not fit in line 2b, leave all of item 2 blank, check here ☐ and provide the Individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1Ad)

2a. ORGANIZATION'S NAME

OR

2b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX

2c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY

3. SECURED PARTY'S NAME (or NAME of ASSIGNEE of ASSIGNOR SECURED PARTY): Provide only one Secured Party name (3a or 3b)

3a. ORGANIZATION'S NAME: **Candeo Lava Products Inc.**

OR

3b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX

3c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
1712 - 25 St. S.W.	Calgary, Alberta		T3C 1J6	CAN

4. COLLATERAL: This financing statement covers the following collateral:

The collateral consists of (i) all Material that Secured Party has previously purchased until such Material is removed from the Property, (ii) all Material that Secured Party in the future purchases under the Second Amended MSA until such Material is removed from the Property, and (iii) all rights of Secured Party under the Second Amended MSA to purchase Material. As used herein, (i) "Second Amended MSA" means that Second Amended and Restated Material Supply Agreement, dated as of March 15, 2018, between Debtor and Secured Party, (ii) "Material" means the volcanic lava, cinders, gravel, rock, sediments, and other material on or under the Property that Debtor may lawfully sell under the Second Amended MSA, and (iii) "Property" means the approximately 120 acres of property situated 45 miles east of Barstow, California and more particularly described in attached Exhibit "A".

5. Check only if applicable and check only one box: Collateral is ☐ held in a Trust (see UCC1Ad, item 17 and Instructions) ☐ being administered by a Decedent's Personal Representative

6a. Check only if applicable and check only one box: ☐ Public-Finance Transaction ☐ Manufactured-Home Transaction ☐ A Debtor is a Transmitting Utility

6b. Check only if applicable and check only one box: ☐ Agricultural Lien ☐ Non-UCC Filing

7. ALTERNATIVE DESIGNATION (if applicable): ☐ Lessee/Lessor ☐ Consignee/Consignor ☐ Seller/Buyer ☐ Bailee/Bailor ☐ Licensee/Licensor

8. OPTIONAL FILER REFERENCE DATA:
85517.0001

UCC FINANCING STATEMENT ADDENDUM

FOLLOW INSTRUCTIONS

9. NAME OF FIRST DEBTOR: Same as line 1a or 1b on Financing Statement; if line 1b was left blank because Individual Debtor name did not fit, check here ☐

9a. ORGANIZATION'S NAME
Can-Cal Resources Ltd.

OR

9b. INDIVIDUAL'S SURNAME

FIRST PERSONAL NAME

ADDITIONAL NAME(S)/INITIAL(S) | SUFFIX

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

10. DEBTOR'S NAME: Provide (10a or 10b) only one additional Debtor name or Debtor name that did not fit in line 1b or 2b of the Financing Statement (Form UCC1) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name) and enter the mailing address in line 10c

10a. ORGANIZATION'S NAME

OR

10b. INDIVIDUAL'S SURNAME

INDIVIDUAL'S FIRST PERSONAL NAME

INDIVIDUAL'S ADDITIONAL NAME(S)/INITIAL(S) | SUFFIX

10c. MAILING ADDRESS | CITY | STATE | POSTAL CODE | COUNTRY

11. ☐ ADDITIONAL SECURED PARTY'S NAME or ☐ ASSIGNOR SECURED PARTY'S NAME: Provide only one name (11a or 11b)

11a. ORGANIZATION'S NAME

OR

11b. INDIVIDUAL'S SURNAME | FIRST PERSONAL NAME | ADDITIONAL NAME(S)/INITIAL(S) | SUFFIX

11c. MAILING ADDRESS | CITY | STATE | POSTAL CODE | COUNTRY

12. ADDITIONAL SPACE FOR ITEM 4 (Collateral):

The collateral consists of (i) all Material that Secured Party has previously purchased until such Material is removed from the Property, (ii) all Material that Secured Party in the future purchases under the Second Amended MSA until such Material is removed from the Property, and (iii) all rights of Secured Party under the Second Amended MSA to purchase Material. As used herein, (i) "Second Amended MSA" means that Second Amended and Restated Material Supply Agreement, dated as of March 15, 2018, between Debtor and Secured Party, (ii) "Material" means the volcanic lava, cinders,

13. ☑ This FINANCING STATEMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS (if applicable)

14. This FINANCING STATEMENT:
☐ covers timber to be cut ☐ covers as-extracted collateral ☑ is filed as a fixture filing

15. Name and address of a RECORD OWNER of real estate described in item 16 (if Debtor does not have a record interest):

Can-Cal Resources Ltd.

16. Description of real estate:

See attached Exhibit A

17. MISCELLANEOUS:
85517.0001

UCC FINANCING STATEMENT ADDENDUM

FOLLOW INSTRUCTIONS

9. NAME OF FIRST DEBTOR: Same as line 1a or 1b on Financing Statement; if line 1b was left blank because Individual Debtor name did not fit, check here ☐

9a. ORGANIZATION'S NAME

Can-Cal Resources Ltd.

OR

9b. INDIVIDUAL'S SURNAME

FIRST PERSONAL NAME

ADDITIONAL NAME(S)/INITIAL(S) | SUFFIX

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

10. DEBTOR'S NAME: Provide (10a or 10b) only one additional Debtor name or Debtor name that did not fit in line 1b or 2b of the Financing Statement (Form UCC1) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name) and enter the mailing address in line 10c

10a. ORGANIZATION'S NAME

OR

10b. INDIVIDUAL'S SURNAME

INDIVIDUAL'S FIRST PERSONAL NAME

INDIVIDUAL'S ADDITIONAL NAME(S)/INITIAL(S) | SUFFIX

10c. MAILING ADDRESS | CITY | STATE | POSTAL CODE | COUNTRY

11. ☐ ADDITIONAL SECURED PARTY'S NAME or ☐ ASSIGNOR SECURED PARTY'S NAME: Provide only one name (11a or 11b)

11a. ORGANIZATION'S NAME

OR

11b. INDIVIDUAL'S SURNAME | FIRST PERSONAL NAME | ADDITIONAL NAME(S)/INITIAL(S) | SUFFIX

11c. MAILING ADDRESS | CITY | STATE | POSTAL CODE | COUNTRY

12. ADDITIONAL SPACE FOR ITEM 4 (Collateral):

gravel, rock, sediments, and other material on or under the Property that Debtor may lawfully sell under the Second Amended MSA, and (iii) "Property" means the approximately 120 acres of property situated 45 miles east of Barstow, California and more particularly described in attached Exhibit "A".

13. ☑ This FINANCING STATEMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS (if applicable)

14. This FINANCING STATEMENT: ☐ covers timber to be cut ☐ covers as-extracted collateral ☑ is filed as a fixture filing

15. Name and address of a RECORD OWNER of real estate described in item 16 (if Debtor does not have a record interest):

16. Description of real estate:

17. MISCELLANEOUS:

Exhibit A

The Pisgah Mine Project is located in San Bernardino County, 72 kilometers (45 miles) east of the city of Barstow, California, and 307 kilometers (192 miles) south-southeast of Las Vegas, Nevada, United States. Barstow lies near the southwest border of California, east of the junction of Interstate 15, Interstate 40 and U.S. Route 66. The Project is centered at Latitude 34° 44' 47" North, Longitude 116° 22' 29" West, or UTM (metric) co-ordinates 55700 E/384500 N in Zone 11, datum point NAD 27. It lies within Section 32, Township 8 North, Range 6 East from San Bernardino Meridian. It has an area of 48.4 hectares (120.2 acres). In 1997 Can-Cal Resources Ltd., a Las Vegas, NV based exploration company, gained 100% ownership of the claim which covers the Pisgah property.

Access to the Pisgah Project is by the paved 2-lane paved road from the junction of Interstate 15 and Interstate 40 just east of Barstow, California travel east along Interstate 40 for 52 kilometers (32.5 miles). Take the Hector Rd. Exit and turn right onto Hector Rd. From here turn left onto Historic Route 66 for 7.4 kilometers (4.6 miles), and then turn right (south) onto the Pisgah Crater road. Follow this road for 3.2 kilometers (2.0 miles) to the Pisgah Crater workings.

The Pisgah Mining Property lies near the south end of the Mojave Desert. The region forms the southwestern extent of Precambrian continental North America and rests at the present plate edge formed by the San Andreas transform fault. An oceanic plate has bordered the region since late Precambrian time. Starting in late Miocene time the Mojave Desert area was dissected by NW-trending right-lateral strike-slip faults with local areas of E-trending left-lateral strike-slip faults.

EXHIBIT A-1

RECORDING REQUESTED BY
AND WHEN RECORDED PLEASE
RETURN TO:

Holland & Hart
9555 Hillwood Drive, Second Floor
Las Vegas, Nevada 89134
Attention: Patrick J. Reilly, Esq.

MATERIAL STORAGE LICENSE AGREEMENT

THIS MATERIAL STORAGE LICENSE (this "**Agreement**") is made as of March 15, 2018 by and between **CAN-CAL RESOURCES, LTD.**, a Nevada corporation, as supplier ("**Can-Cal**"), and **CANDEO LAVA PRODUCTS INC.**, an Alberta corporation, as customer ("**Candeo**") (the foregoing parties are collectively the "**Parties**" and each is a "**Party**").

RECITALS:

A. Can-Cal is the owner of the approximately 120 acres of property situated 45 miles east of Barstow, California and more particularly described in attached **Exhibit "A"** (the "**Property**").

B. The Parties have entered into that Second Amended and Restated Material Supply Agreement (the "**Second Amended MSA**"), dated on or about the date hereof, providing for the sale by Can-Cal to Candeo from time to time of volcanic lava, cinders, gravel, rock, sediments and other material on or under the Property that Can-Cal can legally sell (collectively, "**Material**").

C. Candeo desires a license to store Material that Candeo has purchased or will purchase under the Second Amended MSA (and previous agreements that were superseded by the Second Amended MSA) on the Property until such time as Candeo elects to remove the same from the Property.

D. Can-Cal has agreed to grant such license to Candeo as provided herein.

NOW, THEREFORE, the Parties agree as follows:

1. **Capitalized Terms**. Capitalized terms used and not otherwise defined herein shall have the meanings set forth in the Second Amended MSA.

2. **Grant of License**. Can-Cal hereby grants to Candeo a license (the "**License**") to store on the Property during the License Term (as defined below) any Material that Candeo has previously purchased or that Candeo in the future purchases under the Second Amended MSA; provided, however, that (i) Candeo shall remove any Material that Candeo has previously purchased from the Property prior to the end of the fourth (4^{th}) year of the License Term, and (ii) Candeo shall remove any Material that Candeo in the future purchases under the Second Amended MSA from the Property prior to the later of (a) the end of the fourth (4^{th}) year of the License Term, or (b) the date two (2) years after Candeo purchases such Material.

3. **Consideration**. Candeo shall not be required to pay Can-Cal any consideration for the License other than the applicable Purchase Payment for Material purchased by Candeo under the Second Amended MSA and stored on the Property hereunder.

4. **Term**. The term of the License (the "**License Term**") shall commence as of the date hereof and end on the earlier of (i) the first date after the expiration or sooner termination of the Second Amended MSA that there is no longer any Material purchased by Candeo on the Property, or (ii) the date two (2) years after the expiration or sooner termination of the Second Amended MSA.

5. **Security and Access**. Candeo shall be solely responsible for securing any Material stored on the Property by Candeo hereunder, and Can-Cal shall have no obligations or liabilities with respect thereto. Candeo shall be entitled at all times to reasonable access to the Property to remove the purchased Material and, if requested by Candeo, Can-Cal shall grant in favor of Candeo, for no additional consideration, any access license on the Property reasonably necessary for such purposes.

6. **Incorporation of Terms**. Candeo's use of the License shall be subject to all of the terms and conditions of the Second Amended MSA, all of which are incorporated herein by this reference. Without limiting the foregoing, the terms and conditions of the Second Amended MSA governing the rights and obligations of each of Candeo and Can-Cal applicable to Candeo's use of the Property (including, without limitation, Sections 5, 8(b), 9(a), 10, 11(a), 13(a), 14 and 15 of the Second Amended MSA) shall, for the purposes of this Agreement, survive the expiration or sooner termination of the Second Amended MSA.

7. **Governing Law**. The validity, construction, performance and effect of this Agreement shall be governed by the laws of the State of Nevada to the maximum extent permissible by law, and otherwise shall be governed by the laws of the State of California.

[SIGNATURE PAGE FOLLOWS]

8. **Counterparts**. This Agreement may be executed in any number of counterparts, each of which when executed and delivered shall be an original, but all such counterparts shall constitute one and the same agreement.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first above written.

CAN-CAL RESOURCES, LTD., a Nevada corporation

By:_____
Name:_____
Title:_____

CANDEO LAVA PRODUCTS INC., an Alberta corporation

By:_____
Name: WILLIAM T. HOGAN
Title: CHAIRMAN + CEO

STATE OF _____)
) :SS
COUNTY OF _____)

This instrument was acknowledged before me on March ___, 2018 by _____ as _____ of **CAN-CAL RESOURCES, LTD.**, a Nevada corporation.

_____
NOTARY PUBLIC

My Commission Expires:_____

STATE OF _____)
) :SS
COUNTY OF _____)

This instrument was acknowledged before me on March ___, 2018 by _____ as _____ of **CANDEO LAVA PRODUCTS INC.**, an Alberta corporation.

_____
NOTARY PUBLIC

My Commission Expires:_____

8. **Counterparts**. This Agreement may be executed in any number of counterparts, each of which when executed and delivered shall be an original, but all such counterparts shall constitute one and the same agreement.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first above written.

CAN-CAL RESOURCES, LTD., a Nevada corporation

By: _____
Name: Casey Douglass
Title: Chairman of Board

CANDEO LAVA PRODUCTS INC., an Alberta corporation

By: _____
Name: _____
Title: _____

STATE OF _____)
) :SS
COUNTY OF _____)

This instrument was acknowledged before me on March ___, 2018 by _____ as _____ of **CAN-CAL RESOURCES, LTD.**, a Nevada corporation.

_____
NOTARY PUBLIC

My Commission Expires: _____

STATE OF _____)
) :SS
COUNTY OF _____)

This instrument was acknowledged before me on March ___, 2018 by _____ as _____ of **CANDEO LAVA PRODUCTS INC.**, an Alberta corporation.

_____
NOTARY PUBLIC
My Commission Expires: _____

EXHIBIT "A"

DESCRIPTION OF PROPERTY

The Pisgah Mine Project is located in San Bernardino County, 72 kilometers (45 miles) east of the city of Barstow, California, and 307 kilometers (192 miles) south-southeast of Las Vegas, Nevada, United States. Barstow lies near the southwest border of California, east of the junction of Interstate 15, Interstate 40 and U.S. Route 66. The Project is centered at Latitude 34° 44' 47" North, Longitude 116° 22' 29" West, or UTM (metric) co-ordinates 55700 E/384500 N in Zone 11, datum point NAD 27. It lies within Section 32, Township 8 North, Range 6 East from San Bernardino Meridian. It has an area of 48.4 hectares (120.2 acres). In 1997 Can-Cal Resources Ltd., a Las Vegas, NV based exploration company, gained 100% ownership of the claim which covers the Pisgah property.

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EXHIBIT B

EXHIBIT B-1

CERTIFICATE OF AMENDMENT OF ARTICLES OF INCORPORATION (AFTER ISSUANCE OF STOCK)

CAN-CAL RESOURCES LTD.

The undersigned, _____, Secretary of Can-Cal Resources, Ltd., does hereby certify:

1. That the board of directors of said corporation at a meeting duly convened, held on _____ __, 2018, adopted a resolution to amend the original Articles of Incorporation, as modified to date, by adding new Article FOURTEENTH, as follows:

   "FOURTEENTH: Notwithstanding any other provision of this Certificate of Amendment of Articles of Incorporation or the By-laws of the corporation, and in addition to any affirmative vote of the holders of any particular class of stock of the corporation required by applicable law, the Articles of Incorporation or the By-laws of the corporation, the affirmative vote of the holders of at least 90% of the voting power of the shares of the then outstanding voting stock of the corporation, voting together as a single class, shall be required to authorize any of the Supermajority Matters. For purposes hereof, the "Supermajority Matters" are: (i) authorization of the corporation to file a voluntary petition for relief under the provisions of Chapter 11 of Title 11 of the United States Code (i.e., the U.S. Bankruptcy Code); (ii) modification of that certain Second Amended Material Supply Agreement by and between the corporation and Candeo Lava Products, Inc.; (iii) increase to the corporation's outstanding voting capital securities to more than 100 million outstanding votes, in the aggregate; and (iv) the Amendment or repeal of any provisions of this Article FOURTEENTH or the adoption of any provisions inconsistent with this Article FOURTEENTH."

2. That the number of shares of the corporation outstanding and entitled to vote on the above amendment to the Articles of Incorporation was _____; and

3. That the said amendment have been consented to and approved by a majority vote of the stockholders holding at least a majority of each class outstanding and entitled to vote thereon, at the _____ meeting of shareholders held _____ __, 2018.

_____, _____
_____ ___, 2018

_____
_____, Secretary

EXHIBIT B-2

IRREVOCABLE PROXY COUPLED-WITH-AN-INTEREST

THIS IRREVOCABLE PROXY COUPLED-WITH-AN-INTEREST (this "**Proxy**") is granted this ___ day of _____, 2018, by _____ ("**Stockholder**") to _____ ("**Proxy Holder**") with respect to the "**Subject Shares**" (as defined below) in Can-Cal Resources, Ltd., a Nevada corporation (the "**Company**"), and is delivered pursuant to, and as an element of the consummation of, that certain Stipulation and Agreement of Settlement in *Ronald D. Sloan, et al. v. Can-Cal Resources, Ltd., et al.*, Eighth Judicial District Court of Clark County, Nevada, Case No. A-14-701465-B (the "**Lawsuit**"), for the purpose of reaching a settlement of the Lawsuit (the "**Settlement**").

1. Grant of Proxy. The undersigned Stockholder does hereby irrevocably constitute and appoint Proxy Holder, for a term of seven years from the date hereof (the "**Term**"), with full power of substitution, as Stockholder's true and lawful proxy and attorney-in-fact, for and in Stockholder's name, place and stead, to vote all of the Subject Shares and any and all other equity interests in the Company owned by Stockholder, beneficially or of record, now owned or hereafter acquired ("**Other Equity Interests**"), with respect to any and all matters whatsoever, including, without limitation, Stockholder's rights to appoint and to replace members of the Board of Directors of the Company; provided, however, that the rights granted hereunder are not applicable to any vote as to any Supermajority Matters, as that term is defined in the Certificate of Amendment of Articles of Incorporation of the Company filed with the Nevada Secretary of State on _____ __, 2018.

2. Irrevocable Proxy Coupled-With-An-Interest. Stockholder hereby acknowledges that this Proxy is irrevocable and coupled-with-an-interest, within the meaning of that term under the laws of the State of Nevada, it being understood and agreed that the grant of this Proxy was a part of the consideration required under the terms of the Settlement and that this Proxy cannot be revoked or limited in any respect whatsoever (including the bankruptcy of the undersigned Stockholder) for the Term hereof. This Proxy shall be binding upon any transferee or assignee of the undersigned Stockholder or other successor owner of the Subject Shares or Other Equity Interests.

3. Revocation of Prior Proxies and Acknowledgement of this Proxy. The undersigned Stockholder hereby revokes all other proxies and powers of attorney that the Stockholder may have granted or appointed with respect to the Subject Shares or Other Equity Interests and covenants not to grant any subsequent proxy or power of attorney (and if given, it will not be effective) and not to enter into any other voting agreement with respect to the Subject Shares or Other Equity Interests. The Company acknowledges the powers and proxy granted herein and hereby agrees that, except with respect to Supermajority Matters, the Proxy Holder shall have the sole right during the Term to vote the Subject Shares and any Other Equity Interests.

4. Subject Shares. For purposes hereof, the "**Subject Shares**" are those certain _____ shares of Common Stock, $__ par value of the Company, evidenced by Stock Certificates(s) _____ (the "**Stock Certificates**"). The Company and the Stockholder each agree that each Stock Certificate, and each certificate, if any, that may hereafter from time to time evidence the Subject Shares and any Other Equity Interests, shall be marked by the Company with a restrictive legend as set forth herein. The Company shall place or cause to be placed the following legend on

each Stock Certificate and upon any new or replacement certificate that is issued by the Company representing Subject Shares and any Other Equity Interests:

"THE SHARES OF COMMON STOCK AND/OR OTHER EQUITY INTERESTS EVIDENCED HEREBY ARE SUBJECT TO AN IRREVOCABLE PROXY COUPLED-WITH-AN-INTEREST (A COPY OF WHICH MAY BE OBTAINED UPON REQUEST FROM THE COMPANY), AND BY ACQUIRING ANY INTEREST IN THE SHARES OF COMMON STOCK AND/OR OTHER EQUITY INTERESTS REPRESENTED BY THIS CERTIFICATE THE PARTY ACUIRING SUCH INTEREST SHALL BE DEEMED TO AGREE TO AND SHALL BECOME BOUND BY ALL OF THE PROVISIONS OF SUCH PROXY."

During the Term hereof, the Company shall not remove, and will not permit to be removed (upon registration of transfer, reissuance, or otherwise), the above legend from any Stock Certificate, or other certificate representing the Subject Shares and any Other Equity Interests.

5. Miscellaneous. Stockholder hereby ratifies and confirms any and all actions that the Proxy Holder or any substitute or substitutes of Proxy Holder may lawfully do or cause to be done of by virtue of and in accordance with the provisions of this Proxy. Stockholder hereby consents to the execution and delivery of this Agreement by the Company and acknowledges that the Proxy Holder is an intended beneficiary hereof. This Proxy and any and all acts and transactions performed pursuant to this Proxy shall be governed, construed, interpreted and enforced under the laws of the State of Nevada, without regard to its principles of the conflict of laws. Neither this Proxy, nor any term, covenant, or condition expressed herein may be amended, waived, extended, delayed or terminated except by written agreement signed by all parties hereto.

STOCKHOLDER:

_____ (Sign name)
_____ (Print name)

ACKNOWLEDGED AND AGREED BY COMPANY:

Can-Cal Resources, Ltd.,
a Nevada corporation

By: _____
Name: _____
Title: _____

ACCEPTED BY PROXY HOLDER:

_____ (Sign name)
_____ (Print name)

NOTARIZATION BLOCKS ON FOLLOWING PAGE

STATE OF _____)
) ss.
COUNTY OF _____)

This instrument was acknowledged before me on _____ ___, 2018, by _____ _____ as _____ of _____.

_____
NOTARY PUBLIC

STATE OF _____)
) ss.
COUNTY OF _____)

This instrument was acknowledged before me on _____ ___, 2018, by _____ _____ as _____ of Can-Cal Resources, Ltd.

_____
NOTARY PUBLIC

STATE OF _____)
) ss.
COUNTY OF _____)

This instrument was acknowledged before me on _____ ___, 2018, by _____ _____ as _____ of _____.

_____
NOTARY PUBLIC

EXHIBIT C

EXHIBIT C

STEPHEN R. HACKETT, ESQ.
Nevada Bar No.: 5010
JOHNATHON FAYEGHI, ESQ.
Nevada Bar No.: 12736
SKLAR WILLIAMS PLLC
410 South Rampart Boulevard, Suite 350
Las Vegas, Nevada 89145
Telephone: (702) 360-6000
Facsimile: (702) 360-0000
Email: shackett@sklar-law.com
Email: jfayeghi@sklar-law.com

Attorneys for Plaintiffs

DISTRICT COURT

CLARK COUNTY, NEVADA

RONALD D. SLOAN; ROBIN SCHWARZ; GARY COLLINS; JILL BROWN; LARK TERRELL; NANCY HERBOLD; DANIEL R. SLOAN; BETTY ANN SLOAN; PEARL KIRK; JAMES BOAN; N O WAIT; LARRY ORWICK; PATRICIA LA SALLE; BRIAN WOLFE; STUART R. CAMERON; ROBERT WEBSTER; HUGO BONDI; JOAN BRATSETH; P A BRATSETH; DEREK MILANI; DEAN RACHEY; SAM BROUNSTEIN; SANDRA JANSEN; BRIAN JANSEN; RHONDA KIM NICHOLS; SCOTT NICHOLS; CARMEN ADAIR; KRISTA SCHOFIELD; MARK BRATSETH; ROSE TRUST 11; CLIFF OLSON; DON COLLINS; ROYCE NORDSTROM; NATALIE MAYZEL; DAVID JESSKE; THORNTON D. BARNES; JAMES HASON; SANDRA HASON; EDDIE GUILLET; RYAN GUILLET;

ON BEHALF OF CAN-CAL RESOURCES, LTD.,

Plaintiffs,

vs.

CAN-CAL RESOURCES, LTD., a Nevada corporation; WILLIAM J. HOGAN; THOMPSON MACDONALD; RONALD SCHINNOUR; MICHAEL HOGAN; CANDEO LAVA PRODUCTS, INC. a Canadian Corporation, and FUTUREWORTH CAPITAL CORP., a Canadian Corporation,

Defendants.

Case No.: A-14-701465-B
Dept. No.: XI

[PROPOSED] ORDER PRELIMINARILY APPROVING SETTLEMENT AND PROVIDING FOR NOTICE

WHEREAS, the Parties to the above-captioned shareholder derivative action (the "Derivative Action" or "Action") have submitted a Stipulation and Agreement of Settlement seeking the preliminary approval of the settlement, as well as the Exhibits attached thereto and the arguments by counsel for the parties in favor of preliminary approval of the Settlement;

WHEREAS, the Parties have made an application for an order: (i) preliminarily approving the Settlement of the Action, in accordance with the Stipulation and agreement of Settlement dated March 15, 2018 (the "Stipulation"), which, together with the exhibits annexed thereto, sets forth the terms and conditions for the proposed Settlement and dismissal of the Derivative Action with prejudice; and (ii) approving the form and content of (a) the Notice to Current Can-Cal Shareholder (the "Notice") for posting on the websites of Sklar Williams PLLC, Holland & Hart, and Jones Lovelock; (b) the Summary Notice to Current Can-Cal Shareholders for filing by Can-Cal with the U.S. Securities and Exchange Commission ("SEC") via a Current Report on Form 8-K; and (c) the publication of a Summary Notice once in the *Calgary Herald* and the *Las Vegas Review Journal,* newspapers of general circulation in the areas where the majority of the shareholders in Can-Cal are believed to reside;

WHEREAS, the Court having: (i) read and considered the Stipulation, as well as all the exhibits attached thereto and (ii) heard and considered arguments by counsel for the Parties in favor of preliminary approval of the Settlement;

WHEREAS, the Court finds, upon a preliminary evaluation, that the proposed Settlement falls within the range of possible final approval criteria, as it provides a beneficial result for Can-Cal and its shareholders and appears to be the product of good-faith, informed, and non-collusive negotiations between experienced and capable counsel for the parties;

WHEREAS, the Court also finds, upon a preliminary evaluation, that Current Can-Cal shareholders should be apprised of the Settlement through the proposed form of notice, allowed to file objections, if any, thereto, and to appear at the Settlement Hearing; and

WHEREAS, all capitalized terms contained herein shall have the same meanings as set forth in the Stipulation, unless otherwise defined herein; and

NOW THEREFORE, IT IS HEREBY ORDERED:

1. This Court hereby preliminarily approves, subject to further consideration at the Settlement Hearing described below, the Settlement set forth in the Stipulation, including the terms and conditions for settlement and dismissal with prejudice of the Derivative Action.

2. The Settlement Hearing pursuant to NRCP 23.1 shall be held before the Honorable Elizabeth Goff Gonzalez, in Department 11 of this Court on _____, 2018 at _____ ___.m. to consider: (i) whether the terms and conditions of the Settlement set forth in the Stipulation are fair, reasonable, and adequate to Can-Cal and Current Can-Cal Shareholders and should be finally approved by this Court; (ii) whether the Judgment approving the Settlement, as provided for in paragraph 1.11 of the Stipulation and attached thereto as Exhibit F, should be entered; (iii) whether Plaintiffs' Counsel's application for an award of attorneys' fees and reimbursement of expenses should be approved; and (iv) such other matters as may be necessary or proper.

3. This Court approves as to form and content the Notice, attached as Exhibit D to the Stipulation, and the Summary Notice, attached as Exhibit E to the Stipulation, and finds that the provisions of the Notice and Summary Notice meet the requirements of Nevada law and due process, is the best notice practicable under the circumstances, and shall constitute due and sufficient notice to all Persons entitled thereto. Nonmaterial changes to the form of Notice may be made without further approval of the Court.

4. Within ten (10) business days following entry of this Order, Defendants shall cause a copy of the Notice and Stipulation to be posted on their counsels' websites, Holland & Hart and Jones Lovelock. Defendants shall maintain the Notice and Stipulation on their counsels' websites until the date the Court enters the Judgment approving the Settlement.

5. Within ten (10) business days following entry of this Order, Can-Cal shall cause a copy of the Summary Notice to be filed with the U.S. Securities and Exchange Commission ("SEC") via a Current Report on Form 8-K.

6. Within ten (10) business days following entry of this Order, Can-Cal shall cause a copy of the Summary Notice to be published once in the *Calgary Herald* and the *Las Vegas Review Journal* newspapers of general circulation in the areas where a majority of the

shareholders of Can-Cal are believed to reside. The costs associated with publishing the Summary Notice shall be paid by Defendants.

7. Within ten (10) business days following entry of this Order, Plaintiffs' Counsel shall cause a copy of the Notice and Stipulation to be posted on the website of Sklar Williams PLLC and shall maintain the Notice and Stipulation on its website until the date the Court enters the Judgment approving the Settlement.

8. This Court hereby finds that the notice procedures described in paragraphs 4-7 above satisfy the requirements of due process, constitute reasonable notice under the circumstances, and shall constitute due and sufficient notice to all Persons entitled to such notice of the proposed Settlement and matters to be considered at the Settlement Hearing.

9. All papers in support of the Settlement and the Fee and Expense Amount shall be filed with this Court and served at least twenty-eight (28) calendar days prior to the Settlement Hearing, and any reply papers, including in response to any objections, shall be filed with this Court at least seven (7) calendar days prior to the Settlement Hearing.

10. Any Current Can-Cal Shareholder may object and/or appear and show cause, if he, she, or it has any concern why the Settlement should not be finally approved as fair, reasonable, and adequate, or why the Judgment should not be entered, or why the Fee and Expense Amount and the Can-Cal Share issuance should not be finally approved; provided, however, unless otherwise ordered by this Court, no Current Can-Cal Shareholder shall be heard or entitled to contest the approval of the terms and conditions of the Settlement, or, if approved, the Judgment to be entered thereon approving the same, or the Fee and Expense Amount, or the Can-Cal Share issuance, unless that shareholder has, **at least fourteen (14) calendar days prior to the Settlement Hearing**: (a) filed with the Clerk of this Court a signed, written objection to the Settlement setting forth: (i) the nature of the objection; (ii) proof of ownership of Can-Cal common stock through the date of the Settlement Hearing, including the number of shares of Can-Cal common stock and the date of purchase; (iii) any documentation in support of such objection; and (b) if a Current Can-Cal Shareholder intends to appear and requests to be heard at the Settlement Hearing, such shareholder must have, in addition to the requirements of (a) above,

filed with the Clerk of this Court: (i) a written notice of such shareholder's intention to appear; (ii) a statement that indicates the basis for such appearance; and (iii) the identities of any witnesses the shareholder intends to call at the Settlement Hearing and a statement as to the subjects of their testimony. If a Current Can-Cal Shareholder files a written objection and/or written notice of intent to appear, such shareholder must also simultaneously serve copies of such notice, proof, statement, and documentation, together with copies of any other papers or briefs such shareholder files with this Court (either by hand delivery or by first class mail) at least fourteen (14) calendar days prior to the Settlement Hearing upon each of the following:

Stephen R. Hackett, Esq. SKLAR WILLIAMS PLLC 410 S. Rampart Blvd., Ste. 350 Las Vegas, NV 89145	Patrick J. Reilly, Esq. HOLLAND & HART 9555 Hillwood Dr., 2nd Floor Las Vegas, NV 89134
William R. Fishman, Esq. 2000 S. Colorado Blvd. Tower 1, Ste. 900 Denver, CO 80222	Justin C. Jones, Esq. JONES LOVELOCK 400 S. 4th St., Ste. 500 Las Vegas, NV 89101
Counsel for Plaintiffs	*Counsel for Defendants*

11. Any current Can-Cal Shareholder who does not make his, her, or its objection in the manner provided herein shall be deemed to have waived such objection and shall forever be foreclosed from making any objection to the fairness, reasonableness, or adequacy of the Settlement, or to the Fee and Expense Amount unless otherwise ordered by this Court, but shall otherwise be bound by the Final Order and Judgment to be entered and the releases to be given.

12. At least fourteen (14) calendar days prior to the Settlement Hearing, Defendants' Counsel shall file and serve on counsel in this Action and file with the Court affidavit(s) or declaration(s) stating that the Summary Notice was filed as a Current Report on Form 8-K with the SEC, that the Summary Notice was published in the *Calgary Herald* and the *Las Vegas Review Journal*, and that the Notice and Stipulation were posted and maintained on Defendants' counsels' websites.

13. At least fourteen (14) calendar days prior to the Settlement Hearing, Plaintiffs' Counsel shall file and serve on counsel in this Action affidavit(s) or declaration(s) stating that the

Notice and Stipulation were posted and maintained on the website of Sklar Williams PLLC.

14. Pending final determination of whether the Settlement should be approved, no Current Can-Cal Shareholder, directly, representatively, or in any other capacity, shall institute, commence or prosecute against any of the Defendants, or derivatively on behalf of Can-Cal, any action or proceeding in any court or tribunal asserting any Released Claims.

15. All proceedings in this Derivative Action, except for those proceedings related to the Settlement, shall be stayed and the current trial date vacated, until the resolution of all Settlement-related proceedings.

16. Neither the Stipulation (including any exhibits attached thereto) nor the Settlement, nor any act performed or document executed pursuant to or in furtherance of the Stipulation or the Settlement: (a) is or may be deemed to be or may be offered, attempted to be offered or used in any way by the Parties as a presumption, a concession or an admission of, or evidence of, the validity of any Released Claims, or of any fault, wrongdoing or liability of any of the Parties, Plaintiffs' Counsel, Defendants' Counsel, or Released Persons; or (b) is or may be deemed to be or may be offered, attempted to be offered or used in any way by the Parties or any other Person as a presumption, a concession, or an admission of, or evidence of, any fault, omission, wrongdoing or liability of any of the Parties, Plaintiffs' Counsel, Defendants' Counsel, or Released Persons in any civil, criminal, or administrative proceeding in any court, administrative agency, or other tribunal. The Parties, Plaintiffs' Counsel, Defendants' Counsel, and Released Persons may file the Stipulation and/or this Order in connection with any proceeding to enforce the terms of the Stipulation or this Order, including, but not limited to, the filing of the Stipulation, and/or this Order by any Released Party to prevent or terminate institution, commencement, or prosecution of any action that asserts Released Claims against any of the Released Parties.

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17. This Court reserves the right to continue or adjourn the date of the Settlement Hearing or modify any other dates set forth herein without further notice to Current Can-Cal Shareholders, and retains jurisdiction to consider all further applications arising out of or connected with the Settlement. The Court may approve the Settlement and any of its terms, with such modifications as may be agreed to by the Parties, if appropriate, without further notice to Current Can-Cal Shareholders.

IT IS SO ORDERED.

DATED: _____

_____
JUDGE OF THE EIGHTH JUDICIAL DISTRICT COURT

EXHIBIT D

EXHIBIT D

DISTRICT COURT

CLARK COUNTY, NEVADA

RONALD D. SLOAN; ROBIN SCHWARZ; GARY COLLINS; JILL BROWN; LARK TERRELL; NANCY HERBOLD; DANIEL R. SLOAN; BETTY ANN SLOAN; PEARL KIRK; JAMES BOAN; N O WAIT; LARRY ORWICK; PATRICIA LA SALLE; BRIAN WOLFE; STUART R. CAMERON; ROBERT WEBSTER; HUGO BONDI; JOAN BRATSETH; P A BRATSETH; DEREK MILANI; DEAN RACHEY; SAM BROUNSTEIN; SANDRA JANSEN; BRIAN JANSEN; RHONDA KIM NICHOLS; SCOTT NICHOLS; CARMEN ADAIR; KRISTA SCHOFIELD; MARK BRATSETH; ROSE TRUST 11; CLIFF OLSON; DON COLLINS; ROYCE NORDSTROM; NATALIE MAYZEL; DAVID JESSKE; THORNTON D. BARNES; JAMES HASON; SANDRA HASON; EDDIE GUILLET; RYAN GUILLET;

ON BEHALF OF CAN-CAL RESOURCES, LTD.,

Plaintiffs,

vs.

CAN-CAL RESOURCES, LTD., a Nevada corporation; WILLIAM J. HOGAN; THOMPSON MACDONALD; RONALD SCHINNOUR; MICHAEL HOGAN; CANDEO LAVA PRODUCTS, INC. a Canadian Corporation, and FUTUREWORTH CAPITAL CORP., a Canadian Corporation,

Defendants.

Case No.: A-14-701465-B
Dept. No.: XI

NOTICE OF PROPOSED SETTLEMENT AND SETTLEMENT HEARING

TO: ALL OWNERS OF CAN-CAL RESOURCES, LTD. ("CAN-CAL" OR "THE COMPANY") COMMON STOCK AS OF March 15, 2018 ("CURRENT CAN-CAL SHAREHOLDERS").[1]

PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY. YOUR RIGHTS MAY BE AFFECTED. THIS NOTICE RELATES TO A PROPOSED SETTLEMENT AND DISMISSAL OF SHAREHOLDER DERIVATIVE LITIGATION AND CONTAINS IMPORTANT INFORMATION REGARDING YOUR RIGHTS. YOUR RIGHTS MAY BE AFFECTED BY LEGAL PROCEEDINGS IN THIS DERIVATIVE ACTION.

IF THE COURT APPROVES THE SETTLEMENT AND DISMISSAL OF THE DERIVATIVE ACTION, CURRENT SHAREHOLDERS WILL BE FOREVER BARRED FROM CONTESTING THE APPROVAL OF THE PROPOSED SETTLEMENT AND FROM PURSUING THE SETTLED CLAIMS. THESE ACTIONS ARE NOT "CLASS ACTONS." THUS, THERE IS NO COMMON FUND UPON WHICH YOU CAN MAKE A CLAIM FOR A MONETARY PAYMENT.

THE COURT HAS MADE NO FINDINGS OR DETERMINATIONS WITH RESPECT TO THE MERITS OF THE DERIVATIVE ACTION. THE RECITATION OF THE BACKGROUND AND CIRCUMSTANCES OF THE SETTLEMENT CONTAINED HEREIN DOES NOT CONSTITUTE THE FINDINGS OF THE COURT. IT IS BASED ON REPRESENTATIONS MADE TO THE COURT BY COUNSEL FOR THE PARTIES.

IF YOU WERE NOT THE BENEFICIAL OWNER OF CAN-CAL COMMON STOCK ON THE DATE ABOVE, PLEASE TRANSMIT THIS NOTICE TO SUCH BENEFICIAL OWNER.

YOU ARE HEREBY NOTIFIED, pursuant to an Order of the Eighth Judicial District Court of the State of Nevada in and for Clark County (the "Court"), that a proposed settlement agreement (the "Settlement") has been reached between Can-Cal, the Individual Defendants, the Corporate Defendants, and Plaintiffs, on behalf of themselves and derivatively on behalf of Can-Cal in connection with the following shareholder derivative action: *Ronald D. Sloan, et al. v. Can-Cal Resources, Ltd.*, et al., Case No. A-14-701465-B, pending in the above Court (the "Derivative Action").

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[1] This Notice incorporates by reference the definitions in the Stipulation and Agreement of Settlement ("Stipulation") fully executed as of March 15, 2018, and all capitalized terms used herein, unless otherwise defined, shall have the same meanings as set forth in the Stipulation. The Stipulation may be inspected at the office of Clerk of the Eighth Judicial District Court of the State of Nevada in and for Clark County, located at 200 Lewis Avenue, Las Vegas, NV 89155, during business hours of each business day and is also available on the website of Defendants' Counsel at Holland & Hart at www.hollandhart.com/lasvegas#newsInsight and Jones Lovelock at www.joneslovelock.com/news/ and the website of Plaintiffs' Counsel at Sklar Williams PLLC at (www.sklar-law.com/Notices/Can-Cal).

Plaintiffs filed the Derivative Action derivatively on behalf of Can-Cal and allege that the Corporate Defendants and Individual Defendants breached their fiduciary duties to the Company in connection with Can- Cal's property located in Pisgah, San Bernardino County, California, known as the "Pisgah Property." The Pisgah Property is made up of a volcanic cinder material known as the "Pisgah Material." In summary, Plaintiffs allege that the Defendants sought to ursurp a corporate opportunity through an Amended Material Supply Agreement ("Amended MSA") entered into by Can-Cal with a company called Candeo Lava Products, Inc. ("Candeo").

The proposed Settlement, if approved by the Court, would fully and forever resolve the Derivative Action on the terms set forth in the Stipulation, which are summarized in this Notice, and include the dismissal of the Derivative Action with prejudice.

As explained below, a hearing (the "Settlement Hearing") will be held before the Court in the Derivative Action on _____, 2018 at _____ ____.m. to determine whether, among other things, if the proposed Settlement is fair, reasonable, and adequate, and should be finally approved by the Court. You have the right to object to the Settlement in the manner provided herein. If you fail to object in the manner provided herein ***at least fourteen (14) calendar days prior to the Settlement Hearing,*** you will be deemed to have waived your objections and will be bound the Judgment to be entered and the releases to be given, unless otherwise ordered by the Court.

This Notice is not intended to be and should not be construed as an expression of any opinion by the Court with respect to the merits of the claims made in the Derivative Action but is merely to advise you of the proposed Settlement and of your rights as a Current Can-Cal Shareholder.

I. INTRODUCTION

A. The Derivative Action

Beginning on May 29, 2014, Plaintiffs filed a shareholder derivative complaint in this Court, the Eighth Judicial District Court of the State of Nevada in and for Clark County, against the Individual Defendants, the Corporate Defendants and nominal Defendant Can-Cal, styled as:

Ronald D. Sloan, et al. v. Can- Cal Resources, Ltd., et al, Case No. A-14-701465-B (the "Derivative Action"). The Derivative Action alleges breaches of fiduciary duty, unjust enrichment, abuse of control, gross mismanagement, and taking of corporate opportunities relating to the events alleged in the Complaint. The Derivative Action seeks compensatory damages, punitive damages, corporate governance reforms, restitution and disgorgement of Defendants' alleged profits, equitable and/or injunctive relief, and costs and attorneys' fees. Plaintiffs' fundamental claim is that Individual Defendants William Hogan, Ronald Schinnour, Michael Hogan and Thompson MacDonald took from Can-Cal a corporate opportunity and engaged in self-dealing by entering into favorable contracts for their personal benefit, awarding themselves excessive compensation through stock and taking from the company its main corporate asset and opportunity, the development of its Pisgah Material, located at the Pisgah Property. Plaintiffs allege the Individual Defendants conspired to transfer the benefit of that corporate opportunity and asset to former Chairman of the Board William Hogan and a company under his control, Candeo Lava Products, Inc. ("Candeo"), through a Material Supply Agreement ("MSA") entered into by and between Can-Cal and Candeo and an Amended Material Supply Agreement ("Amended MSA"). Defendants have denied all liability and damages.

B. The Canadian Action

On or about January 24, 2017, the Corporate Defendants and William J. Hogan, collectively, filed a Statement of Claim commencing an action in the Court of Queen's Bench of Alberta, Calgary, Canada, naming as defendants 36 of the 40 original individual Plaintiffs in the Nevada Derivative Action (the "Canadian Action"). The Canadian Action alleges that the primary purpose of the Derivative Action was a civil conspiracy among the Derivative Action Plaintiffs to unlawfully interfere with the Amended MSA and Cadeo's research, development and verification of the Pisgah Material. The Canadian Action seeks general damages of $3,187,500.00, consequential damages for loss of business opportunities in an amount to be proven at trial, punitive damages in an amount to be proven at trial and costs and other relief as deemed appropriate by the Court. The defendants in the Canadian Action have denied all liability

and damages.

II. PLAINTIFFS' CLAIMS AND THE BENEFITS OF THE SETTLEMENT

Plaintiffs believe that the Derivative Action has substantial merit and that the Canadian Action is without merit. Plaintiffs' entry into this Stipulation and Settlement is not intended to be and shall not be construed as an admission or concession concerning the relative strength or merit of the claims alleged in the Derivative Action or the Canadian Action. Plaintiffs and Plaintiffs' Counsel also acknowledge the significant risk, expense, and length of continued proceedings necessary to defend the Canadian Action and prosecute the Derivative Action against Defendants through trial and through possible appeals. Plaintiffs' Counsel have also taken into account the substantial risks, costs, and delays involved in complex shareholder derivative litigation, generally, as well as the unique challenges presented by the Derivative Action and the defense of the Canadian Action, including pleading fraud with the requisite particularity, and the significant challenges of meeting the burdens of proof applicable to the underlying claims and of defeating the available affirmative defenses, including the business judgment rule and the exculpation and indemnification rights afforded the Individual Defendants pursuant to Nevada Law under NRS Chapter 78 and the Articles and By-Laws of Can-Cal.

Plaintiffs' Counsel have conducted an extensive investigation over the course of three years, including: (i) reviewing Can-Cal's press releases, public statements, SEC filings, and expert witnesses' reports about the Company and the potential economic value of the Pisgah Material; (ii) reviewing Confidential information and test result and reports about the Pisgah Material and its potential commercial uses and value; (iii) researching the applicable law with respect to the claims alleged in the Derivative Action and the Canadian Action and the potential claims and defenses thereto; (iv) preparing and filing the derivative complaint and numerous Motions in the Derivative Action and the Canadian Action, including defending against the removal of the Derivative Action to Federal Court in Nevada and its subsequent remand to state court, multiple motions to dismiss the Derivative Action, a successful motion to compel an annual meeting of the stockholders of Can-Cal, a successful motion to compel discovery, and

numerous communications and letters regarding discovery matters and disputes; (v) conducting damages analyses and expert witness analyses; (vi) participating in informal conferences with Defendants' Counsel regarding the specific facts of the cases, the perceived strengths and weaknesses of the cases, and other issues in an effort to facilitate negotiations and fact gathering; (vii) evaluating the merits of, and Defendants' potential liability in connection with the Derivative Action; (viii) reviewing and analyzing confidential document discovery produced by Defendants; (ix) reviewing and analyzing relevant documents in the Derivative Action and evaluating the merits thereof; (x) submitting numerous correspondence and other documents to the SEC and filing formal motions to intervene and responses in the SEC Administrative Proceeding involving Can-Cal to protect the stockholders' interests; (xi) submitting comprehensive briefs prior to two separate Judicial Settlement Conferences, outlining their position, and Plaintiffs' claims in the Derivative Action; (xii) participating in two (2) in-person Judicial Settlement Conferences and meetings in the Derivative Action; (xiii) assisting Canadian counsel in filing a defense and motion to adjourn in the Canadian Action; and (xiv) negotiating this Settlement with Defendants at a day-long in-person meeting on November 13, 2017.

Based on Plaintiffs' Counsel's thorough review and analysis of the relevant facts and difficult circumstances, allegations, defenses, and controlling legal principles, Plaintiffs' Counsel believe that the Settlement set forth in this Stipulation is fair, reasonable, and adequate, and confers substantial benefits upon Can-Cal and its shareholders. Based on their evaluation, Plaintiffs and Plaintiffs' Counsel have determined that the Settlement is in the best interests of Can-Cal and its shareholders and have agreed to settle the Derivative Action and the Canadian Action upon the terms and subject to the conditions set forth herein.

III. DEFENDANTS' DENIALS OF WRONGDOING AND LIABILITY

Defendants have denied and continue to deny each and all of the claims, contentions, and allegations made against them or that could have been made against them in the Derivative Action and Defendants believe the Derivative Action has no merit and that the claims in the Canadian Action do have merit. Defendants have expressly denied and continue to deny all

charges of wrongdoing or liability against them arising out of any of the conduct, statements, acts, or omissions alleged, or that could have been alleged in the Derivative Action. Defendants assert that they have satisfied their fiduciary duties and have acted in good faith and in the best interest of Can-Cal and its shareholders at all relevant times. Defendants have entered into this Stipulation and Settlement solely to avoid the continuing additional expense, inconvenience, and distraction of the Derivative Action and the Canadian Action and to mitigate the risks and uncertainty inherent in any legal proceedings. Defendants believe that it is desirable and beneficial that the Derivative Action and the Canadian Action be settled in the manner and upon the terms and conditions set forth in this Stipulation because, among other things, it will allow the Company to conclude these legal proceedings on terms that are just and reasonable, including the amendment of the Amended MSA to give Can-Cal substantial equity funds in a short period of time, the completion of required audits for 2015, 2016 and through third quarter 2017 (which were filed with the SEC on March 12, 2018) and which may enable Can-Cal's stock to continue trading and resolve the SEC Administrative Proceeding, the adoption and maintenance of corporate governance measures, including selection of a new Board of Directors, that the current Board of Can-Cal has determined, in its business judgment, serve Can-Cal's and its shareholders' best interests. Further, Can-Cal through its Board, acknowledges that the Settlement is fair, reasonable, and adequate, and in the best interests of Can-Cal and its shareholders.

Neither the Stipulation, nor any of its terms or provisions, nor entry of the Judgment, nor any document or exhibit referred or attached to the Stipulation, nor any action taken to carry out the Stipulation, is, may be construed as, or may be used as evidence of the validity of any of the Released Claims or an admission by or against Defendants of any fault, wrongdoing, or concession of liability whatsoever.

IV. THE SETTLEMENT HEARING

The Settlement Hearing will be held before Department 11 of this Court on _____, 2018 at ____ .m., located at the Eighth Judicial District Court of the State of Nevada in and for Clark County, 200 Lewis Avenue, Las Vegas, NV 89155, to determine: (a)

whether the proposed Settlement, upon the terms set forth in the Stipulation, should be finally approved in all respects as fair, reasonable, and adequate; (b) whether the Judgment approving the Settlement should be entered; (c) whether Plaintiffs' Counsel's agreed-to Fee and Expense Amount and Can-Cal's Share issuance should be finally approved; and (d) whether the corporate governance and other changes to Can-Cal's operations should be approved. The Settlement Hearing may be continued by the Court at the Settlement Hearing, or at any adjourned session thereof without further notice.

V. THE SETTLEMENT

The terms and conditions of the proposed Settlement are set forth fully in the Stipulation and its Exhibits. The Stipulation has been filed with the Court and the following is only a summary of the terms of the settlement and the payments and corporate governance matters addressed in the Stipulation.

As a result of the filing, prosecution, and settlement of the Derivative Action and the Canadian Action, Can-Cal has already adopted and implemented and/or will adopt and implement the Second Amended MSA, attached as Exhibit A to the Stipulation and the corporate resolutions and amendments to the Articles of Incorporation and other corporate governance measures described in Exhibit B to the Stipulation within thirty (30) calendar days after the Effective Date of the Settlement. The Amended MSA and the corporate governance measures were jointly developed and negotiated by the Parties through Counsel. Without admitting any wrongdoing, Can-Cal, through its Board, acknowledges that the securing of the Second Amended MSA and the corporate governance reform measures confer substantial benefits upon the Company and its shareholders. Can-Cal, through its Board, also acknowledges that the prosecution and settlement of the Derivative Action and the resolution of the Canadian Action were substantial and material factors in the Board's decision to enter into the Second Amended MSA and adopt and implement the corporate governance measures identified in Exhibit B to the Stipulation.

Further, Can-Cal shall receive $50,000 working capital from the Initial Settlement Payment under the Stipulation and another $150,000 pursuant to the Second Amended MSA

within six months of the Effective Date (plus additional revenues under the Second Amended MSA) and Plaintiffs' Counsel will be paid in full for their services and reimbursed for their costs and expenses as provided for in the Stipulation and the Board of Directors of Can-Cal will resign and be replaced by a Board of Directors selected by Plaintiffs and Defendants.

This Notice provides a summary of some, but not all, of the payments and benefits Can-Cal will receive and the corporate governance reforms that Can-Cal has enacted or agreed to enact as consideration for the Settlement. For a list of all of the payments, corporate governance reforms and other benefits, please see the Stipulation and Exhibits A and B attached to the Stipulation.

VI. DISMISSAL AND RELEASES

If the Court approves the Settlement at the Settlement Hearing, the Parties will jointly request entry of the Judgment by the Court, the entry of which is a condition of the Stipulation: (a) approving finally the Settlement set forth in the Stipulation as fair, adequate, and reasonable, and directing its consummation pursuant to its terms; (b) dismissing with prejudice the Derivative Action and all Released Claims against Released Persons[2]; and (c) permanently barring and enjoining the institution, commencement, or prosecution by Released Persons and all Current Can-Cal Shareholders against Released Persons of any Released Claims or any claims arising from, relating to, or in connection with the institution, prosecution, assertion, defense, settlement, or resolution of the Derivative Action.

[2] The terms Released Claims and Released Persons are defined as follows:

- "Released Claims" means any and all suits, claims, debts, demands, controversies, obligations, losses, rights, liabilities, and causes of action of every nature, including both known and Unknown Claims (as defined in paragraph 1.28 of the Stipulation), whether arising under federal, state, common or foreign law, at law or in equity, that were asserted or could have been asserted, directly or derivatively on behalf of Can-Cal, by Plaintiffs as shareholders or by any other Current Can-Cal Shareholder, or by Can-Cal, that arise out of or relate to: (i) the allegations asserted in the Derivative Action; or (ii) the Settlement, except for any claims to enforce the Settlement.

- "Released Persons" means each and all of Can-Cal, the Corporate Defendants, the Individual Defendants, and their Related Persons.

In consideration of the obligations and commitments undertaken by Defendants and the releases by the Released Persons, which constitute good and valuable consideration, and subject to the terms and conditions of the Stipulation, on the Effective Date, Plaintiffs and all Current Can-Cal Shareholders (solely in their capacity as Can-Cal shareholders) shall fully, finally and forever release, relinquish and discharge as against the Released Persons any and all of the Released Claims (including Unknown Claims), and shall forever be barred and enjoined from instituting, commencing, or prosecuting any and all Released Claims against the Released Persons.

VII. ATTORNEYS' FEES AND EXPENSES

In recognition of the substantial benefits provided to Can-Cal and Current Can-Cal Shareholders as a result of the initiation, prosecution, pendency, and settlement of the Derivative Actions, including the entry of the Second Amended MSA and the corporate governance matters referred to herein, Plaintiffs' Counsel will request, and Candeo has agreed to pay or cause to be paid, subject to the Court's approval, attorneys' fees and expenses in the total amount of $375,000 (the "Fee and Expense Amount") to be paid by Candeo under the Second Amended MSA, of which Can-Cal shall retain $50,000 as capital . To date, Plaintiffs' Counsel have neither received any payment for their services in conducting the Derivative Action, nor have they been reimbursed for their out-of-pocket expenses incurred in excess of $100,000.

Moreover, in light of the substantial benefits they have helped to create for Can-Cal and all Current Can-Cal Shareholders, the Plaintiffs' Counsel shall be issued Can-Cal common stock in the amount of $375,000, calculated at U.S. $0.17 per share, subject to adjustment, as set forth more specifically in the Stipulation.

VIII. THE RIGHT TO OBJECT AND/OR BE HEARD AT THE SETTLEMENT HEARING

Any Current Can-Cal Shareholder may object and/or appear and show cause, if he, she, or it has any concern why the Settlement should not be finally approved as fair, reasonable, and adequate, or why the Judgment should not be entered, or why the Fee and Expense Amount or Can-Cal Share issuance should not be approved; provided, however, unless otherwise ordered by

the Court, no Current Can-Cal Shareholder shall be heard or entitled to contest the approval of the terms and conditions of the Settlement, or, if approved, the Judgment to be entered thereon approving the same, or the Fee and Expense Amount or Can-Cal Share issuance, unless that shareholder has, ***at least fourteen (14) calendar days prior to the Settlement Hearing:*** (a) filed with the Clerk of the Court a signed, written objection to the Settlement setting forth: (i) the nature of the objection; (ii) proof of ownership of Can-Cal common stock through the date of the Settlement Hearing, including the number of shares of Can-Cal common stock and the date of purchase; and (iii) any and all documentation in support of such objection; and (b) if a Current Can-Cal Shareholder intends to appear and requests to be heard at the Settlement Hearing, such shareholder must have, in addition to the requirements of (a) above, filed with the Clerk of the Court, Eighth Judicial District Court of the State of Nevada in and for Clark County, located at the Regional Justice Center, 200 Lewis Avenue., Las Vegas, NV 89155: (i) a written notice of such shareholder's intention to appear; (ii) a statement that indicates the basis for such appearance; and (iii) the identities of any witnesses the shareholder intends to call at the Settlement Hearing and a statement as to the subjects of their testimony. If a Current Can-Cal Shareholder files a written objection and/or written notice of intent to appear, such shareholder must also simultaneously serve copies of such notice, proof, statement, and documentation, together with copies of any other papers or briefs such shareholder files with the Court (either by hand delivery or by first class mail) at least fourteen (14) calendar days prior to the Settlement Hearing upon each of the following:

Stephen R. Hackett, Esq.
SKLAR WILLIAMS PLLC
410 S. Rampart Blvd., Ste. 350
Las Vegas, NV 89145

William R. Fishman, Esq.
2000 S. Colorado Blvd.
Tower 1, Ste. 900
Denver, CO 80222

Counsel for Plaintiffs

Patrick J. Reilly, Esq.
HOLLAND & HART
9555 Hillwood Dr., 2nd Floor
Las Vegas, NV 89134

Justin C. Jones, Esq.
JONES LOVELOCK
400 S. 4th St., Ste. 500
Las Vegas, NV 89101

Counsel for Defendants

Any Current Can –Cal Shareholder who does not make his, her, or its objection in the manner provided herein shall be deemed to have waived such objection and shall forever be foreclosed from making any objection to the fairness, reasonableness, or adequacy of the Settlement, or the Fee and Expense Amount and Can-Cal Share issuance, unless otherwise ordered by the Court, but shall otherwise be bound by the Judgment to be entered and the releases to be given.

IX. CONDITIONS FOR SETTLEMENT

The Settlement is conditioned upon the occurrence of certain events described in the Stipulation, which requires, among other things: (a) entry of the requested Judgment by this Court; (b) expiration of the time to appeal from or alter or amend the Judgment; (c) dismissal with prejudice of the Derivative Action; and (d) discontinuance of the Canadian Action. If, for any reason, any one of the conditions described in the Stipulation is not met, the Stipulation might be terminated and, if terminated, will become, subject to certain exceptions identified in the Stipulation, null and void, and the Parties to the Stipulation will be restored to their respective positions as of March 14, 2018.

X. EXAMINATION OF PAPERS AND INQUIRIES

This Notice contains only a summary of the terms of the Settlement. For a more detailed statement of the matters involved in the Derivative Action, reference is made to the Stipulation, which may be inspected at the office of the Clerk of the Eighth Judicial District Court of the State of Nevada in and for Clark County, located at the Regional Justice Center, 200 Lewis Avenue, Las Vegas, NV 89155, during business hours of each business day.

Any other inquiries regarding the Settlement or the Derivative Actions should be addressed in writing to the following:

Stephen R. Hackett, Esq.
SKLAR WILLIAMS PLLC
410 S. Rampart Blvd., Ste. 350
Las Vegas, NV 89145

Counsel for Plaintiffs

William R. Fishman, Esq.
2000 S. Colorado Blvd.
Tower 1, Ste. 900
Denver, CO 80222

Counsel for Plaintiffs

PLEASE DO NOT TELEPHONE THE COURT OR CAN-CAL REGARDING THIS NOTICE

EXHIBIT E

EXHIBIT E

IN THE EIGHTH JUDICIAL DISTRICT COURT OF THE STATE OF NEVADA

IN AND FOR CLARK COUNTY

RONALD D. SLOAN; ROBIN SCHWARZ; GARY COLLINS; JILL BROWN; LARK TERRELL; NANCY HERBOLD; DANIEL R. SLOAN; BETTY ANN SLOAN; PEARL KIRK; JAMES BOAN; N O WAIT; LARRY ORWICK; PATRICIA LA SALLE; BRIAN WOLFE; STUART R. CAMERON; ROBERT WEBSTER; HUGO BONDI; JOAN BRATSETH; P A BRATSETH; DEREK MILANI; DEAN RACHEY; SAM BROUNSTEIN; SANDRA JANSEN; BRIAN JANSEN; RHONDA KIM NICHOLS; SCOTT NICHOLS; CARMEN ADAIR; KRISTA SCHOFIELD; MARK BRATSETH; ROSE TRUST 11; CLIFF OLSON; DON COLLINS; ROYCE NORDSTROM; NATALIE MAYZEL; DAVID JESSKE; THORNTON D. BARNES; JAMES HASON; SANDRA HASON; EDDIE GUILLET; RYAN GUILLET;

ON BEHALF OF CAN-CAL RESOURCES, LTD.,

Plaintiffs,

vs.

CAN-CAL RESOURCES, LTD., a Nevada corporation; WILLIAM J. HOGAN; THOMPSON MACDONALD; RONALD SCHINNOUR; MICHAEL HOGAN; CANDEO LAVA PRODUCTS, INC. a Canadian Corporation, and FUTUREWORTH CAPITAL CORP., a Canadian Corporation,

Defendants.

Case No.: A-14-701465-B
Dept. No.: XI

SUMMARY NOTICE OF PROPOSED SETTLEMENT AND SETTLEMENT HEARING

TO: ALL RECORD HOLDERS AND BENEFICIAL OWNERS OF SHARES OF THE COMMON STOCK OF CAN-CAL RESOURCES, LTD. AS OF March 15, 2018 WHO CONTINUE TO HOLD SUCH SHARES

THIS SUMMARY NOTICE RELATES TO A PROPOSED SETTLEMENT AND DISMISSAL OF THE ABOVE-CAPTIONED DERIVATIVE LITIGATION PENDING IN THE EIGHTH JUDICIAL DISTRICT COURT OF THE STATE OF NEVADA IN AND FOR CLARK COUNTY (THE "DERIVATIVE ACTION")

YOU ARE HEREBY NOTIFIED that the Parties have entered into a proposed settlement to resolve the issues raised in the Derivative Action (the "Settlement").

If you are a Can-Cal shareholder, your rights to pursue certain derivative claims on behalf of Can-Cal may be affected by this Settlement. This Summary Notice is not intended to be an expression of any opinion by the Court with respect to the merits of the claims made in the Derivative Action, but is merely to advise you of the pendency and proposed settlement of the Derivative Action. In consideration for the settlement, Can-Cal has agreed to adopt significant corporate governance reforms and enter into a Second Amended Material Supply Agreement ("Second Amended MSA") with Candeo Lava Products, Inc. ("Candeo").

PLEASE BE FURTHER ADVISED that, pursuant to an Order of the Eighth Judicial District Court of the State of Nevada in and for Clark County, a hearing will be held before the Honorable Elizabeth Goff Gonzalez on _____, 2018 at _____.m. in Department 11of the Eighth Judicial District Court of the State of Nevada in and for Clark County, located at the Regional Justice Center, 200 Lewis Avenue, Las Vegas, NV 89155. At the Settlement Hearing, the Court will consider whether to grant final approval of the settlement and plaintiffs' attorneys' fees and expenses and certain stock awards to Plaintiffs' Counsel ("Stock Awards"). The Court may adjourn the Settlement Hearing without further notice to Can-Cal shareholders.

This is a summary notice only. The Stipulation and Agreement of Settlement and the detailed Notice of Proposed Settlement and Settlement Hearing ("Notice"), describing the Derivative Action, the proposed Settlement, and the rights of Can-Cal shareholders with regard to the settlement, has been filed with the Court and is available for viewing on Defendants' Counsels' websites (www.hollandandhart.com and www.joneslovelock.com), or on Plaintiffs' Counsel's website (www.sklarlaw.com/notices/Can-Cal).

If you wish to obtain additional information about the claims asserted in the Derivative Action and the terms of the proposed Settlement, or a copy of the Stipulation, please contact counsel for Plaintiffs in the Derivative Action:

Stephen R. Hackett, Esq. SKLAR WILLIAMS PLLC 410 S. Rampart Blvd., Ste. 350 Las Vegas, NV 89145	William R. Fishman, Esq. 2000 S. Colorado Blvd. Tower 1, Ste. 900 Denver, CO 80222
Counsel for Plaintiffs	*Counsel for Plaintiffs*

Any objections to the proposed Settlement or Plaintiffs' Counsels' application for attorneys' fees and reimbursement of expenses, or the Plaintiffs' Counsels' request for the Stock Awards, must be filed with the Clerk of the Court, Eighth Judicial District Court for the State of Nevada in and for Clark County, Regional Justice Center, 200 Lewis Avenue, Las Vegas, NV 89155, by _____, 2018 and simultaneously served (either by hand delivery or by first class mail) on Plaintiffs' Counsel and counsel for Defendants, in accordance with the procedures set forth in the Notice and at the addresses set forth in the Notice. Unless the Court otherwise directs, you shall not be entitled to object to the approval of the settlement, to plaintiffs' attorneys' fees and expenses and the Stock Awards, or to otherwise be heard, except by serving and filing a written objection and supporting papers and documents as prescribed in the Notice. ***If you fail to object in the manner and within the time prescribed in the Notice you shall be deemed to have waived your right to object (including the right to appeal) and shall forever be barred, in this proceeding or in any other proceeding, from raising such objection(s).***

PLEASE DO NOT CALL, WRITE, OR OTHERWISE DIRECT QUESTIONS TO EITHER THE COURT OR THE CLERK'S OFFICE REGARDING THIS SUMMARY NOTICE.

Dated: _____	BY ORDER OF THE EIGHTH JUDICIAL DISTRICT COURT OF THE STATE OF NEVADA IN AND FOR CLARK COUNTY

EXHIBIT F

EXHIBIT F

IN THE EIGHTH JUDICIAL DISTRICT COURT OF THE STATE OF NEVADA

IN AND FOR CLARK COUNTY

RONALD D. SLOAN; ROBIN SCHWARZ; GARY COLLINS; JILL BROWN; LARK TERRELL; NANCY HERBOLD; DANIEL R. SLOAN; BETTY ANN SLOAN; PEARL KIRK; JAMES BOAN; N O WAIT; LARRY ORWICK; PATRICIA LA SALLE; BRIAN WOLFE; STUART R. CAMERON; ROBERT WEBSTER; HUGO BONDI; JOAN BRATSETH; P A BRATSETH; DEREK MILANI; DEAN RACHEY; SAM BROUNSTEIN; SANDRA JANSEN; BRIAN JANSEN; RHONDA KIM NICHOLS; SCOTT NICHOLS; CARMEN ADAIR; KRISTA SCHOFIELD; MARK BRATSETH; ROSE TRUST 11; CLIFF OLSON; DON COLLINS; ROYCE NORDSTROM; NATALIE MAYZEL; DAVID JESSKE; THORNTON D. BARNES; JAMES HASON; SANDRA HASON; EDDIE GUILLET; RYAN GUILLET;

ON BEHALF OF CAN-CAL RESOURCES, LTD.,

Plaintiffs,

vs.

CAN-CAL RESOURCES, LTD., a Nevada corporation; WILLIAM J. HOGAN; THOMPSON MACDONALD; RONALD SCHINNOUR; MICHAEL HOGAN; CANDEO LAVA PRODUCTS, INC. a Canadian Corporation, and FUTUREWORTH CAPITAL CORP., a Canadian Corporation,

Defendants.

Case No.: A-14-701465-B
Dept. No.: XI

[PROPOSED] FINAL JUDGMENT AND ORDER OF DISMISSAL WITH PRJUDICE

This matter came before this Court for hearing pursuant to this Court's Preliminary Approval Order dated _____on the application of the Parties for final approval of the Settlement set forth in the Stipulation and Agreement of Settlement dated March 15, 2018 (the "Stipulation"). Due and adequate notice having been given to Current Can-Cal Shareholders as required in the Preliminary Approval Order, and this Court having considered all papers filed and proceedings had herein and otherwise being fully informed in the premises and good cause appearing therefore, IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that:

1. For purposes of this Final Judgment and Order of Dismissal (the "Judgment") the Court incorporates by reference the definitions in the Stipulation and all capitalized terms contained herein shall have the same meanings as set forth in the Stipulation, unless otherwise defined herein.

2. This Judgment incorporates and makes a part hereof: (i) the Stipulation; and (ii) the Court-approved Notice which was filed with the Court as Exhibit D to the Stipulation.

3. This Court has jurisdiction over the subject matter of the Derivative Action, including all matters necessary to effectuate the Settlement, and over all Parties.

4. The Court finds that the Settlement, as set forth in the Stipulation, is fair, reasonable, and adequate to Can-Cal and Current Can-Cal Shareholders, and that it provides substantial benefits to and is in the best interests of Can-Cal, Current Can-Cal Shareholders, the Plaintiffs and the Parties. The Court hereby directs that the Settlement be consummated in accordance with the terms and conditions of the Stipulation and hereby finally approves the Settlement set forth in the Stipulation in all respects.

5. The Derivative Action and all claims therein are hereby dismissed as to all Defendants with prejudice. As among Plaintiffs, Can-Cal, the Corporate Defendants, and the Individual Defendants, the Parties are to bear their own costs, except as provided in Paragraph 12 below.

6. Upon the Effective Date, the Releasing Persons shall be deemed to have, and by operation of this Judgment shall have, fully, finally, and forever released, relinquished, and discharged the Released Claims (including Unknown Claims) against the Released Persons.

Nothing herein shall in any way impair or restrict the rights of any Party to enforce the terms of the Stipulation or this Judgment. Releasing Persons shall be deemed to have, and by operation of this Judgment shall have, covenanted not to sue any Released Person with respect to any Released Claims and shall be permanently barred and enjoined from instituting, commencing or prosecuting the Released Claims against the Released Persons.

7. Except as set forth in Paragraph 8 below, upon the Effective Date, each of the Released Persons shall be deemed to have fully, finally, and forever released, relinquished, and discharged Plaintiffs, Plaintiffs' Counsel, and Can-Cal from all claims (including Unknown Claims), arising out of, relating to, or in connection with the institution, prosecution, assertion, settlement, or resolution of the Derivative Action or the Released Claims. Nothing herein shall in any way impair or restrict the rights of any Party to enforce the terms of the Stipulation, the Settlement, or this Judgment.

8. Nothing in the Stipulation or in Paragraph 7 above constitutes or reflects a waiver or release of any rights or claims of Defendants against their insurers, or their insurers' subsidiaries, predecessors, successors, assigns, affiliates, or representatives, including, but not limited to, any rights or claims of Defendants under any directors' and officers' liability insurance or other applicable insurance coverage maintained by the Company, or to the Reimbursables, as defined in section 3.4 of the Stipulation.

9. This Court finds that the Notice of Proposed Settlement and Settlement Hearing ("Notice") to Current Can-Cal Shareholders posted on Defendants' Counsels' websites, Holland & Hart and Jones Lovelock, and the website of Plaintiffs' Counsel, Sklar Williams PLLC and the Summary Notice to Current Can-Cal Shareholders ("Summary Notice") filed by Can-Cal with the United States Securities and Exchange Commission via a Current Report on Form 8-K and published once in the *Calgary Herald* and the *Las Vegas Review Journal,* satisfied the requirements of due process, constituted the best notice practicable under the circumstances to Can-Cal's shareholders, fully satisfied the requirements of Nevada law, due process under the Nevada and United States Constitutions, and any other applicable law, and constituted due and adequate notice to all persons entitled thereto.

10. This Court finds that, during the course of the Derivative Action, the Parties and their counsel at all times acted professionally and in good faith and in compliance with Nevada Rule of Civil Procedure 11, and all other similar rules of professional conduct with respect to any claims or defenses in the Action.

11. This Court approves the Fee and Expense Amount of $375,000 in accordance with the Stipulation. Payment of the Fee and Expense Amount shall be made in accordance with the terms and subject to the conditions of the Stipulation.

12. The Court approves the Can-Cal Stock Award and share issuance in the amount of $375,000 in accordance with the terms and subject to the conditions of the Stipulation.

13. Neither the Stipulation (including the exhibits attached thereto) nor the Settlement, nor any act performed or document executed pursuant to or in furtherance of the Stipulation or the Settlement: (a) is or may be deemed to be or may be offered, attempted to be offered, or used in any way by the Parties as a presumption, a concession, or an admission of, or evidence of, the validity of any Released Claims, or of any fault, wrongdoing or liability of any of the Parties, Plaintiffs' Counsel, Defendants' Counsel, or Released Persons; or (b) is or may be deemed to be or may be offered, attempted to be offered, or used in any way by the Parties or any other Person as a presumption, a concession, or an admission of, or evidence of, any fault, omission, wrongdoing, or liability of any of the Parties, Plaintiffs' Counsel, Defendants' Counsel or Released Persons in any civil, criminal, or administrative proceeding in any court, administrative agency, or other tribunal. The Parties, Plaintiffs' Counsel, Defendants' Counsel, and Released Persons may file the Stipulation and/or this Judgment in any action that may be brought against them in order to support a defense or counterclaim based on principles of claim or issue preclusion, *res judicata,* collateral estoppel, release, good-faith settlement, judgment bar or reduction, or any other theory of claim preclusion or issue preclusion or similar defense or counterclaim.

14. Without affecting the finality of this Judgment in any way, this Court hereby retains continuing jurisdiction over: (a) implementation of the Settlement; and (b) the Parties for the purpose of construing, enforcing, and administering the Stipulation, including, if necessary,

setting aside and vacating this Judgment, on motion of a Party, to the extent consistent with and in accordance with the Stipulation if the Effective Date fails to occur in accordance with the Stipulation.

15. In the event that a termination and cancellation of the Settlement occurs pursuant to the Stipulation: (a) the terms and provisions of the Stipulation shall have no further force and effect, except as otherwise provided in the Stipulation; and (b) the Parties shall be deemed to have reverted to their positions as of immediately prior to the execution of the Stipulation, or March 14, 2018.

16. Without further order of the Court, the Parties may agree to reasonable extensions of time to carry out any of the provisions of the Stipulation.

17. This Judgment is a final, appealable judgment and should be entered forthwith.

18. The Court directs immediate entry of this final Judgment by the Clerk of the Court.

IT IS SO ORDERED.

DATED: _____

_____
JUDGE OF THE EIGHTH JUDICIAL DISTRICT