BRITISH COLUMBIA
ALBERTA

FORM 51-102F3
MATERIAL CHANGE REPORT

Item 1. **Name and Address of Company**

State the full name of your company and the address of its principal office in Canada:

Palladon Ventures Ltd. (the "Company")
554 South 300 East, Suite 250
Salt Lake City, Utah
84111

Item 2. **Date of Material Change**

March 16, 2010

Item 3. **News Release**

The Company's news release was disseminated by Marketwire on March 16, 2010.

Item 4. **Summary of Material Change**

The Company announced that the full equitization of the Luxor Loans which amount to US$40,557,000 including principal and interest. Given the inability of the Company to make payments of the foregoing amount when due, and in order to avoid enforcement or foreclosure which could have resulted in the transfer of ownership of all of the Palladon Iron Corp. capital stock to Luxor, Luxor has agreed to accept a 78.3% interest, in full satisfaction of all amounts due under the loan agreements. The Company will now own 21.7% of Palladon Iron Corp.

Full Description of Material Change

See attached News Release.

Item 5. **Reliance on subsection 7.1(2) or (3) of National Instrument 51-102**

If this report is being filed on a confidential basis in reliance of subsection 7.1(2) or (3) of National Instrument 51-102, state the reasons for such reliance.

Not Applicable.

Item 6. **Omitted Information**

Not Applicable.

Item 7. **Executive Officer**

Give the name and business telephone number of an executive officer of your company who is knowledgeable about the material change and the Report, or the name of an officer through whom such executive officer may be contacted.

Please contact Dale S. Gilbert, President and Chief Executive Officer of the Company, at 801-521-5252

Item 8. **Date of Report**

DATED March 16, 2010.

LUXOR CAPITAL PARTNERS, LP, REALIZES ON DEBT AND TAKES MAJORITY OWNERSHIP INTEREST IN PALLADON IRON CORP.

Salt Lake City, UT, March 16, 2010. **Palladon Ventures Ltd. ("Palladon" or the "Company") (TSX-V: PLL.V) (Frankfurt: PV-1).** Palladon announces today the full equitization of the Luxor Loans which amounted to US$40,557,000 including principal and interest. This negotiated equitization comes as a result of Luxor Capital Partners, LP ("Luxor") realizing on its security interest and provides for the full extinguishment of Palladon debt owed to Luxor. Given the inability of the Company to make payments of the foregoing amount when due, and in order to avoid enforcement or foreclosure which could have resulted in the transfer of ownership of all the Palladon Iron Corp. capital stock to Luxor, Luxor has agreed to accept a 78.3% interest, in full satisfaction of all amounts due under the loan agreements. Palladon Ventures, Ltd. will now own 21.7% of Palladon Iron Corporation.

Palladon CEO Dale Gilbert stated: "As a result of the TSX-V ruling denying the Palladon - Luxor Letter Agreement of December 4, 2009, the company was immediately in default on the Luxor Loans and entered into a short term Standstill Agreement expiring March 15, 2010. Through last night the company was searching for viable financing alternatives to the executed equitization plan. Although disappointed at the company's inability to find an alternate source to pay off the Luxor Loans, Palladon can now move forward as a debt free enterprise working with Luxor to accomplish an off take agreement and advance the concentrate plant process."

On Behalf of the Board of Directors,
Dale S. Gilbert
President and Chief Executive Officer

About Palladon
Palladon Ventures Ltd. is a junior resource company and remains focused on advancing the Iron Mountain Project, an iron ore mine located west of Cedar City, Utah.

For Further Information Please Contact:
Dale S. Gilbert
President & CEO
Palladon Ventures Ltd.
801.521.5252 Tel
801.521.5454 Fax
Email: info@palladonventures.com
Website: www.palladonventures.com

Disclaimer for Forward-Looking Information

Certain statements in this release are forward-looking statements, which reflect the expectations of management. Forward-looking statements consist of statements that are not purely historical, including any statements regarding beliefs, plans, expectations or intentions regarding the future, which include the Company's continuing efforts finance current operations and further development of the Iron Mountain Project. Such statements are subject to risks and uncertainties that may cause actual results, performance or developments to differ materially from those contained in the statements. No assurance can be given that any of the events anticipated by the forward-looking statements will occur or, if they do occur, what benefits the Company will obtain from them. These forward-looking statements reflect management's current views and are based on certain expectations, estimates and assumptions which may prove to be incorrect. A number of risks and uncertainties could cause our actual results to differ materially from those expressed or implied by the forward-looking statements, including: (1) a downturn in general economic conditions in North America and internationally, (2) the inherent uncertainties and speculative nature associated with mineral exploration and production, (3) a decreased demand for minerals, (4) any number of events or causes which may delay or cease exploration and development of the Company's property interests, such as environmental liabilities, weather, mechanical failures, safety concerns and labor problems; (5) the risk that the Company does not execute its business plan, (6) inability to retain key employees, (7) inability to finance operations and growth, (8) other factors beyond the Company's control; and (9) the risk that the Company will not be able to raise funds due to Luxor Capital Group. These forward-looking statements are made as of the date of this news release and, except as required by law, the Company assumes no obligation to update these forward-looking statements, or to update the reasons why actual results differed from those projected in the forward-looking statements.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

SATISFACTION AND SETTLEMENT AGREEMENT

This **SATISFACTION AND SETTLEMENT AGREEMENT** (this "Agreement"), dated as of March 15, 2010, is entered into by and among Palladon Ventures Ltd. ("PVL"), Palladon Iron Corporation ("PIC" and, together with PVL, "Palladon") and Luxor Capital Partners, LP ("Luxor" and, together with Palladon, the "Parties"). Capitalized terms in this Agreement, unless otherwise specifically defined herein, shall have the meaning ascribed to such terms in the Term Loan Agreement.

RECITALS

A. PVL owns 1,720 shares of the issued and outstanding common stock, par value $0.001 per share, of PIC, constituting 100% of the issued and outstanding shares of PIC (the "Aggregate PIC Shares").

B. PVL, PIC and Luxor are parties to that certain standstill agreement dated October 15, 2009 (the "Standstill Agreement") and extension agreement (the "Extension Agreement") dated June 26, 2009 (Amendment No. 3 to the Loan Agreement and Amendment No. 1 to the Purchase Agreement), with respect to that certain Loan Agreement dated September 23, 2005, as amended (collectively, the "Term Loan Agreement").

C. Pursuant to the terms of the Term Loan Agreement, PVL is indebted to Luxor in the principal amount of $37,112,741 (the "Term Loan Principal Amount") and unpaid interest accrued thereon as of the date hereof in the amount of $3,445,587 (the "Term Loan Interest Amount" and, together with the Term Loan Principal Amount, the "Loan Amount"), which amounts are due and payable in accordance with the terms of the Term Loan Agreement.

D. PVL, PIC and Luxor are parties to that certain subsidiary secured guaranty dated June 27, 2008 (the "PIC Guaranty"), providing for the unconditional and irrevocable guaranty to Luxor by PIC of the prompt and complete payment and performance of PVL when due of payment of the Loan Amount.

E. PVL, PIC and Luxor are parties to that certain Share Pledge Agreement dated September 23, 2005, as amended (the "Pledge Agreement") pursuant to which PVL pledged all of its shares of PIC capital stock to Luxor as security for the payment by PVL of the Loan Amount.

F. PVL and Luxor are parties to that certain Mortgage and Security Agreement dated September 23, 2005, as amended (the "Mortgage") encumbering real property owned by PVL located in Beaver County, Utah, and PIC and Luxor are parties to that certain Security Agreement dated June 26, 2008 (the "Security Agreement") whereby PIC granted to Luxor a security interest in certain of its assets to secure payment by PVL of the Loan Amount.

G. Section 21 of the Term Loan Agreement provides that, upon the occurrence of an Event of Default, Luxor may, in its sole discretion, cancel the Term Loan, declare the indebtedness of PVL under the Term Loan Agreement and the Security to be immediately due and payable and to demand repayment of the Term Loan in full, together with outstanding accrued interest, fees, costs and expenses and, without prejudice to Luxor's other rights and remedies, the Security shall become enforceable.

H. PVL has incurred Events of Default and is currently in default under the Term Loan Agreement arising out of PVL's failure to make timely payments of the Loan Amount and PVL's failure to the maintain minimum cash balance requirements stated under the Term Loan Agreement

I. PVL, PIC and Luxor entered into a forbearance agreement dated March 3, 2010 (the "Forbearance Agreement") providing that, upon and subject to the terms thereof, among other things, Luxor would, notwithstanding the existence and continuance of Events of Defaults under the Term Loan Agreement, agree to forbear from making a demand of payment of the Loan Amount until March 15, 2010 and PVL, PIC and Luxor and PVL would promptly negotiate a restructuring of the Loan Amount.

J. Given the inability of PVL or PIC to make payments of the Loan Amount when due, and in order to avoid enforcement or foreclosure of the Pledge Agreement which could have resulted in the transfer of ownership of all of PVL's shares of PIC capital stock to Luxor, PVL and Luxor hereby agree that PVL shall set over and assign 1,346 shares of the Aggregate PIC Shares, constituting approximately 78.3% of the Aggregate PIC Shares (the "PIC Shares") for a complete satisfaction, settlement and discharge of the Loan Amount due and payable to Luxor and delivery by Luxor of all Security held for the Loan Amount.

K. As a condition to consummation of the transactions contemplated by this Agreement, PVL, PIC and Luxor shall enter into a shareholders agreement, dated as of the date hereof, to provide for the conduct of business and affairs of PIC and the rights and obligations of Luxor and PVL, as shareholders thereto, substantially in the form of Exhibit A hereto (the "PIC Shareholders Agreement").

NOW, THEREFORE, for and in consideration of the premises set forth herein and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE 1

SATISFACTION OF TERM LOAN; PIC SHARE ASSIGNMENT

1.1 Closing. Upon execution and delivery of this Agreement by all Parties (the "Closing") and on and subject to the terms and conditions of this Agreement, Luxor hereby agrees to satisfy, settle and discharge the Loan Amount and further agrees to release and discharge all Security held for the Loan Amount in full in exchange for delivery by PVL of the PIC Shares to Luxor.

1.2 Closing Deliverables. On the date of Closing (the "Closing Date"):

(a) PVL shall have delivered, or caused to be delivered, to Luxor: (i) certificates representing the PIC Shares, duly endorsed (or accompanied by duly executed stock powers) and (ii) the PIC Shareholders Agreement.

(b) PIC shall have delivered, or caused to be delivered, to Luxor and PVL the PIC Shareholders Agreement.

(c) Luxor shall have delivered, or caused to be delivered, to PVL and PIC the PIC Shareholders Agreement and such documents as are necessary and reasonably requested by PVL to release and discharge the security interests held by Luxor under the PIC Guaranty, the Pledge Agreement, the Mortgage and the Security Agreement.

1.3 **Discharge**. Luxor hereby acknowledges that, upon receipt of the deliverables listed in Section 1.2(a) and 1.2(b), the obligations under the Term Loan Agreement and the PIC Guaranty are hereby discharged and that the Term Loan Agreement and PIC Guaranty cease to be of further effect.

ARTICLE 2

REPRESENTATIONS AND WARRANTIES OF PVL

PVL represents and warrants to Luxor that:

2.1 **Power and Authority**. PVL has all requisite corporate power and authority to enter into this Agreement and to transfer ownership of the PIC shares to Luxor in lieu of enforcement by Luxor of its rights under the PIC Guaranty and the Pledge Agreement. This Agreement has been approved by the Board of Directors of PVL. No other corporate proceedings on the part of PVL are necessary to authorize the execution and delivery of this Agreement or the consummation of the transactions contemplated hereby and thereby.

2.2 **Due Execution; Enforceability**. This Agreement has been duly executed and delivered by PVL, and assuming the due authorization, execution and delivery by PIC and Luxor, this Agreement constitutes a valid and legally binding obligation of PVL, enforceable against PVL in accordance with its terms.

2.3 **Term Loan Agreement**. Each of the representations and warranties of PVL made in the Term Loan Agreement (except that no representation is made with respect to a pending claim involving China Kingdom International (Australia) PTY, LTD(CKI)) is incorporated by reference herein as if made, as of the date hereof, in this Agreement.

2.4 **<u>TSX Venture Exchange</u>**. PVL acknowledges that the transactions contemplated by this Agreement may cause PVL to be delisted from the TSX Venture Exchange and PVL represents and warrants to Luxor that any such delisting shall not affect PVL's ability to enter into this Agreement or to consummate the transactions contemplated hereby.

2.5 **<u>PIC Railroad Ownership</u>**. PIC owns 100% of the issued and outstanding shares of PIC Railroad, Inc., free and clear of any liens and encumbrances.

ARTICLE 3

REPRESENTATIONS AND WARRANTIES OF PIC

PIC represents and warrants to Luxor that:

3.1 **<u>Power and Authority</u>**. PIC has all requisite corporate power and authority to enter into this Agreement and to consummate the transactions contemplated hereby. This Agreement has been approved by the Board of Directors of PIC. No other corporate proceedings on the part of PIC are necessary to authorize the execution and delivery of this Agreement or the consummation by PIC of the transactions contemplated hereby and thereby.

3.2 **<u>Due Execution; Enforceability</u>**. This Agreement has been duly executed and delivered by PIC, and assuming the due authorization, execution and delivery by PVL and Luxor, this Agreement constitutes a valid and legally binding obligation of PIC, enforceable against PIC in accordance with its terms.

ARTICLE 4

LUXOR REPRESENTATIONS

Luxor represents and warrants to PVL and PIC that:

4.1 **<u>Power and Authority</u>**. Luxor has the legal capacity to execute and deliver this Agreement and to fulfill and perform its obligations hereunder.

4.2 **<u>Due Execution; Enforceability</u>**. This Agreement has been duly executed and delivered by Luxor, and assuming the due authorization, execution and delivery by PVL and PIC, this Agreement constitutes Luxor's valid and legally binding obligation, enforceable against it in accordance with its respective terms.

ARTICLE 5

COVENANTS

5.1 **<u>General</u>.** If any time after the Closing any further action by any Party is necessary or desirable to carry out this Agreement's purposes (including, without limitation, executing and delivering any further instruments and documents, obtaining any permits and consents and providing any reasonably requested information) such Party will take such further action as the other Party may reasonably request.

5.2 **Confidentiality**. The Parties and their respective affiliates shall keep in strict confidence and will not disclose any of the past, current and future matters discussed or information exchanged concerning this Agreement and the matters described herein and any information or documentation furnished in connection therewith except (a) with the prior written consent of the other Parties (which shall not be unreasonably withheld or delayed) or (b) if a Party should be required by or, acting reasonably, consider it necessary to disclose such matter or information to any governmental, administrative or regulatory entity or banking or stock exchange authority. In connection with any disclosure pursuant to clause (b) above, the disclosing Party will immediately give the other Party prior written notice thereof and shall also provide the other Party with copies or a complete description of the information being sought and a copy of the narrative of the proposed disclosure; provided, that the Party to whom such information is being disclosed shall keep such information in strict confidence pursuant to this Section 5.2, and shall not buy or sell any of the disclosing Party's securities based upon such information, until such information is publicly disclosed or no longer constitutes confidential information.

ARTICLE 6

PIC SHARE ADJUSTMENT

6.1 **Minimum Cash Balance**. PVL will wire sufficient funds to an account of PIC so that, by the close of business on March 17, 2010, PIC shall have a cash balance of at least $100,000 (the "Minimum Cash Balance").

6.2 **PIC Adjustment Shares**. If, any time within four (4) years after the Closing, Luxor, in its sole discretion based on its review of pertinent account documentation, determines that PIC failed to maintain the Minimum Cash Balance on March 17, 2010, PVL shall be required to immediately (in no event later than one Business Day following notification from Luxor) set over and assign to Luxor additional shares of the Aggregate PIC Shares then owned by PVL (the "PIC Adjustment Shares") in a number of shares (rounded up to their nearest whole number) equal to: (a) the difference the between the Minimum Cash Balance the actual cash balance as determined by Luxor divided by (b) $27,118.35 and shall deliver to Luxor the same documentation as set forth in Section 1.2(a) with respect to the assignment of the PIC Adjustment Shares.

ARTICLE 7

RELEASES

7.1 **Release of Luxor**. Each of PVL and PIC, on behalf of itself, and any person or entity claiming by or through it (collectively, the "Palladon Releasors"), hereby unconditionally remises, releases and forever discharges Luxor, and each of its respective past and present officers, directors, managers, employees, agents, parent entities, partners, subsidiaries, affiliates, trustees, administrators, attorneys, predecessors, successors and assigns and the heirs, executors, administrators, successors and assigns of any such person or entity, as releasees (collectively, the "Luxor Releasees"), of and from any and all manner of actions, causes of action, suits, debts, dues, accounts, bonds, covenants, contracts, agreements, promises, warranties, guaranties, representations, liens, mechanics' liens, judgments, claims, counterclaims, crossclaims, defenses and/or demands whatsoever, including claims for contribution and/or indemnity, whether now known or unknown, past or present, asserted or unasserted, contingent or liquidated, at law or in equity, or resulting from any assignment, if any (collectively, the "Claims"), which any of Palladon Releasors ever had, now have, or may hereafter have against any of the Luxor Releasees, for or by reason of any cause, matter or thing whatsoever, arising out of (a) the ownership by Luxor of shares of PVL or PIC, including the subsequent disposition by Luxor of shares of PIC or (b) the lending relationship between Luxor as lender and PVL and PIC as borrowers, including the transactions contemplated hereby, from the beginning of time to the date hereof. Each of PVL and PIC represents and warrants to Luxor that it has not assigned, pledged, hypothecated and/or otherwise divested itself and/or encumbered all or any part of the Claims being released hereby and that it hereby agrees to indemnify and hold harmless any and all of Luxor Releasees against whom any Claim so assigned, pledged, hypothecated, divested and/or encumbered is asserted.

7.2 **Release of PIC**. PVL, on behalf of itself, and any person or entity claiming by or through it (collectively, the "PVL Releasors"), hereby unconditionally remises, releases and forever discharges PIC, and each of its respective past and present officers, directors, managers, employees, agents, parent entities, partners, shareholders, subsidiaries, affiliates, trustees, administrators, attorneys, predecessors, successors and assigns and the heirs, executors, administrators, successors and assigns of any such person or entity, as releasees (collectively, the "PIC Releasees"), of and from any and all Claims, which any of PVL Releasors ever had, now have, or may hereafter have against any of the PIC Releasees, for or by reason of any cause, matter or thing whatsoever, arising from the beginning of time to the date hereof. PVL represents and warrants to PIC that it has not assigned, pledged, hypothecated and/or otherwise divested itself and/or encumbered all or any part of the Claims being released hereby and that it hereby agrees to indemnify and hold harmless any and all of PIC Releasees against whom any Claim so assigned, pledged, hypothecated, divested and/or encumbered is asserted.

7.3 **Release of PVL and PIC**. Luxor, on behalf of itself, and any person or entity claiming by or through it (collectively, the "Luxor Releasors"), hereby unconditionally remises, releases and forever discharges PVL and PIC, and each of their respective past and present officers, directors, managers, employees, agents, parent entities, partners, shareholders, subsidiaries, affiliates, trustees, administrators, attorneys, predecessors, successors and assigns and the heirs, executors, administrators, successors and assigns of any such person or entity, as releasees (collectively, the "PVL/PIC Releasees"), of and from any and all Obligations (as defined in the PIC Guaranty) under the Term Loan Agreement, the PIC Guaranty, the Pledge Agreement, the Mortgage or the Security Agreement; provided that the release set forth in this Section 7.3 shall in no way affect or limit (a) Luxor's rights and remedies under this Agreement (specifically including those rights set forth in Article 8) and any of the transactions contemplated hereby and (b) the rights Luxor would otherwise be entitled to exercise in any bankruptcy, dissolution, liquidation, reorganization or similar proceeding commenced against PVL. Luxor represents and warrants to PVL and PIC that it has not assigned, pledged, hypothecated and/or otherwise divested itself and/or encumbered all or any part of the Claims being released hereby and that it hereby agrees to indemnify and hold harmless any and all of PVL/PIC Releasees against whom any Claim so assigned, pledged, hypothecated, divested and/or encumbered is asserted.

ARTICLE 8

SURVIVAL; INDEMNIFICATION

8.1 Survival. The covenants, agreements, representations and warranties of PVL and PIC contained in this Agreement or in any certificate or other writing delivered pursuant hereto or in connection herewith shall survive the Closing.

8.2 Indemnification. PVL shall indemnify and hold harmless Luxor (and each of its respective past and present officers, directors, managers, employees, agents, parent entities, partners, subsidiaries, affiliates, trustees, administrators, attorneys, predecessors, successors and assigns and the heirs, executors, administrators, successors and assigns of any such person or entity) from and against all losses, liabilities, charges, damages, deficiencies, costs and expenses (including interest, penalties and attorney' s fees and disbursements) (collectively, "Loss"), sustained or incurred by Luxor based upon, arising out of or related to (a) any inaccuracy or defect or breach of any representation or warranty by PVL in this Agreement, (b) any failure by PVL to perform or observe any term or covenant of this Agreement required to be performed by it or (c) any event or Claim, whether pending as of the date hereof or arising any time hereafter, arising from (i) Luxor's ownership or lending relationship with either PVL or PIC or (ii) the transactions contemplated by this Agreement, other than any Loss incurred in connection with the settlement by Luxor of any litigation in connection with Luxor's ownership or lending relationship with either PVL or PIC, which is pending as of the date hereof. Notwithstanding the foregoing, the Parties agree that PVL shall not indemnify or hold harmless Luxor for any Loss caused by Luxor's willful misconduct, unless PVL has also engaged in willful misconduct in which case PVL's indemnification obligations hereunder shall be limited to fifty percent (50%)

of such Loss. All indemnification payments with respect to any Loss suffered by Luxor shall, to the extent not satisfied in cash, be satisfied by transfer of shares of PIC owned by PVL to Luxor. The number of such shares to be transferred to Luxor in satisfaction of such Loss shall be determined by using a share price equal to (a) $27,118.35 until such time as there is there is a new issuance of any shares of PIC and (b) the price per share of the most recent issuance of shares of PIC after such time as there is a new issuance of shares of PIC.

ARTICLE 9

GENERAL

9.1 **Entire Agreement**. This Agreement, together with the PIC Shareholders Agreement, contain all of the agreements, covenants, terms, conditions and representations and warranties agreed upon by the Parties relating to the subject matter of this Agreement and supersede all prior and contemporaneous agreements, negotiations, correspondence, undertakings, representations, warranties and communications of any kind between the parties and their representatives, whether oral or written, respecting such subject matter.

9.2 **Amendment and Waivers**. This Agreement may be modified, supplemented or amended only by a written instrument executed by all Parties hereto. Waiver by any Party of any breach of or failure to comply with any provision of this Agreement by another party shall not be construed as, or constitute, a continuing waiver of such provision, or a waiver of any other breach of, or failure to comply with, any other provision of this Agreement. No waiver of any such breach or failure of any term of this Agreement shall be effective unless in a written notice signed by the waiving party and delivered, in the manner required for notices generally, to the affected Party.

9.3 **Successors and Assigns; No Third Party Beneficiaries**. This Agreement shall be binding upon, inure to the benefit of, and be enforceable by, the Parties hereto and their respective legal representatives, successors and assigns; provided, that no Party may assign, delegate or otherwise transfer any of its rights or obligations under this Agreement without the prior written consent of the other Parties hereto. No assignment of this Agreement of any right or duty hereunder shall relieve the assignor of any duty hereunder. Nothing expressed or implied in this Agreement is intended or shall be construed to confer upon or give any person other than the Parties hereto any rights or remedies under or by reason of this Agreement or any transaction contemplated hereby.

9.4 **Governing Law**. This agreement shall be construed, performed and enforced in accordance with the laws of the State of New York, without giving effect to its principles or rules of conflict of laws.

9.5 **Jurisdiction; WAIVER OF JURY TRIAL**. The Parties agree that any suit, action or proceeding seeking to enforce any provision of, or based on any matter arising out of or in connection with, this Agreement shall be brought in a federal or state court located in the Southern District of New York, Borough of Manhattan, and that any cause of action arising out of this Agreement shall be deemed to have arisen from a transaction of business in the State of

New York, and each of the Parties hereby irrevocably consents to the exclusive jurisdiction of such courts (and of the appropriate appellate courts therefrom) in any such suit, action or proceeding and irrevocably waives, to the fullest extent permitted by law, any objection that it may now or hereafter have to the laying of the venue of any such suit, action or proceeding in any such court or that any such suit, action or proceeding which is brought in any such court has been brought in an inconvenient forum. Process in any such suit, action or proceeding may be served on any party anywhere in the world, whether within or without the jurisdiction of any such court. EACH PARTY WAIVES ANY RIGHT TO TRIAL BY JURY WITH RESPECT TO ANY ACTION RELATED TO OR ARISING OUT OF THIS AGREEMENT OR ANY TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT.

9.6 **Counterparts; Effectiveness**. This Agreement may be executed and delivered (including by facsimile transmission) in one or more counterparts, and by the different parties hereto in separate counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement. This Agreement shall become effective when each party hereto shall have received counterparts hereof signed by all of the other parties hereto.

9.7 **Severability**. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the fullest extent possible.

9.8 **Notices**. All notices, requests, claims, demands and other communication hereunder shall be in writing, shall be made to each of the parties identified below and shall be deemed to have been sufficiently given, subject to the further provisions of this Section, for all purposes (and shall constitute valid legal service) when presented personally to such party or sent by certified or registered mail, return receipt requested, with proper postage prepaid, or any national overnight delivery service, with proper charges prepaid, or by facsimile (together with an electronically generated confirmation of receipt) to such party at its address set forth below (or at such other address for a party as shall be specified by like notice):

(a) If to PVL, to:

Palladon Iron Corporation.
554 South 300 East, Suite 250
Salt Lake City, Utah 84111

Attention: Dale S. Gilbert, President and CEO
Telephone: 801-521-5252

(b) If to Luxor, to:

Luxor Capital Group
767 Fifth Avenue, 19th Floor
New York, NY 10153
Attention: Norris Nissim
Telephone: 212-763-8000
Facsimile: 212-763-8001

with copies to:

Akin Gump Strauss Hauer & Feld LLP
One Bryant Park
New York, New York 10036
Attention: Ryan Katz
Telephone: 212-872-8021
Facsimile: 212-872-1002

(c) If PIC, to:
Palladon Iron Corporation
554 South 300 East, Suite 250
Salt Lake City, Utah 84111
Attention: Dale S. Gilbert, President and CEO
Telephone: 801-521-5252

with copy to:

Kirton & McConkie PC
60 E. South Temple, Suite 1800
Salt Lake City, Utah 84111
Attention: Randy K. Johnson
Telephone: 801-328-3600
Facsimile: 801-212-2077

Such notice shall be deemed to be received when delivered if delivered personally, the next business day after the date sent if sent by a national overnight delivery service, three (3) business days after the date mailed if mailed by certified or registered mail, or when received if sent by facsimile. Any party may change its address for purposes of this Agreement, and notice of any change in such address shall also be given in the manner set forth above. Whenever the giving of notice is required, the giving of such notice may be waived in writing by the party entitled to receive such notice.

9.9 **Specific Performance.** Each of PVL and PIC acknowledges and agrees that money damages would not be a sufficient remedy for any breach of any provision of this Agreement by Palladon, and that in addition to all other remedies which Luxor may have, Luxor will be entitled to seek specific performance and injunctive or other equitable relief as a remedy for any such breach or anticipated breach.

9.10 **Good Faith.** Each Party hereto acknowledges and declares that it has entered into this Agreement freely and of its own will. In particular, each Party hereto acknowledges that this Agreement was freely negotiated by it in good faith and there was no exploitation of Palladon by Luxor and there is no serious disproportion between the consideration provided by Luxor and that provided by Palladon.

[*signature page follows*]

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the day and year first above written.

PALLADON VENTURES LTD.

Per: ________________________________
Authorized Signatory

PALLADON IRON CORPORATION

Per: ________________________________
Authorized Signatory

LUXOR CAPITAL PARTNERS, LP

Per: ________________________________
Authorized Signatory

EXHIBIT A

SHAREHOLDERS AGREEMENT

OF

PALLADON IRON CORPORATION
Dated as of March 15, 2010

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SHAREHOLDERS AGREEMENT (this "Agreement"), dated as of March 15, 2010 by and among Palladon Iron Corporation, a Utah corporation (the "Company"), Luxor Capital Partners, LP, a Delaware limited partnership ("Luxor") and Palladon Ventures Ltd., a corporation incorporated under the laws of British Columbia ("PVL").

RECITALS

WHEREAS, the Company, Luxor and PVL are parties to that certain standstill agreement dated October 15, 2009 (the "Standstill Agreement") and extension agreement (the "Extension Agreement") dated June 26, 2009 (Amendment No. 3 to the Loan Agreement and Amendment No. 1 to the Purchase Agreement), with respect to that certain Loan Agreement dated September 23, 2005 (collectively, the "Luxor Loan Agreement");

WHEREAS, on December 4, 2009, the Company, Luxor and PVL entered into a letter agreement (the "December 4 Letter Agreement"), whereby Luxor granted PVL an irrevocable option to acquire the entirety of the then outstanding loans made by Luxor to PVL pursuant to the Luxor Loan Agreement on or before March 31, 2010 (the "Payment Expiration Date") by payment of $30,000,000 to Luxor (the "Payment Option") and, if the Payment Option had not been exercised by the Payment Expiration Date, PVL agreed to transfer 50% of the common stock of the Company, with such terms and conditions as set forth in the December 4 Letter Agreement and to be incorporated herein and as set forth in the Company Bylaws (as defined herein) and the Company Charter (as defined herein);

WHEREAS, the consummation of the transactions contemplated by the December 4 Letter Agreement were conditioned upon approval of the TSX Venture Exchange (the "TSX-V Approval");

WHEREAS on March 3, 2010, PVL was notified that the TSX-V Approval was not obtained and, in connection therewith, the Company, Luxor and PVL entered into a forbearance agreement dated March 3, 2010 (the "Forbearance Agreement") with respect to existing events of default of PVL under the Luxor Loan (as defined herein), whereby, among other things, Luxor, the Company and PIC agreed to negotiate a restructuring of the Luxor Loan;

WHEREAS, the Forbearance Agreement also provided for the formal termination of the December 4 Letter Agreement;

WHEREAS, in satisfaction of full repayment of the principal amount of the Luxor Loan and the release and discharge of all security for the Luxor Loan, PVL has agreed to exchange 1,346 shares of the capital stock of the Company to Luxor, pursuant to the terms of a satisfaction and settlement agreement by and among Luxor, PVL and the Company dated as of the date hereof (the "Satisfaction and Settlement Agreement");

WHEREAS, the Shareholders and the Company desire to provide certain rights and obligations of the Shareholders with respect to the governance of the Company and the disposition of Shares owned by them as hereinafter provided.

NOW, THEREFORE, in consideration of the benefits to be derived from this Agreement and the representations, warranties, covenants and agreements contained herein, the parties hereto agree as follows:

DEFINITIONS

1.1 CERTAIN DEFINED TERMS.

Capitalized terms used herein but not defined have the respective meanings given to such terms below.

"Affiliate" means, with respect to any Person, any other Person that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, such first Person.

"Applicable Percentage" means, with respect to any Shareholder as of any date, a percentage representing the number of Shares beneficially owned by such Shareholder as of such date, divided by the aggregate number of Shares then outstanding.

"beneficial owner" or "beneficially own" has the meaning given such term in Rule 13d-3 under the Exchange Act; provided, however, that for purposes of determining beneficial ownership, (i) a Person shall be deemed to be the beneficial owner of any security that may be acquired by such Person, whether within 60 days or thereafter, upon the conversion, exchange or exercise of any warrants, options, rights or other securities and (ii) no Person shall be deemed to beneficially own any security solely as a result of such Person's execution of this Agreement.

"Board of Directors" has the meaning ascribed to such term in Section 3.1(a).

"Business Day" means any day that is not a Saturday, a Sunday or other day on which banks are required or authorized by Law to be closed in the City of New York.

"Call Price" means an amount equal to $ 21,802 per Share.

"Call Right" has the meaning ascribed to such term in Section 6.1(a).

"Call Right Closing Date" has the meaning ascribed to such term in Section 6.1(a).

"Call Right Notice" has the meaning ascribed to such term in Section 6.1(a).

"Call Shares" has the meaning ascribed to such term in Section 6.1(a).

"Closing Date" has the meaning ascribed to such term in the Satisfaction and Settlement Agreement.

"Company" means Palladon Iron Corporation, a Utah corporation.

"Common Stock" means the common stock par value $0.001 per share, of the Company.

"Company Bylaws" means the Amended and Restated Bylaws of the Company substantially in the form attached hereto as Exhibit A to be adopted on the Closing Date.

"Company Charter" means the Amended and Restated Certificate of Incorporation of the Company substantially in the form attached hereto as Exhibit B to be adopted on the Closing Date.

"Competition Act Canada" means the *Competition Act* (Canada) (R.S., 1985, c. C-34).

"Competitive Opportunity" has the meaning ascribed to such term in Section 6.5(b).

"Confidential Information" means information that is not generally known to the public and that is used, developed or obtained by the Company or any of its Subsidiaries in connection with its business, concerning (i) the business or affairs of the Company (or such predecessors) or its Affiliates (or such predecessors), (ii) products or services, (iii) fees, costs and pricing structures or other pricing information, (iv) designs, (v) analyses, (vi) drawings, photographs and reports, (vii) computer software, including operating systems, applications and program listings, (viii) flow charts, manuals and documentation, (ix) databases, (x) accounting and business methods, financial plans, business plans or business concepts, (xi) inventions, devices, new developments, methods and processes, whether patentable or unpatentable and whether or not reduced to practice, (xii) customers, clients and suppliers and customer, client or supplier lists or information, (xiii) other copyrightable works or intellectual property, (xiv) all production methods, processes, know-how, technology and trade secrets, and (xv) all similar and related information in whatever form.

"Contribution Agreement" means the Contribution Agreement, dated as of the Closing Date, by and between PVL and the Company substantially in the form attached hereto as Exhibit C.

"control," including the terms "controlled by" and "under common control with," means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, as trustee or executor, as general partner or managing member, by contract or otherwise, including the ownership, directly or indirectly, of securities having the power to elect a majority of the board of directors or similar body governing the affairs of such Person.

"Convertible Securities" means any rights, options or warrants to purchase capital stock of the Company, and securities of any type whatsoever that are, or may become, convertible into or exchangeable or exercisable for capital stock of the Company.

"Co-Sale Notice" has the meaning ascribed to such term in Section 5.4(a).

"Co-Sale Participant" has the meaning ascribed to such term in Section 5.4(a).

"Co-Sale Period" has the meaning ascribed to such term in Section 5.4(a).

"Co-Sale Transaction" has the meaning ascribed to such term in Section 5.4(a).

"December 4 Letter Agreement" has the meaning ascribed to such term in the recitals hereto.

"Director" has the meaning ascribed to such term in Section 3.1(a).

"Drag Transaction" has the meaning ascribed to such term in Section 5.4(a).

"Drag-Along Notice" has the meaning ascribed to such term in Section 5.4(a).

"Drag-Along Participant" has the meaning ascribed to such term in Section 5.4(a).

"Exchange Act" means the United States Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"Extension Agreement" has the meaning ascribed to such term in the recitals hereto.

"Forbearance Agreement" has the meaning ascribed to such term in the recitals hereto.

"Governmental Authority" means any United States, Canada or other federal, national, supranational, state, provincial, local or similar government, governmental, regulatory or administrative authority, branch, agency or commission or any court, tribunal, or arbitral or judicial body.

"HSR Act" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

"Investment Act Canada" means the *Investment Act Canada* (R.S., 1985, c. 28 (1^{st} Supp.)).

"Law" means any statute, law, ordinance, regulation, rule, code, executive order, injunction, judgment, decree, subpoena or order of any Governmental Authority.

"Luxor" means Luxor Capital Partners, LP and its Permitted Transferees.

"Luxor Directors" has the meaning ascribed to such term in Section 3.1(a)(i).

"Luxor Loan" has the meaning ascribed to such term in the recitals hereto.

"Luxor Loan Agreement" has the meaning ascribed to such term in the recitals hereto.

"Luxor Notice" has the meaning ascribed to such term in Section 5.2(c).

"Payment Expiration Date" means March 31, 2010.

"Payment Option" has the meaning ascribed to such term in the recitals hereto.

"Permitted Transferee" means, with respect to Luxor, any Person who Luxor Transfers any Shares or Convertible Securities beneficially owned by it or any of its Affiliates.

"Person" means an individual, corporation, partnership, limited liability company, limited liability partnership, joint venture, syndicate, person, trust, association, organization or other entity, including any Governmental Authority, and including any successor, by merger or otherwise, of any of the foregoing.

"Proposed Transferee" has the meaning ascribed to such term in Section 5.2(c).

"Prospective Transferee" has the meaning ascribed to such term in Section 5.6.

"PVL" means Palladon Ventures Ltd. and its Permitted Transferees.

"PVL Director" has the meaning ascribed to such term in Section 3.1(a)(ii).

"Regulatory Approval Process" means any filing, approval or waiting period required pursuant to the HSR Act, Investment Canada Act, Competition Act Canada or to comply with any other applicable regulatory requirement.

"Representatives" has the meaning ascribed to such term in Section 6.5.

"Requisite Shareholder Vote" has the meaning ascribed to such term in Section 3.4(b).

"ROFR Notice" has the meaning ascribed to such term in Section 5.2(c).

"Sale of the Company" means any transaction involving the sale of the Company or all or substantially all of the assets or business of the Company to a Third Party, whether by merger, consolidation, reorganization, sale of equity or otherwise.

"Satisfaction and Settlement Agreement" has the meaning ascribed to such term in the recitals hereto.

"Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"Selling Shareholder" has the meaning ascribed to such term in Section 5.4(a).

"Shares" means shares of Common Stock.

"Shareholders" means Luxor, PVL and any other Person that becomes party to this Agreement pursuant to the provisions hereof.

"Solvent" means, with respect to PVL (i) that the realizable value of the assets of PVL (both at fair value and present fair saleable value) is, on the date of determination, greater than the total amount of liabilities (including contingent and unliquidated liabilities) of PVL and stated capital of all classes of PVL stock as of such date; or (ii) that, as of such date, PVL is able to pay all of its liabilities as such liabilities become absolute and mature taking into account the timing and the amounts of cash to be received by PVL from any source and the timing of and amounts of cash to be payable in respect of or in connection with the debt and liabilities of PVL and does not have unreasonably small capital taking into account the particular capital requirements of PVL and its projected capital requirements and availability. In computing the amount of contingent or unliquidated liabilities at any time, such liabilities will be computed at the amount which, in light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

"Standstill Agreement" has the meaning ascribed to such term in the recitals hereto.

"Subsidiary" means, with respect to any Person, any other Person controlled by such first Person, directly or indirectly, through one or more intermediaries.

"Third Party" means any Person other than a Shareholder or a Permitted Transferee of a Shareholder.

"Transfer" means, in respect of any Shares, Convertible Securities, property or other assets, any direct or indirect sale, assignment, hypothecation, lien, encumbrance, transfer, distribution or other disposition thereof or of a participation therein, or other conveyance of legal or beneficial interest therein, including rights to vote and to receive dividends or other income with respect thereto, or any short position in a security or any other action or position otherwise reducing risk related to ownership through hedging or other derivative instruments, whether voluntarily or by operation of Law, or any agreement or commitment to do any of the foregoing.

"Transfer Notice" has the meaning ascribed to such term in Section 5.4(a).

"Transferee" means any Person that is a transferee of all or a portion of a Shareholder's Shares or Convertible Securities.

"Transferred Shares" has the meaning ascribed to such term in Section 5.4(a).

"Transferring Shareholder" has the meaning ascribed to such term in Section 5.4(a).

"Triggering Event" means, with respect to PVL, the failure, at any time within five (5) years from the date hereof, to (i) maintain a cash balance of at least $100,000 or (ii) remain Solvent.

"TSX-V Approval" has the meaning ascribed to such term in the recitals hereto.

REPRESENTATIONS AND WARRANTIES OF THE STOCKHOLDERS

Each Shareholder represents and warrants to the Company and each other Shareholder as follows:

1.2 ORGANIZATION AND QUALIFICATION.

Such Shareholder (a) is duly incorporated, formed or organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation or organization and has all necessary corporate, limited liability company or partnership power and authority, as appropriate, to own, lease and operate its properties and to carry on its business as it is now being conducted and (b) is duly qualified or licensed as a foreign entity to do business, and in good standing, in each jurisdiction where the character of the properties owned, leased or operated by it or the nature of its business makes such qualification or licensing necessary, except for any such failures to be so qualified or licensed and in good standing that would not prevent or materially hinder the performance of the actions contemplated by this Agreement.

1.3 AUTHORITY.

Such Shareholder has all requisite power and authority to execute and deliver this Agreement, to perform its obligations hereunder and to consummate the transactions contemplated hereby. The execution, delivery and performance by such Shareholder of this Agreement and the consummation by such Shareholder of the transactions contemplated hereby have been duly and validly authorized by all requisite action on its part. This Agreement has been duly executed and delivered by such Shareholder and constitutes the legal, valid and binding obligation of such Shareholder, enforceable against such Shareholder in accordance with its terms.

1.4 NO CONFLICT.

The execution, delivery and performance by such Shareholder of this Agreement do not and will not (a) conflict with or violate its certificate of incorporation or bylaws or equivalent organizational documents, if applicable to such Shareholder, (b) conflict with or violate any Law applicable to such Shareholder or by which any property or asset of such Shareholder is bound or affected or (c) result in any breach of, constitute a default (or an event that, with notice or lapse of time or both, would become a default) under, require any consent of any Person pursuant to, or give to any Person any rights pursuant to, any contract, agreement or arrangement by which such Shareholder is bound, except, in the case of the foregoing clauses (b) or (c), for any such conflicts, violations, breaches, defaults or other occurrences that would not prevent or materially hinder the performance of the actions contemplated by this Agreement.

1.5 <u>GOVERNMENTAL CONSENTS AND APPROVALS</u>.

Such Shareholder is not required to file, seek or obtain any notice, authorization, approval, order, permit or consent of or with any Governmental Authority in connection with the execution, delivery and performance by such Shareholder of this Agreement or the consummation of the transactions contemplated hereby.

1.6 <u>CONTRIBUTION OF PVL ASSETS</u>.

ON THE CLOSING DATE, PVL HAS CONTRIBUTED TO THE COMPANY ALL OPERATING ASSETS HELD IN THE NAME OF PVL THAT ARE RELATED TO, AND USED IN, THE BUSINESS OF THE COMPANY PURSUANT TO THE CONTRIBUTION AGREEMENT, WHICH CONTRIBUTION SHALL INCLUDE, BUT SHALL NOT BE LIMITED TO, THOSE ASSETS LISTED ON SCHEDULE 2.5 HERETO, AND WHICH CONTRIBUTION SHALL INCLUDE AN ASSUMPTION BY THE COMPANY OF ALL LIABILITIES AND OBLIGATIONS DIRECTLY RELATING TO THOSE ASSETS.

GOVERNANCE

1.7 <u>BOARD OF DIRECTORS</u>.

(a) The board of directors of the Company (the "Board of Directors") shall consist of four (4) directors appointed from time to time in accordance with this Agreement and the Company Bylaws (each, a "Director"). Each Director shall have one vote with respect to any matters that come before the Board of Directors. Each Shareholder agrees to vote all of its Shares on matters subject to the vote of such Shareholder and to take all other necessary or desirable actions within its control (whether in such Shareholder's capacity as a Shareholder or otherwise, and including, without limitation, attendance at meetings in person or by proxy for purposes of obtaining a quorum and execution of written consents in lieu of meetings), and the Company will, as promptly as practicable, take all necessary and desirable actions within its control (including, without limitation, calling special meetings of the Board of Directors and the stockholders of the Company), so that each Director on the Board of Directors shall be elected from nominees determined, or removed as directed, as follows:

Luxor shall be entitled (A) to nominate three (3) individuals to serve as Directors (the "<u>Luxor Directors</u>") until their respective successors are elected and qualified, (B) to nominate each successor to any Luxor Director and (C) to direct the removal of any Luxor Director nominated under the foregoing clauses (A) and (B); and

Subject to <u>Section 3.1(b)</u>, PVL shall be entitled to (A) nominate one individual to serve as Director (the "<u>PVL Director</u>") until their respective successors are elected and qualified, (B) to nominate each successor to the PVL Director and (C) to direct the removal of the PVL Director nominated under the foregoing clauses (A) and (B).

(b) Upon (i) a Triggering Event or (ii) PVL having an Applicable Percentage of less than 10%, PVL shall no longer be entitled to nominate the PVL Director and, upon the request of the Luxor Directors, PVL shall immediately direct the removal of the PVL Director.

(c) The Company shall maintain indemnification rights for the Directors against liability to the Company and its stockholders no less favorable than as set forth in the Company Bylaws as of the Closing Date. The Company shall reimburse each Director for all necessary and proper out-of-pocket costs and expenses (including reasonable travel, lodging and meal expenses) incurred in connection with each Director's attendance and participation at meetings of the Board of Directors (or board of directors or equivalent governing body of any of its Subsidiaries) or any committees thereof, to the extent not otherwise reimbursed by the Company or any of its Subsidiaries by virtue of the status of such Director as an employee of the Company or any of its Subsidiaries.

1.8 NOMINATION AND ELECTION OF DIRECTORS.

(a) The Shareholders' initial nominees for the Board of Directors shall be as set forth in Section 1.7. Hereafter, the Shareholders shall make the nominations to which they are entitled no later than ten (10) days prior to each annual meeting of the Company's stockholders or the date on which any written annual resolutions of the Company's Shareholders are expected to be executed, and the Board of Directors shall be elected at such meeting or by written consent in accordance herewith.

(b) The Board of Directors shall select a Chairman of the Board who shall preside over meetings of the Board of Directors. Any representatives of the Shareholders and their Affiliates shall be permitted to attend Board of Directors meetings as observers upon invitation of a Director.

1.9 REMOVAL OF DIRECTORS; VACANCIES.

(a) A Shareholder may at any time remove any Director nominated by such Shareholder pursuant to Section 1.7, with or without cause, and upon written request of such Shareholder, the other Shareholders agree to vote and otherwise take all actions necessary to remove such Director and to elect any replacement Director nominated by such Shareholder.

(b) In the event that at any time after the date hereof the number of Directors nominated by a Shareholder differs from the number that such Shareholder has the right to nominate pursuant to Section 1.7, (i) if the number of such Directors exceeds the appropriate number (as determined pursuant to Section 1.7), such Shareholder shall promptly take all necessary action to cause to resign that number of Directors as is required to make the remaining number of Directors nominated by such Shareholder conform to the provisions of this Agreement, and the Board of Directors, the Company and the other Shareholders shall take all necessary action to decrease the size of the Board of Directors accordingly (or, if such action is not taken or such resignations not procured, the votes of Directors nominated by such Shareholder shall be reduced pro rata to equal in the aggregate the appropriate number) or (ii) if the number of such Directors is less than the appropriate number (as determined pursuant to Section 1.7), the Board of Directors, the Company and the other Shareholders shall take all necessary action to create sufficient vacancies on the Board of Directors to permit such Shareholder to nominate the full number of Directors which it is entitled to nominate pursuant to the provisions of this Agreement, and to increase the size of the Board of Directors accordingly (and until such action takes place, the votes of the Directors nominated by such Shareholder shall be increased pro rata to equal in the aggregate the appropriate number).

(c) In the event a vacancy occurs on the Board of Directors as a result of the retirement, removal, resignation or death of a Director nominated pursuant to Section 1.7, other than pursuant to Section 3.1(b), the remaining Directors and the Company shall cause such vacancy to be filled by a person nominated by the Shareholder, the retirement, removal, resignation or death of whose designee or nominee created the vacancy. In the event a vacancy occurs on the Board of Directors as a result of the retirement, removal, resignation or death of a Director nominated pursuant to Section 1.7, and a Shareholder (or Shareholders, as the case may be) no longer has the right to nominate a replacement for such Director pursuant to the applicable subsection of Section 1.7, such vacancy shall be filled by the remaining members of the Board of Directors, in accordance with the Company Bylaws. Any Director elected pursuant to this Section 1.9 shall serve until the next annual election of Directors.

1.10 VOTING AND APPROVALS.

(a) The vote of a simple majority of Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors. There shall be no actions that require a vote other than by a simple majority of Directors.

(b) Without the prior approval of the Board of Directors, the Company shall not or shall not agree, directly or indirectly, to enter into any material transaction, contract or other arrangement.

(b) Any action requiring a vote of Shareholders of the Company shall be deemed to require the approval of a simple majority of the then-issued and outstanding Shares (the "Requisite Shareholder Vote"). To the extent permitted by Law, there shall be no actions that require a vote other than by a simple majority of Shareholders.

CAPITALIZATION; STATUS

1.11 CAPITALIZATION.

(a) On the Closing Date each Shareholder shall own the number of Shares set forth opposite such Shareholder's name on Schedule 4.1 hereto.

(b) An officer of the Company as determined by the Board of Directors shall amend Schedule 4.1 from time to time to reflect the issuance of additional Shares to any Shareholder or Transfer of any Shares to another Shareholder or any other Person; provided, that such Transfer is made in accordance with the provisions of this Agreement.

(c) If the Board of Directors determines, in its sole discretion, to raise additional capital for any purpose, then the Board of Directors shall be entitled to issue additional Shares at such times and in such amounts as determined by the Board of Directors.

1.12 STATUS.

(a) The Company is organized and operated as a corporation and, notwithstanding anything to the contrary in this Agreement, there shall be no liability to shareholders, and that the Shareholders of the Company have no fiduciary duties or other obligations to one another in their respective capacities as shareholders.

(b) Except as otherwise provided herein, no Shareholder shall be required to lend any funds to the Company. Notwithstanding any other provision in this Agreement, the obligations of the Shareholders hereunder shall not be, and shall not be deemed to be, a guaranty, maintenance agreement or other similar agreement, or under any circumstances utilized to satisfy the general obligations and liabilities of the Company.

RESTRICTIONS ON TRANSFER

1.13 LEGENDS.

The Company shall affix to each certificate evidencing Shares issued to Shareholders a legend in substantially the following form:

"THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO THE PROVISIONS OF A STOCKHOLDERS AGREEMENT OF PALLADON IRON CORPORATION, DATED AS OF MARCH 15, 2010, AS IT MAY BE AMENDED FROM TIME TO TIME, INCLUDING CERTAIN RESTRICTIONS ON TRANSFER SET FORTH THEREIN. A COPY OF SUCH AGREEMENT IS ON FILE AT THE PRINCIPAL EXECUTIVE OFFICES OF THE COMPANY.

THE SHARES ARE NOT REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "1933 ACT"), OR UNDER ANY STATE OR FOREIGN SECURITIES LAWS, IN RELIANCE UPON APPLICABLE EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF THE 1933 ACT AND SUCH STATE AND FOREIGN SECURITIES LAWS. THE SHARES HAVE BEEN ACQUIRED FOR INVESTMENT AND NOT WITH A VIEW TO DISTRIBUTION OR RESALE. THE SHARES MAY NOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF UNLESS REGISTERED UNDER THE 1933 ACT AND ANY APPLICABLE STATE AND FOREIGN SECURITIES LAWS, OR UNTIL THE REGISTRATION OF SUCH SALE, TRANSFER OR OTHER DISPOSITION IS NOT REQUIRED UNDER THE 1933 ACT AND ANY APPLICABLE STATE AND FOREIGN SECURITIES LAWS BECAUSE OF AVAILABLE EXEMPTIONS FROM SUCH REGISTRATION REQUIREMENTS."

1.14 <u>PVL RESTRICTIONS ON TRANSFER OR ENCUMBRANCE</u>.

(a) For a period of four (4) years from the date hereof, PVL shall not, directly or indirectly (through the transfer of capital stock of any Person that holds, or controls any Person that holds, any Shares, or otherwise), Transfer any Shares or Convertible Securities beneficially owned by PVL, other than Transfers specifically permitted in accordance with Section 5.4 or Section 5.5.

(b) Subject to the provisions of Section 5.6, Luxor may Transfer to any Person any Shares or Convertible Securities beneficially owned by it or any of its Affiliates.

(c) In the event that PVL proposes to Transfer any Shares or Convertible Securities in accordance with paragraph (a) above (collectively, the "Offered Securities"), PVL shall first obtain a bona fide written offer for the Offered Securities from an independent and unrelated third party ("Proposed Transferee"). Within five (5) Business Days following the receipt of such offer, PVL shall deliver written notice (the "ROFR Notice"), to Luxor stating: (i) PVL's bona fide intention to Transfer such Offered Securities, (ii) the number of Offered Securities being offered for Transfer, (iii) the price and terms upon which PVL proposes to Transfer the Offered Securities and (iv) the proposed closing date of the Transfer of the Offered Securities. Following receipt of the ROFR Notice, Luxor shall have the option to purchase all, or a portion of, the Offered Securities upon the same terms and conditions set forth in the ROFR Notice. The option shall be exercised by written notice delivered by Luxor to PVL within thirty (30) Business Days following the date on which the ROFR Notice is received by Luxor and shall specify the time and place of closing and the number of Offered Securities to be purchased by Luxor. If Luxor elects not to acquire all of the Offered Securities (the "Luxor Notice"), PVL may Transfer the Offered Securities not purchased by Luxor to the Proposed Transferred upon the same terms and conditions set forth in the ROFR Notice; provided, however, that such Transfer shall occur within sixty (60) Business Day following delivery by Luxor of the Luxor Notice to PVL or the Offered Securities shall become subject again to the Transfer restrictions set forth herein. In connection with any Transfer to a Proposed Transferee, such Proposed Transferee shall agree to be bound by all of the terms and conditions of this Agreement.

1.15 <u>IMPROPER TRANSFER OR ENCUMBRANCE</u>.

Any attempt not in compliance with this Agreement to make any Transfer of all or any portion of a Shareholder's Shares shall be null and void and of no force and effect, the purported transferee shall have no rights or privileges in or with respect to the Company, and the Company shall not give any effect in the Company's records to such attempted Transfer.

1.16 <u>RIGHT OF CO-SALE ON TRANSFERS BY SHAREHOLDERS</u>.

(a) If Luxor (a "Transferring Shareholder") proposes to Transfer Shares, as permitted under this 0, representing all of the Shares then held by Luxor to a Third Party in any transaction or series of related transactions (whether for cash, securities or a combination of both) (a "Co-Sale Transaction"), then each other Shareholder (a "Co-Sale Participant") shall have the right (but not the obligation) to participate in the Transfer in the manner set forth in this Section 1.16. At least five (5) Business Days prior the proposed date of any such Transfer, the Transferring

Shareholder shall deliver to the Company and each Co-Sale Participant notice (the "Transfer Notice") stating (i) the name of the proposed Transferee, (ii) the number of Shares proposed to be Transferred (the "Transferred Shares"), (iii) the proposed consideration therefor and (iv) the other material terms and conditions of the proposed Transfer, including the proposed Transfer date. Such notice shall be accompanied by a written offer from the proposed Transferee to purchase the Transferred Shares. Each Co-Sale Participant may Transfer to the proposed Transferee identified in the Transfer Notice up to such Co-Sale Participant's pro rata portion, calculated in accordance with Section 1.16(b), by giving written notice (a "Co-Sale Notice") to the Transferring Shareholder and the Company within five (5) Business Days after the delivery of the Transfer Notice (the "Co-Sale Period"), which notice shall state that such Co-Sale Participant elects to exercise its rights of co-sale under this Section 1.16 and shall state the maximum number of Shares sought to be Transferred.

(b) The proposed Transferee shall not be obligated to purchase a number of Shares exceeding that set forth in the Transfer Notice and in the event such Transferee elects to purchase less than all of the additional Shares sought to be Transferred by the Co-Sale Participants, the number of Shares to be Transferred by the Transferring Shareholder and each such Co-Sale Participant shall be reduced on a pro-rata basis. The Transferring Shareholder shall, within five (5) days after the expiration of the Co-Sale Period, notify each Co-Sale Participant that has elected to exercise its rights of co-sale hereunder as to the number of Shares of such Co-Sale Participant to be included in the sale pursuant to the above allocation.

(c) Each Co-Sale Participant, in exercising its right of co-sale hereunder, may participate in the Transfer by delivering to the Transferring Shareholder at the closing of the Transfer of the Transferred Shares certificates representing the Shares to be Transferred by such Co-Sale Participant, duly endorsed for transfer or accompanied by stock powers duly executed in blank or in favor of the applicable purchaser. At such closing, the purchaser shall remit directly to each Co-Sale Participant, by wire transfer if available and if requested by such Co-Sale Participant, the consideration for such Co-Sale Participant's Shares sold pursuant thereto. In connection with the transaction contemplated by this Section 1.16, each Co-Sale Participant will agree to make the same customary representations, covenants, indemnities and agreements as the Transferring Shareholder so long as they are made severally and not jointly and the liabilities thereunder are borne on a pro rata basis based on the consideration to be received by each Shareholder, not to exceed such Co-Sale Participant's proceeds from the sale; provided, that any representation made by a Co-Sale Participant shall relate only to such Co-Sale Participant and its Shares.

(d) The closing of the sale of the Shares owned by the Transferring Shareholder and all Co-Sale Participants who have elected to sell Shares shall be held simultaneously at such place and on such date as determined by the Transferring Shareholder and the proposed purchaser, but in no event later than 60 days (or longer, if required by a Regulatory Approval Process) after expiration of the Co-Sale Period. If within the Closing Period after the expiration of the Co-Sale Period, the Transferring Shareholder has not completed the disposition of its Shares and those of the electing Co-Sale Participants in accordance herewith, the sale to the proposed purchaser shall be prohibited and any attempt to consummate such sale shall be treated as a violation of Section 1.14 and subject to Section 1.15; provided, that nothing shall prevent a

Transferring Shareholder from seeking to consummate another proposed sale to such purchaser, subject to the terms and conditions of this Section 1.16.

(e) A Co-Sale Participant shall be deemed to have waived its right of co-sale hereunder if it fails to give notice within the time period prescribed in Section 1.16(a).

1.17 DRAG-ALONG RIGHT.

(a) If Luxor (the "Selling Shareholder") desires to Transfer any of its Shares then owned by it to a Third Party in a single transaction or a series of related transactions (whether for cash, securities or a combination of both) (a "Drag Transaction"), then if requested by the Selling Shareholder, each other Shareholder (a "Drag-Along Participant") shall be required to sell the same percentage of Shares held by it as is being sold by the Selling Shareholder.

(b) The consideration to be received by each Drag-Along Participant in the Drag Transaction shall be the same form and amount of consideration per Share to be received by the Selling Shareholder, and the terms and conditions of such sale shall be the same as those upon which the Selling Shareholder sells its Shares. If any Shareholders are given an option as to the form and amount of consideration to be received, all Drag-Along Participants will be given the same option.

(c) The Selling Shareholder shall provide written notice (the "Drag-Along Notice") to each Drag-Along Participant of any proposed Drag Transaction not less than ten (10) days prior to the consummation of the Drag Transaction. The Drag-Along Notice shall set forth the consideration to be paid by the purchaser for the Shares in the Drag Transaction, the name of the proposed purchaser and the other material terms of the Drag Transaction. The Drag-Along Notice shall be accompanied by a written offer from the proposed Transferee to purchase the Shares of the Selling Shareholder and the Drag-Along Participants.

(d) In connection with the Drag Transaction, each Drag-Along Participant shall approve, consent to and vote in favor of (if requested or if required by applicable Law) and raise no objection against, and shall waive any dissenters rights, appraisal rights or similar rights in connection with the Drag Transaction. Each Drag-Along Participant shall take all necessary and desirable actions reasonably requested by the Selling Shareholder or the Company in connection with the consummation of the Drag Transaction, including the exercise of any Convertible Securities and the execution of such agreements and such instruments as are reasonably necessary to consummate the Drag Transaction.

(e) In connection with the transaction contemplated by this Section 1.17, each Drag-Along Participant will agree to make the same customary representations, covenants, indemnities and agreements as the Selling Shareholder so long as they are made severally and not jointly and the liabilities thereunder are borne on a pro rata basis based on the consideration to be received by each Shareholder, not to exceed such Drag-Along Participant's proceeds from the sale; provided, that any representation made by a Drag-Along Participant shall relate only to such Drag-Along Participant and its Shares.

(f) At least three days prior to the anticipated consummation of the Drag Transaction, each Drag-Along Participant shall deliver to the Company to hold in escrow pending transfer of the consideration in respect thereof and the consummation of the Drag Transaction in accordance with its agreed terms and conditions (i) certificates representing the Shares to be Transferred by such Drag-Along Participant, duly endorsed for transfer or accompanied by stock powers duly executed in blank or in favor of the applicable purchaser and (ii) a limited power-of-attorney authorizing the Company to take all actions necessary to Transfer such securities in such Drag Transaction. In the event that a Drag-Along Participant should fail to deliver such certificates and power-of-attorney, the Company shall cause the books and records of the Company to show that such Shares are bound by the provisions of this Section 1.17 and that the Transfer of such Shares to the purchaser in such sale may be effected without such Drag-Along Participant's consent or surrender of its Shares.

(g) The closing of the Drag Transaction shall be held at such place and on such date as determined by the Selling Shareholder and the proposed purchaser, but in no event later than 60 days (or longer, if required by a Regulatory Approval Process) following delivery of the Drag-Along Notice required to be delivered pursuant to Section 1.17(c). Upon the consummation of the Drag Transaction, the purchaser shall remit directly to each Drag-Along Participant, by wire transfer if available and if requested by the Drag-Along Participant, the consideration for such Drag-Along Participant's Shares sold pursuant thereto. If within 60 days (or longer, if required by a Regulatory Approval Process) following delivery of the Drag-Along Notice, the purchaser in the Drag Transaction has not purchased all of the Shares to be sold in the Drag Transaction, the sale to such proposed purchaser shall be prohibited and any attempt to consummate such sale shall be treated as a violation of Section 1.14 and subject to Section 1.15. The Selling Shareholder shall return to the Drag-Along Participants the Share certificates, stock powers and limited powers of attorney delivered pursuant to Section 1.17(f); provided, that nothing shall prevent the Selling Shareholder from seeking to consummate another proposed sale to such purchaser, subject to the terms and conditions of this Section 1.17.

1.18 TRANSFEREES TO EXECUTE AGREEMENT.

Each Shareholder agrees that it will not, during the term of this Agreement, directly or indirectly, make any Transfer of all or any portion of the Shares beneficially owned by such Shareholder unless prior to the consummation of any such Transfer, the Person to whom such Transfer is proposed to be made (a "Prospective Transferee"), if not a Shareholder, executes and delivers this Agreement to the Company and each Shareholder. Upon the execution and delivery by such Prospective Transferee of this Agreement, such Prospective Transferee shall be deemed a "Shareholder" for purposes of this Agreement and shall have the rights and be subject to the obligations of a Shareholder under this Agreement with respect to the Shares and Convertible Securities owned by such Prospective Transferee.

OTHER AGREEMENTS

1.19 <u>LUXOR CALL RIGHT</u>.

(a) Upon PVL's failure to cure a Triggering Event within five (5) days after written notice by Luxor, Luxor shall have the right (but not the obligation) to require PVL to sell all of its Shares (the "Call Shares") to Luxor at the Call Price (the "Call Right"). In the event that Luxor exercises the Call Right, Luxor shall deliver a notice to PVL indicating its desire to exercise the Call Right (the "Call Right Notice"). The Call Right Notice shall fix a closing date (the "Call Right Closing Date"), which must be a Business Day not later than thirty (30) days following the delivery of the Call Right Notice, and which must be at least three (3) days following the delivery of the Call Right Notice. On the Call Right Closing Date, Luxor shall pay to PVL the Call Price for the Call Shares.

(b) If PVL defaults in its obligation to complete the transaction contemplated by the Call Right, then Luxor shall be entitled to all available legal and equitable remedies against PVL, including specific performance by PVL of PVL's obligation to complete such transaction and recovery of all losses of Luxor caused by such default (including attorney's fees and costs paid or incurred in any legal or equitable action).

(c) At least two (2) days prior to the anticipated consummation of the transaction contemplated by the Call Right, PVL shall deliver to the Company to hold in escrow pending payment of the Call Price and the consummation of the transaction contemplated by the Call Right, (i) certificates representing the Call Shares, duly endorsed for transfer or accompanied by stock powers duly executed in blank or in favor of Luxor and (ii) a limited power-of-attorney authorizing the Company to take all actions necessary to Transfer the Call Shares. PVL hereby agrees to execute such other agreements, instruments and documents and take such action as the Luxor may reasonably request to consummate the transaction contemplated by the Call Right pursuant hereto.

(d) PVL shall (i) immediately inform Luxor of the occurrence of a Triggering Event, (ii) upon the written request of Luxor, provide written certification to Luxor that a Triggering Event has not occurred and (iii) on the first Business Day of every month, provide Luxor with monthly cash balance statements so that Luxor may independently confirm that a Triggering Event has not occurred.

1.20 <u>FURTHER ASSURANCES</u>.

Each of the Shareholders hereto shall use best efforts to take, or cause to be taken, all appropriate action, and to do, or cause to be done, all things necessary, proper or advisable under applicable Laws to consummate and make effective the transactions contemplated hereunder, including, without limitation, using reasonable efforts to obtain all licenses, permits, consents, approvals, authorizations, qualifications and orders of the competent Governmental Authorities. Each of the parties hereto shall cooperate with the other parties hereto when required in order to effect the transactions contemplated hereunder. In case at any time after the date hereof, any further action is necessary or desirable to carry out the purposes of this Agreement, the proper officers and directors of each of the parties hereto shall use their best efforts to take all such action.

1.21 WAIVER OF FIDUCIARY DUTIES; CORPORATE OPPORTUNITIES.

(a) This Agreement is not intended to, and does not, create or impose any fiduciary duty on any of the Shareholders hereto or their respective Affiliates. Further, each Shareholder hereby waives any and all fiduciary duties that, absent such waiver, may be implied by Law to a stockholder, and in doing so, recognizes, acknowledges and agrees that the duties and obligations of the Shareholders to one another and to the Company are only as expressly set forth in this Agreement.

(b) If any Shareholder or any of its Affiliates or their respective partners, members, shareholders, directors, officers, employees or Affiliates (including any Luxor Director), acquires knowledge of a potential transaction or matter which may be an investment or business opportunity or prospective economic or competitive advantage in which the Company could have an interest or expectancy (a "Competitive Opportunity") or otherwise is then exploiting any Competitive Opportunity, the Company will have no interest in, and no expectation that, such Competitive Opportunity be offered to it. Any such interest or expectation is hereby renounced so that such Person shall (a) have no duty to communicate or present such Competitive Opportunity to the Company and (b) have the right to either hold any such Competitive Opportunity for such Shareholder's and its agents', partners' or affiliates' own account and benefit or to recommend, assign or otherwise transfer such Competitive Opportunity to Persons other than the Company or any Affiliate of the Company.

1.22 PUBLIC ANNOUNCEMENTS.

Luxor and PVL shall consult with each other before issuing, and shall provide each other the opportunity to review and comment upon, any press release or other public statement with respect to this Agreement or the transactions contemplated hereby, and shall not issue any such press release or make any such public statement prior to obtaining the other party's written approval, which approval shall not be unreasonably withheld, conditioned or delayed, except that no such approval shall be necessary to the extent disclosure may be required by applicable Law or any listing agreement of any Shareholder (or any Affiliate thereof).

1.23 CONFIDENTIAL INFORMATION.

The Shareholders recognize and acknowledge that they have certain Confidential Information of the Company and its Subsidiaries. Each Shareholder agrees that it will not, and will cause its officers, directors, employees, attorneys, accountants, auditors, agents and other representatives (collectively, "Representatives") not to, directly or indirectly, use, take commercial or proprietary advantage of or profit from any Confidential Information or disclose Confidential Information to any Person for any reason or purpose whatsoever, except (i) as is required to be disclosed by an applicable Law; provided, that the party required to make such disclosure shall provide to the Company prompt notice of any such disclosure and shall use commercially reasonable efforts to limit the extent of such disclosure, (ii) for disclosure on a confidential basis to (A) limited partners or prospective limited partners or investors of a Shareholder or its Affiliates or (B) any prospective purchasers of Shares or Convertible Securities from a Shareholder, as well as to such Persons' legal counsel, auditors, agents and representatives, or (iii) in connection with the preparation, filing or review of any tax returns.

GENERAL PROVISIONS

1.24 TERMINATION.

This Agreement shall terminate upon the earlier to occur of (a) the execution by all parties hereto of a written agreement to such effect or (b) the consummation of a Sale of the Company; provided, that no termination of this Agreement shall affect the right of any party hereto to recover damages or collect indemnification for any breach of the representations, warranties or covenants herein that occurred prior to such termination. In addition, the rights and obligations of each Shareholder under this Agreement shall terminate as to such Shareholder upon the Transfer of all Shares owned by such Shareholder in accordance with this Agreement.

1.25 FEES AND EXPENSES.

Except as otherwise provided herein, all fees and expenses incurred in connection with or related to this Agreement and the transactions contemplated hereby shall be paid by the party incurring such fees or expenses.

1.26 AMENDMENT AND MODIFICATION.

Except as otherwise expressly set forth herein, this Agreement may only be modified or amended, and provisions hereof may be waived, by an instrument in writing duly executed and delivered by the Company and approved by the Requisite Shareholder Vote; provided, that Schedule 4.1 shall be deemed amended from time to time to reflect the adjustment of ownership of Shares resulting from any Transfer or any new issuance thereof, in each case that is made in accordance with the provisions hereof.

1.27 WAIVER.

No failure or delay of any party hereto in exercising any right or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such right or power, or any course of conduct, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the parties hereunder are cumulative and are not exclusive of any rights or remedies which they would otherwise have hereunder. Any agreement on the part of any party hereto to any such waiver shall be valid only if set forth in a written instrument executed and delivered by a duly authorized officer on behalf of such party.

1.28 NOTICES.

All notices and other communications required or permitted to be given hereunder shall be in writing and shall be deemed duly given (a) on the date of delivery if delivered personally, or if by facsimile, upon written confirmation of receipt by facsimile, e-mail or otherwise, (b) on the first Business Day following the date of dispatch if delivered utilizing a next-day service by a recognized next-day courier service or (c) on the earlier of confirmed receipt or the third Business Day following the date of mailing if delivered by registered or certified mail, return receipt requested, postage prepaid. All notices hereunder shall be delivered to the address set forth below, or pursuant to such other instructions as may be designated in writing by the party to receive such notice:

If to the Company, to:

Palladon Iron Corporation.
554 South 300 East, Suite 250
Salt Lake City, Utah 84111
Attention: Dale S. Gilbert, President and CEO
Telephone: 801-521-5252

If to Luxor, to:

Luxor Capital Group
767 Fifth Avenue, 19th Floor
New York, NY 10153
Attention: Norris Nissim
Telephone: 212-763-8000
Facsimile: 212-763-8001

with copies to:

Akin Gump Strauss Hauer & Feld LLP
One Bryant Park
New York, New York 10036
Attention: Ryan Katz
Telephone: 212-872-8021
Facsimile: 212-872-1002

If PVL, to:

Palladon Ventures Ltd.
554 South 300 East, Suite 250
Salt Lake City, Utah 84111
Attention: Dale S. Gilbert, President and CEO
Telephone: 801-521-5252

Kirton & McConkie PC

60 E. South Temple, Suite 1800
Salt Lake City, Utah 84111
Attention: Randy K. Johnson
Telephone: 801-328-3600
Facsimile: 801-212-2077

1.29 INTERPRETATION.

When a reference is made in this Agreement to a Section, Schedule, Article or Exhibit such reference shall be to a Section, Schedule, Article or Exhibit of this Agreement unless otherwise indicated. The table of contents and headings contained in this Agreement or in any Exhibit are for convenience of reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. All words used in this Agreement will be construed to be of such gender or number as the circumstances require. Any capitalized terms used in any Exhibit or Schedule but not otherwise defined therein shall have the meaning as defined in this Agreement. All Exhibits and Schedules annexed hereto or referred to herein are hereby incorporated in and made a part of this Agreement as if set forth herein. The word “including” and words of similar import when used in this Agreement will mean “including, without limitation,” unless otherwise specified.

1.30 ENTIRE AGREEMENT.

This Agreement (including the Exhibits and Schedules hereto), together with the Satisfaction and Settlement Agreement, constitute the entire agreement, and supersede all prior written agreements, arrangements, communications and understandings and all prior and contemporaneous oral agreements, arrangements, communications and understandings among the parties hereto with respect to the subject matter of this Agreement. Notwithstanding any oral agreement or course of action of the parties hereto or their Representatives to the contrary, no party to this Agreement shall be under any legal obligation to enter into or complete the transactions contemplated hereby unless and until this Agreement shall have been executed and delivered by each of the parties hereto.

1.31 NO THIRD PARTY BENEFICIARIES.

Except as provided in last sentence of this Section 1.31, nothing in this Agreement, express or implied, is intended to or shall confer upon any other Person other than the parties hereto and their respective successors and permitted assigns any legal or equitable right, benefit or remedy of any nature under or by reason of this Agreement. Notwithstanding anything to the contrary herein, the Company shall be a third party beneficiary of the terms of this Agreement.

1.32 GOVERNING LAW.

This Agreement and all disputes or controversies arising out of or relating to this Agreement or the transactions contemplated hereby shall be governed by, and construed in accordance with, the internal laws of the State of Utah, without regard to the laws of any other jurisdiction that might be applied because of the conflicts of laws principles of the State of Utah.

1.33 SUBMISSION TO JURISDICTION.

Each of the parties hereto irrevocably agrees that any legal action or proceeding arising out of or relating to this Agreement brought by any other party or its successors or assigns shall be brought and determined in any New York State or federal court sitting in the Borough of Manhattan in The City of New York (or, if such court lacks subject matter jurisdiction, in any appropriate New York State or federal court), and each of the parties hereto hereby irrevocably submits to the exclusive jurisdiction of the aforesaid courts for itself and with respect to its property, generally and unconditionally, with regard to any such action or proceeding arising out of or relating to this Agreement and the transactions contemplated hereby. Each of the parties hereto agrees not to commence any action, suit or proceeding relating thereto except in the courts described above in New York, other than actions in any court of competent jurisdiction to enforce any judgment, decree or award rendered by any such court in New York as described herein. Each of the parties hereto further agrees that notice as provided herein shall constitute sufficient service of process and the parties hereto further waive any argument that such service is insufficient. Each of the parties hereto hereby irrevocably and unconditionally waives, and agrees not to assert, by way of motion or as a defense, counterclaim or otherwise, in any action or proceeding arising out of or relating to this Agreement or the transactions contemplated hereby, (a) any claim that it is not personally subject to the jurisdiction of the courts in New York as described herein for any reason, (b) that it or its property is exempt or immune from jurisdiction of any such court or from any legal process commenced in such courts (whether through service of notice, attachment prior to judgment, attachment in aid of execution of judgment, execution of judgment or otherwise) and (c) that (i) the suit, action or proceeding in any such court is brought in an inconvenient forum, (ii) the venue of such suit, action or proceeding is improper or (iii) this Agreement, or the subject matter hereof, may not be enforced in or by such courts.

1.34 ASSIGNMENT; SUCCESSORS.

Neither this Agreement nor any of the rights, interests or obligations under this Agreement may be assigned or delegated, in whole or in part, by operation of law or otherwise, by any party hereto without the prior written consent of the other parties hereto, and any such assignment without such prior written consent shall be null and void, except in connection with any Transfer of Shares or Convertible Securities permitted under 0. Subject to the preceding sentence, this Agreement will be binding upon, inure to the benefit of, and be enforceable by, the parties hereto and their respective successors and assigns.

1.35 ADJUSTMENTS.

If, and as often as, there are any changes in the Shares by way of stock split, stock dividend, combination or reclassification, or through merger, consolidation, reorganization or recapitalization, or by any other means, appropriate adjustment shall be made in the provisions of this Agreement, as may be required, so that the rights, privileges, duties and obligations hereunder shall continue with respect to the Shares as so changed.

1.36 NO DIRECTOR LIABILITY.

No director of the Company shall be personally liable to the Company or any Shareholder as a result of any acts or omissions taken under this Agreement in good faith.

1.37 ENFORCEMENT.

The parties hereto agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. Accordingly, each of the parties hereto shall be entitled to specific performance of the terms hereof, including an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement in any New York State or federal court sitting in the Borough of Manhattan in the City of New York (or, if such court lacks subject matter jurisdiction, in any appropriate New York State or federal court), this being in addition to any other remedy to which such party is entitled at law or in equity. Each of the parties hereto hereby further waives (a) any defense in any action for specific performance that a remedy at law would be adequate and (b) any requirement under any law to post security as a prerequisite to obtaining equitable relief.

1.38 CURRENCY.

All references to "$" in this Agreement refer to United States dollars, which is the currency used for all purposes in this Agreement.

1.39 SEVERABILITY.

Whenever possible, each provision or portion of any provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable Law, but if any provision or portion of any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable Law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision or portion of any provision in such jurisdiction, and this Agreement shall be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision or portion of any provision had never been contained herein.

1.40 WAIVER OF JURY TRIAL.

EACH OF THE PARTIES TO THIS AGREEMENT HEREBY IRREVOCABLY WAIVES ALL RIGHT TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

1.41 COUNTERPARTS.

This Agreement may be executed in two or more counterparts, all of which shall be considered one and the same instrument and shall become effective when one or more counterparts have been signed by each of the parties hereto and delivered to the other party.

1.42 FACSIMILE SIGNATURE.

This Agreement may be executed by facsimile signature and a facsimile signature shall constitute an original for all purposes.

1.43 TIME OF ESSENCE.

Time is of the essence with regard to all dates and time periods set forth or referred to in this Agreement.

1.44 NO PRESUMPTION AGAINST DRAFTING PARTY.

Each of the parties hereto acknowledges that it has been represented by counsel in connection with this Agreement and the transactions contemplated by this Agreement. Accordingly, any rule of law or any legal decision that would require interpretation of any claimed ambiguities in this Agreement against the drafting party has no application and is expressly waived. Each of the parties hereto acknowledges that this Agreement was freely negotiated by it in good faith and there was no exploitation of PVL by Luxor.

1.45 CONSTRUCTION.

IN THE EVENT A CONFLICT BETWEEN THE PROVISIONS OF THIS AGREEMENT AND THE BYLAWS OF THE COMPANY, THE PROVISIONS OF THIS AGREEMENT SHALL GOVERN.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have entered into this Agreement or have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

THE COMPANY
PALLADON IRON CORPORATION

By: ______________________________
Name:
Title:

LUXOR
LUXOR CAPITAL PARTNERS, LP

By: ______________________________
Name:
Title:

PVL
PALLADON VENTURES LTD.

By: ______________________________
Name:
Title:

SCHEDULE 2.5

Contributed Assets

Power line(s).

Water rights granted by the Utah Division of Water Rights.

SCHEDULE 4.1

Capitalization

Shareholder	Shares
Luxor Capital Partners, LP	1,346 Shares
Palladon Ventures Ltd.	374 Shares

EXHIBIT A

Company Bylaws

EXHIBIT B

Company Charter

EXHIBIT C

Contribution Agreement