



TEMEX RESOURCES CORP
1000-141 Adelaide Street West
Toronto Ontario M5H 3L5
tel: 416-862-2246 fax: 416-862-2244
website: www.temexcorp.com

March 1, 2006

Mr. Berge Heede
Sun City Hilton Head
98 Lake Somerset Circle,
Okatie, SC
29909-4585

Sandy K Mines
40 King Street West
Suite 5800
Toronto, Ontario
M5H 3S1

RE: Proposed Acquisition

This agreement sets forth the terms and conditions of (i) the proposed acquisition (the **“Transaction”**) by Temex Resources Corp. (**“Temex”**) of the single block of 14 leasehold claims covering a total of 553.3 acres located three kilometres northeast of the village of Gowganda, Ontario commonly known as the Gowganda Silver Camp, including the United Siscoe’s Miller Lake-O’Brien mine and tailings facilities located thereon (collectively, the **“Property”**) from Sandy K Mines (**“SKM”**) and (ii) the acquisition and surrender of the secured debenture in the principal amount of \$410,000 (the **“SKM Debenture”**) issued by SKM to Berge Heede (**“Heede”**). This agreement supersedes the letter of intent regarding the proposed acquisition by Temex of all the outstanding shares of SKM dated February 23, 2006 among Temex and SKM, which letter of intent shall have no further force or effect.

Description of Proposed Transaction

In consideration for the assignment of the SKM Debenture to Temex by Heede, Temex will issue to Heede on the Closing Date (as hereinafter defined) (i) 545,455 units of Temex (**“Units”**) at a deemed price of \$0.55 per Unit and (ii) a debenture in the principal amount of \$100,000 (the **“Temex Debenture”**) to be secured against the Property upon completion of the Transaction. Each Unit shall be comprised of one common share in the capital of Temex (a **“Temex Share”**) and one-half of one Temex Share purchase warrant. Each whole Temex Share purchase warrant will entitle the holder thereof to purchase one Temex Share at a price of \$0.75 per Temex Share for a period of 24 months. Temex shall surrender the SKM Debenture to SKM as part of the consideration to be paid for the Property. The SKM Debenture shall be cancelled by SKM upon completion of the Transaction. The Temex Debenture shall bear no interest and shall be payable, in full, on the first anniversary of the Closing Date or at any time prior thereto without notice at Temex’ election.

The Transaction will involve Temex acquiring an unencumbered 100% interest in the Property in exchange for (i) 2,636,000 Temex Shares and (ii) \$200,000 in cash, to be paid as follows: \$100,000 to be paid to SKM on execution of this letter and \$100,000 to be paid to SKM on completion of the Transaction. In the event of Temex' failure to complete the Transaction by the Closing Date the \$100,000 advanced by Temex to SKM on its execution of this letter shall be converted to common shares in the capital of SKM ("**SKM Shares**") at a conversion rate of \$1.00 per SKM Share with 5 calendar days of the Closing Date. In the event of SKM's failure to complete the Transaction, the \$100,000 advanced by Temex to SKM on execution of this letter shall be returned to Temex in full within 60 calendar days of the Closing Date.

Agreement to Proceed with Transaction

Following the execution of this letter by Temex and SKM, Temex will complete due diligence investigations of the Property. Temex shall be entitled to inspect the Property and complete an environmental base line study and SKM shall promptly provide Temex with all such information concerning the Property as Temex may reasonably request. The Transaction will be completed subject to the following conditions:

- (a) Temex being satisfied in its sole and unfettered discretion with its due diligence investigations of the Property;
- (b) on completion of the Transaction, the SKM Debenture shall be cancelled;
- (c) on completion of the Transaction, other than as required by the Temex Debenture, Temex shall have acquired an unencumbered 100% interest in the Property;
- (d) Temex shall have received all required regulatory approvals to proceed with the Transaction including, without limitation, the approval of the TSX Venture Exchange;
- (e) Temex board approval of the Transaction; and
- (f) the execution of the Definitive Agreements.

The conditions set forth in paragraphs (a), (b), (c), (e) and (f) above are for the sole benefit of Temex and may, if not fulfilled, be waived in its sole discretion. The condition set forth in paragraph (d) may not be waived.

No Shop

SKM agrees that prior to 7:00 p.m. (Toronto time) on the Closing Date, it will not enter into any negotiations with any person or company with a view to encumbering, granting an interest in or an option to acquire an interest in or completing a sale of the Property, or any other transaction that would adversely affect its ability to complete the Transaction.

Definitive Agreements

The Transaction shall proceed by way of asset purchase and sale between Temex and SKM. Each of Temex and SKM shall negotiate in good faith, and use their best efforts to execute

definitive agreements giving effect to the Transaction (the “**Definitive Agreements**”) which Definitive Agreements shall embody the terms and conditions set forth herein and shall contain representations, warranties, covenants, conditions and agreements that are customary for agreements relating to the completion of transactions of the sort contemplated herein. In the absence of the Definitive Agreements being executed, this letter agreement shall remain binding on the parties hereto.

No Disclosure

SKM shall not without the prior written consent of Temex make any public statement regarding or disclose to any person (other than its directors, officers employees and agents who have a need to know about the Transaction) any information regarding the Transaction, including without limitation the existence of this letter or its terms and the fact that discussions are taking place with respect to the Transaction or the status thereof, other than as is already publicly disclosed and/or available.

Nature of Agreement

Following its execution by SKM and Temex, this letter will form a binding and legally enforceable agreement which shall remain in full force and effect, unless superseded by the Definitive Agreements. The Transaction shall be completed at the [**offices of Temex’ counsel, Goodman and Carr LLP, 2300-200 King Street West, Toronto, Ontario M5H 3W5**] at 5:00 p.m. (Toronto time) on or prior to April 13, 2006 or such later date or time as may be agreed to by Temex and SKM (the “**Closing Date**”); provided that, if any question or dispute has been referred to arbitration as provided below, the Closing Date shall be extended to not less than 5 business days after the delivery of the arbitrator’s decision. In the event that the Transaction is not completed by the Closing Date, this agreement will be null and void.

Arbitration

If any dispute or question (a “**Dispute**”) shall arise between the parties, or any of them, concerning this agreement or its interpretation, including without limitation any dispute as to the provisions to be included in the Definitive Agreements, any party to such Dispute shall be entitled to submit the Dispute to arbitration pursuant to the *Arbitration Act, 1991* (Ontario). Such arbitration shall be conducted by a single arbitrator. The arbitrator shall be appointed by agreement between the parties to the Dispute or, in default of agreement, such arbitrator shall be appointed by a Judge of the Ontario Superior Court of Justice, upon the application of either of such parties, and a Judge of the Ontario Superior Court of Justice shall be entitled to act as such arbitrator, if he or she so desires. The arbitration shall be held in the Municipality of Metropolitan Toronto.

The procedure to be followed shall be agreed by the parties to the Dispute or, in default of agreement, determined by the arbitrator; provided that in doing so, the arbitrator shall be guided by the parties’ mutual intention that such procedures should be designed to expedite the proceedings and minimize to the extent practicable the expenses for the parties; provided further than the parties shall instruct the arbitrator that the arbitration shall be completed and a decision rendered within 30 days of such arbitrator’s appointment. The arbitrator shall have the power to

proceed with the arbitration and to deliver his or her award notwithstanding the default by any party in respect of any procedural order made by the arbitrator. The decision arrived at by the arbitrator shall be final and binding and no appeal shall lie therefrom.

For greater certainty, such Dispute shall not be made the subject matter of an action in any court by any party unless the Dispute is first been submitted to arbitration and finally determined in accordance with the provisions hereof, and in such event, such action shall be subject to the exclusive jurisdiction of the courts of the Province of Ontario and each of the parties hereto hereby irrevocably attorns to the exclusive jurisdiction of the courts of the Province of Ontario. Any such action shall only be for the purpose of enforcing the decision of the arbitrator and the costs incidental to the action. In any such action, the decision of the arbitrator shall be conclusively deemed to determine the rights and liabilities as between the parties to the arbitration in respect of the Dispute. Judgment upon the award rendered by the arbitrator may be entered in any court of competent jurisdiction.

The procedures specified above are the only procedures for the resolution of any dispute or claim arising out of or related to this agreement or in connection with the negotiation of any of the Definitive Agreements, or the breach, termination or validity hereof or thereof. If any party attempts to have issues resolved in court, the parties agree that this section can be used to stay any such proceedings.

Miscellaneous

Each of SKM and Temex will be responsible for their own costs. This agreement shall be governed by the internal laws of the Province of Ontario and the federal laws of Canada applicable therein without reference to conflicts of law rules which would otherwise impose the laws of another jurisdiction. Each of the parties hereto agree to take such further steps, actions and assurances that may be necessary or desirable to give effect to this agreement and the Transaction contemplated herein.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

