

NEVADA STAR RESOURCE CORP.

and

6658482 Canada Inc.

and

PURE NICKEL INC.

AMALGAMATION AGREEMENT

Dated as of December 14, 2006

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AMALGAMATION AGREEMENT

THIS AMALGAMATION AGREEMENT dated as of the 14th day of December, 2006,
AMONG:

NEVADA STAR RESOURCE CORP., a corporation existing pursuant to the provisions of the *Business Corporations Act* (Yukon)

(hereinafter referred to as "Nevada Star")

- and -

6658482 CANADA INC., a corporation existing pursuant to the provisions of the *Canada Business Corporations Act*

(hereinafter referred to as "Newco")

- and -

PURE NICKEL INC., a corporation existing pursuant to the provisions of the *Canada Business Corporations Act*

(hereinafter referred to as "Pure Nickel")

WITNESSES THAT:

WHEREAS Nevada Star and Pure Nickel wish to combine their businesses by means of the Amalgamation (as defined herein);

AND WHEREAS, the board of directors of Nevada Star has determined that the Amalgamation to be effected pursuant to this Agreement is advisable and in the best interests of Nevada Star and has approved the transactions contemplated by this Agreement and determined to recommend approval of the Amalgamation and the other transactions contemplated hereby to the Holders of Nevada Star Common Shares;

AND WHEREAS, the board of directors of Pure Nickel has determined that the Amalgamation to be effected pursuant to this Agreement is advisable and in the best interests of Pure Nickel and has approved the transactions contemplated by this Agreement and determined to recommend approval of the Amalgamation and the other transactions contemplated hereby to the Holders of Pure Nickel Shares;

AND WHEREAS, in furtherance of the Amalgamation, the board of directors of Pure Nickel has agreed to submit the Amalgamation Resolution in accordance with Section 183 of the CBCA to the Holders of Pure Nickel Shares for approval;

AND WHEREAS, Nevada Star, as the sole shareholder of Newco, will approve the Amalgamation, in accordance with Section 183 of the CBCA;

AND WHEREAS, upon the Amalgamation becoming effective, the Pure Nickel Shares will be exchanged for Nevada Star Common Shares and the Newco Common Shares will be exchanged for Amalco Common Shares in accordance with the provisions of this Agreement;

NOW THEREFORE, in consideration of the premises and the respective covenants and agreements herein contained, and for other good and valuable consideration, the receipt and sufficiency of

which are hereby acknowledged by each of the parties hereto, the parties hereto hereby covenant and agree as follows:

ARTICLE 1 DEFINITIONS AND INTERPRETATION

Section 1.1 Definitions.

In this Agreement, unless there is something in the subject matter or context inconsistent therewith, the following capitalized words and terms shall have the following meanings:

"affiliate" has the meaning ascribed thereto in the Securities Act unless otherwise expressly stated herein;

"Agreement" means this amalgamation agreement, provided for in Section 182 of the CBCA, including the schedules hereto;

"Amalco" means Pure Nickel Holdings Corp., the corporation continuing from the Amalgamation upon the Effective Date;

"Amalco Common Shares" means common shares in the capital of Amalco;

"Amalgamation" means the amalgamation of Newco and Pure Nickel pursuant to Section 181 of the CBCA as provided for in this Agreement;

"Appropriate Regulatory Approvals" means all rulings, consents, orders, exemptions, permits and other approvals of Governmental Entities and the TSXV required or necessary for the completion of the transactions provided for in this Agreement and the Amalgamation;

"Articles of Amalgamation" means the articles of amalgamation in respect of the Amalgamation, in the form required by the CBCA, to be sent to the Director, subject to the conditions of this Agreement, following the approval of the Pure Nickel Amalgamation Resolution by the Holders of Pure Nickel Shares and the approval of the Newco Amalgamation Resolution by Nevada Star, as applicable;

"Axis Report" means the report dated November 15, 2006 prepared in accordance with NI 43-101 relating to Pure Nickel's mineral properties in the Province of Saskatchewan;

"Business Day" means a day on which commercial banks are generally open for business in Vancouver, British Columbia and Toronto, Ontario other than a Saturday, Sunday or a day observed as a holiday in Vancouver, British Columbia and Toronto, Ontario under the Laws of the Provinces of British Columbia or Ontario or the federal Laws of Canada;

"CBCA" means the *Canada Business Corporations Act*, as amended;

"Charter Documents" means, as applicable, the articles and by-laws, memorandum and articles of association, amendments and re-statements, or other similar constating documents of any body corporate;

"Consolidation" means to proposed consolidation on a five (5) to one (1) basis of the issued and outstanding common shares of Nevada Star in accordance with the terms of the RTO Resolutions;

"Corporate Laws" means all applicable corporate laws, including those set forth in the CBCA and the YBCA;

"Director" means the Director of Corporations appointed under Section 260 of the CBCA;

"Documents of Title" means, collectively, any and all mineral claims, certificates of title, leases, options, permits, licences, assignments, trust declarations, exploration agreements or procedures, sale and purchase agreements, joint venture agreements and other agreements by virtue of which Pure Nickel Interests or the Nevada Star Interests, as the case may be, are derived;

"Employee Obligations" means the obligations of Pure Nickel to its directors, officers, employees and consultants for retention, severance, termination or bonus payments in connection with a termination of employment or change of control of Pure Nickel pursuant to any written agreements or resolution of the Pure Nickel Board, pension plans or other plans, Pure Nickel's severance, retention or other policies or otherwise in accordance with applicable law;

"Effective Date" means the date shown on the certificate of amalgamation issued by the Director pursuant to Section 262 of the CBCA giving effect to the Amalgamation;

"Effective Time" means 12:01 a.m. (Vancouver time) on the Effective Date;

"Encumbrance" includes whether or not registered or recorded, any and all mortgages, liens, licenses, charges, security interests, pledges, conditional sales contracts, options or other rights to acquire any interest in any property, and any adverse claims or rights in any property;

"Governmental Entity" means any (a) multinational, federal, provincial, territorial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, board, bureau or agency, domestic or foreign, (b) subdivision, agent, commission, board, or authority of any of the foregoing, or (c) quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under, or for the account of, any of the foregoing;

"Holders" means, when used with reference to the Pure Nickel Shares, the Pure Nickel Options, the Newco Common Shares, the Nevada Star Common Shares or the Amalco Common Shares, the holders of such Pure Nickel Shares, Pure Nickel Options, Newco Common Shares, Nevada Star Common Shares or Amalco Common Shares, as applicable, shown from time to time in the registers maintained by or on behalf of Pure Nickel, Newco, Nevada Star or Amalco, as applicable, in respect of such Pure Nickel Shares, Pure Nickel Options, Newco Common Shares, Nevada Star Common Shares or Amalco Common Shares, as applicable;

"Laws" means all statutes, regulations, statutory rules, orders, judgments, decrees and terms and conditions of any grant of approval, permission, authority, permit or license of any court, Governmental Entity, statutory body or self-regulatory authority (including the TSXV);

"MAN Alaska Report" means the technical report dated May 15, 2006 by Kevin Wells, P.Geo. prepared in accordance with NI 43-101 respecting the MAN Project of Nevada Star in Alaska;

"Material Adverse Change" means any change (or any condition, event or development involving a prospective change) in the business, operations, results of operations, assets, capitalization, financial condition, prospects, licenses, permits, concessions, rights, liabilities or privileges, whether contractual or otherwise, of Pure Nickel, Nevada Star or Newco, as the case may be, that is, or could reasonably be expected to be, materially adverse to the business of Pure Nickel, Nevada Star or Newco, as the case may be, and their subsidiaries considered as a whole, which represents a negative change of \$100,000, other than a change: (a) that relates to or arises out of a matter that has, prior to the date hereof, been publicly disclosed or otherwise disclosed in writing to the other party hereto; (b) that relates to or arises out of conditions affecting the junior mining industry as a whole; (c) that relates to or arises out of general economic, financial, currency exchange, securities or commodity market conditions in Canada or elsewhere; or (d) that relates to or arises out of any change in the market price of nickel;

"Material Adverse Effect", when used in connection with Pure Nickel, Nevada Star or Newco, means any change, effect, event or occurrence with respect to its condition (financial or otherwise), properties, assets, liabilities, obligations (whether absolute, accrued, conditional or otherwise), businesses, prospects, operations or results of operations or those of its subsidiaries, that is, or would be reasonably expected to be, material and adverse to the current or future business, operations, regulatory status, financial condition or results of operations of Pure Nickel, Nevada Star or Newco, as the case may be, and their respective subsidiaries taken as a whole, which represents a negative change of \$100,000, but shall, for greater certainty, exclude (a) any decrease in the trading price or value of the common shares of either Pure Nickel or Nevada Star immediately following and reasonably attributable to the announcement of the Amalgamation or (b) any change, effect, event or occurrence relating to the North American economy as a whole or securities markets in general;

"Material Fact" has the meaning ascribed thereto in the Securities Act;

"misrepresentation" has the meaning ascribed thereto in the Securities Act;

"Nevada Star" means Nevada Star Resource Corp., a corporation existing pursuant to the provisions of the YBCA and, unless the context requires otherwise, includes each of the Nevada Star Subsidiaries and affiliates;

"Nevada Star Circular" means the notice of the Nevada Star Meeting and accompanying management proxy and information circular, including all schedules and exhibits thereto, to be sent to the Holders of Nevada Star Common Shares in connection with the Nevada Star Meeting;

"Nevada Star Common Shares" means the common shares in the capital of Nevada Star;

"Nevada Star Disclosed Information" means all written information disclosed to Pure Nickel (or its agents or representatives) in respect of the business, operations and affairs of the Nevada Star Parties or disclosed to Pure Nickel (or its agents or representatives) in respect of the business, operations and affairs of the Nevada Star Parties, as the case may be, at or prior to the date of this Agreement;

"Nevada Star Interests" has the meaning ascribed thereto in Section 6.12 of this Agreement;

"Nevada Star Meeting" means the special meeting of the Holders of Nevada Star Common Shares (including any adjournment(s) or postponement(s) thereof) to be called and held for, among other purposes, considering and, if deemed advisable, approving the RTO Resolutions;

"Nevada Star Parties" means collectively, Nevada Star and Newco;

"Nevada Star Pre-Amalgamation Options" means the 3,750,000 stock options of Nevada Star currently issued and outstanding pursuant to the Nevada Star Stock Option Plan, each of which currently entitles the holder thereof to purchase one Nevada Star Common Share;

"Nevada Star Principals" means Robert Angrisano, Michael W. Sharon, Monty Moore, Donald Boswick and Edward H. Waale;

"Nevada Star Securities" means, collectively, the Nevada Star Common Shares and the Nevada Star Pre-Amalgamation Options;

"Nevada Star Stock Option Plan" means the stock option plan of Nevada Star approved by the Holders of Nevada Star Common Shares on January 29, 2004 under which options to purchase Nevada Star Common Shares may be issued in accordance with the policies of the TSXV;

"Nevada Star Subsidiaries" means Nevada Star Resource Corp. (U.S.), a Nevada Corporation and Nevada Star Resource Corp. (formerly M.A.N. Resources, Inc.), a Washington corporation;

"Nevada Star Take-over Proposal" means a proposal or offer (other than by Pure Nickel), whether or not subject to a due diligence condition and whether or not in writing, to acquire in any manner, directly or indirectly, beneficial ownership of all or a material portion of the assets of Nevada Star or to acquire in any manner, directly or indirectly, beneficial ownership of or control or direction over more than 20% of the outstanding Nevada Star Common Shares, whether by arrangement, amalgamation, merger, consolidation or other business combination, by means of a sale or exchange of shares, sale of assets, tender offer or exchange offer or similar transaction involving Nevada Star including, without limitation, any single or multi-step transaction or series of related transactions that is structured to permit such third party to acquire beneficial ownership of all or a material portion of the assets of Nevada Star or to acquire in any manner, directly or indirectly, more than 20% of the outstanding Nevada Star Common Shares (in all cases other than the transactions contemplated by this Agreement);

"Nevada Star Transfer Agent" means Pacific Corporate Trust Company;

"Newco" means 6658482 Canada Inc., a corporation existing pursuant to the provisions of the CBCA;

"Newco Common Shares" means the common shares in the capital of Newco;

"Newco Amalgamation Resolution" means the special resolution of Newco, to be signed by Nevada Star in its capacity as the sole Holder of the Newco Common Shares, approving the Amalgamation, to be substantially in the form and content of Schedule "A" hereto;

"NI 43-101" means National Instrument 43-101 "Standards of Disclosure for Mineral Projects adopted by the Canadian Securities Administrators;

"Offering of Subscription Receipts" means the offering of up to 8,888,889 Subscription Receipts for gross proceeds of approximately \$8 million dollars;

"OTCBB" means the National Association of Securities Dealer Inc.'s Over-the-Counter Bulletin Board;

"Person" means and includes an individual, firm, sole proprietorship, partnership, joint venture, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate, a trustee, executor, administrator or other legal representative, Governmental Entity, or other entity, whether or not having legal status;

"Pure Nickel" means Pure Nickel Inc., a corporation existing pursuant to the provisions of the CBCA;

"Pure Nickel Amalgamation Resolution" means the special resolution of the Holders of Pure Nickel Shares approving the Amalgamation, to be substantially in the form and content of Schedule "B" hereto;

"Pure Nickel Circular" means the notice of the Pure Nickel Meeting to be sent to the Holders of Pure Nickel Shares in connection with the Pure Nickel Meeting;

"Pure Nickel Disclosed Information" means all written information disclosed to Nevada Star (or its agents or representatives) in respect of the business, operations and affairs of Pure Nickel or disclosed to Pure Nickel (or its agents or representatives) in respect of the business, operations and affairs of Nevada Star, as the case may be, at or prior to the date of this Agreement;

"Pure Nickel Dissent Rights" has the meaning specified in Subsection 3.1(a);

"Pure Nickel Dissenting Shareholder" means a holder of Pure Nickel Shares who dissents from the Pure Nickel Amalgamation Resolution in compliance with the Pure Nickel Dissent Rights;

"Pure Nickel Financial Statements" means the audited financial statements of Pure Nickel as at and for the period ended September 30, 2006;

"Pure Nickel Interests" has the meaning ascribed thereto in Section 5.11 of this Agreement;

"Pure Nickel Letter of Transmittal" means the letter of transmittal to be provided by Pure Nickel to Holders of Pure Nickel Shares together with the Pure Nickel Circular;

"Pure Nickel Meeting" means the special meeting of the Holders of Pure Nickel Shares (including any adjournment(s) or postponements thereof) to be called and held for, among other purposes, considering and, if deemed advisable, approving the Pure Nickel Amalgamation Resolution;

"Pure Nickel Pre-Amalgamation Options" means the 100,000 stock options of Pure Nickel currently issued and outstanding, each of which entitles the holder thereof to purchase one Pure Nickel Common Share at a price of \$0.20 each;

"Pure Nickel Shares" means all of the outstanding common shares in the capital of Pure Nickel;

"Pure Nickel Take-over Proposal" means a proposal or offer (other than by Nevada Star), whether or not subject to a due diligence condition and whether or not in writing, to acquire in any manner, directly or indirectly, beneficial ownership of all or a material portion of the assets of Pure Nickel or to acquire in any manner, directly or indirectly, beneficial ownership of or control or direction over more than 20% of the outstanding Pure Nickel Shares, whether by arrangement, amalgamation, merger, consolidation or other business combination, by means of a sale or exchange of shares, sale of assets, tender offer or exchange offer or similar transaction involving Pure Nickel including, without limitation, any single or multi-step transaction or series of related transactions that is structured to permit such third party to acquire beneficial ownership of all or a material portion of the assets of Pure Nickel or to acquire in any manner, directly or indirectly, more than 20% of the outstanding Pure Nickel Shares (in all cases other than the transactions contemplated by this Agreement);

"RTO Resolutions" means (i) the ordinary resolution of the Holders of Nevada Star Common Shares approving the issuance of the Nevada Star Common Shares pursuant to the Amalgamation, and (ii) the special resolution of the Holders of Nevada Star Common Shares approving (a) the change of name of Nevada Star to **"Pure Nickel Inc."** or such other name as the directors authorize and the Director approves; and (b) the consolidation of the issued and outstanding common shares of Nevada Star on a five for one (5:1) basis or on such other ratio as determined by the board of directors, after giving effect to the Amalgamation; to be substantially in the form and content of Schedule "C" hereto;

"Securities Act" means the *Securities Act* (British Columbia), as amended;

"Securities Authorities" means the appropriate securities commissions, stock exchanges or similar regulatory authorities in each of the provinces and territories of Canada and the United States of America and the applicable states thereof;

"Securities Laws" means all securities laws, statutes, rules and regulations and all notices, blanket orders, blanket rulings, rules and policies of the TSXV and the OTCBB and the Securities Authorities and all securities laws, statutes, rules and regulations applicable in the United States;

"Subscription Receipts" means the subscription receipts being offered by Nevada Star pursuant to the Offering of Subscription Receipts. Each Subscription Receipt is exercisable, upon completion of the Amalgamation and without any additional consideration, into a unit comprised of one post-Consolidation common share and one-half of one share purchase warrant. Each whole warrant is exercisable into a post-Consolidation common share of Nevada Star for a period of 18 months following the completion of the Amalgamation at a price of \$1.20 per common share;

"Subsidiary" means, with respect to a specified body corporate, a body corporate of which more than 50% of the outstanding shares ordinarily entitled to elect a majority of the directors thereof, whether or

not shares of any other class or classes shall or might be entitled to vote upon the happening of any event or contingency, are at the time owned, directly or indirectly, by such specified body corporate, and includes a body corporate in like relation to a subsidiary;

"Swaps" means any transaction which is a rate swap transaction, basis swap, forward rate transaction, commodity swap, hedges, commodity option, equity or equity index swap, equity or equity index option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, forward sale, exchange traded futures contract or any other similar transaction (including any option with respect to any of these transactions or any combination of these transactions);

"Tax" and "Taxes" means, with respect to any Person, all income taxes (including any tax on or based upon net income, gross income, income as specially defined, earnings, profits or selected items of income, earnings or profits) and all capital taxes, gross receipts taxes, environmental taxes, sales taxes, use taxes, value added taxes, transfer taxes, franchise taxes, license taxes, withholding taxes (including source withholdings in respect of income taxes, Canada Pension Plan and employment insurance premiums), payroll taxes, employment taxes, pension plan premiums, excise, severance, social security premiums, workers' compensation premiums, unemployment insurance or compensation premiums, stamp taxes, occupation taxes, premium taxes, property taxes, windfall profits taxes, alternative or add-on minimum taxes, goods and services tax, customs duties or other taxes, fees, imports, assessments or charges of any kind whatsoever, together with any interest and any penalties or additional amounts imposed by any taxing authority (domestic or foreign) on such entity, and any interest, penalties, additional taxes and additions to tax imposed with respect to the foregoing;

"Tax Act" means the *Income Tax Act* (Canada) and the regulations thereunder, as amended, and the *Internal Revenue Code* of the United States of America and the regulations thereunder, as amended, as applicable;

"Tax Returns" means all returns, declarations, reports, information returns and statements filed or required to be filed with any Governmental Entity relating to Taxes;

"Termination Time" means the time that this Agreement is terminated;

"Time of Closing" shall have the meaning ascribed to such term in Section 7.5(a) of this Agreement;

"TSXV" means the TSX Venture Exchange;

"Undertakings" means agreements in the form attached hereto as Schedule "D" pursuant to which, among other things, the sole director of Pure Nickel and the directors of Nevada Star each undertake to irrevocably vote the Pure Nickel Shares owned by them, directly or indirectly, or over which they exercise control or direction, in favour of the Pure Nickel Amalgamation Resolution and to otherwise support the Amalgamation; and

"YBCA" means the *Business Corporations Act* (Yukon), as amended.

Section 1.2 Currency.

All amounts of money which are referred to in this Agreement are expressed in lawful money of Canada unless otherwise specified.

Section 1.3 Interpretation Not Affected By Headings.

The division of this Agreement into articles, sections, subsections, paragraphs and subparagraphs and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of the provisions of this Agreement. The terms "this Agreement", "hereof", "herein", "hereunder" and similar expressions refer to this Agreement and the schedules hereto as a whole and not to any particular article, section, subsection, paragraph or subparagraph hereof and include any agreement or instrument supplementary or ancillary hereto.

Section 1.4 Number and Gender.

Unless the context otherwise requires, words importing the singular number only shall include the plural and vice versa and words importing the use of any gender shall include all genders.

Section 1.5 Date for Any Action.

In the event that any date on which any action is required to be taken hereunder by any of the parties is not a Business Day, such action shall be required to be taken on the next succeeding day which is a Business Day.

Section 1.6 Meanings.

Words and phrases used herein and defined in the CBCA shall have the same meaning herein as in the CBCA, unless otherwise defined herein or the context otherwise requires. Unless otherwise specifically indicated or the context otherwise requires, "include", "includes" and "including" shall be deemed to be followed by the words "without limitation".

Section 1.7 Knowledge.

Where any matter is stated to be "to the knowledge" or "to the best of the knowledge" of Pure Nickel or words to like effect in this Agreement, Pure Nickel shall be required, in addition to making any other reasonable inquiries, to make inquiries of senior officers of Pure Nickel.

Where any matter is stated to be "to the knowledge" or "to the best of the knowledge" of a Nevada Star Party or the Nevada Star Parties or words to like effect in this Agreement, the Nevada Star Party or Nevada Star Parties, as the case may be, shall be required, in addition to making any other reasonable inquiries, to make inquiries of senior officers of the Nevada Star Party or Nevada Star Parties, as the case may be.

Section 1.8 Schedules.

The following Schedules are annexed to this Agreement and are hereby incorporated by reference into this Agreement and form part hereof:

Schedule "A"	-	Form of Newco Amalgamation Resolution
Schedule "B"	-	Form of Pure Nickel Amalgamation Resolution
Schedule "C"	-	Form of RTO Resolutions
Schedule "D"	-	Form of Undertaking
Schedule "E"	-	Post Transaction Capitalization of Nevada Star
Schedule "F"	-	Authorized Share Capital of Amalco

ARTICLE 2 THE AMALGAMATION

Section 2.1 Implementation Steps.

- (a) Pure Nickel covenants in favour of Nevada Star and Newco that Pure Nickel shall lawfully convene and hold the Pure Nickel Meeting for the purpose of considering the Pure Nickel Amalgamation Resolution as soon as reasonably practicable and, in any event, no later than February 28, 2007, subject to adjournments or postponements, as may be agreed to by Pure Nickel and Nevada Star.
- (b) Nevada Star covenants in favour of Pure Nickel and Newco that Nevada Star shall lawfully convene and hold the Nevada Star Meeting for the purpose of considering the RTO Resolution as soon as reasonably practicable and, in any event, no later than February 28, 2007, subject to adjournments and postponements as may be agreed to by Nevada Star and Pure Nickel.
- (c) Nevada Star covenants in favour of Pure Nickel and Newco that Nevada Star shall in its capacity as the sole shareholder of Newco sign the Newco Amalgamation Resolution as soon as reasonably practicable and, in any event, no later than February 28, 2007, or such other date as may be agreed to by Pure Nickel and Nevada Star.

Section 2.2 Circulars.

As promptly as reasonably practicable, Pure Nickel shall prepare the Pure Nickel Circular in connection with the approval of the Pure Nickel Amalgamation Resolution and matters related thereto together with any other documents or disclosure required by the applicable Securities Laws, Corporate Laws or other applicable Laws for inclusion in the Pure Nickel Circular. Pure Nickel shall give Nevada Star timely opportunity to review and comment on all such documentation and all such documentation shall be satisfactory to Nevada Star, acting reasonably, before it is filed or distributed to the Holders of Pure Nickel Shares; provided, that Nevada Star will provide Pure Nickel with its comments and any proposed additions and deletions within three Business Days after each receipt of a draft Pure Nickel Circular from Pure Nickel.

As promptly as reasonably practicable, Nevada Star shall prepare the Nevada Star Circular together with any other documents required by applicable Securities Laws, Corporate Laws or other applicable Laws in connection with the approval of the RTO Resolution and matters related thereto. Nevada Star shall give Pure Nickel timely opportunity to review and comment on all such documentation and all such documentation shall be satisfactory to Pure Nickel, acting reasonably, before it is filed or distributed to the Holders of Nevada Star Common Shares; provided, that Pure Nickel will provide Nevada Star with its comments and any proposed additions and deletions within three Business Days after each receipt of a draft Nevada Star Circular from Nevada Star.

As promptly as reasonably practicable after the date hereof, Pure Nickel shall cause the Pure Nickel Circular and other documentation required in connection with the Pure Nickel Meeting to be sent to each Holder of Pure Nickel Shares on or before January 18, 2007, or such other date as Pure Nickel and Nevada Star may agree.

As promptly as reasonably practicable after the date hereof, Nevada Star shall cause the Nevada Star Circular and other documentation required in connection with the Nevada Star Meeting to be sent to each Holder of Nevada Star Common Shares on or before January 18, 2007, or such other date as Pure Nickel and Nevada Star may agree.

Section 2.3 Securities Compliance.

Nevada Star shall use reasonable best efforts to obtain all orders required from the applicable Governmental Entities, the TSXV and the OTCBB, if applicable, to permit the issuance and first resale of the Nevada Star Common Shares issuable pursuant to the Amalgamation as well as all related matters without qualification with, or approval of, or the filing of any prospectus or similar document, or the taking of any proceeding with, or the obtaining of any further order, ruling or consent from, any Governmental Entity under any Canadian federal, provincial or territorial securities or other Laws or pursuant to the rules and regulations of any Governmental Entity administering such Laws, or the fulfillment of any other legal requirement in any such jurisdiction (other than, with respect to such first resales, any restrictions on transfer by reason of, among other things, a Holder being a "control person" for purposes of Canadian federal, provincial or territorial securities Laws).

Section 2.4 Preparation of Filings.

- (a) Nevada Star and Pure Nickel shall cooperate in:
 - (i) the preparation of any application for the orders and the preparation of any documents reasonably deemed by Nevada Star or Pure Nickel to be necessary to discharge their respective obligations under Securities Laws in connection with the Amalgamation and the other transactions contemplated hereby;
 - (ii) the taking of all such action as may be required under any applicable Securities Laws (including "blue sky" laws) in connection with the issuance of the Nevada Star Common Shares in connection with the Amalgamation; provided, however, that with respect to the United States "blue sky" and Canadian provincial qualifications, none of Nevada Star, Pure Nickel, Newco or Amalco shall be required to register or qualify as a foreign corporation or to take any action that would subject it to service of process in any jurisdiction where such entity is not now so subject; and
 - (iii) the taking of all such action as may be required under the YBCA or the CBCA or other applicable Laws in connection with the transactions contemplated by this Agreement.
- (b) Each of Nevada Star and Pure Nickel shall promptly furnish to the other all information concerning it and its security holders as may be required for the effectuation of the actions described in Sections 2.2 and 2.3 and the foregoing provisions of this Section 2.4, and each covenants that no information furnished by it (to its knowledge in the case of information concerning its shareholders) in connection with such actions or otherwise in connection with the consummation of the Amalgamation and the other transactions contemplated by this Agreement will contain any misrepresentation or any untrue statement of a material fact or omit to state a material fact required to be stated in any such document or necessary in order to make any information so furnished for use in any such document not misleading in the light of the circumstances in which it is furnished.
- (c) Each of Nevada Star and Pure Nickel shall promptly notify the other if at any time before or after the Effective Time it becomes aware that the Pure Nickel Circular or the Nevada Star Circular (as applicable) contains any misrepresentation or any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made, or that otherwise requires an amendment or supplement to the Pure

Nickel Circular or the Nevada Star Circular (as applicable). In any such event, Nevada Star and Pure Nickel shall cooperate in the preparation of a supplement or amendment to the Pure Nickel Circular or the Nevada Star Circular (as applicable) or such other document, as required and as the case may be, and, if required, shall cause the same to be distributed to the Holders of Pure Nickel Shares or Nevada Star Common Shares (as applicable) or filed with the relevant securities regulatory authorities.

Section 2.5 Filing of Articles of Amalgamation.

Subject to the rights of termination contained in Article 8 hereof, upon the Holders of Pure Nickel Shares approving the Pure Nickel Amalgamation Resolution, and upon the Holders of Nevada Star Common Shares approving the RTO Resolutions, and upon Nevada Star, as the sole shareholder of Newco, approving the Newco Amalgamation Resolution on the Effective Date Pure Nickel and Newco shall jointly file with the Director the Articles of Amalgamation and such other documents as are required to be filed under the CBCA for acceptance by the Director to give effect to the Amalgamation, pursuant to provisions of the CBCA.

Section 2.6 Effect of Amalgamation.

At the Effective Time, the following shall occur and shall be deemed to occur in the following order without any further act or formality:

- (a) Pure Nickel and Newco shall amalgamate to form Amalco and shall continue as one corporation under the CBCA in the manner set out in Section 2.7 hereof and with the effect set out in Section 186 of the CBCA, unless the Amalgamation does not proceed or Pure Nickel otherwise agrees in writing;
- (b) immediately upon the amalgamation of Pure Nickel and Newco to form Amalco as set forth in Subsection 2.6(c):
 - (i) each Pure Nickel Share issued and outstanding on the Effective Date (other than Pure Nickel Shares held by Dissenting Shareholders, to whom Subsection 3.1(a) applies) shall be exchanged for 3.643 Nevada Star Common Shares;
 - (ii) each Newco Common Share issued and outstanding on the Effective Date shall be converted into one (1.0) Amalco Common Share; and
- (c) with respect to each Pure Nickel Share exchanged in accordance with Subsections 2.6(b)(i):
 - (i) the Holders thereof shall cease to be the Holder of such Pure Nickel Shares and the name of such Holder shall be removed from the register of Holders of such Pure Nickel Shares;
 - (ii) the certificates (if any) representing such Pure Nickel Shares shall be deemed to have been cancelled as of the Effective Date;
 - (iii) the Holders thereof shall be deemed to have executed and delivered all consents, releases, assignments and waivers, statutory or otherwise, required to exchange or transfer such shares,

provided that none of the foregoing shall occur or shall be deemed to occur unless all of the foregoing occurs.

Section 2.7 Amalgamated Corporation.

Unless and until otherwise determined in the manner required by law, by Amalco or by its directors or the Holder of the Amalco Common Shares, the following provisions shall apply:

- (a) **Name.** The name of Amalco shall be "**Pure Nickel Holdings Corp.**";
- (b) **Registered Office.** The municipality where the registered office of Amalco shall be located is 95 Wellington West, Toronto, Ontario M5J 2N7. The address of the registered office of Amalco shall be 95 Wellington West, Toronto, Ontario, Canada M5J 2N7;
- (c) **Business and Powers.** There shall be no restrictions on the business that Amalco may carry on or on the powers it may exercise;
- (d) **Authorized Share Capital.** Amalco shall be authorized to issue an unlimited number of common shares and an unlimited number of preferred shares as set forth in Schedule "F" hereto;
- (e) **Share Restrictions.**
 - (i) **Transfer.** The transfer of shares in the capital of Amalco shall be restricted in that no share shall be transferred without either (A) the consent of the directors of Amalco expressed by resolution passed by the board of directors or by an instrument or instruments in writing signed by all of such directors, or (B) the consent of the Holders of shares in the capital of Amalco to which are attached more than 50% of the voting rights attaching to all shares for the time being outstanding entitled to vote at such time expressed by a resolution passed by such shareholders at a meeting duly called and constituted for that purpose or by an instrument or instruments in writing signed by all of such shareholders;
 - (ii) **Number of Shareholders.** The number of shareholders of Amalco, exclusive of Persons who are in its employment and exclusive of Persons who, having been formerly in the employment of Amalco, were, while in that employment, and have continued after termination of that employment to be, shareholders of such Amalco, will be limited to not more than 50, two or more Persons who are the joint registered owners of one or more shares in the capital of Amalco being counted as one shareholder; and
 - (iii) **Public Distributions.** Any invitation to the public to subscribe for any securities of Amalco will be prohibited;
- (f) **Number of Directors.** The number of directors of Amalco shall be not less than one (1) and not more than ten (10) as the shareholders of Amalco may from time to time determine by special resolution or, if empowered to do so by special resolution, as the directors of Amalco may from time to time determine;
- (g) **Initial Directors and Officers.** The initial directors and officers of Amalco shall be Robert Angrisano and J. Jay Jaski.

- (h) **By-laws.** The by-laws of Amalco, until repealed, amended or altered, shall be the same as the by-laws of Pure Nickel with such amendments thereto as may be necessary to give effect to this Agreement;
- (i) **Amalco Property.** All of the property (except amounts receivable from, or Newco Common Shares and Pure Nickel Shares) of Newco and Pure Nickel immediately before the Amalgamation shall become the property of Amalco; and
- (j) **Amalco Liabilities.** All of the liabilities (except amounts payable to Newco or Pure Nickel from the other) of Newco and Pure Nickel before the Amalgamation shall become the liabilities of Amalco.

Section 2.8 Stated Capital.

- (a) The amount added to the stated capital in respect of the Amalco Common Shares issuable by Amalco pursuant to Subsection 2.6(b) shall be the aggregate of (i) the paid-up capital (within the meaning of the Tax Act), determined immediately before the Effective Time, of the Newco Common Shares converted into Amalco Common Shares pursuant to Subsection 2.6(b), and (ii) the paid-up capital (within the meaning of the Tax Act), determined immediately before the Effective Time, of the Pure Nickel Shares exchanged for Nevada Star Common Shares pursuant to Subsection 2.6(b).

Section 2.9 Stated Capital of Nevada Star (Post-Amalgamation)

- (a) The amount added to the stated capital in respect of the Nevada Star Common Shares issuable by Nevada Star pursuant to Subsection 2.6(b) shall be \$13,210,429.

**ARTICLE 3
RIGHTS OF DISSENT**

Section 3.1 Pure Nickel Dissent Rights.

- (a) A Holder of Pure Nickel Shares may exercise rights of dissent with respect to such Pure Nickel Shares pursuant to and in the manner set forth in Section 190 of the CBCA (the "**Pure Nickel Dissent Rights**") in connection with the Amalgamation. A Holder of Pure Nickel Shares who duly exercises such Pure Nickel Dissent Rights (including the sending of a notice of dissent to Pure Nickel) ceases to have any rights as a Holder of Pure Nickel Shares other than the right to be paid the fair value of such holder's Pure Nickel Shares pursuant to Section 190 of the CBCA except in certain circumstances, including where such Holder withdraws the notice of dissent or Pure Nickel rescinds the Pure Nickel Amalgamation Resolution before the resolution becomes effective, before the Holder makes an agreement with Pure Nickel to sell its Pure Nickel Shares, or before a "court", as such term is defined in the CBCA, makes an order that Pure Nickel must purchase such Holder's Pure Nickel Shares.
- (b) In the event a Holder of Pure Nickel Shares validly withdraws its dissent or Pure Nickel validly rescinds the Pure Nickel Amalgamation Resolution as described in Subsection 3.1(a), or if a Pure Nickel Dissenting Shareholder is ultimately determined not to be entitled, for any reason, to be paid fair value for their Pure Nickel Shares, a Holder of Pure Nickel Shares shall be deemed to have participated in the Amalgamation, as of the Effective Time, on the same basis as a shareholder who is not a Pure Nickel Dissenting Shareholder.

ARTICLE 4 CERTIFICATES

Section 4.1 Issuance of Certificates Representing Nevada Star Common Shares.

At or immediately following the Effective Time, Nevada Star shall deposit with the Nevada Star Transfer Agent, for the benefit of the Holders of Pure Nickel Shares who will receive Nevada Star Common Shares in connection with the Amalgamation, certificates representing the maximum number of Nevada Star Common Shares that are issuable in connection with the Amalgamation. Upon surrender to the Transfer Agent for transfer to Nevada Star of a certificate which immediately prior to or upon the Effective Time represented Pure Nickel Shares in respect of which the Holder is entitled to receive Nevada Star Common Shares in connection with the Amalgamation, together with a duly completed Pure Nickel Letter of Transmittal (confirming that the holder is waiving all Pure Nickel Dissent Rights), and such other documents and instruments as would have been required to effect the transfer of the securities formerly represented by such certificate under the CBCA and the by-laws of Pure Nickel, the holder of such surrendered certificate shall be entitled to receive in exchange therefor, and after the Effective Time the Transfer Agent shall deliver to such Holder, a certificate representing that number of Nevada Star Common Shares which such Holder has the right to receive and any certificates so surrendered shall forthwith be cancelled. No dividends and distributions will be payable to Holders of certificates in respect of Pure Nickel Shares. In the event of a transfer of ownership of Pure Nickel Shares that was not registered in the securities register of Pure Nickel, a certificate representing the proper number of Nevada Star Common Shares may be issued to the transferee if the certificate representing such Pure Nickel Shares is presented to the Nevada Star Transfer Agent as provided above, accompanied by all documents required to evidence and effect such transfer and to evidence that any applicable stock transfer taxes have been paid. Until surrendered, as contemplated by this Section 4.1, each certificate which immediately prior to or upon the Effective Time represented one or more Pure Nickel Shares under the Amalgamation, that were exchanged or were deemed to be exchanged for Nevada Star Common Shares pursuant to Section 2.6, shall be deemed at all times after the Effective Time, to represent only the right to receive upon such surrender a certificate representing that number of Nevada Star Common Shares which such Holder has the right to receive.

Section 4.2 Distributions with respect to Unsurrendered Certificates.

No dividends or other distributions paid, declared or made with respect to Nevada Star Common Shares with a record date after the Effective Time, shall be paid to the Holder of any unsurrendered certificate which immediately prior to the Effective Time represented outstanding Pure Nickel Shares that were deemed to be exchanged for Nevada Star Common Shares pursuant to Section 2.6 unless and until the Holder of such certificate shall comply with the provisions of Section 4.1. Subject to applicable Law, at the time such Holder has complied with the provisions of Section 4.1, (or, in the case of clause (ii) below, at the appropriate payment date), there shall be paid to the Holder of the certificates formerly representing Pure Nickel Shares, without interest, (i) the amount of dividends or other distributions with a record date after the Effective Time theretofore paid with respect to the Nevada Star Common Shares to which such Holder is entitled pursuant hereto and (ii) on the appropriate payment date, the amount of dividends or other distributions with a record date after the Effective Time but prior to the date of compliance by such Holder with the provisions of Section 4.1 and a payment date subsequent to the date of such compliance and payable with respect to such Nevada Star Common Shares.

Section 4.3 Lost Certificates.

In the event any certificate which immediately prior to the Effective Time represented one or more outstanding Pure Nickel Shares that were deemed to be exchanged pursuant to Section 2.6 shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the Holder of Pure

Nickel Shares claiming such certificate to be lost, stolen or destroyed, the Nevada Star Transfer Agent will issue in exchange for such lost, stolen or destroyed certificate, one or more certificates representing one or more Nevada Star Common Shares pursuant to Section 4.1 (and any dividends or distributions with respect to the Nevada Star Common Shares) in each case deliverable in accordance with Section 2.6. When authorizing such payment in exchange for any lost, stolen or destroyed certificate, the Holder to whom certificates representing Nevada Star Common Shares are to be issued shall, as a condition precedent to the issuance thereof, give a bond satisfactory to Nevada Star and Pure Nickel and their respective transfer agents in such sum as Nevada Star, Pure Nickel and Amalco may jointly direct or otherwise indemnify Nevada Star, Pure Nickel and Amalco in a manner satisfactory to Nevada Star, Pure Nickel and Amalco against any claim that may be made against Nevada Star, Pure Nickel or Amalco with respect to the certificate alleged to have been lost, stolen or destroyed.

Section 4.4 Extinguishment of Rights.

Any certificate which immediately prior to the Effective Time represented outstanding Pure Nickel Shares that are not held by a Pure Nickel Dissenting Shareholder who is ultimately entitled to be paid fair value of the Pure Nickel Shares held by such Pure Nickel Dissenting Shareholder but was deemed to have been exchanged pursuant to Section 2.6, that has not been deposited with all other instruments required by Section 4.1 on or prior to the earlier of the sixth anniversary of the Effective Date shall cease to represent a claim or interest of any kind or nature as a Holder of Nevada Star Common Shares. On such date, the Nevada Star Common Shares (and any dividends or distribution with respect thereto) to which the former Holder of the certificate referred to in the preceding sentence was ultimately entitled shall be deemed to have been surrendered for no consideration to Nevada Star, together with all entitlements to dividends, distributions and interest in respect thereof held for such former Holder. None of Nevada Star, Pure Nickel, Amalco or the Nevada Star Transfer Agent shall be liable to any Person in respect of any Nevada Star Common Shares (or dividends and/or distribution) delivered to a public official pursuant to and in compliance with any applicable abandoned property, escheat or similar law.

Section 4.5 Withholding Rights.

Nevada Star, Pure Nickel and the Nevada Star Transfer Agent shall be entitled to deduct and withhold from any dividend or consideration otherwise payable to any Holder of Nevada Star Common Shares or Pure Nickel Shares such amounts as Nevada Star, Pure Nickel or the Nevada Star Transfer Agent is required to deduct and withhold with respect to such payment under the Tax Act, or any provision of federal, provincial, territorial, state, local or foreign tax law, in each case, as amended. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes hereof as having been paid to the Holder of the securities in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate taxing authority. To the extent that the amount so required to be deducted or withheld from any payment to a Holder exceeds the cash portion of the consideration otherwise payable to the Holder, Nevada Star, Pure Nickel and the Nevada Star Transfer Agent are hereby authorized to sell or otherwise dispose of such portion of the consideration as is necessary to provide sufficient funds to Pure Nickel, Nevada Star or the Nevada Star Transfer Agent, as the case may be, to enable it to comply with such deduction or withholding requirement and Nevada Star, Pure Nickel or the Nevada Star Transfer Agent shall notify the Holder thereof and remit any unapplied balance of the net proceeds of such sale.

Section 4.6 Termination of Depositary.

Any Nevada Star Common Shares that remain undistributed by the Nevada Star Transfer Agent to former Holders of Pure Nickel Shares 18 months after the Effective Date shall be delivered to Nevada Star, upon demand therefor, and Holders of certificates previously representing Pure Nickel Shares who

have not theretofore complied with Section 4.1 shall thereafter look only to Nevada Star for payment of any claim to Nevada Star Common Shares or dividends or distributions, if any, in respect thereof.

ARTICLE 5 REPRESENTATIONS AND WARRANTIES OF PURE NICKEL

Pure Nickel hereby represents and warrants to the Nevada Star Parties as follows and acknowledges that the Nevada Star Parties are relying upon such representations and warranties in connection with the execution and delivery of this Agreement.

Section 5.1 Organization and Qualification.

Pure Nickel has been duly incorporated and organized and is validly subsisting under the laws of its jurisdiction of incorporation and has the requisite corporate power and capacity to carry on its business as it is now being conducted. Pure Nickel is duly registered to do business and is in good standing in each jurisdiction in which the character of its properties, owned or leased, or the nature of its activities make such registration necessary, except where the failure to be so registered or in good standing would not have a Material Adverse Effect on Pure Nickel.

Section 5.2 Authority Relative to this Agreement.

Subject to the approval of the Pure Nickel Amalgamation Resolution by the requisite majority of Holders of Pure Nickel Shares, Pure Nickel has the requisite corporate power and capacity to enter into this Agreement and to carry out its obligations hereunder. The execution and delivery of this Agreement and the performance by Pure Nickel of its obligations hereunder have been duly authorized by the Pure Nickel Board of Directors, and other than the approval of the Pure Nickel Amalgamation Resolution by the requisite majority of Holders of Pure Nickel Shares, no other corporate or shareholder proceedings on the part of Pure Nickel are necessary to authorize this Agreement or the performance by Pure Nickel of its obligations hereunder. This Agreement has been duly executed and delivered by Pure Nickel and constitutes a legal, valid and binding obligation of Pure Nickel enforceable against Pure Nickel in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other laws relating to or affecting creditors' rights generally and to the general principles of equity.

Section 5.3 No Violations.

- (a) Neither the execution and delivery of this Agreement by Pure Nickel, the consummation by it of the transactions contemplated hereby nor compliance by Pure Nickel with any of the provisions hereof will: (i) violate, conflict with, or result in the breach of any provision of, require any consent, approval or notice under, or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) or result in a right of termination or acceleration under, or result in a creation of any lien, security interest, charge or encumbrance upon any of the properties or assets of Pure Nickel under any of the terms, conditions or provisions of (A) the articles or by-laws of Pure Nickel, or (B) any material note, bond, mortgage, indenture, loan agreement, deed of trust, agreement, lien, contract or other instrument or obligation to which Pure Nickel is a party or to which Pure Nickel, or any of its properties or assets, may be subject or by which Pure Nickel is bound; or (ii) subject to compliance with applicable Corporate Laws and applicable Securities Laws, violate any judgment, ruling, order, writ, injunction, determination, award, decree, statute, ordinance, rule or regulation applicable to Pure Nickel (except, in the case of each of clauses (i) and (ii) directly above, for such violations, conflicts, breaches, defaults, terminations which, or any consents, approvals or

notices which if not given or received, would not have any Material Adverse Effect on Pure Nickel and would not have material adverse effect on the ability of Nevada Star, Pure Nickel and Newco to consummate the transactions contemplated hereby).

- (b) Other than in connection with or in compliance with the provisions of applicable Corporate Laws and applicable Securities Laws: (i) there is no legal impediment to the performance by Pure Nickel of its obligations under this Agreement or to the execution and delivery of this Agreement by Pure Nickel and (ii) no filing or registration with, or authorization, consent or approval of, any domestic or foreign public body or authority is necessary to be obtained by Pure Nickel in connection with the consummation of the Amalgamation, except for such filings or registrations which, if not made, or for such authorizations, consents or approvals, which, if not received, would not have a Material Adverse Effect on Pure Nickel and would not have a material adverse effect on the ability of Pure Nickel to consummate the transactions contemplated hereby.

Section 5.4 Capitalization of Pure Nickel.

As of the date hereof, the authorized share capital of Pure Nickel consists of an unlimited number of Pure Nickel Shares and an unlimited number of preferred shares, issuable in series, of which 24,100,001 Pure Nickel Shares are issued and outstanding. As of the date hereof, 100,000 Pure Nickel Options have been issued and are outstanding. Except for 370,000 Pure Nickel Shares to be issued to J. Jay Jaski on January 1, 2007 in satisfaction of salary and bonus in the aggregate amount of \$74,000 owing and payable to Mr. Jaski by Pure Nickel for services rendered up to and including January 31, 2007, and as set forth above, there are no securities of Pure Nickel outstanding and no options, warrants or other rights, agreements or commitments of any character whatsoever requiring the issuance, sale or transfer by Pure Nickel of any shares of Pure Nickel (including the Pure Nickel Shares) or any securities convertible into, or exchangeable or exercisable for, or otherwise evidencing a right to acquire, any shares of Pure Nickel (including the Pure Nickel Shares), nor are there any outstanding stock appreciation rights, phantom equity or similar rights, agreements, arrangements or commitments based upon the book value, income or other attributes of Pure Nickel. All outstanding Pure Nickel Shares have been duly authorized and are validly issued, as fully paid and non-assessable and are not subject to, nor were they issued in violation of, any pre-emptive rights, and all Pure Nickel Shares issuable upon exercise of outstanding Pure Nickel Options will, when issued, be duly authorized and validly issued as fully paid and non assessable shares. All outstanding Pure Nickel Options shall be exercised prior to the Effective Date.

Section 5.5 No Material Adverse Change.

There has not been any Material Adverse Change in the assets, liabilities or obligations (absolute, contingent or otherwise) of Pure Nickel from the position set forth in the Pure Nickel Financial Statements and there has not been any Material Adverse Change in respect of Pure Nickel since October 1, 2006; and since that date there have been no material facts, transactions, events or occurrences which could materially adversely affect the capital, assets, liabilities (absolute, accrued, contingent or otherwise), business, operations or condition (financial or otherwise) or results of the operations of Pure Nickel or that could affect Pure Nickel's ability to consummate the transactions contemplated by this Agreement.

Section 5.6 Financial Statements.

The Pure Nickel Financial Statements fairly present, in accordance with Canadian GAAP (other than note disclosure in respect of financial statements that are unaudited), consistently applied, the financial position and condition of Pure Nickel at the dates thereof and the results of the operations of

Pure Nickel for the periods then ended and reflect all assets, liabilities or obligations (absolute, accrued, contingent or otherwise) of Pure Nickel as at the dates thereof.

Section 5.7 Minute Books.

Except as disclosed herein or set forth in the Pure Nickel Disclosed Information, to the knowledge of Pure Nickel, the corporate records and minute books of Pure Nickel have been maintained in accordance with all applicable statutory requirements and are true, correct, accurate and up-to-date in all material respects.

Section 5.8 Ownership of Subsidiaries.

Pure Nickel does not have any subsidiaries and it is not affiliated with, nor is it a holding corporation of any other body corporate.

Section 5.9 Compliance with Applicable Laws.

Pure Nickel has conducted and is conducting its business in compliance in all material respects with all applicable Laws, rules and regulations and, in particular, all applicable licensing and environmental legislation, regulations or by-laws or other lawful requirement of any governmental or regulatory bodies applicable to each jurisdiction in which it carries on business (except to the extent that the failure to so comply would not have a Material Adverse Effect on Pure Nickel) and holds all licences, registrations and qualifications in all jurisdictions in which it carries on business which are necessary to carry on its business (other than those that, the failure of which to so hold, would not have a Material Adverse Effect on Pure Nickel), as now conducted and as presently proposed to be conducted and all such licenses, registrations or qualifications are valid and existing and in good standing and none of such licenses, registrations or qualifications contains any burdensome term, provision, condition or limitation which has or would reasonably be expected to have a Material Adverse Effect on Pure Nickel, as now conducted or as proposed to be conducted.

Section 5.10 Conduct of Operations.

Any and all operations of Pure Nickel and to the knowledge of Pure Nickel, any and all operations by third parties, on or in respect of the assets and properties of Pure Nickel, have been conducted in accordance with good mining practices, in all material respects.

Section 5.11 Mineral Property Interests.

The interest of Pure Nickel in its mineral properties known as the Axis Lake Project and the Fox River Project (the "**Pure Nickel Interests**") are free and clear of adverse claims created by, through or under Pure Nickel, as the case may be, except as disclosed in the Pure Nickel Financial Statements or those arising in the ordinary course of business and that would not have a Material Adverse Effect on Pure Nickel and, to its knowledge, Pure Nickel holds the Pure Nickel Interests under valid and subsisting claims, options, licenses, leases, permits, concessions, concession agreements, contracts, subleases, reservations or other agreements except where the failure to so hold the Pure Nickel Interests would not have a Material Adverse Effect on Pure Nickel.

Section 5.12 Title to Mineral Properties.

Although it does not warrant title, Pure Nickel is not aware of any defects, failures or impairments to the title to the Pure Nickel Interests, whether or not an action, suit, proceeding or inquiry

is pending or threatened and whether or not discovered by any third party which in the aggregate could reasonably be expected to have a Material Adverse Effect on Pure Nickel.

Section 5.13 Documents of Title.

To the knowledge of Pure Nickel, Pure Nickel has made available to Nevada Star all Documents of Title and other documents and agreements in its possession affecting the title of Pure Nickel and Pure Nickel Interests.

Section 5.14 Environmental Matters.

Except to the extent that any violation or other matter referred to in this subparagraph does not have a Material Adverse Effect on Pure Nickel:

- (a) to the knowledge of Pure Nickel, Pure Nickel is not in violation of any applicable federal, provincial, municipal or local laws, regulations, orders, government decrees or ordinances with respect to environmental, health or safety matters (collectively, "**Environmental Laws**");
- (b) to the knowledge of Pure Nickel, Pure Nickel has operated its business at all times and has received, handled, used, stored, treated, shipped and disposed of all contaminants without violation of Environmental Laws;
- (c) to the knowledge of Pure Nickel, there have been no spills, releases, deposits or discharges of hazardous or toxic substances, contaminants or wastes into the earth, air or into any body of water or any municipal or other sewer or drain water systems by Pure Nickel that have not been remedied;
- (d) no orders, directions or notices have been issued and remain outstanding pursuant to any Environmental Laws relating to the business or assets of Pure Nickel;
- (e) Pure Nickel has not failed to report to the proper federal, provincial, municipal or other political subdivision, government, department, commission, board, bureau, agency or instrumentality, domestic or foreign (a "**Government Authority**") the occurrence of any event which is required to be so reported by any Environmental Law; and
- (f) Pure Nickel holds all necessary licenses, permits and approvals required under any Environmental Laws in connection with the operation of its business and the ownership and use of its assets, except for such licenses, permits or approvals which, if not held or obtained, would not have a Material Adverse Effect on Pure Nickel, all such licenses, permits and approvals are in full force and effect, and except for notifications and conditions of general application to assets of reclamation obligations under the *Saskatchewan Environmental Management and Protection Act, 2002* or the *Manitoba Environmental Act*. Pure Nickel has not received any notification pursuant to any Environmental Laws that any work, repairs, constructions or capital expenditures are required to be made by it as a condition of continued compliance with any Environmental Laws, or any license, permit or approval issued pursuant thereto, or that any license, permit or approval referred to above is about to be reviewed, made subject to limitation or conditions, revoked, withdrawn or terminated.

Section 5.15 Geological Report.

Pure Nickel made available to Gary Vivian, B.Sc., M.Sc., P. Geol., prior to the issuance of the Axis Report for the purpose of preparing the Axis Report all information requested by Mr. Vivian, which information, taken as a whole, did not contain any misrepresentation at the time such information was provided. Pure Nickel has no knowledge of a material adverse change in the information, taken as a whole, provided to the report author since the date that such information was provided. Pure Nickel reasonably believes that the Axis Report reasonably presented the Axis property of Pure Nickel as at November 15, 2006 based upon information available at the time the Axis Report was prepared and the assumptions of the authors contained therein.

Section 5.16 Tax Matters.

- (a) All Tax Returns required to be filed by or on behalf of Pure Nickel have been duly filed on a timely basis and such Tax Returns were complete and correct in all material respects. All Taxes shown to be payable on the Tax Returns or on subsequent assessments with respect thereto have been paid in full on a timely basis and no other Taxes are payable by Pure Nickel with respect to items or periods covered by such Tax Returns.
- (b) Pure Nickel has paid or provided adequate accruals for Taxes as at September 30, 2006 in conformity with Canadian GAAP applied on a basis consistent with those of prior years.
- (c) For all periods covered by the filed Tax Returns disclosed in the Pure Nickel Disclosed Information, Nevada Star has been furnished by Pure Nickel true and complete copies of:
 - (i) material portions of income tax audit reports, statements of deficiencies, closing or other agreements received by Pure Nickel or on behalf of Pure Nickel relating to Taxes; and
 - (ii) all material federal, provincial, state, local or foreign income or franchise tax returns for Pure Nickel.
- (d) No material deficiencies exist or have been asserted with respect to Taxes paid by Pure Nickel. Pure Nickel is not a party to any action or proceeding for assessment or collection of Taxes, nor has such event been asserted or to Pure Nickel's knowledge threatened against Pure Nickel or any of its assets. No waiver or extension of any statute of limitations is in effect with respect to Taxes or Tax Returns of Pure Nickel. There is no audit in process, pending or, to the knowledge of Pure Nickel, threatened by a Governmental Entity relating to the Tax Returns of Pure Nickel for the last three (3) years.
- (e) Pure Nickel has withheld from each payment made to any of its present or former employees, officers and directors, and to all persons who are non-residents of Canada for the purposes of the Tax Act all amounts required by law and will continue to do so until the Effective Time and has remitted such withheld amounts within the prescribed periods to the appropriate Governmental Entity. Pure Nickel has remitted all Canada Pension Plan contributions, unemployment insurance premiums, employer health taxes and other Taxes payable by it in respect of its employees and has or will have remitted such amounts to the Governmental Entity within the time required by applicable law. Pure Nickel has charged, collected and remitted on a timely basis all Taxes as required by applicable law on any sale, supply or delivery whatsoever, made by Pure Nickel.
- (f) To Pure Nickel's knowledge, all value added property, production, severance and similar taxes and assessments based on or measured by the ownership of property or the

exploration for and extraction of minerals thereon, or the receipt of proceeds therefrom, payable in respect of its mineral properties prior to the date hereof have been properly and fully paid and discharged in all material respects, and there are no unpaid taxes or assessments which could result in a lien or charge on its mineral properties.

Section 5.17 Debt and Working Capital.

As at November 30, 2006, Pure Nickel's consolidated aggregate debt ("**Pure Nickel's Debt**") was not greater than \$1,200,000.

Section 5.18 Financial Commitments.

Except for operating costs incurred in the ordinary course of business, as of the date hereof, Pure Nickel does not have any outstanding authorities for expenditures or other financial commitments in respect of the Pure Nickel Interests.

Section 5.19 No Default Under Lending Agreements.

No event of default or breach of any covenant has occurred under Pure Nickel's existing banking and lending agreements.

Section 5.20 Flow Through Obligations.

Pure Nickel has not entered into any agreements or made any covenants with any parties with respect to the issuance of "flow-through" shares or the incurring and renunciation of Canadian exploration expense or Canadian development expense, which amounts have not been fully expended and renounced as required thereunder and which are reflected in the Pure Nickel Financial Statements.

Section 5.21 No Shareholders' Rights Protection Plan.

Pure Nickel is not a party to, and prior to the completion of the Amalgamation, Pure Nickel will not implement, a shareholder rights plan or any other form of plan, agreement, contract or instrument that will trigger any rights to acquire Pure Nickel Shares or other securities of Pure Nickel or rights, entitlements or privileges in favour of any person upon the entering into of this Agreement or the making or consummation of the Amalgamation.

Section 5.22 No Undisclosed Material Liabilities.

Except: (a) as disclosed or reflected in the Pure Nickel Financial Statements; and (b) for liabilities and obligations: (i) incurred in the ordinary and normal course of business; or (ii) pursuant to the terms of this Agreement, Pure Nickel has not incurred any material liabilities of any nature, whether accrued, contingent or otherwise (or which would be required by Canadian GAAP to be reflected on the balance sheet of Pure Nickel) that have constituted or would be reasonably likely to constitute a Material Adverse Change in respect of Pure Nickel.

Section 5.23 Material Contracts.

Except for Documents of Title, this Agreement or as disclosed in the Pure Nickel Disclosed Information, there are no material contracts or agreements to which Pure Nickel is a party or by which it is bound. For the purposes of this subparagraph, any contract or agreement pursuant to which Pure Nickel will, or may reasonably be expected to result in, a requirement of Pure Nickel to expend more than an aggregate of \$100,000 or receive or be entitled to receive revenue of more than \$100,000 in either case

in the next 12 months, or is out of the ordinary course of business of Pure Nickel will be considered to be material.

Section 5.24 Employee Obligations.

Pure Nickel reasonably estimates that the aggregate amounts payable by Pure Nickel for Employee Obligations will be nil and the full particulars of all Employee Obligations or potential Employee Obligations under existing employment and consulting contracts have been disclosed in full by Pure Nickel to Nevada Star herein or in the Pure Nickel Disclosed Information.

Section 5.25 Employment Agreements.

Except as disclosed herein or in the Pure Nickel Disclosed Information, Pure Nickel is not a party to any written employment or consulting agreement or any verbal employment or consulting agreement, which may not be terminated on one month's notice or which provides for a payment on a change of control of Pure Nickel or severance of employment.

Section 5.26 Leases and Other Obligations.

All of Pure Nickel's outstanding material leases, office leases, office equipment and computer leases, geophysical and other technical software leases and arrangements, field equipment leases and leased vehicles have been provided to Nevada Star in the Pure Nickel Disclosed Information or are set forth herein.

Section 5.27 Processing and Transportation Commitments.

Other than as disclosed herein or as disclosed in the Pure Nickel Disclosed Information, Pure Nickel has no third party processing or transportation agreements.

Section 5.28 Permits and Licences.

Pure Nickel holds all material permits, licences, consents and authorities issued by any government or government authority which are necessary in connection with the ownership of the Pure Nickel Interest.

Section 5.29 No Property Options.

Other than as disclosed herein or as disclosed in the Pure Nickel Disclosed Information, there are no outstanding agreements or options to acquire the Pure Nickel Interests or any portion thereof, and no Person has any proprietary or possessor interest in the Pure Nickel Interests.

Section 5.30 Employee Benefit Plans.

Pure Nickel has no defined benefit plans or other employee benefit plans and has made no agreements or promises in respect of any such plan.

Section 5.31 Litigation, Etc.

As at the date hereof, there are no actions, suits or proceedings pending, or to the knowledge of Pure Nickel threatened, against Pure Nickel before or by any federal, provincial, state, local, foreign, municipal or other governmental department, commission, board, bureau, agency, court or instrumentality, which action, suit or proceeding involves the possibility of any judgment against or liability of Pure Nickel or any other person which, if successful, would have a Material Adverse Effect on

Pure Nickel or materially affect the ability of Pure Nickel to consummate the transactions contemplated hereby.

Section 5.32 Financial Advisor.

Pure Nickel has not retained nor will it retain a financial advisor, broker agent or finder on account of this Agreement, the Amalgamation, any transaction contemplated hereby or any transaction ongoing or contemplated except that Pure Nickel has retained McMillan Binch Mendelsohn LLP as its legal advisors in connection with the transactions contemplated herein.

Section 5.33 Transaction Costs.

All transaction costs (including all advisory, legal, engineering, audit or other expenses related to the Amalgamation and transactions contemplated hereby but other than Employee Obligations) of Pure Nickel related to the Amalgamation and the transactions contemplated hereby will not exceed \$178,000 (of which \$28,000 has been paid by Pure Nickel), with the fees of Pure Nickel's legal counsel (excluding disbursements and Goods and Services Tax ("GST")) in connection with the Amalgamation and all matters related thereto not exceeding \$150,000.

Section 5.34 Disclosure.

Pure Nickel has disclosed to Nevada Star in the Pure Nickel Disclosed Information any information in its possession of which it is aware regarding any event, circumstance or action taken which could reasonably be expected to have a Material Adverse Effect on Pure Nickel.

The data and information with respect to Pure Nickel including, without limitation, its assets, reserves, liabilities, business prospects, affairs and operations provided by Pure Nickel in the Pure Nickel Disclosed Information is accurate and correct in all material respects as at the respective dates thereof and does not omit any material data or information necessary to make the data or information provided, taken as a whole, not misleading in any material respect as at the respective dates thereof.

Section 5.35 No Guarantees or Indemnities.

Pure Nickel is not a party to or bound by any agreement of guarantee, indemnification (other than an indemnification of directors and officers in accordance with the by-laws of Pure Nickel and applicable Laws and other than standard indemnities in favour of purchasers of assets in purchase and sale agreements and underwriters and agents in connection with offerings of securities, indemnities and guarantees in favour of Pure Nickel's bankers and indemnities to support Pure Nickel's obligations pursuant to agreements entered into in the ordinary course of business), or any other like commitment of the obligations, liabilities (contingent or otherwise) of indebtedness of any other person.

Section 5.36 No Loans.

Other than as disclosed herein or as disclosed in the Pure Nickel Disclosed Information or as disclosed in the Pure Nickel Financial Statements, Pure Nickel does not have any loans or other indebtedness currently outstanding which have been made to or from any of its shareholders, officers, directors or employees or any other person not dealing at arm's length with Pure Nickel, as the case may be.

Section 5.37 No Net Profits or Other Interests.

Other than as disclosed herein or as disclosed in the Pure Nickel Disclosed Information, no officer, director, employee or any other person not dealing at arm's length with Pure Nickel or, to the

knowledge of Pure Nickel, any associate or affiliate of any such person, owns, has or is entitled to any royalty, net profits interest, carried interest or any other encumbrances or claims of any nature whatsoever which are based on production from the properties or assets of Pure Nickel or any revenue or rights attributed thereto.

Section 5.38 Private Company.

- (a) Pure Nickel is not a reporting issuer in any province or territory of Canada and the Pure Nickel Shares are not listed and posted or quoted on any stock market or exchange.
- (b) None of the Holders of Pure Nickel Shares and none of the Holders of Pure Nickel Options are U.S. Persons as that term is defined in Regulation S promulgated under the United States *Securities Act of 1933*, as amended.

Section 5.39 No Cease Trade Orders.

No securities commission or similar regulatory authority has issued any order preventing or suspending trading of any securities of Pure Nickel and Pure Nickel is not in default of any requirement of applicable Securities Laws that would have a material adverse effect on the transactions contemplated by this Agreement.

Section 5.40 No Material Transactions.

Other than as disclosed herein or as disclosed in the Pure Nickel Disclosed Information, since October 1, 2006 Pure Nickel has not incurred, assumed or suffered any liability (absolute, accrued, contingent or otherwise) or entered into any transaction, which is or may be material to Pure Nickel, which is not in the ordinary course of business.

Section 5.41 No Swaps.

Pure Nickel currently has no outstanding Swaps.

Section 5.42 No Unanimous Shareholder Agreement.

To its knowledge, neither Pure Nickel nor any of its Holders is a party to any unanimous shareholders agreement, pooling agreement, voting trust or other similar type of arrangements in respect of outstanding securities of Pure Nickel.

Section 5.43 Confidentiality Agreements.

Pure Nickel has entered into confidentiality agreements with persons other than Nevada Star respecting the confidentiality of information provided to such persons or reviewed by such persons as disclosed to Nevada Star and set out in the Pure Nickel Disclosed Information. Pure Nickel has not negotiated any Take-over Proposal with any person who has not entered into a confidentiality agreement or provided access to the confidential information in respect of Pure Nickel in relation to any proposed, possible or actual Take-over Proposal to any person who has not entered into a confidentiality agreement. Pure Nickel has not amended, modified or provided any consents under such confidentiality agreements or provided any release from, or relaxation of, the obligations under such confidentiality agreements to any of the other parties thereto. Pure Nickel has not waived the applicability of any "standstill" or other provisions of any confidentiality agreements entered into by Pure Nickel.

Section 5.44 Restrictions on Business.

There is no non-competition, exclusivity or other similar agreement, commitment or understanding in place to which Pure Nickel is a party or by which it is otherwise bound that would now or hereafter in any way limit its business or operations in a particular manner or to a particular locality or geographic region or for a specified period of time and the execution, delivery and performance of this Agreement does not and will not result in any restriction of Pure Nickel from engaging in its business or from competing with any person or in any geographic area.

Section 5.45 Outstanding Acquisitions or Disposition.

Pure Nickel has no rights to purchase any assets, properties or undertakings of third parties nor have any obligation to sell assets, properties or undertakings with a value in excess of \$25,000, in the aggregate.

Section 5.46 Insurance.

No policies of insurance are in force as of the date hereof naming Pure Nickel as an insured regarding the operation and conduct of the business of Pure Nickel.

Section 5.47 Survival of Representations and Warranties.

The representations and warranties of Pure Nickel contained in this Agreement shall be true and correct immediately before the Effective Time as though they were made by Pure Nickel at such time.

**ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF NEVADA STAR**

Each of Nevada Star and Newco jointly and severally represent and warrant to and in favour of Pure Nickel as follows and acknowledge that Pure Nickel is relying upon such representations and warranties in connection with the execution and delivery of this Agreement.

Section 6.1 Organization and Qualification.

Each of Nevada Star and the Nevada Star Subsidiaries is duly incorporated, continued or amalgamated under the laws of its jurisdiction of incorporation, continuation or amalgamation and has the requisite corporate power and capacity to carry on its respective business as it is now being conducted. Each of Nevada Star and the Nevada Star Subsidiaries is duly registered to do business and is in good standing in each jurisdiction in which the character of its properties, owned or leased, or the nature of its activities make such registration necessary, except where the failure to be so registered or in good standing would not have a Material Adverse Effect on Nevada Star and the Nevada Star Subsidiaries (taken as a whole).

Section 6.2 Authority Relative to this Agreement.

Each of Nevada Star and Newco has the requisite corporate power and capacity to enter into this Agreement and to carry out its obligations hereunder. The execution and delivery of this Agreement and the performance by each of Nevada Star and Newco of its obligations hereunder have been duly authorized by the boards of directors of Nevada Star and Newco, and, subject to the requisite approval of the RTO Resolutions by the Holders of Nevada Star Common Shares and the Newco Amalgamation Resolution by the Holders of Newco Common Shares, no other corporate proceedings on the part of Nevada Star or Newco are necessary to authorize this Agreement or the performance by Nevada Star and Newco of its respective obligations hereunder. This Agreement has been duly executed and delivered by

each of Nevada Star and Newco and constitutes a legal, valid and binding obligation of each of Nevada Star and Newco enforceable against each of Nevada Star and Newco in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other laws relating to or affecting creditors' rights generally and to the general principles of equity.

Section 6.3 No Violations.

- (a) Neither the execution and delivery of this Agreement by Nevada Star or Newco, the consummation by them of the transactions contemplated hereby nor compliance by each of Nevada Star and Newco with any of the provisions hereof will: (i) violate, conflict with, or result in the breach of any provision of, require any consent, approval or notice under, or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) or result in a right of termination or acceleration under, or result in a creation of any lien, security interest, charge or encumbrance upon any of the properties or assets of Nevada Star, Newco or any of the Nevada Star Subsidiaries or affiliates under any of the terms, conditions or provisions of (A) the articles or by-laws of Nevada Star or Newco, or (B) any material note, bond, mortgage, indenture, loan agreement, deed of trust, agreement, lien, contract or other instrument or obligation to which Nevada Star, Newco or any of the Nevada Star Subsidiaries are a party or to which Nevada Star, Newco or any of the Nevada Star Subsidiaries, or any of their respective properties or assets, may be subject or by which Nevada Star, Newco or any of the Nevada Star Subsidiaries is bound; or (ii) subject to compliance with applicable Corporate Laws and applicable Securities Laws, violate any judgment, ruling, order, writ, injunction, determination, award, decree, statute, ordinance, rule or regulation applicable to Nevada Star, Newco or any of the Nevada Star Subsidiaries (except, in the case of each of clauses (i) and (ii) directly above, for such violations, conflicts, breaches, defaults, terminations which, or any consents, approvals or notices which if not given or received, would not have any Material Adverse Effect on Nevada Star, Newco and the Nevada Star Subsidiaries (taken as a whole) and would not have material adverse effect on the ability of Nevada Star or Newco to consummate the transactions contemplated hereby).
- (b) Other than in connection with or in compliance with the provisions of applicable Corporate Laws and applicable Securities Laws: (i) there is no legal impediment to the performance by Nevada Star or Newco of their obligations under this Agreement or to the execution and delivery of this Agreement by Nevada Star and Newco and (ii) no filing or registration with, or authorization, consent or approval of, any domestic or foreign public body or authority is necessary in connection with the Amalgamation, except for such filings or registrations which, if not made, or for such authorizations, consents or approvals, which, if not received, would not have a Material Adverse Effect on Nevada Star and the Nevada Star Subsidiaries (taken as a whole) and would not have a material adverse effect on the ability of Nevada Star and Newco to consummate the transactions contemplated hereby.

Section 6.4 Capitalization of Nevada Star and Newco.

As of the date hereof, the authorized share capital of Nevada Star consists of an unlimited number of Nevada Star Common Shares of which 84,319,287 Nevada Star Common Shares are issued and outstanding. As of the date hereof, the Nevada Star Pre-Amalgamation Options have been granted and are outstanding. Except as disclosed herein or as disclosed in the Nevada Star Disclosed Information, there are no securities of Nevada Star outstanding and no options, warrants or other rights, agreements or commitments of any character whatsoever requiring the issuance, sale or transfer by Nevada Star of any

Nevada Star Common Shares or any securities convertible into, or exchangeable or exercisable for, or otherwise evidencing a right to acquire, any Nevada Star Common Shares, nor are there any outstanding stock appreciation rights, phantom equity or similar rights, agreements, arrangements or commitments based upon the book value, income or other attributes of Nevada Star. All outstanding Nevada Star Common Shares have been duly authorized and are validly issued, as fully paid and non-assessable shares and are not subject to, nor were they issued in violation of, any pre-emptive rights, and all Nevada Star Common Shares issuable upon exercise of outstanding Nevada Star Options will, when issued, be duly authorized and validly issued as fully paid and non assessable shares.

As of the date hereof, the authorized share capital of Newco consists of an unlimited number of Newco Common Shares and an unlimited number of preferred shares, issuable in series, of which one Newco Common Share is issued and outstanding. There are no options, warrants or other rights, agreements or commitments of any character whatsoever requiring the issuance, sale or transfer by Newco of any Newco Common Shares or any securities convertible into, or exchangeable or exercisable for, or otherwise evidencing a right to acquire, any Newco Common Shares, nor are there any outstanding stock appreciation rights, phantom equity or similar rights, agreements, arrangements or commitments based upon the book value, income or other attributes of Newco.

Section 6.5 No Material Adverse Change.

There has not been any Material Adverse Change in the assets, liabilities or obligations (absolute, contingent or otherwise) of Nevada Star from the position set forth in the Nevada Star Financial Statements and there has not been any Material Adverse Change in respect of Nevada Star and the Nevada Star Subsidiaries since January 1, 2006; and since that date there have been no material facts, transactions, events or occurrences which could materially adversely affect the capital, assets, liabilities (absolute, accrued, contingent or otherwise), business, operations or condition (financial or otherwise) or results of the operations of Nevada Star, Newco and the Nevada Star Subsidiaries (taken as a whole) or that could affect Nevada Star's or Newco's ability to consummate the transactions contemplated by this Agreement.

Section 6.6 Financial Statements.

The Nevada Star Financial Statements fairly present, in accordance with Canadian GAAP (other than note disclosure in respect of financial statements that are unaudited), consistently applied, the financial position and condition of Nevada Star and the Nevada Star Subsidiaries on a consolidated basis at the dates thereof and the results of the operations of Nevada Star and its subsidiaries on a consolidated basis for the periods then ended and reflect all assets, liabilities or obligations (absolute, accrued, contingent or otherwise) of Nevada Star and the Nevada Star Subsidiaries on a consolidated basis as at the dates thereof.

Section 6.7 Minute Books.

The corporate records and minute books of Nevada Star, Newco and the Nevada Star Subsidiaries have been maintained in accordance with all applicable statutory requirements and are true, correct, accurate and up-to-date in all material respects.

Section 6.8 Ownership of Subsidiaries.

- (a) Nevada Star is the registered and beneficial owner of 100% of the outstanding shares of each of Newco and the Nevada Star Subsidiaries with good and valid title to all such securities, free and clear of all liens and encumbrances and no person, firm, corporation or other entity holds any securities convertible or exchangeable into voting shares of any

of such subsidiaries or now has any agreement, warrant, option, right or privilege (whether pre-emptive or contractual) being or capable of becoming an agreement for the purchase, subscription or issuance of any unissued shares, securities (including convertible securities) or warrants of any of Newco or the Nevada Star Subsidiaries.

- (b) The only subsidiaries of Nevada Star are Newco and the Nevada Star Subsidiaries and Nevada Star is not affiliated with, nor is it a holding corporation of any other body corporate.

Section 6.9 Compliance with Applicable Laws.

Each of Nevada Star, Newco and the Nevada Star Subsidiaries has conducted and is conducting its respective business in compliance in all material respects with all applicable laws, rules and regulations and, in particular, all applicable licensing and environmental legislation, regulations or by-laws or other lawful requirement of any governmental or regulatory bodies applicable to Nevada Star, Newco and the Nevada Star Subsidiaries of each jurisdiction in which Nevada Star, Newco and the Nevada Star Subsidiaries carries on its respective business (except to the extent that the failure to so comply would not have a Material Adverse Effect on Nevada Star, Newco and the Nevada Star Subsidiaries, taken as a whole) and holds all licences, registrations and qualifications in all jurisdictions in which Nevada Star, Newco and the Nevada Star Subsidiaries carries on its respective business which are necessary to carry on the business of Nevada Star, Newco and the Nevada Star Subsidiaries (other than those that, the failure of which to so hold, would not have a Material Adverse Effect on Nevada Star, Newco and the Nevada Star Subsidiaries, taken as a whole), as now conducted and as presently proposed to be conducted and all such licenses, registrations or qualifications are valid and existing and in good standing and none of such licenses, registrations or qualifications contains any burdensome term, provision, condition or limitation which has or would reasonably be expected to have a Material Adverse Effect on the business of Nevada Star, Newco or any of the Nevada Star Subsidiaries (taken as a whole), as now conducted or as proposed to be conducted.

Section 6.10 Conduct of Operations.

Any and all operations of Nevada Star, Newco and the Nevada Star Subsidiaries and, to the best of Nevada Star's knowledge, any and all operations, in all material respects, by third parties, on or in respect of the assets and properties of Nevada Star and the Nevada Star Subsidiaries, have been conducted in accordance with good mining practices.

Section 6.11 Newco

Newco, originally incorporated as 40034 Yukon Inc. on October 24, 2006 pursuant to the provisions of the *Business Corporations Act* (Yukon), was continued under the CBCA on November 16, 2006 and has no assets, no liabilities and does not carry on any active business.

Section 6.12 Mineral Property Interests.

The interests of each of Nevada Star and the Nevada Star Subsidiaries in their respective mineral properties (the "**Nevada Star Interests**") are free and clear of adverse claims created by, through or under Nevada Star or the Nevada Star Subsidiaries, except as disclosed in the Nevada Star Financial Statements or those arising in the ordinary course of business and that would not have a Material Adverse Effect on Nevada Star and the Nevada Star Subsidiaries (taken as a whole) and that, to its knowledge, each of Nevada Star and the Nevada Star Subsidiaries holds the Nevada Star Interests under valid and subsisting licenses, leases, permits, concessions, concession agreements, contracts, subleases, reservations

or other agreements except where the failure to so hold the Nevada Star Interests would not have a Material Adverse Effect on Nevada Star and the Nevada Star Subsidiaries (taken as a whole).

Section 6.13 Title to Mineral Properties.

Although it does not warrant title, to the best of its knowledge Nevada Star is not aware of any defects, failures or impairments to the title to the Nevada Star Interests, whether or not an action, suit, proceeding or inquiry is pending or threatened and whether or not discovered by any third party which in the aggregate could reasonably be expected to have a Material Adverse Effect on Nevada Star and the Nevada Star Subsidiaries, taken as a whole.

Section 6.14 Documents of Title.

To the best of Nevada Star's knowledge, Nevada Star has made available to Pure Nickel all Documents of Title and other documents and agreements in its possession affecting the title of Nevada Star and the Nevada Star Subsidiaries to Nevada Star Interests.

Section 6.15 Environmental Matters.

Except to the extent that any violation or other matter referred to in this subparagraph does not have a Material Adverse Effect on Nevada Star and the Nevada Star Subsidiaries, taken as a whole:

- (a) to the best of Nevada Star's knowledge, neither Nevada Star nor any Nevada Star Subsidiary is in violation of any applicable Environmental Laws;
- (b) to the best of Nevada Star's knowledge, Nevada Star and each of the Nevada Star Subsidiaries has operated its business at all times and has received, handled, used, stored, treated, shipped and disposed of all contaminants without violation of Environmental Laws;
- (c) to the best of Nevada Star's knowledge, there have been no spills, releases, deposits or discharges of hazardous or toxic substances, contaminants or wastes into the earth, air or into any body of water or any municipal or other sewer or drain water systems by Nevada Star or the Nevada Star Subsidiaries that have not been remedied;
- (d) no orders, directions or notices have been issued and remain outstanding pursuant to any Environmental Laws relating to the business or assets of Nevada Star or the Nevada Star Subsidiaries;
- (e) Nevada Star and each Nevada Star Subsidiary has not failed to report to the proper Government Authority the occurrence of any event which is required to be so reported by any Environmental Law; and
- (f) Nevada Star and each Nevada Star Subsidiary holds all licenses, permits and approvals required under any Environmental Laws in connection with the operation of its respective business and the ownership and use of its respective assets, except for such licenses, permits or approvals which, if not held or obtained, would not have a Material Adverse Effect on Nevada Star and the Nevada Star Subsidiaries (taken as a whole), all such licenses, permits and approvals are in full force and effect, and except for notifications and conditions of general application to assets of reclamation obligations under the *Environmental Protection Act*, except as disclosed herein or in the Nevada Star Disclosed Information, neither Nevada Star nor any of the Nevada Star Subsidiaries has received any notification pursuant to any Environmental Laws that any work, repairs,

constructions or capital expenditures are required to be made by it as a condition of continued compliance with any Environmental Laws, or any license, permit or approval issued pursuant thereto, or that any license, permit or approval referred to above is about to be reviewed, made subject to limitation or conditions, revoked, withdrawn or terminated.

Section 6.16 Geological Report.

Nevada Star made available to Kevin Wells, P.Geo., prior to the issuance of the MAN Alaska Report, for the purpose of preparing the MAN Alaska Report, all information requested by Kevin Wells, which information, taken as a whole, did not contain any misrepresentation at the time such information was provided. Nevada Star has no knowledge of any material adverse change in the information, taken as a whole, provided to Kevin Wells since the date that such information was provided. Nevada Star believes that the MAN Alaska Report reasonably presented as at May 15, 2006 the MAN Alaska property of Nevada Star based upon information available at the time the MAN Alaska Report was prepared and the assumptions of the author contained therein.

Section 6.17 Tax Matters.

For the purposes of this Section 6.17, the term "Nevada Star" includes Nevada Star and the Nevada Star Subsidiaries.

- (a) All Tax Returns required to be filed by or on behalf of Nevada Star have been duly filed on a timely basis and such Tax Returns were complete and correct in all material respects. All Taxes shown to be payable on the Tax Returns or on subsequent assessments with respect thereto have been paid in full on a timely basis and no other Taxes are payable by Nevada Star with respect to items or periods covered by such Tax Returns.
- (b) Nevada Star has paid or provided adequate accruals for Taxes as at March 31, 2005 in its financial statements as at and for the period ended dated March 31, 2005, in conformity with Canadian GAAP applied on a basis consistent with those of prior years.
- (c) For all periods covered by the filed Tax Returns disclosed in the Nevada Star Disclosed Information, Nevada Star has made available to Pure Nickel true and complete copies of all material federal, provincial, state, local or foreign income or franchise Tax Returns for Nevada Star.
- (d) No material deficiencies exist or have been asserted with respect to Taxes paid by Nevada Star. Nevada Star is not a party to any action or proceeding for assessment or collection of Taxes, nor has such event been asserted or to Nevada Star's knowledge threatened against Nevada Star or any of its assets. No waiver or extension of any statute of limitations is in effect with respect to Taxes or Tax Returns of Nevada Star. There is no audit in process, pending or, to the knowledge of Nevada Star, threatened by a Governmental Entity relating to the Tax Returns of Nevada Star or its subsidiaries for the last three (3) years.
- (e) Nevada Star has withheld from each payment made to any of its present or former employees, officers and directors, and to all persons who are non-residents of Canada for the purposes of the Tax Act all amounts required by law and will continue to do so until the Expiry Time and has remitted such withheld amounts within the prescribed periods to the Governmental Entity. Nevada Star has remitted all Canada Pension Plan

contributions, unemployment insurance premiums, employer health taxes and other Taxes payable by it in respect of its employees and has or will have remitted such amounts to the Governmental Entity within the time required by applicable law. Nevada Star has charged, collected and remitted on a timely basis all Taxes as required by applicable Laws on any sale, supply or delivery whatsoever, made by Nevada Star.

- (f) To Nevada Star's knowledge, all value added property, production, severance and similar taxes and assessments based on or measured by the ownership of property or the exploration for and extraction of minerals thereon, or the receipt of proceeds therefrom, payable in respect of its mineral properties prior to the date hereof have been properly and fully paid and discharged in all material respects, and there are no unpaid taxes or assessments which could result in a lien or charge on its mineral properties.

Section 6.18 Debt and Working Capital.

As at November 30, 2006, Nevada Star's total indebtedness for borrowed money including Nevada Star's working capital deficit, calculated in accordance with Canadian GAAP, was not in excess of \$5,000 on a consolidated basis.

Section 6.19 Financial Commitments.

Other than as set out herein or in the Nevada Star Disclosed Information, and except for operating costs incurred in the ordinary course of business, as of the date hereof, neither Nevada Star nor the Nevada Star Subsidiaries have any outstanding authorities for expenditures or other financial commitments in respect of the Nevada Star Interests.

Section 6.20 No Default Under Lending Agreements.

No event of default or breach of any covenant has occurred under Nevada Star's or the Nevada Star Subsidiaries' existing banking and lending agreements.

Section 6.21 Flow Through Obligations.

Other than those set out herein or in the Nevada Star Disclosed Information, neither Nevada Star nor any of the Nevada Star Subsidiaries has entered into any agreements or made any covenants with any parties with respect to the issuance of "flow-through" shares or the incurring and renunciation of Canadian exploration expense or Canadian development expense, which amounts have not been fully expended and renounced as required thereunder and which are reflected in the Nevada Star Financial Statements.

Section 6.22 No Shareholders' Rights Plan.

None of Nevada Star, Newco or any Nevada Star Subsidiary is a party to, and prior to the completion of the Amalgamation, none of Nevada Star, Newco or any Nevada Star Subsidiary will implement, a shareholder rights plan or any other form of plan, agreement, contract or instrument that will trigger any rights to acquire Nevada Star Common Shares, Newco Common Shares, Nevada Star Subsidiary Common Shares or other securities of Nevada Star, Newco or the Nevada Star Subsidiaries or rights, entitlements or privileges in favour of any person upon the entering into of this Agreement or the making or consummation of the Amalgamation.

Section 6.23 No Undisclosed Material Liabilities.

Except: (a) as disclosed or reflected in the Nevada Star Financial Statements; and (b) for liabilities and obligations: (i) incurred in the ordinary and normal course of business; or (ii) pursuant to the terms of this Agreement, none of Nevada Star, Newco or the Nevada Star Subsidiaries has incurred any material liabilities of any nature, whether accrued, contingent or otherwise (or which would be required by Canadian GAAP to be reflected on the consolidated balance sheet of Nevada Star) that have constituted or would be reasonably likely to constitute a Material Adverse Change in respect of Nevada Star on a consolidated basis.

Section 6.24 Material Contracts.

Except for Documents of Title, or as disclosed in this Agreement or as disclosed in the Nevada Star Disclosed Information, there are no material contracts or agreements to which Nevada Star, Newco or any Nevada Star Subsidiary is a party or by which it is bound. For the purposes of this subparagraph, any contract or agreement pursuant to which Nevada Star, Newco or any Nevada Star Subsidiary will, or may reasonably be expected to result in, a requirement of Nevada Star, Newco or any Nevada Star Subsidiary to expend more than an aggregate of \$100,000 or receive or be entitled to receive revenue of more than \$100,000 in either case in the next 12 months, or that is out of the ordinary course of business of Nevada Star, Newco or any Nevada Star Subsidiary will be considered to be material.

Section 6.25 Litigation, Etc.

As at the date hereof, there are no actions, suits or proceedings pending, or to the knowledge of Nevada Star threatened, against Nevada Star, Newco or any of the Nevada Star Subsidiaries before or by any federal, provincial, state, local, foreign, municipal or other governmental department, commission, board, bureau, agency, court or instrumentality, or any other person which action, suit or proceeding involves the possibility of any judgment against or liability of Nevada Star, Newco or any of the Nevada Star Subsidiaries or any other person which, if successful, would have a Material Adverse Effect on Nevada Star, Newco and the Nevada Star Subsidiaries (taken as a whole) or materially affect the ability of Nevada Star or Newco to consummate the transactions contemplated hereby.

Section 6.26 Disclosure.

Nevada Star has disclosed to Pure Nickel in the Nevada Star Disclosed Information any information in its possession of which it is aware regarding any event, circumstance or action taken which could reasonably be expected to have a Material Adverse Effect on Nevada Star, Newco or the Nevada Star Subsidiaries, taken as a whole.

The data and information with respect to Nevada Star, Newco and the Nevada Star Subsidiaries including, without limitation, their respective assets, reserves, liabilities, business prospects, affairs and operations provided by Nevada Star in the Nevada Star Disclosed Information was and is accurate and correct in all material respects as at the respective dates thereof and does not omit any material data or information necessary to make the data or information provided, taken as a whole, not misleading in any material respect as at the respective dates thereof.

Section 6.27 Leases and Other Obligations.

Except as disclosed herein, all of the outstanding material leases, office leases, office equipment and computer leases, geophysical and other technical software leases and arrangements, field equipment leases and leased vehicles of Nevada Star and the Nevada Star Subsidiaries have been provided to Pure Nickel in the Nevada Star Disclosed Information.

Section 6.28 Processing and Transportation Commitments.

Neither Nevada Star or any Nevada Star Subsidiary has entered into or is a party to any third party processing or transportation agreements.

Section 6.29 Reporting Issuer.

Nevada Star is a reporting issuer in the provinces of British Columbia and Alberta, the issued and outstanding Nevada Star Common Shares are listed and posted for trading on the TSXV and are quoted on the OTCBB, and Nevada Star is in material compliance with all applicable Securities Laws, the by-laws, rules and regulation of the TSXV and the OTCBB.

Section 6.30 No Cease Trade Orders.

No securities commission, stock exchange or similar regulatory authority (domestic or foreign) has issued any order preventing or suspending trading of any securities of Nevada Star and Nevada Star is not in default of any requirement of applicable Securities Laws that would have a material adverse effect on the transactions contemplated by this Agreement.

Section 6.31 Financial Advisor.

Nevada Star has not retained nor will it retain any financial advisor, broker, agent or finder or paid or agreed to pay any financial advisor, broker, agent or finder on account of this Agreement, the Amalgamation, any transaction contemplated hereby or any transaction presently ongoing or contemplated, except that Nevada Star has retained Clark Wilson LLP as Nevada Star's legal advisors in connection with the transactions contemplated herein.

Section 6.32 No Loans.

Other than as disclosed herein or in the Nevada Star Disclosed Information, neither Nevada Star nor any of the Nevada Star Subsidiaries has any loans or other indebtedness currently outstanding which have been made to or from any of its respective shareholders, officers, directors or employees or any other person not dealing at arm's length with Nevada Star or the Nevada Star Subsidiaries, as the case may be.

Section 6.33 No Net Profits or Other Interests.

Other than as disclosed herein or in the Nevada Star Disclosed Information, no officer, director, employee or any other person not dealing at arm's length with Nevada Star or the Nevada Star Subsidiaries or, to the knowledge of Nevada Star, any associate or affiliate of any such person, owns, has or is entitled to any royalty, net profits interest, carried interest or any other encumbrances or claims of any nature whatsoever which are based on production from the properties or assets of Nevada Star or and Nevada Star Subsidiaries or any revenue or rights attributed thereto.

Section 6.34 Royalties

No person, other than Robert Angrisano, Scott Nicholson and Monty L. Moore, has any royalty or other interest whatsoever in production from any of the mineral claims, comprising the mineral properties owned by Nevada Star or the Nevada Star Subsidiaries.

Section 6.35 Public Record.

The information and statements filed by or on behalf of Nevada Star with the securities commissions, stock exchanges and similar regulatory authorities in Canada and the United States in compliance, or intended compliance, with applicable Securities Laws were true, correct and complete, in all material respects, and did not contain any misrepresentation, as of the respective dates of such information or statements, and no material change has occurred in relation to Nevada Star which has not been publicly disclosed, and Nevada Star has not filed any confidential material change reports which continue to be confidential.

Section 6.36 Nevada Star Common Shares to be Issued.

The board of directors of Nevada Star shall reserve and allot to holders of Pure Nickel Shares that number of Nevada Star Common Shares as are issuable upon the completion of the Amalgamation and, when issued in accordance with the terms of this Agreement, such Nevada Star Common Shares will be issued as fully paid and non-assessable shares.

Section 6.37 No Material Transactions.

Except as publicly disclosed prior to the date of this Agreement, since December 1, 2005 neither Nevada Star or any of the Nevada Star Subsidiaries has incurred, assumed or suffered any liability (absolute, accrued, contingent or otherwise) or entered into any transaction, which is or may be material to Nevada Star (on a consolidated basis), which is not in the ordinary course of business.

Section 6.38 No Swaps.

Nevada Star currently has no outstanding Swaps.

Section 6.39 Restrictions on Business.

Other than as disclosed herein or in the Nevada Star Disclosed Information, there are no non-competition, exclusivity or other similar agreements, commitments or understandings in place to which Nevada Star or any Nevada Star Subsidiary is a party or by which it is otherwise bound that would now or hereafter in any way may limit its business or operations in a particular manner or to a particular locality or geographic region or for a specified period of time and the execution, delivery and performance of this Agreement does not and will not result in any restriction on Nevada Star or any Nevada Star Subsidiary from engaging in its business or from competing with any person or in any geographic area.

Section 6.40 Insurance.

Policies of insurance in force as of the date hereof naming Nevada Star as an insured adequately cover all risks reasonably and prudently foreseeable in the operation and conduct of the business of Nevada Star and the Nevada Star Subsidiaries to the extent customary in respect of the business carried on by Nevada Star and the Nevada Star Subsidiaries. All such policies of insurance will remain in force and effect and will not be cancelled or otherwise terminated as a result of the transactions contemplated hereby or by the Amalgamation.

Section 6.41 No Unanimous Shareholder Agreement.

None of Nevada Star, Newco or any of the Nevada Star Subsidiaries is a party to any unanimous shareholders agreement, voting trust or other similar type of arrangements in respect of its respective outstanding securities.

Section 6.42 Survival of Representations and Warranties.

The representations and warranties of the Nevada Star Parties contained in this Agreement shall be true and correct immediately before the Effective Time as though they were made by the Nevada Star Parties at such time.

**ARTICLE 7
COVENANTS AND AGREEMENTS**

Section 7.1 Mutual Covenants.

- (a) Each of Pure Nickel, Nevada Star and Newco agrees as follows until the earlier of the Effective Date or the termination of this Agreement in accordance with Article 9 in each case except (i) with the consent of the other parties to any deviation therefrom or (ii) as expressly contemplated by this Agreement:

- (i) it and its respective Subsidiaries (as applicable) shall
 - (A) carry on its businesses in the usual and ordinary course consistent with past practices and in a manner consistent with industry practice,
 - (B) use reasonable best efforts to preserve intact its present business organization and material rights and franchises, to keep available the services of its current officers and employees, and to preserve its relationships with customers, suppliers and others having business dealings with it, and
 - (C) maintain and keep its material properties and assets in as good repair and condition as at the date hereof, subject to ordinary wear and tear, all to the end that its goodwill and ongoing businesses shall not be impaired in any material respect at the Effective Time.
- (ii) it shall not, and it shall not permit any of its Subsidiaries (as applicable) to:
 - (A) declare or pay any dividends on, make other distributions or return capital in respect of any of its capital stock or any other equity interests, except for dividends, distributions or return of capital payable by a Subsidiary to such party;
 - (B) except as contemplated by the RTO Resolutions, split, combine or reclassify any of its capital stock or issue or authorize or propose the issuance of any other securities in respect of, in lieu of or in substitution for, shares of its capital stock;
 - (C) other than the Offering of Subscription Receipts, issue, sell, pledge, reserve, set aside, dispose of or encumber, repurchase, redeem or otherwise acquire, any shares of its capital stock or any securities or obligations convertible into, exercisable or exchangeable for, or any rights, warrants, calls, subscriptions or options to acquire, shares of its capital stock, except pursuant to fully vested stock options and warrants outstanding on the date hereof; or

- (D) other than the Offering of Subscription Receipts, enter into or announce any agreement or arrangement with respect to the sale, voting, registration or repurchase of any shares of its capital stock or any security convertible into or exchangeable for such shares.
- (iii) it shall not, nor shall it permit any of its Subsidiaries (as applicable) to,
 - (A) incur any indebtedness for borrowed money or purchase money indebtedness or assume, guarantee, endorse or enter into a "keepwell" or similar arrangement with respect to, any indebtedness, other than indebtedness between such party or any of its Subsidiaries and another of its Subsidiaries, or
 - (B) enter into any material operating lease or create any mortgages, liens, security interests or other encumbrances on the property of such party or any of its Subsidiaries in connection with any indebtedness.
- (iv) it shall not, nor shall it permit any of its Subsidiaries (as applicable) to:
 - (A) increase the amount of (or accelerate the payment or vesting of) any benefit or amount payable under, any employee benefit plan or any other contract, agreement, commitment, arrangement, plan or policy providing for compensation or benefits to any former, present or future director, officer or employee of such party or any of its Subsidiaries;
 - (B) increase (or enter into any commitment or arrangement to increase) the compensation or benefits, or otherwise to extend, expand or enhance the engagement, employment or any related rights, of any former, present or future director, officer, employee or consultant of such party or any of its Subsidiaries;
 - (C) except as agreed to by the parties, whether through its board of directors or otherwise, accelerate the vesting of any unvested stock options or accelerate the release of, or the expiry date of any hold period relating to, as applicable, any Pure Nickel Shares or Nevada Star Common Shares, or otherwise amend, vary or modify any plans or the terms of any stock option; or
 - (D) adopt, establish, enter into or implement any employee benefit plan, policy, severance or termination agreement providing for any form of benefits or other compensation to any former, present or future director, officer or employee of such party or any of its subsidiaries or amend any employee benefit plan, policy, severance or termination agreement.
- (v) it shall not, nor shall it permit any of its Subsidiaries to, amend or propose to amend its Charter Documents.
- (vi) it shall not, nor shall it permit any of its Subsidiaries to, pay, discharge, satisfy, compromise or settle any material claims or material liabilities prior to the same being due.

- (vii) except as required by applicable Laws, it shall not, nor shall it permit any of its Subsidiaries to, enter into, terminate or waive any provision of, exercise any material option or relinquish any material contractual rights under, or modify in any material respect any material contract, agreement, guarantee, lease commitment or arrangement.
 - (viii) it shall not, nor shall it permit any of its Subsidiaries to, make any changes to the existing accounting practices, methods and principles relating to such party or any Subsidiary of such party except as required by applicable Law or by Canadian generally accepted accounting principles as advised by such party's or such Subsidiary's regular independent accountants, as the case may be.
 - (ix) it shall not, nor shall it permit any of its Subsidiaries to, make or rescind any material tax election.
 - (x) it shall not nor shall it permit any Subsidiary to, (a) enter into any confidentiality or standstill agreement (other than in respect of confidentiality agreements entered into in the ordinary course of business), or (b) amend or release any third party from its obligations or grant any consent under, any confidentiality or standstill provision or fail to fully enforce any such provision.
 - (xi) it shall not, nor shall it permit any of its Subsidiaries to, take or fail to take any action which would cause any of such party's representations or warranties hereunder to be untrue in any material respect or would be reasonably expected to prevent or materially impede, interfere with or delay the completion of the Amalgamation.
 - (xii) it shall not, nor shall it permit any of its Subsidiaries to, agree in writing or otherwise to take any of the actions as described above in clauses (ii) through (xi).
- (b) Each of Pure Nickel, Nevada Star and Newco shall promptly advise the other parties in writing:
- (i) of any event, condition or circumstance that might be reasonably expected to cause any representation or warranty of such party contained in this Agreement to be untrue or inaccurate in any material respect on the Effective Date (or, in the case of any representation or warranty made as of a specified date, as of such specified date);
 - (ii) of any Material Adverse Effect on such party or any event, occurrence or development which would be reasonably expected to have a Material Adverse Effect on such party; and
 - (iii) of any material breach by such party of any covenant, obligation or agreement contained in this Agreement.
- (c) Each of Pure Nickel, Nevada Star and Newco shall use its reasonable best efforts to, and shall use its reasonable best efforts to cause its Subsidiaries to, perform all obligations required to be performed by such party or any of its Subsidiaries under this Agreement, cooperate with the other parties hereto in connection therewith, and do all such other acts and things as may be necessary or desirable in order to consummate and make effective,

as soon as reasonably practicable, the transactions contemplated in this Agreement and, without limiting the generality of the foregoing, each of Pure Nickel, Nevada Star and Newco shall:

- (i) use reasonable best efforts to satisfy or cause to be satisfied as soon as reasonably practicable all the conditions precedent that are set forth in Article 8 hereof;
- (ii) apply for and use reasonable best efforts to obtain as promptly as practicable all Appropriate Regulatory Approvals relating to such party or any of its Subsidiaries and, in doing so, to keep the other party hereto reasonably informed as to the status of the proceedings related to obtaining the Appropriate Regulatory Approvals, including providing such other party with copies of all related applications and notifications, in draft form, in order for such other party to provide its reasonable comments;
- (iii) use reasonable best efforts to comply promptly with all requirements which applicable Laws may impose on such party or such party's Subsidiaries with respect to the transactions contemplated hereby;
- (iv) use reasonable best efforts to defend all lawsuits or other legal, regulatory or other proceedings to which it is a party challenging or affecting this Agreement or the consummation of the transactions contemplated hereby;
- (v) use reasonable best efforts to have lifted or rescinded any injunction or restraining order or other order which may adversely affect the ability of the parties to consummate the transactions contemplated hereby;
- (vi) effect all necessary registrations, filings and submissions of information required by Governmental Entities from such party or any of such party's Subsidiaries in connection with the transactions contemplated hereby; and
- (vii) use reasonable best efforts to obtain all waivers, consents and approvals from other parties to loan agreements, leases or other contracts required to be obtained by such party or any of such party's Subsidiaries to consummate the transactions contemplated hereby which the failure to obtain would materially and adversely affect the ability of such party or such party's Subsidiaries to consummate the transactions contemplated hereby.

Section 7.2 Covenants of Pure Nickel.

- (a) the board of directors of Pure Nickel shall recommend to the Holders of Pure Nickel Shares the approval of the Pure Nickel Amalgamation Resolution.
- (b) Pure Nickel shall, at the request of Nevada Star, solicit from the Holders of Pure Nickel Shares proxies in favour of approval of the Pure Nickel Amalgamation Resolution.
- (c) Subject to Section 9.2, Pure Nickel shall not adjourn, postpone or cancel (or propose adjournment, postponement or cancellation of) the Pure Nickel Meeting without Nevada Star's prior written consent except as required by Laws or, in the case of adjournment, as may be required by the Holders of Pure Nickel Shares as expressed by majority resolution.

- (d) Without the prior written consent of Nevada Star, not to be unreasonably withheld, Pure Nickel shall not make any payments or otherwise satisfy Employee Obligations or create any new Employee Obligations other than run on insurance for directors and officers.
- (e) Pure Nickel hereby agrees until the earlier of the Effective Date and the termination of this Agreement pursuant to Article 9 not to initiate, propose, assist or participate in any activities or solicitations in opposition to or in competition with the Amalgamation, and without limiting the generality of the foregoing, not to induce or attempt to induce any other person to initiate any shareholder proposal or "takeover bid," exempt or otherwise, within the meaning of the Securities Act, for securities of Pure Nickel, nor to undertake any transaction or negotiate any transaction which would be or potentially could be in conflict with the Amalgamation and not to take actions of any kind which may reduce the likelihood of success of the Amalgamation, except as required by statutory obligations.

Section 7.3 Covenants of Nevada Star.

- (a) Nevada Star shall set its number of directors at seven.
- (b) Nevada Star shall nominate Monty Moore and Robert Angrisano for re-election to the board of directors of Nevada Star on the Effective Date or as soon as reasonably possible thereafter and shall cause to be appointed R. David Russell, an "independent" nominee of Nevada Star as defined under Securities Laws.
- (c) Nevada Star shall appoint or nominate J. Jay Jaski and W.S. (Steve) Vaughan, David A. McPherson and Harry Blum to the board of directors of Nevada Star on the Effective Date or as soon as reasonably possible thereafter. Msrs. McPherson and Blum shall be "independent" as defined under Securities Laws.
- (d) Nevada Star shall approve the Newco Amalgamation Resolution.
- (e) The board of directors of Nevada Star shall recommend to the Holders of Nevada Star Common Shares the approval of the RTO Resolutions.
- (f) Nevada Star shall, at the request of Pure Nickel, solicit from the Holders of Nevada Star Common Shares proxies in favour of the RTO Resolutions.
- (g) Subject to the fiduciary obligations of the board of directors of Nevada Star and other applicable laws, Nevada Star shall use, following the Effective Date, its financial resources primarily in the development of the Amalco business.
- (h) Nevada Star agrees until the earlier of the Effective Date and the termination of this Agreement pursuant to Article 9 it shall not permit Newco to sell, pledge, encumber, lease (whether such lease is an operating or capital lease) or otherwise dispose of any assets nor will Nevada Star sell, pledge, encumber or otherwise dispose of the Newco Common Shares held by Nevada Star.
- (i) Nevada Star agrees until the earlier of the Effective Date and the termination of this Agreement pursuant to Article 9 it shall not nor shall it permit Newco to, make or commit to make any capital expenditures (including capital lease obligations) greater than \$10,000 without the written consent of Pure Nickel.
- (j) Nevada Star agrees until the earlier of the Effective Date and the termination of this Agreement pursuant to Article 9 not to, and cause Newco not to, initiate, propose, assist

or participate in any activities or solicitations in opposition to or in competition with the Amalgamation, and without limiting the generality of the foregoing, not to induce or attempt to induce any other person to initiate any shareholder proposal or "takeover bid," exempt or otherwise, within the meaning of the Securities Act, for securities of Nevada Star or Newco, nor to undertake any transaction or negotiate any transaction which would be or potentially could be in conflict with the Amalgamation and not to take actions of any kind which may reduce the likelihood of success of the Amalgamation, except as required by statutory obligations.

Section 7.4 Access to Information.

- (a) Subject to Subsection 7.4(b) and applicable Laws, upon reasonable notice to an officer of such party, each of Pure Nickel, Nevada Star and Newco shall (and shall cause each of its Subsidiaries to) afford the officers, employees, counsel, accountants and other authorized representatives and advisors ("**Representatives**") of the other party access, during normal business hours from the date hereof and until the earlier of the Effective Date or the termination of this Agreement, to its properties, books, contracts and records as well as to its management personnel; provided that such access shall be provided on a basis that minimizes the disruption to the operations of such party. During such period, each of Pure Nickel, Nevada Star and Newco shall (and shall cause each of its Subsidiaries to) furnish promptly to the other party all information concerning such party's business, properties and personnel as the other party may reasonably request.
- (b) The Nevada Star Parties and Pure Nickel acknowledge that certain information received pursuant to Subsection 7.4(a) will be non-public or proprietary in nature and that such parties shall not disclose such information to third parties without the prior written consent of the other party unless required to do so by applicable Law.
- (c) For the purposes of allowing Pure Nickel and the Nevada Star Parties to review the assets, premises, business and financials of each other so as to enable them to determine if there are any facts relating to the assets and business of the other which, if known, would cause them to elect not to proceed with the Amalgamation, each of Pure Nickel and Nevada Star hereby permit the other to conduct from the date hereof until the Effective Date (the "**Due Diligence Period**"), such investigations as they may deem reasonably necessary or advisable in order to ensure that each of the representations, warranties, covenants and agreements of Pure Nickel and the Nevada Star Parties as set out in this Agreement are true and correct on the Effective Date.
- (d) In the event Pure Nickel's board of directors are not satisfied with the results or findings of Pure Nickel's review of the business, premises, assets and financials of Nevada Star, Pure Nickel shall provide to Nevada Star before the expiration of the Due Diligence Period written notice signed by an officer of Pure Nickel indicating same (the "**Pure Nickel Due Diligence Notice**").
- (e) In the event Nevada Star's board of directors are not satisfied with the results or findings of Nevada Star's review of the business, premises, assets and financials of Pure Nickel, Nevada Star shall provide to Pure Nickel before the expiration of the Due Diligence Period written notice signed by an officer of Nevada Star indicating same (the "**Nevada Star Due Diligence Notice**").

Section 7.5 Closing Matters.

- (a) The completion of the transactions contemplated under this Agreement shall occur at the offices of Nevada Star's counsel, Clark Wilson LLP, 800 – 885 West Georgia Street, Vancouver, British Columbia, V6C 3H1, at 11:00 a.m. (Vancouver time) (the "**Time of Closing**") on or before the second Business Day following the approval of the Pure Nickel Amalgamation Resolution, the Newco Amalgamation Resolution and the RTO Resolutions or on such other date or at such other time and place as the parties may agree.
- (b) Each of the Nevada Star Parties and Pure Nickel shall deliver, at the Time of Closing, such customary certificates, resolutions and other closing documents as may be required by the other parties hereto, acting reasonably. For greater certainty, Pure Nickel and Nevada Star shall also deliver evidence that all necessary shareholder, regulatory and TSXV approvals have been obtained.

**ARTICLE 8
CONDITIONS**

Section 8.1 Mutual Conditions Precedent.

The respective obligations of the Nevada Star Parties and Pure Nickel to complete the transactions contemplated by this Agreement and to file the Articles of Amalgamation for acceptance by the Director to give effect to the Amalgamation shall be subject to the satisfaction of each of the following conditions at or prior to the Effective Date;

- (a) the Pure Nickel Amalgamation Resolution shall have been approved by not less than two-thirds (2/3rds) of the votes cast by Holders of Pure Nickel Shares at the Pure Nickel Meeting held in accordance with applicable Laws;
- (b) the Newco Amalgamation Resolution shall have been approved by Nevada Star in accordance with applicable Laws and this Agreement;
- (c) the RTO Resolutions shall have been approved by the majority of the votes cast by Holders of Nevada Star Common Shares at the Nevada Star Meeting held in accordance with applicable laws;
- (d) the TSXV shall have conditionally approved the Amalgamation and the listing thereon of the Nevada Star Common Shares (i) to be issued pursuant to the Amalgamation as of the Effective Date, and (ii) issuable upon exercise of the Nevada Star Amalgamation Options;
- (e) all other Appropriate Regulatory Approvals shall have been obtained or received from the Persons having jurisdiction in the circumstances, and all other applicable regulatory requirements, conditions and consents shall have been complied with, the failure to obtain which would, individually or in the aggregate, have a Material Adverse Effect on Nevada Star, Newco, Pure Nickel or Amalco after the Effective Time;
- (f) all applicable consents required from third parties to the transactions contemplated by this Agreement shall have been obtained;
- (g) there shall not be in force any order or decree restraining or enjoining the consummation of the transactions contemplated under this Agreement and there shall be no proceeding, whether of a judicial or administrative nature or otherwise, in progress that relates to or

results from the transactions contemplated under this Agreement that would, if successful, result in an order or ruling that would preclude completion of the transactions contemplated under this Agreement in accordance with the terms and conditions hereof or thereof;

- (h) there shall not exist any prohibition at Law against the completion of the Amalgamation;
- (i) none of the consents, orders, regulations or approvals contemplated herein shall contain terms or conditions or require undertakings or security deemed unsatisfactory or unacceptable by any of the parties hereto acting reasonably; and
- (j) this Agreement shall not have been terminated under Article 9.

The foregoing conditions are for the mutual benefit of the Nevada Star Parties and Pure Nickel and may be waived in writing, in whole or in part, by the Nevada Star Parties and Pure Nickel at any time.

Section 8.2 Additional Conditions Precedent to the Obligations of the Nevada Star Parties.

The obligations of the Nevada Star Parties to complete the transactions contemplated hereby and the obligation of Newco to file the Articles of Amalgamation jointly with Pure Nickel and such other documents as are required to be filed under the CBCA for acceptance by the Director to give effect to the Amalgamation shall also be subject to the satisfaction of each of the following conditions at or prior to the Effective Date or such other time as is specified below:

- (a) Pure Nickel shall have performed or complied with, in all material respects, each of its obligations, covenants and agreements hereunder to be performed and complied with by it on or before the Effective Time;
- (b) each of the representations and warranties of Pure Nickel under this Agreement (which for purposes of this clause (b) shall be read as though none of them contained any Material Adverse Effect or other materiality qualification), shall be true and correct in all respects on the date of this Agreement and as of the Effective Date as if made on and as of such date except: (i) for such representations and warranties made as of a specified date, which shall be true and correct as of such specified date, (ii) as affected by transactions contemplated or permitted by this Agreement; or (iii) where the failure of such representations and warranties in the aggregate to be true and correct in all respects would not be reasonably expected to have a Material Adverse Effect on Pure Nickel;
- (c) since the date of this Agreement, there shall have been no Material Adverse Change with respect to Pure Nickel or any event, occurrence or development, including the commencement of any action, suit or other legal proceeding which would be reasonably expected to have a Material Adverse Effect on Pure Nickel;
- (d) the Nevada Star Parties shall have received a certificate of Pure Nickel addressed to the Nevada Star Parties and dated the Effective Date, signed on behalf of Pure Nickel by two senior executive officers of Pure Nickel, confirming that the conditions in Subsections 8.2(a), (b) and (c) have been satisfied;
- (e) the Nevada Star Parties shall have received a certificate of Pure Nickel addressed to the Nevada Star Parties and dated the Effective Date, signed on behalf of Pure Nickel by two senior executive officers of Pure Nickel, confirming that the Pure Nickel's Debt as at such date does not exceed \$150,000 and that the legal fees (excluding disbursements and

GST) of Pure Nickel legal counsel for the Amalgamation and all matters related thereto does not exceed \$150,000;

- (f) on the date hereof, Nevada Star shall have received from the sole director of Pure Nickel the Undertaking, duly executed, in respect of all Pure Nickel Shares owned by such persons, directly or indirectly, or over which control or direction is exercised by such persons which shall, in the aggregate, represent not less than 9% Pure Nickel Shares issued and outstanding as of the date hereof;
- (g) Holders of not more than 2.5% of the issued and outstanding Pure Nickel Shares shall have exercised Pure Nickel Dissent Rights;
- (h) Nevada Star, acting reasonably, shall not have delivered to Pure Nickel the Nevada Star Due Diligence Notice prior to the expiration of the Due Diligence Period;
- (i) since the date of this Agreement, no action, suit or proceeding shall have been taken before or by any Governmental Entity or by any private Person (including, without limitation, any individual, corporation, firm, group or other entity or by any elected or appointed public official in Canada or elsewhere) against Pure Nickel (whether or not purportedly on behalf of Pure Nickel) that would, if successful, have a Material Adverse Effect on Pure Nickel, in the sole discretion of Nevada Star, acting reasonably;
- (j) there shall not be any action taken, any Law enacted, entered, enforced or deemed applicable by any Governmental Entity or pending or threatened any suit, action or proceeding by any Governmental Entity in connection with the grant of any Appropriate Regulatory Approval or otherwise, (i) seeking to prohibit or restrict the acquisition by Nevada Star or Newco of any Pure Nickel Shares, (ii) challenging or seeking to restrain or prohibit the consummation of the Amalgamation or seeking to obtain from Pure Nickel, Nevada Star or Newco any damages that are material in relation to Pure Nickel, (iii) seeking to prohibit or materially limit the ownership or operation by Nevada Star or Newco of any material portion of the business or assets of Nevada Star, Pure Nickel or any of their respective Subsidiaries or to compel Nevada Star or Newco to dispose of or hold separate any material portion of the business or assets of Nevada Star, Pure Nickel or Amalco or any of their respective Subsidiaries, as a result of the Amalgamation, (iv) seeking to prohibit Nevada Star or Newco from effectively controlling in any material respect the business or operations of Pure Nickel, or (v) imposing any condition or restriction that in the judgment of Nevada Star, acting reasonably, would be materially burdensome to the future operations or business of any business unit of Nevada Star or Amalco after the Effective Time;
- (k) the board of directors and shareholders of Pure Nickel shall have adopted all necessary resolutions, and all other necessary corporate action shall have been taken by Pure Nickel to permit the consummation of the Amalgamation and the transactions contemplated herein;
- (l) all consents and approvals under any agreements to which Pure Nickel may be a party or bound which are required or necessary or desirable for the completion of the transactions contemplated under this Agreement;
- (m) Pure Nickel shall not, from the date hereof and up to completion of the Amalgamation, without prior written consent of Nevada Star, have effected or taken any steps to effect any transaction or action out of the ordinary course of business;

- (n) Pure Nickel shall not have made any capital expenditures except as outlined in Pure Nickel's capital budget provided to Nevada Star in an amount exceeding \$600,000 in the aggregate or \$600,000 on an individual basis, except as otherwise agreed in writing by Nevada Star;
- (o) Pure Nickel shall not agree to pay and shall not make any agreement for Nevada Star to pay any fees or commissions of brokers, finders or other third parties employed in connection with the Amalgamation; and
- (p) the post Amalgamation capitalization of Nevada Star being in accordance with the capitalization table attached hereto as Schedule "E".

The foregoing conditions are for the benefit of the Nevada Star Parties and may be waived in writing, in whole or in part, by the Nevada Star Parties at any time.

Section 8.3 Additional Conditions Precedent to the Obligations of Pure Nickel.

The obligations of Pure Nickel to complete the transactions contemplated hereby and the obligation of Pure Nickel to file Articles of Amalgamation jointly with Newco and such other documents as are required to be filed under the CBCA for acceptance by the Director to give effect to the Amalgamation shall also be subject to the satisfaction of each of the following conditions at or prior to the Effective Date or such other time as is specified below:

- (a) the Nevada Star Parties shall have performed or complied with, in all material respects, their respective obligations, covenants and agreements hereunder to be performed and complied with by them on or before the Effective Time;
- (b) each of the representations and warranties of the Nevada Star Parties under this Agreement (which for purposes of this clause (b) shall be read as though none of them contained any Material Adverse Effect or other materiality qualification), shall be true and correct in all respects on the date of this Agreement and as of the Effective Date as if made on and as of such date except: (i) for such representations and warranties made as of a specified date, which shall be true and correct as of such specified date, (ii) as affected by transactions contemplated or permitted by this Agreement; or (iii) where the failure of such representations and warranties in the aggregate to be true and correct in all respects would not be reasonably expected to have a Material Adverse Effect on the Nevada Star Parties;
- (c) since the date of this Agreement, there shall have been no Material Adverse Effect with respect to Nevada Star, Newco or the Nevada Star Subsidiaries or any event, occurrence or development which would be reasonably expected to have a Material Adverse Effect on Nevada Star, Newco or the Nevada Star Subsidiaries;
- (d) Pure Nickel shall have received a certificate of each of Nevada Star and Newco addressed to Pure Nickel and dated the Effective Date, signed on behalf of each of Nevada Star and Newco by two senior executive officers of Nevada Star and Newco, certifying that the conditions in Subsections 8.3(a), (b), (c) and (e) have been satisfied;
- (e) Pure Nickel shall have received a certificate of Nevada Star addressed to Pure Nickel and dated the Effective Date, signed on behalf of Nevada Star by two senior executive officers of Nevada Star, confirming that the Nevada Star's Debt as at such date does not exceed \$50,000, and that the legal fees, disbursements and associated taxes of Nevada Star's legal counsel for the Amalgamation and all matters related thereto, but not

including any matter pertaining to the Offering of Subscription Receipts, does not exceed \$150,000;

- (f) on the date hereof, Pure Nickel shall have received from the Nevada Star Principals the respective Undertakings, duly executed, in respect of all Nevada Star Common Shares owned by such persons, directly or indirectly, or over which control or direction is exercised by such persons which shall, in the aggregate, represent not less than 50.69% Nevada Star Common Shares issued and outstanding as of the date hereof;
- (g) since the date of this Agreement, no action, suit or proceeding shall have been taken before or by any Governmental Entity or by any private Person (including, without limitation, any individual, corporation, firm, group or other entity) or by any elected or appointed public official in Canada or elsewhere against Nevada Star or Newco) (whether or not purportedly on behalf of Nevada Star or Newco) that would, if successful, have a Material Adverse Effect on Nevada Star or Newco, in the sole discretion of Pure Nickel, acting reasonably;
- (h) there shall not be any action taken, any Law enacted, entered, enforced or deemed applicable by any Governmental Entity or pending or threatened any suit, action or proceeding by any Governmental Entity in connection with the grant of any Appropriate Regulatory Approval or otherwise, (i) seeking to prohibit or restrict the acquisition by Nevada Star or Newco of any Pure Nickel Shares, (ii) challenging or seeking to restrain or prohibit the consummation of the Amalgamation or seeking to obtain from Pure Nickel, Nevada Star or Newco any damages that are material in relation to Nevada Star or Newco, (iii) seeking to prohibit or materially limit the ownership or operation by Nevada Star or Newco of any material portion of the business or assets of Nevada Star, Pure Nickel or any of their respective Subsidiaries or to compel Nevada Star or Newco to dispose of or hold separate any material portion of the business or assets of Nevada Star, Pure Nickel or Amalco or any of their respective Subsidiaries, as a result of the Amalgamation, (iv) except for the TSXV imposing escrow conditions, seeking to impose limitations on the ability of Nevada Star or Newco to acquire or hold, or exercise full rights of ownership of, any Pure Nickel Shares or shares of Amalco, including the right to vote the Pure Nickel Shares or shares of Amalco purchased by it on all matters properly presented to the shareholders of Pure Nickel or Amalco, (v) seeking to prohibit Nevada Star or Newco from effectively controlling in any material respect the business or operations of Pure Nickel, or (vi) imposing any condition or restriction that in the judgment of Pure Nickel, acting reasonably, would be materially burdensome to the future operations or business of any business unit of Nevada Star or Amalco after the Effective Time;
- (i) the boards of directors and shareholders of Nevada Star and Newco shall have adopted all necessary resolutions, and all other necessary corporate action shall have been taken by Nevada Star and Newco, to permit the consummation of the Amalgamation;
- (j) Pure Nickel shall not have delivered to Nevada Star the Pure Nickel Due Diligence Notice prior to the expiration of the Due Diligence Period;
- (k) all consents and approvals under any agreements to which Nevada Star, the Nevada Star Subsidiaries or Newco may be a party or bound which are required or necessary or desirable for the completion of the transactions contemplated under this Agreement shall have been obtained or received;

- (l) the post Amalgamation capitalization of Nevada Star being in accordance with the capitalization table attached hereto as Schedule "E";
- (m) Pure Nickel receive evidence satisfactory to it, acting reasonably, that Nevada Star Common Shares issued upon Amalgamation shall be freely tradeable under Canadian Securities Laws;
- (n) the Nevada Star Parties shall not, from the date hereof and up to completion of the Amalgamation, without the prior written consent of Pure Nickel, have effected or taken any steps to effect:
 - (i) a change in its articles, by-laws or constating documents;
 - (ii) a subdivision, consolidation or other change to its outstanding shares (except as specifically contemplated herein);
 - (iii) the payment of any dividend;
 - (iv) any transaction or action out of the ordinary course of business (except as specifically contemplated herein); or
 - (v) the sale or purchase of any asset or the entering into of any transaction (except as specifically contemplated herein);
- (o) the Nevada Star Parties shall not agree to pay and shall not make any agreement for the Nevada Star Parties, upon or following completion of the Amalgamation to pay any fees or commissions of brokers, finders or other third parties employed in connection with the Amalgamation;
- (p) Nevada Star shall enter into an employment agreement with J. Jay Jaski, in a form satisfactory to the parties thereto, immediately prior to, or concurrent with, the Amalgamation;
- (q) Nevada Star shall have delivered proof, in a form satisfactory to Pure Nickel, that Nevada Star has cash assets of at least US\$3.3 million immediately prior to the Amalgamation; and
- (r) the Nevada Star Parties shall not have made any capital expenditures in an amount exceeding \$100,000 in the aggregate or \$100,000 on an individual basis, except as otherwise agreed in writing by Pure Nickel.

The foregoing conditions are for the benefit of Pure Nickel and may be waived in writing, in whole or in part, by Pure Nickel at any time.

Section 8.4 Merger of Conditions.

The conditions set out in Sections 8.1, 8.2 and 8.3 shall be conclusively deemed to have been satisfied, waived or released on the filing by Newco and Pure Nickel of the Articles of Amalgamation, and such other documents as are required to be filed under the CBCA for acceptance by the Director to give effect to the Amalgamation and the issuance by the Director of a certificate of amalgamation.

ARTICLE 9 AMENDMENT AND TERMINATION

Section 9.1 Amendment.

This Agreement may not be amended except by mutual written agreement of the parties hereto; provided that after approval of the Pure Nickel Amalgamation Resolution by the Holders of Pure Nickel Shares, approval of the Newco Amalgamation Resolution by Nevada Star and approval of the RTO Resolutions by the Holders of Nevada Star Common Shares, no amendment may be made that by applicable Law requires further approval or authorization by the Holders of Pure Nickel Shares, Nevada Star or the Holders of Nevada Star Common Shares (as applicable) without such further approval or authorization.

Section 9.2 Termination.

This Agreement may be terminated and the Amalgamation abandoned at any time prior to the Effective Time (notwithstanding any approval of the Pure Nickel Amalgamation Resolution by the Holders of Pure Nickel Shares, approval of the Newco Amalgamation Resolution by Nevada Star and approval of the RTO Resolutions by the Nevada Star Common Shareholders, as applicable):

- (a) by the mutual written consent of the Nevada Star Parties and Pure Nickel (without further action on the part of the Holders of Pure Nickel Shares or Nevada Star Common Shares if terminated after the Pure Nickel Meeting or Nevada Star Meeting, as applicable);
- (b) by either the Nevada Star Parties or Pure Nickel, if there shall be any Law that makes consummation of the Amalgamation illegal or otherwise prohibited, or if any judgment, injunction, order or decree of a competent Governmental Entity enjoining the Nevada Star Parties or Pure Nickel from consummating the Amalgamation shall be entered and such judgment, injunction, order or decree shall have become final and non-appealable;
- (c) by either the Nevada Star Parties or Pure Nickel, if the Effective Date does not occur on or prior to February 26, 2007 or such other date as the Nevada Star Parties and Pure Nickel may agree in writing; provided, however, that the right to terminate this Agreement under this Subsection 9.2(c) shall not be available to any party whose failure or whose affiliate's failure to perform any material covenant, agreement or obligation hereunder has been the cause of, or resulted in, the failure of the Effective Date to occur on or before such date;
- (d) by Pure Nickel if the Newco Amalgamation Resolution is not submitted for approval prior to February 26, 2007 or such later date as may be agreed to in writing by Pure Nickel;
- (e) by the Nevada Star Parties if, (i) the board of directors of Pure Nickel fails to recommend or withdraws, modifies or changes its approval or recommendation of this Agreement and the Amalgamation, in a manner adverse to Nevada Star, (ii) the board of directors of Pure Nickel fails to affirm its approval or recommendation of this Agreement, the Amalgamation and the Pure Nickel Amalgamation Resolution, within five (5) Business Days of any written request to do so from Nevada Star, (iii) the Pure Nickel Amalgamation Resolution is not submitted for approval at the Pure Nickel Meeting, or the Pure Nickel Meeting is not held prior to February 20, 2007 or such later date to which the Pure Nickel Meeting shall have been adjourned or postponed as may be agreed to in writing by Nevada Star;

- (f) by either the Nevada Star Parties or Pure Nickel, if at the Pure Nickel Meeting, the requisite vote of the Holders of Pure Nickel Shares to approve the Amalgamation Resolution shall not be obtained;
- (g) by Pure Nickel if, (i) the board of directors of Nevada Star fails to recommend or withdraws, modifies or changes its approval or recommendation of this Agreement and the Amalgamation, in a manner adverse to Pure Nickel, (ii) the board of directors of Nevada Star fails to affirm its approval or recommendation of this Agreement, the Amalgamation and the Newco Amalgamation Resolution within five (5) Business Days of any written request to do so from Pure Nickel, (iii) the RTO Resolutions are not submitted for approval at the Nevada Star Meeting, or the Nevada Star Meeting is not held before February 20, 2007 or such later date to which the Nevada Star Meeting shall have been adjourned or postponed as may be agreed to in writing by Pure Nickel;
- (h) by either the Nevada Star Parties or Pure Nickel, if at the Nevada Star Meeting the requisite vote of Holders of Nevada Star Common Shares to approve the RTO Resolutions shall not be obtained;
- (i) by the Nevada Star Parties or Pure Nickel, by written notice to the other parties, if any of the conditions precedent set out in Section 8.1 hereof have not been complied with or waived on or before the date required for performance thereof; provided, however, that no party may rely on the failure to satisfy any of the conditions set out in Section 8.1 if the condition would have been satisfied but for a material failure by such party in complying with its obligations hereunder;
- (j) by the Nevada Star Parties, by written notice to Pure Nickel, if any of the conditions precedent set out in Section 8.2 hereof have not been complied with or waived on or before the date required for performance thereof; provided, however, that the Nevada Star Parties may not rely on the failure to satisfy any of the conditions set out in Section 8.2 if the condition would have been satisfied but for a material failure by the Nevada Star Parties in complying with their respective obligations hereunder;
- (k) by the Nevada Star Parties, if Pure Nickel has breached any of its representations, warranties, agreements or obligations herein which breach would result in the failure to satisfy one or more conditions set forth in Subsections 8.2(b) or (c) and such breach is not curable or if curable, is not cured within 20 days after notice thereof has been received by Pure Nickel;
- (l) by Pure Nickel, by written notice to the Nevada Star Parties, if any of the conditions precedent set out in Section 8.3 hereof have not been complied with or waived on or before the date required for performance thereof; provided, however, that Pure Nickel may not rely on the failure to satisfy any of the conditions set out in Section 8.3 if the condition would have been satisfied but for a material failure by Pure Nickel in complying with its obligations hereunder; or
- (m) by Pure Nickel, if either of the Nevada Star Parties has breached any of its respective representations, warranties, agreements or obligations herein which breach would result in the failure to satisfy one or more conditions set forth in Subsections 8.3(b) or (c) and such breach is not curable or if curable, is not cured within 20 days after notice thereof has been received by the party or parties alleged to be in breach.

Section 9.3 Effect of Termination.

If this Agreement is terminated in accordance with the provisions of Section 9.2, no party shall have any further liability to perform its obligations hereunder except for the provisions of this Section 9.3 and Subsections 7.4(b) and Section 10.10; provided that neither the termination of this Agreement nor anything contained in this Section 9.3 shall relieve any party from any liability for any breach by it of this Agreement, including from any inaccuracy in its representations and warranties and any non-performance by it of its covenants and agreements made herein. If it shall be judicially determined that termination of this Agreement under Section 9.2 was caused by breach of this Agreement, then, in addition to any other remedies at law or equity for breach of this Agreement, the party so found to have breached this Agreement shall indemnify and hold harmless the other parties for their out-of-pocket costs, including fees and expenses of their counsel, accountants, financial advisors and other experts and advisors, incident to the negotiation, preparation and execution of this Agreement and related documentation.

ARTICLE 10 GENERAL

Section 10.1 Investigation.

Any investigation by a party hereto and its advisors shall not mitigate, diminish or affect the representations and warranties of any other party to this Agreement.

Section 10.2 Notices.

All notices which may or are required to be given pursuant to any provision of this Agreement shall be in writing and shall be deemed given when delivered personally, telecopied (which is confirmed) or dispatched (postage prepaid) to a nationally recognized overnight courier service with overnight delivery instructions, in each case addressed to the particular party at:

- (a) in the case of Nevada Star or Newco:

Nevada Star Resource Corp.

~~10735 Stone Avenue North~~ P.O. Box 1089

~~Seattle, Washington, USA 98133~~ Fall City, WA. USA 98024

Attention: President and CEO

Facsimile number: ~~425.467.1836~~ 425-222-0894

- (b) With a copy to:

Clark Wilson LLP

800 - 885 West Georgia Street

Vancouver, British Columbia V6C 3H1

Attention: William L. Macdonald

Facsimile number: 604.687.6314

(c) in the case of Pure Nickel:

Pure Nickel Inc.
95 Wellington Street West
Suite 900
Toronto, Ontario M9J 5N7

Attention: President
Facsimile number: 416.644.0069

With a copy, for information purposes only, to:

McMillan Binch Mendelson LLP
BCE Place, Suite 4400
Bay Wellington Tower
181 Bay Street
Toronto, Ontario M5J 2T3

Attention: Michael A. Burns
Facsimile number: 416.865.7048

or at such other address of which any party may, from time to time, advise the other parties by notice in writing given in accordance with the foregoing.

Section 10.3 Assets and Liabilities.

Each of Newco and Pure Nickel shall contribute to Amalco all of their respective assets, subject to their respective liabilities, as they exist immediately before the Effective Date. Amalco shall possess all of the property, rights, privileges and franchises, as they exist immediately before the Effective Date, and shall be subject to all of the liabilities, contracts, disabilities and debts of each of the Newco and Pure Nickel, as they exist immediately before the Effective Date. All rights of creditors against the properties, assets, rights, privileges and franchises of Newco and Pure Nickel and all liens upon their properties, rights and assets shall be unimpaired by the Amalgamation and all debts, contracts, liabilities and duties of Newco and Pure Nickel shall thenceforth attach to and may be enforced against Amalco. No action or proceeding by or against either of Newco or Pure Nickel shall abate or be affected by the Amalgamation but, for all purposes of such action or proceeding, the name of Amalco shall be substituted in such action or proceeding in place of the name of Newco or Pure Nickel, as applicable.

Section 10.4 Assignment.

No party may assign this Agreement or any of its rights, interests or obligations under this Agreement or the Amalgamation (whether by operation of law or otherwise) without the prior written consent of the other parties.

Section 10.5 Binding Effect.

This Agreement and the Amalgamation shall be binding upon and shall enure to the benefit of the Nevada Star Parties and Pure Nickel and their respective successors and permitted assigns.

Section 10.6 Third Party Beneficiaries.

Nothing in this Agreement, express or implied, shall be construed to create any third party beneficiaries.

Section 10.7 Waiver and Modification.

Each of Pure Nickel and the Nevada Star Parties may waive or consent to the modification of, in whole or in part, any inaccuracy of any representation or warranty made to them hereunder or in any document to be delivered pursuant hereto and may waive or consent to the modification of any of the covenants or agreements herein contained for their respective benefit or waive or consent to the modification of any of the obligations of the other parties hereto. Any waiver or consent to the modification of any of the provisions of this Agreement, to be effective, must be in writing executed by the party granting such waiver or consent.

Section 10.8 No Personal Liability.

- (a) No director, officer, employee or agent of either Nevada Star Party or any of the Nevada Star Subsidiaries shall have any personal liability whatsoever to Pure Nickel under this Agreement, or any other document delivered in connection with the Amalgamation on behalf of an Nevada Star Party.
- (b) No director, officer, employee or agent of Pure Nickel shall have any personal liability whatsoever to either Nevada Star Party under this Agreement, or any other document delivered in connection with the Amalgamation on behalf of Pure Nickel.

Section 10.9 Further Assurances.

Each party hereto shall, from time to time, and at all times hereafter, at the request of the other parties hereto, but without further consideration, do all such further acts and execute and deliver all such further documents and instruments as shall be reasonably required in order to fully perform and carry out the terms and intent hereof.

Section 10.10 Expenses.

Except as contemplated herein, each of Pure Nickel and Nevada Star shall pay their own costs and expenses in connection with the Amalgamation including, without limitation, legal, accounting and auditing fees, regulatory and exchange fees, meeting and mailing costs and any fees or commissions of brokers, finders or other third parties employed in connection with the Amalgamation.

Section 10.11 Public Announcements.

The initial press release concerning the Amalgamation shall be a joint press release of Nevada Star and Pure Nickel and thereafter Nevada Star and Pure Nickel agree to consult with each other prior to issuing any news releases or public statements with respect to this Agreement or the Amalgamation, and to use their respective reasonable best efforts not to issue any news releases or public statements inconsistent with the results of such consultations. Subject to applicable Laws, each party shall use its commercially reasonable efforts to enable the other parties to review and comment on all such news releases prior to the release thereof. The parties agree to issue jointly a news release with respect to this Amalgamation as soon as practicable following the execution of this Agreement. Nevada Star and Pure Nickel also agree to consult with each other in preparing and making any filings and communications in connection with any Appropriate Regulatory Approvals.

Section 10.12 Governing Law; Consent to Jurisdiction.

This Agreement shall be governed by and be construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein and shall be treated in all

respects as a British Columbia contract. Each party hereby irrevocably attorns to the jurisdiction of the courts of the Province of British Columbia in respect of all matters arising under or in relation to this Agreement.

Section 10.13 Entire Agreement.

This Agreement, and the other agreements and other documents referred to herein, constitute the entire agreement between the Nevada Star Parties and Pure Nickel pertaining to the subject matter hereof and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, between the Nevada Star Parties and Pure Nickel with respect to the subject matter hereof.

Section 10.14 Time of Essence.

Time is of the essence of this Agreement.

Section 10.15 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 materially 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 transactions contemplated hereby are fulfilled to the extent possible.

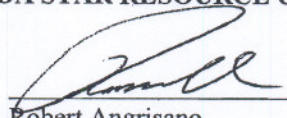
Section 10.16 Counterparts.

This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument.

WITNESS WHEREOF the parties hereto have executed this Agreement as of the date hereinbefore written.

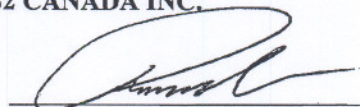
NEVADA STAR RESOURCE CORP.

Per: _____


Robert Angrisano
President and Chief Executive Officer

6658482 CANADA INC.

Per: _____


Robert Angrisano
President and Chief Executive Officer

PURE NICKEL INC.

Per: _____


J. Jay Jaski
Chairman and Chief Executive Officer

SCHEDULE "A"

Form of Newco Amalgamation Resolution

BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:

1. The amalgamation of 6658482 Canada Inc. ("**Newco**") and Pure Nickel Inc. ("**Pure Nickel**") (the "**Amalgamation**") as provided for in and subject to the terms and conditions set forth in the amalgamation agreement (the "**Amalgamation Agreement**") dated as of December 14, 2006 among Nevada Star Resource Corp. ("**Nevada Star**"), Newco and Pure Nickel, is hereby approved and authorized, subject to the approval of the TSX Venture Exchange, all as more particularly described in the management proxy and information circular of Nevada Star to be dated on or about January 15, 2007 (the "**Circular**").
2. The Amalgamation Agreement, substantially in the form attached to the Circular as Schedule 1, be and is hereby approved and authorized.
3. Notwithstanding that this resolution has been passed (and the Amalgamation Agreement and the Amalgamation adopted) by the registered Holders of common shares in the capital of Newco ("**Newco Shareholders**"), the Board of Directors of Newco is hereby authorized and empowered without further notice to or approval of the Newco Shareholders (i) to amend the Amalgamation Agreement to the extent permitted by the Amalgamation Agreement, and (ii) subject to the terms and conditions of the Amalgamation Agreement, not to proceed with the Amalgamation.
4. Any director or officer of Newco be, and such director or officer of Newco hereby is, authorized, instructed and empowered, acting for, in the name of and on behalf of Newco, to do or to cause to be done all such other acts and things in the opinion of such director or officer of Newco as may be necessary or desirable in order to fulfill the intention of this resolution and the matters authorized hereby.

SCHEDULE "B"

Form of Pure Nickel Amalgamation Resolution

BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:

1. The amalgamation of 6658482 Canada Inc. ("Newco") and Pure Nickel Inc. ("Pure Nickel") (the "Amalgamation") as provided for in and subject to the terms and conditions set forth in the amalgamation agreement (the "Amalgamation Agreement") dated as of December 14, 2006 among Nevada Star Resource Corp. ("Nevada Star"), Newco and Pure Nickel, is hereby approved and authorized with such restrictions or conditions as may be required by the TSX Venture Exchange (the "Exchange"), subject to the approval of the Exchange, all as more particularly described in the management proxy and information circular of Pure Nickel to be dated on or about January 15, 2007 (the "Circular").
2. The Amalgamation Agreement, substantially in the form attached to the Circular as Schedule 1, be and is hereby approved and authorized.
3. Notwithstanding that this resolution has been passed (and the Amalgamation Agreement and the Amalgamation adopted) by the registered holders of Common Shares in the capital of Pure Nickel ("Pure Nickel Shareholders"), the Board of Directors of Pure Nickel is hereby authorized and empowered without further notice to or approval of the Pure Nickel Shareholders (i) to amend the Amalgamation Agreement to the extent permitted by the Amalgamation Agreement, and (ii) subject to the terms and conditions of the Amalgamation Agreement, not to proceed with the Amalgamation.
4. Any director or officer of Pure Nickel be, and such director or officer of Pure Nickel hereby is, authorized, instructed and empowered, acting for, in the name of and on behalf of Pure Nickel, to do or to cause to be done all such other acts and things in the opinion of such director or officer of Pure Nickel as may be necessary or desirable in order to fulfill the intent of this resolution and the matters authorized hereby.

SCHEDULE "C"

Form of RTO Resolutions

Form of Proposed Ordinary Resolution

Because the Amalgamation is between Pure Nickel and Newco, the Holders of Nevada Star Common Shares are not being asked to consider the proposed Amalgamation and to give their assent to that transaction. The Holder of Newco Common Shares, being Nevada Star, will be asked to pass a special resolution approving the proposed Amalgamation. However, since Nevada Star will be issuing Nevada Star Common Shares to the Holders of the Pure Nickel Shares and the issuance of such shares will result in a reverse take-over of Nevada Star, Exchange Policy 5.2 requires that the Holders of Nevada Star Common Shares approve by ordinary resolution the issuance of such common shares.

"BE IT RESOLVED AS AN ORDINARY RESOLUTION THAT:

1. Nevada Star be and is authorized to undertake and complete the reverse take-over of the company as proposed in the Amalgamation Agreement and to issue to the Holders of Pure Nickel Shares 3.643 Nevada Star Common Shares for each one (1) Pure Nickel Share held in accordance with the terms and conditions of the Amalgamation Agreement;
2. Nevada Star be and is authorized to take such steps as necessary to give effect to these resolutions; and
3. notwithstanding the foregoing, the Board of Directors of Nevada Star shall have sole and complete discretion to determine whether or not to carry out the foregoing resolutions to issue Nevada Star Common Shares in accordance with the Amalgamation Agreement and, notwithstanding shareholder approval of the share issuance, there shall be no obligation to proceed with such issuance of Nevada Star Common Shares."

Form of Proposed Special Resolution Concerning Change of Name

Nevada Star proposes to change its name to "Pure Nickel Inc.". The change of name requires approval by way of special resolution of the Holders of Nevada Star Common Shares, being a resolution passed by not less than 2/3 of the votes of the Holders of Nevada Star Common Shares represented in person or by proxy at the Meeting. The change of name will constitute an amendment to Nevada Star's Articles of Incorporation and, accordingly, the shareholders will be asked to consider and, if deemed appropriate, approve a special resolution substantially in the following form:

"BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:

1. the name of Nevada Star be changed to "Pure Nickel Inc." or such other name as the board of directors approves and the Director of Corporations accepts;
2. the Articles of Nevada Star be altered accordingly; and
3. notwithstanding the foregoing, the Board of Directors of Nevada Star shall have sole and complete discretion to determine whether or not to carry out the change of Nevada Star's name and, notwithstanding shareholder approval of the proposed change of name, there shall be no obligation to proceed with such name change."

Form of Proposed Special Resolution Concerning Consolidation

Nevada Star proposes to consolidate its issued and outstanding common shares on the basis of one new common share without par value for every existing five (5) common shares without par value or on such other basis or ratio as the board of directors determines. The Consolidation requires approval by way of special resolution of the Holders of Nevada Star Common Shares, being a resolution passed by not less than 2/3 of the votes of the Holders of Nevada Star Common Shares represented in person or by proxy at the Meeting. The Consolidation will constitute an amendment to Nevada Star's Articles of Incorporation and, accordingly, the Holders of Nevada Star Common Shares will be asked to consider and, if deemed appropriate, approve a special resolution substantially in the following form:

"BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:

1. the Articles of Nevada Star are amended such that all of Nevada Star's common shares, both issued and unissued, be consolidated into 1/5 of that number of common shares, every five (5) of such shares before consolidation being consolidated into one common share;
2. the directors and officers of Nevada Star be and they are hereby authorized, empowered and directed to take any and all such actions as in their discretion they deem necessary or expedient to effectuate the purpose of the foregoing resolutions with the Director of Corporations and the TSX Venture Exchange in order to effect the consolidation; and
3. the board of directors be and are hereby authorized to determine such other ratio of consolidation as they deem appropriate and may amend these resolutions accordingly and to implement, in its discretion, any of these resolutions or delay or abandon all or any of the actions contemplated by the foregoing resolutions."

SCHEDULE "D"

Form of Undertaking

TO: Pure Nickel Inc.

AND TO: Nevada Star Resource Corp. (the "Company")

Reference is made to the proposed business combination (the "**Business Combination**") of the Company and Pure Nickel Inc. to be effected by way of an amalgamation of 6658482 Canada Inc., a wholly-owned subsidiary of the Company, and Pure Nickel Inc. (the "**Amalgamation**") pursuant to an amalgamation agreement (the "**Agreement**").

The undersigned owns, directly or indirectly, or exercises control or direction over an aggregate of _____ common shares in the capital of the Company/Pure Nickel Inc. (collectively, and including any shares in the capital of the Company/Pure Nickel Inc. which the undersigned hereafter acquires or gains control over, the "**Shares**").

The undersigned, in his capacity as a shareholder of the Company/Pure Nickel Inc. and not in his capacity as an officer or director of the Company/Pure Nickel Inc., undertakes to vote the Shares in favour of any and all matters relating to the approval of the Amalgamation, or any other matters relating to the Business Combination which are contemplated in the Agreement, presented to the shareholders of the Company/Pure Nickel Inc. at any meeting (including any adjournment) thereof.

DATED this _____ of December, 2006.

Witness

[Signature of Undertakor]

SCHEDULE "E"**Post Transaction Capitalization of Nevada Star****NEVADA STAR RESOURCE CORP****Post Transaction Capitalization of Nevada Star**

ISSUED SHARES	Shares
NEVADA STAR	
Issued as at October 31, 2006	84,319,287
SUBTOTAL - NEVADA STAR	84,319,287
PURE NICKEL	
Issued for Pure Nickel outstanding shares - (24,470,001 x 3.643)	89,144,214
Issued for Pure Nickel outstanding options - (100,000 x 3.643)	364,300
SUBTOTAL - PURE NICKEL	88,508,514
POST TRANSACTION ISSUED SHARES	<u>173,827,801</u>
Post 5 for 1 Share Consolidation	34,765,560
STOCK OPTIONS	
NEVADA STAR	
Options - (3,750,000 pre consolidation)	750,000
POST TRANSACTION FULLY DILUTED NEVADA STAR COMMON SHARES	<u>35,515,560</u>

SCHEDULE "F"

Authorized Share Capital of Amalco

THE CLASSES OF SHARES AND ANY MAXIMUM NUMBER OF SHARES THAT AMALCO IS AUTHORIZED TO ISSUE ARE:

1. An unlimited number of Common shares, without par value, the holders of which are entitled:

- (a) to receive notice of and to attend and vote at all meetings of shareholders, except meetings at which only holders of a specified class of shares are entitled to vote;
- (b) to receive any dividend declared by the Corporation on this class of shares; provided that the Corporation shall be entitled to declare dividends on the Preferred shares, or on any of such classes of shares without being obliged to declare any dividends on the Common voting shares of the Corporation;
- (c) subject to the rights, privileges, restrictions and conditions attaching to any other class of shares of the Corporation, to receive the remaining property of the Corporation upon dissolution in equal rank with the holders of all other Common shares of the Corporation; and
- (d) to the rights, privileges and restrictions normally attached to common shares;

2. An unlimited number of Preferred shares, without par value, which as a class, have attached thereto the following rights, privileges, restrictions and conditions:

- (e) the Preferred shares may from time to time be issued in one or more series, and the Directors may fix from time to time before such issue the number of Preferred shares which is to comprise each series and the designation, rights, privileges, restrictions and conditions attaching to each series of Preferred shares including, without limiting the generality of the foregoing, any voting rights, the rate or amount of dividends or the method of calculating dividends, the dates of payment thereof, the terms and conditions of redemption, purchase and conversion if any, and any sinking fund or other provisions;
- (f) the Preferred shares of each series shall, with respect to the payment of dividends and the distribution of assets or return of capital in the event of liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other return of capital or distribution of the assets of the Corporation amongst its shareholders for the purpose of winding up its affairs, be entitled to preference over the voting and non-voting Common shares and over any other shares of the Corporation ranking by their terms junior to the Preferred shares of that series. The Preferred shares of any series may also be given such other preferences, not inconsistent with these Articles, over the Common shares and any other such Preferred shares as may be fixed in accordance with clause (2)(a); and
- (g) if any cumulative dividends or amounts payable on the return of capital in respect of a series of Preferred shares are not paid in full, all series of Preferred shares shall participate rateably in respect of accumulated dividends and return of capital.