MINING OPTION AGREEMENT

THIS AGREEMENT made as of August 20, 2002;

BETWEEN:

DELTA EXPLORATION INC., a company incorporated under the laws of British Columbia with an office address at 203-141 Victoria Street, Kamloops, British Columbia, V2C 1Z5 (Facsimile: 250-374-9296);

("Delta")

AND:

CASSIDY GOLD CORP., a company incorporated under the laws of British Columbia with an office address at 220-141 Victoria Street, Kamloops, British Columbia, V2C 1Z5 (Facsimile: 250-828-2269);

("Cassidy")

BACKGROUND:

A. Cassidy is the registered or recorded owner of the Claims comprising the Property; and

B. Delta desires to acquire the Option to earn 60% of the interest of Cassidy in and to the Property and Cassidy is willing to grant the Option to Delta upon and subject to the terms and conditions hereinafter set forth.

TERMS OF AGREEMENT

IN CONSIDERATION of the mutual agreements herein contained and of other good and valuable consideration (the receipt and sufficiency of which are acknowledged by each party), the parties agree with one another as follows:

1. Definitions and Interpretation

1.1 *Definitions:* Whenever used in this Agreement, the following words and terms will have the respective meanings ascribed to them below:

"Affiliate" has the meaning set out in the *Company Act* (British Columbia).

"Agreement" means this agreement, including the recitals and the Schedules all as amended, supplemented or restated from time to time.

"Approval Date" means the date which is the first Business Day after the date that the Exchange issues its written acceptance of this Agreement and the transaction contemplated thereby.

"Business Day" means a day other than a Saturday, Sunday or statutory holiday in British Columbia.

"Claims" means 16 claims located in the Nelson Mining Division, British Columbia set out in Schedule "A" to this Agreement.

"Commercial Production" means and is deemed to have been achieved, when the concentrator processing ores from the Property for other than testing purposes has operated for 30 days in any 40 consecutive day period at not less than 75% of design capacity or, in the event a concentrator is not erected on the Property, when ores from the Property have been produced for a period of

40 consecutive production days at not less than 75% of the mining rate specified in a feasibility study recommending placing the Property into production for commercial purposes.

"Doyle Option Agreement" means the Option Agreement dated November 6, 2000 between Cassidy and Bruce Doyle ("Doyle"), pursuant to which Cassidy obtained an option entitling it to acquire 100% of Doyle's interest in and to the Property and pursuant to which Cassidy is required to pay to Doyle 2% of net smelter returns from the Property.

"Environmental Claims" mean any and all administrative, regulatory or judicial actions, suits, demands, claims, liens, notices of non-compliance or violation, investigations or proceedings rating in any way to any Environmental Law or any permit issued under any such Environmental Law, including, without limitation:

(a) any and all claims by governmental or regulatory authorities for enforcement, clean-up, removal, response, remedial or other actions or damages pursuant to any applicable Environmental Law; and

(b) any and all claims by any third Party seeking damages, contribution, indemnification, cost recovery, compensation or injunctive or other relief resulting from hazardous materials, including any release thereof, or arising from alleged injury or threat of injury to human health or safety (arising from environmental matters) or the environment.

"Environmental Law" means all requirements of the common law, civil code or of environmental, health or safety statutes, regulations, rules, ordinances, policies, orders, approvals, notices, licenses, permits or directives of any federal, territorial, provincial or local judicial, regulatory or administrative agency, board or governmental authority including, but not limited to those relating to (i) noise, (ii) pollution or protection of the air, surface water, ground water or land, (iii) solid, gaseous or liquid waste generation, handling, treatment, storage, disposal or transportation, (iv) exposure to hazardous or toxic substances, or (v) the closure, decommissioning, dismantling or abandonment of any facilities, mines or workings and the reclamation or restoration of lands.

"Exchange" means the TSX Venture Exchange.

"Expenditures" means all expenditures on Mining Operations and includes, as compensation for general overhead expenses which Delta will incur, an amount equal to 10% of direct costs and 3% of arm's length third party contracts with respect to the foregoing in each year except costs of fixed assets.

"Government or Regulatory Authority" means any federal, provincial, regional, municipal or other government, governmental department, regulatory authority, commission, board, bureau, agency or instrumentality that has lawful authority to regulate or administer or govern the business or property or affairs of any person, and for the purposes of this Agreement also includes any corporation or other entity owned or controlled by any of the foregoing and any stock exchange on which shares of a Party are listed for trading.

"Mining Operations" means every kind of work done on or in respect of the Property or the products derived therefrom and includes, without limiting the generality of the foregoing, work of assessment, geophysical, geochemical and geological surveys, studies and mapping, assaying and metallurgical testing, investigating, drilling, designing, examining, equipping, improving, surveying, shaft-sinking, raising, crosscutting and drifting, searching for, digging, trucking, sampling, working and procuring minerals, ores and concentrates, bringing any mining claims to lease, reclamation and in doing all work usually considered to be prospecting, exploration, development and mining work; in paying wages and salaries of persons engaged in such work and in supplying food, lodging, transportation and other reasonable needs of such persons; in paying insurance premiums and assessments or premiums for workers' compensation insurance, contributions for unemployment insurance or other pay allowances or benefits customarily paid in the district to such persons; in paying rentals, licence renewal fees, taxes and other governmental charges required to keep the Property in good standing; in purchasing or renting plant, buildings, machinery, tools, appliances, equipment or supplies and in installing, erecting, detaching and removing the same or any of them; and in the management of any work which may be done on the Property for the due carrying out of such prospecting, exploration, development and mining work.

"Mining Rights Contracts" means any instruments or agreements, whether or not reduced to writing, by whatever name called under applicable law or practice and whether obtained from a Government or Regulatory Authority or any other person, pursuant to which rights that are or are analogous to rights to explore for and/or commercially exploit base and precious metals and other minerals are held, or owned, and shall include, without limitation, a "mineral claim", "mineral interest", "mining claim", "grant", "concession", "exclusive permission", "mining contract", "mining licence", "exploitation permit", "right of reconnaissance", "right or exploration", "research permit", "exploration permit", "royalty interest", or otherwise.

"Option" has the meaning set out in section 3.1 of this Agreement.

"Option Period" has the meaning set out in section 3.2 of this Agreement.

"Parties" means the parties to this Agreement and their respective successors and permitted assigns which become parties pursuant to this Agreement and "Party" means any one of the Parties.

"Permitted Encumbrance" means

(a) easements, rights of way, servitudes or other similar rights in land including, without limiting the generality of the foregoing, rights of way and servitudes for railways, sewers, drains, gas and oil pipelines, gas and water mains, electrical light, power, telephone, telegraph or cable television conduits, poles, wires and cables;

(b) the right reserved to or vested in any government or other public authority by the terms of any or by any statutory provision, to terminate, revoke or forfeit any of the lease or mining claims or to require annual or other periodic payments as a condition of the continuance thereof;

(c) rights reserved to or vested in any municipality or governmental, statutory or public authority to control or regulate any of the Property in any manner, and all applicable laws, rules and orders of any governmental authority; and

(d) the reservations, limitations, provisos and conditions in any original grants from the Crown on the Property or interests therein and statutory exceptions to title.

"Property" means the property subject to the Claims, including any renewals, extensions or replacements thereof, together with any other Mining Rights Contracts held or applied for in connection therewith together with all other rights and mineral interests appurtenant or incidental thereto, including where the context permits or requires all information in respect thereto resulting from Mining Operations pursuant to this Agreement.

"Shares" means common shares in the capital of Delta as constituted on the date of this Agreement.

1.2 *Headings.* The division of this Agreement into Paragraphs and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms "this Agreement", "hereof", "hereunder" and similar expressions refer to this Agreement and not to any particular Article, Paragraph or other portion hereof and include any agreement supplemental hereto. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles and Paragraphs are to Articles and Paragraphs of this Agreement.

1.3 *Legislation.* Any reference to a provision in any legislation is a reference to that provision as now enacted, and as amended, re-enacted or replaced from time to time, and in the event of such amendment, re-enactment or replacement any reference to that provision shall be read as referring to such amended, re-enacted or replaced provision.

1.4 *Extended Meanings.* In this Agreement words importing the singular number only shall include the plural and *vice versa,* words importing the masculine gender shall include the feminine and neuter genders and *vice versa* and words importing persons shall include individuals, partnerships, associations, trusts, unincorporated organizations and corporations.

1.5 *Currency.* All references to currency herein are to lawful money of Canada.

1.6 *Schedules.* The following are the Schedules annexed hereto and incorporated by reference and deemed to be part hereof:

Schedule A	-	Description of Property & Claims
Schedule B	-	Form of Joint Venture Agreement

2. Representations and Warranties

2.1. *Representations and Warranties of Cassidy*. Cassidy represents and warrants to Delta that:

(a) Cassidy is a corporation duly incorporated, organized and subsisting under the laws of British Columbia with the corporate power to own its assets and to carry on its business;

(b) Cassidy has good and sufficient power, authority and right to enter into and deliver this Agreement and to option and transfer its legal and beneficial interest in the Property to Delta free and clear of all liens, charges, encumbrances and other rights of others other than the Permitted Encumbrances and pursuant to the Doyle Option Agreement;

(c) other than the Doyle Option Agreement, there is no contract, option or any other right of another binding upon or which at any time in the future may become binding upon Cassidy to option, sell, transfer, assign, pledge, charge, mortgage, explore or in any other way option, dispose of or encumber all or part of the Property or any portion thereof or interest therein other than pursuant to the provisions of this Agreement;

(d) neither the entering into nor the delivery of this Agreement nor the completion of the transactions contemplated hereby by Cassidy will result in the violation of any agreement or other instrument to which Cassidy is a party or by which Cassidy is bound, or any applicable law, rule or regulation;

(e) other than the Doyle Option Agreement, Cassidy is not a party to or bound by any contract or commitment to pay any royalty, fee or land payment with respect to the Property or any portion thereof or interest therein;

(f) pursuant to the Doyle Option Agreement, Cassidy has the option to purchase 100% of the right, title and interest in and to the Property and is required to pay to Doyle 2% of net smelter returns from the Property and there is no adverse claim or challenge against or to the ownership of or title to the Property or any portion thereof or interest therein nor is there any basis for any such claim or challenge;

(g) except for the Permitted Encumbrances, the Property (including all ores, concentrates, minerals metals or products in, on or under the Property or which may be removed or extricated therefrom) is free and clear of any and all liens, charges and encumbrances and is not subject to any right, claim or interest of any other person;

(h) the Property is properly and accurately described in Schedule A" hereto and (i) has been duly and properly staked and recorded in accordance with laws in effect in the jurisdiction in which the Property is located; and (ii) is in good standing under the laws of the jurisdiction in which the Property is located up to and including at least the expiry dates set forth in Schedule "A";

(i) the conditions on and relating to the Property respecting all past and current operations thereon are in compliance with all applicable federal, provincial and municipal laws including all Environmental Laws; and Cassidy has not received from any Government or Regulatory Authority any notice of, or communication relating to, any actual or alleged Environmental Claims, and there are no outstanding work orders or actions required to be taken relating to environmental matters respecting the Property or any operators carried out thereon;

(j) there are no actions, suits or proceedings pending or threatened against or adversely affecting, or which could adversely affect, the Property or any portion thereof or interest therein or before or by and federal, provincial, municipal or other governmental court or Government or Regulatory Authority whether or not insured, and which might involve the possibility of any judgment or liability affecting the Property or any portion thereof or interest therein or lien, charge or encumbrance thereon;

(k) Cassidy has been independently advised as to the restrictions on its ability to transfer or resell the Shares and, in particular, that the Shares are subject to a hold period in accordance with applicable securities laws and that the certificates representing the Shares shall bear legends denoting such resale restrictions; and

(l) Cassidy is not a non-resident for the purposes of Paragraph 116 of the *Income Tax Act* (Canada).

2.2. *Representations and Warranties of Delta*. Delta represents and warrants to Cassidy that:

(a) Delta is a corporation duly incorporated, organized and subsisting under the laws of British Columbia with the corporate power to own its assets and to carry on its business in the jurisdiction in which the Property is located;

(b) Delta has all necessary power and authority to enter into this Agreement and any agreement or instrument referred to in or contemplated by this Agreement and to do all such acts and things as are required to be done, observed or performed by it, in accordance with the terms of this Agreement and any agreement or instrument referred to in or contemplated by this Agreement;

(c) neither the entering into nor the delivery of this Agreement nor the completion of the transactions contemplated hereby by Delta will result in the violation of any agreement or other instrument to which Delta is a party or by which Delta is bound, or any applicable law, rule or regulation;

(d) Delta is a reporting issuer, as such term is defined in the applicable securities legislation, in Province of British Columbia and is not in default of filing financial statements required by such applicable securities legislation or paying prescribed fees and charges related thereto;

(e) the Shares to be issued and delivered to Cassidy hereunder have been validly created and authorized for issuance and when so issued and delivered shall be duly and validly issued as fully paid and non-assessable Shares; and

(f) Delta is not a non-resident for the purposes of Paragraph 116 of the *Income Tax Act* (Canada).

2.3. *Acknowledgement of Cassidy*. As the issuance of the Shares to Cassidy are being completed pursuant to exemptions from the requirements to provide Cassidy with a prospectus and to sell the securities issuable pursuant to this Agreement through a person registered to sell securities under applicable securities legislation: (a) certain protections, rights and remedies provided by applicable securities legislation, including statutory rights of rescission or damages, shall not be available to Cassidy and Cassidy may not receive information that Cassidy would be entitled to under applicable securities legislation if no prospectus exemption was available; (b) Delta is relieved of certain obligations which would otherwise apply under applicable securities legislation; (c) various filings must be completed and disclosures made to the securities regulatory authorities having jurisdiction over the securities of Delta and to the Exchange; (d) no securities commission or similar regulatory authority has reviewed or passed on the merits of the Shares to be issued herein; and (e) there is no government or other insurance covering the Shares to be issued herein.

2.4. *Acknowledgement and Covenant of Delta.* Delta acknowledges and agrees that the Option granted to Delta is pursuant to an assignment by Cassidy of its rights under the Doyle Option Agreement and Delta covenants to perform the obligations of Cassidy under the Doyle Option Agreement to the same extent as if Delta had originally executed the Doyle Option Agreement.

2.5. *Reliance and Survival*. The representations, warranties and acknowledgements set out in this section 2 have been relied on by the Parties in entering into this Agreement. All representations and warranties made herein will survive the delivery of this Agreement to the Parties and the completion of the transactions contemplated hereby and, notwithstanding such completion, will continue in full force and effect for the benefit of Cassidy or Delta, as the case may be, for a period of two years from the exercise, lapse or termination of the Option.

3. Grant of Option

3.1. *Grant of Option*. Effective as at the Approval Date, Cassidy hereby grants to Delta the exclusive right and option (the "Option") to earn 60% of the undivided right, title and interest in and to the Property in accordance with sections 4 and 5 of this Agreement.

3.2. *Working Right*. Cassidy hereby further grants to Delta the exclusive working right during the period from the Approval Date but prior to the exercise, lapse or termination of the Option (the "Option Period") to enter upon the Property, to conduct Mining Operations on the Property and to have quiet possession thereof. Delta shall conduct all Mining Operations in compliance with all applicable statutes, regulations, by-laws, orders and judgments and all applicable directives, rules, consents, permits, orders guidelines and policies of any Government or Regulatory Authority with jurisdiction over the Property.

3.3. *Consideration for Option*. In consideration of the Option and the other rights granted pursuant to Paragraph 3.1, Delta agrees to:

(a) issue 50,000 Shares to Cassidy on the Approval Date; and

(b) pay $10,000 to Cassidy on the Approval Date.

3.4. *Escrow*. Cassidy shall, upon execution of this Agreement, execute a recordable or registrable assignment, bill of sale, deed or other instrument, as the case may be, transferring the Property to Delta and/or its assigns, which documents shall be deposited with an escrow agent or person designated by Delta and suitable to Cassidy, together with a copy of this Agreement, such documents to be held in escrow until exercise of the Option pursuant to section 5 hereof or termination of this Agreement pursuant to section 8 hereof. All expenses of the escrow agent shall be paid by Delta.

3.5. *Option Only*. Nothing contained in this Agreement, nor any payment made, Mining Operations conducted or expenditure incurred by Delta on or in connection with the Property or part of it, nor the doing of any act or thing by Delta under the terms of this Agreement shall obligate Delta to do anything else under this Agreement other than to make payment and incur expenditures to the extent that it may have expressly undertaken to do so pursuant to the terms of this Agreement, the obligations of Delta hereunder being simply those of an optionholder.

4. Expenditures to Maintain Option

4.1. *Required Expenditures*. Subject to section 4.3, Delta shall make the following Expenditures in order to earn a 50% undivided interest in the Property :

(a) in the amount of at least $50,000 on or before the first anniversary of the Approval Date;

(b) in the amount of at least a further $100,000 on or before the second anniversary of the Approval Date; and

(c) in the amount of at least a further $150,000 on or before the third anniversary of the Approval Date.

Delta shall provide a statement of account to Cassidy within 30 days of the end of the applicable anniversary period set out above, which confirms and details the expenditures made in the applicable anniversary period, certified by a senior officer of Delta.

4.2. Further Option. Delta will have the further option to earn an additional 10% undivided interest in the Property by making Expenditures in the further amount of $200,000 on or before the fourth anniversary of the Approval Date.

4.3. *Acceleration of Expenditures*. If, at the discretion of Delta, Delta elects to accelerate expenditures on the Property in any one year in amounts more than as set out in Paragraphs 4.1 and 4.2, such expenditures in excess of the required amount shall be credited toward the expenditures required by this Agreement for the next ensuing year.

4.4. *Lapse or Surrender of Option*. Subject to Paragraph 8.3, Delta may let the Option and working right granted in Paragraphs 4.1 and 4.2 lapse by failing to incur any of the expenditures referred to in Paragraphs 4.1 and 4.2 on or before the dates specified therein.

5. Obligations during Option Period

5.1. *Covenants of Delta*. During the Option Period, Delta covenants and agrees with Cassidy to:

(a) conduct all Mining Work in a careful and miner-like manner and in compliance with all applicable statutes, regulations, by-laws, orders and judgments and all applicable directives, rules, consents, permits, orders, guidelines and policies of any Government or Regulatory Authority with jurisdiction over the Property; and

(b) keep the Property in good standing by doing and filing, or payment in lieu thereof, all necessary assessment work and maps and payment of all taxes or assessments required to be paid and by doing all other acts and things and making all other payments required to be made which may be necessary in that regard.

5.2. *Abandonment*. Delta may at any time, during the currency of the Option, abandon any one or more of the claims which comprise the Property. Delta shall give Cassidy notice in writing of any abandonment. If Cassidy so requests, Delta will retransfer such Claims as are to be abandoned to Cassidy at the cost of Cassidy, which Claims shall be in good standing for a period of at least 90 days from the initial notice of abandonment.

5.3. *No Encumbrances*. During the Option Period, Delta and Cassidy shall not pledge, mortgage or charge or otherwise encumber their beneficial interest in the property or their rights under this Agreement.

6. Exercise of Option Granted in the Property

6.1. *Exercise of Option*. If, on or before the fourth anniversary of the Approval Date, Delta has issued the Shares and made the payments referred to in Paragraph 3.3 and made the expenditures in the aggregate amount of $500,000 in accordance with Section 4, Delta may exercise the Option by giving written notice to Cassidy, together with a statement of account certified by a senior officer of Delta confirming such expenditures. In such event Delta shall become the owner of 60% of the right, title and interest of Cassidy in and to the Property.

7. <u>Formation of Joint Venture</u>

7.1. *Joint Venture*. If Delta exercises its right under Paragraph 6.1 and becomes the owner of 60% of the right, title and interest of Cassidy in and to the Property, then Delta and Cassidy shall forthwith each execute and deliver to the other the Joint Venture Agreement attached as Schedule "B" hereto provided, however, that if either Party neglects or refuses to execute and deliver such Joint Venture Agreement within 3 Business Days then as and from the date Delta exercises its right under Paragraph 6.1 the Parties shall be deemed conclusively without executing any further agreement to have formed a Joint Venture for the purposes of, and according to the terms and condition contained in the Joint Venture Agreement attached as Schedule "B" hereto. The Joint Venture Agreement shall govern the subsequent relationship between Cassidy and Delta with respect to all subsequent Mining Operations on the Property.

7.2. *Initial Interests and Expenditures*. On the date of formation of the Joint Venture the Parties shall, for purposes of the Joint Venture Agreement, be deemed to have the following initial interest and to have incurred, as prior exploration costs, moneys under this Agreement in the amounts as follows:

	Undivided Interest	Deemed Expenditures
Delta	60%	$500,000
Cassidy	40%	$333,333

7.3. *Title to Property*. The title to the Property shall be recorded on the formation of the Joint Venture in each of the names of the Cassidy and Delta as to their respective undivided interests.

8. <u>Termination</u>

8.1. *Termination for Cause*. Subject to Paragraph 8.3, Cassidy may terminate this Agreement and the Option and working right herein shall lapse if:

(a) Delta is in default of any term or condition of this Agreement;

(b) Cassidy gives Delta written notice specifying the particulars of the default; and

(c) upon expiration of 30 days from the date of receipt by Delta of such notice, Delta has failed to cure the default or, if such default cannot reasonably be cured within such 30 day period, has failed to make commercially reasonable efforts to implement a cure for such default.

8.2. *Surrender of Rights*. Subject to Paragraph 8.3, Delta may give Cassidy written notice of its intention to surrender all of its rights hereunder and upon expiration of 30 days from the date of receipt by Cassidy of such notice, this Agreement shall terminate and working right herein shall lapse.

8.3. *Obligations on Termination*. Notwithstanding any other provisions of this Agreement, in the event of lapse, termination or surrender of the Option and/or this Agreement, as the case may be, Delta shall:

(a) ensure that any Claims comprising the Property are in good standing for a period of at least 12 months from the lapse, termination or surrender of the Option and/or this Agreement, as the case may be, and upon request of Cassidy, retransfer any Claims to Cassidy in the name of Delta;

(b) deliver to Cassidy any and all reports, maps, assessment reports and maps, samples, assay results, drill cores and engineering data of any kind whatsoever pertaining to the Property or related to Mining Work which have not been previously delivered to Cassidy; and

(c) upon notice from Cassidy, remove all materials supplies and equipment from the Property; provided however, that Cassidy may retain ore and, at the cost of Delta, dispose of any such materials, supplies or equipment not removed from the Property within 90 days of receipt of such notice by Delta.

8.4. *Provisions which Operate Following Termination.* Notwithstanding any termination of this Agreement for any reason whatsoever and with or without cause, the provisions of Sections 2.5 and 8.3 and any other provisions of this Agreement necessary to give efficacy thereto shall continue in full force and effect following any such termination.

9. Impossibility of Performance

9.1. *Impossibility of Performance.* Notwithstanding any term in this Agreement, if a Party is at any time delayed from carrying out any action under this Agreement due to circumstances beyond the reasonable control of such Party, acting diligently, the period of any such delay shall be excluded in computing, and shall extend the time within which such Party may exercise its rights and/or perform its obligations under this Agreement. A Party relying on this section 9 shall promptly deliver to the other Party notice of the event giving rise to the application of this paragraph and a second notice stating the date on which the application of this Section 9 ceased.

10. Notices & Payments

10.1. *Notice.* Any demand, notice or other communication (a “Communication”) to be made or given in connection with this Agreement shall be made or given in writing and may be made or given by personal delivery, registered mail or facsimile addressed to the recipient at the addresses or facsimile numbers of the parties provided on the first page of this Agreement or such other address or individual as may be designated by notice by either party to the other. Any Communication made or given by personal delivery shall be conclusively deemed to have been given on the day of actual delivery thereof, if made or given by registered mail, on the 4th day, other than a day which is not a Business Day, following the deposit thereof in the mail, and if made or given by facsimile, on the day, other than a day which is not a Business Day, following the day it was confirmed as received. If the party giving any Communication knows or ought reasonably to know of any difficulties with the postal system which might affect the delivery of the mail, any such Communication shall not be mailed but shall be made or given by personal delivery.

10.2. *Payments.* Payments hereunder shall be made in lawful money of Canada and shall be addressed to the recipient at the addresses of the recipient parties provided on the first page of this Agreement or such other address or individual as may be designated by notice by the recipient party in accordance with Paragraph 10.1. If any payment herein shall become due on a day that is not a Business Day, such payment shall be made on the next succeeding Business Day.

11. Regulatory Approval

11.1. *TSX Approval.* This Agreement and the transactions contemplated hereunder shall be subject to the filing with and acceptance by the Exchange and any other regulatory authority having jurisdiction over the securities of Delta. If such acceptance by the Exchange is not obtained within 30 Business Days of the date of this Agreement, Cassidy may, at its option, terminate this Agreement and the Option and working rights herein upon written notice to Delta.

12. Public Announcements

12.1. *Public Announcements.* Cassidy shall not, without the prior consent of Delta, make any disclosure regarding the existence, purpose, scope, content, terms or conditions of this Agreement or other agreements relating thereto save to the extent such disclosure comprises information already publicly available or unless it is necessary for Cassidy to make such disclosure in order to comply with a statutory obligation or the requirements of a competent government or statutory agency; provided that, where practicable, a copy of any proposed announcement or statement shall be furnished to Delta in advance of the proposed date of publication.

13. General Provisions

13.1. *Entire Agreement*. This Agreement, including all the Schedules hereto, together with the agreements and other documents to be delivered pursuant hereto, constitutes the entire agreement among the parties pertaining to the subject matter hereof and supersedes any and all prior agreements, understandings, negotiations and discussions, whether oral or written, of the Parties and there are no warranties, representations or other agreements among the Parties in connection with the subject matter hereof except as specifically set forth herein and therin.

13.2. *Waiver*. The failure of a Party in any one or more instances to insist upon strict performance of any of the terms of this Agreement or to exercise any right or privilege arising under it shall not preclude it from requiring by reasonable notice that any other party duly perform its obligations or preclude it from exercising such a right or privilege under reasonable circumstances, nor shall waiver in any one instance of a breach be construed as an amendment of this Agreement or waiver of any later breach.

13.3. *Assignment*. Either Party shall be permitted to assign this Agreement. Any assignment shall be subject to the assignee entering into an agreement, in form and substance satisfactory to counsel for the other Party, to be bound by this Agreement. This Agreement shall enure to the benefit of and be binding upon the Parties hereto and their respective successors and assigns.

13.4. *Further Assurances*. Each Party shall from time to time at the request of the other Party and without further consideration, execute and deliver all such other additional assignments, transfers, instruments, notices, releases and other documents and shall do all such other acts and things as may be necessary or desirable to assure more fully the consummation of the transactions contemplated hereby.

13.5. *Time*. Time shall be of the essence of this Agreement.

13.6. *Amendment*. This Agreement may be amended or varied only by agreement in writing signed by each of the Parties. Unless the context otherwise so requires, a reference to this Agreement shall include a reference to this Agreement as amended or varied from time to time.

13.7. *Severability*. If any provision of this Agreement is determined to be invalid or unenforceable in whole or in part, such invalidity or unenforceability shall attach only to such provision or part thereof and the remaining part of such provision and all other provisions hereof shall continue in full force and effect.

13.8. *Governing Law and Attornment.* This Agreement shall be governed by and interpreted in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein and the Parties hereby irrevocably attorn to the jurisdiction of the Courts of the Province of British Columbia. For the purpose of all legal proceedings, this Agreement shall be deemed to have been performed in the Province of British Columbia and the courts of the Province of British Columbia shall have exclusive jurisdiction to entertain any action arising under this Agreement.

13.9. *Counterparts*. This Agreement may be executed by facsimile and in as many counterparts as are necessary and shall be binding on each Party when each Party has signed and delivered one such counterpart. When a counterpart of this Agreement has been executed by each Party, all counterparts together shall constitute one agreement.

IN WITNESS WHEREOF this Agreement has been duly executed by the respective parties hereto effective as of the date first above written.

DELTA EXPLORATION INC.
By:

c/s

"Wayne F. Waters"
(Authorized Signatory)

CASSIDY GOLD CORP.
By:

c/s

"James T. Gillis"
(Authorized Signatory)

SCHEDULE "A"

To an Agreement made as of August 20, 2002 between
Cassidy Gold Corp. and Delta Exploration Inc.

<u>Description of Claims</u>

Claim Name	***Tenure No.***	***Units***	***Area (ha)***	***Expiry Date***	***NTS***
Silver Lynx 1	386738	20	500	May 20, 2004	82F/6W
Silver Lynx 3	381521	1	25	Oct 19, 2003	82F/6W
Silver Lynx 5	381523	1	25	Oct 20, 2003	82F/6W
Silver Lynx 6	381524	1	25	Oct 23, 2003	82F/6W
Silver Lynx 8	381526	1	25	Oct 23, 2003	82F/6W
Silver Lynx 11	382908	1	25	Nov 14, 2003	82F/6W
Silver Lynx 12	382909	1	25	Nov 22, 2003	82F/6W
Silver Lynx 14	382911	1	25	Nov 22, 2003	82F/6W
Silver Lynx 16	382913	1	25	Nov 22, 2003	82F/6W
Silver Lynx 17	386739	1	25	May 20, 2004	82F/6W
Silver Lynx 18	386740	1	25	May 20, 2004	82F/6W
Silver Lynx 19	387595	1	25	Jun 16, 2004	82F/6W
Silver Lynx 20	387596	1	25	Jun 16, 2004	82F/6W
Silver Lynx 21	387597	1	25	Jun 16, 2004	82F/6W
Rover 7	380873	1	25	Sep 17, 2003	82F/6W
Rover 8	380874	1	25	Sep 17, 2003	82F/6W

SCHEDULE “B”

To an Agreement made as of August 20, 2002 between
Cassidy Gold Corp. and Delta Exploration Inc.

Joint Venture Agreement

JOINT VENTURE AGREEMENT

THIS AGREEMENT made as of __________;

BETWEEN:

CASSIDY GOLD CORP., a company incorporated under the laws of British Columbia;

("Cassidy")

AND:

DELTA EXPLORATION INC., a company incorporated under the laws of British Columbia;

("Delta")

BACKGROUND:

A. Delta and Cassidy each hold an interest, as to 60% and 40% respectively, in the Claims comprising of the Property as more particularly set out in Schedule "A" hereto;

B. Delta and Cassidy have agreed to form an unincorporated joint venture (as hereafter defined) for the exploration, development and exploitation of the Claims; and

C. Delta and Cassidy wish to set out in writing the terms of their agreement with respect to the foregoing matters and the terms upon which the joint venture is to be organized and operated.

TERMS OF AGREEMENT

IN CONSIDERATION of the mutual agreements herein contained and of other good and valuable consideration (the receipt and sufficiency of which are acknowledged by each party), the parties agree with one another as follows:

1. INTERPRETATION

1.1 *Definitions.* Whenever used in this Agreement, the following words and terms will have the respective meanings ascribed to them below:

"Affiliate" has the meaning set out in the *Company Act* (British Columbia).

"Agreement" means this agreement, including the recitals and the Schedules all as amended, supplemented or restated from time to time.

"Associate" has the meaning set out in the *Securities Act* (British Columbia).

"Business Day" means a day other than a Saturday, Sunday or statutory holiday in British Columbia.

"Claims" means the claims set out in Schedule "A" to this Agreement and includes any mineral claims that are now or may hereafter be acquired by either or both of the Parties for the Joint Venture in accordance with the terms of this Agreement.

"Commercial Production" means the operation of the Property or any portion thereof as a producing mine and the production of mineral products therefrom (excluding bulk sampling, pilot plant or test operations).

“Government or Regulatory Authority” means any federal, provincial, regional, municipal or other government, governmental department, regulatory authority, commission, board, bureau, agency or instrumentality that has lawful authority to regulate or administer or govern the business or property or affairs of any person, and for the purposes of this Agreement also includes any corporation or other entity owned or controlled by any of the foregoing and any stock exchange on which shares of a Party are listed for trading.

“Initial Joint Value Interest” has the meaning set out in paragraph 3.1 of this Agreement.

“Joint Venture” means the business arrangement and relationship between the Parties in respect of the Property and the Joint Venture Assets established pursuant to Section 3 of this Agreement as more fully described in paragraph 4.1 of the Agreement.

“Joint Venture Accounts” has the meaning set out in paragraph 5.3(h) of this Agreement.

“Joint Venture Assets” has the meaning set out in paragraph 3.1 of this Agreement.

“Joint Venture Interest” means the Initial Joint Venture Interest as may be amended at anytime and from time to time pursuant to paragraph 3.3 of this Agreement.

“Mining Operations” means every kind of work done on or in respect of the Property or the products derived therefrom by or under the direction of the Operator and includes, without limiting the generality of the foregoing, work of assessment, geophysical, geochemical and geological surveys, studies and mapping, assaying and metallurgical testing, investigating, drilling, designing, examining, equipping, improving, surveying, shaft-sinking, raising, crosscutting and drifting, searching for, digging, trucking, sampling, working and procuring minerals, ores and concentrates, bringing any mining claims to lease, reclamation and in doing all work usually considered to be prospecting, exploration, development and mining work; in paying wages and salaries of persons engaged in such work and in supplying food, lodging, transportation and other reasonable needs of such persons; in paying insurance premiums and assessments or premiums for workers’ compensation insurance, contributions for unemployment insurance or other pay allowances or benefits customarily paid in the district to such persons; in paying rentals, licence renewal fees, taxes and other governmental charges required to keep the Property in good standing; in purchasing or renting plant, buildings, machinery, tools, appliances, equipment or supplies and in installing, erecting, detaching and removing the same or any of them; and in the management of any work which may be done on the Property or in any other respects necessary in the opinion of the Operator for the due carrying out of such prospecting, exploration, development and mining work.

“Mining Rights Contracts” means any instruments or agreements, whether or not reduced to writing, by whatever name called under applicable law or practice and whether obtained from a Government or Regulatory Authority or any other person, pursuant to which rights that are or are analagous to rights to explore for and/or commercially exploit base and precious metals and other minerals are held, or owned, and shall include, without limitation, a “mineral claim”, “mineral interest”, “mining claim”, “grant”, “concession”, “exclusive permission”, “mining contract”, “mining licence”, “exploitation permit”, “right of reconnaissance”, “right or exploration”, “research permit”, “exploration permit”, “royalty interest”, or otherwise.

“Operator” has the meaning set out in paragraph 5.1 of this Agreement, subject to paragraph 5.2 of this Agreement.

“Parties” means the parties to this Agreement and their respective successors and permitted assigns which become parties pursuant to this Agreement and “Party” means any one of the Parties;

"Property" means the property subject to the Claims, including any renewals, extensions or replacements thereof, together with any other Mining Rights Contracts held or applied for in connection therewith together with all other rights and mineral interests appurtenant or incidental thereto, including where the context permits or requires all information in respect thereto resulting from Mining Operations pursuant to this Agreement.

1.1. *Headings.* The division of this Agreement into Sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms "this Agreement", "hereof", "hereunder" and similar expressions refer to this Agreement and not to any particular Article, Section or other portion hereof and include any agreement supplemental hereto. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles and Sections are to Articles and Sections of this Agreement.

1.2. *Legislation.* Any reference to a provision in any legislation is a reference to that provision as now enacted, and as amended, re-enacted or replaced from time to time, and in the event of such amendment, re-enactment or replacement any reference to that provision shall be read as referring to such amended, re-enacted or replaced provision.

1.3. *Extended Meanings.* In this Agreement words importing the singular number only shall include the plural and *vice versa*, words importing the masculine gender shall include the feminine and neuter genders and *vice versa* and words importing persons shall include individuals, partnerships, associations, trusts, un-incorporated organizations and corporations.

1.4. *Accounting Principles.* Wherever in this Agreement reference is made to a calculation to be made in accordance with generally accepted accounting principles, such reference shall be deemed to be to the generally accepted accounting principles from time to time approved by the Canadian Institute of Chartered Accountants, or any successor institute, applicable as at the date on which such calculation is made or required to be made in accordance with generally accepted accounting principles.

1.5. *Currency.* All references to currency herein are to lawful money of Canada.

1.6. *Schedules.* The following are the Schedules annexed hereto and incorporated by reference and deemed to be part hereof:

Schedule A - Description of Claims

2. <u>REPRESENTATIONS AND WARRANTIES</u>

2.1. *Cassidy's Representations and Warranties.* Cassidy represents and warrants to Delta that:

(a) Cassidy is a corporation duly incorporated, organized and subsisting under the laws of British Columbia with the corporate power to own its assets and to carry on its business in the jurisdiction in which the Property is located;

(b) Cassidy has all necessary power and authority to own or lease its assets and carry on its business as presently carried on, to carry out its obligations herein and to enter into this Agreement and any agreement or instrument referred to in or contemplated by this Agreement and to do all such acts and things as are required to be done, observed or performed by it, in accordance with the terms of this Agreement and any agreement or instrument referred to in or contemplated by this Agreement;

(c) the execution, delivery and performance of this Agreement by Cassidy, and the consummation of the transactions herein contemplated will not (i) violate or conflict with any term or provision of any of the articles, by-laws or other constating documents of Cassidy; (ii) violate or conflict with any term or provision of any order of any court, Government or Regulatory Authority or any law or regulation of any jurisdiction in which Cassidy's business is carried on; or (iii) conflict with, accelerate the performance required by or result in the breach of any agreement to which it is a party or by which it is currently bound;

(d) this Agreement constitutes a valid and legally binding obligation of Cassidy, enforceable against Cassidy in accordance with its terms subject to applicable bankruptcy, insolvency, reorganization and other laws of general application limiting the enforcement of creditors' rights generally and to the fact that specific is an equitable remedy available only in discretion of the court; and

(e) there are no actions, suits, or proceedings (whether or not purportedly on behalf of Cassidy) pending or threatened against or materially adversely affecting, or which could materially adversely affect, the Property or Claims or before or by any federal, provincial, municipal or other governmental court, department, commission, board, bureau, agency or instrumentality, domestic or foreign, whether or not insured, and which might involve the possibility of any lien, charge, encumbrance or any right of another against the Property or the Joint Venture Assets.

2.2. *Delta's Representations and Warranties.* Delta represents and warrants to Cassidy that:

(a) Delta is a corporation duly incorporated, organized and subsisting under the laws of British Columbia with the corporate power to own its assets and to carry on its business in the jurisdiction in which the Property is located;

(b) Delta has all necessary power and authority to own or lease its assets and carry on its business as presently carried on, to carry out its obligations herein and to enter into this Agreement and any agreement or instrument referred to in or contemplated by this Agreement and to do all such acts and things as are required to be done, observed or performed by it, in accordance with the terms of this Agreement and any agreement or instrument referred to in or contemplated by this Agreement;

(c) the execution, delivery and performance of this Agreement by Delta, and the consummation of the transactions herein contemplated will not (i) violate or conflict with any term or provision of any of the articles, by-laws or other constating documents of Delta; (ii) violate or conflict with any term or provision of any order of any court, Government or Regulatory Authority or any law or regulation of any jurisdiction in which Delta's business is carried on; or (iii) conflict with, accelerate the performance required by or result in the breach of any agreement to which it is a party or by which it is currently bound

(d) this Agreement constitutes a valid and legally binding obligation of Delta, enforceable against Delta in accordance with its terms subject to applicable bankruptcy, insolvency, reorganization and other laws of general application limiting the enforcement of creditors' rights generally and to the fact that specific is an equitable remedy available only in discretion of the court; and

(e) there are no actions, suits, or proceedings (whether or not purportedly on behalf of Delta) pending or threatened against or materially adversely affecting, or which could materially adversely affect, the Property or Claims or before or by any federal, provincial, municipal or other governmental court, department, commission, board, bureau, agency or instrumentality, domestic or foreign, whether or not insured, and which might involve the possibility of any lien, charge, encumbrance or any right of another against the Property or the Joint Venture Assets.

2.3. The representations and warranties set out in this section 2 have been relied on by the Parties in entering into this Agreement.

3. FORMATION OF THE JOINT VENTURE

3.1. *Creation of the Joint Venture.* Upon execution or deemed execution of this Agreement, the Joint Venture shall be created and Delta shall thereupon become the owner of a 60% Joint Venture Interest and Cassidy shall thereupon become the owner of a 40% Joint Venture Interest (the "Initial Joint Venture Interests") and the Joint Venture shall hereby be deemed to be established. The Property and all machinery, equipment, supplies and other interests therein whether real, personal of mixed that were for the purposes of the Joint Venture (the "Joint Venture Assets"), whether held by or on behalf of Delta or Cassidy, shall be deemed to be the initial assets of the Joint Venture and the property of the Joint Venture regardless of the manner in which legal title thereto may be held.

3.2. *Deemed Expenditures.* On the date of formation of the Joint Venture the Parties shall, for purposes of the Joint Venture Agreement, be deemed to have made the following expenditures:

	Undivided Interest	Deemed Expenditures
Delta	60%	$500,000
Cassidy	40%	$333,333

3.3. *Election to Increase Joint Venture Interest.* Subsequent to the Initial Joint Venture Interests and within 2 Business Days of the execution or deemed execution of this Agreement, Delta shall have a one-time right to elect in writing to Cassidy to contribute 100% of the expenditures on Mining Operations of the Joint Venture pursuant to this Agreement to the completion of a feasibility study recommending that the Property be brought into Commercial Production and Delta shall, upon completion of a feasibility study become the owner of a 65% Joint Venture Interest and Cassidy shall thereupon become the owner of a 35% Joint Venture Interest (the "Elected Joint Venture Interests").

3.4. *Corresponding Interests.* The percentage undivided interest of each of the Parties in the Property shall at all times correspond with and represent its percentage undivided interest in the Joint Venture and *vice versa*.

3.5. *Dilution of Joint Venture Interest.* Subsequent to the Initial Joint Venture Interests or subsequent to the Elected Joint Venture Interests, as the case may be, and upon a request for contribution to expenditures of the Joint Venture pursuant to this Agreement, the percentage undivided interest of each of the Parties in the Property and the Joint Venture at any time and from time to time shall be determined in accordance with the foregoing formula:

$$A = \left[\frac{[B / 100{,}000]}{[C / 100{,}000]} \right] \times 100$$

Where:

A = A Party's percentage interest in the Joint Venture

B = That Party's contribution to the expenditures of the Joint Venture

C = Contribution of both Parties to the expenditures of the Joint Venture

3.6. *Extinguishing Joint Venture Interest.* If either Party's undivided interest in the Property and the Joint Venture is reduced to 10% or less, that Party's interest in the Property and the Joint Venture shall be automatically extinguished.

4. RELATIONSHIP OF PARTIES

4.1. *Relationship.* The Joint Venture shall be an unincorporated contractual joint venture. The association of the Parties in the Joint Venture shall not be, and shall not be construed to be, a partnership relationship, an agency relationship or fiduciary relationship. Except as otherwise expressly provided herein, the rights, privileges, powers, duties, liabilities and obligations of each of the Parties as joint ventures shall be separate and not joint or joint and several.

4.2. *Ownership.* The Parties shall own and share all minerals, ores, concentrates and other products derived from the Property in the proportion of their respective percentage interests in the Joint Venture (the "Joint Venture Interest").

4.3. *Government Funding.* Any grant or other form of governmental financial assistance received by a Party with respect to Mining Operations shall be shared by the Parties in the Proportion of their Joint Venture Interests at the time that such grant or financial assistance is received.

4.4. *Partition.* A Party may not obtain partition of the Property or the Joint Venture Assets or any interest therein whether by way of physical partition, sale or otherwise and no statute providing for partition or partition and sale shall apply to the Property or any other Joint Venture Assets.

4.5. *Other Opportunities* Each Party may engage in and receive the full benefit of any activity outside the scope of the Joint Venture without consulting with or accounting to the other Party or permitting the other Party to participate therein.

5. OPERATOR

5.1. *Operator.* Subject to the terms of this Agreement, Delta shall be the Operator commencing on the date on which the Joint Venture is formed.

5.2. *Change of Operator.* If the Operator's Joint Venture Interest falls below 50%, the other Party shall automatically become the Operator.

5.3. *Duties of Operator.* The Operator shall:

(a) manage the Joint Venture in accordance with good mining practices and in accordance with the terms of this Agreement;

(b) keep the Property in good standing and pay all taxes, assessments and other charges lawfully levied or assessed against the Property, provided that the Operator shall be under no obligation to pay such taxes, assessments or other charges as long as they are being contested in good faith and non-payment thereof does not adversely affect the Property;

(c) maintain and keep the Joint Venture Assets or cause the Joint Venture Assets to be maintained and kept in good operating condition and repair in accordance with good mining practices;

(d) comply with all applicable statutes, regulations, by-laws, laws, orders and judgments and all applicable directives, rules, consents, permits, orders, guidelines, approvals and policies of any governmental authority;

(e) obtain and maintain such types and levels of property and liability insurance coverage with respect to the Joint Venture as the Operator shall consider necessary from time to time; and include in such coverage the non-Operator as a named insured to the extent of the non-Operator's undivided interest in the Joint Venture from time to time;

(f) advise the non-Operator of any accident or occurrence resulting in any damage to or destruction of any property or harm or injury to any person;

(g) require all contractors and subcontractors dealing with the Joint Venture to take out and maintain such types and levels of property and liability insurance coverage as the Operator shall consider necessary or advisable from time to time and include in such coverage the non-Operator as a named insured, require all contractors and subcontractors dealing with the Joint Venture to comply with the requirements of all applicable unemployment insurance and workers' compensation legislation;

(h) keep adequate data, information and records of its management of the Joint Venture and of the accounts which reflect all financial aspects of the Joint Venture (the "Joint Venture Accounts");

(i) provide the non-Operator with annual reports on its management of the Joint Venture, including an accounting of all expenditures incurred by the Operator and the non-Operator during such year within 60 days of the end of such year;

(j) permit the non-Operator, at all reasonable times and at the non-Operator's sole risk, access to the Property for the purposes of inspecting and observing the Mining Operations and all data pertaining thereto;

(k) permit the non-Operator, at all reasonable times, access to the Operator's books and records, including the Joint Venture Accounts, relating to the Joint Venture; and

(l) be entitled to an overhead allowance or charge equal to 10% of all other expenditures incurred pursuant to such program, provided, however, that upon the commencement of Commercial Production such allowance or charge shall be determined by the Committee considering normal industry standards and practices and on the basis that the Operator shall neither procure a profit nor suffer a loss as a result of the performance of its duties as Operator. Such allowance or charge shall be included in all budgets.

The Operator shall have all rights necessary to manage the Joint Venture including the right to enter upon the Property and conduct Mining Operations thereon.

5.4. *Payment of Taxes.* At the request of the Operator, the Parties shall promptly execute all documents and take all other actions required to make (and file, if necessary) the election provided for in the E*xcise Tax Act* (Canada), with a view authorizing the Operator to pay, from time to time, on behalf of the other Party, all taxes which relate to the Joint Venture and which may become due and payable under the *Excise Tax Act* (Canada). This paragraph 5.4 shall apply *mutatis mutandis* in respect of any similar applicable provincial legislation.

5.5. *Contingency Fund.* In accordance with the directions from the Committee, the Operator may, acting reasonably, establish and administer a contingency fund to be used by the Operator to satisfy legal obligations of the Parties respecting a mine maintenance plan or mine closure plan, including obligations for severance pay, pensions, rehabilitation and reclamation work. Each Party shall contribute its proportionate share of such fund based on such Party's Joint Venture Interest at the date of each contribution. The Operator shall prudently invest any unused portion of such fund and all income thereon shall accrue in such fund. If the Operator determines that such fund is not longer necessary, the Operator shall pay out the entirety of such fund in proportion to each Party's contribution thereto.

5.6. *Restrictions of Operator.* The Operator shall not take any of the following actions without obtaining the prior written approval of the non-Operator:

(a) create or permit to exist any lien, charge, encumbrance or any other claim of a third Party upon the interest of either Party in the Property or the Joint Venture, or any part thereof;

(b) subject to paragraph 5.7 of this Agreement abandon, sell or otherwise dispose of the Property or any part thereof; and

(c) settle any suit, claim or demand with respect to the Joint Venture involving an amount in excess of $50,000.

5.7. *Abandonment.* The Operator may abandon any of the Claims comprising the Property, if the Operator has given the non-Operator 30 days' notice of the Operator's intention to so abandon such claims and the non-Operator has not given notice to the Operator, within 30 days of receipt of the Operator's notice, electing to have such claims transferred to the non-Operator. Should the non-Operator make such an election, however, the Operator shall execute any documentation necessary to transfer such claims to the non-Operator and the Operator shall ensure that such claims shall be in good standing for a period of at least 12 months from the date of the Operator's notice. Subsequent to such abandonment or transfer, the definition of Property shall exclude such claims and the Operator shall have no further obligations and responsibilities accruing prior to the date of such abandonment or transfer pursuant to this Agreement and by applicable laws existing as of the date of such abandonment or transfer.

5.8. *Operator's Indemnity.* The non-Operator shall indemnify and save harmless the Operator from and against all third party claims, in accordance with its Joint Venture Interest, unless such claims arose pursuant to the bad faith or willful misconduct of the Operator.

5.9. *Affiliates.* Any Joint Venture Assets that the Operator may acquire or lease from an Affiliate, shall be acquired or leased at fair market value. The cost of all work which the Operator may subcontract to an Affiliate shall be equal to the fair market value of such work. Any Joint Venture Assets that the Operator may sell or dispose of to an Affiliate shall be sold or disposed of at fair market value. The Operator shall give the non-Operator written notice or any significant transaction with an Affiliate and the non-Operator may, at any time within 12 months after it has received such notice, dispute whether such transaction was at fair market value.

5.10. *Disposition of Assets.* The Operator may from time to time sell or otherwise dispose of such part of the Joint Venture Assets as may not be required for Joint Venture operations. The proceeds from each such sale or disposition shall be paid to and divided among the Parties in the proportion to their then respective Joint Venture Interests.

5.11. *Insurance Proceeds.* Any insurance moneys received in respect of any loss or damage to Joint Venture Assets shall, to the extent determined by the Operator, be applied towards the repair or replacement of the lost or damaged assets or constitute proceeds to be dealt with in accordance with paragraph 5.10 of this Agreement.

5.12. *Proceeds of Production.* If the Property or any part thereof is brought into Commercial Production, the Joint Venture Assets or any part thereof may be used for such other purposes and on such terms and conditions as the Operator may from time to time determine. The net proceeds, if any from any such use shall constitute proceeds to be dealt with in accordance with paragraph 5.10 of this Agreement, and the proceeds received shall be deemed to be an amount equal to the fair market value for such use.

5.13. *Costs and Expenses.* All costs and expenses, net of any insurance recoveries, incurred and paid by the Operator in settlement of any suit or other proceeding, claim, demand, damage, liability, loss, cost, expense or similar matter shall be and form part of the expenditures.

6. PROGRAMS AND BUDGETS

6.1. *Draft Work Programs.* The Operator shall not conduct any Mining Operations on the Property without providing to the non-Operator a draft work program. Each program shall cover a period of up to 12 months or such longer period as the Parties may agree. Each program shall contain a reasonably itemized budget of the projected expenditures under the program. The non-Operator shall have 60 days to provide comments on such draft program to the Operator.

6.2. *Notice of Participation.* Subject to paragraph 6.4 of this Agreement, the non-Operator shall notify the Operator within 60 days of receipt of the draft program of the non-Operator's decision as to whether it will participate in the program to the extent of its then Joint Venture Interest (but not to any lesser percentage.) A failure to provide such notice shall be deemed to be an election not to participate in the program.

6.3. *Contribution.* If the non-Operator elects to participate in a program, it shall contribute its proportionate share of expenditures, base on its Joint Venture Interest, within 60 days of receipt of the draft program or, in the alternative, the non-Operator may provide the Operator with an irrevocable letter of credit, in a form acceptable to the Operator, acting reasonably, in an amount equal to the non-Operator's proportionate share of expenditures, which the Operator may draw on at any time to cover such expenditures.

6.4. *Dilution of Joint Venture Interest.* If the non-Operator does not elect to participate in a program or, having so elected, fails to pay its share of expenditures in a timely manner, the non-Operator shall not have the right to participate further in such program, and:

(a) the Operator may contribute the non-Operator's share of the expenditures under the program; and

(b) the non-Operator's Joint Venture Interest in the Joint Venture shall be reduced and the Operator's Joint Venture Interest shall be increased in accordance with the formula contained in paragraph 3.5 of this Agreement.

6.5. *Failure to Submit Program.* If the Operator does not submit a program and budget for Mining Operations involving expenditures of at least $50,000 to the non-Operator within a period of at least 12 months from the date of start of the last program, then the non-Operator may, notwithstanding paragraph 5.2 of this Agreement, become the Operator and propose a program for Mining Operations for an amount of not less than $50,000.

6.6. *Non-dilution.* If the non-Operator does not elect to participate in a program and the Operator does not incur expenditures under the program at least equal to 80% of budget expenditures, the non-Operator shall not be diluted in accordance with subparagraph 3.3 of this Agreement, as long as the non-Operator provides, its proportionate share of the expenditures actually made by the Operator, within 30 days of the Operator providing notice of such situation, which notice the Operator shall deliver to the non-Operator within 30 days of the end of such program.

6.7. *Excess of Expenditures.* Expenditures incurred by the Operator exceeding the proposed program by more than 10% will not subject the non-Operator to dilution unless agreed to and approved in writing by the Parties.

6.8. *Return of Excess Contribution.* If, after completion of any program, the Operator is in possession of any moneys which, in its opinion, are not required for the discharge of obligations relating to such program, the Operator shall repay the non-Operator its share of such moneys.

7. JOINT TECHNICAL COMMITTEE

7.1. *Composition.* A joint technical committee (the "Committee") composed of 1 representative of each Party shall be established on the formation of the Joint Venture.

7.2. *Representatives.* Each Party shall, within 15 days of the establishment of the Committee, notify the other Party in writing of the name of its representative and alternate representative who may from time to time act in the absence of the representative. Each representative shall be authorized to bind the representative's respective principal at all meetings of the Committee. Each alternate representative shall be entitled to attend all Committee meetings but shall have no vote at such meetings except in the absence or disability or the representative for whom such alternate representative is the alternate. In addition, each Party may also bring to all meetings such technical and other advisors as either may deem appropriate. Each Party may, at any time and from time to time, change its representative or alternate representative by written notice given to the other Party. Such notice may be given at a meeting or the Committee and, in such event, shall be deemed to have been received by the other Party at the time when the meeting of the Committee has been duly constituted.

7.3. *Binding Decision.* Except as otherwise provided in this Agreement, the Committee shall be empowered to make all decisions, which decisions shall be binding on each Party, in respect of the Joint Venture.

7.4. *Convening Meeting.* Meetings of the Committee shall be held at least once per year in or at such other times or place as otherwise agreed upon between the Parties. In addition, the Operator may convene a meeting at any other time it deems appropriate and shall do so upon the written request of a Party's representative on the Committee, within 30 days of such request. Any such requests shall set forth the matter or matters to be considered at the meeting in question.

7.5. *Notice and Agenda.* Notice of each meeting of the Committee shall be given to the other Party by the Operator not less than 30 days prior to the date of the meeting and shall be accompanied by a proposed agenda and such supplemental information as the Operator or representative requesting the meeting deems necessary or as may be requested by the Parties. No notice of the meeting shall be necessary when both Parties are present and unanimously agree upon the meeting being held and the agenda for such meeting.

7.6. *Alternate Meetings.* In lieu of holding meetings of the Committee, as provided above, the Committee may convene telephone conferences and any actions of the Committee so taken shall be confirmed in writing and signed by the representative of each Party. In addition, the committee may, in lieu of deciding any matter at a meeting or by telephone conference, act by instrument in writing signed by the representative of each Party.

7.7. *Quorum.* A quorum for each meeting or the Committee shall consist of at least 1 representative or alternate representative of each Party.

7.8. *Secretary.* At the first and all subsequent meetings of the Committee a secretary of the Committee shall be appointed who need not be a member thereof.

7.9. *Records.* A record of decisions made by and minutes of meetings of the Committee shall be kept by the secretary of the Committee and copies thereof shall be distributed to each Party as soon as practicable following the meeting. In addition, the secretary shall keep copies of all correspondence and documents delivered to or sent by the Committee and make such documents available to each Party.

7.10. *Decisions.* All matters concerning the Joint Venture Assets shall be submitted to the Committee for determination. All decisions of the Committee shall be made by means of an affirmative majority vote of the representatives, who shall each have the number of votes that represent such representative's Party's percentage undivided interest in the Joint Venture from time to time.

8. TERMINATION

8.1. *Division of Interests.* The interest of each of the Parties in the Property and the other Joint Venture Assets on a termination and winding-up of the Joint Venture shall be in proportion to their then Joint Venture Interests at such time.

9. WITHDRAWAL FROM JOINT VENTURE

9.1. *Withdrawal.* Either Party (the "Withdrawing Party") may at any time, voluntarily withdraw from the Joint Venture and forfeit its right, title and interest in and to the Property and its rights under this Agreement by giving written notice of such withdrawal to the other Party (the "Remaining Party"), which notice shall indicate an effective date for such withdrawal of not earlier than 90 days subsequent to the delivery of such notice. In such event, subject to paragraph 9.2 of this Agreement:

(a) the Withdrawing Party shall:

(i) remain liable for its share of all amounts chargeable to it up to the effective date of the withdrawal, as well as its share of any liabilities and obligations incurred hereunder by the Joint Venture up to the effective date of the withdrawal, including its share of all costs required to complete any approved program and budget,

(ii) secure to the satisfaction of the Remaining Party its share of the costs of reclaiming the surface lands of the Property, as estimated at the effective date of withdrawal considering all applicable statutes regulations by-laws, laws, orders and judgments and all applicable directives, rules, consents, permits, orders, guidelines approvals and policies of any and the policies of any governmental authority,

(iii) remain obliged under paragraph 5.8 of this Agreement for a period of 2 years after the effective date of the withdrawal,

(iv) remain obliged to execute and deliver such documents as may be necessary to evidence the forfeiture of its Joint Venture Interest to the Remaining Party, and

(v) not be entitled to any royalty hereunder;

(b) the Remaining Party shall become the owner of 100% right, title and interest in and to the Property as or the effective date of the withdrawal; and

(c) the Joint Venture shall be terminated and the Committee shall be disbanded, as of the effective date of the withdrawal.

9.2. *Notice.* Upon receipt of a notice of withdrawal pursuant to paragraph 9.1 of this Agreement, the Remaining Party may give notice to the Withdrawing Party prior to the effective date of the withdrawal electing to join in the withdrawal, in which event the Joint Venture shall be terminated on receipt of such notice by the Withdrawing Party, the assets of the Joint Venture shall be forthwith liquidated and the proceeds obtained from such liquidation shall be distributed in proportion to each Party's Joint Venture Interest.

10. PROCESSING

10.1. *Processing.* Notwithstanding any terms in this Agreement, Cassidy may designate facilities, owned or controlled by Cassidy at which all ore, concentrate and other materials derived from the Property containing a material amount of copper and/or zinc shall be smelted, refined or otherwise processed. If Cassidy owns or controls such facilities, Cassidy shall smelt, refine or otherwise process all such or, concentrate and other materials derived from the Property on terms, considered in the aggregate, which are otherwise commercially available from a smelter, refinery or other processor not owned or controlled by Cassidy in respect of ore, concentrate or other materials identical to those derived from the Property, as applicable, of like quality and quantity.

10.2. *Limitation.* This section shall not apply if a smelter is built on the site.

11. CONFIDENTIALITY

11.1. *Confidentiality.* All data and information provided or received by the Parties with respect to the Property shall be treated as, and kept, confidential by the Parties neither of which shall disclose such data or information to third Parties, unless the disclosure is required by law or the rules or policies of a stock exchange or securities commission having jurisdiction or the disclosure is consented to by the other Party, such consent not to be unreasonably withheld or delayed. Where disclosure is required by law or such rules or policies, the disclosing Party shall provide a copy of the information to be disclosed to the other Party in advanced of disclosure for such other Party's review and consent, such consent not to be unreasonably withheld or delayed.

12. NOTICES

12.1. *Notices.* Any notice, waiver, direction or other instrument or communication required or permitted to be given to any of the Parties hereunder shall be in writing and may be given by facsimile transmission or by delivering the same:

In the case of Delta to:

203-141 Victoria Street
Kamloops, British Columbia
V2C 1Z5

Facsimile: 250-374-9296

Attention: Mr. Wayne Waters

In the case of Cassidy to:

220-141 Victoria Street
Kamloops, British Columbia
V2C 1Z5

Facsimile: 250-828-2269

Attention: Mr. James Gillis

12.2. *Deemed Delivery.* Any notice, waiver, direction or other instrument or communication if delivered shall be deemed to have been validly and effectively given on the date on which it was delivered and, if sent by facsimile transmission, shall be deemed to have been validly and effectively given on the next Business Day following the day on which it was sent; provided that, if the day of delivery is not a Business Day, such notice, waiver, direction or other instrument or communication shall be deemed to have been given and received on the next Business Day following such date.

12.3. *Amendment of Address.* Each of Cassidy and Delta may change its address for notices or service from time to time by notice given in accordance with the foregoing.

13. PUBLIC ANNOUNCEMENTS

13.1. *Public Announcements.* No Party hereto shall, without the prior consent of the others, make any disclosure regarding the existence, purpose, scope, content, terms or conditions of this Agreement or other agreements relating thereto save to the extent such disclosure comprises information substantially already publicly available or unless it is necessary for that Party to make such disclosure in order to comply with a statutory obligation or the requirements of a competent government or statutory agency; provided that, where practicable, a copy of any proposed announcement or statement shall be furnished to the other Parties hereto in advance of the proposed date of publication. Nothing herein shall prevent disclosure of the terms of this Agreement to a corporate Party's directors, officers, employees or agents or its financial, legal, accounting or other advisors.

14. IMPOSSIBILITY OF PERFORMANCE

14.1. *Impossibility of Performance.* Notwithstanding any term of this Agreement, if a Party is at any time delayed from carrying out any action under this Agreement due to circumstances beyond the reasonable control of such Party (excluding lack of funds), acting diligently, the period of any such delay shall be excluded in computing, and shall extend the time within such Party may exercise its rights and/or perform its obligations under this Agreement. A Party relying on this paragraph 14.1 shall promptly deliver to the other Party notice of the event giving rise to the application of this paragraph and a second notice stating the date on which the application of this paragraph 14.1 ceased.

15. GENERAL PROVISIONS

15.1. *Entire Agreement*. This Agreement, including all the Schedules hereto, together with the agreements and other documents to be delivered pursuant hereto, constitutes the entire agreement among the Parties pertaining to the subject matter hereof and supersedes any and all prior agreements, understandings, negotiations and discussions, whether oral or written, of the Parties and there are no warranties, representations or other agreements among the Parties in connection with the subject matter hereof except as specifically set forth herein and therein.

15.2. *Costs and Expenses*. Each Party hereto shall bear its own legal and accounting costs, stamp and other duties, transfer taxes and other costs and expenses in relation to the negotiation, preparation, execution and performance of this Agreement.

15.3. *Waiver*. The failure of a Party in any one or more instances to insist upon strict performance of any of the terms of this Agreement or to exercise any right or privilege arising under it shall not preclude it from requiring by reasonable notice that any other Party duly perform its obligations or preclude it from exercising such a right or privilege under reasonable circumstances, nor shall waiver in any one instance of a breach be construed as an amendment of this Agreement or waiver of any later breach.

15.4. *Assignment*. Neither Party may assign this Agreement or any rights hereunder or in the Property without the prior written consent of the other Party, such consent not to be unreasonably withheld, except that either Party may assign this Agreement to an Affiliate by delivering notice to that effect to the other Party. Any such assignment to an affiliate shall not release the assigning Party from any liability under this Agreement. This Agreement enures to the benefit of and binds the Parties and their respective successors and permitted assigns.

15.5. *Further Assurances*. The Parties shall from time to time at the request of any of the other Party hereto and without further consideration, execute and deliver all such other additional assignments, transfers, instruments, notices, releases and other documents and shall do all such other acts and things as may be necessary or desirable to assure more fully the consummation of the obligations contemplated hereby.

15.6. *Time*. Time shall be of the essence of this Agreement.

15.7. *Amendment*. This Agreement may be amended or varied only by agreement in writing signed by the Parties. Unless the context otherwise so requires, a reference to this Agreement shall include a reference to this Agreement as amended or varied from time to time.

15.8. *Remedies*. All remedies, rights, undertakings, obligations or agreements of the Parties arising by law, this Agreement or otherwise shall be cumulative and none thereof shall be in limitation of any other right, remedy, undertaking, obligation or agreement of such Party. Each Party may follow any remedy to which such Party is entitled by law, this Agreement or otherwise concurrently or successively at that

Party's option.

15.9. *Severability*. If any provision of this Agreement is determined to be invalid or unenforceable in whole or in part, such invalidity or unenforceability shall attach only to such provision or part thereof and the remaining part of such provision and all other provisions hereof shall continue in full force and effect.

15.10. *Governing Law and Attornment.* This Agreement will be in all respects be governed by, subject to interpreted and enforced exclusively in accordance with the internal laws of the Province of British Columbia and the laws of Canada applicable therein and the Parties attorn to the non-exclusive jurisdiction of the the courts of the Province of British Columbia (including the Supreme Court of Canada).

15.11. *Arbitration.* In the event of any dispute or disagreement between the Parties involving any provision of this Agreement, then either Party may refer the dispute or disagreement to a single arbitrator to effect a binding resolution of the matter pursuant to the *Commercial Arbitration Act* (British Columbia), and the decision of the arbitrator will be final and binding upon the Parties. The arbitrator may order interest and costs to any party or in the absence of such order, each Party will bear its own costs and one-half of the costs of the arbitrator. Nothing in this Paragraph 15.11 will limit the right of either Party to obtain an injunction or interlocutory relief with respect to any breach of this agreement.

15.12. *No Presumption.* Should any provision of this Agreement require judicial interpretation, mediation or arbitration, it is agreed that the court, mediator or arbitrator interpreting or construing this Agreement will not apply the presumption that the terms thereof will be more strictly construed against one Party by reason of any rule of construction that a document is to be construed more strictly against the Party who itself or through its agent prepared the same.

15.13. *Counterparts*. This Agreement may be executed by facsimile and in as many counterparts as are necessary, each of which shall be deemed to be an original, and shall be binding on each Party when each Party hereto has signed and delivered one such counterpart. When a counterpart of this Agreement has been executed by each Party, all counterparts together shall constitute one agreement.

IN WITNESS WHEREOF this Agreement has been duly executed by the respective parties hereto effective as of the date first above written.

CASSIDY GOLD CORP.
By:

c/s

____
(Authorized Signatory)

____
(Authorized Signatory)

DELTA EXPLORATION INC.
By:

c/s

____
(Authorized Signatory)

____
(Authorized Signatory)

SCHEDULE "A"

To an Agreement made as of __________ between
Cassidy Gold Corp. and Delta Exploration Inc..

Description of Claims

Claim Name	***Tenure No.***	***Units***	***Area (ha)***	***Expiry Date***	***NTS***
Silver Lynx 1	386738	20	500	May 20, 2004	82F/6W
Silver Lynx 3	381521	1	25	Oct 19, 2003	82F/6W
Silver Lynx 5	381523	1	25	Oct 20, 2003	82F/6W
Silver Lynx 6	381524	1	25	Oct 23, 2003	82F/6W
Silver Lynx 8	381526	1	25	Oct 23, 2003	82F/6W
Silver Lynx 11	382908	1	25	Nov 14, 2003	82F/6W
Silver Lynx 12	382909	1	25	Nov 22, 2003	82F/6W
Silver Lynx 14	382911	1	25	Nov 22, 2003	82F/6W
Silver Lynx 16	382913	1	25	Nov 22, 2003	82F/6W
Silver Lynx 17	386739	1	25	May 20, 2004	82F/6W
Silver Lynx 18	386740	1	25	May 20, 2004	82F/6W
Silver Lynx 19	387595	1	25	Jun 16, 2004	82F/6W
Silver Lynx 20	387596	1	25	Jun 16, 2004	82F/6W
Silver Lynx 21	387597	1	25	Jun 16, 2004	82F/6W
Rover 7	380873	1	25	Sep 17, 2003	82F/6W
Rover 8	380874	1	25	Sep 17, 2003	82F/6W