

ARRANGEMENT AGREEMENT

between

SENNEN RESOURCES LTD.

and

CHELSEA MINERALS CORP.

February 15, 2011

This Agreement is a contractual document that has been negotiated between the parties and establishes and governs the legal relations among the parties hereto. Its text is not intended to be, and not be interpreted as, a source of factual, business or operational information or other disclosure to securityholders or investors. This Agreement contains representations, warranties and covenants that are qualified and limited, including by information in the documents referenced in the Agreement that the parties delivered in connection with the execution of the Agreement, certain other information provided by the parties to the other parties, or disclosed in public filings with Canadian securities regulatory authorities. Representations and warranties may be used as a tool to allocate risks between the parties to the Agreement, including where the parties do not have complete knowledge of all facts, instead of establishing such matters as facts. Further, the representations and warranties may be subject to different standards of materiality applicable to the parties, which may differ from what may be considered as material to securityholders or investors. The representations and warranties contained in this Agreement may or may not have been accurate as of any specific date and information concerning the subject matter of the representations and warranties may change after the date of this Agreement.

The terms of this Agreement may be varied or amended. Except for the parties themselves, under the terms of the Agreement only certain other specifically identified parties are third-party beneficiaries of the Agreement who may enforce it and rely on its terms. Securityholders and investors are not third-party beneficiaries of the Agreement and therefore may not directly enforce or rely upon its terms and conditions. Accordingly, securityholders and investors are cautioned that it would be inappropriate to rely on this Agreement in making an investment decision or otherwise as a source of factual, business or operational information about the parties or their respective affiliates.

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ARRANGEMENT AGREEMENT

THIS AGREEMENT made as of the 15th day of February, 2011

BETWEEN:

SENNEN RESOURCES LTD., a corporation existing under the
Business Corporations Act (British Columbia),

(hereinafter referred to as “**Sennen**”)

OF THE FIRST PART

AND:

CHELSEA MINERALS CORP., a corporation existing under the
Business Corporations Act (British Columbia)

(hereinafter referred to as “**Chelsea**”)

OF THE SECOND PART

WITNESSES THAT:

(A) The boards of directors of each of Chelsea and Sennen have determined that it would be in the best interests of Chelsea and Sennen to combine the businesses carried on by each of them; and

(B) To effect the business combination, Sennen proposes to acquire all of the outstanding securities of Chelsea by way of a Plan of Arrangement under Division 5 of Part 9 of the *Business Corporations Act* (British Columbia).

NOW THEREFORE in consideration of the mutual 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:

PART 1

DEFINITIONS, INTERPRETATION AND SCHEDULES

Definitions

1.1 In this Agreement, unless the context otherwise requires, the following words and terms with the initial letter or letters thereof capitalized shall have the meanings ascribed to them below:

- (a) “**1933 Act**” means the *Securities Act of 1933*, as amended, of the United States of America;
- (b) “**43-101 Report**” means the technical report to be prepared by Mike Stublely, PH.D., P. Geo, and jointly addressed to Chelsea and Sennen with respect to the Hope Bay Oro Project which meets the requirements of National Instrument 43-101;
- (c) “**Agreement**” means this arrangement agreement, together with the schedules attached hereto, as amended or supplemented from time to time;
- (d) “**Arrangement**” means the arrangement under the provisions of Division 5 of Part 9 of the BCBCA on the terms and conditions set forth in the Plan of Arrangement, subject to any amendment or supplement thereto made in accordance with this Agreement and the Plan of Arrangement or made at the direction of the Court in the Final Order;
- (e) “**Arrangement Resolution**” means the special resolution of the Chelsea Shareholders approving the Arrangement in accordance with Section 289(1)(a) of the BCBCA, substantially in the form and content set out in Schedule B;
- (f) “**BCBCA**” means the *Business Corporations Act* (British Columbia), including the regulation promulgated thereunder as is in effect on the date hereof;
- (g) “**Business Day**” means any day, other than a Saturday, a Sunday or a statutory holiday in Vancouver, British Columbia;
- (h) “**Canadian GAAP**” means generally accepted accounting principles in Canada and for clarity includes the “international financial reporting standards” at such time as the use of such standards by reporting issuers in Canada is mandated by applicable law;
- (i) “**change of control**” means the acquisition after the date hereof by any person or group of persons acting jointly or in concert, of beneficial ownership of or control or direction over sufficient voting securities of Sennen or Chelsea, as the case may be, to permit such person or persons to exercise, or to control or direct the voting of, 20% or more of the total number of votes attached to all outstanding voting securities of Sennen or Chelsea, as the case may be;
- (j) “**Chelsea**” means Chelsea Minerals Corp., a corporation existing under the BCBCA;
- (k) “**Chelsea Board**” means the board of directors of Chelsea;
- (l) “**Chelsea Common Shares**” means common shares in the capital of Chelsea;
- (m) “**Chelsea Contracts**” means those contracts to which Chelsea is a party and which are disclosed by Chelsea on SEDAR;

- (n) “**Chelsea Meeting**” means the annual and special meeting, including any adjournments or postponements thereof, of the Chelsea Shareholders to be held, among other things, to consider and, if deemed advisable, to approve the Arrangement;
- (o) “**Chelsea Proxy Circular**” means the management information circular to be prepared by Chelsea with the assistance of Sennen in respect of the Chelsea Meeting and to be mailed to Chelsea Shareholders;
- (p) “**Chelsea Shareholders**” means, at any time, the holders of Chelsea Common Shares;
- (q) “**Chelsea Share Option Plan**” means the amended share option plan of Chelsea approved by Chelsea Shareholders on September 21, 2009;
- (r) “**Completion Deadline**” means May 12, 2011 or such other date as the parties may agree upon in writing;
- (s) “**Court**” means the Supreme Court of British Columbia;
- (t) “**Effective Date**” means the third Business Day after the conditions precedent to completion of the Arrangement as set out in this Agreement have been satisfied or waived, or on such other date as may be agreed to by the parties hereto;
- (u) “**Effective Time**” means 12:01 a.m. (Vancouver time) on the Effective Date, or at such other time on the Effective Date as may be agreed to by the parties hereto;
- (v) “**Encumbrance**” means any mortgage, pledge, assignment, charge, lien, claim, security interest, adverse interest, other third person interest or encumbrance of any kind, whether contingent or absolute, and any agreement, option, right or privilege (whether by law, contract or otherwise) capable of becoming any of the foregoing;
- (w) “**Environmental Approvals**” means all permits, certificates, licences, authorizations, consents, instructions, registrations, directions or approvals issued or required by any Governmental Entity pursuant to any Environmental Law;
- (x) “**Environmental Laws**” means all applicable Laws, including applicable common law, relating to the protection of the environment and employee and public health and safety, and includes Environmental Approvals;
- (y) “**Exchange Ratio**” has the meaning ascribed thereto in the Plan of Arrangement;
- (z) “**Final Order**” means the final order of the Court approving the Arrangement pursuant to subsection 291 of the BCBCA, as such order may be amended at any time prior to the Effective Date or, if appealed, then unless such appeal is withdrawn or denied, as affirmed or as amended on appeal;
- (aa) “**Governmental Entity**” means any applicable (i) multinational, federal, provincial, state, regional, municipal, local or other government, governmental or public

department, central bank, court, tribunal, arbitral body, commission, board, bureau or agency, whether domestic or foreign, (ii) any subdivision, agency, commission, board or authority of any of the foregoing, or (iii) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing;

(bb) “**Hazardous Substance**” means any chemical, material or substance in any form, whether solid, liquid, gaseous, semisolid or any combination thereof, whether waste material, raw material, finished product, intermediate product, by-product or any other material or article, that is listed or regulated under any Environmental Laws as a hazardous substance, toxic substance, waste or contaminant or is otherwise listed or regulated under any Environmental Laws because it poses a hazard to human health or the environment, including petroleum products, asbestos, PCBs, urea formaldehyde foam insulation and lead-containing paints or coatings;

(cc) “**Interim Order**” means the interim order of the Court pursuant to subsection 291 of the BCBCA, as such order may be amended, made in connection with the Chelsea Meeting and the Arrangement;

(dd) “**Laws**” means all laws, by-laws, rules, regulations, orders, ordinances, protocols, codes, guidelines, instruments, policies, notices, directions and judgments or other requirements of any Governmental Entity;

(ee) “**Liability**” of any person shall mean and include: (i) any right against such person to payment, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured or unsecured; (ii) any right against such person to an equitable remedy for breach of performance if such breach gives rise to a right to payment, whether or not such right to any equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured; and (iii) any obligation of such person for the performance of any covenant or agreement (whether for the payment of money or otherwise);

(ff) “**Material Adverse Change or Effect**” means, in respect of Sennen or Chelsea, any change, effect, event, development, occurrence, action or any state of facts, which, in either case, either individually or in the aggregate, is, or would reasonably be expected to be, material and adverse to the business, condition (financial or otherwise), properties, assets (tangible or intangible), liabilities (whether absolute, accrued, conditional, contingent or otherwise), capitalization, operations, prospects or results of operations of that party and its subsidiaries, taken as a whole; provided, however, that any change, effect, event, development or occurrence that arises out of, relates to, or results from or is attributed to any of the following (either alone or in combination) shall not constitute and shall not be taken into account in determining whether there has been or would reasonable be expected to be, a Material Adverse Change or Effect:

- (i) any change, effect, event, development or occurrence relating to or resulting from general economic, financial or political conditions or the global economy or securities, commodities, currency or credit markets in general;
 - (ii) any change, effect, event, development or occurrence affecting the mining industry in general and which does not have a materially disproportionate effect on that party and its subsidiaries, taken as a whole;
 - (iii) any change, effect, event, development or occurrence relating to or resulting from any natural disaster, any act of terrorism or outbreak or escalation of hostilities or armed conflict, any labour disruption, social unrest or political uprising, or any related blockade or other interruption of business operations and which does not have a materially disproportionate effect on that party and its subsidiaries, taken as a whole;
 - (iv) any change, effect, event, development or occurrence resulting from changes in the price of gold, silver or base metals;
 - (v) any change, effect, event, development or occurrence relating to the rate at which Canadian dollars can be exchanged for United States dollars or *vice versa*;
 - (vi) any change or prospective change in applicable Laws which does not have a materially disproportionate effect on that party and its subsidiaries, taken as a whole;
 - (vii) any change, effect, event, development or occurrence relating to or resulting from any matter which was publicly disclosed prior to the date of this Agreement;
 - (viii) any change, effect, event, development or occurrence following and reasonably attributable to the announcement or pendency of the Arrangement, or otherwise contemplated by or resulting from the terms of this Agreement; or
 - (ix) any decline or decrease in the market price or volume of trading of shares of Sennen or Chelsea, in and of itself (it being understood that the foregoing shall not prevent a party from asserting that one or more changes, effects, events, developments, occurrences, actions or state of facts which, individually or in the aggregate, has caused, resulted in or contributed to such decline or decrease that is not otherwise referred to in clauses (i) to (viii) hereof independently constitutes a Material Adverse Change or Effect).
- (gg) “**NEX**” means the board of the TSX Venture Exchange known as NEX;
- (hh) “**Plan of Arrangement**” means the plan of arrangement substantially in the form and content of Schedule A attached hereto and any amendment or variation thereto made in accordance with §6.1 of the Plan of Arrangement or §6.1 hereof;

- (ii) “**Registrar**” means the Registrar of Companies appointed under section 400 of the BCBCA;
- (jj) “**Release**” means any release, spill, leak, discharge, abandonment, disposal, pumping, pouring, emitting, emptying, injecting, leaching, dumping, depositing, dispersing, passive migration, allowing to escape or migrate into or through the environment (including ambient air, surface water, ground water, land surface and subsurface strata or within any building, structure, facility or fixture) of any Hazardous Substance, including the abandonment or discarding of Hazardous Substances in barrels, drums, tanks or other containers, regardless of when discovered;
- (kk) “**Remedial Action**” shall mean any investigation, feasibility study, monitoring, testing, sampling, removal (including removal of underground storage tanks), restoration, clean-up, remediation, closure, site restoration, remedial response or remedial work;
- (ll) “**Resulting Issuer**” means Sennen upon completion of the Arrangement;
- (mm) “**Securities Authorities**” means the British Columbia Securities Commission and the other securities regulatory authorities in the provinces and territories of Canada and the Securities and Exchange Commission of the United States of America, collectively;
- (nn) “**SEDAR**” means the System for Electronic Document Analysis and Retrieval described in National Instrument 13-101 of the Canadian Securities Administrators and available for public view at www.sedar.com;
- (oo) “**Sennen**” means Sennen Resources Ltd., a corporation existing under the BCBCA;
- (pp) “**Sennen Board**” means the board of directors of Sennen;
- (qq) “**Sennen Common Shares**” means common shares in the capital of Sennen;
- (rr) “**Sennen Contracts**” means those contracts to which Sennen or a Sennen Material Subsidiary is a party and which are disclosed by Sennen on SEDAR;
- (ss) “**Sennen Material Subsidiaries**” means Sennen Resources (Barbados) Ltd., Huisan Inc. and Racehorse Investments Inc.;
- (tt) “**Sennen Options**” means options to purchase Sennen Common Shares;
- (uu) “**Sennen Properties**” means the properties of Sennen, including, without limitation, all land occupation rights;
- (vv) “**Sennen Share Issuance**” means the issuance of the Sennen Common Shares to be issued pursuant to the Arrangement;

(ww) “**Sennen Shareholders**” means, at any time, the holders of Sennen Common Shares;

(xx) “**Sennen Share Option Plan**” means the amended share option plan of Sennen approved by the Sennen Shareholders on July 7, 2009 ;

(yy) “**Sennen Warrants**” means warrants to purchase Sennen Common Shares;

(zz) “**subsidiary**” means, with respect to a specified body corporate, any body corporate of which the specified body corporate is entitled to elect a majority of the directors thereof and shall include any body corporate, partnership, joint venture or other entity over which such specified body corporate exercises direction or control or which is in a like relation to such a body corporate, excluding any body corporate in respect of which such direction or control is not exercised by the specified body corporate as a result of any existing contract, agreement or commitment;

(aaa) “**Tax Returns**” means all returns, schedules, elections, declarations, reports, information returns and statements required to be filed with any taxing authority relating to Taxes;

(bbb) “**Tax Act**” means the *Income Tax Act* (Canada) and the regulations thereunder, as amended from time to time;

(ccc) “**Tax**” and “**Taxes**” means all taxes, assessments, charges, dues, duties, rates, fees, imposts, levies and similar charges of any kind lawfully levied, assessed or imposed by any Governmental Entity, including 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, ad valorem taxes, value added taxes, transfer taxes (including, without limitation, taxes relating to the transfer of interests in real property or entities holding interests therein), franchise taxes, licence taxes, withholding taxes, payroll taxes, employment taxes, Canada or Québec Pension Plan premiums, excise, severance, social security, workers’ compensation, employment insurance or compensation taxes or premium, 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; and

(ddd) “**TSXV**” means the TSX Venture Exchange.

In addition, words and phrases used herein and defined in the BCBCA shall have the same meaning herein as in the BCBCA unless otherwise defined herein or the context otherwise requires.

Interpretation Not Affected by Headings

1.2 The division of this Agreement into parts, sections, subsections, paragraphs and subparagraphs and the insertion of headings herein are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement. The terms “this Agreement”, “hereof”, “herein”, “hereto”, “hereunder” and similar expressions refer to this Agreement and the schedules attached hereto and not to any particular part, section or other portion hereof and include any agreement, schedule or instrument supplementary or ancillary hereto or thereto. The word “including”, when following a general statement or term, is not to be construed as limiting the general statement or term to any specific item or matter set forth or to similar items or matters, but rather as permitting the general statement or term to refer also to all other items or matters that could reasonably fall within its broadest possible scope.

Number, Gender and Persons

1.3 In this Agreement, unless the context otherwise requires, words importing the singular only shall include the plural and vice versa, words importing the use of either gender shall include both genders and neuter, and the word person and all words importing persons shall include a natural person, firm, trust, partnership, association, corporation, joint venture or government (including any Governmental Entity, political subdivision or instrumentality thereof) and any other entity of any kind or nature whatsoever.

Date for any Action

1.4 If the date on which any action is required to be taken hereunder by any party hereto is not a Business Day, such action shall be required to be taken on the next succeeding day which is a Business Day.

Statutory References

1.5 Any reference in this Agreement to a statute includes all regulations and rules made thereunder, all amendments to such statute or regulation in force from time to time and any statute or regulation that supplements or supersedes such statute or regulation.

Currency

1.6 Unless otherwise stated, all references in this Agreement to amounts of money are expressed in lawful money of Canada.

Invalidity of Provisions

1.7 Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction shall not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable Law, the parties hereto waive any provision of Law which renders any provision of this Agreement or any part thereof invalid or unenforceable in any respect. The parties hereto will engage in good faith negotiations to replace any provision hereof or any part thereof which is declared invalid or unenforceable with a valid and enforceable

provision or part thereof, the economic effect of which approximates as much as possible the invalid or unenforceable provision or part thereof which it replaces.

Accounting Matters

1.8 Unless otherwise stated, all accounting terms used in this Agreement shall have the meanings attributable thereto under Canadian GAAP and all determinations of an accounting nature required to be made hereunder shall be made in a manner consistent with Canadian GAAP.

Knowledge

1.9 Where the phrase “to the knowledge of” or a similar phrase is used in respect of a party hereto or its subsidiaries, such phrase shall mean, in respect of each representation and warranty or other statement which is qualified by such phrase, that such representation and warranty or other statement is being made based upon actual knowledge of each of the directors and officers of the respective party after reasonable inquiry.

Meaning of Certain Phrase

1.10 In this Agreement the phrases:

- (a) “in the ordinary and regular course of business” shall mean and refer to those activities that are normally conducted by corporations engaged in the exploration, development and production of precious and base metals; and
- (b) “rounded to the nearest whole number” shall mean any fraction of 0.5 or greater will be rounded up to a whole number and any fraction of less than 0.5 will be rounded down to a whole number;

Schedules

1.11 The following schedules are attached to, and are deemed to be incorporated into and form part of, this Agreement:

Schedule	Matter
A	Plan of Arrangement
B	Form of Arrangement Resolution

PART 2

THE ARRANGEMENT

Arrangement

2.1 Sennen and Chelsea agree that the Arrangement will be implemented in accordance with and subject to the terms and conditions contained in this Agreement and the Plan of Arrangement.

Interim Order

2.2 Chelsea will, as soon as reasonably practicable following the execution of this Agreement, file, proceed with and diligently prosecute an application to the Court pursuant to Section 291 of the BCBCA for the Interim Order which shall request that the Interim Order provide, among other things:

- (a) for the class of persons to whom notice is to be provided in respect of the Arrangement and the Chelsea Meeting and for the manner in which such notice is to be provided;
- (b) that the requisite approval for the Arrangement Resolution will be:
 - (i) 66 $\frac{2}{3}$ % of the votes cast on the Arrangement Resolution by Chelsea Shareholders present in person or by proxy at the Chelsea Meeting; and
 - (ii) if required by Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* (“**MI 61-101**”), minority approval in accordance with MI 61-101;

(together, the “**Chelsea Shareholder Approval**”);
- (c) that in all other respects, the terms, conditions and restrictions of the Chelsea constating documents, including quorum requirements and other matters, will apply in respect of the Chelsea Meeting;
- (d) for the grant of Dissent Rights as contemplated in the Plan of Arrangement;
- (e) for notice requirements with respect to the presentation of the application to the Court for the Final Order;
- (f) that the Chelsea Meeting may be adjourned or postponed from time to time by management of Chelsea, subject to the terms of this Agreement, without the need for additional approval of the Court; and
- (g) that the record date for Chelsea Shareholders entitled to notice of and to vote at the Chelsea Meeting will not change in respect of any adjournment(s) of the Chelsea Meeting.

(h) Chelsea will advise the Court of Sennen's intention to rely upon an exemption under Section 3(a)(10) of the 1933 Act from the registration requirements of the 1933 Act to issue Sennen Common Shares to the Chelsea Shareholders pursuant to the Arrangement.

Final Order

2.3 Subject to obtaining the approvals as contemplated by the Interim Order and as may be directed by the Court in the Interim Order, Chelsea will, as soon as reasonably practicable thereafter, take all steps necessary to submit the Arrangement to the Court and apply for the Final Order in form and substance satisfactory to Sennen, acting reasonably.

2.4 If the Final Order is obtained, subject to the satisfaction, waiver or release of the conditions set forth in Part 5 (as confirmed by each party hereto to the other in writing), Chelsea will, as soon as reasonably practicable thereafter, make any additional filings required under Sections 292 and 294 of the BCBCA.

2.5 The notices of motion and related materials for the applications in respect of the Interim Order and the Final Order shall be in a form satisfactory to Chelsea and Sennen, each acting reasonably.

Plan of Arrangement

2.6 On the Effective Date, the Plan of Arrangement will become effective, with the result that, among other things, the following will occur and will be deemed to occur on the Effective Date without any further authorization, act or formality by Sennen, Chelsea or any other person:

(a) every 2.5 of the issued and outstanding Chelsea Common Shares, other than Chelsea Common Shares held by a Dissenting Shareholder who is ultimately entitled to be paid the fair value of its Chelsea Common Shares, will be and will be deemed exchanged by the holder thereof for 1 Sennen Share (the "**Exchange Ratio**").

Chelsea Meeting

2.7 (a) Chelsea will, as soon as practicable, but in any event not later than March 25, 2011, prepare, with the assistance of Sennen, the Chelsea Proxy Circular which will, among other things, reflect the Chelsea Board Approval and will include the Chelsea Board's recommendation that the Chelsea Shareholders vote in favour of the Arrangement Resolution and, subject to the issuance of the Interim Order, Chelsea will convene the Chelsea Meeting and cause the Chelsea Proxy Circular to be distributed to the Chelsea Shareholders and other appropriate persons in accordance with applicable Laws, the Interim Order and the Articles of Chelsea.

(b) In a timely and expeditious manner, Sennen shall provide to Chelsea all information as may be reasonably requested by Chelsea or as required by the Interim Order or applicable Laws with respect to Sennen and its business and properties, including the 43-101 Report, for inclusion in the Chelsea Proxy Circular or in any

amendment or supplement to the Chelsea Proxy Circular which complies in all material respects with all applicable Laws on the date of the mailing thereof and containing all material facts relating to Sennen required to be disclosed in the Chelsea Proxy Circular and not containing any misrepresentation (as defined under applicable securities legislation) with respect thereto. Sennen shall fully cooperate with Chelsea in the preparation of the Chelsea Proxy Circular, if applicable, and shall provide such assistance as Chelsea may reasonably request in connection therewith.

(c) Chelsea will hold the Chelsea Meeting on or before April 29, 2011 or such other date agreed to by the parties and will conduct the Chelsea Meeting in accordance with the BCBCA, the by-laws of Chelsea and as otherwise required by applicable Laws.

(d) Chelsea will provide notice to Sennen of the Chelsea Meeting and allow representatives of Sennen to attend the Chelsea Meeting.

(e) Except as permitted under this Agreement, Chelsea will not adjourn, postpone or cancel the Chelsea Meeting (or propose to do so), except (i) if a quorum is not present at the Chelsea Meeting; (ii) if required by applicable Laws; (iii) if required by the Chelsea Shareholders; or (iv) if otherwise agreed with Sennen.

(f) Subject to the terms of this Agreement, Chelsea will use its commercially reasonable efforts to solicit proxies in favour of the approval of the Arrangement Resolution, including, if so requested by Sennen, using the services of a nationally recognized proxy solicitor in connection therewith.

(g) Chelsea will provide Sennen with information on the proxies received and the securityholder votes on the Arrangement Resolution on a daily basis commencing at least ten (10) Business Days before the date of the Chelsea Meeting.

(h) Chelsea will promptly advise Sennen of, and provide Sennen with, any written notice of dissent or purported exercise by any Chelsea Shareholder of Dissent Rights and written communications with such Chelsea Shareholder, and will not settle or compromise any action brought by any present, former or purported holder of any of its securities in connection with the transactions contemplated by this Agreement, including the Arrangement, without the prior consent of Sennen, which consent shall not be unreasonably withheld or delayed.

(i) In a timely and expeditious manner, Chelsea will prepare, (in consultation with Sennen), and file any mutually agreed (or as otherwise required by applicable Laws) amendments or supplements to the Chelsea Proxy Circular (which amendments or supplements will be in a form satisfactory to Sennen, acting reasonably) with respect to the Chelsea Meeting and mail such amendments or supplements, as required by the Interim Order and in accordance with all applicable Laws, in and to all jurisdictions where such amendments or supplements are required to be mailed, complying in all material respects with all applicable Laws on the date of the mailing thereof.

(j) In a timely and expeditious manner, Sennen shall provide Chelsea with information as requested by Chelsea in order to prepare any amendments or supplements

to the Chelsea Proxy Circular (which amendments or supplements shall be in a form satisfactory to Sennen, acting reasonably), as the case may be, with respect to the Chelsea Meeting in accordance with the Interim Order of the Court.

Effective Date

2.8 The Arrangement shall become effective at the Effective Time and at such time Chelsea shall become a wholly owned subsidiary of Sennen on the terms and subject to the conditions contained in this Agreement and the Plan of Arrangement.

Consultation

2.9 No press release or other public disclosure with respect to the existence or details of this Agreement or the transactions contemplated hereby shall be made by either party hereto without the prior written consent of the other party hereto except to the extent required by applicable Law or applicable stock exchange rules or policies. The initial press release concerning the Arrangement shall be a joint press release and thereafter each of Sennen and Chelsea will consult with the other of them in issuing any press release or otherwise making any public statement with respect to this Agreement or the Arrangement and in making any filing with any Governmental Entity, Securities Authority or stock exchange with respect thereto. Each of Sennen and Chelsea shall use its commercially reasonable best efforts to enable the other of them to review and comment on all such press releases and filings prior to the release or filing, respectively, thereof.

Post Arrangement Filings

2.10 Subject to the rights of termination contained in Part 6 hereof, upon the Chelsea Shareholders approving the Arrangement in accordance with the Interim Order, the Sennen Board approving the Arrangement, Chelsea obtaining the Final Order and the other conditions contained in Part 5 hereof being complied with or waived, Chelsea shall file the Final Order with the Registrar together with such other documents as may be required in order to effect the Arrangement.

Closing

2.11 The closing of the Arrangement will take place at the offices of McMillan LLP, counsel to Chelsea at 10:00 a.m. (Vancouver time) on the Effective Date.

PART 3

REPRESENTATIONS AND WARRANTIES

Representations and Warranties of Chelsea

3.1 Each of the representations and warranties of Chelsea set forth in this §3.1 is qualified and made subject to the disclosures made by Chelsea on SEDAR. Chelsea hereby represents and warrants to Sennen and hereby acknowledges that Sennen is relying upon such

representations and warranties in connection with entering into this Agreement and agreeing to complete the Arrangement, as follows:

(a) **Organization.** Chelsea has been incorporated or continued, is validly subsisting and has full corporate and legal power and authority to own its property and assets and to conduct its business as currently owned and conducted under applicable law. Chelsea is registered, licensed or otherwise qualified as an extra-provincial corporation or a foreign corporation in each jurisdiction where the nature of the business or the location or character of the property and assets owned or leased by it requires it to be so registered, licensed or otherwise qualified, except where the lack of such registration, licensing or qualification would not have a Material Adverse Change or Effect on Chelsea.

(b) **Capitalization.** Chelsea is authorized to issue an unlimited number of Chelsea Common Shares and an unlimited number of preferred shares without par value. As of the date hereof, there are 29,111,901 Chelsea Common Shares issued and outstanding. There are no options, warrants, conversion privileges or other rights, agreements, arrangements or commitments (pre-emptive, contingent or otherwise) obligating Chelsea to issue or sell any shares of Chelsea or any securities or obligations of any kind convertible into or exchangeable for any shares of Chelsea. All outstanding Chelsea Common Shares have been authorized and are validly issued and outstanding as fully paid and non-assessable shares, free of pre-emptive rights. As of the date hereof, there are no outstanding bonds, debentures or other evidences of indebtedness of Chelsea having the right to vote with the Chelsea Shareholders on any matter. There are no outstanding contractual obligations of Chelsea to repurchase, redeem or otherwise acquire any outstanding Chelsea Common Shares or with respect to the voting or disposition of any outstanding Chelsea Common Shares.

(c) **Authority.** Chelsea has all necessary power, authority and capacity to enter into this Agreement and all other agreements and instruments to be executed by Chelsea as contemplated by this Agreement, and to perform its obligations hereunder and under such other agreements and instruments. The execution and delivery of this Agreement by Chelsea and the completion by Chelsea of the transactions contemplated by this Agreement have been authorized by the Chelsea Board and, subject to the approval by the Chelsea Shareholders in the manner contemplated herein, no other corporate proceedings on the part of Chelsea are necessary to authorize this Agreement or to complete the transactions contemplated hereby other than in connection with the approval by the Chelsea Board of the Chelsea Proxy Circular. This Agreement has been executed and delivered by Chelsea and constitutes a legal, valid and binding obligation of Chelsea, enforceable against Chelsea in accordance with its terms, subject to bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium and other applicable Laws relating to or affecting creditors' rights generally, and to general principles of equity. The execution and delivery by Chelsea of this Agreement and the performance by Chelsea of its obligations hereunder and the completion of the transactions contemplated hereby, do not and will not:

(i) result in a violation, contravention or breach of, require any consent to be obtained under or give rise to any termination rights under any provision of:

- (A) the notice of articles or the articles of Chelsea,
- (B) any applicable Law, or
- (C) any contract, agreement, licence or permit to which Chelsea is bound or is subject to or of which Chelsea is the beneficiary;

which would, individually or in the aggregate, have a Material Adverse Change or Effect on Chelsea;

(ii) give rise to any right of termination or acceleration of indebtedness, or cause any indebtedness owing by Chelsea to come due before its stated maturity or cause any of its available credit to cease to be available which would, individually or in the aggregate, have a Material Adverse Change or Effect on Chelsea;

(iii) result in the imposition of any Encumbrance upon any of the property or assets of Chelsea or restrict, hinder, impair or limit the ability of Chelsea to conduct the business of Chelsea as and where it is now being conducted which would, individually or in the aggregate, have a Material Adverse Change or Effect on Chelsea; or

(iv) result in any payment (including severance, unemployment compensation, golden parachute, bonus or otherwise) becoming due to any director or officer of Chelsea or increase in any benefits otherwise payable under any pension or benefits plan of Chelsea or result in the acceleration of the time of payment or vesting of any such benefits.

(d) **Required Consents.** No consent, approval, order or authorization of, or declaration or filing with, any Governmental Entity or other person is required to be obtained by Chelsea in connection with the execution and delivery of this Agreement or the consummation by Chelsea of the transactions contemplated hereby other than (i) any approvals required by the Interim Order, (ii) any approvals required by the Final Order, (iii) filings required under the BCBCA and filings with and approvals required by Securities Authorities and stock exchanges, and (iv) any other consents, approvals, orders, authorizations, declarations or filings which, if not obtained, would not, individually or in the aggregate, have a Material Adverse Change or Effect on Chelsea.

(e) **Directors' Approvals.** The Chelsea Board has unanimously:

(i) determined that the Arrangement is fair to the Chelsea Shareholders and the Arrangement is in the best interests of Chelsea;

(ii) approved the Arrangement and the other transactions contemplated herein and authorized the entering into of this Agreement, and the performance of its provisions, by Chelsea; and

(iii) recommended that the Chelsea Shareholders vote in favour of the Arrangement.

(f) **Chelsea Subsidiaries.** Chelsea does not own a direct or indirect interest in any corporation or entity.

(g) **Chelsea Contracts.**

(i) Other than the Chelsea Contracts, there are no material commitments, contracts, instruments, leases and other agreements, oral or written, entered into by Chelsea or by which it is bound. The Chelsea Contracts are valid and subsisting, in full force and effect unamended and there are no current or pending negotiations with respect to the renewal, termination or amendment of any such material contracts, agreements or licences. Chelsea is not in default under, and there exists no event, condition or occurrence which, after notice or lapse of time or both, would constitute such a default under, any contract, agreement or licence to which Chelsea is a party or by which Chelsea is bound which would, individually or in the aggregate, have a Material Adverse Change or Effect on Chelsea.

(ii) The Chelsea Contracts include any contract which is in effect on the date of this Agreement which provides for any rights to indemnification in favour of any present or former directors or officers of Chelsea or any present or former directors or officers of Chelsea serving or who have served at the request of Chelsea as a director, officer, employee, agent or representative of another corporation, partnership, joint venture, trust, employee benefit plan or other entity or enterprise (including provisions relating to advances for the funding of costs and expenses in connection with indemnification arrangements).

(h) **Absence of Changes.** Since February 28, 2010, except as disclosed by Chelsea on SEDAR as of the date hereof:

(i) Chelsea has conducted its business only in the ordinary and regular course of business consistent with past practice;

(ii) Chelsea has not incurred or suffered a Material Adverse Change or Event;

(iii) there has not been any acquisition or sale by Chelsea of any material property or assets;

(iv) other than in the ordinary and regular course of business consistent with past practice, there has not been any incurrence, assumption or guarantee by Chelsea of any debt for borrowed money, any creation or assumption by Chelsea of any Encumbrance, any making by Chelsea, of any loan, advance or capital contribution to or investment in any other person (other than loans and advances in an aggregate amount which does not exceed \$100,000 outstanding at any time);

(v) there has not been any entering into, amendment of, relinquishment, termination or non-renewal by Chelsea of any contract, agreement, licence, lease transaction, commitment or other right or obligation which would, individually or in the aggregate, have a Material Adverse Change or Effect on Chelsea;

(vi) Chelsea has not declared or paid any dividends or made any other distribution on any of the Chelsea Common Shares;

(vii) Chelsea has not effected or passed any resolution to approve a split, consolidation or reclassification of any of the outstanding Chelsea Common Shares;

(viii) other than in the ordinary and regular course of business consistent with past practice, there has not been any material increase in or modification of the compensation payable to or to become payable by Chelsea to any of their respective directors, officers, employees or consultants or any grant to any such director, officer, employee or consultant of any increase in severance or termination pay or any increase or modification of any bonus, pension, insurance or benefit arrangement (including, without limitation, the granting of options pursuant to the Chelsea Share Option Plan) made to, for or with any of such directors or officers;

(ix) Chelsea has not effected any material change in its accounting methods, principles or practices; and

(x) Chelsea has not adopted any, or materially amended any, collective bargaining agreement, bonus, pension, profit sharing, stock purchase, stock option or other benefit plan or shareholder rights plan.

(i) **Employment Agreements.**

(i) Chelsea is not a party to any written or oral policy, agreement, obligation or understanding providing for severance or termination payments to, or any employment agreement with, any director or officer of Chelsea which cannot be terminated without payment of a maximum of six times such individuals' monthly salary;

(ii) Chelsea has no employee or consultant whose employment or contract with Chelsea cannot be terminated without payment upon a maximum of six months' notice; and

(iii) Chelsea (a) is not a party to any collective bargaining agreement, (b) is, to the knowledge of Chelsea, not subject to any application for certification or threatened or apparent union-organizing campaigns for employees not covered under a collective bargaining agreement, or (c) is not subject to any current, or to the knowledge of Chelsea, pending or threatened strike or lockout.

(j) **Financial Matters.** The audited consolidated balance sheets, audited consolidated statements of operations and deficit and audited consolidated statements of cash flows of Chelsea for the financial years ended February 28, 2009 and February 28, 2010 and the nine month (unaudited) periods ended November 30, 2010, were prepared in accordance with Canadian GAAP consistently applied, and fairly present in all material respects the consolidated financial condition of Chelsea at the respective dates indicated and the results of operations of Chelsea for the periods covered on a consolidated basis and reflect adequate provision for the liabilities of Chelsea on a consolidated basis in accordance with Canadian GAAP. As of the date hereof, Chelsea has no liability or obligation (including, without limitation, liabilities or obligations to fund any operations or work or exploration program to give any guarantees or for Taxes), whether accrued, absolute, contingent or otherwise, not reflected in the unaudited consolidated financial statements of Chelsea for the nine month period ended February 28, 2010, except liabilities and obligations incurred in the ordinary and regular course of business (including the business of operating, developing, constructing and exploring Chelsea's mineral projects) since November 30, 2010 or which liabilities or obligations do not in the aggregate exceed \$100,000. There are reasonable grounds for believing that (i) Chelsea is, and the Resulting Issuer will be, able to pay its liabilities as they become due, and (ii) the realizable value of the assets of the Resulting Issuer to the Arrangement will not be less than the aggregate of the liabilities thereof and the stated capital of all classes of shares thereof.

(k) **Books and Records.** The corporate records and minute books of Chelsea has been maintained in accordance with all applicable Laws and are complete and accurate in all material respects. Financial books and records and accounts of Chelsea in all material respects (i) have been maintained in accordance with good business practices on a basis consistent with prior years, are stated in reasonable detail and accurately and fairly reflect the transactions and acquisitions and dispositions of assets of Chelsea, and accurately and fairly reflect the basis for the consolidated financial statements of Chelsea. Chelsea has devised and maintains a system of internal accounting controls sufficient to provide reasonable assurances that, in all material respects (a) transactions are executed in accordance with the general or specific authorization of the management Chelsea and (b) transactions are recorded as necessary (i) to permit preparation of consolidated financial statements in conformity with Canadian GAAP or any criteria applicable to such consolidated financial statements and (ii) to maintain accountability for assets and liabilities.

(l) **Litigation.** There is no claim, action, proceeding or investigation pending or in progress or, to the knowledge of Chelsea, threatened against or relating to Chelsea or affecting any of its properties or assets at Law or equity or before any Governmental Entity. There is no bankruptcy, liquidation, winding-up or other similar proceeding pending or in progress, or, to the knowledge of Chelsea, threatened against or relating to Chelsea before any Governmental Entity. Neither Chelsea nor its properties or assets is subject to any outstanding judgment, order, writ, injunction or decree that involves or may involve, or restricts or may restrict, or requires or may require, the expenditure of an amount of money in the aggregate in excess of \$100,000 as a condition to or a necessity for the right or ability of Chelsea to conduct its business in all material respects as it has

been carried on prior to the date hereof, or that would materially impede the consummation of the transactions contemplated by this Agreement.

(m) **Title to Properties and Condition of Assets.** Chelsea does not hold any real property. All real and tangible personal property of Chelsea is in generally good repair and is operational and usable in the manner in which it is currently being utilized, subject to normal wear and tear and technical obsolescence, repair or replacement.

(n) **Insurance.** Chelsea maintains policies of insurance in amounts and in respect of such risks as are normal and usual for companies of a similar size operating in the mining industry and such policies are in full force and effect as of the date hereof.

(o) **Operational Matters.** Except as would not, individually or in the aggregate, have a Material Adverse Change or Effect on Chelsea:

(i) all rentals, payments and obligations (including the applicable mining patents and, if applicable, maintenance for unpatented mining claims), royalties, overriding royalty interests, production payments, net profits, interest burdens and other payments due or payable on or prior to the date hereof under or with respect to the direct or indirect assets of Chelsea has been properly and timely paid; and

(ii) all exploration and development activities undertaken by Chelsea has been undertaken in accordance with exploration and development practices consistent with industry standards and in compliance with all applicable Laws.

(p) **Environmental.**

(i) Chelsea has operated in material compliance with all applicable Environmental Laws, except to the extent that a failure to be in such compliance would not be reasonably likely to have a Material Adverse Change or Effect on Chelsea; and

(ii) to the knowledge of Chelsea, none of Chelsea or any other person for whose actions Chelsea may be partially or wholly liable, has treated or disposed, or arranged for the treatment or disposal, of any Hazardous Substances at any location: (i) listed on any list of hazardous sites or sites requiring Remedial Action issued by any Governmental Entity; (ii) to the knowledge of Chelsea, proposed for listing on any list issued by any Governmental Entity of hazardous sites or sites requiring Remedial Action, or any similar federal, state or provincial lists; or (iii) that is the subject of enforcement actions by any Governmental Entity that creates the reasonable potential for any proceeding, action, or other claim against Chelsea. No site or facility now or, to the knowledge of Chelsea, previously owned, operated or leased by Chelsea is listed or, to the knowledge of Chelsea, proposed for listing on any list issued by any Governmental Entity of hazardous sites or sites requiring Remedial Action or is the subject of Remedial Action.

(q) **Tax Matters.** Chelsea has filed or caused to be filed, in a timely manner all Tax Returns required to be filed by it (all of which Tax Returns were correct and complete in all material respects) and have paid, collected, withheld or remitted, or caused to be paid, collected, withheld or remitted, all Taxes that are due and payable, collectible and remittable, except where such failure to file or to pay, collect, withhold or remit would not have a Material Adverse Change or Effect on Chelsea. Chelsea has provided adequate accruals in accordance with Canadian GAAP in its most recently published annual consolidated financial statements for any Taxes for the period covered by such financial statements which have not been paid, whether or not shown as being due on any Tax Returns. Since such publication date, no material liability for Taxes not reflected in such consolidated financial statements or otherwise provided for has been assessed, proposed to be assessed, incurred or accrued other than in the ordinary course of business. To the knowledge of Chelsea, there are no material proposed (but unassessed) additional Taxes and none have been asserted by the Canada Revenue Agency or any other taxing authority, including, without limitation, any sales tax authority, in connection with any of the Tax Returns referred to above, and no waiver of any statute of limitations has been given or requested with respect to Chelsea. No lien for Taxes has been filed or exists other than for Taxes not yet due and payable.

(r) **Intellectual Property.** Chelsea does not own or license any patents, patent rights, trademarks, trade names, service marks, copyrights, know how or other proprietary intellectual property rights that are material to the conduct of the business of Chelsea other than such trade names, service marks and/or copyrights as may exist at law or by usage in respect of their use in the context of the business of Chelsea.

(s) **Pension and Employee Benefits.**

(i) Chelsea has complied, in all material respects, with all of the terms of the pension and other employee compensation and benefit obligations of Chelsea, including the provisions of any collective agreements, funding and investment contracts or obligations applicable thereto, arising under or relating to each of the pension or retirement income plans or other employee compensation or benefit plans, agreements, policies, programs, arrangements or practices, whether written or oral, which are maintained by or binding upon Chelsea (collectively referred to in this subsection as the “**Chelsea Plans**”) and all Chelsea Plans maintained by or binding upon Chelsea are fully funded and in good standing with such regulatory authorities as may be applicable and no notice of underfunding, non-compliance, failure to be in good standing or otherwise has been received by Chelsea from any such regulatory authority.

(ii) No action has been taken, no event has occurred and no condition or circumstance exists that has resulted in or could reasonably be expected to result in any Chelsea Plan maintained by or binding upon Chelsea, being ordered or required to be terminated or wound up in whole or in part or having its registration under applicable legislation refused or revoked, or being placed under the administration of any trustee or receiver or regulatory authority.

(t) **Reporting Status.** Chelsea is a reporting issuer in the provinces of British Columbia and Alberta. The Chelsea Common Shares are listed on the NEX.

(u) **Reports.** Since January 19, 2010, Chelsea has filed with the Securities Authorities, stock exchanges and all applicable self-regulatory authorities a true and complete copy of all forms, reports, schedules, statements, certifications, material change reports and other documents required to be filed by it (such forms, reports, schedules, statements, certifications and other documents, including any financial statements or other documents, including any schedules included therein, are referred to in this subsection as the “**Chelsea Documents**”). The Chelsea Documents, at the time filed or, if amended, as of the date of such amendment (a) did not contain any misrepresentation (as defined in the *Securities Act* (British Columbia)) and did not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, and (b) complied in all material respects with the requirements of applicable securities legislation and the rules, policies and instruments of all Securities Authorities having jurisdiction over Chelsea, except where such non-compliance has not and would not reasonably be expected to have a Material Adverse Change or Effect on Chelsea. Chelsea has not filed any confidential material change or other report or other document with any Securities Authorities or stock exchange or other self-regulatory authority which at the date hereof remains confidential. To the knowledge of Chelsea, none of the filings comprising the Chelsea Documents is the subject of ongoing review, comment or investigation by any Securities Authority or stock exchange.

(v) **Compliance with Laws.** Chelsea has complied with and is not in violation of any applicable Law other than such non-compliance or violations which would not, individually or in the aggregate, have a Material Adverse Change or Effect on Chelsea.

(w) **No Cease Trade.** Chelsea is not subject to any cease trade or other order of any applicable stock exchange or Securities Authority and, to the knowledge of Chelsea, no investigation or other proceedings involving Chelsea which may operate to prevent or restrict trading of any securities of Chelsea are currently in progress or pending before any applicable stock exchange or Securities Authority.

(x) **No Option on Assets.** No person has any agreement or option or any right or privilege capable of becoming an agreement or option for the purchase from Chelsea of any of the material assets of Chelsea or any portion thereof or any right, title or interest therein.

(y) **Certain Contracts.** Chelsea is not a party to or bound by any non-competition agreement or any other agreement, obligation, judgment, injunction, order or decree which purports to (i) limit the manner or the localities in which all or any material portion of the business of Chelsea is conducted, (ii) limit any business practice of Chelsea in any material respect, or (iii) restrict any acquisition or disposition of any property by Chelsea in any material respect.

(z) **Place of Principal Offices.** The principal offices of Chelsea are not located within the United States.

(aa) **Location of Assets and U.S. Sales.** All of the assets and property of Chelsea, taken as a whole, are located outside the United States and did not generate sales in or into the United States during Chelsea's most recent financial year.

(bb) **Foreign Private Issuer.** As of the date hereof, Chelsea is a "foreign private issuer" as defined in Rule 405 under the 1933 Act.

(cc) **Full Disclosure.** Chelsea has made available to Sennen all material information, including financial, operational and other information, in respect of Chelsea and all such information as made available to Sennen is true and correct in all material respects and no material fact or facts have been omitted therefrom which would make such information misleading.

(dd) **No Broker's Commission.** Chelsea has not entered into any agreement that would entitle any person to any valid claim against Chelsea for a broker's commission, finder's fee or any like payment in respect of the Arrangement or any other matter contemplated by this Agreement.

(ee) **Related Party Transactions.** There are no contracts, arrangements or other transactions between Chelsea or any of its subsidiaries or material joint ventures, on the one hand, and any (i) officer or director of Chelsea or any of its subsidiaries or material joint ventures, (ii) any holder of record or beneficial owner of 5% or more of any class of the voting or non-voting equity securities of Chelsea, or (iii) any affiliate or associate of any such officer, director or beneficial owner, on the other hand.

(ff) **U.S. Matters.** The Chelsea Common Shares are not registered under Section 12 of, and Chelsea is not required to file reports pursuant to Sections 13(a) or 15(d) of, the United States *Securities Exchange Act of 1934*, as amended.

Representations and Warranties of Sennen

3.2 Each of the representations and warranties of Sennen set forth in this §3.2 is qualified and made subject to the disclosures made by Sennen on SEDAR. Sennen hereby represents and warrants to Chelsea, and hereby acknowledges that Chelsea is relying upon such representations and warranties in connection with entering into this Agreement and agreeing to complete the Arrangement, as follows:

(a) **Organization.** Sennen and each of the Sennen Material Subsidiaries has been incorporated or continued, is validly subsisting and has full corporate and legal power and authority to own its property and assets and to conduct its business as currently owned and conducted under applicable law. Sennen and each of the Sennen Material Subsidiaries is registered, licensed or otherwise qualified as an extra-provincial corporation or a foreign corporation in each jurisdiction where the nature of the business or the location or character of the property and assets owned or leased by it requires it to be so registered, licensed or otherwise qualified, except where the lack of such

registration, licensing or qualification would not have a Material Adverse Change or Effect on Sennen. All of the outstanding shares of the Sennen Material Subsidiaries are validly issued, fully paid and non-assessable. All of the outstanding shares of the Sennen Material Subsidiaries are owned directly or indirectly by Sennen. Except pursuant to restrictions on transfer contained in the articles or by-laws (or their equivalent) of the applicable Sennen Material Subsidiary, the outstanding shares of each Sennen Material Subsidiary owned by Sennen or a Sennen Material Subsidiary are owned free and clear of all Encumbrances and neither Sennen nor any of the Sennen Material Subsidiaries is liable to any Sennen Material Subsidiary or to any creditor in respect of such shares. There are no outstanding options, rights, entitlements, understandings or commitments (contingent or otherwise) regarding the right to acquire any issued or unissued securities of any of the Sennen Material Subsidiaries from either Sennen or any of the Sennen Material Subsidiaries.

(b) **Capitalization.** Sennen is authorized to issue an unlimited number of Sennen Common Shares and an unlimited number of preferred shares without par value. As of the date hereof, there are 48,998,665 Sennen Shares and no preferred shares outstanding. Except for the Sennen Options and Sennen Warrants and except pursuant to this Agreement and the transactions contemplated hereby, as of the date hereof, there are no options, warrants, conversion privileges or other rights, agreements, arrangements or commitments (pre-emptive, contingent or otherwise) obligating Sennen or any of the Sennen Material Subsidiaries to issue or sell any shares of Sennen or any of the Sennen Material Subsidiaries or any securities or obligations of any kind convertible into or exchangeable for any shares of Sennen or any of the Sennen Material Subsidiaries. All outstanding Sennen Common Shares have been authorized and are validly issued and outstanding as fully paid and non-assessable shares, free of pre-emptive rights. As of the date hereof, there are no outstanding bonds, debentures or other evidences of indebtedness of Sennen or any of the Sennen Material Subsidiaries having the right to vote with the Sennen Shareholders on any matter. There are no outstanding contractual obligations of Sennen or of any of the Sennen Material Subsidiaries to repurchase, redeem or otherwise acquire any outstanding Sennen Common Shares or with respect to the voting or disposition of any outstanding Sennen Common Shares.

(c) **Authority.** Sennen has the necessary power, authority and capacity to enter into this Agreement and all other agreements and instruments to be executed by Sennen as contemplated by this Agreement, and to perform its obligations hereunder and under such other agreements and instruments. The execution and delivery of this Agreement by Sennen and the completion by Sennen of the transactions contemplated by this Agreement have been authorized by the Sennen Board and no other corporate proceedings on the part of Sennen are necessary to authorize this Agreement or to complete the transactions contemplated hereby. This Agreement has been executed and delivered by Sennen and constitutes a legal, valid and binding obligation of Sennen enforceable against Sennen in accordance with its terms, subject to bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium and other applicable Laws relating to or affecting creditors' rights generally, and to general principles of equity. The execution and delivery by Sennen of this Agreement and the performance by it of its

obligations hereunder and the completion of the transactions contemplated hereby, do not and will not:

(i) result in a violation, contravention or breach of, require any consent to be obtained under or give rise to any termination rights under any provision of:

(A) the notice of articles or articles (or their equivalent) of Sennen or any of the Sennen Material Subsidiaries,

(B) any applicable Law, or

(C) any contract, agreement, licence or permit to which Sennen or any of the Sennen Material Subsidiaries is bound or is subject to or of which Sennen or any Sennen Material Subsidiary is the beneficiary;

which would, individually or in the aggregate, have a Material Adverse Change or Effect on Sennen;

(ii) give rise to any right of termination or acceleration of indebtedness, or cause any indebtedness owing by Sennen or any of the Sennen Material Subsidiaries to come due before its stated maturity or cause any of its available credit to cease to be available which would, individually or in the aggregate, have a Material Adverse Change or Effect on Sennen;

(iii) result in the imposition of any Encumbrance upon any of the property or assets of Sennen or any of the Sennen Material Subsidiaries or restrict, hinder, impair or limit the ability of Sennen or any of the Sennen Material Subsidiaries to conduct the business of Sennen or any of the Sennen Material Subsidiaries as and where it is now being conducted which would, individually or in the aggregate, have a Material Adverse Change or Effect on Sennen; or

(iv) result in any payment (including severance, unemployment compensation, golden parachute, bonus or otherwise) becoming due to any director or officer of Sennen or any Sennen Material Subsidiary or increase any benefits otherwise payable under any pension or benefits plan of Sennen or any Sennen Material Subsidiary or result in the acceleration of the time of payment or vesting of any such benefits;

(d) **Required Consents.** No consent, approval, order or authorization of, or declaration or filing with, any Governmental Entity or other person is required to be obtained by Sennen or any of the Sennen Material Subsidiaries in connection with the execution and delivery of this Agreement or the consummation by Sennen of the transactions contemplated hereby other than (i) any approvals required by the Interim Order, (ii) any approvals required by the Final Order, (iii) filings required under the BCBCA, in the case of Sennen, and filings with and approvals required by the Securities Authorities and stock exchanges, and (iv) any other consents, approvals, orders, authorizations, declarations or filings which, if not obtained, would not, individually or in the aggregate, have a Material Adverse Change or Effect on Sennen.

- (e) **Directors' Approvals.** The Sennen Board has unanimously:
- (i) determined that the Arrangement is fair to the Sennen Shareholders and the Arrangement is in the best interests of Sennen; and
 - (ii) approved the Arrangement and the other transactions contemplated herein and authorized the entering into of this Agreement, and the performance of its provisions, by Sennen.
- (f) **Sennen Subsidiaries.** The only material subsidiaries of Sennen are the Sennen Material Subsidiaries and Sennen does not own a direct or indirect interest in any other corporation or entity.
- (g) **Sennen Contracts.**
- (i) Other than the Sennen Contracts, there are no material commitments, contracts, instruments, leases and other agreements, oral or written, entered into by Sennen or any of the Sennen Material Subsidiaries or by which it or any of them are bound. The Sennen Contracts are valid and subsisting, in full force and effect unamended and there are no current or pending negotiations with respect to the renewal, termination or amendment of any such material contracts, agreements or licences. Neither Sennen nor any of the Sennen Material Subsidiaries is in default under, and there exists no event, condition or occurrence which, after notice or lapse of time or both, would constitute such a default under, any contract, agreement or licence to which any of them is a party or by which any of them is bound which would, individually or in the aggregate, have a Material Adverse Change or Effect on Sennen.
 - (ii) The Sennen Contracts include any contract which is in effect on the date of this Agreement which provides for any rights to indemnification in favour of any present or former directors or officers of Sennen or of any of the Sennen Material Subsidiaries or any present or former directors or officers of Sennen or any of the Sennen Material Subsidiaries serving or who have served at the request of Sennen or any Sennen Material Subsidiary as a director, officer, employee, agent or representative of another corporation, partnership, joint venture, trust, employee benefit plan or other entity or enterprise (including provisions relating to advances for the funding of costs and expenses in connection with indemnification arrangements).
- (h) **Absence of Changes.** Since January 31, 2010, except as disclosed by Sennen on SEDAR as of the date hereof:
- (i) Sennen and each of the Sennen Material Subsidiaries has conducted its business only in the ordinary and regular course of business consistent with past practice;
 - (ii) Sennen has not incurred or suffered a Material Adverse Change or Event;

(iii) there has not been any acquisition or sale by Sennen or any of the Sennen Material Subsidiaries of any material property or assets thereof;

(iv) other than in the ordinary and regular course of business consistent with past practice, there has not been any incurrence, assumption or guarantee by Sennen or any of the Sennen Material Subsidiaries of any debt for borrowed money, any creation or assumption by Sennen or any of the Sennen Material Subsidiaries of any Encumbrance, any making by Sennen or any of the Sennen Material Subsidiaries, of any loan, advance or capital contribution to or investment in any other person (other than (a) loans and advances in an aggregate amount which does not exceed \$100,000 outstanding at any time, and (b) loans made to other Sennen Material Subsidiaries);

(v) there has not been any entering into, amendment of, relinquishment, termination or non-renewal by Sennen or any of the Sennen Material Subsidiaries of any contract, agreement, licence, lease transaction, commitment or other right or obligation which would, individually or in the aggregate, have a Material Adverse Change or Effect on Sennen;

(vi) Sennen has not declared or paid any dividends or made any other distribution on any of the Sennen Common Shares;

(vii) Sennen has not effected or passed any resolution to approve a split, consolidation or reclassification of any of the outstanding Sennen Common Shares;

(viii) other than in the ordinary and regular course of business consistent with past practice, there has not been any material increase in or modification of the compensation payable to or to become payable by Sennen or any of the Sennen Material Subsidiaries to any of their respective directors, officers, employees or consultants or any grant to any such director, officer, employee or consultant of any increase in severance or termination pay or any increase or modification of any bonus, pension, insurance or benefit arrangement (including, without limitation, the granting of Sennen Options pursuant to the Sennen Share Option Plan) made to, for or with any of such directors or officers;

(ix) Sennen has not effected any material change in its accounting methods, principles or practices; and

(x) Sennen has not adopted any, or materially amended any, collective bargaining agreement, bonus, pension, profit sharing, stock purchase, stock option or other benefit plan.

(i) **Employment Agreements.**

(i) neither Sennen nor any of the Sennen Material Subsidiaries is a party to any written or oral policy, agreement, obligation or understanding providing for severance or termination payments to, or any employment agreement with, any

director or officer of Sennen or any of the Sennen Material Subsidiaries which cannot be terminated without payment of a maximum of six times such individuals' monthly salary;

(ii) neither Sennen nor any of the Sennen Material Subsidiaries has any employee or consultant whose employment or contract with Sennen or the Sennen Material Subsidiary, respectively, cannot be terminated without payment upon a maximum of six months' notice; and

(iii) neither Sennen nor any of the Sennen Material Subsidiaries (a) is a party to any collective bargaining agreement, (b) is, to the knowledge of Sennen, subject to any application for certification or threatened or apparent union-organizing campaigns for employees not covered under a collective bargaining agreement, or (c) is subject to any current, or to the knowledge of Sennen, pending or threatened strike or lockout.

(j) **Financial Matters.** The audited consolidated balance sheets, audited consolidated statements of operations and deficit and audited consolidated statements of cash flows of Sennen for the financial years ended January 31, 2009 and January 31, 2010 and the nine-month (unaudited) period ended October 31, 2010 were prepared in accordance with Canadian GAAP consistently applied, and fairly present in all material respects the consolidated financial condition of Sennen at the respective dates indicated and the results of operations of Sennen for the periods covered on a consolidated basis and reflect adequate provision for the liabilities of Sennen on a consolidated basis in accordance with Canadian GAAP. As of the date hereof, neither Sennen nor any of the Sennen Material Subsidiaries has any liability or obligation (including, without limitation, liabilities or obligations to fund any operations or work or exploration program to give any guarantees or for Taxes), whether accrued, absolute, contingent or otherwise, not reflected in the unaudited consolidated financial statements of Sennen for the nine month period ended October 31, 2010, except liabilities and obligations incurred in the ordinary and regular course of business (including the business of operating, developing, constructing and exploring Sennen's mineral projects) since October 31, 2010 or which liabilities or obligations do not in the aggregate exceed \$100,000. There are reasonable grounds for believing that (i) Sennen is, and the Resulting Issuer will be, able to pay its liabilities as they become due, and (ii) the realizable value of the assets of the Resulting Issuer to the Arrangement will not be less than the aggregate of the liabilities thereof and the stated capital of all classes of shares thereof.

(k) **Books and Records.** The corporate records and minute books of Sennen and the Sennen Material Subsidiaries have been maintained in accordance with all applicable Laws and are complete and accurate in all material respects. Financial books and records and accounts of Sennen and the Sennen Material Subsidiaries in all material respects (i) have been maintained in accordance with good business practices on a basis consistent with prior years, are stated in reasonable detail and accurately and fairly reflect the transactions and acquisitions and dispositions of assets of Sennen and the Sennen Material Subsidiaries, and accurately and fairly reflect the basis for the consolidated financial statements of Sennen. Sennen has devised and maintains a system of internal

accounting controls sufficient to provide reasonable assurances that, in all material respects (a) transactions are executed in accordance with the general or specific authorization of the management Sennen and (b) transactions are recorded as necessary (i) to permit preparation of consolidated financial statements in conformity with Canadian GAAP or any criteria applicable to such consolidated financial statements and (ii) to maintain accountability for assets and liabilities.

(l) **Litigation.** There is no claim, action, proceeding or investigation pending or in progress or, to the knowledge of Sennen, threatened against or relating to Sennen or any of the Sennen Material Subsidiaries or affecting any of their respective properties or assets at Law or equity or before any Governmental Entity, including without limitation any claim, action, proceeding or investigation pending or in progress or, the knowledge of Sennen, threatened by or on behalf of any member of the agrarian communities with respect to any lands included in the area of the Sennen Properties, which individually or in the aggregate has, or could reasonably be expected to have, a Material Adverse Change or Effect on Sennen. There is no bankruptcy, liquidation, winding-up or other similar proceeding pending or in progress, or, to the knowledge of Sennen, threatened against or relating to Sennen or any of the Sennen Material Subsidiaries before any Governmental Entity. Neither Sennen nor any of the Sennen Material Subsidiaries, nor any of their respective properties or assets is subject to any outstanding judgment, order, writ, injunction or decree that involves or may involve, or restricts or may restrict, or requires or may require, the expenditure of an amount of money in the aggregate in excess of \$100,000 as a condition to or a necessity for the right or ability of Sennen or the Sennen Material Subsidiaries, as the case may be, to conduct its business in all material respects as it has been carried on prior to the date hereof, or that would materially impede the consummation of the transactions contemplated by this Agreement.

(m) **Title to Properties and Condition of Assets.** Sennen and the Sennen Material Subsidiaries, collectively, are the holders of record of the Sennen Properties, and applying customary standards in the mining industry, Sennen and the Sennen Material Subsidiaries, collectively, are the owners of a 100% undivided beneficial interest in and to the Sennen Properties, free and clear of any title defect or Encumbrance, the Sennen Properties (other than property as to which it is a lessee, in which case it has a valid leasehold interest), except for such defects in title or Encumbrances that, individually or in the aggregate, do not have, and would not be reasonably likely to have, a Material Adverse Change or Effect on Sennen. Furthermore, all real and tangible personal property of each of Sennen and the Sennen Material Subsidiaries is in generally good repair and is operational and usable in the manner in which it is currently being utilized, subject to normal wear and tear and technical obsolescence, repair or replacement.

(n) **Sennen Properties.** With respect to the Sennen Properties:

(i) the Sennen Properties are accurately described by Sennen on SEDAR, there are no mineral claims or other rights comprising any of such properties or any portion thereof which are not disclosed by Sennen on SEDAR and each of Sennen's permits are in full force and effect;

(ii) no person has any agreement, option, right of first refusal or right, title or interest or right capable of becoming an agreement, option, right of first refusal or right, title or interest, in or to any of the Sennen Properties;

(iii) none of the Sennen Properties nor any minerals or product derived from the Sennen Properties are subject to or bound by any royalty, royalty interest or similar payment or interest, whether registered or unregistered, and neither Sennen nor any of the Sennen Material Subsidiaries has granted any royalty, royalty interest or similar payment or interest in or affecting any of the Sennen Properties;

(iv) neither Sennen nor any of the Sennen Subsidiaries has received notice of any breach of any applicable Law in respect of its conduct on or under any of the Sennen Properties which could have a Material Adverse Change or Effect on Sennen; and

(v) Sennen and the Sennen Material Subsidiaries collectively own, possess or have obtained, and are in compliance with, all necessary licenses, easements, permits, certificates, mining conventions, consents, orders, grants and other qualifications and authorizations necessary to conduct Sennen's business on the Sennen Properties, including, but not limited to, for the exploration, development and construction of the Sennen Properties and the operation of the Sennen Properties, including the import of materials and export of finished products, except where such failure to own, possess or have obtained a license, permit certificate, mining convention, consent, order grant or other qualification or authorization or such non-compliance, either individually or in the aggregate, does not, and will not, have a Material Adverse Change or Effect on Sennen.

(o) **Properties in Good Standing.** The Sennen Properties are in good standing in all material respects including with respect to the performance of all material obligations required under applicable Laws (including the payment of all maintenance costs, the performance of all minimum assessment work and the filing of reports with respect to minimum assessment work) or any agreements to which they are subject and the condition of such Sennen Properties is and the work carried out thereon has been in material compliance with all applicable Laws and all orders of all Governmental Entities having jurisdiction in respect thereof.

(p) **Insurance.** Sennen maintains policies of insurance in amounts and in respect of such risks as are normal and usual for companies of a similar size operating in the mining industry and such policies are in full force and effect as of the date hereof.

(q) **Operational Matters.** Except as would not, individually or in the aggregate, have a Material Adverse Change or Effect on Sennen:

(i) all rentals, payments and obligations (including the applicable mining patents and, if applicable, maintenance for unpatented mining claims), royalties, overriding royalty interests, production payments, net profits, interest burdens and

other payments due or payable on or prior to the date hereof under or with respect to the direct or indirect assets of Sennen and the Sennen Material Subsidiaries have been properly and timely paid;

(ii) the ore bodies and minerals located in the Sennen Properties are under valid, subsisting and enforceable title documents or other recognized and enforceable agreements or instruments, sufficient to permit Sennen or the Sennen Material Subsidiaries to explore and to exploit in each case the minerals relating thereto, all such property, leases or claims and all property, leases or claims in which Sennen or any of the Sennen Material Subsidiaries has any interest or right have been validly located and recorded in accordance with all Applicable Laws and are valid and subsisting, Sennen and the Sennen Material Subsidiaries collectively hold all necessary surface rights, access rights and other necessary rights and interests relating to the Sennen Properties granting the right and ability to explore for and to exploit in each case minerals, ore and metals for development purposes in areas of current operations with only such exceptions as do not materially interfere with the use made by Sennen of the rights or interests so held (and believes that such rights and interests relating to the remaining portion of the Sennen Properties can be obtained by Sennen on commercially reasonable terms), and each of the proprietary interests or rights and each of the documents, agreements and instruments and obligations relating thereto referred to above is currently in good standing; and

(iii) all exploration and development activities undertaken by Sennen and the Sennen Material Subsidiaries have been undertaken in accordance with exploration and development practices consistent with industry standards and in compliance with all applicable Laws.

(r) **Environmental.**

(i) each of Sennen and the Sennen Material Subsidiaries has operated in material compliance with all applicable Environmental Laws, except to the extent that a failure to be in such compliance would not be reasonably likely to have a Material Adverse Change or Effect on Sennen;

(ii) the Sennen Properties have not been used to generate, manufacture, refine, treat, recycle, transport, store, handle, dispose, transfer, produce or process Hazardous Substances, except in compliance in all material respects with all Environmental Laws and except to the extent that same would not be reasonably likely to have a Material Adverse Change or Effect on Sennen. None of Sennen, the Sennen Material Subsidiaries or any other person in control of any Sennen Property has caused or permitted the Release of any Hazardous Substances at, in, on, under or from any Sennen Property, except in material compliance with all Environmental Laws and except to the extent that same would not be reasonably likely to have a Material Adverse Change or Effect on Sennen. All Hazardous Substances handled, recycled, disposed of, treated or stored on or off site of the Sennen Properties have been handled, recycled, disposed of, treated and stored in

material compliance with all Environmental Laws, except to the extent that same would not be reasonably likely to have a Material Adverse Change or Effect on Sennen. To the knowledge of Sennen, there are no Hazardous Substances at, in, on, under or migrating from Sennen Properties, except in compliance with all Environmental Laws and except to the extent that same would not be reasonably likely to have a Material Adverse Change or Effect on Sennen;

(iii) to the knowledge of Sennen, none of Sennen, the Sennen Material Subsidiaries or any other person for whose actions Sennen or a Sennen Material Subsidiary may be partially or wholly liable has caused or permitted the Release of any Hazardous Substances on or to any of the Sennen Properties in such a manner as: (i) would be reasonably likely to impose Liability for cleanup, natural resource damages, loss of life, personal injury, nuisance or damage to other property, except to the extent that such Liability would not have a Material Adverse Change or Effect on Sennen; or (ii) would be reasonably likely to result in imposition of a lien, charge or other encumbrance or the expropriation on any of the Sennen Properties or the assets of any of Sennen or the Sennen Material Subsidiaries;

(iv) to the knowledge of Sennen, none of Sennen, the Sennen Material Subsidiaries or any other person for whose actions Sennen or a Sennen Material Subsidiary may be partially or wholly liable, has treated or disposed, or arranged for the treatment or disposal, of any Hazardous Substances at any location: (i) listed on any list of hazardous sites or sites requiring Remedial Action issued by any Governmental Entity; (ii) to the knowledge of Sennen, proposed for listing on any list issued by any Governmental Entity of hazardous sites or sites requiring Remedial Action, or any similar federal, state or provincial lists; or (iii) that is the subject of enforcement actions by any Governmental Entity that creates the reasonable potential for any proceeding, action, or other claim against Sennen or any of the Sennen Material Subsidiaries. No site or facility now or, to the knowledge of Sennen, previously owned, operated or leased by Sennen or any of the Sennen Material Subsidiaries is listed or, to the knowledge of Sennen, proposed for listing on any list issued by any Governmental Entity of hazardous sites or sites requiring Remedial Action or is the subject of Remedial Action;

(v) none of the Sennen Properties has or is required to have any deed notices or restrictions, institutional controls, covenants that run with the land or other restrictive covenants or notices arising under any Environmental Laws;

(vi) none of Sennen or the Sennen Material Subsidiaries has received any notice, formal or informal, of any proceeding, action or other claim, Liability or potential Liability arising under any Environmental Laws, from any person related to any of the Sennen Properties which is pending as of the date hereof, except to the extent same would not have a Material Adverse Change or Effect on Sennen; and

(vii) Sennen has made available to Chelsea a copy of all environmental or occupational health and safety audits, orders, prosecutions, evaluations, assessments, tests, reports and studies related to any of the Sennen Properties which are in the possession of Sennen or any of the Sennen Material Subsidiaries.

(s) **Tax Matters.** Sennen and the Sennen Material Subsidiaries have filed or caused to be filed, in a timely manner all Tax Returns required to be filed by them (all of which Tax Returns were correct and complete in all material respects) and have paid, collected, withheld or remitted, or caused to be paid, collected, withheld or remitted, all Taxes that are due and payable, collectible and remittable, except, in either case where such failure to file or to pay, collect, withhold or remit would not have a Material Adverse Change or Effect on Sennen. Sennen has provided adequate accruals in accordance with Canadian GAAP in its most recently published annual consolidated financial statements for any Taxes for the period covered by such financial statements which have not been paid, whether or not shown as being due on any Tax Returns. Since such publication date, no material liability for Taxes not reflected in such consolidated financial statements or otherwise provided for has been assessed, proposed to be assessed, incurred or accrued other than in the ordinary course of business. There are no material proposed (but unassessed) additional Taxes and none have been asserted by the Canada Revenue Agency or any other taxing authority, including, without limitation, any sales tax authority, in connection with any of the Tax Returns referred to above, and no waiver of any statute of limitations has been given or requested with respect to Sennen or any of the Sennen Material Subsidiaries. No lien for Taxes has been filed or exists other than for Taxes not yet due and payable.

(t) **Intellectual Property.** Neither Sennen nor the Sennen Material Subsidiaries own or license any patents, patent rights, trademarks, trade names, service marks, copyrights, know how or other proprietary intellectual property rights that are material to the conduct of the business of Sennen and the Sennen Material Subsidiaries other than such trade names, service marks and/or copyrights as may exist at law or by usage in respect of their use in the context of the business of Sennen.

(u) **Pension and Employee Benefits.**

(i) Sennen and the Sennen Material Subsidiaries have complied, in all material respects, with all of the terms of the pension and other employee compensation and benefit obligations of Sennen and the Sennen Material Subsidiaries, as the case may be, including the provisions of any collective agreements, funding and investment contracts or obligations applicable thereto, arising under or relating to each of the pension or retirement income plans or other employee compensation or benefit plans, agreements, policies, programs, arrangements or practices, whether written or oral, which are maintained by or binding upon Sennen or the Sennen Material Subsidiaries, as the case may be (collectively referred to in this subsection as the “**Sennen Plans**”) and all Sennen Plans maintained by or binding upon Sennen or any of the Sennen Material Subsidiaries are fully funded and in good standing with such regulatory authorities as may be applicable and no notice of underfunding, non-compliance,

failure to be in good standing or otherwise has been received by Sennen or any of the Sennen Material Subsidiaries from any such regulatory authority.

(ii) No action has been taken, no event has occurred and no condition or circumstance exists that has resulted in or could reasonably be expected to result in any Sennen Plan maintained by or binding upon Sennen or any of the Sennen Material Subsidiaries, being ordered or required to be terminated or wound up in whole or in part or having its registration under applicable legislation refused or revoked, or being placed under the administration of any trustee or receiver or regulatory authority.

(v) **Reporting Status.** Sennen is a reporting issuer or its equivalent in the provinces of British Columbia and Alberta. The Sennen Common Shares are listed on the TSXV.

(w) **Reports.** Since August 8, 1997, Sennen has filed with the Securities Authorities, stock exchanges and all applicable self-regulatory authorities a true and complete copy of all forms, reports, schedules, statements, certifications, material change reports and other documents required to be filed by it (such forms, reports, schedules, statements, certifications and other documents, including any financial statements or other documents, including any schedules included therein, are referred to in this subsection as the "**Sennen Documents**"). The Sennen Documents, at the time filed or, if amended, as of the date of such amendment (a) did not contain any misrepresentation (as defined in the *Securities Act* (British Columbia)) and did not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, and (b) complied in all material respects with the requirements of applicable securities legislation and the rules, policies and instruments of all Securities Authorities having jurisdiction over Sennen, except where such non-compliance has not and would not reasonably be expected to have a Material Adverse Change or Effect on Sennen. Sennen has not filed any confidential material change or other report or other document with any Securities Authorities or stock exchange or other self-regulatory authority which at the date hereof remains confidential. To the knowledge of Sennen, none of the filings comprising the Sennen Documents is the subject of ongoing review, comment or investigation by any Securities Authority or stock exchange.

(x) **Compliance with Laws.** Sennen and the Sennen Material Subsidiaries have complied with and are not in violation of any applicable Law other than such non-compliance or violations which would not, individually or in the aggregate, have a Material Adverse Change or Effect on Sennen.

(y) **No Cease Trade.** Sennen is not subject to any cease trade or other order of any applicable stock exchange or Securities Authority and, to the knowledge of Sennen, no investigation or other proceedings involving Sennen which may operate to prevent or restrict trading of any securities of Sennen are currently in progress or pending before any applicable stock exchange or Securities Authority.

(z) **No Option on Assets.** No person has any agreement or option or any right or privilege capable of becoming an agreement or option for the purchase from Sennen or the Sennen Material Subsidiaries of any of the material assets of Sennen or any of the Sennen Material Subsidiaries or the Sennen Properties or any portion thereof or any right, title or interest therein, other than as described or contemplated herein. Subject to the rights of any Governmental Entity having jurisdiction, no person has any proprietary or possessory interest in the Sennen Properties, and no person is entitled to any royalty or other payment in the nature of rent or royalty on any minerals, metals or concentrates or any other such products removed or produced from the Sennen Properties.

(aa) **Certain Contracts.** Neither Sennen nor any of the Sennen Material Subsidiaries is a party to or bound by any non-competition agreement or any other agreement, obligation, judgment, injunction, order or decree which purports to (i) limit the manner or the localities in which all or any material portion of the business of Sennen or the Sennen Material Subsidiaries are conducted, (ii) limit any business practice of Sennen or any Sennen Material Subsidiary in any material respect, or (iii) restrict any acquisition or disposition of any property by Sennen or any Sennen Material Subsidiary in any material respect.

(bb) **Place of Principal Offices.** The principal offices of Sennen are not located within the United States.

(cc) **Location of Assets and U.S. Sales.** All of the assets and property of Sennen and its Material Subsidiaries, taken as a whole, are located outside the United States and did not generate sales in or into the United States during Sennen's most recent financial year.

(dd) **Foreign Private Issuer.** As of the date hereof, Sennen is a "foreign private issuer" as defined in Rule 405 under the 1933 Act.

(ee) **Full Disclosure.** Sennen has made available to Chelsea all material information, including financial, operational and other information, in respect of Sennen and the Sennen Material Subsidiaries and all such information as made available to Sennen is true and correct in all material respects and no material fact or facts have been omitted therefrom which would make such information misleading.

(ff) **No Broker's Commission.** Sennen has not entered into any agreement that would entitle any person to any valid claim against Sennen for a broker's commission, finder's fee or any like payment in respect of the Arrangement or any other matter contemplated by this Agreement.

(gg) **Related Party Transactions.** There are no contracts, arrangements or other transactions between Sennen or any of its subsidiaries or material joint ventures, on the one hand, and any (i) officer or director of Sennen or any of its subsidiaries or material joint ventures, (ii) any holder of record or beneficial owner of 5% or more of any class of the voting or non-voting equity securities of Sennen, or (iii) any affiliate or associate of any such officer, director or beneficial owner, on the other hand.

(hh) **Shares.** The Sennen Common Shares to be issued pursuant to the Arrangement will, upon issue, be issued as fully paid and non-assessable shares.

(ii) **U.S. Matters**

(i) The Sennen Common Shares are not registered under Section 12 of, and Sennen is not required to file reports pursuant to Sections 13(a) or 15(d) of, the United States *Securities Exchange Act of 1934*, as amended.

Survival of Representations and Warranties

3.3 The representations and warranties contained in this Agreement shall survive the execution and delivery of this Agreement and shall expire and be terminated and extinguished at the Effective Time. Any investigation by Sennen or Chelsea and their respective advisors shall not mitigate, diminish or affect the representations and warranties contained in this Agreement.

PART 4

COVENANTS

Covenants of Chelsea

4.1 Chelsea hereby covenants and agrees with Sennen as follows:

(a) **Copy of Documents.** Except for proxies and other non-substantive communications, Chelsea shall furnish promptly to Sennen a copy of each notice, report, schedule or other document or communication delivered, filed or received by Chelsea in connection with this Agreement, the Arrangement, the Interim Order or the Chelsea Meeting or any other meeting at which all Chelsea Shareholders are entitled to attend relating to special business, any filings made under any applicable Law and any dealings or communications with any Governmental Entity, Securities Authority or stock exchange in connection with, or in any way affecting, the transactions contemplated by this Agreement.

(b) **Usual Business.** Other than in contemplation of or as required to give effect to the transactions contemplated by this Agreement, Chelsea shall conduct business only in, and not take any action except in, the ordinary course of business and consistent with past practice, and Chelsea shall use its and their commercially reasonable best efforts to maintain and preserve their businesses, assets, and advantageous business relationships.

(c) **Certain Actions Prohibited.** Except as otherwise contemplated hereunder or under the Plan of Arrangement, or as required to give effect to the transactions contemplated hereunder or thereunder, Chelsea shall not, without the prior written consent of Sennen, which consent shall not be unreasonably withheld or delayed, directly or indirectly do or permit to occur any of the following:

- (i) issue, sell, pledge, lease, dispose of, encumber or create any Encumbrance on or agree to issue, sell, pledge, lease, dispose of, or encumber or create any Encumbrance on, or agree to issue, sell, pledge, lease, dispose of, or encumber or create any Encumbrance on, any shares of, or any options, warrants, calls, conversion privileges or rights of any kind to acquire any shares of Chelsea;
- (ii) amend or propose to amend the articles or by-laws (or their equivalent) of Chelsea;
- (iii) split, combine or reclassify any of the shares of Chelsea, or declare, set aside or pay any dividend or other distribution or special bonuses payable in cash, securities, property or otherwise with respect to the shares of Chelsea, or undertake any other capital reorganization;
- (iv) redeem, purchase or offer to purchase any Chelsea Common Shares and any options or obligations or rights under existing contracts, agreements and commitments;
- (v) adopt any resolution or enter into any agreement providing for an amalgamation, merger, consolidation, reorganization, liquidation, dissolution or other extraordinary transaction, or adopt any plan of liquidation or reorganize, amalgamate or merger with any other person;
- (vi) other than pursuant to, and only to the extent of, the due exercise by any third party of any rights under existing contracts, agreements and commitments with Chelsea, sell, pledge, lease, encumber or otherwise dispose of, any property or assets or enter into any agreement or commitment in respect of any of the foregoing;
- (vii) authorize, recommend, propose or agree to any release or relinquishment of any standstill agreement or of any other material contractual right;
- (viii) enter into any agreements with its directors or officers or their respective affiliates or associates other than in the ordinary and regular course of business;
- (ix) acquire or agree to acquire any corporation or other entity (or material interest therein) or division of any corporation or other entity (or material interest therein) or division of any corporation or other entity;
- (x) satisfy or settle any claim or dispute which is, individually or in the aggregate with any other such claims or disputes, in an amount in excess of \$100,000; relinquish any contractual rights which are, individually or in the aggregate, in an amount in excess of \$100,000; or enter into any interest rate, currency or commodity swaps, hedges, caps, collars, forward sales or other similar financial instruments other than in the ordinary and regular course of business consistent with past practice and in any case not for speculative purposes;

(xi) incur, authorize, agree or otherwise become committed to provide guarantees for borrowed money or incur, authorize, agree or otherwise become committed for any indebtedness for borrowed money, or otherwise become committed for any indebtedness for borrowed money;

(xii) except as required by Canadian GAAP or any applicable Law, make any changes to the existing accounting practices of Chelsea or make any material tax election inconsistent with past practice;

(xiii) except in accordance with budgets furnished to Sennen prior to the date hereof, make or incur, any capital expenditures or expenses of any nature or kind of over \$100,000 other than (and without duplication) (A) ordinary course expenditures; (B) expenditures required by applicable Law; and (C) expenditures made in connection with transactions contemplated in this Agreement;

(xiv) engage in any extraordinary transaction;

(xv) take any action that could reasonable be expected to interfere with or be inconsistent with the completion of the Arrangement or the other transactions contemplated in this Agreement; or

(xvi) authorize, propose, permit or agree to any of the foregoing.

(d) **Employment Arrangements.** Without the prior written consent of Sennen, such consent not to be unreasonably, withheld, Chelsea shall not enter into or modify any employment, consulting, severance, collective bargaining or similar agreement, policy or arrangement with, or grant any bonus, salary increase, option to purchase shares, pension or supplemental pension benefit, profit sharing, retirement allowance, deferred compensation, incentive compensation, executive compensation, severance, change of control or termination pay to, or make any loan to, any officer, director, employee or consultant of Chelsea.

(e) **Insurance.** Chelsea shall use its commercially reasonable best efforts to cause its current insurance (or reinsurance) policies not to be cancelled or terminated or any of the coverage thereunder to lapse, unless simultaneously with such termination, cancellation or lapse, replacement policies underwritten by insurance and re-insurance companies of internationally recognized standing providing coverage equal to or greater than the coverage under the cancelled, terminated or lapsed policies for substantially similar premiums are in full force and effect.

(f) **Certain Actions.** Chelsea shall:

(i) use its commercially reasonable efforts (i) to preserve intact its business organizations, (ii) not to do anything or fail to do anything which could lead to a breach under any of its material contracts, (iii) to keep available the services of its officers, employees, agents and consultants as a group, and (iv) to maintain satisfactory relationships with suppliers, distributors, customers and others having business relationships with it;

(ii) properly and timely, pay, discharge or otherwise satisfy in full all rentals, payments and obligations (including the applicable mining patents and, if applicable, maintenance for unpatented mining claims), royalties, overriding royalty interests, production payments, net profits, interest burdens and other payments due or payable under or with respect to the direct or indirect assets of Chelsea;

(iii) not engage in any business, enterprise or other activity different from that carried on by it at the date of this Agreement that could reasonably be expected to have a Material Adverse Change or Effect on Chelsea, or enter into any transaction or incur (except in respect of obligations or liabilities to which it is already legally subject or are contemplated by this Agreement) any material obligation, expenditure or liability other than in the ordinary and regular course of business as presently conducted;

(iv) furnish to Sennen such information, in addition to the information contained in this Agreement, relating to Chelsea as may reasonably be requested by Sennen, and such information and any other information relating to Chelsea provided by Chelsea to Sennen will be true and complete in all material respects and will not contain any misrepresentation;

(v) not take any action, or refrain from taking any action (subject to commercially reasonable best efforts), or permit any action to be taken or not taken, inconsistent with the provisions of this Agreement or which would reasonably be expected to materially impede the completion of the transactions contemplated hereby or would render, or that could reasonably be expected to render, any representation or warranty made by Chelsea in this Agreement untrue or inaccurate in any material respect at any time prior to the Effective Time if then made or which would or could have a Material Adverse Change or Effect on Chelsea;

(vi) promptly notify Sennen of (A) any Material Adverse Change or Effect, or any change, event, occurrence or state of facts which could reasonably be expected to become or to have a Material Adverse Change or Effect, in respect of the business or in the conduct of the business of Chelsea, (B) any material Governmental Entity or third person complaints, investigations or hearings (or communications indicating that the same may be contemplated), (C) any breach by Chelsea of any covenant or agreement contained in this Agreement, and (D) any event occurring subsequent to the date hereof that would render any representation or warranty of Chelsea contained in this Agreement, if made on or as of the date of such event or the Effective Date, to be untrue or inaccurate in any material respect; and

(vii) maintain payables and other liabilities (other than for money borrowed) at levels consistent with past practice.

(g) **No Compromise.** Chelsea shall not settle or compromise any claim brought by any present, former or purported holder of any securities of Chelsea in connection with the transactions contemplated by this Agreement prior to the Effective Time without the prior written consent of Sennen, which consent shall not be unreasonably withheld or delayed.

(h) **Contractual Obligations.** Chelsea shall not enter into or modify in any respect any material contract, agreement, lease, commitment or arrangement to which Chelsea is a party or by which any of them is bound, except insofar as may be necessary to permit or provide for the completion of the Arrangement or in the ordinary course of business.

(i) **Satisfaction of Conditions.** Chelsea shall use all commercially reasonable best efforts to satisfy, or cause to be satisfied, all of the conditions precedent to its obligations hereunder to the extent the same is within its control and to take, or cause to be taken, all other actions and to do, or cause to be done, all other things necessary, proper or advisable under all applicable Laws to complete the transactions contemplated by this Agreement, including using their commercially reasonable best efforts to:

(i) obtain the approval of Chelsea Shareholders for the Arrangement in accordance with the provisions of the BCBCA, the Interim Order and the requirements of any applicable regulatory authority;

(ii) obtain all consents, approvals and authorizations as are required to be obtained by Chelsea under any applicable Law or from any Governmental Entity which would, if not obtained, materially impede the completion of the transactions contemplated hereby or have a Material Adverse Change or Effect on Chelsea;

(iii) effect all necessary registrations, filings and submissions of information requested by Governmental Entities required to be effected by them in connection with the transactions contemplated by this Agreement and participate, and appear in any proceedings of, any party hereto before any Governmental Entity;

(iv) oppose, lift or rescind any injunction or restraining order or other order or action challenging or affecting this Agreement, the transactions contemplated hereby or seeking to stop, or otherwise adversely affecting the ability of the parties hereto to consummate, the transactions contemplated hereby;

(v) fulfill all conditions and satisfy all provisions of this Agreement and the Plan of Arrangement required to be fulfilled or satisfied by them; and

(vi) cooperate with Sennen in connection with the performance by Sennen of its obligations hereunder, provided however that the foregoing shall not be construed to obligate Chelsea to pay or cause to be paid any monies to cause such performance to occur.

(j) **Keep Fully Informed.** Without limiting the provisions of §4.1(c) hereof, Chelsea shall use commercially reasonable best efforts to conduct itself so as to keep Sennen fully

informed as to the material decisions or actions required or required to be made with respect to the operation of its business.

(k) **Cooperation.** Chelsea shall make, or cooperate as necessary in the making of, all necessary filings and applications under all applicable Laws required in connection with the transactions contemplated hereby and take all reasonable action necessary to be in compliance with such Laws.

(l) **Representations.** Chelsea shall use commercially reasonable best efforts to conduct its affairs so that all of the representations and warranties of Chelsea contained herein shall be true and correct on and as of the Effective Date as if made on and as of such date.

(m) **Information.** Chelsea shall continue to make available and cause to be made available to Sennen and the agents and advisors thereto all documents, agreements, corporate records and minute books as may be necessary to enable Sennen to effect a thorough examination of Chelsea and the business, properties and financial status thereof, including the provision of unaudited quarterly financial statements of Chelsea, and shall cooperate with Sennen in securing access for Sennen to any documents, agreements, corporate records or minute books not in the possession or under the control of Chelsea. Subject to applicable Laws, upon reasonable notice, Chelsea shall afford officers, employees, counsel, accountants and other authorized representatives and advisors of Sennen reasonable access, during normal business hours from the date hereof until the earlier of the Effective Time or the termination of this Agreement, to the properties, books, contracts and records as well as to the management personnel of Chelsea, and, during such period, Chelsea shall furnish promptly to Sennen all information concerning the business, properties and personnel of Chelsea as Sennen may reasonably request. Prior to the Effective Time, Chelsea shall use its commercially reasonable efforts to cure any material defects among its corporate records, instruments, agreements and other documents as may reasonably be requested by Sennen.

(n) **Closing Documents.** Chelsea shall execute and deliver, or cause to be executed and delivered at the closing of the transactions contemplated hereby such customary agreements, certificates, opinions, resolutions and other closing documents as may be required by Sennen, all in form satisfactory to Sennen, acting reasonably.

Covenants of Sennen

4.2 Sennen hereby covenants and agrees with Chelsea as follows:

(a) **Proceedings.** In a timely and expeditious manner, Sennen shall take all such actions and do all such acts and things as are specified in the Interim Order, the Plan of Arrangement (including issuing the Sennen Common Shares contemplated pursuant to §3.1 of the Plan of Arrangement) and the Final Order to be taken or done by Sennen.

(b) **Copy of Documents.** Except for proxies and other non-substantive communications, Sennen shall furnish promptly to Chelsea a copy of each notice, report, schedule or other document or communication delivered, filed or received by Sennen in

connection with this Agreement, the Arrangement, the Interim Order or any meeting at which all Sennen Shareholders are entitled to attend relating to special business, any filings made under any applicable Law and any dealings or communications with any Governmental Entity, Securities Authority or stock exchange in connection with, or in any way affecting, the transactions contemplated by this Agreement.

(c) **Usual Business.** Other than in contemplation of or as required to give effect to the transactions contemplated by this Agreement, Sennen shall, and shall cause the Sennen Material Subsidiaries to, conduct business only in, and not take any action except in, the ordinary course of business and consistent with past practice, and Sennen shall, and shall cause the Sennen Material Subsidiaries to, use its and their commercially reasonable efforts to maintain and preserve their businesses, assets, and advantageous business relationships, respectively.

(d) **Certain Actions Prohibited.** Except as contemplated hereunder, under the Plan of Arrangement, or as required to give effect to the transactions contemplated hereunder or thereunder or otherwise as required by applicable Law, Sennen shall not, and shall cause the Sennen Material Subsidiaries not to, without the prior written consent of Chelsea, which consent shall not be unreasonably withheld or delayed, directly or indirectly do or permit to occur any of the following:

(i) issue, sell, pledge, lease, dispose of, encumber or create any Encumbrance on or agree to issue, sell, pledge, lease, dispose of, or encumber or create any Encumbrance on, or permit a Sennen Material Subsidiary to issue, sell, pledge, lease, dispose of, encumber or create any Encumbrance on or agree to issue, sell, pledge, lease, dispose of, or encumber or create any Encumbrance on, any shares of, or any options, warrants, calls, conversion privileges or rights of any kind to acquire any shares of, Sennen or any of the Sennen Material Subsidiaries, other than the issue of Sennen Common Shares pursuant to the exercise of the Sennen Options and Sennen Warrants issued and outstanding on the date hereof in accordance with their terms as of the date hereof;

(ii) amend or propose to amend the articles or by-laws (or their equivalent) of Sennen or any of the Sennen Material Subsidiaries or any of the terms of the Sennen Options and the Sennen Warrants as they exist at the date of this Agreement;

(iii) split, combine or reclassify any of the shares of Sennen or any of the Sennen Material Subsidiaries, or declare, set aside or pay any dividend or other distribution or special bonuses payable in cash, securities, property or otherwise with respect to the shares of Sennen, or undertake any other capital reorganization;

(iv) redeem, purchase or offer to purchase, or permit any of the Sennen Material Subsidiaries to redeem, purchase or offer to purchase, any Sennen Common Shares and, other than pursuant to the Sennen Share Option Plan, any

options or obligations or rights under existing contracts, agreements and commitments;

(v) adopt any resolution or enter into any agreement providing for an amalgamation, merger, consolidation, reorganization, liquidation, dissolution or other extraordinary transaction, or adopt any plan of liquidation or reorganize, amalgamate or merger with any other person;

(vi) other than pursuant to, and only to the extent of, the due exercise by any third party of any rights under existing contracts, agreements and commitments with Sennen or any Sennen Material Subsidiary, sell, pledge, lease, encumber or otherwise dispose of, or permit any of the Sennen Material Subsidiaries to sell, lease or otherwise dispose of, any property or assets or enter into any agreement or commitment in respect of any of the foregoing;

(vii) grant or enter into any agreement, written or verbal, with respect to any royalty or similar arrangement, or issue any instrument having the same economic effect as a royalty, in respect of the Sennen Properties;

(viii) except in the ordinary and regular course of business (up to an amount not to exceed, in the aggregate, \$100,000) or as required by applicable Laws, enter into or modify in any material respect any contract, agreement, licence, franchise, Environmental Approval, lease transaction, commitment or other right or obligation or arrangement in respect of any of the Sennen Properties;

(ix) authorize, recommend, propose or agree to any release or relinquishment of any standstill agreement or of any other material contractual right;

(x) enter into any agreements with its directors or officers or their respective affiliates or associates other than in the ordinary and regular course of business;

(xi) acquire or agree to acquire any corporation or other entity (or material interest therein) or division of any corporation or other entity, or permit any of the Sennen Material Subsidiaries to acquire or agree to acquire any corporation or other entity (or material interest therein) or division of any corporation or other entity;

(xii) abandon or fail to diligently pursue any application to renew any existing material licence, permit, order, claim, authorization, consent, approval (including Environmental Approvals) or registration related to any of the Sennen Properties;

(xiii) satisfy or settle any claim or dispute which is, individually or in the aggregate with any other such claims or disputes, in an amount in excess of \$100,000 or which constitutes a claim between Sennen and a Sennen Material Subsidiary or between Sennen Material Subsidiaries; relinquish any contractual rights which are, individually or in the aggregate, in an amount in excess of \$100,000; or enter into any interest rate, currency or commodity swaps, hedges, caps, collars, forward sales or other similar financial instruments other than in the

ordinary and regular course of business consistent with past practice and in any case not for speculative purposes;

(xiv) incur, authorize, agree or otherwise become committed to provide guarantees for borrowed money or incur, authorize, agree or otherwise become committed for any indebtedness for borrowed money, or permit any of the Sennen Material Subsidiaries to incur, authorize, agree or otherwise become committed to provide guarantees for borrowed money or incur, authorize, agree or otherwise become committed for any indebtedness for borrowed money;

(xv) except in connection with this transaction and except as required by Canadian GAAP, any other generally accepted accounting principle to which any Sennen Material Subsidiary may be subject or any applicable Law, make any changes to the existing accounting practices of Sennen or make any material tax election inconsistent with past practice;

(xvi) except in accordance with budgets furnished to Chelsea prior to the date hereof, make or incur, or cause any Sennen Material Subsidiaries to make or incur, any capital expenditures or expenses of any nature or kind of over \$100,000 other than (and without duplication) (A) ordinary course expenditures; (B) expenditures required by applicable Law; and (C) expenditures made in connection with transactions contemplated in this Agreement;

(xvii) engage in any extraordinary transaction;

(xviii) take any action that could reasonable be expected to interfere with or be inconsistent with the completion of the Arrangement or the other transactions contemplated in this Agreement; or

(xix) authorize, propose, permit or agree to any of the foregoing.

(e) **Employment Arrangements.** Without the prior written consent of Chelsea, such consent not to be unreasonably, withheld, Sennen shall not, and shall cause the Sennen Material Subsidiaries not to, enter into or modify any employment, consulting, severance, collective bargaining or similar agreement, policy or arrangement with, or grant any bonus, salary increase, option to purchase shares, pension or supplemental pension benefit, profit sharing, retirement allowance, deferred compensation, incentive compensation, executive compensation, severance, change of control or termination pay to, or make any loan to, any officer, director, employee or consultant of Sennen or any of the Sennen Material Subsidiaries.

(f) **Insurance.** Sennen shall use its commercially reasonable best efforts, and shall cause the Sennen Material Subsidiaries to use their commercially reasonable best efforts, to cause their respective current insurance (or reinsurance) policies not to be cancelled or terminated or any of the coverage thereunder to lapse, unless simultaneously with such termination, cancellation or lapse, replacement policies underwritten by insurance and re-insurance companies of internationally recognized standing providing coverage equal to

or greater than the coverage under the cancelled, terminated or lapsed policies for substantially similar premiums are in full force and effect.

(g) **Certain Actions.** Sennen shall, and shall cause the Sennen Material Subsidiaries to:

(i) use its commercially reasonable efforts (i) to preserve intact its business organizations, (ii) not to do anything or fail to do anything which could lead to a breach under any of its material contracts, (iii) to keep available the services of its officers, employees, agents and consultants as a group, (iv) to maintain satisfactory relationships with suppliers, distributors, customers and others having business relationships with it and (v) not to take any action which could reasonably be expected to be prejudicial to any of the Sennen Properties;

(ii) properly and timely, pay, discharge or otherwise satisfy in full all rentals, payments and obligations (including the applicable mining patents and, if applicable, maintenance for unpatented mining claims), royalties, overriding royalty interests, production payments, net profits, interest burdens and other payments due or payable under or with respect to the direct or indirect assets of Sennen and the Sennen Material Subsidiaries;

(iii) not engage in any business, enterprise or other activity different from that carried on by it at the date of this Agreement that could reasonably be expected to have a Material Adverse Change or Effect on Sennen, or enter into any transaction or incur (except in respect of obligations or liabilities to which it is already legally subject or are contemplated by this Agreement) any material obligation, expenditure or liability other than in the ordinary and regular course of business as presently conducted;

(iv) not take any action, or refrain from taking any action (subject to commercially reasonable best efforts), or permit any action to be taken or not taken, inconsistent with the provisions of this Agreement or which would reasonably be expected to materially impede the completion of the transactions contemplated hereby or would render, or that could reasonably be expected to render, any representation or warranty made by Sennen or the Sennen Material Subsidiaries in this Agreement untrue or inaccurate in any material respect at any time prior to the Effective Time if then made or which would or could have a Material Adverse Change or Effect on Sennen;

(v) promptly notify Chelsea of (A) any Material Adverse Change or Effect, or any change, event, occurrence or state of facts which could reasonably be expected to become or to have a Material Adverse Change or Effect, in respect of the business or in the conduct of the business of Sennen, (B) any material Governmental Entity or third person complaints, investigations or hearings (or communications indicating that the same may be contemplated), (C) any breach by Sennen or the Sennen Material Subsidiaries of any covenant or agreement contained in this Agreement, and (D) any event occurring subsequent to the date

hereof that would render any representation or warranty of Sennen or the Sennen Material Subsidiaries contained in this Agreement, if made on or as of the date of such event or the Effective Date, to be untrue or inaccurate in any material respect; and

(vi) maintain payables and other liabilities (other than for money borrowed) at levels consistent with past practice.

(h) **No Compromise.** Sennen shall not, and shall cause the Sennen Material Subsidiaries not to, settle or compromise any claim brought by any present, former or purported holder of any securities of Sennen in connection with the transactions contemplated by this Agreement prior to the Effective Time without the prior written consent of Chelsea, which consent shall not be unreasonably withheld or delayed.

(i) **Contractual Obligations.** Sennen shall not, and shall cause the Sennen Material Subsidiaries not to, enter into or modify in any respect any material contract, agreement, lease, commitment or arrangement to which Sennen or any of the Sennen Material Subsidiaries is a party or by which any of them is bound, except as otherwise permitted hereunder, as may be necessary to permit or provide for the completion of the Arrangement, or in the ordinary course of business.

(j) **Satisfaction of Conditions.** Sennen shall, and shall cause the Sennen Material Subsidiaries to use all commercially reasonable best efforts to satisfy, or cause to be satisfied, all of the conditions precedent to its obligations hereunder to the extent the same is within its control and to take, or cause to be taken, all other actions and to do, or cause to be done, all other things necessary, proper or advisable under all applicable Laws to complete the transactions contemplated by this Agreement, including using their commercially reasonable best efforts to:

(i) obtain the approval of the Sennen Board for the Arrangement in accordance with the provisions of the BCBCA, the Interim Order and the requirements of any applicable regulatory authority;

(ii) obtain all consents, approvals and authorizations as are required to be obtained by Sennen or any of the Sennen Material Subsidiaries under any applicable Law or from any Governmental Entity which would, if not obtained, materially impede the completion of the transactions contemplated hereby or have a Material Adverse Change or Effect on Sennen;

(iii) effect all necessary registrations, filings and submissions of information requested by Governmental Entities required to be effected by them in connection with the transactions contemplated by this Agreement and participate, and appear in any proceedings of, any party hereto before any Governmental Entity;

(iv) oppose, lift or rescind any injunction or restraining order or other order or action challenging or affecting this Agreement, the transactions contemplated hereby or seeking to stop, or otherwise adversely affecting the ability of the parties hereto to consummate, the transactions contemplated hereby;

- (v) fulfill all conditions and satisfy all provisions of this Agreement and the Plan of Arrangement required to be fulfilled or satisfied by them; and
- (vi) cooperate with Chelsea in connection with the performance by Chelsea of its obligations hereunder, provided however that the foregoing shall not be construed to obligate Sennen to pay or cause to be paid any monies to cause such performance to occur.
- (k) **Keep Fully Informed.** Without limiting the provisions of §4.2(d) hereof, Sennen shall use commercially reasonable best efforts to conduct itself so as to keep Chelsea fully informed as to the material decisions or actions required or required to be made with respect to the operation of its business.
- (l) **Cooperation.** Sennen shall make, or cooperate as necessary in the making of, all necessary filings and applications under all applicable Laws required in connection with the transactions contemplated hereby and take all reasonable action necessary to be in compliance with such Laws.
- (m) **Representations.** Sennen shall use commercially reasonable best efforts to conduct its affairs and to cause the Sennen Material Subsidiaries to conduct their affairs so that all of the representations and warranties of Sennen contained herein shall be true and correct on and as of the Effective Date as if made on and as of such date.
- (n) **Information.** Sennen shall continue to make available and cause to be made available to Chelsea and the agents and advisors thereto all documents, agreements, corporate records and minute books as may be necessary to enable Chelsea to effect a thorough examination of Sennen and the Sennen Material Subsidiaries and the business, properties and financial status thereof, including the provision of unaudited quarterly financial statements of Sennen, and shall cooperate with Chelsea in securing access for Chelsea to any documents, agreements, corporate records or minute books not in the possession or under the control of Sennen. Subject to applicable Laws, upon reasonable notice, Sennen shall, and shall cause the Sennen Material Subsidiaries to, afford officers, employees, counsel, accountants and other authorized representatives and advisors of Chelsea reasonable access, during normal business hours from the date hereof until the earlier of the Effective Time or the termination of this Agreement, to the properties, books, contracts and records as well as to the management personnel of Sennen and the Sennen Material Subsidiaries, and, during such period, Sennen shall, and shall cause the Sennen Material Subsidiaries to, furnish promptly to Chelsea all information concerning the business, properties and personnel of Sennen and the Sennen Material Subsidiaries as Chelsea may reasonably request. Prior to the Effective Time, Sennen shall use its commercially reasonable efforts to cure any material defects among its corporate records, instruments, agreements and other documents as may reasonably be requested by Chelsea.
- (o) **Closing Documents.** Sennen shall execute and deliver, or cause to be executed and delivered at the closing of the transactions contemplated hereby such customary

agreements, certificates, opinions, resolutions and other closing documents as may be required by Chelsea, all in form satisfactory to Chelsea, acting reasonably.

Change to Effect Tax Efficiencies

4.3 Each party hereto agrees to make such changes to the structure of the transactions contemplated in this Agreement as are acceptable to the other party hereto, acting reasonably, that are reasonably necessary to limit or reduce any potential material adverse Mexican or Canadian tax implications which may result to any of the parties hereto from such transactions which may include, without limitation, amendments to the Plan of Arrangement, but shall not be required to make such changes if the result would be to adversely affect the fairness of the Arrangement to the shareholders of either party hereto or change the Exchange Ratio.

Indemnification and Insurance

4.4 (a) Sennen hereby covenants and agrees that (i) all rights to indemnification or exculpation in favour of the directors and officers of Chelsea provided in the articles or by-laws of Chelsea, or in any agreement, and any directors' and officers' insurance now existing in favour of the directors or officers of Chelsea and (ii) all rights to indemnification or exculpation in favour of the current directors and officers of Sennen who cease to act as directors or officers of Sennen following the Effective Date provided in the articles or by-laws of Sennen, or in any agreement, and any directors' and officers' insurance now existing in favour of the directors or officers of Sennen shall in each case survive the completion of the Arrangement (or be replaced with substantially equivalent coverage from another provider) and shall continue in full force and effect (either directly or via run-off insurance or insurance provided by an alternative provider) for a period of not less than [six years] from the Effective Date.

(b) Chelsea shall act as agent and trustee of the benefits of the foregoing for its directors and officers for the purpose of this §4.4 and this §4.4 shall survive the execution and delivery of this Agreement and the completion of the Arrangement and shall be enforceable against Sennen by the persons described in subsection (a) hereof.

PART 5

CONDITIONS

Mutual Conditions

5.1 The respective obligations of Chelsea and Sennen to complete the transactions contemplated herein are subject to the fulfillment of the following conditions at or before the Effective Time or such other time as is specified below:

(a) the Interim Order shall have been granted in form and substance satisfactory to the parties hereto, acting reasonably, and shall not have been set aside or modified in a manner unacceptable to the parties hereto, acting reasonably, on appeal or otherwise;

- (b) the Arrangement and, if required, all other material transactions contemplated herein or necessary to complete the Arrangement, with or without amendment, shall have been approved at the Chelsea Meeting by the Chelsea Shareholders in accordance with the provisions of the BCBCA, the Interim Order and the requirements of the NEX and any other applicable regulatory authority;
- (c) the Arrangement and, if required, all other material transactions contemplated herein or necessary to complete the Arrangement, with or without amendment, shall have been approved by the Sennen Board in accordance with the provisions of the BCBCA and the requirements of the TSXV and any other applicable regulatory authority;
- (d) the Final Order shall have been granted in form and substance satisfactory to the parties hereto, acting reasonably, and shall not have been set aside or modified in a manner unacceptable to such parties, acting reasonably, on appeal or otherwise;
- (e) all filings made with the Registrar in connection with the Arrangement shall be in form and substance satisfactory to the parties hereto, acting reasonably;
- (f) there shall not be in force any Law, ruling, order or decree, and there shall not have been any action taken under any Law or by any Governmental Entity or other regulatory authority, that makes it illegal or otherwise directly or indirectly restrains, enjoins or prohibits the consummation of the Arrangement in accordance with the terms hereof or results or could reasonably be expected to result in a judgment, order, decree or assessment of damages, directly or indirectly, relating to the Arrangement which has, or could reasonably be expected to have, a Material Adverse Change or Effect on Chelsea or Sennen;
- (g) the TSXV shall have conditionally approved the listing thereon, subject to official notice of issuance, of the Sennen Common Shares to be issued pursuant to the Arrangement, and the NEX shall have, if required, accepted notice for filing of all transactions of Chelsea contemplated herein or necessary to complete the Arrangement, subject only to compliance with the usual requirements of the NEX, as applicable;
- (h) (i) all consents, waivers, permits, exemptions, orders and approvals of, and any registrations and filings with, any Governmental Entity and the expiry of any waiting periods, in connection with, or required to permit, the completion of the Arrangement, and (ii) all third person and other consents, waivers, permits, exemptions, orders, approvals, agreements and amendments and modifications to agreements, indentures or arrangements, the failure of which to obtain or the non-expiry of which would, or could reasonably be expected to have, a Material Adverse Change or Effect on Chelsea or Sennen or materially impede the completion of the Arrangement, shall have been obtained or received on terms that are reasonably satisfactory to each party hereto;
- (i) the Sennen Common Shares to be issued pursuant to the Arrangement will be exempt from registration requirements of the 1933 Act pursuant to Section 3(a)(10) thereof and the Sennen Common Shares to be distributed pursuant to the Arrangement

will not be subject to resale restrictions under the 1933 Act (other than as may be prescribed by Rule 144 or Rule 145 under the 1933 Act);

(j) the Sennen Common Shares to be issued pursuant to the Arrangement will be exempt from the prospectus requirements of applicable Canadian securities laws and will not be subject to a statutory hold period other than any hold period applicable to control persons; and

(k) this Agreement shall not have been terminated pursuant to Part 6 hereof.

The foregoing conditions are for the mutual benefit of the parties hereto and may be waived by mutual consent of Sennen and Chelsea in writing at any time. If any of such conditions shall not be complied with or waived as aforesaid on or before the Completion Deadline or, if earlier, the date required for the performance thereof, then, subject to Section 5.4 hereof, either party hereto may terminate this Agreement by written notice to the others of them in circumstances where the failure to satisfy any such condition is not the result, directly or indirectly, of a breach of this Agreement by such rescinding party hereto.

Chelsea Conditions

5.2 The obligation of Chelsea to complete the transactions contemplated herein is subject to the fulfillment of the following additional conditions at or before the Effective Date or such other time as is specified below:

(a) the representations and warranties made by Sennen in this Agreement which are qualified by the expression "Material Adverse Change or Effect" shall be true and correct as of the Effective Date as if made on and as of such date (except to the extent that such representations and warranties speak as of an earlier date, in which event such representations and warranties shall be true and correct as of such earlier date), and all other representations and warranties made by Sennen in this Agreement shall be true and correct in all material respects as of the Effective Date as if made on and as of such date (except to the extent that such representations and warranties speak as of an earlier date, in which event such representations and warranties shall be true and correct as of such earlier date), in either case, except where any failures or breaches of representations and warranties would not, either individually or in the aggregate, in the reasonable judgment of Chelsea, have a Material Adverse Change or Effect on Sennen, and Sennen shall have provided to Chelsea a certificate of two officers thereof certifying such accuracy or lack of Material Adverse Change or Effect as at the Effective Date. No representation or warranty made by Sennen hereunder shall be deemed not to be true and correct if the facts or circumstances which make such representation or warranty untrue or incorrect have been disclosed or referred to by Sennen on SEDAR, or provided for or stated to be exceptions under this Agreement;

(b) from the date of this Agreement to the Effective Date, there shall not have occurred, and Sennen or any of the Sennen Material Subsidiaries shall not have incurred or suffered, any one or more changes, effects, events, occurrences or states of facts that, either individually or in the aggregate, have, or could reasonably be expected to have, a

Material Adverse Change or Effect on Sennen (excluding any change, effect, event, occurrence or state of facts that has been specifically referred to by Sennen on SEDAR);

(c) Sennen shall have complied in all material respects with its covenants herein and Sennen shall have provided to Chelsea a certificate of two officers thereof certifying that, as of the Effective Date, Sennen has so complied with its covenants herein; and

(d) the Sennen Board shall have adopted all necessary resolutions and all other necessary corporate action shall have been taken by Sennen to permit the consummation of the Arrangement.

The foregoing conditions are for the benefit of Chelsea and may be waived, in whole or in part, by Chelsea in writing at any time. If any of such conditions shall not be complied with or waived by Chelsea on or before the Completion Deadline or, if earlier, the date required for the performance thereof, then, subject to Section 5.4 hereof, Chelsea may terminate this Agreement by written notice to Sennen in circumstances where the failure to satisfy any such condition is not the result, directly or indirectly, of a breach of this Agreement by Chelsea.

Sennen Conditions

5.3 The obligation of Sennen to complete the transactions contemplated herein is subject to the fulfillment of the following additional conditions at or before the Effective Date or such other time as is specified below:

(a) the representations and warranties made by Chelsea in this Agreement which are qualified by the expression "Material Adverse Change or Effect" shall be true and correct as of the Effective Date as if made on and as of such date (except to the extent that such representations and warranties speak as of an earlier date, in which event such representations and warranties shall be true and correct as of such earlier date), and all other representations and warranties made by Chelsea in this Agreement which are not so qualified shall be true and correct in all material respects as of the Effective Date as if made on and as of such date (except to the extent that such representations and warranties speak as of an earlier date, in which event such representations and warranties shall be true and correct as of such earlier date), in either case, except where any failures or breaches of representations and warranties would not, either individually or in the aggregate, in the reasonable judgment of Sennen, have a Material Adverse Change or Effect on Chelsea, and Chelsea shall have provided to Sennen a certificate of two officers thereof certifying such accuracy or lack of Material Adverse Change or Effect on the Effective Date. No representation or warranty made by Chelsea hereunder shall be deemed not to be true and correct if the facts or circumstances which make such representation or warranty untrue or incorrect have been disclosed or referred to by Chelsea on SEDAR, or provided for or stated to be exceptions under this Agreement;

(b) from the date of this Agreement to the Effective Date, there shall not have occurred, and Chelsea shall not have incurred or suffered, any one or more changes, effects, events, occurrences or states of facts that, either individually or in the aggregate, have, or could reasonably be expected to have, a Material Adverse Change or Effect on

Chelsea (excluding any change, effect, event, occurrence or state of facts that has been specifically referred to by Chelsea on SEDAR);

(c) Chelsea shall have complied in all material respects with its covenants herein and Chelsea shall have provided to Sennen a certificate of two officers thereof certifying that, as of the Effective Date, Chelsea has so complied with its covenants herein;

(d) the Chelsea Board shall have adopted all necessary resolutions and all other necessary corporate action shall have been taken by Chelsea to permit the consummation of the Arrangement; and

(e) The property option agreement with North Arrow Minerals Inc. entered into on January 28, 2011, wherein Chelsea will have the option to acquire a 60% interest in the Hope Bay Oro Project located at Hope Bay on the Arctic coast in Western Nunavut shall be in good standing and enforceable and the terms will be substantially the same as disclosed on SEDAR.

The foregoing conditions are for the benefit of Sennen and may be waived, in whole or in part, by Sennen in writing at any time. If any of such conditions shall not be complied with or waived by Sennen on or before the Completion Deadline or, if earlier, the date required for the performance thereof, then, subject to §5.4 hereof, Sennen may terminate this Agreement by written notice to Chelsea in circumstances where the failure to satisfy any such condition is not the result, directly or indirectly, of a breach of this Agreement by Sennen.

Notice and Cure Provisions

5.4 Each party hereto shall give prompt notice to the other of the occurrence, or failure to occur, at any time from the date hereof until the Effective Date, of any event or state of facts which occurrence or failure would, would be likely to or could:

(a) cause any of the representations or warranties of such party hereto contained herein to be untrue or inaccurate in any respect on the date hereof or on the Effective Date;

(b) result in the failure to comply with or satisfy any covenant or agreement to be complied with or satisfied by such party hereto prior to the Effective Date; or

(c) result in the failure to satisfy any of the conditions precedent in favour of the other parties hereto contained in §5.1, §5.2 or §5.3 hereof, as the case may be.

Subject as herein provided, a party hereto may (a) elect not to complete the transactions contemplated hereby by virtue of the conditions contained in §5.1, §5.2 or §5.3 hereof not being satisfied or waived or (b) exercise any termination right arising therefrom; provided, however, that (i) promptly and in any event prior to the filing of the Final Order with the Registrar, the party hereto intending to rely thereon has delivered a written notice to the other parties hereto specifying in reasonable detail the breaches of covenants or untruthfulness or inaccuracy of representations and warranties or other matters which the party hereto delivering such notice is asserting as the basis for the exercise of the termination right, as the case may be, and (ii) if any

such notice is delivered, and a party hereto is proceeding diligently, at its own expense, to cure such matter, if such matter is susceptible to being cured, the party hereto which has delivered such notice may not terminate this Agreement until the earlier of the Completion Deadline and the expiration of a period of 15 days from date of delivery of such notice. If such notice has been delivered prior to the date of the Chelsea Meeting, the Chelsea Meeting shall be adjourned or postponed until the expiry of such period.

Merger of Conditions

5.5 The conditions set out in §5.1, §5.2 or §5.3 hereof shall be conclusively deemed to have been satisfied, fulfilled or waived at the Effective Time. Chelsea acknowledges and agrees that it shall have no right to file the Final Order and all other documents required to give effect to the Arrangement with the Registrar unless such conditions have been satisfied, fulfilled or waived.

PART 6

AMENDMENT AND TERMINATION

Amendment

6.1 This Agreement may, at any time and from time to time before or after the holding of the Chelsea Meeting, be amended by mutual written agreement of the parties hereto without, subject to the Interim Order, the Final Order and applicable Law, further notice to or authorization on the part of the Chelsea Shareholders or the Sennen Shareholders and any such amendment may, without limitation:

- (a) change the time for the performance of any of the obligations or acts of any of the parties hereto;
- (b) waive any inaccuracies in or modify any representation or warranty contained herein or in any document delivered pursuant hereto;
- (c) waive compliance with or modify any of the covenants herein contained and waive or modify the performance of any of the obligations of any of the parties hereto; and
- (d) waive compliance with or modify any condition herein contained,

provided, however, that notwithstanding the foregoing, the Exchange Ratio shall not be changed without the approval of the Chelsea Shareholders given in the same manner as required for the approval of the Arrangement or as may be ordered by the Court. This Agreement and the Plan of Arrangement may be amended in accordance with the Final Order, but in the event that the terms of the Final Order require any such amendment, the rights of the parties hereto under §5.1, §5.2, §5.3 and Part 6 hereof shall remain unaffected.

Mutual Understanding Regarding Amendments

6.2 In addition to the transactions contemplated hereby or at the request of a party hereto, the parties hereto will continue from and after the date hereof and through and including the Effective Date to use their respective commercially reasonable best efforts to maximize present and future planning opportunities for Chelsea, the Chelsea Shareholders, Sennen, the Sennen Material Subsidiaries and the Sennen Shareholders as and to the extent that the same shall not prejudice any party hereto or the shareholders thereof. The parties hereto will ensure that such planning activities do not impede the progress of the Arrangement in any material way.

The parties hereto mutually agree that if a party hereto proposes any other amendment or amendments to this Agreement or to the Plan of Arrangement, Chelsea on the one hand, and Sennen on the other hand, will act reasonably in considering such amendment and if the other of them and the shareholders thereof are not prejudiced by reason of any such amendment they will co-operate in a reasonable fashion with the party hereto proposing the amendment so that such amendment can be effected subject to applicable Laws and the rights of the Chelsea Shareholders.

Termination

6.3 This Agreement may be terminated at any time prior to the Effective Date:

- (a) by the mutual written consent of the parties hereto;
- (b) if any of the conditions in §5.1, §5.2 or §5.3 hereof for the benefit of the terminating party is not satisfied or waived in accordance with those Sections;
- (c) by Sennen if the Chelsea Board (i) shall have withdrawn or modified in a manner adverse to Sennen its approval or recommendation of the Arrangement, or (ii) shall have failed, after being requested by Sennen in writing, to reaffirm their approval or recommendation of the Arrangement and the transactions contemplated herein as promptly as possible (but in any event within five Business Days) after receipt of such written request from Sennen;
- (d) by Sennen or by Chelsea if the Chelsea Meeting shall have been held and completed and the Arrangement or, where required, any other material matter contemplated herein or necessary to complete the Arrangement, is not approved by the requisite majority of the Chelsea Shareholders;
- (e) by Chelsea if the Sennen Board (i) shall have withdrawn or modified in a manner adverse to Chelsea their approval or recommendation of the Sennen Share Issuance, or (ii) shall have failed, after being requested by Chelsea in writing, to reaffirm their approval or recommendation of the Sennen Share Issuance and the transactions contemplated herein as promptly as possible (but in any event within five Business Days or prior to the Chelsea Meeting, whichever is earlier) after receipt of such written request from Chelsea;

(f) by Chelsea or by Sennen if the Arrangement shall not have been completed by the Completion Deadline, provided that such right to terminate this Agreement shall not be available to any party whose failure to fulfill any of its obligations or breach of any of its representations and warranties under this Agreement has been the cause of, or resulted in, the failure of the Arrangement to be completed on or before the Completion Deadline;

provided that any termination by a party hereto in accordance with paragraphs (b) to (f) above shall be made by such party delivering written notice thereof to the other party or parties hereto prior to the Effective Date and specifying therein in reasonable detail the matter or matters giving rise to such termination right. In the event of any such termination, each party hereto shall be deemed to have released, remised and forever discharged the other parties hereto in respect of any and all claims arising in respect of this Agreement, except as otherwise provided herein.

PART 7

GENERAL

Notices

7.1 Any notice, consent, waiver, direction or other communication required or permitted to be given under this Agreement by a party hereto shall be in writing and shall be delivered by hand to the party hereto to which the notice is to be given at the following address or sent by facsimile to the following numbers or to such other address or facsimile number as shall be specified by a party hereto by like notice. Any notice, consent, waiver, direction or other communication aforesaid shall, if delivered, be deemed to have been given and received on the date on which it was delivered to the address provided herein (if a Business Day or, if not, then the next succeeding Business Day) and if sent by facsimile be deemed to have been given and received at the time of receipt (if a Business Day or, if not, then the next succeeding Business Day) unless actually received after 4:00 p.m. (Vancouver time) at the point of delivery in which case it shall be deemed to have been given and received on the next Business Day.

The address for service of each of the parties hereto shall be as follows:

(a) if to Chelsea:

Chelsea Minerals Corp.
Suite 408
837 West Hastings Street
Vancouver, B.C. V6C 3N6

Attention: Chris Cherry
Facsimile: (604) 684-6242

with a copy (which shall not constitute notice) to:

McMillan LLP
Suite 1500, 1055 West Georgia Street
Vancouver, B.C. V6E 4N7

Attention: David Cowan
Facsimile: (604) 685 7084

(b) if to Sennen:

Sennen Resources Ltd.
Suite 408
837 West Hastings Street
Vancouver, B.C. V6C 3N6

Attention: Barbara Dunfield
Facsimile: (604) 685-6493

with a copy (which shall not constitute notice) to:

McMillan LLP
Suite 1500, 1055 West Georgia Street
Vancouver, B.C. V6E 4N7

Attention: David Cowan
Facsimile: (604) 685 7084

Remedies

7.2 The parties hereto acknowledge and agree that an award of money damages may be inadequate for any breach of this Agreement by any party hereto or its representatives and advisors and that such breach may cause the non-breaching party hereto irreparable harm. Accordingly, the parties hereto agree that, in the event of any such breach or threatened breach of this Agreement by one of the parties hereto, Chelsea (if Sennen is the breaching party) or Sennen (if Chelsea is the breaching party) will be entitled, without the requirement of posting a bond or other security, to seek equitable relief, including injunctive relief and specific performance. Subject to any other provision hereof, such remedies will not be the exclusive remedies for any breach of this Agreement but will be in addition to all other remedies available hereunder or at law or in equity to each of the parties hereto.

Expenses

7.3 The parties hereto agree that all out-of-pocket expenses incurred in connection with this Agreement and the transactions contemplated hereby, the Chelsea Meeting, and the preparation and mailing of the Chelsea Proxy Circular, including legal and accounting fees, printing costs, financial advisor fees and all disbursements by advisors, shall be paid by the party hereto incurring such expense and that nothing in this Agreement shall be construed so as to

prevent the payment of such expenses. The provisions of this §7.3 shall survive the termination of this Agreement.

Obligations Regarding Personal Information

- 7.4 (a) Each of Chelsea and Sennen shall ensure that, unless otherwise exempted by law, it has the consent of its employees to the collection, use and disclosure of all personal information required for any reasonable and necessary purpose related to this Agreement.
- (b) For the purpose of this §7.4, “**Personal Information**” means information about an identifiable individual collected or created as a result of this Agreement, but does not include the name, title or business address or telephone number of an employee.
- (c) Unless this Agreement or the law otherwise specifies, each party shall only collect, create, use and disclose Personal Information in respect of its own employees or in respect of the employees of contractors which is necessary for the due performance of this Agreement.
- (d) Unless this Agreement or the law otherwise specifies, each party shall not collect, use or disclose Personal Information about an individual without the consent of the individual to whom the information relates.
- (e) Each party agrees to protect all Personal Information collected or stored by it pursuant to paragraph (c) above by taking reasonable security measures, in accordance with the sensitivity of the information in question, to protect the Personal Information against loss, unauthorized access thereto, theft, and any unauthorized collection, use, disclosure, copying, modification or disposal thereof.
- (f) Each party further agrees to comply with all applicable laws that relate to the collection, use, disclosure, storage and disposal of Personal Information.

Time of the Essence

7.5 Time shall be of the essence in this Agreement.

Entire Agreement

7.6 This Agreement (including the agreements and other documents herein or therein referred to) together with the Confidentiality Agreement constitute the entire agreement between the parties hereto pertaining to the subject matter hereof and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, between the parties hereto with respect to the subject matter hereof. There are no representations, warranties, covenants or conditions with respect to the subject matter hereof except as contained herein.

Further Assurances

7.7 Each party hereto shall, from time to time, and at all times hereafter, at the request of the other of them, but without further consideration, do, or cause to be done, all such other

acts and execute and deliver, or cause to be executed and delivered, all such further agreements, transfers, assurances, instruments or documents as shall be reasonably required in order to fully perform and carry out the terms and intent hereof including, without limitation, the Plan of Arrangement.

Governing Law

7.8 This Agreement shall be governed by, and be construed in accordance with, the laws of the Province of British Columbia and the laws of Canada applicable therein but the reference to such laws shall not, by conflict of laws rules or otherwise, require the application of the law of any jurisdiction other than the Province of British Columbia. Each of the parties hereto irrevocably attorns to the non-exclusive jurisdiction of the courts of the Province of British Columbia.

Execution in Counterparts

7.9 This Agreement may be executed in one or more counterparts, each of which shall conclusively be deemed to be an original and all such counterparts collectively shall be conclusively deemed to be one and the same. Delivery of an executed counterpart of the signature page to this Agreement by facsimile shall be effective as delivery of a manually executed counterpart of this Agreement.

Waiver

7.10 No waiver or release by any party hereto shall be effective unless in writing and executed by the party granting such waiver or release and any waiver or release shall affect only the matter, and the occurrence thereof, specifically identified and shall not extend to any other matter or occurrence.

No Personal Liability

7.11 No director or officer of Chelsea shall have any personal liability whatsoever (other than in the case of fraud, negligence or wilful misconduct) to Sennen under this Agreement or any other document delivered in connection with this Agreement or the Arrangement by or on behalf of Chelsea.

No director or officer of Sennen shall have any personal liability whatsoever (other than in the case of fraud, negligence or wilful misconduct) to Chelsea under this Agreement or any other document delivered in connection with this Agreement or the Arrangement by or on behalf of Sennen.

Enurement and Assignment

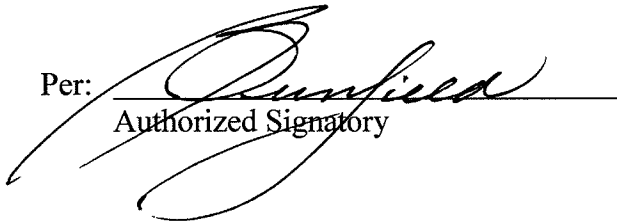
7.12 This Agreement shall enure to the benefit of the parties hereto and their respective successors and permitted assigns and shall be binding upon the parties hereto and their respective successors. This Agreement may not be assigned by either party hereto without the prior written consent of the other party hereto.

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date first above written.


SENNEN RESOURCES LTD.

CHELSEA MINERALS CORP.

Per:


Authorized Signatory

Per:


Authorized Signatory

SCHEDULE A
PLAN OF ARRANGEMENT
UNDER DIVISION 5 OF PART 9 OF THE
BRITISH COLUMBIA BUSINESS CORPORATIONS ACT

PART 1
DEFINITIONS AND INTERPRETATION

Definitions

1.1 In this Plan of Arrangement:

- (a) “**Arrangement Agreement**” means the arrangement agreement dated as of February 15, 2011, between Sennen and Chelsea, including the schedules attached thereto, as the same may be amended, amended and restated, or supplemented prior to the Effective Date, entered into in connection with the Arrangement;
- (b) “**Arrangement**” means an arrangement pursuant to Division 5 of Part 9 of the BCBCA, on the terms and conditions set forth in this Plan of Arrangement, subject to any amendment or supplement made hereto in accordance herewith and the Arrangement Agreement or made at the direction of the Court in the Final Order;
- (c) “**BCBCA**” means the *Business Corporations Act*, S.B.C. 2002, c. 57, as amended;
- (d) “**Business Day**” means any day, other than a Saturday, a Sunday or a statutory holiday in Vancouver, British Columbia;
- (e) “**Chelsea Common Shares**” means the common shares in the capital of Chelsea.
- (f) “**Chelsea Meeting**” means the special meeting, including any adjournments or postponements thereof, of the Chelsea Shareholders to be held, among other things, to consider and, if deemed advisable, to approve the Arrangement;
- (g) “**Chelsea Shareholder**” means, at any time, a registered holder of Chelsea Common Shares;
- (h) “**Code**” means the United States Internal Revenue Code of 1986, as amended;
- (i) “**Court**” means the Supreme Court of British Columbia;
- (j) “**Depository**” means Computershare Trust Company of Canada, in its capacity as depository for the Chelsea Common Shares under the Arrangement;

- (k) “**Dissent Rights**” means the rights of dissent in respect of the Arrangement described in Part 4;
- (l) “**Dissenting Shareholder**” means a registered Chelsea Shareholder that validly exercises his, her or its right to dissent with respect to the Arrangement in accordance with Part 4;
- (m) “**Effective Date**” means the third Business Day after the conditions precedent to completion of the Arrangement as set out in the Arrangement Agreement have been satisfied or waived, or on such other date as may be agreed to by the parties hereto;
- (n) “**Effective Time**” means 12:01 a.m. (Vancouver time) on the Effective Date, or at such other time on the Effective Date as may be agreed to by the parties hereto;
- (o) “**Exchange Ratio**” has the meaning given to it in Section 3.1(a);
- (p) “**Final Order**” means the final order of the Court approving the Arrangement pursuant to subsection 291 of the BCBCA, as such order may be amended at any time prior to the Effective Date or, if appealed, then unless such appeal is withdrawn or denied, as affirmed or as amended on appeal;
- (q) “**Interim Order**” means the interim order of the Court pursuant to subsection 291 of the BCBCA, as such order may be amended, made in connection with the Chelsea Meeting and the Arrangement;
- (r) “**Letter of Transmittal**” means the letter of transmittal to be sent by Chelsea to the Chelsea Shareholders providing for the delivery of certificates representing their Chelsea Common Shares to the Depositary;
- (s) “**Lien**” means any mortgage, lien, hypothec, security interest, pledge or other encumbrance, charge or adverse right or claim, defect of title, restriction or other right of third parties;
- (t) “**Plan of Arrangement**” means this plan of arrangement as amended and supplemented from time to time in accordance herewith, the Arrangement Agreement and any order of the Court;
- (u) “**Registrar**” means the Registrar of Companies appointed under Section 400 of the BCBCA;
- (v) “**Sennen Common Shares**” means common shares in the capital of Sennen;
- (w) “**Sennen Share Option Plan**” means the amended share option plan of Sennen as approved by Sennen Shareholders on July 7, 2009;
- (x) “**Tax Act**” means the *Income Tax Act* (Canada) and the regulations thereunder, as amended from time to time;

Headings and References

1.2 The division of this Plan of Arrangement into Parts and Sections and the insertion of headings are for convenience of reference only and do not affect the construction or interpretation of this Plan of Arrangement. Unless otherwise specified, references to sections are to sections of this Plan of Arrangement.

Number, etc.

1.3 Unless the context otherwise requires, words importing the singular number only will include the plural and vice versa; words importing the use of any gender will include all genders; and words importing persons will include firms and corporations and vice versa.

Date of any Action

1.4 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 will be required to be taken on the next succeeding Business Day.

Statutory References

1.5 Any reference in this Agreement to a statute includes all regulations and rules made thereunder, all amendments to such statute or regulation in force from time to time and any statute or regulation that supplements or supersedes such statute or regulation.

PART 2

ARRANGEMENT AGREEMENT

Arrangement Agreement

2.1 This Plan of Arrangement is made pursuant to, is subject to the provisions of, and forms part of the Arrangement Agreement and will become effective on the Effective Date and will be binding upon Sennen, Chelsea and the Chelsea Shareholders.

PART 3

THE ARRANGEMENT

The Arrangement

3.1 At the Effective Time, the following will occur and will be deemed to occur in the following sequence without any further authorization, act or formality by Sennen, Chelsea or any other person:

- (a) Every 2.5 of the issued and outstanding Chelsea Common Shares, other than those held by Dissenting Shareholders, will be deemed to be acquired by Sennen, free and clear of any Liens, in exchange for 1 Sennen Share (the "**Exchange Ratio**"), provided that the

aggregate number of Sennen Common Shares payable to any Chelsea Shareholder, if calculated to include a fraction of a Sennen Common Share, will be rounded to the nearest whole number of Sennen Common Shares;

(b) each Chelsea Shareholder will be deemed to have transferred such Chelsea Common Shares held by him to Sennen and Sennen will be deemed to have issued Sennen Common Shares in exchange therefor;

(c) each Chelsea Shareholder will cease to be a holder of Chelsea Common Shares and the name of each Chelsea Shareholder will be removed from the central securities register of Chelsea as of the Effective Date;

(d) the certificate representing each Chelsea Common Share will be deemed to have been cancelled as of the Effective Date;

(e) each Chelsea Shareholder will be deemed to have executed and delivered all consents, releases, assignments and waivers, statutory or otherwise, required to implement and carry out the Arrangement;

(f) Sennen will be and will be deemed to be the transferee of all Chelsea Common Shares, free and clear of any Liens, and will be entered in the central securities register of Chelsea as the holder of such Chelsea Common Shares as of the Effective Date; and

Acquisition of Common Shares of Dissenting Holders

3.2 At the Effective Time, the Chelsea Common Shares owned by each Dissenting Shareholder will be, and will be deemed to be, transferred to Chelsea for cancellation and cancelled contemporaneously with the acquisition by Sennen of Chelsea Common Shares pursuant to Section 3.1 and such Dissenting Shareholders will thereupon have no rights or entitlements with respect to those Chelsea Common Shares except the right to be paid the fair value for their Chelsea Common Shares by Chelsea in accordance with Part 4 below.

PART 4

RIGHTS OF DISSENT

Grant of Rights of Dissent

4.1 Notwithstanding Section 3.1, pursuant to the Interim Order, each Chelsea Shareholder is permitted to exercise rights of dissent (the “**Dissent Rights**”) under Division 2 of Part 8 of the BCBCA in respect of the Arrangement as modified by this Part 4, as the same may be modified by the Interim Order or the Final Order. Chelsea Shareholders who duly exercise such rights of dissent and who:

(a) are ultimately determined to be entitled to be paid fair value by Chelsea for the Chelsea Common Shares in respect of which they have validly exercised Dissent Rights will be deemed to have irrevocably transferred such Chelsea Common Shares to Chelsea (free and clear of any Liens) pursuant to Section 3.2 as of the Effective Time; or

(b) are ultimately not entitled, for any reason, to be paid fair value by Chelsea for the Chelsea Common Shares in respect of which they have exercised Dissent Rights will be deemed to have participated in the Arrangement on the basis set forth in Section 3.1(a) on the same basis as Chelsea Shareholders who did not exercise Dissent Rights and will be deemed to have irrevocably transferred such Chelsea Common Shares to Sennen (free and clear of any Liens) pursuant to Section 3.1(a) as of the Effective Time;

but in no case will Chelsea or Sennen or any other person, including the Depositary, be required to recognize any Dissenting Shareholder as a holder of Chelsea Common Shares after the Effective Time, and the name of each Dissenting Shareholder will be removed from the central securities register of Chelsea at the Effective Time.

PART 5

SENNEN CERTIFICATES

Letter of Transmittal

5.1 (a) Chelsea will cause the Letter of Transmittal to be sent to each Chelsea Shareholder prior to the Chelsea Meeting.

(b) Any deposit of a Letter of Transmittal and accompanying certificates, or other documentation as provided in the Letter of Transmittal, may be made at any of the offices of the Depositary specified in the Letter of Transmittal.

Right to Sennen Common Shares

5.2 (a) Sennen will, as soon as practicable following the later of the Effective Date and the date of deposit with the Depositary of a duly completed Letter of Transmittal and the certificates representing the Chelsea Common Shares or other documentation as provided in the Letter of Transmittal, cause the Depositary to:

(i) forward or cause to be forwarded by first class mail (postage prepaid) to the former Chelsea Shareholder at the address specified in the Letter of Transmittal; or

(ii) if requested by the Holder in the Letter of Transmittal, to make available at the Depositary for pick-up by the former Chelsea Shareholder; or

(iii) if the Letter of Transmittal neither specifies an address nor contains a request as described in (ii), to forward or cause to be forwarded by first class mail (postage prepaid) to the former Chelsea Shareholder at the address of such holder as shown on the share register maintained by or on behalf of Chelsea,

certificates representing the number of Sennen Common Shares issuable to such former Chelsea Shareholder as determined in accordance with the provisions hereof.

(b) Each former Chelsea Shareholder entitled in accordance with Section 3.1 to receive Sennen Common Shares will be deemed to be the registered holder for all purposes as of the Effective Date of the number of Sennen Common Shares to which such former Chelsea Shareholder is entitled. All dividends paid or other distributions made on or after the Effective Date on or in respect of any Sennen Common Shares which a former Chelsea Shareholder is entitled to receive pursuant to this Plan of Arrangement, but for which a certificate has not yet been delivered to such former Chelsea Shareholder in accordance with Section 5.2(a), will be paid or made to such former Chelsea Shareholder when such certificate is delivered to such person in accordance with Section 5.2(a).

(c) Subject to Part 3, after the Effective Date, any certificate formerly representing Chelsea Common Shares will represent only the right to receive Sennen Common Shares pursuant to Section 3.1 or to be paid the fair value for the Chelsea Common Shares pursuant to Section 3.2 and any dividends or other distributions to which the former Chelsea Shareholder is entitled under Section 5.2(b) and any such certificate formerly representing Chelsea Common Shares not duly surrendered on or prior to the sixth anniversary of the Effective Date will cease to represent a claim or interest of any kind or nature, including a claim for dividends or other distributions under Section 5.2(b), against Sennen or Chelsea by a former Chelsea Shareholder. On such date, all Sennen Common Shares to which the former holder of such certificates was entitled will be deemed to have been surrendered to Sennen.

Illegality of Delivery of Sennen Common Shares

5.3 Notwithstanding the foregoing, if it appears to Sennen that it would be contrary to applicable law to issue Sennen Common Shares pursuant to the Arrangement to a person that is not a resident of Canada, the Sennen Common Shares that otherwise would be issued or transferred, as the case may be, to that person will be issued or transferred, as the case may be, and delivered to the Depositary for sale or exercise (as applicable) by the Depositary on behalf of that person. The Sennen Common Shares delivered to the Depositary will be pooled and sold or exercised as soon as practicable after the Effective Date, on such dates and at such prices as the Depositary determines in its sole discretion. The Depositary will not be obligated to seek or obtain a minimum price for any of the Sennen Common Shares sold or exercised by it. Each such person will receive a pro rata share of the cash proceeds from the sale or exercise of the Sennen Common Shares sold or exercised by the Depositary (less commissions, other reasonable expenses incurred in connection with the sale or exercise and any amount withheld in respect of Canadian taxes) in lieu of the Sennen Common Shares. The net proceeds will be remitted in the same manner as set forth in this Part 5. None of Chelsea, Sennen or the Depositary will be liable for any loss arising out of any such sales or exercise.

Withholding Rights

5.4 Chelsea, Sennen and the Depositary will be entitled to deduct and withhold from all dividends or other distributions otherwise payable to any Chelsea Shareholder such amounts as Chelsea, Sennen or the Depositary is required or permitted to deduct and withhold with respect to such payment under the Tax Act, the Code or any provision of any applicable federal,

provincial, state, local or foreign tax law or treaty, in each case, as amended. To the extent that amounts are so withheld, such withheld amounts will be treated for all purposes hereof as having been paid to the Chelsea Shareholder in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate taxing authority.

Lost Certificates

5.5 If any certificate which prior to the Effective Date represented outstanding Chelsea Common Shares which were exchanged pursuant to Section 3.1 has been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming such certificate to be lost, stolen or destroyed, the Depositary will issue in exchange for such lost, stolen or destroyed certificate, certificates representing Sennen Common Shares deliverable in respect thereof as determined in accordance with Section 3.1. When seeking such certificate in exchange for any lost, stolen or destroyed certificate, the person to whom certificates representing Sennen Common Share are to be issued will, as a condition precedent to the issuance thereof, give a bond satisfactory to Sennen and its transfer agent, in such sum as Sennen may direct or otherwise indemnify Sennen and its transfer agent in a manner satisfactory to Sennen and its transfer agent against any claim that may be made against Sennen or its transfer agent with respect to the certificate alleged to have been lost, stolen or destroyed.

Paramountcy

5.6 From and after the Effective Time: (i) this Plan of Arrangement shall take precedence and priority over any and all Chelsea Common Shares issued prior to the Effective Time, (ii) the rights and obligations of the registered holders of Chelsea Common Shares and Chelsea, Sennen, the Depositary and any transfer agent or other depositary therefor in relation thereto, shall be solely as provided for in this Plan of Arrangement, and (iii) all actions, causes of action, claims or proceedings (actual or contingent and whether or not previously asserted) based on or in any way relating to any Chelsea Common Shares shall be deemed to have been settled, compromised, released and determined without liability except as set forth herein.

PART 6

AMENDMENT

Amendment of Plan of Arrangement

6.1 (a) Chelsea and Sennen reserve the right to amend, modify and/or supplement this Plan of Arrangement at any time and from time to time, provided that any amendment, modification or supplement must be approved or agreed to in writing by Chelsea and Sennen and contained in a written document which is filed with the Court and, if made following the Chelsea Meeting, approved by the Court and communicated to Chelsea Shareholders in the manner required by the Court (if so required).

(b) Any amendment, modification or supplement to this Plan of Arrangement may be proposed by Chelsea and Sennen, jointly, at any time prior to or at the Chelsea Meeting with or without any other prior notice or communication and, if so proposed and accepted

by the persons voting at the Chelsea Meeting, will become part of this Plan of Arrangement for all purposes.

(c) Any amendment, modification or supplement to this Plan of Arrangement which is approved or directed by the Court following the Chelsea Meeting will be effective only if it is consented to in writing by Chelsea and Sennen (acting reasonably) and, if required by the Court or applicable Law, by the Chelsea Shareholders in the manner directed by the Court.

(d) Notwithstanding the foregoing provisions of this Section 6.1, no amendment, modification or supplement to this Plan of Arrangement may be made prior to the Effective Date except in accordance with the terms of the Arrangement Agreement.

6.2 This Plan of Arrangement may be terminated or withdrawn prior to the Effective Time in accordance with the terms of the Arrangement Agreement.

PART 7

FURTHER ASSURANCES

7.1 Notwithstanding that the transactions set out herein will occur and be deemed to occur in the order set out in this Plan of Arrangement pursuant to Division 5 of Part 9 of the BCBCA, without any further act or formality by Chelsea, Sennen or any other person, each of Chelsea and Sennen will make, do and execute, or cause to be made, done or executed, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by either of them in order further to document or evidence any of the transactions or events set out herein.

SCHEDULE B

FORM OF ARRANGEMENT RESOLUTION

“RESOLVED, AS A SPECIAL RESOLUTION, that:

1. The arrangement (as it may be modified or amended, the **“Arrangement”**) under Division 5 of Part 9 of the *Business Corporations Act* (British Columbia) involving Chelsea Minerals Corp. (**“Chelsea”**) and its securityholders, all as more particularly described and set forth in the plan of arrangement (as it may be modified or amended, the **“Plan of Arrangement”**) attached as Appendix ♦ to the Management Information Circular of Chelsea dated March 25, 2011, and all transactions contemplated thereby, is hereby authorized, approved and adopted.
2. The arrangement agreement (the **“Arrangement Agreement”**) made the 15th day of February, 2011 between Chelsea and Sennen Resources Ltd., with such amendments or variations thereto made in accordance with the terms of the Arrangement Agreement, is hereby confirmed, ratified, authorized and approved.
3. Notwithstanding that this resolution may be duly passed by the shareholders of Chelsea in accordance with the interim order of the Supreme Court of British Columbia (the **“Court”**), or that the Arrangement has received the approval of the Court, the board of directors of Chelsea be authorized and empowered, at any time prior to the Arrangement becoming effective, without further notice to or approval of the shareholders of Chelsea or other interested or affected parties to (i) amend or terminate the Arrangement Agreement or the Plan of Arrangement to the extent permitted by the Arrangement Agreement or the Plan of Arrangement, and (ii) not to proceed with the Arrangement or otherwise give effect to these resolutions.
4. Any one director or officer of Chelsea is hereby authorized for and on behalf of Chelsea to execute, with or without the corporate seal, and deliver all the documents and instruments and do all other things in the opinion of such director or officer may be necessary or desirable to implement these resolutions and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of any such document or instrument, or the taking of such action.