

FINANCING AND MANAGEMENT TRANSITION AGREEMENT

This financing and management transition agreement (together with all of the schedules hereto and amendments, if any, the "Agreement") sets out the terms of an agreement among Verena Minerals Corporation ("Verena"), Forbes & Manhattan, Inc. ("FM") and Robert F. Rose regarding the proposed private placement on the terms attached hereto as Schedule "A" (the "Private Placement"), and the changes to the Board and management of Verena (the "Management Changes") effective the date the Offering is completed (the "Closing Date"). The steps to implement the Private Placement and the Management Changes will be set out in this Agreement.

Verena's Board has received from Robert F. Rose, a shareholder and a principal of D&D Securities Company ("D&D"), correspondence confirming that holders of more than 50% of the outstanding shares of Verena support the proposed nomination of 4 new directors to the Board of Verena as referenced in Verena's press release dated February 1, 2010 (copies of the shareholder letters are attached in Schedule "B"), and confirmation from Mr. Rose that such shareholders have also each been advised and consented to the related Private Placement described in this Agreement. In the interest of avoiding the costs and delays of convening a special shareholders' meeting to change certain directors, which now appears to be unnecessary, the parties agree to perform such acts as may reasonably be required for the purpose of giving full effect to the transition to the Board of 3 new directors and appointment of new management as described in this Agreement, subject to our mutual understandings and agreements as set forth herein.

1. Private Placement:

Verena relies on the confirmation from D&D that the Verena shareholders supporting the Management Changes also support the Private Placement. FM shall deliver to Verena by February 19, 2010, an executed binding letter of intent in substantially the form set out in the draft FM letter addressed to Verena dated January 19, 2010, providing for the purchase by FM or its affiliates on a private placement basis, of at least 10 million units of the Corporation (out of a total offering (the "Offering") of 20 million units of Verena, with a 10% over-allotment option) (each, a "Unit") at a price of \$0.25 per Unit, each Unit comprised of one common share and one warrant exercisable at a price of \$0.50 per share for a period of twenty-four months from closing. The Offering will be brokered by D&D and such other agents as Verena and D&D may agree, with closing to occur on or about February 26, 2010. The proceeds from the Offering will be primarily used to undertake the activities described in Section 3 and if necessary fund the costs of severance from the Management Changes described herein.

(a) Agency Agreement

Verena shall enter into a customary agency agreement with D&D consistent with the description of the Offering terms in Schedule "A" by the close of business February 26, 2010.

(b) Price Protection:

Verena confirms it has filed a request for price protection and will forthwith file a notice of private placement with the TSX Venture Exchange setting out the terms of the Offering.

2. Change of Directors of Verena:

- (a) By the close of business February 19, 2010, FM shall deliver to Verena consents signed by each of Mr. Stan Bharti, Mr. Mark Eaton and Mr. Peter Tagliamonte to serve effective immediately as directors of Verena, along with confirmation of Canadian resident status, and that appropriate PIF's or statutory declarations have been filed with the TSX Venture Exchange ("TSXV");
- (b) The Corporate Secretary shall provide immediate notice of a meeting of directors of Verena, to be held on Tuesday, February 23, 2010 at 10 am (the "Meeting"), which notice will list the following items of business to be conducted at the Meeting, and prior to the commencement thereof, the directors shall waive any requirement for earlier notice: (i) subject to obtaining any necessary consents, the appointment of Messrs. Eaton and Tagliamonte to the Board to fill the vacancies created by the resignations of Messrs. Mr. E.P. Salomao and Mr. J.S. Neto thereby joining Terence Ortslan, Doug Scharf, Rui Santos, Stephen Roman and Walid Daoud as the continuing Board members; (ii) acceptance of the resignation of Mr. Terence Ortslan, and subject to obtaining any necessary consents, the invitation to Mr. Stan Bharti to join the Board; (iii) the acceptance of the resignation of Mr. Stephen Roman as Chairman of the Board effective on the Closing Date, and an invitation to Mr. Bharti to become the Chairman; (iv) to receive the resignation of Mr. Stephen Roman as Chief Executive Officer and President of Verena, Mr. Jeff Dawley as Chief Financial Officer of Verena, and Mr. George Flach as VP Exploration of Verena, each to be effective on the Closing Date; and at that time to appoint Mr. Mark Eaton as President and Chief Executive Officer of Verena, and to undertake to name a successor CFO with the assistance of FM; (v) to confirm acceptance of the letter of engagement with D&D and the Binding Letter of Intent from FM with respect to a brokered private placement of up to 20 million Units as described in paragraph 1 herein; (vi) to confirm that the terms of severance without cause contained in the employment agreements for Messrs. Roman and Flach shall be paid in

full in accordance with their terms on the Closing Date at current compensation rates, and outstanding options held by Messrs. Flach and Dawley will remain in effect for a period of one year, and options held by Mr. Roman to the remainder of their terms as he will remain a director of Verena. Messrs. Bharti, Eaton, Tagliamonte and Rose will be invited to attend the Meeting;

- (c) In the event the Offering is not completed by the Completion Date, or FM does not take the minimum 10 million units described in the binding letter of intent from FM, then the Management Changes described in subsection 2(b) above that are subject to completion of the Offering will not be completed; and
- (d) The head office of Verena shall be moved to the FM offices concurrent with the Closing Date. The termination of leasehold obligations with respect to the current Toronto office of Verena will be addressed by the new management team after the Management Changes, provided that the costs to Verena for this new head office shall be the lesser of FMV and the current lease costs for at least the next 2 years.

3. Business Plan:

- (a) FM shall provide to Verena an overview with regard to planned expenditures of the current funds and the funds to be raised in the Offering (of which at least 70% will be committed to exploration expenditures), consistent with Section 3(b) below, to be received by Verena's Board by the Closing Date;
- (b) Under the direction of Messrs. Bharti and Eaton, Verena management will undertake to allocate the existing funds along with the funds from the completed Offering to (i) explore the southern block of the Volta Grande property for purposes of delineating additional gold resources; (ii) appoint Mr. Helio Deniz as VP Exploration of Verena, who will develop Volta Grande and commence a drill program on the Patrocinio property and make recommendations with respect to exploration and/or joint ventures on that property and the Rainbow Alexandrite project in Goias (subject to an existing confidentiality agreement concerning the Rainbow Alexandrite property);
- (c) Employees of Verena presently situated in Altamira will be retained; and

- (d) On or after the Closing Date, the Verena Brazilian office will be moved to FM's affiliate office in Belo Horizonte, Brazil, provided that the costs to Verena for this Brazilian office shall be the lesser of FMV and the current lease costs for at least the next 2 years.

4. Compensation matters:

- (a) Verena and FM agree that all present directors of Verena who resign as a result of the Management Changes, or are replaced within 1 year thereafter, shall be granted the right to maintain all then existing options for exercise until the end of the original term of such options, subject to TSXV approval, and that this will be confirmed by all directors at the first Meeting referred to in Section 2(b) above. A list of the current Verena options is attached as Schedule "C".

5. Investment Advisors:

After the Management Changes Verena's Board shall continue with its strategic review through Gryphon Partners as announced in Verena's press release of January 29, 2010, including considering all business proposals in good faith that are presently subject to confidentiality agreements with Verena. Gryphon Partners shall take its instructions from the Chairman of the Verena Board and the other independent directors and their successors on all matters concerning the Gryphon Partners' retainer with Verena. An amended engagement letter between the Board of Verena and Gryphon Partners is attached as Schedule "D", to be signed concurrent with this Agreement, and to become effective on the Closing Date with the Management Changes.

6. Shareholder meeting requisition:

- (a) Robert F. Rose shall formally withdraw his request that the Board of Directors of Verena call a special meeting of shareholders immediately, under reserve of all rights including the elapsed notice period should the terms of this Agreement not be satisfied.

7. Actions by the Parties after execution of this Agreement:

- (a) Verena hereby covenants and agrees with FM that subject to the obtaining of any required consents, Verena will instruct its counsel to promptly work with counsel to FM and D&D to prepare all documentation to give effect to the foregoing Management Changes and Private Placement on or before February 26, 2010.

- (b) The Parties hereto agree to issue a joint press release immediately upon execution of this Agreement, or as otherwise mutually agreed, announcing the terms herein.

8. Mutual Conditions:

There are a number of mutual conditions precedent for the completion of the terms of this Agreement, including, without limitation, the following:

- (a) All governmental, court, regulatory, third person and other approvals, consents, waivers, orders, exemptions, agreements and all amendments and modifications to agreements, indentures and arrangements which either Verena or FM, acting reasonably, shall consider necessary or desirable in connection with the Management Changes and Private Placement and not otherwise specifically described in this Agreement shall have been obtained in form satisfactory to Verena and FM.
- (b) There shall have been no action taken under any applicable law or by any government or governmental or regulatory authority which
 - (i) makes it illegal or otherwise directly or indirectly restrains, enjoins or prohibits the completion of this Agreement, or
 - (ii) results or could reasonably be expected to result in a judgment, order, decree or assessment of damages, directly or indirectly, relating to the Agreement which is, or could be, materially adverse to Verena or FM, respectively, on a consolidated basis.

9. Conditions Precedent to the Obligations of Verena:

The obligations of Verena to complete the Agreement shall be subject to the satisfaction of, among others, the following conditions:

- (a) FM shall have performed and complied in all material respects with all of the covenants and obligations thereof required to be performed by FM prior to the completion of the terms of this Agreement; and
- (b) The new Board of Verena shall have made arrangements for payment to Stephen G. Roman and George Flach, and any other officer or director entitled to any payments from Verena at such time of the Management Changes, all entitlements to any cash payments any of them may have pursuant to their respective consulting agreements with Verena.

10. Conditions Precedent to the Obligations of FM:

The obligations of FM to complete the Agreement shall be subject to the satisfaction of, among others, the following conditions:

- (a) Verena shall have performed and complied in all material respects with all of the covenants and obligations thereof required to be performed by Verena prior to the completion of the terms of this Agreement.

11. Directors and Officers Insurance:

The parties agree that Verena shall take all steps necessary to maintain the coverage provided under the current directors and officers insurance policy ("Policy"). So long as the existing directors are directors, Verena shall not seek to amend or discontinue the Policy or allow the Policy to lapse without such director's prior written consent, acting reasonably. In the event the Policy is discontinued for any reason, Verena shall purchase, maintain and administer, or cause to be purchased, maintained and administered, run-off insurance for the benefit of the current and former directors and officers, on such terms as Verena now maintains for its directors and officers for the lesser of (i) two years or (ii) the period of time that an amount equal to twice the current annual Policy cost will purchase.

12. Release:

Each party to this Agreement hereby remises, releases and forever discharges each other, their respective successors and assigns and their respective officers, directors, employees and shareholders, of, from and against any and all manner of actions, causes of action, suits, debts, duties, costs, damages, fees, penalties, interest, expenses, liabilities, obligations, notes, accounts, bonds, covenants, contracts, claims and demands of any nature or kind whatsoever relating directly or indirectly to, in connection with or arising out of the directors or officers acting as such on behalf of Verena, and subject specifically to the Rose shareholder meeting requisition, F&M funding proposal and Verena's process, including through its independent committee, in responding thereto and reviewing this Agreement and the documents relating thereto.

13. Completion Date:

Verena and FM shall use their best efforts to complete the Management Changes by February 26, 2010 (the "**Completion Date**"). In the event the Completion Date doesn't occur by March 31, 2010, then this Agreement shall thereupon terminate.

14. Miscellaneous:

- (a) Costs:

Each of Verena and FM shall pay its own costs and expenses (including all legal, accounting and financial advisory fees and expenses) in connection with the Agreement including expenses related to the preparation, execution and delivery of the documents required hereunder. Notwithstanding the foregoing, FM acknowledges the expenses incurred by Verena in reviewing the terms of this Agreement and the related matters, including the amounts payable to members of Verena's special committee, reasonable costs of its independent counsel, and other related items will be paid by Verena either before or following the Management Changes.

(b) Approvals:

FM hereby represents to Verena that its board of directors has authorized FM to proceed with this Agreement on and subject to the terms and conditions set out herein.

Verena hereby represents to FM that its board of directors has authorized Verena to proceed with this Agreement on and subject to the terms and conditions set out herein.

(c) Public Announcements:

Verena and FM agree to make a joint press release with respect to this Agreement as soon as practicable after the date on which this Agreement has become effective and to otherwise coordinate the public disclosure and presentations made by them with respect to the Agreement. Verena and FM further agree that there will be no public announcement or other disclosure of this Agreement or of the matters dealt with herein unless they have mutually agreed thereto or unless otherwise required by applicable law or by regulatory instrument, rule or policy based on the advice of counsel. If either Verena or FM is required by applicable law or regulatory instrument, rule or policy to make a public announcement with respect to this Agreement, such party hereto will provide as much notice to the other of them as reasonably possible, including the proposed text of the announcement.

(d) Law:

This Agreement shall be governed by and be construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. The parties hereto irrevocably attorn to the non-exclusive jurisdiction of the courts of the Province of Ontario.

(e) Amendment:

This Agreement may, at any time and from time to time, be amended by written agreement of the parties hereto.

(f) Assignment:

Neither party hereto may assign its rights or obligations under this Agreement without the prior written consent of the other party hereto.

(g) Binding Effect:

This Agreement shall be binding upon and shall enure to the benefit of the parties hereto and their respective successors and permitted assigns.

(h) Verena to hold rights in trust:

The parties agree that Verena shall hold the rights of the various officers and directors under the Agreement in trust for their benefit, as may be required from time to time, including the rights concerning insurance in Section 12 and the release provisions in Section 13 of this Agreement.

(i) Waiver:

Any waiver or release of any of the provisions of this Agreement, to be effective, must be in writing and executed by the party hereto granting such waiver or right.

(j) Entire Agreement:

This Agreement contains the entire agreement between the parties hereto with respect to the subject matter hereof and thereof and supersedes all prior agreements and understandings with respect thereto.

[Signatures appear on the following page]

IN WITNESS WHEREOF the parties hereto have duly executed this Agreement
this 17th day of February, 2010.

FORBES & MANHATTAN, INC.

 signed

Name: Stan Bharji
Title: Chairman

 signed
Robert F. Rose

VERENA MINERALS CORPORATION

 signed

Name: Stephen G. Roman
Title: Chairman, President & CEO

SCHEDULE "A"
FORBES & MANHATTAN'S PRIVATE PLACEMENT OFFER

Forbes & Manhattan

January 19, 2010

Verena Minerals Corporation
8 King Street East
Suite 1700
Toronto, Ontario
M5C 1B5

Attention: Stephen G. Roman

RE: BINDING LETTER OF INTENT - BUSINESS PROPOSAL

Stephen,

Further to our conversation earlier today, Forbes & Manhattan, Inc. ("Forbes") wishes to provide assistance to Verena Minerals Corporation ("Verena") in order to develop and advance the business and operations of Verena, subject to the following terms and conditions:

- (i) Forbes to work with D & D Securities Company and Delano Capital Corp. in the raising of up to CAD\$5,000,000 through a private placement offering of units of Verena priced at CAD\$0.25 per Unit. Each Unit would consist of one common share and one common share purchase warrant. Each whole warrant would entitle the holder to acquire one common share at CAD\$0.50 for a period of 24 months following the closing of the private placement offering (subject to the terms and conditions of an engagement letter to be entered into between Verena, D & D Securities Company and Delano Capital Corp., the terms of which would include the provision of 1,000,000 finder's shares to be issued to D & D Securities Company upon successful completion of the \$5 million private placement offering in full).
- (ii) Upon closing of the proposed financing, the Board of Directors of Verena will consist of seven members, with three current non-independent members of the Board to resign and be replaced by three new members who will be nominated by Forbes. Stan Bharti will be one of the directors nominated by Forbes and will serve as the Chairman of Verena. Verena will undertake and agree that by no later than immediately following the annual general meeting of Verena, the Board of Directors shall be re-constituted so that three of the members will be selected from the current Verena Board of Directors (and will include Stephen G. Roman) and the remaining four board members will be nominated by Forbes, provided that each of the parties work in good faith to ensure that such nominations satisfy applicable regulatory requirements regarding board composition. Verena shall

also undertake to hold the annual general meeting in respect of the financial year of Verena ended December 31, 2009 as soon as practicable;

- (iii) Forbes and Verena to enter into a mutually acceptable agreement regarding the payout of any severance payments resulting from this transaction; and
- (iv) Forbes and Verena agree that it is essential to the future growth of Verena and the timely development of its projects that the Board of Directors, following completion of the financing, immediately review the management team of Verena. Forbes and Verena agree that the Forbes team will have an active management role in the business of Verena;

This proposal is subject to the satisfactory completion of due diligence, which we would complete within 30 days of the execution of this binding letter of intent. In particular, completion of the financing will be subject to the delivery of title opinions in respect of Verena's material properties that are in form and substance acceptable to Forbes.

If this proposal is acceptable in principle, please sign where indicated below and fax back to Tony Wonnacott at 416-363-8223.

Regards,
FORBES & MANHATTAN INC.

 signed
Stan Bharti

ACCEPTED THIS ___ DAY OF _____, 2010.

VERENA MINERALS CORPORATION

By: _____
Stephen G. Roman
President and CEO

SCHEDULE "B"

copies of the shareholder support letters

SCHEDULE "C"
list of Verena options

Verena Minerals - Outstanding Options

<u>Name of Optionee</u>	<u>Date of Grant</u>	<u>Exercise Price</u>	<u>No. of Optioned Shares</u>	<u>Exercised In Year</u>	<u>Expiry Date</u>	<u>Total Outstanding</u>
Badida, Edward J.	10-Apr-07	0.60	100,000		10-Apr-12	100,000
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]		[REDACTED]	[REDACTED]
El Koury Daoud, Walid	10-Apr-07	0.60	250,000		10-Apr-12	250,000
Flach, George	1-Dec-06	0.60	1,000,000		1-Dec-11	1,000,000
Ortslan, Terence	6-Mar-08	0.40	600,000		6-Mar-13	600,000
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]		[REDACTED]	[REDACTED]
Roman, Stephen G.	10-Apr-07	0.60	250,000		10-Apr-12	250,000
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]		[REDACTED]	[REDACTED]
Salomao, Elmer	3-Nov-05	0.17	603,000		3-Nov-10	
Salomao, Elmer	10-Apr-07	0.60	250,000		10-Apr-12	853,000
Salomao Neto, Jad	10-Apr-07	0.60	250,000		10-Apr-12	250,000
Santos, Rui Bolica	10-Apr-07	0.60	250,000		10-Apr-12	250,000
Scharf, Doug	24-Oct-07	0.60	250,000		24-Oct-12	250,000
Shelsky, Stephen	3-Nov-05	0.17	368,000		3-Nov-10	
Shelsky, Stephen	10-Apr-07	0.60	250,000		10-Apr-12	618,000
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]		[REDACTED]	[REDACTED]
			4,921,000	0		4,921,000

As of February 1, 2010
 11,519,895 Options reserved under June 14 2005 Stock Option Plan
 2,224,005 Options exercised
 4,921,000 outstanding
 4,374,890 remaining issuable under plan

Note: 250,000 options have been allocated to Jeff Dawley as CFO, but not granted due to undisclosed material events. Board to approve options to Mr. Dawley on February 23, 2010.

SCHEDULE "D"

amended Gryphon Partners engagement letter



gryphon partners

20 Adelaide Street East
Suite 1105
Toronto, Ontario M5C 2T6

T 416 368 0040
F 416 368 0046

Schedule C

STRICTLY PRIVATE AND CONFIDENTIAL

February 18, 2010

VERENA MINERALS CORPORATION
8 King Street East
Suite 1700
Toronto, Ontario
M5C 1B5

Attention: The Board of Directors

Dear Sirs:

This letter agreement (the "Agreement") is to confirm the terms and conditions pursuant to which the Board of Directors (the "Board") of Verena Minerals Corporation ("Verena" or the "Company"), has engaged Gryphon Partners Canada Inc., ("Gryphon" or "we") on behalf of Verena to provide financial and other investment banking advice to Verena in connection with a review of strategic alternatives (the "Strategic Review") regarding Verena and its subsidiaries (the "Strategic Review"), including a potential transaction (the "Potential Transaction") involving Verena, including without limitation, any proposal to acquire control of the Company by way of an offer to acquire any or all of the outstanding shares of the Company, a sale of all or substantially all of the Company's assets or of a material portion of, or any interest in the assets of the Company, any merger, amalgamation, plan of arrangement, consolidation, reorganization or other business combination pursuant to which the assets and business of the Company are combined with one or more other persons, including without limitation, pursuant to any joint venture entered into with one or more other persons and any other strategic initiatives to maximize value for the Company's shareholders, including, but not limited to, a cornerstone investment by a third party.

By your acceptance of this Agreement (including the schedules hereto), you appoint Gryphon and we agree to act as your financial advisor in respect of the Potential Transaction on the terms and conditions set out below, effective as of the date hereof (the "Effective Date"). Gryphon shall take its instructions on this assignment from the Chairman of the Board.

1. Responsibilities and Services

Gryphon's responsibilities and services will include:

A. Review of Strategic Options

- (a) Financial Advice and Analysis – Provide the Board with financial advice and analysis of various options available with respect to asset spin-offs, cornerstone investments by a strategic partner, a merger, divestiture or a business combination of the Company with a third party, among other considerations.
- (b) Execution of any Option – Assist the Board in the execution of any option(s) that it determines is(are) in the best interest of the Company, including:
 - (i) assist in negotiations with third parties;
 - (ii) assist in the formulation of Potential Transaction structure and support agreements;
 - (iii) together with your legal counsel, assist in document drafting and preparation;
 - (iv) assist in preparing and delivering board presentations related to a Potential Transaction;
 - (v) assist in the preparation of shareholder communications;
 - (vi) monitor market activity, media announcement and brokerage reports;
 - (vii) preparation of scripts and establishing procedures for responding to the media and key shareholders;
 - (viii) aid in engaging in the development of a strategy to market a Potential Transaction to both institutional and retail shareholders; and
 - (ix) provide such other financial advisory services to the Board in connection with a Potential Transaction as the Board and Gryphon agree are appropriate in the circumstances.

B. Defense Preparation

- (a) Response Report – Provide the Board with a detailed report addressing potential response plans ("Response Report") with respect to any unsolicited offer, including a quarterly update to the Verena Board of Directors (the "Board") for the term of this Agreement.
- (b) Financial Advice and Analysis – Provide the Board with financial advice and analysis of any unsolicited offer.

- (c) Take-Over Bid Response Strategy – Advise and assist the Board in evaluating and responding to any Potential Transaction which may be received by the Company or its shareholders, in developing a take-over bid response strategy, which could result in a Potential Transaction, and developing and implementing a strategy for negotiating the terms of an unsolicited offer.
- (d) Negotiations – Familiarize itself to the extent it deems appropriate and feasible with the business, operations, financial condition and prospects of the Company and any prospective Potential Transaction counterparty, advise and assist the Board in the course of its negotiations with any prospective Potential Transaction counterparty, and, if requested by the Board, participate directly in such negotiations.
- (e) Sale Process – If requested by the Board, design and execute a sale process with the Board including the preparation of a Confidential Information Memorandum (“CIM”) describing the Company and other marketing materials, a form of confidentiality agreement for execution by recipients of confidential information and of a list of prospective purchasers and assist the Board in soliciting potential counterparties.
- (f) Merger Model – As appropriate, prepare merger models of the Company and any prospective Potential Transaction counterparty in order to assist the Company in evaluating the ability of a prospective Potential Transaction counterparty to complete a transaction and potential synergies available to prospective Potential Transaction counterparties.
- (g) Presentations – Advise and assist the Board in connection with any presentations to the Board of any prospective Potential Transaction counterparty.
- (h) Data Room – Assist the Company and its legal advisors to identify and assemble, if appropriate, the contents of a data room.
- (i) Monitor Trading Activity – Monitor trading in shares of the Company and report to the Board on any unusual activity.
- (j) Communications Strategy – Assist the Board and any outside consultants in developing a comprehensive communications strategy for the Company’s various stakeholders.
- (k) Regulatory – Advise and assist the Board with respect to any securities regulatory hearings or any other related matters.
- (l) Document Review – Assist in the preparation of all documents to be sent to the shareholders of the Company in connection with a Potential Transaction.
- (m) Fairness Opinion – If requested by the Board, provide the Board with an opinion or opinions as to the fairness or inadequacy of any proposed Potential Transaction from a financial point of view.
- (n) Other Services – Provide other such services as relate directly to a Potential Transaction that the Company and Gryphon mutually agree are appropriate in the circumstances.

2. **Gryphon Advisory Team**

The proposed Gryphon team for the Potential Transaction is as follows:

Team Leader: Matthew Allas
Strategic Assistance: Gordon Bogden / George Mihaletu
Analytical & General Support: Shawn Howarth

Should the Potential Transaction develop such that further resources are required, Gryphon will involve other team members as appropriate and agreed with Verena.

3. **Fees**

- (a) In consideration of our acting as your exclusive financial advisor hereunder, you agree to pay to Gryphon the following:
- (i) a one-time retainer of \$25,000 payable upon execution of this Agreement (the "Work Fee"), which Work Fee shall be credited against any fee otherwise payable to us under clause 3(a)(ii), and 3(a)(iii);
 - (ii) a fee payable upon closing of the Potential Transaction equal to 1.50% of Enterprise Value, defined as the aggregate value of all voting and non-voting common equity of the Company, calculated on a fully-diluted basis, and based upon the purchase price at which the Potential Transaction takes place plus the aggregate amount of any indebtedness of the Company outstanding at the date of the Potential Transaction and any dividend or other distribution paid to shareholders of the Company after the date of this agreement and prior to completion of the Potential Transaction whether or not such dividend or other distribution is made in contemplation of or in connection with the Potential Transaction (the "Transaction Fee");
 - (iii) in the event of a Cornerstone Investment, defined as an investment in the Company by a third party of equal to or greater than 5%, but not more than 19.9% of the current issued and outstanding shares of the Company, excluding the January 19, 2010 private placement financing proposal from Forbes & Manhattan, Inc., the Company will pay to Gryphon of fee of 5.0% of the implied Transaction Value, defined as the total consideration received by the Company in cash for a treasury placement of shares ("Financing Fee"); and
 - (iv) in the event that Gryphon is requested to provide an opinion as to the fairness, from a financial point of view, of a Potential Transaction, the Company will pay to Gryphon a fee of \$150,000 (the "Fairness Opinion Fee"), and a fee of \$50,000 for any subsequent opinion, payable at the time of delivery of any Fairness Opinion to the Board or the Board; and

- (v) in the event that the Potential Transaction is not completed and a break fee or termination fee (a "Break Fee") is paid to the Company or a Company affiliate, the Company shall pay to Gryphon an amount equal to 10% of such Break Fee.
- (b) If you agree to pay a commission or fee to anyone else (including without limitation any other financial advisor to the Company), such commission or fee shall be for your account and shall not reduce the amount payable to us under this Agreement.
- (c) Verena agrees to reimburse Gryphon for all reasonable out-of-pocket expenses incurred by Gryphon in entering into and performing the services expressly contemplated by this Agreement, including but not limited to travel and communication expenses, database service expenses, courier charges, the reasonable fees and disbursements of its counsel and any other advisors retained by Gryphon with the prior written consent of Verena, such consent not to be unreasonably withheld. Such reimbursable expenses will be payable on receipt by Verena of invoices from Gryphon whether or not the Potential Transaction is completed.
- (d) All or part of the amounts payable under this paragraph may be subject to the federal Goods and Services Tax, applicable provincial and regional sales taxes and other similar mandatory taxes as relevant (collectively, "Tax"). Where Tax is applicable, an additional amount equal to the amount of Tax owing will be charged to and paid by the Company. Tax will be identified separately in any invoices submitted to you for reimbursement and we will provide all applicable GST registration numbers.

4. Additional Services

If Gryphon is requested to provide any other services in addition to those described in paragraph 1A (a) – (b) and 1B (a) – (n) above, the terms and conditions relating to such services will be outlined in a separate letter of agreement and the fees for such services will be in addition to the fees payable hereunder, will be negotiated separately and in good faith and will be consistent with fees paid to North American investment bankers for similar services. However, for greater certainty, Gryphon will not provide any legal, tax or accounting advice, either pursuant to this Agreement or otherwise. The Company will be solely responsible for engaging and instructing such legal, tax and accounting professionals as you deem necessary for purposes of the subject matter of this Agreement.

5. Public Acknowledgment

It is recognized that Gryphon will be publicly acknowledged as financial adviser to Verena in relation to the Strategic Review and/or Potential Transaction in appropriate documentation and public releases by Verena.

6. Compliance with Laws and Use of Experts

The Company will comply with all applicable laws, regulations and policies, whether domestic, foreign, federal, national, provincial, state or otherwise, applicable to the Potential Transaction. In addition, the Company may retain, if requested by us and subject to the Company's approval,

legal, accounting, tax and technical advisors experienced in these matters to work with us in effecting the Potential Transaction. The Company will pay the fees, taxes and disbursements of any advisors that have been expressly approved by the Company in writing in advance, which will be billed directly to the Company.

If required by regulatory, governmental or judicial authorities or if requested by the Board, Gryphon will testify before and provide reasonable support services to the Board before any governmental commission, regulatory authority or court. Gryphon's testimony or support services will be confined to the services performed under this Agreement.

If Gryphon or any one of its directors, officers, partners or employees is requested or is required to:

- i. testify in any forum (including, without limitation, in connection with any governmental, regulatory or judicial proceeding or inquiry) in connection with any matter relating to the services provided by Gryphon hereunder;
- ii. be examined in connection with any such matter;
- iii. respond or answer to procedures designed to discover or provide information regarding any such matters; or
- iv. provide support services in connection with or relating to any such matter;

then Gryphon shall have the right to employ its own counsel in connection therewith and shall be reimbursed by the Company for the reasonable fees and disbursements of such counsel as well as its reasonable out-of-pocket costs, charges and expenses incurred in connection therewith. In addition, the Company shall pay Gryphon for the time spent by any of its personnel in connection with any such matter at a reasonable per diem rate. Amounts payable pursuant to this paragraph are in addition to any other amounts payable pursuant to this Agreement.

7. Indemnification

The Company hereby agrees to indemnify Gryphon in accordance with Schedule A hereto, which Schedule forms part of this Agreement and the consideration for which is the entering into of this Agreement. Such indemnity (the "Indemnity") shall be executed and delivered to Gryphon on the execution of this Agreement and shall be in addition to, and not in substitution for, any liability, which the Company or any other person may have to Gryphon, or other persons indemnified pursuant to the Indemnity apart from the Indemnity.

8. Term

The engagement of Gryphon pursuant to this Agreement shall terminate on the earlier of, the completion of the Potential Transaction or six (6) months from the Effective Date, unless extended by mutual agreement of the parties in writing, provided that the obligations of the Company to indemnify Gryphon, to pay any amounts due to Gryphon pursuant to this

Agreement including fees, expenses and Tax and to maintain the confidentiality of Gryphon's advice and opinions as provided herein and the obligations of Gryphon under paragraph 13, shall survive the completion of Gryphon's engagement hereunder, any termination of the Potential Transaction or the expiry or other termination of this Agreement provided that such obligation with respect to section 3 shall terminate one (1) year from the termination of this Agreement. Gryphon shall, following termination of the engagement and prior to the completion of the Potential Transaction, provide such additional assistance to the Company as it may from time to time reasonably request in respect of the Potential Transaction and, notwithstanding anything else herein contained, any such assistance shall be considered to be services provided pursuant to Gryphon's engagement hereunder and, without limitation, the provisions of paragraphs 7, 11 and 15 shall apply thereto, provided however that, if in the opinion of Gryphon and the Company (acting reasonably), such assistance expands the scope of the engagement contemplated hereby, an additional fee shall be paid by the Company to Gryphon hereunder and the amount of such fee shall be negotiated in good faith by the parties hereto.

9. Access to Information and Certificate of Representation

Representatives of Gryphon shall participate in or be kept fully informed of all relevant matters concerning the Potential Transaction and will receive copies of all documents considered relevant, including drafts thereof, prepared in connection with the Potential Transaction.

The Company will make available or cause to be made available to Gryphon on a timely basis all information (financial or otherwise), data, documents, opinions, appraisals, valuations and other information and materials of whatsoever nature or kind respecting the Company and its subsidiaries that are in the possession of the Company or its subsidiaries as Gryphon may reasonably require or consider appropriate in carrying out its services hereunder.

The Company agrees to provide Gryphon with timely access to the directors, officers, employees, consultants and financial advisors of the Company and its subsidiaries.

Gryphon shall be entitled to rely on the representations and warranties provided by the Company in connection with this Agreement regardless of any investigation made by Gryphon or on its behalf.

10. Accuracy of Information

In carrying out our responsibilities hereunder, Gryphon will necessarily rely on information prepared or supplied by you and other sources believed by us to be reliable and assumes no obligation to verify the accuracy or completeness of such information and under no circumstances will we be liable to you or the Company's securityholders for any damages arising out of the inaccuracy or incompleteness of any such information. You will bear sole responsibility for the accuracy and completeness of any take-over bid circular, management information circular, confidential information memorandum or other disclosure documents to be prepared in connection with the Potential Transaction.

If you determine to make information concerning the Company and the Potential Transaction available to third parties, you will bear sole responsibility for the accuracy and completeness of the information provided to third parties, except for any information created solely by Gryphon and which is provided to third parties by Gryphon without your concurrence. You represent and warrant that the information so provided by the Company to such parties will be accurate and complete in all material respects and will not be misleading or omit to state any fact or information which would be material to parties considering the Potential Transaction.

You represent and warrant to us that all information and documentation concerning the Company that is provided by the Company in connection with this engagement will be accurate and complete in all material respects and not misleading and will not omit to state any fact or information which would be material to a financial advisor performing the services contemplated herein.

11. Material Changes

You will advise us promptly of any material change, actual or contemplated, in your affairs or in any information provided to us concerning the Company or the Potential Transaction and to the extent that you are aware of such changes, in information concerning any relevant third party. Unless advised otherwise, Gryphon will be entitled to assume that there has been no material change in such information and will be entitled to rely thereon. You will notify us promptly of any notice by any judicial or regulatory authority requesting any information, meeting or hearing relating to you and your affairs or any relevant third party and its affairs or the Potential Transaction or any other event or state of affairs that may be relevant to us or your securityholders.

You agree that if, following the public announcement of the Potential Transaction, there occurs any material change or event, actual or contemplated, or you discover any fact or information, which you believe is material or would require the making of any amendment, supplement or revision to the shareholder materials utilized to effect the Potential Transaction (an "Amendment"), the Company will (i) notify us in writing of the full particulars thereof, (ii) prepare, file and distribute such Amendment in the manner permitted or required pursuant to all applicable securities legislation or pursuant to any order obtained by you from the relevant authorities and/or courts in that regard, and (iii) provide us with such number of copies of the Amendment as we may reasonably request.

12. Scope of Opinion

Any Opinion will be made subject to and will be based upon such assumptions, limitations, qualifications and reservations as Gryphon, in the exercise of its professional judgment, considers necessary or prudent in the circumstances, including, without limitation, (a) our reliance on the information, data, documents, opinions, appraisals, valuations, materials, advice and representations made to Gryphon; (b) the time available to us to perform our engagement hereunder or any part of it; and (c) our access to senior management and other parties, including independent advisors or consultants, relevant to the Strategic Review, including the Potential Transaction.

Gryphon will be entitled, at any time, to withdraw, amend or supplement our Opinion if we conclude that there has been a change in the business or affairs of the Company, any Potential Transaction which would be material to the conclusions stated in our Opinion, as well as if we conclude that there has been a change in a material fact, an omission to state a material fact, a change in the factors upon which the Opinion is based or if we become aware of any information not previously known by us, regardless of the source, which in our view would make such Opinion incorrect or misleading in any material respect. If we propose to modify, amend, supplement or withdraw the Opinion for any such reason or reasons, we shall so advise you in advance. You agree that, in such event, Gryphon may, at your reasonable expense, promptly issue such public notice of such change as is reasonably required in the circumstances.

Notwithstanding the foregoing, we will not be under any obligation to amend or update our Opinion or advise any person of any change in any fact or matter affecting the Opinion which may be brought to our attention after the date thereof.

13. Inclusion of Opinion

Subject to our review and approval of the portion of the final form of the disclosure documents to be sent to the Company's securityholders in connection with a Potential Transaction which related to our Opinion, we will provide our written consent to permit you to include in such disclosure documents the complete text of our Opinion in final form. We shall bear no responsibility for the form or content of the disclosure documents other than for the Opinion itself. The Company agrees to provide Gryphon with current drafts and any final copy, as soon as they become available, of any and every disclosure document containing any reference to our Opinion and any amendment or amendments thereto, to provide us with a reasonable time to review such documents and to inform us promptly of any communication or request from any regulatory authority relating to a Potential Transaction, or Opinion.

If our Opinion is to be translated for inclusion in any French version of disclosure documents, the Company shall be solely responsible for the completeness and accuracy of any such translation of the Opinion.

14. Notification of Regulatory or Court Action

The Company will advise Gryphon of any request received by it from any applicable regulatory authority for any material information, meeting or hearing relating to the Potential Transaction, or other disclosure document or documents prepared in connection with the Potential Transaction for filing with regulatory authorities or delivery or communication to shareholders of the Company (collectively, the "Disclosure Documents"), the issuance of any cease trading order or restraining order or the initiation of any meeting, hearing, proceeding, litigation or investigation by a regulatory authority, shareholder or other party with respect to the Potential Transaction, or the Disclosure Documents of which the Company is aware.

15. Confidentiality

Gryphon acknowledges that all information provided, whether written or oral, to Gryphon by or on behalf of you, the Company, its subsidiaries, agents or advisors pursuant to this Agreement is confidential. Gryphon agrees that it shall maintain such information in confidence and that such information shall not be used other than in furtherance of the purposes of this Agreement, provided that this confidentiality obligation shall not apply to (a) information now in the public domain, (b) information which subsequently becomes public other than through breach by Gryphon of its obligations hereunder, (c) information disclosed to Gryphon by third parties in respect of which such third parties are not, to the knowledge of Gryphon, under an obligation of confidentiality, or (d) information which is required by law to be disclosed. If Gryphon is requested or required pursuant to a legal or administrative process to disclose any such information, Gryphon shall provide the Company with prompt notice of such request or requirement so that the Company may seek an appropriate protective order or similar remedy. Gryphon and its representatives, including professional consultants, shall be made aware of and be bound by the provisions of this Clause 15.

16. Acknowledgement of Securities Activities

Gryphon will conduct itself in such a manner that it will continue to be independent within the meaning of applicable securities laws throughout the term of its engagement hereunder. The Company acknowledges and agrees that, subject to section 13 above, nothing herein contained shall prevent or restrict Gryphon, (a) following the termination of Gryphon's engagement hereunder as contemplated by the first sentence of paragraph 8, from accepting engagements or assignments from any person or company whereby Gryphon would provide financial advisory services in connection with the Potential Transaction that relates to or involves the Company or its affiliates or the assets of any such company, or (b) from at any time accepting any engagement to provide financial advisory services, provided that in each case the acceptance of such engagement has been consented to by the Board.

17. Other Matters

This Agreement (including without limitation, Schedule A hereto) shall be effective from the Effective Date notwithstanding the date of this letter or the date it is executed by any party. This Agreement may not be assigned by any party hereto without the prior consent of the other parties hereto. Without limiting the generality of the foregoing, this Agreement (including the indemnification provided hereunder) shall survive the Potential Transaction and you, the Company or its successors shall remain responsible to Gryphon for the Company's obligations hereunder and Gryphon or its successors shall remain responsible to you for Gryphon's obligations hereunder. This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the parties hereby irrevocably attorn to the jurisdiction of the courts of the Province of Ontario. If any provision hereof shall be determined to be invalid or unenforceable in any respect such determination shall not affect such provision in any other respect or any other provision hereof. Headings used herein are for convenience of reference only and shall not affect the interpretation or construction of this Agreement.

18. Currency


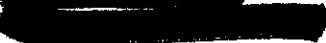
All financial references in this Agreement are to Canadian dollars unless otherwise indicated.

19. Notices

Any notice or other communication required or permitted to be given under this Agreement shall be in writing and shall be sufficiently given or made by delivery or by telecopy or similar facsimile transmission (receipt confirmed) to the respective parties as follows:

If to the Board, to:

8 King Street East
Suite 1700
Toronto, Ontario
M5C 1B5

Attention: 
Email: 



If to Verena, to:

8 King Street East
Suite 1700
Toronto, Ontario
M5C 1B5

Attention: The Chairman of the Board

if to Gryphon, to:

Gryphon Partners Canada Inc.
20 Adelaide Street East, Suite 1105
Toronto, Ontario M5C 2T6

Attention: 
Email: 

Any notice so given shall be deemed conclusively to have been given and received when so personally delivered or so emailed or transmitted as long as such day is a business day. Any party may change its address by notice to the other in the manner set out above.

20. Independent Contractors

You and we agree that each of us is entering into this Agreement as an independent contractor. Nothing in this Agreement is intended to: (a) create any partnership or joint venture of any kind

whatsoever; or (b) benefit any third parties or create any obligations to any third parties, except for Schedule A (the Indemnity is intended to benefit all Indemnified Parties).

If the foregoing is in accordance with your understanding, please indicate your agreement to the above terms and conditions by signing the enclosed copy of this Agreement and returning the same to us.

Sincerely,

GRYPHON PARTNERS CANADA INC.

Gordon J. Bogden
Managing Partner

The foregoing is in accordance with our understanding and is agreed by us as of the date first written above.

VERENA MINERALS CORPORATION

Chairman of the Board

SCHEDULE A INDEMNITY

In connection with the engagement of Gryphon Partners Canada Inc. ("Gryphon") pursuant to the Agreement between Gryphon and Verena Minerals Corporation (the "Indemnitor") as of the Effective Date (the "Engagement"), the Indemnitor hereby agrees to indemnify and hold harmless Gryphon and its affiliates, the respective directors, officers, partners, agents and employees of Gryphon and its affiliates (Gryphon and each of such entities and persons being herein referred to as an "Indemnified Person"), to the full extent lawful, from and against all losses, claims, damages or liabilities (or actions in respect thereof) and reasonable expenses incurred by each Indemnified Person related to or arising out of activities performed in connection with the Engagement (whether rendered prior to or after the execution of this Agreement) or the role of any Indemnified Person in connection therewith, and the Indemnitor will reimburse any Indemnified Person for all out of pocket expenses (including, without limitation, reasonable fees and disbursements of counsel) reasonably incurred by such Indemnified Person in connection with investigating, preparing or defending any such action or claim, whether or not in connection with pending or threatened litigation in which such Indemnified Person is a party, provided that the Indemnitor shall not be responsible for the fees and disbursements of more than one counsel for all Indemnified Persons. The Indemnitor will not be responsible, however, for any losses, claims, damages, liabilities or expenses of any Indemnified Person determined by a final judgement of a court of competent jurisdiction that has become non-appealable to have resulted primarily from actions taken or omitted to be taken by such Indemnified Person through bad faith, negligence or willful misconduct. The Indemnitor also agrees that no Indemnified Person shall have any liability (whether direct or indirect, in contract, in tort or otherwise) to the Indemnitor for or in connection with the Engagement except for any such liability for losses, claims, damages, liabilities or expenses incurred by the Indemnitor that are determined by a final judgment of a court of competent jurisdiction that has become non-appealable to have resulted from actions taken or omitted to be taken by such Indemnified Person through bad faith, negligence, willful misconduct or breach of the Engagement Letter.

The Indemnitor agrees to reimburse the Indemnified Person monthly for the time spent by the Indemnified Person's personnel in connection with any claim at their normal per diem rates. The Indemnitor may at its election and will, if requested by an Indemnified Person, assume the defense of any litigation or proceeding in respect of which indemnity may be sought hereunder, including the employment of counsel satisfactory to such Indemnified Person acting reasonably and the payment of the reasonable fees and disbursements of such counsel, in which event, except as provided below, the Indemnitor shall not be liable for the fees and disbursements of any other counsel retained by an Indemnified Person in connection with such litigation or proceeding. In any such litigation or proceeding, any Indemnified Person shall have the right to participate in such litigation or proceeding and to retain its own counsel, but the fees and disbursements of such counsel shall be at the expense of such Indemnified Person unless (i) the Indemnitor and the Indemnified Person shall have mutually agreed in writing to the retention of such counsel, (ii) the Indemnitor does not promptly assume the defense of such litigation or proceeding, or (iii) Gryphon is advised by counsel that there is an actual or potential conflict in the Indemnitor's and Gryphon's respective interests or additional defenses are available to Gryphon which makes representation by the same counsel if not appropriate or unadvisable. The Indemnitor shall not in connection with any such litigation or proceeding in the same jurisdiction be liable for the reasonable fees and expense of more than one separate legal firm to represent all Indemnified Persons. The Indemnitor shall not be liable for any settlement of any litigation or proceeding effected without their written consent (which it will not unreasonably withhold or delay), but if settled with such consent or if there be a final judgment for the plaintiff, the Indemnitor agrees to indemnify the Indemnified Person from and against any loss or liability by reason of such settlement or judgment, subject to the penultimate sentence of the first paragraph hereof. If the Indemnitor assumes the defense of any litigation or proceeding the Indemnitor will not, without the prior written consent of Gryphon, settle or compromise or consent to the entry of any judgment in any pending or threatened claim, action, suit or proceeding in respect of which indemnification may be sought hereunder unless such settlement, compromise or consent includes an

unconditional release of Gryphon and each other Indemnified Person hereunder from all liability arising out of such claim, action, suit or proceeding.

Promptly after receiving notice of an action, suit, proceeding or claim against Gryphon or any other Indemnified Person or receipt of notice of the commencement of any investigation which is based, directly or indirectly, upon any matter in respect of which indemnification may be sought from the Indemnitor, Gryphon or any such other Indemnified Person will notify the Indemnitor of the particulars thereof, provided that the omission to so notify the Indemnitor shall not relieve the Indemnitor of any liability which the Indemnitor may have to Gryphon or any other Indemnified Person except only to the extent that any such delay in or failure to give notice as herein required materially prejudices the defence of such action, suit, proceeding, claim or investigation or results in any material increase in the liability under this indemnity.

If for any reason (other than determinations based on negligence, willful misconduct, or breach of this Engagement Letter as contemplated above), the foregoing indemnification is unavailable to Gryphon or any other Indemnified Person or is insufficient to hold Gryphon or any other Indemnified Person harmless, the Indemnitor shall contribute to the amount paid or payable by Gryphon or any other Indemnified Person as a result of such losses, claims, damages, liabilities or expenses in such proportion as is appropriate to reflect not only the relative benefits received by Gryphon on the one hand and the Indemnitor or any other Indemnified Person on the other hand, but also the relative degrees of fault of the Indemnitor, Gryphon or any other Indemnified Person as well as any relevant equitable considerations; provided that the Indemnitor shall in any event contribute to the amount paid or payable by Gryphon or any other Indemnified Person as a result of any such loss, claim, damage, liability or expense any excess of such amount over the amount of the fees received by Gryphon pursuant to the Engagement.

The foregoing Agreement shall be in addition to any rights that Gryphon or any Indemnified Person may have at common law or otherwise.

The Indemnitor hereby constitutes Gryphon as trustee for each of the other Indemnified Persons of the Indemnitor's covenants contained in this Schedule A with respect to such persons and Gryphon agrees to accept such trust and to hold and enforce such covenants on behalf of such persons.

This indemnification shall apply to the Engagement, any additional engagement relating to the Engagement as may be agreed to by the Indemnitor and any modification of the Engagement or such additional engagement and shall remain in full force and effect following the completion or termination of the Engagement or any such additional engagement.

DATED as of the _____ day of February, 2010

VERENA MINERALS CORPORATION

Chairman of the Board

SCHEDULE B

REPRESENTATION LETTER

Gryphon Partners Canada Inc.
20 Adelaide Street East, Suite 1105
Toronto, Ontario M5C 2T6

Dear Sirs:

In connection with the engagement letter (the "Engagement Letter") between Gryphon Partners Canada Inc. ("Gryphon") and the Board (the "Board") of Verena Minerals Corporation ("Verena" or the "Company") effective the date of this letter, each of the undersigned, in our capacity as officers of the Company and on behalf of the Company and not in our personal capacities, represents and certifies that:

1. We are officers of the Company holding the appointments noted below and as such have knowledge of the matters contained herein.
2. The Information, data and other material (financial and otherwise) (the "Information") provided orally by, or in the presence of, an officer or employee of the Company or in writing by the Company or any of its subsidiaries (as such term is defined in the Securities Act (Ontario) or their respective agents to Gryphon relating to the Company or any of its subsidiaries or the Potential Transaction for the purpose of preparing the Opinion was, at the date the Information was provided to Gryphon, and is complete, true and correct in all material respects and did not and does not contain any untrue statement of a material fact in respect of the Company, its subsidiaries, the Potential Transaction and did not and does not omit to state a material fact in respect of the Company, its subsidiaries, the Potential Transaction necessary to make the Information not misleading in light of the circumstances under which the Information was made or provided.
3. Since the dates on which the Information was provided to Gryphon, except as disclosed to Gryphon, there has been no material change, financial or otherwise, in the financial condition, assets, liabilities (contingent or otherwise), business, operations or prospects of the Company or any of its subsidiaries and no material change has occurred in the Information or any part thereof which would have or which would reasonably, be expected to have a material effect on the Opinion.
4. There are no independent appraisals or valuations or material non-independent appraisals or valuations relating to the Company or any of its subsidiaries or any of their respective material assets or liabilities which have been prepared as of a date within two years preceding the date hereof and which have not been provided to Gryphon.
5. Since the dates on which the Information was provided to Gryphon, no material transaction (other than the Potential Transaction) has been entered into by the Company or any of its subsidiaries, which has not been publicly disclosed.
6. I have no knowledge of any facts not contained in or referred to in the Information provided to Gryphon by the Company, which would reasonably be expected to affect the Opinion, including the assumptions used or the scope of the review disclosed in the Opinion.
7. Other than as disclosed in the Information or publicly disclosed, to the best of my knowledge, neither the Company nor any of its subsidiaries has any material contingent liabilities and there are no actions, suits, proceedings or inquiries pending or threatened in writing against or affecting the Company or any of its subsidiaries at law or in equity or before or by any federal, provincial, municipal or other governmental department, commission, bureau, board agency or instrumentality which may in any way materially adversely, affect the Company or its subsidiaries.
8. All financial material, documentation and other data concerning the Potential Transaction, the Company and its subsidiaries, provided to Gryphon by the Company were prepared on a basis consistent in all material respects with the accounting policies applied in the consolidated financial statements of the Company dated as at September 30, 2009, reflect the assumptions disclosed therein (which assumptions the board of directors of the Company believes to be reasonable) and do not contain any untrue statement of a material fact or omit to state any material fact

necessary to make such financial material, documentation or data not misleading in light of the circumstances in which such financial material, documentation and data was provided to Gryphon.

9. Other than as disclosed in the information or publicly disclosed, no oral or written offers for all or a material part of the properties and assets owned by, or the securities of, the Company or any of its subsidiaries have been received by the Company and no negotiations have occurred relating to any such offer within the two years preceding the date hereof which have not been disclosed to Gryphon.
10. There are no agreements, undertakings, commitments or understandings (written or oral, formal or informal) relating to the Potential Transaction, except as have been disclosed to Gryphon.
11. The contents of the Disclosure Documents prepared by the Company in connection with the Potential Transaction will be true and correct in all material respects and will not contain any misrepresentation (as defined in the Securities Act (Ontario) and the Disclosure Documents prepared by the Company will comply with all requirements under applicable laws.
12. Unless otherwise defined herein, terms defined in the Engagement Letter shall have the same meaning herein as therein.

This certificate is being delivered pursuant to the terms of the Engagement Letter.

DATED as of the _____ day of February, 2010

President and Chief Executive Officer

Chief Financial Officer