ALTURAS MINERALS CORP.

and

6516521 CANADA INC.

and

IRON LAKE MINERALS INC.

AMALGAMATION AGREEMENT

February 8, 2006

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AMALGAMATION AGREEMENT

THIS AMALGAMATION AGREEMENT dated the 8th day of February, 2006.

AMONG:

ALTURAS MINERALS CORP., a corporation existing pursuant to the provisions of the *Canada Business Corporations Act*

(hereinafter referred to as "**Alturas**")

OF THE FIRST PART

- and -

6516521 Canada Inc., a corporation existing pursuant to the provisions of the *Canada Business Corporations Act*

(hereinafter referred to as "**ILM Subco**")

OF THE SECOND PART

- and -

IRON LAKE MINERALS INC., a corporation existing pursuant to the provisions of the *Business Corporations Act* (Alberta)

(hereinafter referred to as "**ILM**")

OF THE THIRD PART

WITNESSES THAT:

WHEREAS the board of directors of each of Alturas and ILM has determined that the Amalgamation to be effected pursuant to this Agreement is advisable and in the best interests of the respective corporations and their shareholders and has approved the transactions contemplated by this Agreement and determined to recommend approval of the Amalgamation and the other transactions contemplated hereby to the holders of Alturas Common Shares and ILM Common Shares;

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

AND WHEREAS ILM, as the sole shareholder of ILM Subco, intends to approve the Amalgamation, in accordance with Section 183 of the CBCA and in furtherance thereof will also submit to the holders of ILM Common Shares the Amalgamation Resolution, Name Change Resolution and the Share Consolidation Resolution;

AND WHEREAS, upon the Amalgamation becoming effective, the Alturas Common Shares will be converted into ILM Common Shares and the ILM Subco Common Shares will be converted into Amalco Common Shares in accordance with the provisions of this Agreement;

NOW THEREFORE, in consideration of the premises and the respective covenants and agreements herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the parties hereto, the parties hereto hereby covenant and agree as follows:

ARTICLE 1
DEFINITIONS AND INTERPRETATION

Section 1.1 Definitions.

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

"**Acquisition Proposal**" means, with respect to either ILM or Alturas as the case may be, any of the following (other than the transactions contemplated by this Agreement): (a) any merger, amalgamation, arrangement, share exchange, take-over bid, tender offer, recapitalization, consolidation or business combination directly or indirectly involving ILM or Alturas, (b) any acquisition of assets representing 20% or more of the book value (on a consolidated basis) of the assets of ILM or Alturas and its respective subsidiaries, taken as a whole (or any lease, long-term supply agreement, exchange, mortgage, pledge or other arrangement having a similar economic effect) in a single transaction or a series of related transactions, (c) any acquisition of beneficial ownership (as defined under Subsection 1(5) of the Securities Act) of 20% or more of, as applicable, the ILM Common Shares or the Alturas Common Shares, in a single transaction or a series of related transactions, from ILM or Alturas, or (d) any bona fide proposal to, or public announcement of an intention to, do any of the foregoing; provided that in respect of the foregoing, a proposal to acquire any or all of ILM's subsidiaries or Alturas' subsidiaries, so long as such proposal would not include the acquisition of any cash or cash equivalent assets of ILM or Alturas or its subsidiaries, shall not constitute an Acquisition Proposal;

"**Alturas Meeting**" means the special meeting of the holders of Alturas Common Shares (including any adjournments or postponement(s) thereof) to be called and held for, among other things, considering and, if deemed advisable, approving the transactions contemplated herein, or any written resolution in compliance with all applicable Laws in lieu thereof;

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

"**Agreement**" means this amalgamation agreement, provided for in Section 182 of the CBCA, including the schedules hereto and the Disclosure Letters as the same may be supplemented or amended from time to time;

"**Alturas**" means Alturas Minerals Corp., a company existing pursuant to the provisions of the CBCA;

"**Alturas Common Shares**" means all of the outstanding common shares without par value in the capital of Alturas, being 10,430,565 common shares;

"**Alturas Warrants**" means the 430,565 common share purchase warrants of Alturas, each exercisable at a price equal to the lesser of $0.75 or the exercise price of any warrant comprising part of a public offering of Alturas Common Shares until April 20, 2007 to acquire one Alturas Common Share;

"**Amalco**" means Alturas Holdings Ltd., the corporation continuing from the Amalgamation upon the Effective Date;

"**Amalco Common Shares**" means common shares without par value in the capital of Amalco;

"**Amalgamation**" means the amalgamation of ILM Subco and Alturas pursuant to Section 183 of the CBCA as provided for in this Agreement;

"**Amalgamation Resolution**" means the special resolution to approve the Amalgamation to be substantially in the form and content of Schedule "A" hereto;

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

"**Articles of Amalgamation**" means the articles of amalgamation in respect of the Amalgamation, in the form required by the CBCA, to be sent to the Director, subject to the conditions of this Agreement, following the approval of the

Amalgamation Resolution by the holders of ILM Common Shares, Alturas Common Shares and ILM Subco Common Shares;

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

"**CBCA**" means the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44, as amended;

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

"**Circular**" means the management proxy circular, including all schedules and exhibits thereto, to be sent to the holders of ILM Common Shares in connection with the ILM Meeting;

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

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

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

"**Effective Date**" means the date shown on the certificate of amalgamation issued by the Director pursuant to Subsection 185(4) of the CBCA giving effect to the Amalgamation;

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

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

"**holders**" means, when used with reference to the ILM Common Shares, the Alturas Common Shares, the Alturas Warrants, the ILM Subco Common Shares or the Amalco Common Shares, the holders of such ILM Common Shares, Alturas Common Shares, the Alturas Warrants, the ILM Subco Common Shares or the Amalco Common Shares, as applicable, shown from time to time in the register maintained by or on behalf of ILM, Alturas, ILM Subco or Amalco, as applicable, in respect of such ILM Common Shares, Alturas Common Shares, Alturas Warrants, ILM Subco Common Shares or Amalco Common Shares, as applicable;

"**ILM**" means Iron Lake Minerals Inc., a corporation existing under the *Business Corporations Act* (Alberta);

"**ILM Common Shares**" means all of the outstanding common shares without par value in the capital of ILM, being 16,630,000 common shares;

"**ILM Meeting**" means the special meeting of the holders of ILM Common Shares (including any adjournment(s) or postponements thereof) to be called and held for, among other purposes, considering and, if deemed advisable, approving the Amalgamation Resolution, the Name Change Resolution and the Share Consolidation Resolution;

"**ILM Options**" means the stock options to purchase ILM Common Shares granted by ILM pursuant to the ILM Stock Option Plan;

"**ILM Parties**" means collectively, ILM and ILM Subco;

"**ILM Public Disclosure**" has the meaning specified in Section 5.5;

"**ILM Stock Option Plan**" means collectively, the ILM incentive stock option plan effective August 8, 1997 and any predecessor plans under which options to purchase ILM Common Shares are currently outstanding;

"**ILM Subco**" means 6516521 Canada Inc., a corporation incorporated pursuant to the provisions of the CBCA;

"**ILM Subco Common Shares**" means the common shares without par value in the capital of ILM Subco;

"**ILM Subscription Receipts**" means the 7,000,000 subscription receipts issued by ILM on September 15, 2005, each exercisable to acquire one ILM Common Share and one ILM Warrant exercisable at a price of $0.10 until September 15, 2006 and which shall automatically be exercised for ILM Common Shares and ILM Warrants upon completion of the Amalgamation with Alturas.

"**ILM Warrants**" means collectively, the 7,000,000 common share purchase warrants issued by ILM, which are each exercisable to acquire one ILM Common Share until September 15, 2006 at an exercise price of $0.10 and the 500,000 common share purchase warrants issued by ILM, which are each exercisable to acquire one ILM Common Share until October 15, 2006 at an exercise price of $0.12;

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

"**Material Adverse Effect**", when used in connection with ILM or Alturas, means any change, effect, event or occurrence with respect to its condition (financial or otherwise), properties, assets, liabilities, obligations (whether absolute, accrued, conditional or otherwise), businesses, operations or results of operations or those of its subsidiaries, that is, or would be reasonably expected to be, material and adverse to the current or future business, operations, regulatory status, financial condition or results of operations of ILM or Alturas, as the case may be, and its subsidiaries taken as a whole, but shall, for greater certainty, exclude (a) any decrease in the trading price of the common shares of ILM on the NEX immediately following and reasonably attributable to the announcement of the Amalgamation or (b) any change, effect, event or occurrence relating to the North American economy as a whole or securities markets in general;

"**material fact**" has the meaning ascribed thereto in the Securities Act;

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

"Name Change Resolution" means the special resolution to approve the change of name of ILM to "Alturas Minerals Corp." or such other name as may be approved by the board of directors of ILM and applicable regulatory authorities, to be substantially in the form and content of Schedule "A" hereto;

"NEX" means the NEX board of the TSX-V;

"**OSC**" means the Ontario Securities Commission;

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

"**Preliminary Prospectus**" means the preliminary prospectus of Alturas (including any documents incorporated by reference therein) dated June 8, 2005.

"**Securities Act**" means the *Securities Act* (Ontario), R.S.O., c.S.5, as amended;

"**Share Consolidation Resolution**" means the special resolution to approve the consolidation of the ILM Common Shares on a one for three basis to be substantially in the form and content of Schedule "A" hereto;

"**Subsidiaries**" means, collectively, Alturas International Ltd., Equinox Peru Ventures Limited and Alturas Minerals S.A., and each individually, a "Subsidiary";

"**subsidiary**" means, with respect to a specified body corporate, a body corporate of which more than 50% of the outstanding shares ordinarily entitled to elect a majority of the directors thereof, whether or not shares of any other class or classes shall or might be entitled to vote upon the happening of any event or contingency, are at the time owned, directly or indirectly, by such specified body corporate, and includes a body corporate in like relation to a subsidiary;

"**Tax Act**" means the *Income Tax Act* (Canada), R.S.C. 1985, c. 1, as amended;

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

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

"**Transfer Agent**" means Computershare Trust Company of Canada;

"**TSX-V**" means the TSX Venture Exchange.

Section 1.2 Currency.

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

Section 1.3 Interpretation Not Affected By Headings.

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

Section 1.4 Number and Gender.

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

Section 1.5 Date for Any Action.

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

Section 1.6 Meanings.

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

Section 1.7 Schedules.

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

Schedule "A" - Form of Amalgamation Resolution
Schedule "B" – Form of Share Consolidation Resolution
Schedule "C" – Form of Name Change Resolution
Schedule "D" – Investments of ILM
Schedule "E" – List of ILM Subsidiaries
Schedule "F" – List of Material Contracts of ILM
Schedule "G" – Post Merger Capitalization Table
Schedule "H" – Alturas' Unaudited Consolidated Financial Statements for the Period Ended September 30, 2005

ARTICLE 2
THE AMALGAMATION

Section 2.1 Implementation Steps.

ILM covenants in favour of Alturas that ILM shall lawfully convene and hold the ILM Meeting for the purpose of considering the Amalgamation Resolution, the Name Change Resolution and the Share Consolidation Resolution as soon as reasonably practicable and, in any event, no later than April 30, 2006.

Section 2.2 ILM Circular.

As promptly as reasonably practicable, ILM shall prepare the Circular together with any other documents required by the *Securities Act* (Alberta) and the *Business Corporations Act* (Alberta) or other applicable Laws in connection with the approval of the Amalgamation Resolution, the Name Change Resolution and the Share Consolidation Resolution by the holders of ILM Common Shares, and ILM shall give Alturas timely opportunity to review and comment on all such documentation and all such documentation shall be reasonably satisfactory to Alturas before it is filed or distributed to the holders of ILM Common Shares, provided that Alturas will provide its comments and any proposed additions and/or deletions in a timely and expeditious manner. As promptly as practicable after the date hereof, ILM shall cause the Circular and other documentation required in connection with the ILM Meeting to be sent to each holder of ILM Common Shares and filed as required by the applicable Laws, and ILM will use its reasonable efforts to cause the Circular to be sent to each holder of ILM Common Shares and filed as required by the applicable Laws on or before March 9, 2006.

Section 2.3 Securities Compliance.

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

Section 2.4 Preparation of Filings.

(a) Alturas and ILM shall cooperate in:

(i) the preparation of any application for the orders and the preparation of any documents reasonably deemed by Alturas or ILM to be necessary to discharge their respective obligations under Canadian federal, provincial or territorial securities Laws in connection with the Amalgamation and the other transactions contemplated hereby;

(ii) the taking of all such action as may be required under any applicable Canadian federal, provincial or territorial securities Laws in connection with the issuance of the ILM Common Shares in connection with the Amalgamation, including any ILM Common Shares issuable upon the exercise of any outstanding Alturas Warrants; and

(iii) the taking of all such action as may be required under the CBCA in connection with the transactions contemplated by this Agreement.

(b) Each of Alturas and ILM shall promptly furnish to the other all information concerning it and its securityholders as may be required for the effectuation of the actions described in Sections 2.2 and 2.3 and the foregoing provisions of this Section 2.4, and each covenants that no information furnished by it (to its knowledge in the case of information concerning its shareholders) in connection with such actions or otherwise in connection with the consummation of the Amalgamation and the other transactions contemplated by this Agreement will contain any misrepresentation or any untrue statement of a material fact or omit to state a material fact required to be stated in any such document or necessary in order to make any information so furnished for use in any such document not misleading in the light of the circumstances in which it is furnished.

(c) Each of Alturas and ILM shall promptly notify the other if at any time before or after the Effective Time it becomes aware that the Circular or an application for an order described in Section 2.3 contains any misrepresentation or any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made, or that otherwise requires an amendment or supplement to the Circular or such application. In any such event, Alturas shall cooperate with ILM in the preparation of a supplement or amendment to the Circular or such other document, as required and as the case may be, and, if required, shall cause the same to be distributed to the holders of ILM Common Shares or filed with the relevant securities regulatory authorities.

(d) Subject to Alturas complying with Subsection 2.4(b) and (c), ILM shall ensure that the Circular complies with all applicable Canadian Laws and, without limiting the generality of the foregoing, that the Circular does not contain any misrepresentation or any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made (other than with respect to any information relating to and provided by Alturas). Subject to, but without limiting the generality of the foregoing, ILM shall ensure that the Circular complies with Policy 5.2 of the TSX-V and National Instrument 51-102 and provides the holders of ILM Common Shares with information in sufficient detail to permit them to form a reasoned judgment concerning the matters to be placed before them at the ILM Meeting.

Section 2.5 Filing of Articles of Amalgamation.

Subject to the rights of termination contained in Article 9 hereof, upon the holders of ILM Common Shares approving the Amalgamation Resolution, the Name Change Resolution and the Share Consolidation Resolution, and upon the holders of Alturas Common Shares approving the Amalgamation Resolution and upon ILM, as the sole shareholder of ILM Subco, approving the Amalgamation Resolution and upon receipt of all regulatory and stock exchange approvals and in accordance with the provisions of the CBCA, (1) Alturas and ILM Subco shall jointly file with the Director the Articles of Amalgamation and such other documents as are required to be filed under the CBCA for acceptance by the Director to give effect to the Amalgamation pursuant to Section 186 of the CBCA and (2) ILM shall file with the Director the Articles of Amendment and such other documents as are required to be filed under the CBCA to give effect to the name change and share consolidation pursuant to Section 179 of the CBCA.

Section 2.6 Effect of Amalgamation.

On the Effective Date of the Amalgamation, the following shall occur and shall be deemed to occur in the following order without any further act or formality:

(a) Alturas and ILM Subco shall amalgamate to form Amalco and shall continue as one company under the CBCA in the manner set out in Section 2.7 hereof and with the effect set out in Section 186 of the CBCA, unless and until otherwise determined in the manner required by law, by Amalco or by its directors or the holders of Amalco Common Shares;

(b) immediately upon the amalgamation of Alturas and ILM Subco to form Amalco as set forth in Subsection 2.6(a):

(i) each issued and outstanding Alturas Common Share (other than Alturas Common Shares held by Dissenting Shareholders, other than Dissenting Shareholders to whom Subsection 3.1(b) applies) shall be converted into four (4) ILM Common Shares;

(ii) each issued and outstanding Alturas Warrant shall entitle the holder to receive upon the exercise thereof, in lieu of the number of Alturas Common Shares otherwise issuable upon the exercise thereof, that number of ILM Common Shares which the holder would have been entitled to receive as a result of the Amalgamation contemplated herein, if immediately prior to the Effective Time, such holder had been the registered holder of the number of Alturas Shares to which such holder was theretofore entitled upon such exercise, at the exercise price equal to the current exercise price per Alturas Common Share; and

(iii) each issued and outstanding ILM Subco Common Share shall be converted into one Amalco Common Share;

(c) with respect to each Alturas Common Share converted in accordance with Subsection 2.6(b):

(i) the holder thereof shall cease to be the holder of such Alturas Common Shares, and the name of such holder shall be removed from the register of holders of Alturas Common Shares;

(ii) the certificate (if any) representing such Alturas Common Share shall be deemed to have been cancelled as of the Effective Date; and

(iii) the holder thereof shall be deemed to have executed and delivered all consents, releases, assignments and waivers, statutory or otherwise, required to convert such securities in accordance with Subsection 2.6(b);

(d) the holders of each Alturas Warrant shall cease to be holders of such Alturas Warrant and shall be deemed to be holders of a common share purchase warrant of ILM, which shall be exercisable for ILM Common Shares in accordance with Subsection 2.6(b)(ii);

(e) in consideration of the issue of ILM Common Shares to effect the Amalgamation, Amalco will issue to ILM one fully paid and non-assessable Amalco Common Share for each ILM Common Share so issued; and

(f) the holders of ILM Subscription Receipts shall be issued such number of ILM Common Shares as provided in such ILM Subscription Receipt certificates;

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

Section 2.7 Amalgamated Corporation.

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

(a) **Name.** The name of Amalco shall be Alturas Holdings Ltd.;

(b) **Registered Office.** The province in Canada where the registered office of Amalco shall be located is Ontario. The address of the registered office of Amalco shall be Suite 2100, 40 King Street West, Toronto, Ontario M4H 3C2;

(c) **Business and Powers.** There shall be no restrictions on the business that Amalco may carry on or on the powers it may exercise;

(d) **Authorized Share Capital.** Amalco shall be authorized to issue an unlimited number of common shares;

(e) **Share Restrictions.**

(i) **Transfer.** The transfer of shares in the capital of Amalco shall be restricted in that no share shall be transferred without either (A) the consent of the directors of Amalco expressed by resolution passed by the board of directors or by an instrument or instruments in writing signed by all of such directors, or (B) the consent of the holders of shares in the capital of Amalco to which are attached more than 50% of the voting rights attaching to all shares for the time being outstanding entitled to vote at such time expressed by a resolution passed by such shareholders at a meeting duly called and constituted for that purpose or by an instrument or instruments in writing signed by all of such shareholders;

(ii) **Number of Shareholders.** The number of shareholders of Amalco, exclusive of Persons who are in its employment and exclusive of Persons who, having been formerly in the employment of Amalco, were, while in that employment, and have continued after termination of that employment to be, shareholders of such

Amalco, is limited to not more than 50, two or more Persons who are the joint registered owners of one or more shares in the capital of Amalco being counted as one shareholder; and

(iii) **Public Distributions**. Any invitation to the public to subscribe for any securities of Amalco is prohibited;

(f) **Number of Directors.** The number of directors of Amalco shall be not less than one (1) and not more than ten (10) as the shareholders of Amalco may from time to time determine by special resolution or, if empowered to do so by special resolution, as the directors of Amalco may from time to time determine;

(g) **Initial Directors.** The initial directors of Amalco shall be as follows:

Name	Address
Laurence Curtis	245 Carolyn Drive, Oakville, Ontario L6K 3M4
Miguel Cardozo	Ladoga 148, Urb., Rinconada del Lago La Molina, Lima 12 Peru
Paul Pearson	Los Castanos 192 E1 Remanso La Molina, Lima 12 Peru
David Poynton	5 Crown Park Road, Toronto, Ontario M4E 1J8
Bruce Nisbet	Church FarmHouse Copse Hill Road Lower Slaughter Cheltenham GL54 2HR United Kingdom
Augusto Baertl	Ernsto Montage 109 Urbanizacion La Aurora Miraflores, Lima 18 Peru

(h) **By-laws.** The by-laws of Amalco, until repealed, amended or altered, shall be the same as the by-laws of ILM Subco with such amendments thereto as may be necessary to give effect to this Agreement; and

(i) **Auditors.** The auditors of Amalco, until the first annual general meeting of shareholders of Amalco, shall be PricewaterhouseCoopers LLP, Chartered Accountants, unless and until such auditors resign or are removed in accordance with the provisions of the CBCA.

Section 2.8 Stated Capital.

(a) The amount added to the stated capital in respect of the Amalco Common Shares issuable by Amalco pursuant to Subsection 2.6(b)(iii) and Subsection 2.6(e) shall be the aggregate of (i) the paid-up capital (within the meaning of the Tax Act), determined immediately before the Effective Time, of the ILM Subco Common Shares converted into Amalco Common Shares pursuant to Subsection 2.6(b)(i) and (ii) the paid-up capital (within the meaning of the Tax Act), determined immediately before the Effective Time, of the Alturas Common Shares converted into ILM Common Shares pursuant to Subsection 2.6(b)(i).

(b) The amount added to the stated capital in respect of the ILM Common Shares issuable by ILM pursuant to Subsection 2.6(b)(i) shall be the aggregate of the paid-up capital (within the meaning of the Tax Act), determined immediately before the Effective Time, of the Alturas Common Shares converted into ILM Common Shares pursuant to Subsection 2.6(b)(i).

ARTICLE 3
RIGHTS OF DISSENT

Section 3.1 Dissent Rights.

(a) A holder of Alturas Common Shares may exercise rights of dissent with respect to such Alturas Common Shares pursuant to and in the manner set forth in Section 190 of the CBCA (the **"Dissent Rights"**) in connection with the Amalgamation. A holder of Alturas Common Shares who duly exercises such Dissent Rights (including the sending of a notice of dissent to Alturas) ceases to have any rights as a holder of Alturas Common Shares other than the right to be paid the fair value of such holder's Alturas Common Shares pursuant to Section 190 of the CBCA except in certain circumstances, including where

(i) such holder withdraws the notice of dissent before Alturas makes an offer to such holder pursuant to Subsection 190(12) of the CBCA, or

(ii) Alturas fails to make an offer to such holder in accordance with Subsection 190(12) of the CBCA and such holder withdraws the notice of dissent.

(b) In either of the circumstances described in Subsection 3.1(a)(i) or (ii), or if a Dissenting Shareholder is ultimately determined not to be entitled, for any reason, to be paid fair value for their Alturas Common Shares, a holder of Alturas Common Shares shall be deemed to have participated in the Amalgamation, as of the Effective Time, on the same basis as a non-Dissenting Shareholder.

ARTICLE 4
CERTIFICATES AND FRACTIONAL SHARES

Section 4.1 Issuance of Certificates Representing ILM Common Shares.

At or promptly after the Effective Time, ILM shall deposit with the Transfer Agent, for the benefit of the holders of Alturas Common Shares who will receive ILM

Common Shares in connection with the Amalgamation, certificates representing the maximum number of ILM Common Shares that are issuable in connection with the Amalgamation. Upon surrender to the Transfer Agent for transfer to ILM of a certificate which immediately prior to or upon the Effective Time represented Alturas Common Shares in respect of which the holder is entitled to receive ILM Common Shares in connection with the Amalgamation and such other documents and instruments as would have been required to effect the transfer of the shares formerly represented by such certificate under the CBCA and the by-laws of Alturas and such additional documents and instruments as the Transfer Agent may reasonably require, the holder of such surrendered certificate shall be entitled to receive in exchange therefor, and after the Effective Time the Transfer Agent shall deliver to such holder, a certificate representing that number (rounded down to the nearest whole number) of ILM Common Shares which such holder has the right to receive and any certificate so surrendered shall forthwith be cancelled. No interest shall be paid or accrued on unpaid dividends and distributions, if any, payable to holders of certificates that formerly represented Alturas Common Shares. In the event of a transfer of ownership of Alturas Common Shares that was not registered in the securities register of Alturas, a certificate representing the proper number of ILM Common Shares may be issued to the transferee if the certificate representing such Alturas Common Shares is presented to the Transfer Agent as provided above, accompanied by all documents required to evidence and effect such transfer and to evidence that any applicable stock transfer taxes have been paid. Until surrendered as contemplated by this Section 4.1, each certificate which immediately prior to or upon the Effective Time represented one or more Alturas Common Shares, under the Amalgamation, that were exchanged or were deemed to be exchanged for ILM Common Shares pursuant to Section 2.6 shall be deemed at all times after the Effective Time, but subject to Section 4.3, to represent only the right to receive upon such surrender a certificate representing that number (rounded down to the nearest whole number) of ILM Common Shares which such holder has the right to receive.

Section 4.2 Distributions with respect to Unsurrendered Certificates.

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

Section 4.3 No Fractional Shares.

No certificates representing fractional ILM Common Shares shall be issued upon compliance with the provisions of Section 4.1 and no dividend, stock split or other change in the capital structure of ILM shall relate to any such fractional security and such fractional interests shall not entitle the owner thereof to exercise any rights as a securityholder of ILM. If more than one certificate formerly representing Alturas Common Shares are surrendered for the account of the same holder, the number of ILM Common Shares for which such certificates have been surrendered shall be computed on the basis of the aggregate number of Alturas Common Shares represented by the certificates so surrendered. On the second anniversary of the Effective Date, the aggregate number of ILM Common Shares for which no certificates were issued as a result of the foregoing provisions of this Section 4.3 shall be deemed to have been surrendered by the Transfer Agent for no consideration to ILM.

Section 4.4 Lost Certificates.

In the event any certificate which immediately prior to the Effective Time represented one or more outstanding Alturas Common Shares that were exchanged pursuant to Section 2.6 shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the holder of Alturas Common Shares claiming such certificate to be lost, stolen or destroyed, the Transfer Agent will issue in exchange for such lost, stolen or destroyed certificate, one or more certificates representing one or more ILM Common Shares pursuant to Section 4.1 (and any dividends or distributions with respect thereto) in each case deliverable in accordance with Section 2.6. When authorizing such payment in exchange for any lost, stolen or destroyed certificate, the holder to whom certificates representing ILM Common Shares are to be issued shall, as a condition precedent to the issuance thereof, give a bond satisfactory to ILM, Alturas and the Transfer Agent in such sum as Alturas or ILM may direct or otherwise indemnify Alturas and ILM in a manner satisfactory to Alturas and ILM against any claim that may be made against Alturas or ILM with respect to the certificate alleged to have been lost, stolen or destroyed.

Section 4.5 Extinguishment of Rights.

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

Section 4.6 Withholding Rights.

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

Section 4.7 Termination of Depositary.

Any ILM Common Shares that remain undistributed by the Transfer Agent to former holders of Alturas Common Shares sixteen months after the Effective Date shall be delivered to ILM, upon demand therefor, and holders of certificates previously representing Alturas Common Shares who have not theretofore complied with Section 4.1 shall thereafter look only to ILM for payment of any claim to ILM Common Shares or dividends or distributions, if any, in respect thereof.

ARTICLE 5
REPRESENTATIONS AND WARRANTIES OF ILM

Each of ILM and ILM Subco represents and warrants to and in favour of Alturas as follows:

Section 5.1 Organization and Standing.

(a) Each of ILM and ILM Subco and its subsidiaries has been duly incorporated and is a valid and subsisting corporation under the provisions of the Laws of its jurisdiction of continuance or incorporation, has all requisite corporate power and authority to carry on its business as now being carried on by it and to own or lease and operate its properties and assets and is duly licensed or otherwise qualified to carry on business in each jurisdiction in which the nature of the business conducted by it or the ownership or leasing of its properties makes such qualification necessary, except where, individually or in the aggregate, the failure to be so licensed or qualified would not have a Material Adverse Effect on ILM and ILM Subco. Notwithstanding the foregoing, Minera Lago del Fierro, S.A. de C.V., a wholly owned subsidiary of ILM, is in good standing, is inactive and has no assets or liabilities.

(b) Schedule "E" hereto sets forth a true and complete list of all of the companies or other Persons owned, directly or indirectly, by ILM or any of its subsidiaries in whole or in part (including, for greater certainty, ILM's subsidiaries) or in which ILM has any investment, together with (i) the nature of the legal organization of such Person, (ii) the jurisdiction of organization or formation of such Person, (iii) the name of each ILM related Person that owns beneficially or of record any equity or similar interest in such Person, and (iv) the percentage interest owned by ILM or any of its subsidiaries in such Person.

Section 5.2 Capitalization.

(a) The authorized share capital of ILM consists of an unlimited number of ILM Common Shares and an unlimited number of preferred shares without nominal or par value. As at the date hereof, 16,630,000 ILM Common Share were issued and outstanding and there were no preferred shares issued and outstanding. All of such issued and outstanding shares in the capital of ILM and in the capital of any subsidiary of ILM are fully-paid and non-assessable.

(b) The authorized share capital of ILM Subco consists of an unlimited number of ILM Subco Common Shares without nominal or par value and as at the date hereof, the sole issued and outstanding ILM Subco Common Share was owned by ILM, and is fully paid and non-assessable.

(c) Except for the ILM Options, ILM Subscription Receipts and ILM Warrants and other than a finders fee of 400,000 ILM Common Shares issuable upon exercise of the Subscription Receipts, neither ILM, ILM Subco nor its subsidiaries have any outstanding agreements, subscriptions, warrants, options or commitments (pre-emptive, contingent or otherwise), nor has any of them granted any rights or privileges capable of becoming an agreement, subscription, warrant, option or commitment, obligating ILM, ILM Subco or any subsidiaries to offer, issue, sell, repurchase or otherwise acquire, transfer, pledge or encumber any shares in the capital of ILM or any of its subsidiaries, or other securities, nor are there outstanding any securities or obligations of any kind convertible into or exercisable or exchangeable for any capital stock of ILM, ILM Subco or any subsidiary. There are no outstanding bonds, debentures or other evidences of indebtedness of ILM, ILM Subco or any subsidiary having the right to vote or that are exchangeable or convertible for or exercisable into securities having the right to vote with holders of ILM Common Shares or ILM Subco Common Shares on any matter as of the date hereof.

(d) None of ILM, ILM Subco or any subsidiary of ILM is a party to any agreement or arrangement to acquire any shares or other interests in any other companies or Persons and is not a party to any agreement or arrangement to acquire or lease any other business operations.

(e) As of the date hereof, there are no shareholder agreements, proxies, voting trusts, rights to require registration under securities Laws or other arrangements or commitments to which ILM, ILM Subco or any subsidiary is a party or bound with respect to the voting, disposition or registration of any outstanding securities of ILM, ILM Subco or any subsidiary.

Section 5.3 Authority and No Violation.

(a) Each of the ILM Parties has all requisite corporate power and authority to enter into this Agreement and to perform its obligations hereunder and to consummate the transactions contemplated hereby. The execution, delivery and performance of this Agreement and the agreements, documents and transactions contemplated herein have been duly authorized by all necessary corporate action of the ILM Parties. This Agreement has been duly executed and delivered by each of the ILM Parties and constitutes a valid and binding obligation of each of the ILM Parties, enforceable in accordance with its terms subject only to the following qualifications:

(i) an order of specific performance and an injunction are discretionary remedies and, in particular, may not be available where damages are considered an adequate remedy; and

(ii) enforcement may be limited by bankruptcy, insolvency, liquidation, reorganization, reconstruction and other similar laws generally affecting the enforceability of creditors' rights.

(b) None of the execution and delivery of this Agreement, the consummation of the transactions contemplated hereby or the fulfilment of or compliance with the terms and provisions hereof do or will, nor will they with the giving of notice or the lapse of time or both:

(i) conflict with any of the terms, conditions or provisions of the Charter Documents of ILM, ILM Subco or any subsidiaries;

(ii) subject to the consents, approvals, orders, authorizations, registrations, declarations or filings referred to in Section 5.4 being made or obtained, violate any provision of any Laws applicable to ILM, ILM Subco or any subsidiaries;

(iii) conflict with, result in a breach of, constitute a default under, or accelerate or permit the acceleration of the performance required by, any material agreement, covenant, undertaking, commitment, instrument, judgment, order, decree or award to which either of the ILM Parties or any subsidiaries is a party or by which they are bound or to which their property is subject, all as of the Effective Date; or

(iv) result in the cancellation, suspension or material alteration in the terms of any material licence, permit or authority held by either of the ILM Parties or any subsidiaries, or in the creation of any lien, charge, security interest or encumbrance upon any of the material assets of either of the ILM Parties or any subsidiaries under any such material agreement, covenant, undertaking, commitment, instrument, judgment, order, decree or award or give to any other Person any material interest or rights, including rights of purchase, termination, cancellation or acceleration;

except in the case of clauses (ii) through (iv) for any of the foregoing that would not, individually or in the aggregate, have a Material Adverse Effect on ILM or ILM Subco or materially impair the ability of ILM or ILM Subco to perform its obligations hereunder or prevent or materially delay the consummation of any of the transactions contemplated hereby; and

(c) The board of directors of ILM at a meeting duly called and held has determined by unanimous approval, other than any director who is required by applicable law to abstain from voting on such transactions, that the transactions contemplated by this Agreement are fair to the holders of ILM Common Shares and in the best interests of ILM and recommends that such holders of ILM Common Shares vote in favour of the transactions contemplated by this Agreement.

Section 5.4 Consents; Approvals.

No consent, approval, order or authorization of, or registration, declaration or filing with, any third party or Governmental Entity is required by or with respect to either of the ILM Parties or any subsidiaries in connection with the execution and delivery of this Agreement by either of the ILM Parties, the performance of its obligations hereunder or the consummation by either of the ILM Parties of the transactions contemplated hereby other than (a) the approval of the Amalgamation Resolution and the Share Consolidation Resolution by the holders of ILM Common Shares, and by ILM as sole shareholder of ILM Subco, (b) the approval of the NEX, (c) the approval of the TSX-V, (d) such registrations and other actions required under federal, provincial, and territorial securities Laws as are contemplated by this Agreement, (e) any filings with the Director, and (f) any other consents, approvals, orders, authorizations, registrations, declarations or filings which, if not obtained or made, would not, individually or in the aggregate, have a Material Adverse Effect on ILM or ILM Subco or prevent or materially delay the consummation of any of the transactions contemplated hereby or materially impair the ability of either of the ILM Parties to perform its obligations hereunder.

Section 5.5 Public Disclosure.

Since January 1, 2004, ILM has filed any and all required forms, reports and documents (collectively, the "**ILM Public Disclosure**") with the applicable Canadian securities regulatory authorities having jurisdiction except to the extent that any instances of non-compliance, taken as a whole, would not have a Material Adverse Effect on ILM. None of the ILM Public Disclosure filed by ILM with the applicable Canadian securities regulatory authorities having jurisdiction, at the time filed or as subsequently amended, contained any misrepresentation or any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

Section 5.6 Financial Statements; Reports.

(a) The consolidated audited financial statements of ILM for the year ended September 30, 2005 (including any related notes thereto) (i) have been prepared in accordance with Canadian generally accepted accounting principles applied on a consistent basis during the period involved, (ii) complied in all material respects with the requirements of applicable securities Laws, and (iii) fairly present, in all material respects, the consolidated financial position, results of operations and cash flows of

ILM and its subsidiaries as of the respective dates thereof and for the respective periods covered thereby.

(b) From September 30, 2005 to the date of this Agreement, there has been no change by ILM or its subsidiaries in their accounting policies, methods, practices or principles that are material to ILM's consolidated financial statements, except as described in the notes thereto with respect to periods ending prior to the date of this Agreement.

(c) The unaudited financial statements of ILM for the three-month period ended December 31, 2005 (i) present fairly the financial condition and results of operations of ILM as at such date and for the financial period then ended and (ii) have been prepared in accordance with Canadian generally accepted accounting principles applied on a consistent basis, subject to normal, recurring audit adjustments none of which will be material.

(d) ILM has not filed any confidential material change report with the OSC or any other securities authority or regulator or any stock exchange or other self-regulatory authority that at the date hereof remains confidential.

Section 5.7 Property; Assets.

Each of ILM, ILM Subco and each subsidiary is the beneficial owner of its properties and assets with good and marketable title thereto free and clear of material encumbrances, and in particular, ILM is the legal and beneficial owner of all of the issued and outstanding shares in the capital of each of ILM Subco and each subsidiary as set forth in Schedule "E" hereto with good and marketable title thereto free and clear of any covenant, condition or restriction on sale or other disposition, lien, charge, security interest or other encumbrance of any kind or nature whatsoever, except as disclosed herein and in the ILM Public Disclosure and no Person has any option, warrant, right, call, commitment, conversion right, right of exchange or other agreement or any right or privilege (whether by law, pre-emptive or contractual) capable of becoming an option, warrant, right, call, commitment, conversion right, right of exchange or other agreement for the purchase of any of the shares of ILM Subco or any subsidiary.

Section 5.8 Liabilities.

(a) None of ILM or any of its subsidiaries has any liability or obligation including, without limitation, liabilities for Taxes, whether accrued, absolute, contingent or otherwise, not reflected in its unaudited financial statements for the three-month period ended December 31, 2005.

(b) ILM is not indebted pursuant to any other outstanding note or similar instrument, other than a net smelter return royalty payable in connection with ILM's mineral properties, as more particularly set out in Schedule "F" hereto, and other than the indebtedness of ILM to an officer and director of ILM as more particularly set out in the financial statements of ILM and as set out in Schedule "F" hereto.

Section 5.9 Litigation, Etc.

There are no actions, suits, proceedings, investigations or outstanding claims or demands, whether or not purportedly on behalf of ILM, ILM Subco or any subsidiary, instituted, pending, or, to the knowledge of ILM, threatened against or affecting ILM, ILM Subco or any subsidiary at law or in equity or before or by any Governmental Entity, nor is there any judgment, order, decree or award of any Governmental Entity having jurisdiction, obtained, pending or, to the knowledge of ILM, threatened against ILM, ILM Subco or any subsidiary, which would prevent or materially hinder the consummation of the Amalgamation or the other transactions contemplated by this Agreement or which would involve the reasonable possibility of any material judgment or liability, whether or not covered by insurance, and neither ILM, ILM Subco nor any subsidiary, nor their respective assets and properties, is subject to any outstanding judgment, order, writ, injunction or decree that has had or could reasonably be expected to have a Material Adverse Effect on ILM or ILM Subco or that would prevent or materially delay consummation of the transactions contemplated by this Agreement.

Section 5.10 Insurance

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Section 5.11 Absence of Certain Changes or Events.

(a) Each contract or agreement between ILM, ILM Subco or any subsidiary and any other Person which is material to the ownership, use or operation of a material portion of the business, properties or assets of ILM, ILM Subco or a subsidiary, is in full force and effect and, to the best of the knowledge and belief of ILM is valid, binding and enforceable against each of the parties thereto in accordance with its terms (subject only to the qualifications set out in Subsections 5.3(a)(i) and (ii) hereof) and no material breach or default exists in respect thereof on the part of any party thereto and no event has occurred which, with the giving of notice or the lapse of time or both, would constitute such a material breach or default.

(b) ILM has never declared or paid any dividends or made any distribution of its properties or assets to its shareholders and none of ILM, ILM Subco or any subsidiary has disposed of any of its properties or assets or incurred any material indebtedness to or among its wholly-owned subsidiaries.

(c) Since incorporation, ILM, ILM Subco and all subsidiaries have conducted their respective businesses only in the ordinary course in a manner consistent with past practice.

Section 5.12 Tax.

(a) ILM, ILM Subco and each subsidiary have timely filed, or caused to be filed, all material Tax Returns required to be filed by them (to the knowledge of ILM all of which returns were correct and complete in all material respects), have timely paid, or caused to be paid, Taxes shown to be due and payable thereon, and have satisfied in full in all respects all Tax withholding, deposit and remittance requirements imposed on or with respect to any of ILM, ILM Subco and any subsidiary, and ILM's most recently published financial statements contain an adequate provision in accordance with Canadian generally accepted accounting principles for all material amounts of Taxes payable in respect of each period covered by such financial statements and all prior periods to the extent such Taxes have not been paid, whether or not due and whether or not shown as being due on any Tax Returns. ILM, ILM Subco and each subsidiary have made adequate provision in accordance with Canadian generally accepted accounting principles in their books and records for any amount of Taxes material to ILM on a consolidated basis and accruing in respect of any accounting period ending subsequent to the period covered by such financial statements.

(b) Neither ILM, ILM Subco nor any subsidiary has received any written notification that any issue involving an amount of Taxes material to ILM on a consolidated basis has been raised (and is currently pending) by the Canada Revenue Agency ("CRA") or any other taxing authority, including any sales tax authority, in connection with any of the Tax Returns filed or required to be filed, and no waivers of statutes of limitations or objections to any assessments or reassessments involving an amount of Taxes material to ILM on a consolidated basis have been given, filed or requested with respect to ILM, ILM Subco or any subsidiary. All liability of ILM, ILM Subco and any subsidiary for Canadian federal and provincial income and other Taxes has been assessed by CRA and, where applicable, Canadian provincial tax authorities for all fiscal years up to and including the fiscal year ended September 30, 2004. Neither ILM, ILM Subco nor any subsidiary has received any notice from any taxing authority to the effect that any Tax Return is being examined, and ILM has no knowledge of any Tax audit or issue that would be reasonably expected to have a Material Adverse Effect on ILM or ILM Subco. There are no proposed (but unassessed) additional Taxes applicable to ILM, ILM Subco or any subsidiary involving an amount of Taxes material to ILM on a consolidated basis and none has been asserted against ILM, ILM Subco or any subsidiary. There are no Tax liens on, or statutory trusts in respect of, any assets of ILM, ILM Subco or any subsidiary except for Taxes not yet due and payable and those which would not be reasonably expected to result in a Material Adverse Effect on ILM or ILM Subco. To the knowledge of ILM, neither ILM, ILM Subco nor any subsidiary of ILM has received a refund of any Taxes to which it was not entitled.

(c) Each of ILM and ILM Subco has withheld from each payment made to any present or former employees, officers and directors, other than payments made as management fees to certain officers and directors, and to all persons who are non-residents of Canada for the purposes of the Tax Act all amounts required by Law and have remitted such withheld amounts within the prescribed periods to the appropriate federal or provincial taxing authority. Each of ILM and ILM Subco has remitted all Canada Pension Plan contributions, Employment Insurance premiums, Employer Health Taxes and other Taxes payable by it in respect of its employees and has or will have remitted such amounts to the proper taxing authority within the time required by applicable Law. ILM and ILM Subco charged, collected and remitted on a timely basis all Taxes required by applicable Law (including, without limitation, Part IX of the *Excise Tax Act* (Canada) or the retail sales tax legislation of any province of Canada) on any sale, supply or delivery whatsoever, made by ILM.

(d) ILM and ILM Subco are taxable Canadian corporations as defined in subsection 89(1) (c) of the *Tax Act*.

Section 5.13 Employment Matters.

(a) Neither ILM, ILM Subco nor any subsidiary is a party to (i) any written or oral policy, agreement, obligation or understanding providing for severance or termination payments to any former or current director, officer, employee or consultant, or (ii) any employment agreement with, any former or current director, officer, employee or consultant other than any agreement which applies to only one individual and which does not provide for payment to such individual in excess of $75,000 in any one calendar year and other than as required by applicable Laws for employees without agreements as to notice or severance.

(b) All employees and former employees of ILM, ILM Subco and any subsidiary have been, or will have been on or before the Effective Date, paid or amounts in respect thereof shall have been accrued for wages, salaries, commissions, bonuses, vacation pay, severance and termination pay, sick pay, and other compensation for all services performed by them or that was accrued by them up to the Effective Date, in accordance with the obligations of ILM, ILM Subco and any subsidiary under any employment or labour practices and policies or individual agreement to which ILM, ILM Subco or any subsidiary is a party, or by which ILM, ILM Subco or any subsidiary may be bound.

Section 5.14 Corporate Records.

The corporate records and minute books of ILM, ILM Subco and all subsidiaries as required to be maintained by them under the Laws of their respective jurisdictions of incorporation are up-to-date, in all material respects, and contain complete and accurate minutes of all meetings of shareholders and the board of directors and any committees thereof and all resolutions consented to in writing.

Section 5.15 Contracts.

Schedule "F" hereto sets out, as of the date hereof, all material written or oral contracts, agreements, guarantees, leases and executory commitments to which ILM, ILM Subco or any subsidiary is a party.

Section 5.16 Compliance with Laws; Permits.

(a) Each of ILM, ILM Subco and all subsidiaries are in compliance, and at all times have complied, with all applicable Laws other than non-compliance which would not, individually or in the aggregate, have a Material Adverse Effect on ILM, ILM Subco or any subsidiary. No investigation or review by any Governmental Entity with respect to ILM, ILM Subco or any subsidiary is pending or, to the knowledge of ILM, is threatened, nor has any Governmental Entity indicated in writing an intention to conduct the same, other than those the outcome of which could not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on ILM, ILM Subco or any subsidiary.

(b) Each of ILM, ILM Subco and all subsidiaries are in possession of all authorizations, licenses, permits, easements, variances, exemptions, consents, certificates, approvals and orders necessary to own, lease and operate their properties and to lawfully carry on their businesses as they are now being conducted (collectively, the "**ILM Permits**"), except where the failure to be in possession of such ILM Permits would not, individually or in the aggregate, have a Material Adverse Effect on ILM, ILM Subco and any subsidiary and there is no action, proceeding or investigation pending or, to the knowledge of ILM, threatened regarding any of the ILM Permits which would have a Material Adverse Effect on ILM, ILM Subco or any subsidiary. None of ILM, ILM Subco or any subsidiary is in conflict with, or in default or violation of any of the ILM Permits, except for any such conflicts, defaults or violations which could not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on ILM, ILM Subco or any subsidiary.

Section 5.17 Restrictions on Business Activities.

There is no agreement, judgment, injunction, order or decree binding upon ILM, ILM Subco or any subsidiary , other than the listing agreement with NEX, that has or could be reasonably expected to have the effect of prohibiting, restricting or materially impairing any business practice of ILM, ILM Subco or any subsidiary, any acquisition of property by ILM, ILM Subco or any subsidiary or the conduct of business by ILM, ILM Subco or any subsidiary as currently conducted.

Section 5.18 Environmental.

To the best knowledge of ILM and ILM Subco after due inquiry:

(a) there is no environmental liability, or any factor likely to give rise to any environmental liability, affecting any of the properties of ILM, ILM Subco or any subsidiary that, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect upon ILM on a consolidated basis; and

(b) neither ILM, ILM Subco nor any subsidiary has violated or infringed any environmental Law now in effect nor has any such entity violated or infringed any then current environmental Law as applied at that time, other than such violations or infringements that, individually or in the aggregate, have not had and could not reasonably be expected to have a Material Adverse Effect upon ILM on a consolidated basis.

Section 5.19 Investments.

Schedule "D" hereto sets out, as of the date hereof, all investments of ILM or its subsidiaries, other than the shares held in each subsidiary as set-out in Schedule "E" attached hereto.

Section 5.20 Brokerage and Finders' Fees.

Neither ILM, ILM Subco nor any subsidiary nor any shareholder, director, officer or employee thereof, has incurred or will incur on behalf of ILM or ILM Subco, any brokerage fees, finder's fees, agent's commissions or other similar forms of compensation in connection with this Agreement or the transactions contemplated hereby.

Section 5.21 Securities Laws and Stock Exchanges.

(a) ILM is currently a reporting issuer in British Columbia and Alberta. To the knowledge of ILM, ILM is not and has not been the subject of any investigation by any stock exchange or any other securities regulatory authority or body, is current with all filings required to be made by it under applicable securities and corporate Laws and is not aware of any deficiencies in the filing of any documents or reports with any stock exchange or securities regulatory authority or body.

(b) The ILM Common Shares are currently listed and posted for trading on the NEX and on no other stock exchange.

(c) ILM is in material compliance with all rules, policies and requirements of the NEX, except where any non-compliance taken as a whole would not have a Material Adverse Effect on ILM.

Section 5.22 Solvency of ILM.

There are reasonable grounds for believing that ILM is able to pay its liabilities as they become due and, at the time of the consummation of the Amalgamation, will be able to pay its liabilities as they become due. There are reasonable grounds for believing that the realizable value of Amalco's assets will, immediately after the consummation of the Amalgamation, not be less than the aggregate of its liabilities and the stated capital of all classes of shares.

Section 5.23 Creditors of ILM.

ILM has reasonable grounds for believing that no creditor of ILM will be prejudiced by the Amalgamation.

Section 5.24 Survival of Representations and Warranties.

The representations and warranties of the ILM Parties contained in this Agreement shall survive the execution and delivery of this Agreement and shall expire and be terminated and extinguished on the earlier of the termination of this Agreement in accordance with its terms and the Effective Date.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF ALTURAS

Alturas represents and warrants to and in favour of ILM and ILM Subco as follows:

Section 6.1 Organization and Standing.

(a) Each of Alturas and its subsidiaries has been duly incorporated and is a valid and subsisting corporation under the provisions of the Laws of its jurisdiction of continuance or incorporation, has all requisite corporate power and authority to carry on its business as now being carried on by it and to own or lease and operate its properties and assets and is duly licensed or otherwise qualified to carry on business in each jurisdiction in which the nature of the business conducted by it or the ownership or leasing of its properties makes such qualification necessary, except where, individually or in the aggregate, the failure to be so licensed or qualified would not have a Material Adverse Effect on Alturas or its subsidiaries.

(b) The Preliminary Prospectus incorporated by reference herein sets forth a true and complete list of all of the subsidiaries of Alturas.

Section 6.2 Capitalization.

(a) The authorized share capital of Alturas consists of an unlimited number of common shares without nominal or par value. As at the date hereof, 10,430,565 Alturas Common Shares were issued and outstanding (with an additional 1,000,000 Alturas Common Shares to be issued to Equinox Minerals Limited in consideration for prior advances to Alturas). All of such shares and all of the issued and outstanding shares in the capital of any Subsidiary are fully-paid and non-assessable.

(b) The authorized share capital of Alturas International Ltd. consists of an unlimited number of common shares without nominal or par value. As at the date hereof, 10,000,000 common shares of Alturas International Ltd. were issued and outstanding, all of which are held by Alturas. All of such shares are fully-paid and non-assessable.

(c) Alturas International Ltd. and Equinox Peru Ventures Limited are the only shareholders of Alturas Minerals S.A. and Equinox Peru Ventures Limited is a wholly owned subsidiary of Alturas International Ltd, and the foregoing constitute all of the subsidiaries of Alturas as at the date hereof as set out in the Preliminary Prospectus.

(d) Except as expressly contemplated by this Agreement, neither Alturas nor any of the Subsidiaries has any outstanding agreements, subscriptions, warrants, options or commitments (pre-emptive, contingent or otherwise), nor has either of them granted any rights or privileges capable of becoming an agreement, subscription, warrant, option or commitment, obligating Alturas or the Subsidiaries to offer, issue, sell, repurchase or otherwise acquire, transfer, pledge or encumber any shares in the capital of Alturas or the Subsidiaries, or other securities, nor are there outstanding any securities or obligations of any kind convertible into or exercisable or exchangeable for any capital stock of Alturas or the Subsidiaries. There are no outstanding bonds, debentures or other evidences of indebtedness of Alturas or the Subsidiaries having the right to vote (or that are exchangeable or convertible for or exercisable into securities having the right to vote) with the holders of Alturas Common Shares on any matter as of the date hereof.

Section 6.3 Authority and No Violation.

(a) Alturas has all requisite corporate power and authority to enter into this Agreement and to perform its obligations hereunder and to consummate the transactions contemplated hereby. The execution, delivery and performance of this Agreement and the agreements, documents and transactions contemplated herein have been duly authorized by all necessary corporate action of Alturas. This Agreement has been duly executed and delivered by Alturas and constitutes a valid and binding obligation of Alturas, enforceable in accordance with its terms subject only to the following qualifications:

(i) an order of specific performance and an injunction are discretionary remedies and, in particular, may not be available where damages are considered an adequate remedy; and

(ii) enforcement may be limited by bankruptcy, insolvency, liquidation, reorganization, reconstruction and other similar laws generally affecting the enforceability of creditors' rights.

(b) None of the execution and delivery of this Agreement, the consummation of the transactions contemplated hereby or the fulfilment of or compliance with the terms and provisions hereof do or will, nor will they with the giving of notice or the lapse of time or both:

(i) conflict with any of the terms, conditions or provisions of the Charter Documents of Alturas or any of its subsidiaries;

(ii) subject to the consents, approvals, orders, authorizations, registrations, declarations or filings referred to in Section 6.4 being made or obtained, materially violate any provision of any Laws applicable to Alturas or any of its subsidiaries;

(iii) conflict with, result in a breach of, constitute a default under, or accelerate or permit the acceleration of the performance required by, any material agreement, covenant, undertaking, commitment, instrument, judgment, order, decree or award to which Alturas or any Subsidiary is a party or by which it is bound or to which its property is subject, all as of the Effective Date, or

(iv) result in the cancellation, suspension or material alteration in the terms of any material licence, permit or authority held by Alturas or any Subsidiary, or in the creation of any lien, charge, security interest or encumbrance upon any of the material assets of Alturas or any Subsidiary under any such material agreement, covenant, undertaking, commitment, instrument, judgment, order, decree or award or give to any other Person any material interest or rights, including rights of purchase, termination, cancellation or acceleration;

except in the case of clauses (ii) through (iv) for any of the foregoing that would not, individually or in the aggregate, have a Material Adverse Effect on Alturas or materially impair the ability of Alturas to perform its obligations hereunder or prevent or materially delay the consummation of any of the transactions contemplated hereby.

Section 6.4 Consents; Approvals.

No consent, approval, order or authorization of, or registration, declaration or filing with, any third party or Governmental Entity is required by or with respect to Alturas in connection with the execution and delivery of this Agreement by Alturas, the performance of its obligations hereunder or the consummation by Alturas of the transactions contemplated hereby other than (a) such registrations and other actions required under federal, provincial, and territorial securities Laws as are contemplated by this Agreement, (b) any filings with the Director, (c) the approval of the NEX; (d) the approval of the TSX-V; and (e) any other consents, approvals, orders, authorizations, registrations, declarations or filings which, if not obtained or made, would not, individually or in the aggregate, have a Material Adverse Effect on Alturas or prevent or materially delay the consummation of any of the transactions contemplated hereby or materially impair the ability of Alturas to perform its obligations hereunder.

Section 6.5 Preliminary Prospectus

At the time of filing, the Preliminary Prospectus was in material compliance with all applicable securities laws except to the extent any non-compliance would not have had a Material Adverse Effect on Alturas. All information and statements (except information and statements proved by, or relating solely to, third parties) contained in the Preliminary Prospectus were, at the date of filing, true and correct in all material respects, contained no misrepresentation and together constituted full, true and plan disclosure of all material facts relating to the subject matter thereof and no fact or information was omitted therefrom which was required to be stated therein or was necessary to make the statements or information contained therein misleading in light of the circumstances under which they were made. There have been no material changes in the business of Alturas since the date of the Preliminary Prospectus.

Section 6.6 Financial Statements; Reports.

(a) The unaudited consolidated financial statements for the period ended September 30, 2005 (including any related notes thereto) (the "**Financial Statements**") (i) have been prepared in accordance with Canadian generally accepted accounting principles applied on a consistent basis during the period involved, (ii) complied in all material respects with the requirements of applicable securities Laws, and (iii) fairly present, in all material respects, the consolidated financial position, results of operations and cash flows of Alturas and its subsidiaries as of the respective dates thereof and for the respective periods covered thereby. A copy of the Financial Statements are attached as Schedule "H" hereto.

(b) From September 30, 2005 to the date of this Agreement, there has been no change by Alturas or its Subsidiaries in their accounting policies, methods, practices or principles that are material to Alturas's consolidated financial statements, except as described in the notes thereto with respect to periods ending prior to the date of this Agreement.

(c) Since September 30, 2005, there has been no material adverse change in the business, operations, properties, assets or condition, financial or otherwise, of Alturas from that shown in the Financial Statements.

Section 6.7 Property; Assets.

Each of Alturas and each of its Subsidiaries is the beneficial owner of its properties and assets with good and marketable title thereto free and clear of material encumbrances, and, in particular, Alturas is the legal and beneficial owner of all of the issued and outstanding shares in the capital of its subsidiaries with good and marketable title thereto free and clear of any material covenant, condition or restriction on sale or other disposition, lien, charge, security interest or other encumbrance of any kind or nature whatsoever, except as disclosed herein and no Person has any option, warrant, right, call, commitment, conversion right, right of exchange or other agreement or any right or privilege (whether by law, pre-emptive or contractual) capable of becoming an option, warrant, right, call, commitment, conversion right, right of exchange or other agreement for the purchase of any of the shares of any Alturas Subsidiary.

Section 6.8 Liabilities.

None of Alturas or any of its subsidiaries has any liability or obligation including, without limitation, liabilities for Taxes, whether accrued, absolute, contingent or otherwise, not reflected in the Financial Statements except liabilities and obligations incurred in the ordinary course of its business which liabilities and obligations are not material in the aggregate.

Section 6.9 Litigation, Etc.

There are no actions, suits, proceedings, investigations or outstanding claims or demands, whether or not purportedly on behalf of Alturas, or any of its subsidiaries, instituted, pending or, to the knowledge of Alturas or any of its subsidiaries, threatened against or affecting Alturas, or any of its subsidiaries, at law or in equity or before or by any Governmental Entity, or before any arbitrator, nor is there any judgment, order, decree or award of any Governmental Entity having jurisdiction, obtained, pending or, to the knowledge of Alturas, or any of its subsidiaries, threatened, against Alturas or any of its subsidiaries, which would prevent or materially hinder the consummation of the Amalgamation or the other transactions contemplated by this Agreement or which would involve the reasonable possibility of any material judgment or liability, whether or not covered by insurance, and neither Alturas nor its respective assets and properties, is subject to any outstanding judgment, order, writ, injunction or decree that has had or could reasonably be expected to have a Material Adverse Effect on Alturas or that would prevent or materially delay consummation of the transactions contemplated by this Agreement.

Section 6.10 Insurance.

Each of Alturas and each of its Subsidiaries has its assets insured against loss or damages as is appropriate to its business and assets, in such amounts and against such risks as are customarily carried and insured against by owners of comparable businesses and assets, and such insurance coverages are and will be continued in full force and effect to and including the Effective Date and no notice of cancellation or termination has been received and there is no existing default or event which, with the giving of notice or lapse of time or both, would constitute a default thereunder. Absence of Certain Changes or Events.

(a) Each contract or agreement between Alturas or any of its subsidiaries and any other Person which is material to the ownership, use or operation of a material portion of the business, properties or assets of Alturas or its subsidiaries, is in full force and effect and, to the best of the knowledge and belief of Alturas is valid, binding and enforceable against each of the parties thereto in accordance with its terms (subject only to the qualifications set out in Subsections 6.3(a)(i) and (ii) hereof) and no material breach or default exists in respect thereof on the part of any party thereto and no event has occurred which, with the giving of notice or the lapse of time or both, would constitute such a material breach or default.

(b) Alturas has not declared or paid any dividends or made any distribution of its properties or assets to its shareholders and none of Alturas or any of its subsidiaries has disposed of any of its properties or assets or incurred any material indebtedness to or among its wholly-owned subsidiaries.

(c) Since incorporation, Alturas and its subsidiaries have conducted their respective businesses only in the ordinary course in a manner consistent with past practice.

Section 6.11 Tax.

(a) Alturas and each of its subsidiaries have timely filed, or caused to be filed, all material Tax Returns required to be filed by them (all of which returns were correct and complete in all material respects), have timely paid, or caused to be paid, Taxes shown to be due and payable thereon, and have satisfied in full in all respects all Tax withholding, deposit and remittance requirements imposed on or with respect to any of Alturas and its Subsidiaries, and the Financial Statements contain an adequate provision in accordance with Canadian generally accepted accounting principles for all material amounts of Taxes payable in respect of each period covered by such financial statements and all prior periods to the extent such Taxes have not been paid, whether or not due and whether or not shown as being due on any Tax Returns. Alturas and each of its Subsidiaries have made adequate provision in accordance with Canadian generally accepted accounting principles in their books and records for any amount of Taxes material to Alturas on a consolidated basis and accruing in respect of any accounting period ending subsequent to the period covered by such financial statements.

(b) Neither Alturas nor any Subsidiary has received any written notification that any issue involving an amount of Taxes material to Alturas on a consolidated basis has been raised (and is currently pending) by the CRA, the United States Internal Revenue Service or any other taxing authority, including any sales tax authority, in connection with any of the Tax Returns filed or required to be filed, and no waivers of statutes of limitations or objections to any assessments or reassessments involving an amount of Taxes material to Alturas on a consolidated basis have been given, filed or requested with respect to Alturas or any Subsidiary of Alturas. All liability of Alturas and its Subsidiaries for Canadian federal and provincial income and other Taxes has been assessed by the CRA and, where applicable, Canadian provincial tax authorities for all fiscal years up to and including the fiscal year ended December 31, 2004. Neither Alturas nor any of its subsidiaries has received any notice from any taxing authority to the effect that any Tax Return is being examined, and Alturas has no knowledge of any Tax audit or issue that would be reasonably expected to have a Material Adverse Effect on Alturas. There are no proposed (but unassessed) additional Taxes applicable to Alturas or any of its subsidiaries involving an amount of Taxes material to Alturas on a consolidated basis and none has been asserted against Alturas or any of its subsidiaries. There are no Tax liens on, or statutory trusts in respect of, any assets of Alturas or any of its subsidiaries except for Taxes not yet due and payable and those which would not be reasonably expected to result in a Material Adverse Effect on Alturas. Neither Alturas nor any of its

Subsidiaries has received a refund of any Taxes to which it was not entitled.

(c) Alturas and each of the Subsidiaries has withheld from each payment made to any present or former employees, officers and directors and to all persons who are non-residents of Canada for the purposes of the Tax Act all amounts required by Law and have remitted such withheld amounts within the prescribed periods to the appropriate federal or provincial taxing authority. Alturas has remitted all Canada Pension Plan contributions, Employment Insurance premiums, Employer Health Taxes and other Taxes payable by it in respect of its employees and has or will have remitted such amounts to the proper taxing authority within the time required by applicable Law. Alturas charged, collected and remitted on a timely basis all Taxes required by applicable Law (including, without limitation, Part IX of the *Excise Tax Act* (Canada) or the retail sales tax legislation of any province of Canada) on any sale, supply or delivery whatsoever, made by Alturas.

(d) Alturas is a taxable Canadian corporation as defined in subsection 89(1) of the *Tax Act*.

Section 6.12 Employment Matters.

(a) Neither Alturas nor any of its subsidiaries is a party to (i) any written or oral policy, agreement, obligation or understanding providing for severance or termination payments to any former or current director, officer, employee or consultant, or (ii) any employment agreement with any former or current director, officer, employee or consultant other than any agreement which applies to only one individual including, the consulting agreements disclosed in the Preliminary Prospectus with Miguel Cardozo, Paul Pearson and Augusto Baertl and the annual director fee of $10,000 per annum payable to Laurence Curtis, and which does not provide for payment to such individual in excess of $10,000 in any one calendar year and other than as required by applicable Laws for employees without agreements as to notice or severance.

(b) All employees and former employees of Alturas and its subsidiaries have been, or will have been on or before the Effective Date, paid or amounts in respect thereof shall have been accrued for wages, salaries, commissions, bonuses, vacation pay, severance and termination pay, sick pay, and other compensation for all services performed by them or that was accrued by them up to the Effective Date, in accordance with the obligations of Alturas and its subsidiaries under any employment or labour practices and policies or individual agreement to which Alturas or its subsidiaries is a party, or by which Alturas or its subsidiaries may be bound.

Section 6.13 Corporate Records.

The corporate records and minute books of Alturas and its subsidiaries as required to be maintained by them under the Laws of their respective jurisdictions of incorporation are up-to-date, in all material respects, and contain complete and accurate minutes of all meetings of shareholders and the board of directors and any committees thereof and all resolutions consented to in writing.

Section 6.14 Contracts.

The Preliminary Prospectus lists all material written or oral contracts, agreements, guarantees, leases and executory commitments to which Alturas is a party as at the date hereof.

Section 6.15 Compliance with Laws; Permits.

Each of Alturas and its Subsidiaries are in compliance, and at all times have complied, with all applicable Laws other than non-compliance which would not, individually or in the aggregate, have a Material Adverse Effect on Alturas and its Subsidiaries. No investigation or review by any Governmental Entity with respect to Alturas and its Subsidiaries is pending or, to the knowledge of Alturas, is threatened, nor has any Governmental Entity indicated in writing an intention to conduct the same, other than those the outcome of which could not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on Alturas or its Subsidiaries.

Section 6.16 Restrictions on Business Activities

There is no agreement, judgment, injunction, order or decree binding upon Alturas or any of its subsidiaries that has or could be reasonably expected to have the effect of prohibiting, restricting or materially impairing any business practice of Alturas or any of its subsidiaries, any acquisition of property by Alturas or any of its subsidiaries or the conduct of business by Alturas or any of its subsidiaries as currently conducted.

Section 6.17 Environmental.

To the best knowledge of Alturas:

(a) there is no environmental liability, or any factor likely to give rise to any environmental liability, affecting any of the properties of Alturas or any of its subsidiaries that, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect upon Alturas; and

(b) neither Alturas nor any of its subsidiaries has violated or infringed any environmental Law now in effect nor has any such entity violated or infringed any then current environmental Law as applied at that time, other than such violations or infringements that, individually or in the aggregate, have not had and could not reasonably be expected to have a Material Adverse Effect upon Alturas.

Section 6.18 Investments.

Other than the shares held by Alturas in each of the Subsidiaries, Alturas has no other investments.

Section 6.19 Brokerage and Finders' Fees.

Neither Alturas nor any Subsidiary nor any shareholder, director, officer or employee thereof, has incurred or will incur on behalf of Alturas, any brokerage fees, finder's fees, agent's commissions or other similar forms of compensation in connection with this Agreement or the transactions contemplated hereby.

Section 6.20 Securities Laws.

To the knowledge of Alturas, Alturas and each Subsidiary is not and has not been the subject of any investigation by any securities regulatory authority or body, is current with all flings required to be made by it under applicable securities and corporate Laws and is not aware of any deficiencies in the filing of any documents or reports with any security regulatory authority or body.

Section 6.21 Solvency of Alturas.

There are reasonable grounds for believing that Alturas is able to pay its liabilities as they become due and, at the time of the consummation of the Amalgamation, will be able to pay its liabilities as they become due. There are reasonable grounds for believing that the realizable value of Amalco's assets will, immediately after the consummation of the Amalgamation, not be less than the aggregate of its liabilities and the stated capital of all classes of shares.

Section 6.22 Creditors of Alturas.

Alturas has reasonable grounds for believing that no creditor of Alturas will be prejudiced by the Amalgamation.

Section 6.23 Survival of Representations and Warranties.

The representations and warranties of Alturas contained in this Agreement shall survive the execution and delivery of this Agreement and shall expire and be terminated and extinguished on the earlier of the termination of this Agreement in accordance with its terms and the Effective Date.

ARTICLE 7
COVENANTS AND AGREEMENTS

Section 7.1 Mutual Covenants.

(a) Each of ILM and Alturas agrees as follows until the earlier of the Effective Date or the termination of this Agreement in accordance with Article 9 in each case except (x) with the consent of the other party to any deviation therefrom or (y) as expressly contemplated by this Agreement:

(i) it and its respective subsidiaries shall (A) carry on its businesses in the usual and ordinary course consistent with past practices and in a manner consistent with industry practice, (B) use reasonable best efforts to preserve intact its present business organization and material rights, to keep available the services of its current officers and employees, and to preserve its relationships with customers, suppliers and others having business dealings with it, and (C) maintain and keep its material properties and assets in as good repair and condition as at the date hereof, subject to ordinary wear and tear, all to the end that its goodwill and ongoing businesses shall not be impaired in any material respect at the Effective Time.

(ii) it shall not, and it shall not permit any of its subsidiaries to: (A) declare or pay any dividends on, make other distributions or return capital in respect of any of its capital stock or any other equity interests, except for dividends, distributions or return of capital payable by a subsidiary to such party or a wholly-owned subsidiary of such party; (B) split, combine or reclassify any of its capital stock or issue or authorize or propose the issuance of any other securities in respect of, in lieu of or in substitution for, shares of its capital stock, other than as contemplated herein; (C) other than in respect of Alturas Warrants, ILM Warrants, ILM Options and ILM Subscription Receipts, issue, sell, pledge, reserve, set aside, dispose of or encumber, repurchase, redeem or otherwise acquire, any shares of its capital stock or any securities or obligations convertible into, exercisable or exchangeable for, or any rights, warrants, calls, subscriptions or options to acquire, shares of its capital stock, except pursuant to fully vested stock options and warrants outstanding on the date hereof; or (D) enter into or announce any agreement or arrangement with respect to the sale, voting, registration or repurchase of any shares of its capital stock or any security convertible into or exchangeable for such shares.

(iii) it shall not, nor shall it permit any of its subsidiaries to, make or commit to make any capital expenditures (including capital lease obligations) in excess of $50,000 individually or in the aggregate, other than in connection with option or other property payments payable by Alturas on any of its properties.

(iv) it shall not, nor shall it permit any of its subsidiaries to, reorganize, recapitalize, consolidate, dissolve, liquidate, amalgamate or merge with any other Person, nor acquire or agree to acquire, by amalgamating, merging or consolidating with, by purchasing an equity interest in or a portion of the assets of, or by any other manner, any business or Person or otherwise acquire or agree to acquire any assets of any other Person as to which the total consideration is in excess of $50,000 individually or in the aggregate (or in respect of a series of related transactions) (other than purchases of assets from suppliers or vendors in the ordinary course of business consistent with past practice).

(v) it shall not, nor shall it permit any of its subsidiaries to sell, pledge, encumber, lease (whether such lease is an operating or capital lease) or otherwise dispose of any assets (other than relating to transactions between two or more wholly-owned subsidiaries of such party or between a wholly-owned subsidiary and such party.

(vi) it shall not, nor shall it permit any of its subsidiaries to, (A) incur any indebtedness for borrowed money or purchase money indebtedness or assume, guarantee, endorse or enter into a "keepwell" or similar arrangement with respect to, any indebtedness, other than indebtedness between such party or any of its subsidiaries and another of its subsidiaries or in the ordinary course or to complete the transactions contemplated herein, or (B) enter into any material operating lease or create any mortgages, liens, security interests or other encumbrances on the property of such party or any of its subsidiaries in connection with any indebtedness.

(vii) it shall not, nor shall it permit any of its subsidiaries to:

(A) increase the amount of (or accelerate the payment or vesting of) any benefit or amount payable under, any employee benefit plan or any other contract, agreement, commitment, arrangement, plan or policy providing for compensation or benefits to any former, present or future director, officer or employee of such party or any of its subsidiaries;

(B) increase (or enter into any commitment or arrangement to increase) the compensation or benefits, or otherwise to extend, expand or enhance the engagement, employment or any related rights, of any former, present or future director, officer, employee or consultant of such party or any of its subsidiaries;

(C) except as agreed to by the parties, whether through its board of directors or otherwise, accelerate the vesting of any unvested stock options or accelerate the release of, or the expiry date of any hold period relating to, as applicable, any ILM Common Shares or Alturas Common Shares, or otherwise amend, vary or modify any plans or the terms of any stock option; or

(D) adopt, establish, enter into or implement any employee benefit plan, policy, severance or termination agreement providing for any form of benefits or other compensation to any former, present or future director, officer or employee of such party or any of its subsidiaries or amend any employee benefit plan, policy, severance or termination agreement.

(viii) it shall not, nor shall it permit any of its subsidiaries to, amend or propose to amend its Charter Documents.

(ix) it shall not, nor shall it permit any of its subsidiaries to, pay, discharge, satisfy, compromise or settle any material claims or material liabilities prior to the same being due.

(x) except as required by applicable Laws, it shall not, nor shall it permit any of its subsidiaries to, enter into, terminate or waive any provision of, exercise any material option or relinquish any material contractual rights under, or modify in any material respect any material contract, agreement, guarantee, lease commitment or arrangement.

(xi) it shall not, nor shall it permit any of its subsidiaries to, make any changes to the existing accounting practices, methods and principles relating to such party or any subsidiary of such party except as required by Law or by Canadian generally accepted accounting principles as advised by such party's or such subsidiary's regular independent accountants, as the case may be.

(xii) it shall not, nor shall it permit any of its subsidiaries to, make or rescind any material tax election.

(xiii) it shall not nor shall it permit any subsidiary to, (a) enter into any confidentiality or standstill agreement except as permitted by Subsection 7.5(b) or with the consent of the other party hereto, or (b) amend or release any third party from its obligations or grant any consent under, any confidentiality or standstill provision or fail to fully enforce any such provision.

(xiv) it shall not, nor shall it permit any of its subsidiaries to, take or fail to take any action which would cause any of such party's representations or warranties hereunder to be untrue or would be reasonably expected to prevent or materially impede, interfere with or delay the Amalgamation.

(xv) it shall not, nor shall it permit any of its subsidiaries to, agree in writing or otherwise to take any of the actions as described above in clauses (ii) through (xiv).

(xvi) it and its subsidiaries shall allow the other party and their subsidiaries to conduct all due diligence which such party may reasonably require to conduct in connection with the Amalgamation.

(b) Each of ILM and Alturas shall promptly advise the other party in writing:

(i) of any event, condition or circumstance that might be reasonably expected to cause any representation or warranty of such party contained in this Agreement to be untrue or inaccurate on the Effective Date (or, in the case of any representation or warranty made as of a specified date, as of such specified date);

(ii) of any Material Adverse Effect on such party or any event, occurrence or development which would be reasonably expected to have a Material Adverse Effect on such party; and

(iii) of any material breach by such party of any covenant, obligation or agreement contained in this Agreement.

(c) Each of ILM and Alturas shall use its reasonable best efforts to, and shall use its reasonable best efforts to cause its subsidiaries to, perform all obligations required to be performed by such party or any of its subsidiaries under this Agreement, cooperate with the other party hereto in connection therewith, and do all such other acts and things as may be necessary or desirable in order to consummate and make effective, as soon as reasonably practicable, the transactions contemplated in this Agreement and, without limiting the generality of the foregoing, each of ILM and Alturas shall:

(i) use reasonable best efforts to satisfy or cause to be satisfied as soon as reasonably practicable all the conditions precedent that are set forth in Article 8 hereof;

(ii) apply for and use reasonable best efforts to obtain as promptly as practicable all Appropriate Regulatory Approvals relating to such party or any of its subsidiaries and, in doing so, to keep the other party hereto reasonably informed as to the status of the proceedings related to obtaining the Appropriate Regulatory Approvals, including providing such other party with copies of all related applications and notifications, in draft form, in order for such other party to provide its reasonable comments;

(iii) use reasonable best efforts to comply promptly with all requirements which applicable Laws may impose on such party or such party's subsidiaries with respect to the transactions contemplated hereby;

(iv) use reasonable best efforts to defend all lawsuits or other legal, regulatory or other proceedings to which it is a party challenging or affecting this Agreement or the consummation of the transactions contemplated hereby;

(v) use reasonable best efforts to have lifted or rescinded any injunction or restraining order or other order which may adversely affect the ability of the parties to consummate the transactions contemplated hereby;

(vi) effect all necessary registrations, filings and submissions of information required by Governmental Entities from such party or any of such party's subsidiaries in connection with the transactions contemplated hereby; and

(vii) use reasonable best efforts to obtain all waivers, consents and approvals from other parties to loan agreements, leases or other contracts required to be obtained by such party or any of such party's subsidiaries to consummate the transactions contemplated hereby which the failure to obtain would materially and adversely affect the ability of such party or such party's subsidiaries to consummate the transactions contemplated hereby.

Section 7.2 Covenants of Alturas.

(a) The board of directors of Alturas shall recommend to the holders of Alturas Common Shares the approval of the Amalgamation Resolution.

(b) Alturas shall use reasonable best efforts to obtain the approval by the holders of ILM Common Shares of the Amalgamation Resolution.

(c) Alturas agrees until the earlier of the Effective Date and the termination of this Agreement pursuant to Article 9 that Alturas shall not, nor shall it permit its Subsidiaries to (i) sell, pledge, encumber, lease (whether such lease is an operating or capital lease) or otherwise dispose of any assets; or (ii) acquire, or enter into any agreement to acquire, any assets, except with the consent of ILM, such consent not to be unreasonably withheld.

(d) Alturas agrees until the earlier of the Effective Date and the termination of this Agreement pursuant to Article 9 that Alturas will not, nor shall it permit its Subsidiaries to, make or commit to make any capital expenditures (including capital lease obligations) without the written consent of ILM.

(e) Alturas agrees until the earlier of the Effective Date and the termination of this Agreement pursuant to Article 9 not to, and cause its Subsidiaries not to, initiate, propose, assist or participate in any activities or solicitations in opposition to or in competition with the Amalgamation, and without limiting the generality of the foregoing, not to induce or attempt to induce any other person to initiate any shareholder proposal or "takeover bid," exempt or otherwise, within the meaning of the Securities Act, for securities of Alturas or its subsidiaries, nor to undertake any transaction or negotiate any transaction which would be or potentially could be in conflict with the Amalgamation and not to take actions of any kind which may reduce the likelihood of success of the Amalgamation, except as required by statutory obligations.

Section 7.3 Covenants of ILM.

(a) ILM shall appoint six (6) nominees of Alturas to the board of directors of ILM on the Effective Date or as soon as reasonably possible thereafter.

(b) ILM as sole shareholder of ILM Subco shall approve the Amalgamation Resolution and the Share Consolidation.

(c) ILM agrees until the earlier of the Effective Date and the termination of this Agreement pursuant to Article 9 that ILM shall not, nor shall it permit ILM Subco to sell, pledge, encumber, lease (whether such lease is an operating or capital lease) or otherwise dispose of any assets.

(d) ILM agrees until the earlier of the Effective Date and the termination of this Agreement pursuant to Article 9 that ILM will not, nor shall it permit ILM Subco to, make or commit to make any capital expenditures (including capital lease obligations) without the written consent of Alturas.

(e) ILM shall consult with Alturas prior to making publicly available its financial results for any period after the date of this Agreement and prior to filing any report with any Governmental Entity.

(f) ILM agrees until the earlier of the Effective Date and the termination of this Agreement pursuant to Article 9 not to, and cause ILM Subco not to, initiate, propose, assist or participate in any activities or solicitations in opposition to or in competition with the Amalgamation, and without limiting the generality of the foregoing, not to induce or attempt to induce any other person to initiate any shareholder proposal or "takeover bid," exempt or otherwise, within the meaning of the Securities Act, for securities of ILM or ILM Subco, nor to undertake any transaction or negotiate any transaction which would be or potentially could be in conflict with the Amalgamation and not to take actions of any kind which may reduce the likelihood of success of the Amalgamation, except as required by statutory obligations.

(g) ILM shall not adjourn, postpone or cancel (or propose adjournment, postponement or cancellation of) the ILM Meeting without Alturas's prior written consent except as required under applicable Laws or, in the case of adjournment, as may be required by the holders of ILM Common Shares as expressed by majority resolution.

(h) ILM shall obtain and submit to the TSX-V the necessary sponsorship report, if required, prepared in accordance with the policies of the TSX-V prior to the Effective Date and shall make, or cause to be made, any and all changes required by the TSX-V in order for the TSX-V to give its final approval of the transaction contemplated herein.

Section 7.4 Access to Information.

(a) Subject to Subsection 7.4(b) and applicable Laws, upon reasonable notice to an officer of such party, each of ILM and Alturas shall (and shall cause each of its subsidiaries to) afford the officers, employees, counsel, accountants and other authorized representatives and advisors ("**Representatives**") of the other party access, during normal business hours from the date hereof and until the earlier of the Effective Date or the termination of this Agreement, to its properties, books, contracts and records as well as to its management personnel; provided that such access shall be provided on a basis that minimizes the disruption to the operations of such party. During such period, each of ILM and Alturas shall (and shall cause each of its subsidiaries to) furnish promptly to the other party all information concerning such party's business, properties and personnel as the other party may reasonably request.

(b) Each of Alturas and ILM acknowledge that certain information received pursuant to Subsection 7.4(a) will be non-public or proprietary in nature and as such will be deemed to be "**Confidential Information**" and as that such parties shall not disclosure information to third parties without the prior written consent of the other party unless required to do so by Law.

Section 7.5 Mutual Covenants Regarding Non-Solicitation.

(a) Each of ILM and Alturas shall immediately cease and cause to be terminated any existing solicitation, encouragement, activity, discussion or negotiation with any parties by such party, any of its subsidiaries or any of its or its subsidiaries' officers, directors, employees, representatives and agents with respect to an Acquisition Proposal whether or not initiated by such party and, in connection therewith, such party shall request (and exercise all rights it has to require) the return of information regarding such party and its subsidiaries previously provided to such parties and shall request (and exercise all rights it has to require) the destruction of all materials including or incorporating any information regarding such party and its subsidiaries.

(b) Each of ILM and Alturas agrees that it shall not, and shall not authorize or permit any of its subsidiaries or any of its or its subsidiaries' officers, directors, employees, representatives or agents, directly or indirectly, to (i) solicit, initiate, encourage or facilitate, including by way of furnishing information or entering into any form of agreement, arrangement or understanding, any inquiries or the making of any proposals regarding an Acquisition Proposal, (ii) participate in any discussions or negotiations regarding any Acquisition Proposal, (iii) withdraw or modify in a manner adverse to Alturas or ILM, as the case may be, the approval or recommendation of the board of directors of ILM or Alturas, as the case may be, of the transactions contemplated hereby, (iv) approve or recommend any Acquisition Proposal or (v) enter into any agreement, arrangement or understanding related to any Acquisition Proposal or requiring such party to abandon, terminate or fail to consummate the Amalgamation or providing for the payment of any break, termination or other fees or expenses to any Person in the event that such party or any of its subsidiaries completes the transactions contemplated hereby or any other transaction with the other party hereto or any of its affiliates agreed to prior to any termination of this Agreement.

(c) Each of ILM and Alturas shall ensure that its officers, directors and employees and its subsidiaries and their officers, directors and employees and any financial advisors or other advisors or representatives retained by it are aware of the provisions of this Section 7.5, and it shall be responsible for any breach of this Section 7.5 by such officers, directors, employees, financial advisors or other advisors or representatives.

Section 7.6 Closing Matters.

Each of the ILM Parties and Alturas shall deliver, at the Closing Time (as defined below) such applicable, such customary certificates, resolutions and other closing documents as may be required by the other parties hereto, acting reasonably. The completion of the transactions contemplated by this Agreement shall take place at the offices of Alturas' counsel, Cassels Brock & Blackwell LLP, Suite 2100, Scotia Plaza, 40 King Street West, Toronto, Ontario M5C 3C2 at 8:00 a.m. (Toronto time) (the "Closing Time") on March 31, 2006 or such other date, time and place as the parties may agree.

ARTICLE 8
CONDITIONS

Section 8.1 Mutual Conditions Precedent.

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

(a) the Amalgamation Resolution, the Name Change Resolution and the Share Consolidation Resolution shall have been approved by not less than two thirds of the votes cast by the holders of ILM Common Shares at the ILM Meeting in accordance with applicable Laws and this Agreement;

(b) the Amalgamation Resolution shall have been approved by ILM as the sole shareholder of ILM Subco in accordance with applicable laws and this Agreement;

(c) the Amalgamation Resolution shall have been approved by not less than two-thirds of the holders of Alturas Common Shares by consent resolution;

(d) the NEX shall have conditionally approved, subject to standard conditions imposed by the NEX the issuance by ILM of the ILM Common Shares in connection with the completion of the Amalgamation;

(e) the TSX-V shall have conditionally approved the listing thereon of the ILM Common Shares (i) to be issued pursuant to the Amalgamation as of the Effective Date, or as soon as practicable thereafter, and (ii) issuable upon exercise of the Alturas Warrants in accordance with the terms of this Agreement, subject in each case to compliance with the usual requirements of such exchange;

(f) all other Appropriate Regulatory Approvals shall have been obtained or received from the Persons having jurisdiction in the circumstances, and all other applicable regulatory requirements and conditions shall have been complied with, the failure to obtain which would, individually or in the aggregate, have a Material Adverse Effect on Alturas or ILM, Alturas or Amalco after the Effective Time;

(g) there shall not be in force any order or decree restraining or enjoining the consummation of the transactions contemplated under this Agreement and there shall be no proceeding, whether of a judicial or administrative nature or otherwise, in progress that relates to or results from the transactions contemplated under this Agreement that would, if successful, result in an order or ruling that would preclude completion of the transactions contemplated under this Agreement in accordance with the terms and conditions hereof or thereof;

(h) there shall not exist any prohibition at Law against the completion of the Amalgamation;

(i) none of the consents, orders, regulations or approvals contemplated herein shall contain terms or conditions or require undertakings or security deemed unsatisfactory or unacceptable by any of the parties hereto acting reasonably;

(j) Alturas shall have delivered title opinions on each of its material properties dated the Effective Date and addressed to the ILM Parties and their counsel;

(k) this Agreement shall not have been terminated under Article 9; and

(l) Each party shall be satisfied, in their respective sole discretion, with their due diligence investigations of the other party and their respective subsidiaries (including, without limitation, due diligence investigations by Alturas with respect to Minera Lago de Fierro, S.A. de C.V.

The foregoing conditions are for the mutual benefit of the ILM Parties and Alturas and may be waived, in whole or in part, by the ILM Parties and Alturas at any time.

Section 8.2 Additional Conditions Precedent to the Obligations of the ILM Parties.

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

(a) Alturas shall have performed or complied with, in all material respects, each of its obligations, covenants and agreements hereunder to be performed and complied with by it on or before the Effective Time;

(b) each of the representations and warranties of Alturas under this Agreement (which for purposes of this clause (c) shall be read as though none of them contained any Material Adverse Effect or other materiality qualification), shall be true and correct in all respects on the date of this Agreement and as of the Effective Date as if made on and as of such date (except for such representations and warranties made as of a specified date, which shall be true and correct as of such specified date, or except as affected by transactions contemplated or permitted by this Agreement) except where the failure of such representations and warranties in the aggregate to be true and correct in all respects would not be reasonably expected to have a Material Adverse Effect on Alturas;

(c) since the date of this Agreement, there shall have been no event, occurrence or development having a Material Adverse Effect with respect to Alturas or any event, occurrence or development, including the commencement of any action, suit or other legal proceeding which would be reasonably expected to have a Material Adverse Effect on Alturas;

(d) ILM shall have received a certificate of Alturas addressed to the ILM Parties and dated the Effective Date, signed on behalf of Alturas by a senior executive officer of Alturas, confirming that the conditions in Subsection 8.2(a), (b) and (c) have been satisfied;

(e) since the date of this Agreement, no action, suit or proceeding shall have been taken before or by any Governmental Entity or by any private Person (including, without limitation, any individual, corporation, firm, group or other entity) or by any elected or appointed public official in Canada or elsewhere against Alturas or any of its subsidiaries (whether or not purportedly on behalf of Alturas or any of its subsidiaries) that would, if successful, have a Material Adverse Effect on Alturas or any of its subsidiaries, in the sole discretion of ILM acting reasonably;

(f) there shall not be any action taken, any Law enacted, entered, enforced or deemed applicable by any Governmental Entity or pending or threatened any suit, action or proceeding by any Governmental Entity in connection with the grant of any Appropriate Regulatory Approval or otherwise, (i) seeking to prohibit or restrict the acquisition by ILM or ILM Subco of any Alturas Common Shares, (ii) challenging or seeking to restrain or prohibit the consummation of the Amalgamation or seeking to obtain from ILM, ILM Subco or Alturas any damages that are material in relation to Alturas and its subsidiaries taken as a whole, (iii) seeking to prohibit or materially limit the ownership or operation by ILM or ILM Subco of any material portion of the business or assets of ILM or ILM Subco or to compel ILM or ILM Subco to dispose of or hold separate any material portion of the business or assets of Alturas, ILM or Amalco or any of their respective subsidiaries, as a result of the Amalgamation, (iv) seeking to impose limitations on the ability of ILM or any of its subsidiaries to acquire or hold, or exercise full rights of ownership of, any Alturas Common Shares or shares of Amalco, including the right to vote the Alturas Common Shares or shares of Amalco purchased by it on all matters properly presented to the shareholders of Alturas or Amalco, (v) seeking to prohibit ILM or ILM Subco or any of its subsidiaries from effectively controlling in any material respect the business or operations of Alturas and its subsidiaries or (vi) imposing any condition or restriction that in the judgment of ILM, acting reasonably, would be materially burdensome to the future operations or business of any business unit of ILM or Amalco after the Effective Time;

(g) ILM shall have received an opinion of counsel to Alturas and the Subsidiaries addressed to ILM in respect of certain matters connected to the Amalgamation;

(h) the board of directors and shareholders of Alturas shall have adopted all necessary resolutions, and all other necessary corporate action shall have been taken by Alturas and its subsidiaries to permit the consummation of the Amalgamation;

(i) holders of not more than 2% of the Alturas Common Shares shall have exercised their Dissent Rights (and not withdrawn such exercise) in respect of the Amalgamation; and

(j) all consents and approvals under any agreements to which Alturas or any of its subsidiaries may be a party or bound which are required or necessary or desirable for the completion of the transactions contemplated under this Agreement shall have been obtained or received.

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

Section 8.3 Additional Conditions Precedent to the Obligations of Alturas.

The obligations of Alturas to complete the transactions contemplated hereby and the Amalgamation shall also be subject to the satisfaction of each of the following conditions at or prior to the Effective Date or such other time as is specified below:

(a) the ILM Parties shall have performed or complied with, in all material respects, its obligations, covenants and agreements hereunder to be performed and complied with by them on or before the Effective Time;

(b) each of the representations and warranties of the ILM Parties under this Agreement (which for purposes of this clause (c) shall be read as though none of them contained any Material Adverse Effect or other materiality qualification), shall be true and correct in all respects on the date of this Agreement and as of the Effective Date as if made on and as of such date (except for such representations and warranties made as of a specified date, which shall be true and correct as of such specified date or except as affected by transactions contemplated or permitted by this Agreement) except where the failure of such representations and warranties in the aggregate to be true and correct in all respects would not be reasonably expected to have a Material Adverse Effect on ILM;

(c) since the date of this Agreement, there shall have been no event, occurrence or development having a Material Adverse Effect with respect to either of the ILM Parties or any event, occurrence or development which would be reasonably expected to have a Material Adverse Effect on ILM;

(d) Alturas shall have received a certificate of each of the ILM Parties addressed to Alturas and dated the Effective Date, signed on behalf of Alturas by a senior executive officer of each of the ILM Parties, confirming that the conditions in Subsections 8.3(a), (b) and (c) have been satisfied;

(e) Alturas shall have received an opinion of legal counsel to the ILM Parties addressed to Alturas in connection with the Amalgamation and certain matters relating thereto;

(f) The amount of $350,000 representing the exercise price of the ILM Subscription Receipts currently held in escrow pending graduation to the TSX-V shall be imminently expected by ILM following the Effective Date subject only to the final approval of the TSX-V of ILM as a Tier 2 issuer;

(g) the board of directors and shareholders of each of the ILM Parties shall have adopted all necessary resolutions, and all other necessary corporate action shall have been taken by each of the ILM Parties to permit the consummation of the Amalgamation; and

(h) all consents and approvals under any agreements to which each of the ILM Parties or any of its subsidiaries may be a party or bound which are required or necessary or desirable for the completion of the transactions contemplated under this Agreement shall have been obtained or received.

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

Section 8.4 Merger of Conditions.

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

ARTICLE 9
AMENDMENT AND TERMINATION

Section 9.1 Amendment.

This Agreement may not be amended except by mutual written agreement of the parties hereto; provided that after approval by the holders of Alturas Common Shares, no amendment may be made that by Law requires further approval or authorization by the holders of Alturas Common Shares without such further approval or authorization.

Section 9.2 Termination

This Agreement may be terminated and the Amalgamation abandoned at any time prior to the Effective Time (notwithstanding any approval of the Amalgamation Resolution by the holders of Alturas Common Shares):

(a) by the mutual written consent of Alturas and ILM (without further action on the part of the holders of Alturas Common Shares if terminated after the ILM Meeting);

(b) by either Alturas or ILM, if there shall be any Law that makes consummation of the Amalgamation illegal or otherwise prohibited, or if any judgment, injunction, order or decree of a competent Governmental Entity enjoining Alturas or ILM from consummating the Amalgamation shall be entered and such judgment, injunction, order or decree shall have become final and non-appealable;

(c) by either Alturas or ILM, if the Effective Date does not occur on or prior to March 31, 2006; provided, however, that the right to terminate this Agreement under this Subsection 9.2(c) shall not be available to any party whose failure or whose affiliate's failure to perform any material covenant, agreement or obligation hereunder has been the cause of, or resulted in, the failure of the Effective Date to occur on or before such date;

(d) by either Alturas or ILM, as applicable if, (i) the board of directors of Alturas or ILM, as the case may be, fails to recommend or withdraws, modifies or changes its approval or recommendation of this Agreement, the Amalgamation, the Amalgamation Resolution, the Name Change Resolution and the Share Consolidation Resolution, as applicable, in a manner adverse to Alturas or ILM, as the case may be (ii) the Amalgamation Resolution, the Name Change Resolution and the Share Consolidation Resolution is not submitted for approval at the ILM Meeting, or the ILM Meeting is not held on or before March 30, 2006, (iii) the holders of two thirds or more of the Alturas Common Shares have not approved the Amalgamation and related transactions on or before March 30, 2006, (iv) ILM or Alturas shall have breached, in any material respect, its obligations under this Agreement;

(e) by either Alturas or ILM, if at the ILM Meeting, the requisite vote of the holders of ILM Common Shares to approve the Amalgamation Resolution, the Name Change Resolution and the Share Consolidation Resolution shall not be obtained;

(f) by either of Alturas or ILM, by written notice to the other parties, if any of the conditions precedent set out in Section 8.1 hereof have not been complied with or waived on or before the date required for performance thereof; provided, however, that no party may rely on the failure to satisfy any of the conditions set out in Section 8.1 if the condition would have been satisfied but for a material failure by such party in complying with its obligations hereunder;

(g) subject to Subsection 9.2(h), by Alturas, by written notice to ILM, if any of the conditions precedent set out in Section 8.3 hereof have not been complied with or waived on or before the date required for performance thereof; provided, however, that Alturas may not rely on the failure to satisfy any of the conditions set out in Section 8.3 if the condition would have been satisfied but for a material failure by Alturas in complying with its obligations hereunder;

(h) by Alturas if there shall be any material change in the affairs of ILM, or there should be discovered any previously undisclosed material fact or there should occur a change in a material fact in each case, in the reasonable opinion of Alturas has or would be expected to have a significant adverse effect on the market price or value of the ILM Common Shares;

(i) by ILM if there shall be any material change in the affairs of Alturas, or there should be discovered any previously undisclosed material fact or there should occur a change in a material fact in each case which, in the reasonable opinion of ILM has or would be expected to have a significant adverse effect on the market price or value of the Alturas Common Shares;

(j) by Alturas, if ILM has breached any of its representations, warranties, agreements or obligations herein which breach would result in the failure to satisfy one or more conditions set forth in Subsections 8.2(c) or (d) and such breach is not curable or if curable, is not cured within 20 days after notice thereof has been received by the party alleged to be in breach;

(k) subject to Subsection 9.2(j), by ILM, by written notice to Alturas, if any of the conditions precedent set out in Section 8.2 hereof have not been complied with or waived on or before the date required for performance thereof; provided, however, that ILM may not rely on the failure to satisfy any of the conditions set out in Section 8.2 if the condition would have been satisfied but for a material failure by ILM in complying with their obligations hereunder; or

(l) by ILM, if Alturas has breached any of its representations, warranties, agreements or obligations herein which breach would result in the failure to satisfy one or more conditions set forth in Subsections 8.3(b) or (c) and such breach is not curable or if curable, is not cured within 20 days after notice thereof has been received by the party alleged to be in breach.

Section 9.3 Effect of Termination.

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

ARTICLE 10
GENERAL

Section 10.1 Investigation.

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

Section 10.2 Notices.

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

(a) in the case of Alturas:

Manuel de Falla 297
4th Floor
San Borja
Lima, Peru

Attention: Miguel Cardozo, President and Chief Executive Officer
Telecopy number: (511) 225-1233

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

Cassels Brock & Blackwell LLP
Scotia Plaza, Suite 2100
40 King Street West
Toronto, ON M4H 3C2

Attention: David Poynton
Telecopy number: (416) 644-9348

(b) in the case of ILM or ILM Subco:

22 Lafontaine Road East
RR#4
Penetang, Ontario
L9M 2H2

Attention: Deborah Bazinet, President and Chief Executive Officer
Telecopy number: (705) 533-1521

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

Wildeboer Dellelce LLP

Attention: Christopher O. Irwin
Telecopy number: (416) 361-1790

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

Section 10.3 Assets and Liabilities.

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

Section 10.4 Assignment.

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

Section 10.5 Binding Effect.

This Agreement and the Amalgamation shall be binding upon and shall enure to the benefit of Alturas and the ILM Parties and their respective successors and permitted assigns.

Section 10.6 Third Party Beneficiaries.

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

Section 10.7 Waiver and Modification.

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

Section 10.8 No Personal Liability.

(a) No director or officer of Alturas or any of its subsidiaries shall have any personal liability whatsoever to the ILM Parties under this Agreement, or any other document delivered in connection with the Amalgamation on behalf of Alturas.

(b) No director or officer of either ILM or ILM Subco, or any of its subsidiaries, shall have any personal liability whatsoever to Alturas under this Agreement, or any other document delivered in connection with the Amalgamation on behalf of ILM or ILM Subco as the case may be.

Section 10.9 Further Assurances.

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

Section 10.10 Expenses.

Subject to Section 9.3, the parties agree that all expenses of the parties relating to this Agreement and the transactions contemplated hereby, including legal fees, accounting fees, financial advisory fees, regulatory filing fees, all disbursements of advisors, and printing and mailing costs, shall be paid by the party incurring such expenses.

Section 10.11 Public Announcements.

The initial press release concerning the Amalgamation shall be an ILM press release and ILM agrees to consult with Alturas prior to issuing any news releases or public statements with respect to this Agreement or the Amalgamation, and ILM shall not to issue any news releases or public statements inconsistent with the results of such consultation with Alturas. Subject to applicable Laws, ILM shall enable Alturas to review and comment on all such news releases prior to the release thereof. ILM agrees to issue a news release with respect to this Amalgamation as soon as practicable following the execution of this Agreement. ILM also agrees to consult with Alturas in preparing and making any filings and communications in connection with any Appropriate Regulatory Approvals.

Section 10.12 Governing Law; Consent to Jurisdiction.

This Agreement shall be governed by and be construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein and shall be treated in all respects as an Ontario contract. Each party hereby irrevocably attorns to the jurisdiction of the courts of the Province of Ontario in respect of all matters arising under or in relation to this Agreement.

Section 10.13 Entire Agreement.

This Agreement constitutes the entire agreement between Alturas, ILM and ILM Subco pertaining to the subject matter hereof and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, between the parties with respect to the subject matter hereof.

Section 10.14 Time of Essence.

Time is of the essence of this Agreement.

Section 10.15 Severability.

If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner to the end that transactions contemplated hereby are fulfilled to the extent possible.

Section 10.16 Counterparts.

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

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

ALTURAS MINERALS CORP.

Per: ____________________
Name: Miguel Cardozo
Title: President and Chief Executive Officer

Per: ____________________
Name: Paul Pearson
Title: Vice-President, Exploration

6516521 CANADA INC.

Per: ____________________
Name: Deborah Bazinet
Title: President and Chief Executive Officer

IRON LAKE MINERALS INC.

Per: ____________________
Name: Deborah Bazinet
Title: President and Chief Executive Officer

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

ALTURAS MINERALS CORP.

Per: ______________________________

Name: Miguel Cardozo
Title: President and
Chief Executive Officer

Per: ______________________________

Name: Paul Pearson
Title: Vice-President, Exploration

6516521 CANADA INC.

Per: ______________________________

Name: Deborah Bazinet
Title: President and Chief
Executive Officer

IRON LAKE MINERALS INC.

Per: ______________________________

Name: Deborah Bazinet
Title: President and Chief
Executive Officer

SCHEDULE "A"
Form of Amalgamation Resolution

BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:

1. The amalgamation agreement dated February 8, 2006 among Iron Lake Minerals Inc. ("**ILM**"), Alturas Minerals Corp. ("**Alturas**") and 6516521 Canada Inc. ("**ILM Subco**") (the "**Amalgamation Agreement**"), pursuant to which Alturas and ILM Subco will amalgamate in accordance with Section 183 of the *Canada Business Corporations Act* ("**CBCA**") (the "**Amalgamation**"), a copy of which is attached to and is more particularly described and set forth in, the management proxy circular (the "**Circular**") of ILM accompanying the notice of meeting to the registered holders of common shares in the capital of ILM ("**ILM Shareholders**") (as the Amalgamation Agreement may be or may have been modified or amended), is hereby authorized, approved and adopted.

2. Notwithstanding that this resolution has been passed (and the Amalgamation Agreement and the Amalgamation adopted) by the ILM Shareholders, the directors of ILM are hereby authorized and empowered without further notice to or approval of the ILM Shareholders (i) to amend the Amalgamation Agreement to the extent permitted by the Amalgamation Agreement, and (ii) subject to the terms and conditions of the Amalgamation Agreement, not to proceed with the Amalgamation.

3. Any one officer or director of ILM is hereby authorized and directed for and on behalf of ILM to execute, under the seal of ILM or otherwise, and to deliver articles of amalgamation and such other documents as are necessary or desirable to the Director under the CBCA in accordance with the Amalgamation Agreement for filing.

4. Any one officer or director of ILM is hereby authorized and directed for and on behalf of ILM to execute or cause to be executed, under the seal of ILM or otherwise, and deliver or cause to be delivered, all such other documents and instruments and to perform or cause to be performed all such other acts and things as may be necessary or desirable to give full effect to the foregoing resolution and the matters authorized hereby.

SCHEDULE "B"
Form of Share Consolidation Resolution

BE IT AS A SPECIAL RESOLUTION THAT:

1. the Corporation is hereby authorized to apply, such application to be made immediately following the closing of the Reverse Take-Over Transaction (as defined in the Information Circular dated February •, 2006), for a certificate under the *Canada Business Corporations Act* amending its articles to consolidate the issued and outstanding common shares of the Corporation on the basis of one post-consolidation common share for up to every three pre-consolidation common shares and any one director or officer of the Corporation is hereby authorized to execute and deliver for and on behalf of the Corporation all such documents and instruments, including articles of amendment and to do such act and things as may be necessary or desirable to give effect to the foregoing; and

2. notwithstanding that this special resolution has been duly passed by the shareholders of the Corporation, the directors of the Corporation are hereby authorized and empowered to revoke this special resolution at any time before the issue of a certificate of amendment and to determine not to proceed with the share consolidation.

SCHEDULE "C"
Form of Name Change Resolution

RESOLVED AS A SPECIAL RESOLUTION THAT:

1. the Corporation is hereby authorized to apply, such application to be made immediately following the closing of the Reverse Take-Over Transaction (as defined in the Information Circular dated February ■, 2006), for a certificate under the *Canada Business Corporations Act* amending its articles change the name of the Corporation to "Alturas Minerals Corp.", or such other name as is acceptable to the Director and any one director or officer of the Corporation is hereby authorized to execute and deliver for and on behalf of the Corporation all such documents and instruments, including articles of amendment and to do such act and things as may be necessary or desirable to give effect to the foregoing; and

2. notwithstanding that this special resolution has been duly passed by the shareholders of the Corporation, the directors of the Corporation are hereby authorized and empowered to revoke this special resolution at any time before the issue of a certificate of amendment and to determine not to proceed with the name change.

SCHEDULE "D"
Investments of ILM

1. All of the issued and outstanding shares of 6516521 Canada Inc..

2. 99,999 of the 100,000 issued and outstanding shares of Minera Lago del Fierro, S.A. de C.V. (the remaining one outstanding share is held by Deborah Bazinet, President and Chief Executive Officer of ILM)

SCHEDULE "E"
List of ILM Subsidiaries

1. 6516521 Canada Inc.

2. Minera Lago del Fierro, S.A. de C.V.

SCHEDULE "F"
List of Material Contracts of ILM

1) Option agreement between Iron Lake Minerals Inc. and Brenda Anne Lamoureux dated May 3, 1999 in respect of the grant of an option to acquire a 100% interest in certain mining claims in the Duffell Lake area, Sioux Lookout Mining Division, Ontario subject to a royalty payable to the optionor based on materials produced.

2) Finder's fee agreement between Iron Lake Minerals Inc. and Rustle Woods Capital Inc. dated August 4, 2004 in respect of a finder's fee payable in common shares in connection with two private placement financings for gross proceeds of up to $700,000.

3) Debt settlement agreement between Iron Lake Minerals Inc. (the "Corporation"), Deborah Bazinet and E.W. Bazinet Mining & Exploration Limited (collectively, the "Creditors") in connection with the settlement of certain debt owed by the Corporation to the Creditors.

SCHEDULE "G"
Post Merger and Consolidation Capitalization Table

	ILM Pre-Merger	Alturas Pre-Merger	ILM Post Merger	ILM Post Consolidation
ILM Common Shares	16,630,000		69,752,259(2)	23,250,753(2)
ILM Warrants	7,500,000		16,222,260(3)	5,407,420(3)
ILM Subscription Receipts	7,000,000		Nil	Nil
ILM Stock Options	1,170,000		1,170,000	390,000
Alturas Common Shares		11,430,565(1)		Nil
Alturas Warrants		430,565		Nil

Note:
(1)Includes 1,000,000 Alturas Common Shares to be issued to Equinox Minerals Limited in consideration of prior advances to Alturas.
(2)Includes 7,000,000 ILM Common Shares issuable upon exercise of the ILM Subscription Receipts, 400,000 ILM Common Shares issuable as a finder's fee upon exercise of ILM Subscription Receipts and 45,722,260 Alturas Common Shares.
(3) Includes 7,000,000 ILM Warrants issuable upon exercise of the ILM Subscription Receipts and 1,722,260 Alturas Warrants.

SCHEDULE "H"
Alturas' Unaudited Consolidated Financial Statements for the Period Ended September 30, 2005

ALTURAS INTERNATIONAL LTD.
Development Stage Entity

Consolidated Financial Statements
December 31, 2004 and September 30, 2005 and 2004 (unaudited)
Expressed in US dollars unless otherwise stated

ALTURAS INTERNATIONAL LTD.
(Development Stage Entity)

CONSOLIDATED BALANCE SHEET
As at September 30, 2005 and December 31, 2004

	Notes	September 30 2005 (unaudited) $	December 31 2004 $
ASSETS			
Current assets			
Cash and cash equivalents		103,706	43,449
Accounts Receivable		5,292	0
Prepayments		122	122
		109,120	43,571
Mineral Properties	6	240,000	0
Property, plant and equipment	5	10,565	15,685
		359,685	**59,256**
LIABILITIES			
Current liabilities			
Accounts Payable and accrued liabilities		292,501	65,703
Advances from future shareholders		155,677	0
		448,178	**65,703**
SHAREHOLDERS' EQUITY			
Share capital	7	240,002	1
Deficit		(2,534,349)	(1,411,624)
Contributed Surplus	8	2,205,854	1,405,176
		(88,493)	(6,447)
		359,685	**59,256**
Nature of operations and going concern	1		
Commitments for expenditure	13		
Subsequent events	15		

APPROVED BY THE BOARD

Laurence Curtis, Director

Bruce W. Nisbet, Director

The accompanying notes are an integral part of these consolidated financial statements.

ALTURAS INTERNATIONAL LTD.
(Development Stage Entity)

CONSOLIDATED STATEMENT OF LOSS AND DEFICIT
For the nine months ended September 30, 2005 and 2004 and the year ended December 31, 2004

	Notes	Nine months ended September 30 2005 (unaudited)	Nine months ended September 30 2004 (unaudited)	Year ended December 31 2004	Cumulative from inception on January 14 2004 (unaudited)
		$	$	$	$
Other Income/(Expense)	3	(370)	**0**	(99,752)	(100,122)
Expenditures					
Exploration	6	530,683	871,779	1,282,722	1,813,405
General and administration		191,897	0	24,300	216,197
Capital Raising Costs		394,655	0	0	394,655
Amortization of property, plant and equipment		5,120	3,104	4,850	9,970
		1,122,355	874,883	1,311,872	2,434,227
Loss for the period		**1,122,725**	**874,883**	**1,411,624**	**2,534,349**
Deficit – beginning of period		1,411,624	0	0	
Deficit – end of period		**2,534,349**	**874,883**	**1,411,624**	
Loss per share	12	0.11	0.09	0.14	

The accompanying notes are an integral part of these consolidated financial statements.

ALTURAS INTERNATIONAL LTD.
(Development Stage Entity)

CONSOLIDATED STATEMENTS OF CASH FLOWS
For the nine months ended September 30, 2005 and 2004 and the year ended December 31, 2004

	Nine months ended September 30 2005 (unaudited)	Nine months ended September 30 2004 (unaudited)	Year ended December 31 2004	Cumulative from inception on January 14 2004 (unaudited)
	$	$	$	$
Cash flows (used in) / provided by operating activities				
Loss for the period	(1,122,725)	(874,883)	(1,411,624)	(2,534,349)
Items not affecting cash:				
Amortization of property, plant and equipment	5,120	3,104	4,850	9,970
Foreign exchange gain / (loss)	(370)	0	0	(370)
Changes in non-cash working capital				
(Decrease) / increase in accounts payable and accrued liabilities	226,798	0	65,703	292,501
Decrease / (increase) in accounts receivable and prepayments	(5,292)	(73,744)	(122)	(5,414)
	(896,469)	(945,523)	(1,341,193)	(2,237,662)
Cash flows (used in) / provided by financing activities				
Issue of share capital	1	1	1	2
Advances from Future Shareholders	155,677	0	0	155,677
Contributions from Shareholders	800,678	1,024,432	1,405,176	2,205,854
	956,356	**1,024,433**	**1,405,177**	**2,361,533**
Cash flows (used in) / provided by Investing activities				
Payments for property, plant and equipment	0	(20,535)	(20,535)	(20,535)
	0	(20,535)	(20,535)	(20,535)
Net (decrease) / increase in cash and cash equivalents	59,887	58,375	43,449	103,336
Cash and cash equivalents – beginning of period	43,449	0	0	0
Effect of exchange rate changes on cash held in foreign currencies	370	0	0	370
Cash and cash equivalents – end of period	**103,706**	**58,375**	**43,449**	**103,706**

Non-cash financing and investing activities: Note 14

The accompanying notes are an integral part of these consolidated financial statements.

ALTURAS INTERNATIONAL LTD.
(Development Stage Entity)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. NATURE OF OPERATIONS AND GOING CONCERN

On November 29, 2004 Alturas International Limited (''Alturas'' or "the Company") was incorporated as a wholly owned subsidiary of Equinox Minerals Limited to acquire 100% of the common shares of Alturas Minerals S.A. ("Alturas Peru"). Effective March 15, 2005, Equinox Minerals transferred its shares in Equinox Peru Ventures Limited ("Equinox Peru") to Alturas in exchange for 7,000,000 common shares of Alturas with a carrying value of $1. On March 26, 2005, Alturas issued 3,000,000 shares to CPB Asociados SRL ("CPB") in consideration for the remaining 30% interest in Alturas Peru. This transaction was recorded at its fair market value ($240,000).

Alturas is a development stage entity which last year commenced exploration activities in Peru, focusing on epithermal gold mineralization. The founders of Alturas Peru have been involved in mining and exploration in Peru since the 1970's and are assembling a portfolio of gold projects in Peru.

This transaction has been accounted for on a continuity of interest basis. Accordingly, these consolidated financial statements present the operations of the Company on a continuity of interest basis which is identical to the financial position and results of operations of Alturas Peru for the periods presented.

The recoverability of exploration and development expenditures is dependent upon the discovery of economically recoverable reserves, the preservation of the Company's interest in the underlying mineral claims, or the ability to obtain necessary financing, obtaining government approval and attain profitable production, or alternatively, upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs of the carrying amounts of deferred exploration expenditure.

The financial statements of the Company have been prepared on the basis that the Company will continue as a going concern, which presumes that it will be able to realize its assets and discharge its liabilities in the normal course of the business. The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been presented in accordance with Canadian generally accepted accounting principles (GAAP). Summarized below are the significant accounting polices used in these consolidated financial statements.

(a) Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of all entities controlled by Alturas. The effects of all transactions between entities in the consolidated group are eliminated in full.

Where control of an entity is obtained during a financial year, its results are included in the consolidated statements of operations and deficit from the date on which control commences. Where control of an entity ceases during a financial year, its results are included for that part of the year during which control exists.

(b) Use of Estimates

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and related notes. Significant areas where management's judgement is applied include mineral property valuations. Actual results may differ from those estimates.

(c) Income Tax

The Company accounts for income taxes in accordance with the liability method. The determination of future income tax assets and liabilities is based on the differences between the financial statement and the income tax bases of assets and liabilities, using substantively enacted tax rates in effect for the period in which the differences are expected to reverse. Future income tax assets are recorded to recognize tax benefits only to the extent that, based on available evidence, it is more likely than not that they will be realized.

(d) Exploration and Evaluation Costs

Exploration and evaluation expenditure costs incurred by the entity are accumulated separately for each area of interest. Such expenditure comprises net direct costs and an appropriate portion of related overhead or administrative expenditure, foreign exchange movement on loans directly attributable to the project, but does not include general overheads or administrative expenditure.

Mineral property acquisition costs are capitalized. Exploration and evaluation expenditure for each area of interest is written off as incurred, unless such costs are expected to be recovered through successful development and exploitation of the area of interest or, alternatively, by its sale. Expenditure is not deferred in respect of any area of interest or mineral resource unless the Company's rights of tenure to that area of interest are current. Although the Company has taken steps to verify title to its areas of interest, these procedures do not guarantee the Company's title. Such areas of interest may be subject to prior undetected agreements or transfers, and title may be affected by such defects.

Deferred exploration and evaluation costs will be amortised over the estimated useful life of the ore body, on a units of production basis, from the commencement of commercial extraction, or written off if the property is sold or abandoned.

Borrowing costs included in exploration and evaluation expenditure are those costs that would have been avoided if the expenditure had not been incurred.

Each year, management consider the recoverable value of mineral properties and where they believe those values to be lower than the carrying values, such expenditure will be written down to fair value accordingly. Management's estimate of carrying values is subject to risks and uncertainties affecting the recoverability of the Company's investment in these areas. Although management have made their best estimate of these factors based on current conditions, it is possible that changes could occur in the near term which could adversely affect this estimate of the recoverability of deferred exploration and evaluation costs.

(e) Foreign Currency Translations

The Company employs the temporal method of translation for its integrated operations. Under this method, monetary assets and liabilities are translated at the year-end rates and all other assets and liabilities are translated at applicable historical exchange rates. Revenue and expense items are translated at the rate of exchange in effect at the date the transactions are recognized in income, with the exception of amortization which is translated at the historical rate for the associated asset. Realized exchange gains and losses and currency translation adjustments are included in income.

(f) Property, Plant and Equipment

The cost of each item of property, plant and equipment is amortized on a straight line basis over its expected useful life to the Company. The expected useful lives of plant and equipment held are between three and ten years, and five years for buildings.

The carrying value of property, plant and equipment is reviewed regularly and where carrying values exceed their recoverable amount, they are written down to fair value.

(g) Cash and cash equivalents

Cash and cash equivalents are comprised of highly liquid investments with maturity of 3 months or less at the date of original issue.

(h) Loss per Share

Basic loss per share is determined by dividing the net loss by the weighted average number of ordinary shares outstanding during the financial period. Diluted loss per share is the same as basic loss per share as the effect of potential issues of shares under option would be anti-dilutive.

(i) Asset Retirement Obligations

Future costs to retire an asset including dismantling, remediation and ongoing treatment, and monitoring of the site are recognized and recorded as a liability at fair value. The liability is accreted over time through periodic charges to earnings. In addition, asset retirement costs are capitalized as part of the assets carrying value and amortized over the assets useful life.

Alturas has no obligations relating to retirement of its assets as at June 30, 2005 and no liability has been recognized.

3. OTHER INCOME / (EXPENSE)

	Nine months ended September 30 2005	Nine months ended September 30 2004	Year ended December 31 2004
	$	$	$
Foreign exchange gain (loss)	(370)	0	(99,752)
	(327)	0	(99,752)

4. INCOME TAX

A reconciliation of income taxes at statutory rates and the Company's effective income tax expenses is as follows:

	Nine months ended September 30 2005	Nine months ended September 30 2004	Year ended December 31 2004	Cumulative from inception on January 14 2004
	$	$	$	$
Loss from ordinary activities before income tax expense	1,122,725	874,883	1,411,624	2,534,349
Tax recovery at the effective statutory rate of 30%	336,818	262,465	423,487	760,305
Valuation allowance	336,818	262,465	423,487	760,305
Income tax attributable to loss for the period	0	0	0	0

No income tax benefit has been brought to account in respect of the loss for the period as this benefit is not considered more likely than not to be realized. Management estimate the Company's tax losses carried forward and their related potential income tax benefits at each period end to be as follows:

	Nine months ended September 30 2005	Nine months ended September 30 2004	Year ended December 31 2004	Cumulative from inception on January 14 2004
	$	$	$	$
Related potential income tax benefit	**336,818**	**262,465**	**423,487**	**760,305**

None of the above potential income tax benefits relate to capital losses and these amounts do not have a fixed expiry date. These losses relate to Peru and there use is subject to certain restrictions.

5. PROPERTY, PLANT AND EQUIPMENT

	September 30 2005	December 31 2004
	$	$
Plant & equipment		
Plant & equipment – at cost	20,535	20,535
Less: accumulated amortization	(9,970)	(4,850)
Total Property, plant and equipment	**10,565**	**15,685**

6. MINERAL PROPERTIES

	September 30 2005	December 31 2004
	$	$
Utupara	190,000	0
Huilacollo	20,000	0
Banos del Indio	30,000	0
Total Mineral properties	**240,000**	**0**

The principal assets of Alturas are the four advanced exploration projects:

(a) **Utupara** copper-gold project – 100% owned by Alturas and covering 4,576 hectares in the same Eocene-Oligocene copper-gold belt that host a number of substantial deposits such as the Tintaya District (BHP-Billiton) and Las Chances (Southern Peru Copper Corporation)

(b) **Huilacollo** gold project – Alturas holds an option on this 2,000 hectare advanced exploration project in the department of Tacna in the Peru-Chile border region. The project features drill-indicated economic gold grades in near surface oxide zones at the Cerro Andamarca prospect, situated just 20 km NNW of Minsur's new Checocollo gold discovery.

(c) **Baños del Indio** gold project – Alturas holds an option to acquire the 6,536.53 hectares located in a very large (>6 x 5 km) high sulphidation disseminated gold system located some 20 km to the NNW of Huilacollo in the Department of Tacna.

(d) **Huajoto** gold-silver-zinc project - Alturas has a joint venture agreement in place with Teck-Cominco and a third party to explore the 3,000 hectare Huajoto Project, situated 22 km NW of the historical mining town of Huancavelica in Central Peru.

Details of the Company's exploration expenditures are as follows:

Property	Nine months ended September 30 2005	Nine months ended September 30 2004	Year ended December 31 2004	Cumulative from inception on January 14 2004
	$	$	$	$
Utupara	73,523	109,082	188,487	262,010
Huilacollo	142,121	188,746	292,522	434,643
Banos del Indio	179,149	341,710	462,682	641,831
Huajoto	86,460	107,998	171,618	258,078
Regional Exploration	49,430	124,243	167,413	216,843
	530,683	**871,779**	**1,282,722**	**1,813,405**

7. SHARE CAPITAL

(a) Authorized capital

The number of authorized ordinary shares of the Company is unlimited.

(b) Movement in ordinary share capital

Date	Details		No. of Shares	US$
	Initial share allotment and balance at December 31, 2004		1	1
March 15, 2005	Shares issued to acquire 100% of Equinox Peru		7,000,000	1
March 26, 2005	Shares issued to acquire the remaining 30% of Alturas Minerals SRL	*	3,000,000	240,000
	Balance at September 30, 2005		**10,000,001**	**240,002**

* The book value of these shares is based on an independent fair value assessment

8. CONTRIBUTED SURPLUS

The Shareholders have contributed funds to be used in the operation of the Company. Equinox funded the first $1.0 million of Alturas expenditures, beyond which each party contributed funds in direct proportion to their shareholding. Alturas is not expected to reimburse any of these expenditures to either CPB or Equinox Resources Limited.

	CPB Asociados SRL	Equinox Resources Limited	TOTAL
	$	$	$
Opening Balance December 31, 2004	0	1,405,176	1,405,176
Contributions during Q1, 2005	134,500	230,820	365,320
Contributions during Q2, 2005	128,000	257,420	385,420
Contributions during Q3, 2005	5,000	44,938	49,938
Total Contributed Surplus	**267,500**	**1,938,354**	**2,205,854**

9. SEGMENT INFORMATION

The Company operates in one geographic area, Peru, and in one industry segment, mineral exploration.

10. FINANCIAL INSTRUMENTS

(a) Net Fair Value of Financial Assets and Liabilities

The net fair value of cash and cash equivalents, interest and non-interest bearing monetary financial assets and financial liabilities of the Company approximates their carrying amounts with the exception of the related party payable which given the terms of the loan its fair value cannot be calculated.

(b) Credit Risk Exposures

The credit risk on financial assets, excluding investments, of the Company, which have been recognised on the balance sheet, is the carrying amount, net of any provisions for doubtful debts.

11. RELATED PARTY TRANSACTIONS

Exploandes SRL, a company in which a director of Alturas is the principal, has provided certain technical, managerial and exploration services to the Company. The cost of such services for the nine month period ended September 30, 2005 and the period from January 14, 2004 to December 31, 2004 was $88,119 and $192,009, respectively.

Oreforming Solutions SRL, a company in which a director of Alturas is the principal, has provided certain technical services to the Company. The cost of such services for the nine month period ended September 30, 2005 and the period from January 14, 2004 to December 31, 2004 was $82,500 and $132,000, respectively.

Gestora de Negocios e Inversiones SA, a company in which a director of Alturas is the principal, has provided certain technical services to the Company. The cost of such services for the nine month period ended September 30, 2005 and the period January 14, 2004 to December 31, 2004 was $14,400 and $28,800, respectively.

12. LOSS PER SHARE

The loss per share has been presented to reflect the results of the company on a continuity of interest basis.

13. COMMITMENTS FOR EXPENDITURE

Alturas' contractual obligations over the next five years (shown in $000's) are as follows:

PROPERTY	COMMITMENT TYPE	2005	2006	2007	2008	2009	TOTAL
Utupara	Mining Rights						0
	Property Fees	14	14	14	14	14	70
	Exploration						0
	Subtotal	14	14	14	14	14	70
Huilacollo	Mining Rights	120	270	500	1,200	1,500	3,590
	Property Fees	18	6	6	6	6	42
	Exploration		400	500	750		1,650
	Subtotal	138	676	1,006	1,956	1,506	5,282
Banos del Indio	Mining Rights	100	390	150			640
	Property Fees	54	36	20	20	20	150
	Exploration	15	50				65
	Subtotal	169	476	170	20	20	855
Huajoto	Mining Rights						0
	Property Fees	9	11	9	9	9	47
	Exploration	200	300	1,000			1,500
	Subtotal	209	311	1,009	9	9	1,547
TOTALS	**Mining Rights**	**220**	**660**	**650**	**1,200**	**1,500**	**4,230**
	Property Fees	**95**	**67**	**49**	**49**	**49**	**309**
	Exploration	**215**	**750**	**1,500**	**750**	**0**	**3,215**
	Grand Total	**530**	**1,477**	**2,199**	**1,999**	**1,549**	**7,754**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14. NON-CASH INVESTING AND FINANCING ACTIVITIES

	September 30 2005	December 31 2004
	$	$
Acquisition of mineral properties by means of share issue	240,000	-