

ARRANGEMENT AGREEMENT

Between

MAGELLAN MINERALS LTD.

And

CHAPLEAU RESOURCES LTD.

Dated July 9, 2009

ARRANGEMENT AGREEMENT

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ARRANGEMENT AGREEMENT

THIS ARRANGEMENT AGREEMENT dated for reference July 9, 2009,

BETWEEN:

MAGELLAN MINERALS LTD., a corporation incorporated under the *Business Corporations Act* (British Columbia) ("**Magellan**")

-and-

CHAPLEAU RESOURCES LTD., a corporation incorporated under the *Business Corporations Act* (British Columbia) ("**Chapleau**")

WITNESSES THAT:

WHEREAS Magellan proposes to acquire, or assume the obligations of, all of the outstanding securities of Chapleau in connection with a plan of arrangement under the provisions of the BCBCA (as hereinafter defined);

AND WHEREAS Magellan and Chapleau have previously entered into a binding letter of intent dated March 20, 2009 (the "**Binding LOI**") setting out the material terms for the proposed acquisition of the outstanding Chapleau securities;

AND WHEREAS pursuant to the Binding LOI, Magellan and Chapleau agreed to negotiate, in good faith, a definitive arrangement agreement containing all of the terms and conditions of the proposed acquisition of the outstanding Chapleau securities, including the elements of the Plan of Arrangement, which terms and conditions are set forth in this Agreement and the Plan of Arrangement;

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

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Agreement, unless the context otherwise requires:

"**Acquisition Proposal**" means, other than the transactions contemplated by this Agreement, any offer, proposal or inquiry from any person, whether or not in writing and whether or not delivered to the shareholders of Chapleau, after the date hereof relating to: (a) any acquisition or purchase, direct or indirect, of: (i) the assets of Chapleau and/or one or more of its subsidiaries that, individually or in the aggregate, constitute 20% or more of the fair market value of the consolidated assets of Chapleau and its subsidiaries; or (ii) 20% or more of any voting or equity securities of Chapleau or any of its subsidiaries whose assets, individually or in the aggregate, constitute 20% or more of the fair market value of the consolidated assets of Chapleau and its subsidiaries; (b) any take-over bid, tender offer or exchange offer that, if consummated, would result in such person beneficially owning 20% or more of any class of voting or equity securities of Chapleau; or (c) a plan of arrangement, merger, amalgamation, consolidation, share exchange, business combination, reorganization, recapitalization, liquidation, dissolution or other similar transaction involving Chapleau or any of its subsidiaries whose assets or revenues, individually or in the aggregate, constitute 20% or more of the consolidated assets or revenues, as applicable, of Chapleau;

"**affiliate**" has the meaning ascribed thereto in the BCBCA;

“Agreement” means this arrangement agreement, including all schedules annexed hereto, together with the Chapleau Disclosure Letter and the Magellan Disclosure Letter, as the same may be amended, supplemented or otherwise modified from time to time in accordance with the terms hereof;

“Arrangement Resolution” means the special resolution of the Chapleau Shareholders approving the Plan of Arrangement which is to be considered at the Chapleau Meeting and shall be substantially in the form and content of Schedule “B” hereto;

“Arrangement” means the arrangement to be effected under the provisions of the BCBCA, on the terms and subject to the conditions set out in the Plan of Arrangement, subject to any amendments or variations thereto made in accordance with Section 8.3 hereof or the Plan of Arrangement or made at the direction of the Court in the Final Order with the consent of the Parties, each acting reasonably;

“BCBCA” means the *Business Corporations Act* (British Columbia), S.B.C. 2002, c. 57, including the regulations promulgated thereunder;

“business day” means any day, other than a Saturday, a Sunday or a statutory or civic holiday in Vancouver, British Columbia;

“Change in Recommendation” has the meaning ascribed thereto in Section 8.2.1(c)(i);

“Chapleau Board” means the board of directors of Chapleau as the same is constituted from time to time;

“Chapleau Circular” means the notice of the Chapleau Meeting and accompanying management information circular, including all schedules, appendices and exhibits thereto and enclosures therewith, to be sent to the Chapleau Shareholders in connection with the Chapleau Meeting, as amended, supplemented or otherwise modified from time to time;

“Chapleau Information” means the Chapleau Public Disclosure Record, the documents listed in the Chapleau Disclosure Letter and the information otherwise provided to Magellan in response to Magellan’s due diligence requests;

“Chapleau Disclosure Letter” means the disclosure letter executed by Chapleau and delivered to Magellan prior to the execution of this Agreement;

“Chapleau Financial Statements” has the meaning ascribed thereto in Section 3.1(k);

“Chapleau Meeting” means the special meeting of Chapleau Shareholders, including any adjournment or postponement thereof, to be called and held in accordance with the Interim Order to consider the Arrangement Resolution;

“Chapleau Mineral Rights” means all of Chapleau’s and the Material Chapleau Subsidiaries’ mineral interests and rights (including any mineral exploration permits, claims, concessions, royalty interests, exploration licences, exploitation licences, prospecting permits, mining leases and mining rights);

“Chapleau Options” means all options to acquire Chapleau Shares which are outstanding immediately prior to the Effective Time under the Chapleau Stock Option Plan;

“Chapleau Public Disclosure Record” means all documents and information required to be filed by Chapleau on SEDAR during the three (3) years prior to the date hereof;

“Chapleau Securities” means Chapleau Shares, Chapleau Options and Chapleau Warrants;

“Chapleau Shareholder Approval” has the meaning ascribed thereto in Section 2.2(a)(ii);

“Chapleau Shareholders” means the holders of Chapleau Shares;

“Chapleau Shares” means the common shares in the capital of Chapleau;

“Chapleau Stock Option Plan” means the stock option plan of Chapleau, as approved by the Chapleau Shareholders on April 14, 2008;

“Chapleau Warrants” means all warrants to acquire Chapleau Shares which are outstanding immediately prior to the Effective Time;

“Competition Act” means the *Competition Act* (Canada), R.S. 1985, c. 34 as amended from time to time;

“Confidentiality Agreement” means the confidentiality terms contained in the Binding LOI and the confidentiality agreement dated April 18, 2008, pursuant to which Magellan has been provided with access to the confidential information of Chapleau and Chapleau has been provided with access to the confidential information of Magellan;

“Consideration” means: (a) in the case of the Chapleau Shareholders, the consideration to be received pursuant to the Plan of Arrangement as consideration for the Chapleau Shares, consisting of 0.267 of a Magellan Share for each Chapleau Share, (b) in the case of the holders of Chapleau Warrants outstanding immediately prior to the Effective Time, the number of Magellan Shares to be issued upon the exercise of Chapleau Warrants outstanding immediately following the Effective Time, consisting of 0.267 of a Magellan Share for each Chapleau Share that would have theretofore have been issued, and (c) in the case of the holders of Chapleau Options which are outstanding immediately prior to the Effective Time and will be outstanding after the Effective Time, the number of Magellan Shares to be issued upon the exercise of Chapleau Options outstanding immediately following the Effective Time, consisting of 0.267 of a Magellan Share for each Chapleau Share that would have theretofore have been issued;

“Contract” means any contract, agreement, license, franchise, lease, arrangement, commitment, understanding, joint venture, partnership or other right or obligation (written or oral) to which a Party or any of its subsidiaries is a party or by which it or any of its subsidiaries is bound or affected or to which any of their respective properties or assets is subject;

“Court” means the Supreme Court of British Columbia;

“Depository” means any trust company, bank or financial institution agreed to in writing between the Parties for the purpose of, among other things, exchanging certificates representing Chapleau Shares for certificates representing Magellan Shares in connection with the Arrangement;

“Dissent Rights” means the rights of dissent exercisable by the Chapleau Shareholders in respect of the Arrangement described in Article 4 of the Plan of Arrangement;

“Effective Date” means the date upon which all of the conditions to the completion of the Arrangement as set out in Article 6 of this Agreement have been satisfied or waived in accordance with this Agreement;

“Effective Time” means 6:00 a.m. (Vancouver Time) on the Effective Date;

“Environmental Laws” means all applicable federal, provincial, state, local and foreign Laws, imposing obligations, responsibilities, liabilities or standards of conduct for or relating to the regulation or control of pollution, contamination, activities, materials, substances or wastes in connection with or for or to the protection of human health or safety, the environment or natural resources (including climate, air, surface water, groundwater, wetlands, land surface, subsurface strata, wildlife, aquatic species and vegetation);

“Environmental Liabilities” means, with respect to any person, all liabilities, obligations, responsibilities, responses, losses, damages, punitive damages, property damages, consequential damages, treble damages, costs (including control, remedial and removal costs, investigation costs, capital costs, operation and maintenance costs), expenses, fines, penalties and sanctions incurred as a result of or related to any claim, suit, action, administrative or court order, investigation, proceeding or demand by any person, arising under or related to any Environmental Laws, Environmental Permits, or in connection with any Release or threatened Release or presence of a Hazardous Substance;

“Environmental Permits” means all Permits or program participation requirements with or from any Governmental Entity under any Environmental Laws;

“Final Order” means the final order of the Court, in a form acceptable to the Parties, each acting reasonably, approving the Arrangement, as such order may be amended by the Court (with the consent of the Parties, each acting reasonably) at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended (provided that any such amendment is acceptable to the Parties, each acting reasonably) on appeal;

“GAAP” means Canadian generally accepted accounting principles;

“Governmental Entity” means: (a) any multinational, federal, provincial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, board, bureau, agency or entity, domestic or foreign; (b) any stock exchange, including the TSX-V, (c) any subdivision, agent, commission, board or authority of any of the foregoing; or (d) any quasi-governmental or private body, including any tribunal, commission, regulatory agency or self-regulatory organization, exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing;

“Hazardous Substance” means any pollutant, contaminant, waste or chemical or any toxic, radioactive, ignitable, corrosive, reactive or otherwise hazardous or deleterious substance, waste or material, including arsenic, cadmium, copper, lead, mercury, petroleum, polychlorinated biphenyls, asbestos and urea-formaldehyde insulation, and any other material, substance, pollutant or contaminant regulated or defined pursuant to, or that could result in liability under, any Environmental Law;

“including” means including without limitation, and **“include”** and **“includes”** have a corresponding meaning;

“Interim Order” means the interim order of the Court contemplated by Section 2.2 of this Agreement, in a form acceptable to the Parties, each acting reasonably, providing for, among other things, the calling and holding of the Chapleau Meeting, as the same may be amended by the Court with the consent of the Parties, each acting reasonably;

“Key Regulatory Approvals” means those sanctions, rulings, consents, orders, exemptions, permits and other approvals (including the lapse, without objection, of a prescribed time under a statute or regulation that states that a transaction may be implemented if a prescribed time lapses following the giving of notice without an objection being made) of Governmental Entities set out in Schedule “C” hereto;

“Law” or **“Laws”** means all laws (including common law), by-laws, statutes, rules, regulations, principles of law and equity, orders, rulings, ordinances, judgements, injunctions, determinations, awards, decrees or other requirements, whether domestic or foreign, and the terms and conditions of any Permit of or from any Governmental Entity or self-regulatory authority, and the term **“applicable”** with respect to such Laws and in a context that refers to one or both Parties, means such Laws as are applicable to such Party or its business, undertaking, property or securities and emanate from a Person having jurisdiction over the Party or Parties or its or their business, undertaking, property or securities;

“Liens” means any hypothecs, mortgages, pledges, assignments, liens, charges, security interests, encumbrances and adverse rights or claims, other third party interest or encumbrance of any kind, whether contingent or absolute, and any agreement, option, right or privilege (whether by Law, contract or otherwise) capable of becoming any of the foregoing;

“Lock-up Agreements” means the support agreements (including all amendments thereto) between Magellan and all the officers, directors and certain shareholders of Chapleau;

“Magellan Information” means the Magellan Public Disclosure Record, the documents listed in the index attached to the Magellan Disclosure Letter and the information otherwise provided to Chapleau in response to Chapleau’s due diligence requests;

“Magellan Disclosure Letter” means the disclosure letter executed by Magellan and delivered to Chapleau prior to the execution of this Agreement;

“Magellan Financial Statements” has the meaning ascribed thereto in Section 4.1(j);

“Magellan Mineral Rights” means all of Magellan’s and the Material Magellan Subsidiaries’ mineral interests and rights (including any mineral exploration permits, claims, concessions, royalty interests, exploration licences, exploitation licences, prospecting permits, mining leases and mining rights);

“Magellan Options” means the outstanding options to purchase Magellan Shares granted under the Magellan Stock Option Plan;

“Magellan Public Disclosure Record” means all documents and information filed by Magellan on SEDAR during the three (3) years prior to the date hereof;

“Magellan Securities” means the Magellan Shares, Magellan Options and Magellan Warrants;

“Magellan Shareholders” means the holders of Magellan Shares;

“Magellan Shares” means common shares in the authorized share capital of Magellan;

“Magellan Stock Option Plan” means the stock option plan of Magellan, as approved by the directors of Magellan on August 17, 2007;

“Magellan Warrants” means the outstanding warrants to purchase Magellan Shares;

“Material Adverse Effect” means, in respect of any person, any one or more changes, effects, events or occurrences, which, in either case, either individually or in the aggregate, is or would reasonably be expected to be material and adverse to the business, operations, results of operations or financial condition of that person taken as a whole, or that would prevent or materially impede the completion of the Arrangement or the assumption of the Chapleau Warrants and Chapleau Options, except any change, effect, event or occurrence resulting from or relating to: (a) the public announcement of the execution of this Agreement or the transactions contemplated hereby or the performance of any obligation hereunder or, in the case of Chapleau, communication by Magellan of its plans or intentions with respect to Magellan and/or Chapleau; (b) any change in applicable Laws or in the interpretation thereof by any Governmental Entity provided that it does not relate primarily only to that person and does not have a materially disproportionate effect on such person relative to comparable companies in the gold or precious metals mining industry; (c) any change in GAAP; (d) any natural disaster provided that it does not have a materially disproportionate effect on such person relative to comparable companies in the gold or precious metals mining industry; (e) changes affecting the mineral exploration extraction and/or production industry generally or the price of gold or other precious metals, provided that such changes do not have a materially disproportionate effect on such person relative to comparable companies in the same industry; (f) general economic, financial, credit, banking, currency exchange, securities or commodity market conditions; (g) any act of terrorism or outbreak or escalation of hostilities or armed conflict; (h) any action taken by any person to which the other Party has consented to in writing; or (i) any change in the market price of the Chapleau Shares or the Magellan Shares, as applicable, it being understood without limiting the applicability of paragraphs (a) to (h), that the cause or causes of any such change in the market price of the Chapleau Shares or the Magellan Shares, as applicable, may constitute, in and of itself, a Material Adverse Effect and may be taken into account in determining whether a Material Adverse Effect has occurred), and references in this Agreement to dollar amounts are not intended to be and shall not be deemed to be illustrative or interpretative for purposes of determining whether a “Material Adverse Effect” has occurred;

“Material Chapleau Subsidiaries” means the corporations listed on Schedule “D” hereto and **“Material Chapleau Subsidiary”** means any one of them;

“Material Contracts” means in respect of a Party any Contract (including amendments thereto) that is material to the business of such Party;

“material fact” and **“material change”** have the meanings ascribed thereto in the *Securities Act*;

“Material Magellan Subsidiary” means the corporation listed on Schedule “E” hereto;

“National Instrument 43-101” means National Instrument 43-101 – *Standards of Disclosure for Mineral Projects*;

“ordinary course of business”, **“ordinary course of business consistent with past practice”**, or any similar reference, means, with respect to an action taken by a person, that such action is consistent with the past practices of such person and is taken in the ordinary course of the normal day-to-day business and operations of such person; provided that in any event such action is not unreasonable or unusual;

“Outside Date” means September 30, 2009, or such later date as may be agreed to in writing by the Parties;

“Parties” means Chappleau and Magellan, and **“Party”** means any of them;

“Permit” means any license, permit, certificate, consent, order, grant, approval, agreement, classification, registration or other authorization of and from any Governmental Entity;

“person” includes an individual, partnership, association, body corporate, trustee, executor, administrator, legal representative, government (including any Governmental Entity) or any other entity, whether or not having legal status;

“Plan of Arrangement” means the plan of arrangement, substantially in the form of Schedule “A”, and any amendments or variations thereto made in accordance with the Plan of Arrangement or upon the direction of the Court in the Final Order with the consent of the Parties, each acting reasonably;

“Qualified Person” has the meaning ascribed thereto in National Instrument 43-101 - *Standards of Disclosure for Mineral Projects*;

“Release” means any release, spill, emission, leaking, pumping, pouring, emitting, emptying, escape, injection, deposit, disposal, discharge, dispersal, dumping, leaching or migration of any Hazardous Substance in the indoor or outdoor environment, including the movement of Hazardous Substance through or in the air, soil, surface water, ground water or property;

“Representatives” has the meaning ascribed thereto in Section 7.2.1;

“Response Period” has the meaning ascribed thereto in Section 7.3.1;

“Returns” means all reports, forms; elections, information statements and returns (whether in tangible, electronic or other form) and including any amendments, schedules, attachments, supplements, appendices and exhibits thereto relating to, or required to be filed or prepared in connection with any Taxes;

“Securities Act” means the *Securities Act* (British Columbia) and the rules, regulations and published policies made thereunder, as now in effect and as they may be promulgated or amended from time to time;

“Securities Authorities” means the British Columbia Securities Commission and the applicable securities commissions and other securities regulatory authorities in each of the other provinces and territories of Canada;

“Securities Laws” means the *Securities Act*, together with all other applicable provincial securities laws, rules and regulations and published policies thereunder;

“SEDAR” means the System for Electronic Document Analysis and Retrieval;

“subsidiary” means, with respect to a specified body corporate, any body corporate of which more than 50% of the outstanding shares ordinarily entitled to elect a majority of the board of 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 shall include any body corporate, partnership, joint venture or other entity over which such specified body corporate exercises direction or control or which is in a like relation to a subsidiary;

“Superior Proposal” means a bona fide unsolicited written Acquisition Proposal made by a third party after the date of this Agreement (and not obtained in violation of Section 7.2) that relates to the acquisition of all of the outstanding Chapleau Shares (other than Chapleau Shares owned by the person making the Superior Proposal) or all or substantially all of the assets of Chapleau and its subsidiaries and (a) that is reasonably capable of being completed taking into account all financial, legal, regulatory and other aspects of such proposal (as compared to the terms herein) and the person making such proposal; (b) that, in the case of an Acquisition Proposal to acquire the outstanding Chapleau Shares, is made available to all Chapleau Shareholders on the same terms and conditions; (c) in respect of which, to the extent necessary, binding financial commitments have been provided from the sources of financing to be used to complete the transaction contemplated by such proposal, establishing that such financing is available without undue delay or conditions (other than the conditions attached to the Acquisition Proposal and conditions which are usual and customary conditions for similar financings and which, in the good faith judgment of the Board, are likely to be satisfied by the relevant party); (d) is not subject to any extraordinary due diligence condition; and (e) in respect of which the Chapleau Board determines, in its good faith judgment, after consultation with its outside legal counsel and financial advisors, that failure to recommend such Acquisition Proposal to the Chapleau Shareholders would be inconsistent with its fiduciary duties under applicable Law and would, if consummated in accordance with its terms (but not assuming away any risk of non-completion), result in a transaction more favourable to the Chapleau Shareholders from a financial point of view than the Arrangement, after taking into account any change to the Arrangement proposed by Magellan pursuant to Section 7.3;

“Tax Act” means the *Income Tax Act* (Canada), R.S.C 1985, c. 1, (5th Supplement), including the regulations promulgated thereunder;

“Tax Returns” includes all returns, reports, declarations, elections, notices, filings, forms, statements and other documents (whether intangible, electronic or other form) and including any amendments, schedules, attachments, supplements, appendices and exhibits thereto, made, prepared, filed or required by a Governmental Entity to be made, prepared or filed by law in respect of Taxes;

“Taxes” means: (a) any and all taxes, imposts, levies, withholdings, duties, fees, premiums, assessments and other charges of any kind, however denominated and instalments in respect thereof, including any interest, penalties, fines or other additions that have been, are or will become payable in respect thereof, imposed by any Governmental Entity, including for greater certainty all income or profits taxes, payroll and employee withholding taxes, employment taxes, unemployment insurance, disability taxes, social insurance taxes, sales and use taxes, ad valorem taxes, excise taxes, goods and services taxes, harmonized sales taxes, franchise taxes, gross receipts taxes, capital taxes, business license taxes, mining royalties, alternative minimum taxes, estimated taxes, abandoned or unclaimed (escheat) taxes, occupation taxes, real and personal property taxes, stamp taxes, environmental taxes, transfer taxes, severance taxes, workers’ compensation, government pension plan premiums or contributions and other governmental charges, and other obligations of the same or of a similar nature to any of the foregoing, which a Party or any of its subsidiaries is required to pay, withhold or collect, together with any interest, penalties or other additions to tax that may become payable in respect of such taxes, and any interest in respect of such interest, penalties and additions whether disputed or not; and (b) any liability for the payment of any amount described in paragraph (a) of this definition as a result of being a member of an affiliated, consolidated, combined or unitary group for any period, as a result of any Tax sharing or Tax allocation agreement, arrangement or understanding, or as a result of being liable to another person’s Taxes as a transferee or successor, by contract or otherwise;

“Transaction Personal Information” has the meaning ascribed thereto in Section 9.1;

“TSX-V” means the TSX Venture Exchange;

“U.S. Person” has the meaning ascribed to it in Rule 902 of Regulation S of the U.S. Securities Act;

“U.S. Securities Act” means the United States *Securities Act of 1933* and the rules and regulations promulgated thereunder, as the same has been and hereafter from time to time may be amended; and

“United States” means the United States of America, its territories and possessions, any State of the United States and the District of Columbia.

1.2 Interpretation Not Affected by Headings

The division of this Agreement into Articles, Sections, subsections and paragraphs and the insertion of headings are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement. Unless the contrary intention appears, references in this Agreement to an Article, Section, subsection, paragraph or Schedule by number or letter or both refer to the Article, Section, subsection, paragraph or Schedule, respectively, bearing that designation in this Agreement.

1.3 Number and Gender

In this Agreement, unless the contrary intention appears, words importing the singular include the plural and vice versa, and words importing gender include all genders.

1.4 Date for Any Action

If the date on which any action is required to be taken hereunder by a Party is not a business day, such action shall be required to be taken on the next succeeding day which is a business day.

1.5 Currency

Unless otherwise stated, all references in this Agreement to sums of money are expressed in lawful money of Canada and “\$” refers to Canadian dollars.

1.6 Accounting Matters

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

1.7 Knowledge

(a) In this Agreement, references to “the knowledge of Chapleau” means the actual knowledge of Ian Gendall in his capacity as President of Chapleau and Robin Sudo, in her capacity as the Chief Financial Officer of Chapleau, in each case, after reviewing relevant records or due enquiry within Chapleau and its affiliates.

(b) In this Agreement, references to “the knowledge of Magellan” means the actual knowledge of Alan Carter, in his capacity as Chief Executive Officer of Magellan and Paul Hansed, in his capacity as the Chief Financial Officer of Magellan, in each case, after reviewing relevant records or due enquiry within Magellan and its affiliates.

1.8 Schedules

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

- Schedule A - Plan of Arrangement
- Schedule B - Arrangement Resolution
- Schedule C - Key Regulatory Approvals
- Schedule D - Material Chapleau Subsidiaries
- Schedule E - Material Magellan Subsidiary
- Schedule F - Form of Lock-Up Agreement

ARTICLE 2 THE ARRANGEMENT

2.1 Arrangement

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

2.2 Interim Order

(a) As soon as reasonably practicable following the execution of this Agreement, Chapleau shall apply to the Court in a manner acceptable to Magellan, acting reasonably, pursuant to Section 291 of the BCBCA and prepare, file and diligently pursue an application for the Interim Order, which shall provide, among other things:

- (i) for the class of persons to whom notice is to be provided in respect of the Arrangement and the Chapleau Meeting and for the manner in which such notice is to be provided;
- (ii) that the requisite approval for the Arrangement Resolution shall be 66 2/3% of the votes cast on the Arrangement Resolution by the Chapleau Shareholders present in person or by proxy at the Chapleau Meeting and voting as a single class (the “**Chapleau Shareholder Approval**”);
- (iii) that, in all other respects, the terms, conditions and restrictions of the Chapleau constating documents, including quorum requirements and other matters, shall apply in respect of the Chapleau Meeting;
- (iv) for the grant of Dissent Rights to the Chapleau Shareholders;
- (v) for the notice requirements with respect to the presentation of the application to the Court for the Final Order;
- (vi) that the Chapleau Meeting may be adjourned from time to time by management of Chapleau subject to the terms of this Agreement without the need for additional approval of the Court; and
- (vii) that the record date for Chapleau Shareholders entitled to notice of and to vote at the Chapleau Meeting will not change in respect of any adjournment(s) of the Chapleau Meeting.

(b) Chapleau shall advise the Court of its intention to rely upon Section 3(a)(10) of the U.S. Securities Act to implement the Arrangement in respect of the Chapleau Securityholders who are resident in the United States.

2.3 Chapleau Meeting

(a) Subject to the terms of this Agreement, Chapleau will use its commercially reasonable efforts to convene and conduct the Chapleau Meeting in accordance with the Interim Order, Chapleau’s articles of incorporation, articles and applicable Law as soon as reasonably practicable, but in any event no later than August 26, 2009.

(b) Subject to Section 7.3, except as required for quorum purposes or otherwise permitted under this Agreement, Chapleau shall not adjourn (except as required by Law or by valid Chapleau Shareholder action), postpone or cancel (or propose or permit the adjournment, postponement or cancellation of) the Chapleau Meeting without Magellan’s prior consent, which consent shall not be unreasonably withheld, conditioned or delayed.

(c) Subject to the terms of this Agreement, Chapleau will use its commercially reasonable efforts to solicit proxies in favour of the approval of the Arrangement Resolution.

(d) Chapleau will promptly advise Magellan of any written notice of dissent or purported exercise by any Chapleau Shareholder of Dissent Rights received by Chapleau in relation to the Arrangement and any withdrawal of Dissent Rights received by Chapleau and, subject to applicable Law, any written communications sent by or on behalf of Chapleau to any Chapleau Shareholder exercising or purporting to exercise Dissent Rights in relation to the Arrangement.

(e) Upon receipt by Chapleau from Magellan of all necessary documents required to be executed by it, Chapleau will use its commercially reasonable efforts to prepare or cause to be prepared and provide to Magellan lists

of the holders of all classes and series of securities of Chapleau, including lists of the registered Chapleau Shareholders and the holders of Chapleau Options and Chapleau Warrants, as well as a security position listing from each depository of its securities, including The Canadian Depository for Securities Limited and The Depository Trust Company, within five business days after the date hereof and will obtain and deliver to Magellan thereafter on demand supplemental lists setting out any changes thereto, all such deliveries to be in printed form and, if available, in computer-readable format.

(f) As soon as reasonably practicable following execution of this Agreement and completion of the Chapleau Circular, Chapleau will convene a meeting of the Chapleau Board to approve the Chapleau Circular.

2.4 Chapleau Circular

(a) Subject to Magellan complying with Section 2.4(d), as soon as reasonably practicable after the execution of this Agreement, Chapleau shall prepare the Chapleau Circular. Subject to the issuance of the Interim Order and the terms of this Agreement, as promptly as practicable after the completion of the Chapleau Circular, Chapleau shall cause the Chapleau Circular to be sent to the Chapleau Shareholders as required by applicable Securities Laws and the Interim Order and filed with the appropriate Securities Authorities in accordance with applicable Securities Laws.

(b) Chapleau shall use commercially reasonable efforts to ensure that the Chapleau Circular will: (i) allow Magellan to rely upon the exemption from registration provided under Section 3(a)(10) of the U.S. Securities Act with respect to the issuance of Magellan Shares in exchange for Chapleau Securities, and (ii) comply in all material respects with all applicable Securities Laws, including the applicable requirements of National Instrument 51-102 and Form 51-102F5 thereunder, and, without limiting the generality of the foregoing, that the Chapleau Circular does not contain 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 in each case with respect to any information relating to or provided by Magellan and its affiliates, including Magellan Shares).

(c) Subject to Section 7.2, Chapleau will include in the Chapleau Circular the unanimous recommendation of the Chapleau Board (with Mr. James Stypula abstaining) that Chapleau Shareholders vote in favour of the Arrangement Resolution, and a statement that each director of Chapleau intends to vote all of such director's Chapleau Shares (including any Chapleau Shares issued upon the exercise of any Chapleau Options or Chapleau Warrants) in favour of the Arrangement Resolution, subject to the other terms of this Agreement and the Lock-Up Agreements.

(d) Magellan shall promptly provide to Chapleau all information regarding Magellan, its affiliates and the Magellan Shares, including a technical report prepared in compliance with National Instrument 43-101 respecting the Cuiu Cuiu project and any required summary thereof and pro forma financial statements prepared in accordance with applicable Securities Laws as required by the Interim Order or applicable Laws for inclusion in the Chapleau Circular or in any amendments or supplements to such Chapleau Circular. Magellan shall also use commercially reasonable efforts to obtain any necessary consents from any of its Qualified Persons, auditors and any other advisors to the use of any financial, technical or other expert information required to be included in the Chapleau Circular and to the identification in the Chapleau Circular of each such advisor. Magellan shall ensure that no such information will include any untrue statement of a material fact or omit to state a material fact required to be stated in the Chapleau Circular in order to make any information so furnished or any information concerning Magellan not misleading in light of the circumstances in which it is disclosed and shall constitute full, true and plain disclosure of such information concerning Magellan and its subsidiaries.

(e) Magellan will cooperate in the preparation, filing and mailing of the Chapleau Circular, and Magellan and its legal counsel shall be given a reasonable opportunity to review and comment on the Chapleau Circular prior to the Chapleau Circular being printed and filed with the appropriate Securities Authorities and reasonable consideration shall be given to any comments made by Magellan and its counsel, provided that all information relating solely to Magellan, its affiliates and the Magellan Shares included in the Chapleau Circular shall be in form and content satisfactory to Magellan, acting reasonably. Chapleau shall provide Magellan with final copies of the Chapleau Circular prior to the mailing to the Chapleau Shareholders.

(f) Each of the Parties shall promptly notify the other Party if at any time before the Effective Date either becomes aware (in the case of Chapleau only with respect to Chapleau or its subsidiaries and in the case of Magellan only with respect to Magellan or its subsidiary) that the Chapleau Circular contains an 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 Chapleau Circular and the Parties shall cooperate in the preparation of any amendment or supplement to the Chapleau Circular, as required or appropriate, and Chapleau shall promptly mail or otherwise publicly disseminate any amendment or supplement to the Chapleau Circular to Chapleau Shareholders, if required by the Court or applicable Securities Laws, and file the same with the appropriate Securities Authorities.

2.5 Securities Law Compliance

Each of the Parties shall cooperate and use their commercially reasonable efforts in good faith to take, or cause to be taken, all reasonable actions, including the preparation of any applications for orders, registrations, consents, filings, circulars and approvals and the preparation of any required documents, in each case as reasonably necessary to discharge their respective obligations under this Agreement and the Arrangement, and to complete any of the transactions contemplated by this Agreement, including their obligations under applicable Securities Laws. It is acknowledged and agreed that, except as set forth in Section 2.4(d) or elsewhere in this Agreement, Magellan shall not be required to file a prospectus or similar document or otherwise become subject to the securities laws of any jurisdiction (other than a Province or Territory of Canada) in order to complete the Arrangement. Magellan may elect, at its sole discretion, to make such securities and other regulatory filings in the United States or other jurisdictions as may be necessary or desirable in connection with the completion of the Arrangement. Chapleau shall provide to Magellan all information regarding Chapleau and its affiliates as required by applicable Securities Laws in connection with such filings. Chapleau shall also use commercially reasonable efforts to obtain any necessary consents from any of its Qualified Persons, auditors and any other advisors to the use of any financial, technical or other expert information required to be included in such filings and to the identification in such filings of each such advisor.

2.6 Final Order

If the Interim Order is obtained and the Arrangement Resolution is passed at the Chapleau Meeting by the Chapleau Shareholders as provided for in the Interim Order and as required by applicable Law, Chapleau shall as soon as reasonably practicable thereafter, and, in any event, within three (3) business days following the approval of the Arrangement Resolution at the Chapleau Meeting, take all steps necessary or desirable to submit the Arrangement to the Court and diligently pursue an application for the Final Order pursuant to Section 291 of the BCBCA.

2.7 Court Proceedings

Subject to the terms of this Agreement, Magellan will cooperate with, assist and consent to Chapleau seeking the Interim Order and the Final Order, including by providing Chapleau on a timely basis any information required to be supplied by Magellan in connection therewith. Chapleau will provide legal counsel to Magellan with reasonable opportunity to review and comment upon drafts of all material to be filed with the Court in connection with the Arrangement, and will give reasonable consideration to all such comments. Chapleau will also provide legal counsel to Magellan on a timely basis with copies of any notice of appearance or notice of intent to oppose and any evidence served on Chapleau or its legal counsel in respect of the application for the Interim Order or the Final Order or any appeal therefrom. Subject to applicable Law, Chapleau will not file any material with the Court in connection with the Arrangement or serve any such material, and will not agree to modify or amend materials so filed or served, except as contemplated by this Section 2.7 or with Magellan's prior written consent, such consent not to be unreasonably withheld, conditioned or delayed; provided that nothing herein shall require Magellan to agree or consent to any increase in Consideration or other modification or amendment to such filed or served materials that expands or increases Magellan's obligations set forth in any such filed or served materials or under this Agreement.

2.8 Plan of Arrangement and Effective Time

From and after the Effective Time, the Plan of Arrangement shall have all of the effects provided by applicable Laws, including the BCBCA and each of the Parties will be bound by the provisions of the Plan of Arrangement as provided therein.

2.9 Issue of Magellan Shares

Magellan will, following receipt by Chapleau of the Final Order and prior to the Effective Time, ensure that the Depositary has been provided with sufficient Magellan Shares in escrow to issue the aggregate Consideration for the Chapleau Shares exchanged pursuant to the Arrangement.

2.10 Preparation of Filings

Each of the Parties shall reasonably cooperate with the other Party in the prompt and diligent preparation of any application for the Key Regulatory Approvals, and any other orders, registrations, consents, filings, rulings, exemptions, no-action letters and approvals and the preparation of any documents reasonably deemed by either of the Parties to be necessary to discharge its respective obligations under this Agreement or otherwise required or advisable under applicable Laws in connection with the Arrangement, this Agreement or the Plan of Arrangement.

2.11 Chapleau Warrants

Magellan will ensure that a holder of any Chapleau Warrant who has not exercised such Chapleau Warrant prior to the Effective Time will receive the Consideration upon the subsequent exercise of such Chapleau Warrant in accordance with its terms, in lieu of the Chapleau Shares to which such holder was theretofore entitled upon such exercise and for the same aggregate consideration payable theretofore.

2.12 Chapleau Options

Magellan will ensure that a holder of any Chapleau Option who has not exercised such Chapleau Option prior to the Effective Time will receive the Consideration upon the subsequent exercise of such Chapleau Option in accordance with its terms, in lieu of the Chapleau Shares to which such holder was theretofore entitled upon such exercise and for the same aggregate consideration payable theretofore. The Chapleau Options will continue to be governed by the terms of the Chapleau Stock Option Plan, and for greater certainty, the Chapleau Options of any holder who is not continuing with Magellan or Chapleau after the Arrangement will be terminated in accordance with the terms of the Chapleau Stock Option Plan.

2.13 Announcement and Shareholder Communications

The Parties shall each publicly announce the transactions contemplated hereby promptly following the execution of this Agreement by the Parties, the text and timing of each such announcement to be approved by the Parties in advance, acting reasonably. The Parties agree to cooperate in the preparation of presentations, if any, to Chapleau Shareholders regarding the Plan of Arrangement, and no Party shall (a) issue any press release or otherwise make public announcements with respect to this Agreement or the Plan of Arrangement without the consent of the other Party (which consent shall not be unreasonably withheld, conditioned or delayed) or (b) make any filing with any Governmental Entity with respect thereto without prior consultation with the other Party; provided, however, that the foregoing shall be subject to each Party's overriding obligation to make any disclosure or filing required under applicable Laws or stock exchange rules, and the Party making such disclosure shall use all commercially reasonable efforts to give prior oral or written notice to the other Party and reasonable opportunity to review or comment on the disclosure or filing, and if such prior notice is not possible, to give such notice immediately following the making of such disclosure or filing.

2.14 Withholding Taxes

Magellan, Chapleau and the Depositary shall be entitled to deduct and withhold from all dividends or other distributions otherwise payable to any former Chapleau Shareholder such amounts as counsel may advise is required to be so deducted and withheld under any provision of applicable Laws in respect of Taxes. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes thereof as having been paid to the person to whom such amounts would otherwise have been paid.

ARTICLE 3 REPRESENTATIONS AND WARRANTIES OF CHAPLEAU

3.1 Representations and Warranties

Chapleau hereby represents and warrants to Magellan as follows, and acknowledges that Magellan is relying upon such representations and warranties in connection with the entering into of this Agreement:

(a) Board Approval. As of the date hereof, the Chapleau Board (other than Mr. James Stypula, who declared his interest in the Arrangement and abstained from voting), prior to the execution of this Agreement, after consultation with its outside legal counsel has determined unanimously that the Plan of Arrangement is fair to the Chapleau Shareholders and is in the best interests of Chapleau and has resolved unanimously to recommend to the Chapleau Shareholders that they vote in favour of the Arrangement Resolution. The Chapleau Board (other than Mr. James Stypula, who declared his interest in the Arrangement and abstained from voting) has approved the Arrangement pursuant to the Plan of Arrangement and the execution and performance of this Agreement.

(b) Fairness Opinion. The Chapleau Board has received the opinion of Stephen Semeniuk, the financial advisor to the Chapleau Board, to the effect that, as of the date of such opinion, subject to the assumptions and limitations set out therein, the Consideration to be received by the Chapleau Shareholders (other than Magellan and its affiliates) in connection with the transactions contemplated by this Agreement is fair, from a financial point of view, to such Chapleau Shareholders (other than Magellan and its affiliates).

(c) Organization and Qualification. Chapleau, and each of its subsidiaries, is a corporation duly continued, organized, formed and validly existing under all applicable Laws of its jurisdiction of incorporation, continuance, organization or formation and it has all necessary corporate or other organizational power, authority and capacity to own its property and assets and to carry on its business as currently owned and conducted. Chapleau and each of the Material Chapleau Subsidiaries: (i) has all material Permits necessary to conduct its business substantially as now conducted or as intended to be conducted as disclosed in the Chapleau Public Disclosure Record, except for those Permits the absence of which have not had and would not be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect on Chapleau; and (ii) is duly registered or otherwise authorized and qualified to do business and is in good standing in each jurisdiction in which the character or location of its properties, owned, leased, licensed or otherwise held, or the nature of its activities makes such qualification necessary, except for those jurisdictions where the failure to be so registered or qualified has not had and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on Chapleau.

(d) Authority Relative to this Agreement. Chapleau has the requisite corporate power and authority to enter into this Agreement and to perform its obligations hereunder. The execution and delivery of this Agreement by Chapleau and the performance by Chapleau of its obligations under this Agreement have been duly authorized by the Chapleau Board and, except for the approval by the Chapleau Board of the Chapleau Circular and subject, in the case of the Arrangement, to obtaining the approval of the Chapleau Shareholders pursuant to the Interim Order, no other corporate proceedings on its part are necessary to authorize this Agreement or the Arrangement pursuant to the Plan of Arrangement. This Agreement has been duly executed and delivered by Chapleau and constitutes a legal, valid and binding obligation of Chapleau, enforceable against Chapleau in accordance with its terms, subject to the qualification that such enforceability may be limited by bankruptcy, insolvency, reorganization or other Laws of general application relating to or affecting the rights of creditors and that equitable remedies, including specific performance, are discretionary and may not be ordered.

(e) No Violations. Neither the authorization, execution and delivery of this Agreement by Chapleau nor the completion of the transactions contemplated by this Agreement or the Arrangement pursuant to the Plan of Arrangement, nor the performance of its obligations thereunder, nor compliance by Chapleau with any of the provisions hereof will: (i) violate, conflict with, or result (with or without notice or the passage of time) in a violation or breach of any provision of, or require, except in respect of any consent, approval or notice under, or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) or result in a right of termination or acceleration under, or result in the creation of any Lien upon, any of the properties or assets of Chapleau or, cause any indebtedness to come due before its stated maturity or cause any credit commitment to cease to be available or cause any payment or other obligation to be imposed on Chapleau under any of the terms, conditions or provisions of: (A) its articles, charter or by-laws or other comparable organizational documents; or (B) any Permit or Material Contract to

which Chapleau or any of its subsidiaries is a party or to which any of its properties or assets, may be subject or by which Chapleau or any of its subsidiaries is bound; or (ii) subject to obtaining the Key Regulatory Approvals; (A) result (with or without notice or the passage of time) in a violation or breach of or constitute a default under any provisions of any Laws applicable to Chapleau, its subsidiaries or any of its properties or assets; or (B) cause the suspension or revocation of any Permit currently in effect in regard to Chapleau or any of its subsidiaries (except, in the case of each of clauses (i) and (ii) above, for such violations, conflicts, breaches, defaults, terminations, accelerations or creations of Liens which, or any consents (expressly excluding the Key Regulatory Approvals), approvals or notices which if not given or received, would not, individually or in the aggregate, reasonably be expected to have any Material Adverse Effect). The authorization of this Agreement, the execution and delivery by Chapleau of this Agreement and the performance by it of its obligations under this Agreement, and the consummation by Chapleau of the Arrangement, will not (x) give rise to any rights of first refusal or trigger any change in control provisions or any restrictions or limitation under any such note, bond, mortgage, indenture, contract, license, franchise or Permit, or result in the imposition of any encumbrance, charge or Lien upon any of Chapleau's or any of its subsidiaries' assets; or (y) result in the imposition of any Liens upon any assets of Chapleau or any of its subsidiaries.

(f) Ownership of Material Chapleau Subsidiaries. Schedule "D" is a complete and accurate list of all direct and indirect material subsidiaries of Chapleau, each of which is wholly-owned other than as disclosed in Schedule "D". All of the issued and outstanding shares of capital stock and other ownership interests of Chapleau in each of the Material Chapleau Subsidiaries, are duly authorized, validly issued, fully paid and non-assessable, and all such shares and other ownership interests held directly or indirectly by Chapleau are legally and beneficially owned free and clear of all Liens, and there are no outstanding options, warrants, rights, entitlements, understandings or commitments (contingent or otherwise) regarding the right to purchase or acquire, or securities convertible into or exchangeable for, any such shares of capital stock or other ownership interests in or material assets or properties of any of the Material Chapleau Subsidiaries. There are no contracts, commitments, agreements, understandings, arrangements or restrictions which require any Material Chapleau Subsidiary to issue, sell or deliver any shares in its share capital or other ownership interests, or any securities or obligations convertible into or exchangeable for, any shares of its share capital or other ownership interests.

(g) Capitalization. The authorized share capital of Chapleau consists of an unlimited number of Chapleau Shares. As of the close of business on July 9, 2009, 100,076,150 Chapleau Shares were issued and outstanding. As of the close of business on July 9, 2009, an aggregate of 12,156,000 Chapleau Shares were issuable upon exercise of Chapleau Options and 13,773,333 Chapleau Shares were issuable upon exercise of Chapleau Warrants and, other than the shareholder rights plan dated March 7, 2008 between Chapleau and Computershare Investor Services Inc., there are no options, warrants, conversion privileges or other rights, agreements, arrangements or commitments (pre-emptive, contingent or otherwise) of any character whatsoever requiring or which may require the issuance, sale or transfer by Chapleau of any securities of Chapleau (including Chapleau Shares), or any securities or obligations convertible into, or exchangeable or exercisable for, or otherwise evidencing a right or obligation to acquire, any securities of Chapleau (including Chapleau Shares) or subsidiaries of Chapleau except as disclosed in the Chapleau Disclosure Letter. As of the close of business on July 9, 2009, no stock appreciation rights of Chapleau were outstanding. All outstanding Chapleau Shares have been duly authorized and validly issued, are fully paid and non-assessable, and no such Chapleau Shares have been issued in violation of any pre-emptive or similar rights. All securities of Chapleau (including the Chapleau Shares, the Chapleau Options and the Chapleau Warrants) have been issued in compliance with all applicable Laws. Except for the Chapleau Shares, there are no securities of Chapleau outstanding which have the right to vote generally (or are convertible into or exchangeable for securities having the right to vote generally) with the Chapleau Shareholders on any matter. There are no outstanding contractual or other obligations of Chapleau to repurchase, redeem or otherwise acquire any of its securities or with respect to the voting or disposition of any outstanding securities of any of its subsidiaries. There are no outstanding bonds, debentures or other evidences of indebtedness of Chapleau having the right to vote with the holders of the outstanding Chapleau Shares on any matters.

(h) Material Contracts. The Chapleau Disclosure Letter includes a complete and accurate list of all Material Contracts to which Chapleau or any Material Chapleau Subsidiary is a party. All Material Contracts to which Chapleau or the Material Chapleau Subsidiary is a party is in full force and effect, and Chapleau or the Material Chapleau Subsidiary is entitled to all rights and benefits thereunder in accordance with the terms thereof. Chapleau has made available to Magellan for inspection true and complete copies of all Material Contracts to which Chapleau or any Material Chapleau Subsidiary is a party. All Material Contracts listed in the Chapleau Disclosure Letter have been provided directly to Magellan. All of the Material Contracts are valid and binding obligations of Chapleau or a Material

Chapleau Subsidiary, enforceable in accordance with their respective terms, except as may be limited by bankruptcy, insolvency and other Laws affecting the enforcement of creditors' rights generally and subject to the qualification that equitable remedies may only be granted in the discretion of a court of competent jurisdiction. Chapleau and the Material Chapleau Subsidiary have complied in all material respects with all terms of such Material Contracts, have paid all amounts due thereunder, has not waived any rights thereunder and no default or breach exists in respect thereof on the part of Chapleau or any Material Chapleau Subsidiary or on the part of any party thereto, and no event has occurred which, after the giving of notice or the lapse of time or both, would constitute such a default or breach which has had or would reasonably be expected to have a Material Adverse Effect on Chapleau or trigger a right of termination of any of the Material Contracts. As at the date hereof, neither Chapleau nor any Material Chapleau Subsidiary has received written notice that any party to a Material Contract intends to cancel, terminate or otherwise modify or not renew such Material Contract, and to the knowledge of Chapleau, no such action has been threatened. Neither Chapleau nor any Material Chapleau Subsidiary is a party to any Material Contract that contains any non-competition obligation or otherwise restricts in any material way the business of Chapleau or any of the Material Chapleau Subsidiaries.

(i) Reporting Status and Securities Laws Matters. Chapleau is a "reporting issuer" and not on the list of reporting issuers in default under applicable Securities Laws in the Provinces of British Columbia and Alberta.

(j) Public Filings. Chapleau has filed all documents required to be filed by it in accordance with applicable Securities Laws with the Securities Authorities and the TSX-V. All such documents and information comprising the Chapleau Public Disclosure Record, as of their respective dates (and the dates of any amendments thereto), (i) did not contain 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 therein in light of the circumstances in which they were made not misleading, and (ii) complied in all material respects with the requirements of applicable Securities Laws, and any amendments to the Chapleau Public Disclosure Record required to be made have been filed on a timely basis with the Securities Authorities or the TSX-V. Chapleau has not filed any confidential material change reports with any Securities Authorities that at the date of this Agreement remain confidential. There has been no change in a material fact or a material change in any of the information contained in the Chapleau Public Disclosure Record, except for changes in material facts or material changes that are reflected in a subsequently filed document included in the Chapleau Public Disclosure Record. There are no outstanding or unresolved comments in comment letters received from any Securities Authority or the TSX-V staff with respect to the Chapleau Public Disclosure Record. To the knowledge of Chapleau, none of the filings comprising the Chapleau Public Disclosure Record is the subject of ongoing review, comment or investigation by any Securities Authority or the TSX-V.

(k) Chapleau Financial Statements. Chapleau's audited consolidated financial statements as at and for the fiscal period ended November 15, 2008 (including the notes thereto) and Chapleau's unaudited consolidated statements as at and for the three (3) months ended February 15, 2009 (collectively, the "**Chapleau Financial Statements**") were prepared in accordance with GAAP consistently applied (except (i) as otherwise indicated in the related report of Chapleau's independent auditors, or (ii) in the case of unaudited consolidated interim financial statements, which are subject to normal period-end adjustments and may omit notes which are not required by applicable Laws in the unaudited statements) and fairly present, in all material respects, the financial condition, results of operations and cash flows of Chapleau as of the dates thereof and for the periods indicated therein (subject, in the case of any unaudited consolidated interim financial statements, to normal period-end adjustments) and reflect reserves required by GAAP in respect of all material contingent liabilities, if any, of Chapleau and its subsidiaries on a consolidated basis. There has been no material change in Chapleau's accounting policies, except as described in the notes to the Chapleau Financial Statements, since November 15, 2008.

(l) Financial Reporting. Chapleau has not received any complaint, allegation, assertion, or claim in writing regarding the accounting practices, procedures, methodologies, or methods of Chapleau, including any such complaint, allegation, assertion, or claim that Chapleau has engaged in questionable accounting or auditing practices. The Chief Executive Officer and Chief Financial Officer of Chapleau have made all certifications required by applicable Securities Laws and the statements contained in all such certifications were as of the respective dates made, complete and correct.

(m) Books and Records. The financial books, records and accounts of Chapleau and each of the Material Chapleau Subsidiaries, in all material respects: (i) have been maintained in accordance with good business practices, on a basis consistent with prior years; and (ii) in each case, in reasonable detail, accurately and fairly reflect the material

transactions and dispositions of the assets of Chapleau and the Material Chapleau Subsidiaries and accurately and fairly reflect the basis for the Chapleau Financial Statements.

(n) Minute Books. The minute books of Chapleau and each of the Material Chapleau Subsidiaries are true, correct and complete in all material respects.

(o) No Undisclosed Liabilities. Chapleau and the Material Chapleau Subsidiaries have no outstanding material indebtedness or liabilities of any kind whatsoever, whether accrued, contingent, absolute, determined, determinable, or otherwise, and are not party to or bound by any suretyship, guarantee, indemnification or assumption agreement, or endorsement of, or any other similar commitment with respect to the obligations, liabilities or indebtedness of any person, other than those disclosed in the audited balance sheet of Chapleau as of November 15, 2008 forming part of the Chapleau Financial Statements, liabilities or obligations incurred in connection with the transactions contemplated hereby and liabilities and obligations incurred in the ordinary course of business since November 15, 2008.

(p) No Material Change. Since November 15, 2008, the business of Chapleau and the Material Chapleau Subsidiaries has been conducted in the ordinary course consistent with past practice and there has not been any event, occurrence, development or state of circumstances or facts that would be reasonably expected to cause, individually or in the aggregate, a Material Adverse Effect in respect of Chapleau and the Material Chapleau Subsidiaries, taken as a whole. Since November 15, 2008, the debt, business and material properties of Chapleau and the Material Chapleau Subsidiaries conform in all respects to the description thereof contained in the Chapleau Public Disclosure Record, and there has been no dividend or distribution of any kind declared, paid or made by Chapleau on any Chapleau Shares.

(q) Litigation. There are no material claims, actions, suits, grievances, orders, complaints or proceedings pending or, to the knowledge of Chapleau, threatened against Chapleau or any Material Chapleau Subsidiary or affecting any of their respective properties or assets at law or in equity before or by any Governmental Entity. None of Chapleau nor any Material Chapleau Subsidiary nor their respective assets or properties is subject to any outstanding material judgment, order, writ, injunction or decree.

(r) Taxes. Except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect with respect to Chapleau:

(i) Chapleau and each Material Chapleau Subsidiary has duly and in a timely manner made or prepared all Tax Returns required to be made or prepared by it, and duly and in a timely manner filed all Tax Returns required to be filed by it with the appropriate Governmental Entity, such Tax Returns are complete and correct in all material respects and Chapleau and each Material Chapleau Subsidiary has paid all Taxes, including instalments on account of Taxes for the current year required by applicable Law, which are due and payable by it whether or not assessed by the appropriate Governmental Entity and Chapleau has provided adequate accruals in accordance with GAAP in the most recently published financial statements of Chapleau for any Taxes for the period covered by such financial statements that have not been paid whether or not shown as being due on any Tax Returns. Since such publication date, no material liability in respect of Taxes not reflected in such statements or otherwise provided for has been assessed, proposed to be assessed, incurred or accrued, other than in the ordinary course of business.

(ii) Chapleau and each Material Chapleau Subsidiary has duly withheld all Taxes and other amounts required by Law to be withheld by it (including Taxes and other amounts required to be withheld by it in respect of any amount paid or credited or deemed to be paid or credited by it to or for the benefit of any person) and has duly and in a timely manner remitted to the appropriate Governmental Entity such Taxes or other amounts required by applicable Law to be remitted by it.

(iii) Chapleau and each Material Chapleau Subsidiary has duly collected all amounts on account of any sales or transfer Taxes, including goods and services, harmonized sales and provincial and territorial taxes, required by Law to be collected by it and has duly and in a timely manner remitted to the appropriate Governmental Entity such amounts required by Law to be remitted to it.

(iv) Neither Chapleau nor any Material Chapleau Subsidiary has requested, offered to enter into or entered into any agreement or other arrangement, or executed any waiver, providing for any extension of

time within which: (A) to file any Tax Return covering any Taxes for which Chapleau or any Material Chapleau Subsidiary is or may be liable; (B) to file any elections, designations or similar filings relating to Taxes for which Chapleau or any Material Chapleau Subsidiary is or may be liable; (C) Chapleau or any Material Chapleau Subsidiary is required to pay or remit any Taxes or amounts on account of Taxes; or (D) any Governmental Entity may assess or collect Taxes for which Chapleau or any Material Chapleau Subsidiary is or may be liable.

(v) Other than ordinary course audits and claims, there are no actions, suits, proceedings, investigations, audits or claims in progress or, to the knowledge of Chapleau, pending or threatened against Chapleau or any Material Chapleau Subsidiary in respect of Taxes and there are no matters under discussion, audit or appeal with any Governmental Entity relating to Taxes.

(vi) Neither Chapleau nor any Material Chapleau Subsidiary has acquired property from a non-arm's length person, within the meaning of the Tax Act: (A) for consideration the value of which is less than the fair market value of the property; or (B) as a contribution of capital for which no shares were issued by the acquirer of the property.

(vii) Chapleau has made available to Magellan copies of: (A) all Tax Returns of Chapleau or any Material Chapleau Subsidiary that to the knowledge of Chapleau have been filed in the last three (3) years; and (B) all material written communications to or from any Governmental Entity relating to the Taxes of Chapleau or any Material Chapleau Subsidiary that to the knowledge of Chapleau has been received or sent in the last three (3) years.

(viii) For the purposes of the Tax Act, Chapleau is not a non-resident of Canada.

(ix) There are no Liens for Taxes upon any properties or assets of Chapleau or any of the Material Chapleau Subsidiaries (other than Liens relating to Taxes not yet due and payable and for which adequate reserves have been recorded on the most recent consolidated balance sheet included in the Chapleau Financial Statements).

(s) Interest in Mineral Rights. Chapleau and each of the Material Chapleau Subsidiaries has good title, free and clear of any title defect or Liens, to its properties (other than property as to which it is an optionee, in which case the option is in good standing and no obligations due thereunder are in default, or is a lessee, in which case it has a valid leasehold interest and no rents due thereunder are in default), and to the Chapleau Mineral Rights, except such defects in title or Liens that, individually or in the aggregate, do not have and would not reasonably be expected to result in a Material Adverse Effect on Chapleau. All material real and tangible personal property of Chapleau and the Material Chapleau Subsidiaries is in generally good repair and is operational and usable in the manner in which it is currently being used, subject to normal wear and tear, repair or replacement in the ordinary course of business.

(t) Permits. Chapleau and each Material Chapleau Subsidiary has obtained and is in material compliance with all material Permits required by applicable Laws which are necessary to lawfully conduct its current business as it is now being conducted or as intended to be conducted as set forth in the Chapleau Public Disclosure Documents (which, for greater certainty, includes the exploration for mineral deposits) or which are necessary for the lawful ownership, use and occupation of its properties and assets. All such Permits are in full force and effect and, to the knowledge of Chapleau, there are no facts, events or circumstances that would reasonably be expected to result in a failure to obtain or be in compliance with such Permits as are necessary to conduct the business of Chapleau or any Material Chapleau Subsidiary as it is proposed to be conducted. Each such Permit can, to the knowledge of Chapleau, be renewed in the ordinary course of business by Chapleau or each Material Chapleau Subsidiary to which the Permit was granted. Chapleau has received no notice of any actual or threatened proceeding to modify, suspend, revoke, withdraw, terminate or otherwise limit any such Permit and, to the knowledge of Chapleau, there is no valid basis for any such proceeding, including on the basis of the transactions contemplated hereby. Chapleau has received no notice of any actual or threatened administrative or governmental action or proceeding in connection with the expiration, continuance or renewal of any such Permit and, to the knowledge of Chapleau, there is no valid basis for any such proceeding. To the knowledge of Chapleau, there is no reason why any Governmental Entity would not approve a properly filed request for a change in control of Chapleau as contemplated by this Agreement for any jurisdiction where Chapleau or the Material Chapleau Subsidiaries conducts business, to the extent such approval may be necessary or

required in such jurisdiction (except that Chapleau makes no representation as to any information regarding Magellan or its affiliates).

(u) Environmental Matters. To the knowledge of Chapleau:

(i) All facilities and operations of Chapleau and the Material Chapleau Subsidiaries have been conducted, and are now, in material compliance with all Environmental Laws. Neither Chapleau nor any of the Material Chapleau Subsidiaries, in respect of which no representation is made, is to the knowledge of Chapleau under investigation with respect to the foregoing, or has received any notice that any violation of the foregoing is being or may be alleged.

(ii) Chapleau and the Material Chapleau Subsidiaries are in possession of, and in compliance with, all Environmental Permits that are required to own, lease and operate the Chapleau Mineral Rights and to conduct its businesses as they are now being conducted or as intended to be conducted as set forth in the Chapleau Public Disclosure Record (which, for greater certainty, includes the exploration for and exploitation of mineral deposits) or which are necessary for the lawful ownership, use and occupation of its properties and assets. All such Environmental Permits are in full force and effect and, to the knowledge of Chapleau, there are no facts, events or circumstances that would reasonably be expected to result in a failure to obtain or be in compliance with such Environmental Permits as are necessary to conduct the business of Chapleau or any Material Chapleau Subsidiary as it is proposed to be conducted. To the knowledge of Chapleau, each such Environmental Permit can be renewed in the ordinary course of business by Chapleau or any Material Chapleau Subsidiary to which the Environmental Permit was granted. Chapleau has received no notice of any actual or threatened proceeding to modify, suspend, revoke, withdraw, terminate or otherwise limit any such Environmental Permit that would have a Material Adverse Effect on Chapleau and, to the knowledge of Chapleau, there is no valid basis for any such proceeding, including on the basis of the transactions contemplated hereby. Chapleau has received no notice of any actual or threatened administrative or governmental action or proceeding in connection with the expiration, continuance or renewal of any such Environmental Permit and, to the knowledge of Chapleau, there is no valid basis for any such proceeding.

(iii) no environmental, remediation, rehabilitation, reclamation or closure obligation, demand, notice or work order presently exists with respect to any portion of any currently or formerly owned, leased, occupied, used or otherwise controlled property, interests and rights or relating to the operations and business of Chapleau and the Material Chapleau Subsidiary that would have a Material Adverse Effect on Chapleau or any Material Chapleau Subsidiary and, to the knowledge of Chapleau, there is no basis for any such obligations, demands, notices or work orders to arise in the future as a result of any activity in respect of such property, interests, rights, operations and business.

(iv) there is no proceeding, application, order, directive, claim, action, suit, investigation or complaint under or pursuant to any Environmental Laws pending or, to the knowledge of Chapleau, threatened, that would have a Material Adverse Effect on Chapleau or any Material Chapleau Subsidiary or affecting any of its properties or assets before or by any Governmental Entity.

(v) Chapleau and the Material Chapleau Subsidiaries have made available to Magellan all material audits, assessments and investigation reports with respect to environmental matters in its possession.

(v) Mineral Reserves and Resources. Chapleau and the Material Chapleau Subsidiaries have no estimated proven and probable mineral reserves or estimated indicated, measured and inferred mineral resources pursuant to National Instrument 43-101.

(w) Benefit Plans. Except for the Chapleau Options, Chapleau and each of the Material Chapleau Subsidiaries do not have any agreements, health, welfare, supplemental unemployment benefit, bonus, incentive, profit sharing, deferred compensation, stock purchase, stock compensation, stock option, disability, pension or retirement plans or other employee compensation or benefit plans, policies, arrangements, practices or undertakings, whether oral or written, formal or informal, funded or unfunded, insured or uninsured which are maintained by or binding upon Chapleau, or in respect of which Chapleau or any Material Chapleau Subsidiary has any actual or potential liability.

(x) Labour and Employment.

- (i) All current assessments under applicable workers' compensation or similar legislation in relation to the employees of Chapleau or any Material Chapleau Subsidiary have been paid by Chapleau or the Material Chapleau Subsidiary, and neither Chapleau nor any Material Chapleau Subsidiary is subject to any special or penalty assessment under such legislation that has not been paid.
- (ii) Except for those agreements or provisions described in the Chapleau Disclosure Letter, no employee of Chapleau or any Material Chapleau Subsidiary is party to a change of control, severance, termination, golden parachute or similar agreement or provision and would receive payments under such agreement or provision as a result of the Arrangement.
- (iii) There are no outstanding or, to the knowledge of Chapleau, threatened labour tribunal proceedings of any kind, including unfair labour practice proceedings or any proceedings which could result in certification of a trade union as bargaining agent for any employees of Chapleau or any Material Chapleau Subsidiary. There are no threatened or apparent union organizing activities involving employees of Chapleau or any Material Chapleau Subsidiary, nor is Chapleau or any Material Chapleau Subsidiary currently negotiating any collective agreements with employees.
- (y) Compliance with Laws. Chapleau and the Material Chapleau Subsidiaries have complied with and are not in violation of any applicable Laws, other than non-compliance or violations which would not, individually or in the aggregate, have a Material Adverse Effect on Chapleau. Neither Chapleau nor any Material Chapleau Subsidiary is under investigation with respect to the foregoing, and has not received any notice that any violation of the foregoing is being alleged.
- (z) Absence of Cease Trade Orders. No order ceasing or suspending trading of the Chapleau Shares or any other securities of Chapleau has been issued by any regulatory authority and is continuing in effect and no proceedings for that purpose have been instituted or, to the knowledge of Chapleau, are pending, contemplated or threatened under any Securities Laws or by any other regulatory authority.
- (aa) Related Party Transactions. Except as contemplated hereby or disclosed in the Chapleau Disclosure Letter, there are no Contracts or other transactions currently in place between Chapleau or any Material Chapleau Subsidiary, on the one hand, and: (i) to the knowledge of Chapleau, any officer or director of Chapleau or any Material Chapleau Subsidiary; (ii) to the knowledge of Chapleau, any holder of record or, to the knowledge of Chapleau, beneficial owner of 10% or more of the Chapleau Shares; and (iii) to the knowledge of Chapleau, any affiliate or associate (including any spouse, parent, sibling or descendant of such person and any trust for the benefit of any of the foregoing persons) of any such, officer, director, holder of record or beneficial owner, on the other hand.
- (bb) Expropriation. No material part of the property or assets of Chapleau or any Material Chapleau Subsidiary has been taken, condemned or expropriated by any Governmental Entity nor has any written notice or proceeding in respect thereof been received by Chapleau or any Material Chapleau Subsidiary nor is there any intent or proposal to give such notice or commence any such proceedings.
- (cc) Rights of Other Persons. No person has any right of first refusal or option to purchase or any other right of participation in any of the material properties or assets owned by Chapleau or any Material Chapleau Subsidiary, or any part thereof.
- (dd) Registration Rights. No Chapleau Shareholder has any right to compel Chapleau to register or otherwise qualify the Chapleau Shares (or any of them) for public sale or distribution.
- (ee) Restrictions on Business Activities. As of the date hereof, there is no contract, agreement, undertaking, arbitral award, judgment, injunction, constitutional ruling, order or decree binding upon Chapleau or any Material Chapleau Subsidiary that has or would reasonably be expected to have the effect of prohibiting, restricting, or impairing any business practice of any of them, any acquisition or disposition of property, or the conduct of the business as currently conducted, which would reasonably be expected to have a Material Adverse Effect on Chapleau.
- (ff) Brokers. No agent, broker, investment banker, financial advisor or other person is entitled to any broker's, finder's, financial advisor's or other similar fee or commission in connection with the transactions

contemplated by this Agreement based upon arrangements made by or on behalf of Chapleau or any Material Chapleau Subsidiary, except the financial advisor referred to in Section 3.1(b) hereof.

(gg) Insurance. As of the date hereof, Chapleau and the Material Chapleau Subsidiaries maintain the policies of insurance set forth in the Chapleau Disclosure Letter. All such insurance policies maintained are in full force and effect and in good standing and, neither Chapleau nor any Material Chapleau Subsidiary is in default, whether as to payment of premium or otherwise, under the terms of any such insurance policy, nor has Chapleau or any of the Material Chapleau Subsidiaries failed to give any notice or present any material claim under any such insurance in a due and timely fashion or received notice or otherwise become aware of any intent of an insurer to either claim any default on the part of Chapleau or any Material Chapleau Subsidiary or not to renew any policy of insurance on its expiry or to increase any deductible or cost, except where such failure or default has not had and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(hh) Chapleau Information. All Chapleau Information was accurate in all material respects as at its respective date as stated therein, or, if any Chapleau Information was undated, as of the date of its delivery for purposes of the transactions contemplated by this Agreement. To the extent that there has been a material change to any of the Chapleau Information or any other information provided to Magellan since the date provided to Magellan, such information is accurate in all material respects or is no longer relevant or material to Chapleau or additional information has been provided to Magellan which supersedes or replaces such information.

(ii) Chapleau Options. As of the date of this Agreement, only one of the holders of Chapleau Options is a U.S. Person and resides in the United States.

(jj) TSX-V Listing and Trading. Chapleau Shares are listed and trade on the TSX-V.

3.2 Survival of Representations and Warranties

The representations and warranties of Chapleau contained in this Agreement shall not survive the completion of the Arrangement and shall expire and be terminated on the earlier of the Effective Time and the date on which this Agreement is terminated in accordance with its terms.

ARTICLE 4 REPRESENTATIONS AND WARRANTIES OF MAGELLAN

4.1 Representations and Warranties

Magellan hereby represents and warrants to Chapleau as follows, and acknowledges that Chapleau is relying upon such representations and warranties in connection with the entering into of this Agreement:

(a) Board Approval. As of the date hereof, the Magellan Board (other than Mr. James Stypula, who declared his interest in the Arrangement and abstained from voting) has approved the Arrangement pursuant to the Plan of Arrangement and the execution and performance of this Agreement.

(b) Organization and Qualification. Each of Magellan and its subsidiary is a corporation duly incorporated or an entity duly organized or formed and validly existing under all applicable Laws of its jurisdiction of incorporation, continuance, organization or formation and has all necessary corporate or other organizational power, authority and capacity to own its property and assets and to carry on its business as it is currently owned and conducted. Magellan and the Material Magellan Subsidiary: (i) have all Permits necessary to conduct its business substantially as now conducted or as intended to be conducted as disclosed in the Magellan Public Disclosure Record, except for those Permits the absence of which has not had and would not be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect, and (ii) are duly registered or otherwise authorized and qualified to do business and each is in good standing in each jurisdiction in which the character or location of its properties, owned, leased, licensed or otherwise held, or the nature of its activities makes such qualification necessary, except for those jurisdictions where the failure to be so registered or qualified has not had and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(c) Authority Relative to this Agreement. Magellan has the requisite corporate power and authority to enter into this Agreement and to perform its obligations hereunder. The execution and delivery of this Agreement by Magellan and the performance by Magellan of its obligations under this Agreement have been duly authorized by the board of directors of Magellan, and no other corporate proceedings on its part are necessary to authorize this Agreement or the Arrangement pursuant to the Plan of Arrangement. This Agreement has been duly executed and delivered by Magellan and constitutes a legal, valid and binding obligation of Magellan enforceable against Magellan in accordance with its terms, subject to the qualification that such enforceability may be limited by bankruptcy, insolvency, reorganization or other Laws of general application relating to or affecting the rights of creditors and that equitable remedies, including specific performance, are discretionary and may not be ordered.

(d) No Violations. Neither the execution and delivery of this Agreement by Magellan nor the completion of the transactions contemplated by this Agreement or the Arrangement pursuant to the Plan of Arrangement nor compliance by Magellan with any of the provisions hereof will violate, conflict with, or result in a violation or breach of any material provision of, require any consent, approval or notice under, or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) under (i) the articles of incorporation or by-laws of Magellan or (ii) any Material Contract or other instrument or obligation to which Magellan or its subsidiary is a party or to which any of them, or any of its properties or assets, may be subject or by which Magellan or its subsidiary is bound and, in each case, individually or in the aggregate, would have a Material Adverse Effect on Magellan's ability to perform its obligations under this Agreement or (iii) violate any Law applicable to Magellan or its subsidiary or any of its properties or assets.

(e) Ownership of Material Magellan Subsidiaries. Schedule "E" is a complete and accurate list of all direct and indirect material subsidiaries of Magellan, each of which is wholly-owned other than as disclosed in Schedule "E". All of the issued and outstanding shares of capital stock and other ownership interests of Magellan in the Material Magellan Subsidiary, are duly authorized, validly issued, fully paid and non-assessable, and all such shares and other ownership interests held directly or indirectly by Magellan are legally and beneficially owned free and clear of all Liens, and there are no outstanding options, warrants, rights, entitlements, understandings or commitments (contingent or otherwise) regarding the right to purchase or acquire, or securities convertible into or exchangeable for, any such shares of capital stock or other ownership interests in or material assets or properties of the Material Magellan Subsidiary. There are no contracts, commitments, agreements, understandings, arrangements or restrictions which require the Material Magellan Subsidiary to issue, sell or deliver any shares in its share capital or other ownership interests, or any securities or obligations convertible into or exchangeable for, any shares of its share capital or other ownership interests.

(f) Capitalization. The authorized share capital of Magellan consists of an unlimited number of Magellan Shares. As of the close of business on July 9, 2009, 30,966,000 Magellan Shares were issued and outstanding, an aggregate of up to 11,481,500 Magellan Shares were issuable upon the exercise of 2,190,000 Magellan Options and 9,291,500 Magellan Warrants, 700,000 Magellan Shares were issuable pursuant to a surface access agreement dated February 16, 2006 between Magellan and the owners of traditional surface rights over the Cuiu Cuiu property, and, except as disclosed in the Magellan Disclosure Letter, there are no options, warrants, conversion privileges or other rights, agreements, arrangements or commitments (pre-emptive, contingent or otherwise) of any character whatsoever requiring or which may require the issuance, sale or transfer by Magellan of any securities of Magellan (including Magellan Shares), or any securities or obligations convertible into, or exchangeable or exercisable for, or otherwise evidencing a right or obligation to acquire, any securities of Magellan (including Magellan Shares) or the subsidiary of Magellan. All outstanding Magellan Shares have been duly authorized and validly issued, are fully paid and non-assessable, and no such Magellan Shares have been issued in violation of any pre-emptive or similar rights. All securities of Magellan (including the Magellan Shares, the Magellan Options and the Magellan Warrants) have been issued in compliance with all applicable Laws. Other than convertible securities or other securities exercisable to Magellan Shares, there are no securities of Magellan or its subsidiary outstanding which have the right to vote generally (or are convertible into or exchangeable for securities having the right to vote generally) with the Magellan Shareholders on any matter. There are no outstanding contractual or other obligations of Magellan or the subsidiary of Magellan to repurchase, redeem or otherwise acquire any of its securities or with respect to the voting or disposition of any outstanding securities of its subsidiary, other than the Magellan Options. There are no outstanding bonds, debentures or other evidences of indebtedness of Magellan or its subsidiary having the right to vote with the holders of the outstanding Magellan Shares on any matters.

(g) Material Contracts. The Magellan Disclosure Letter includes a complete and accurate list of all Material Contracts to which Magellan or the Material Magellan Subsidiary is a party. All Material Contracts to which

Magellan or the Material Magellan Subsidiary is a party is in full force and effect, and Magellan or the Material Magellan Subsidiary party thereto is entitled to all rights and benefits thereunder in accordance with the terms thereof. Magellan has made available to Chapleau for inspection true and complete copies of all Material Contracts, to which Magellan or the Material Magellan Subsidiary is a party. All such Material Contracts were provided to Chapleau. All of the Material Contracts are valid and binding obligations of Magellan or the Material Magellan Subsidiary, as applicable, enforceable in accordance with their respective terms, except as may be limited by bankruptcy, insolvency and other Laws affecting the enforcement of creditors' rights generally and subject to the qualification that equitable remedies may only be granted in the discretion of a court of competent jurisdiction. Magellan and the Material Magellan Subsidiary have complied in all material respects with all terms of such Material Contracts, have paid all amounts due thereunder, have not waived any rights thereunder and no default or breach exists in respect thereof on the part of Magellan or the Material Magellan Subsidiary or on the part of any other party thereto, and no event has occurred which, after the giving of notice or the lapse of time or both, would constitute such a default or breach or trigger a right of termination of any of the Material Contracts. As at the date hereof, neither Magellan nor the Material Magellan Subsidiary has received written notice that any party to a Material Contract intends to cancel, terminate or otherwise modify or not renew such Material Contract, and to the knowledge of Magellan, no such action has been threatened. Neither Magellan nor the Material Magellan Subsidiary is a party to any Material Contract that contains any non-competition obligation or otherwise restricts in any material way the business of Magellan or the Material Magellan Subsidiary.

(h) Reporting Status and Securities Laws Matters. Magellan is a "reporting issuer" and not on the list of reporting issuers in default under applicable Securities Laws in the Provinces of British Columbia, Alberta, Ontario and Nova Scotia.

(i) Public Filings. Magellan has filed all documents required to be filed by it in accordance with applicable Securities Laws with the Securities Authorities and the TSX-V. All such documents and information comprising the Magellan Public Disclosure Record, as of their respective dates (and the dates of any amendments thereto), (i) did not contain 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 therein in light of the circumstances in which they were made not misleading, and (ii) complied in all material respects with the requirements of applicable Securities Laws, and any amendments to the Magellan Public Disclosure Record required to be made have been filed on a timely basis with the Securities Authorities or the TSX-V. Magellan has not filed any confidential material change reports with any Securities Authorities that at the date of this Agreement remain confidential. There has been no change in a material fact or a material change (as those terms are defined under the *Securities Act*) in any of the information contained in the Magellan Public Disclosure Record, except for changes in material facts or material changes that are reflected in a subsequently filed document included in the Magellan Public Disclosure Record. There are no outstanding or unresolved comments in comment letters received from any Securities Authority or the TSX-V with respect to the Magellan Public Disclosure Record. To the knowledge of Magellan, none of the filings comprising the Magellan Public Disclosure Record is the subject of ongoing review, comment or investigation by any Securities Authority or the TSX-V.

(j) Magellan Financial Statements. Magellan's audited consolidated financial statements as at and for the fiscal year ended December 31, 2008 (including the notes thereto) (the "**Magellan Financial Statements**") were prepared in accordance with GAAP consistently applied (except as otherwise indicated in the related report of Magellan's independent auditors) and fairly present, in all material respects, the consolidated financial position, results of operations and cash flows of Magellan and its subsidiary as of the dates thereof and for the periods indicated therein and reflect reserves required by GAAP in respect of all material contingent liabilities, if any, of Magellan and its subsidiary on a consolidated basis. There has been no material change in Magellan's accounting policies, except as described in the notes to the Magellan Financial Statements, since December 31, 2008.

(k) Financial Reporting. Magellan has not received any complaint, allegation, assertion, or claim in writing regarding the accounting practices, procedures, methodologies, or methods of Magellan, including any such complaint, allegation, assertion, or claim that Magellan has engaged in questionable accounting or auditing practices. The Chief Executive Officer and Chief Financial Officer of Magellan have made all certifications required by applicable Securities Laws and the statements contained in all such certifications were as of the respective dates made, complete and correct.

(l) Books and Records. The financial books, records and accounts of Magellan and the Material Magellan Subsidiary, in all material respects: (i) have been maintained in accordance with good business practices, on a basis consistent with prior years; and (ii) in each case are stated in reasonable detail and accurately and fairly reflect the material transactions and dispositions of the assets of Magellan and the Material Magellan Subsidiary and accurately and fairly reflect the basis for Magellan Financial Statements.

(m) Minute Books. The minute books of Magellan and the Material Magellan Subsidiary are true, correct and complete in all material respects.

(n) No Undisclosed Liabilities. Magellan and the Material Magellan Subsidiary have no outstanding indebtedness or liabilities of any kind whatsoever, whether accrued, contingent, absolute, determined, determinable, or otherwise, and are not party to or bound by any suretyship, guarantee, indemnification or assumption agreement or endorsement of, or any other similar commitment with respect to the obligations, liabilities or indebtedness of any person, other than those disclosed in the audited consolidated balance sheet of Magellan as of December 31, 2008 forming part of the Magellan Financial Statements, liabilities or obligations incurred in connection with the transactions contemplated hereby and liabilities and obligations incurred in the ordinary course of business since December 31, 2008.

(o) No Material Change. Since December 31, 2008, except as disclosed in the Magellan Public Disclosure Record, the business of Magellan and the Material Magellan Subsidiary has been conducted in the ordinary course consistent with past practices and there has not been any event, occurrence, development or state of circumstances or facts that would be reasonably expected to cause, individually or in the aggregate, a Material Adverse Effect in respect of Magellan and the Material Magellan Subsidiary, taken as a whole. Since December 31, 2008, the debt, business and material properties of Magellan and the Material Magellan Subsidiary conform in all respects to the description thereof contained in the Magellan Public Disclosure Record, and there has been no dividend or distribution of any kind declared, paid or made by Magellan on any Magellan Shares.

(p) Litigation. There are no material claims, actions, suits, grievances, complaints or proceedings pending or, to the knowledge of Magellan, threatened against Magellan or the Material Magellan Subsidiary or affecting any of their respective properties or assets at law or in equity before or by any Governmental Entity. None of Magellan nor the Material Magellan Subsidiary nor their respective assets or properties is subject to any outstanding material judgment, order, writ, injunction or decree.

(q) Taxes. Except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect with respect to Magellan:

(i) Except as set out in the Magellan Disclosure Letter, Magellan and the Material Magellan Subsidiary have duly and in a timely manner made or prepared all Tax Returns required to be made or prepared by it, and duly and in a timely manner filed all Tax Returns required to be filed by it with the appropriate Governmental Entity, such Tax Returns were complete and correct in all material respects and Magellan and the Material Magellan Subsidiary has paid all Taxes, including instalments on account of Taxes for the current year required by applicable Law, which are due and payable by it whether or not assessed by the appropriate Governmental Entity and Magellan has provided adequate accruals in accordance with GAAP in the most recently published financial statements of Magellan for any Taxes for the period covered by such financial statements that have not been paid whether or not shown as being due on any Tax Returns. Since such publication date, no material liability in respect of Taxes not reflected in such statements or otherwise provided for has been assessed, proposed to be assessed, incurred or accrued, other than in the ordinary course of business.

(ii) Magellan and the Material Magellan Subsidiary has duly withheld all Taxes and other amounts required by Law to be withheld by it (including Taxes and other amounts required to be withheld by it in respect of any amount paid or credited or deemed to be paid or credited by it to or for the benefit of any person) and has duly and in a timely manner remitted to the appropriate Governmental Entity such Taxes or other amounts required by applicable Law to be remitted by it.

(iii) Except as set out in the Magellan Disclosure Letter, Magellan and the Material Magellan Subsidiary has duly collected all amounts on account of any sales or transfer Taxes, including goods and services, harmonized sales and provincial and territorial taxes, required by Law to be collected by it and has

duly and in a timely manner remitted to the appropriate Governmental Entity such amounts required by Law to be remitted to it.

(iv) Neither Magellan nor the Material Magellan Subsidiary has requested, offered to enter into or entered into any agreement or other arrangement, or executed any waiver, providing for any extension of time within which: (A) to file any Tax Return covering any Taxes for which Magellan or the Material Magellan Subsidiary is or may be liable; (B) to file any elections, designations or similar filings relating to Taxes for which Magellan or the Material Magellan Subsidiary is or may be liable; (C) Magellan or the Material Magellan Subsidiary is required to pay or remit any Taxes or amounts on account of Taxes; or (D) any Governmental Entity may assess or collect Taxes for which Magellan or the Material Magellan Subsidiary is or may be liable.

(v) Other than ordinary course audits and claims, there are no actions, suits, proceedings, investigations, audits or claims in progress or, to the knowledge of Magellan, pending or threatened against Magellan nor the Material Magellan Subsidiary in respect of Taxes and there are no matters under discussion, auditor appeal with any Governmental Entity relating to Taxes.

(vi) Neither Magellan nor the Material Magellan Subsidiary has acquired property from a non-arm's length person, within the meaning of the Tax Act: (A) for consideration the value of which is less than the fair market value of the property; or (B) as a contribution of capital for which no shares were issued by the acquirer of the property.

(vii) Magellan has made available to Chapleau copies of: (A) all Tax Returns of Magellan or the Material Magellan Subsidiary that to the knowledge of Magellan have been filed in the last three (3) years; and (B) all material written communications to or from any Governmental Entity relating to Taxes of Magellan or the Material Magellan Subsidiary that to the knowledge of Magellan has been received or sent in the last three (3) years.

(viii) There are no Liens for Taxes upon any properties or assets of Magellan or the Material Magellan Subsidiary (other than Liens relating to Taxes not yet due and payable and for which adequate reserves have been recorded on the most recent consolidated balance sheet included in the Magellan Financial Statements).

(r) Interest in Mineral Rights. Except as set out in the Magellan Disclosure Letter in relation to the Nhamunda property, Magellan and the Material Magellan Subsidiary has good title, free and clear of any title defect or Liens, to its properties (other than property as to which it is a lessee, in which case it has a valid leasehold interest and no rents due thereunder are in default, or property as to which it is an optionee, in which case option agreements respecting such properties are in good standing and no obligations due thereunder are in default), and to the Magellan Mineral Rights, except such defects in title or Liens that, individually or in the aggregate, do not have and would not reasonably be expected to result in a Material Adverse Effect on Magellan. All real and tangible personal property of Magellan and the Material Magellan Subsidiary is in generally good repair and is operational and usable in the manner in which it is currently being used, subject to normal wear and tear, repair or replacement in the ordinary course of business.

(s) Permits. Magellan and the Material Magellan Subsidiary has obtained and is in compliance with all material Permits required by applicable Laws which are necessary to lawfully conduct its current businesses as they are now being conducted or as intended to be conducted as set forth in the Magellan Public Disclosure Documents (which, for greater certainty, includes the exploration for mineral deposits) or which are necessary for the lawful ownership, use and occupation of its properties and assets. All such Permits are in full force and effect and, to the knowledge of Magellan, there are no facts, events or circumstances that would reasonably be expected to result in a failure to obtain or be in compliance with such Permits as are necessary to conduct the business of Magellan or the Material Magellan Subsidiary as it is proposed to be conducted. Each such Permit can be renewed in the ordinary course of business by Magellan or the Material Magellan Subsidiary to which the Permit was granted. Magellan has received no notice of any actual or threatened proceeding to modify, suspend, revoke, withdraw, terminate or otherwise limit any such Permit and, to the knowledge of Magellan, there is no valid basis for any such proceeding, including on the basis of the transactions contemplated hereby. Magellan has received no notice of any actual or threatened administrative or governmental action or proceeding in connection with the expiration, continuance or renewal of any such Permit and, to the knowledge of Magellan, there is no valid basis for any such proceeding.

(t) Environmental Matters. To the knowledge of Magellan:

(i) All facilities and operations of Magellan and the Material Magellan Subsidiary have been conducted, and are now, in compliance with all Environmental Laws. Neither Magellan nor the Material Magellan Subsidiary is under investigation with respect to the foregoing, or has received any notice that any violation of the foregoing is being or may be alleged.

(ii) Magellan and the Material Magellan Subsidiary are in possession of and in compliance with, all Environmental Permits that are required to own, lease and operate the Magellan Mineral Rights and to conduct their respective businesses as they are now being conducted or as intended to be conducted as set forth in the Magellan Public Disclosure Record (which, for greater certainty, includes the exploration for and exploitation of mineral deposits) or which are necessary for the lawful ownership, use and occupation of its properties and assets. All such Environmental Permits are in full force and effect and, to the knowledge of Magellan, there are no facts, events or circumstances that would reasonably be expected to result in a failure to obtain or be in compliance with such Environmental Permits as are necessary to conduct the business of Magellan or the Material Magellan Subsidiary as it is proposed to be conducted. Each such Environmental Permit can be renewed in the ordinary course of business by Magellan or the Material Magellan Subsidiary to which the Environmental Permit was granted. Magellan has received no notice of any actual or threatened proceeding to modify, suspend, revoke, withdraw, terminate or otherwise limit any such Environmental Permit and, to the knowledge of Magellan, there is no valid basis for any such proceeding, including on the basis of the transactions contemplated hereby. Magellan has received no notice of any actual or threatened administrative or governmental action or proceeding in connection with the expiration, continuance or renewal of any such Environmental Permit and, to the knowledge of Magellan, there is no valid basis for any such proceeding.

(iii) no environmental, remediation, rehabilitation, reclamation or closure obligation, demand, notice or work order presently exists with respect to any portion of any currently or formerly owned, leased, occupied, used or otherwise controlled property, interests and rights or relating to the operations and business of Magellan and the Material Magellan Subsidiary that would have a Material Adverse Effect on Magellan or the Material Magellan Subsidiary and, to the knowledge of Magellan, there is no basis for any such obligations, demands, notices or work orders to arise in the future as a result of any activity in respect of such property, interests, rights, operations and business.

(iv) there is no proceeding, application, order, directive, claim, action, suit, investigation or complaint under or pursuant to any Environmental Laws pending or, to the knowledge of Magellan, threatened, that would have a Material Adverse Effect on Magellan or the Material Magellan Subsidiary or affecting any of their respective properties or assets before or by any Governmental Entity.

(v) Magellan and the Material Magellan Subsidiary have made available to Chapleau all material audits, assessments and investigation reports with respect to environmental matters in its possession.

(u) Mineral Reserves and Resources. Magellan and the Material Magellan Subsidiary have no estimated proven or probable mineral reserves or estimated indicated, measured and inferred mineral resources pursuant to National Instrument 43-101.

(v) Benefit Plans.

(i) Magellan has complied, in all material respects, with the terms of all health and benefit plans, which are maintained by or binding upon Magellan, or in respect of which Magellan or the Material Magellan Subsidiary has any actual or potential liability (collectively, the “**Magellan Benefit Plans**”) and with all applicable Laws.

(ii) Each Magellan Benefit Plan is insured or funded in compliance with the terms of such Magellan Benefit Plan, all applicable Laws and is in good standing with such Governmental Entities as may be applicable and, as of the date hereof, no currently outstanding notice of under-funding, non-compliance, failure to be in good standing or otherwise has been received by Magellan or the Material Magellan Subsidiary from any such Governmental Entities.

(w) Labour and Employment.

(i) Except for those agreements or provisions described in the Magellan Disclosure Letter, no employee of Magellan or the Material Magellan Subsidiary is party to a change of control, severance, termination, golden parachute or similar agreement or provision and would receive payments under such agreement or provision as a result of the Arrangement.

(ii) There are no outstanding or, to the knowledge of Magellan, threatened labour tribunal proceedings of any kind, including unfair labour practice proceedings or any proceedings which could result in certification of a trade union as a bargaining agent for any employees of Magellan or the Material Magellan Subsidiary. There are no threatened or apparent union organizing activities involving employees of Magellan or the Material Magellan Subsidiary nor is Magellan or the Material Magellan Subsidiary currently negotiating any collective agreements with employees.

(x) Compliance with Laws. Magellan and the Material Magellan Subsidiary have complied with and are not in violation of any applicable Laws, other than non-compliance or violations which would not, individually or in the aggregate, have a Material Adverse Effect on Magellan. Neither Magellan nor the Material Magellan Subsidiary is under investigation with respect to the foregoing, or has received any notice that any violation of the foregoing is being or may be alleged.

(y) Absence of Cease Trade Orders. No order ceasing or suspending trading of the Magellan Shares or any other securities of Magellan has been issued by any regulatory authority and is continuing in effect and no proceedings for that purpose have been instituted or, to the knowledge of Magellan, are pending, contemplated or threatened under any Securities Laws or by any other regulatory authority.

(z) Related Party Transactions. Except as contemplated hereby or as disclosed in the Magellan Disclosure Letter, there are no Contracts or other transactions currently in place between Magellan or the Material Magellan Subsidiary, on the one hand, and: (i) to the knowledge of Magellan, any officer or director of Magellan or the Material Magellan Subsidiary; (ii) to the knowledge of Magellan, any holder of record or, to the knowledge of Magellan, beneficial owner of 10% or more of the Magellan Shares; and (iii) to the knowledge of Magellan, any affiliate or associate (including any spouse, parent, sibling or descendant of such person and any trust for the benefit of any of the foregoing persons) of any such, officer, director, holder of record or beneficial owner, on the other hand.

(aa) Expropriation. No material part of the property or assets of Magellan or the Material Magellan Subsidiary has been taken, condemned or expropriated by any Governmental Entity nor has any written notice or proceeding in respect thereof been received by Magellan or the Material Magellan Subsidiary nor, to the knowledge of Magellan, is there any intent or proposal to give such notice or commence any such proceedings.

(bb) Rights of Other Persons. No person has any right of first refusal or option to purchase or any other right of participation in any of the material properties or assets owned by Magellan or the Material Magellan Subsidiary or any part thereof.

(cc) Restrictions on Business Activities. As of the date hereof, there is no contract, agreement, undertaking, arbitral award, judgment, injunction, constitutional ruling, order or decree binding upon Magellan or the Material Magellan Subsidiary that has or would reasonably be expected to have the effect of prohibiting, restricting, or impairing any business practice of any of them, any acquisition or disposition of property by any of them, or the conduct of the business by any of them as currently conducted, which would reasonably be expected to have a Material Adverse Effect on Magellan.

(dd) Brokers. No agent, broker, investment banker, financial advisor or other person is entitled to any broker's, finder's, financial advisor's or other similar fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of Magellan or the Material Magellan Subsidiary.

(ee) Insurance. As of the date hereof, Magellan and the Material Magellan Subsidiary maintain the policies of insurance set forth in the Magellan Disclosure Letter. All such insurance policies maintained are in full force and effect and in good standing and, neither Magellan nor the Material Magellan Subsidiary is in default, whether as to

payment of premium or otherwise, under the terms of any such insurance policy, nor has Magellan or the Material Magellan Subsidiary failed to give any notice or present any material claim under any such insurance in a due and timely fashion or received notice or otherwise become aware of any intent of an insurer to either claim any default on the part of Magellan or the Material Magellan Subsidiary or not to renew any policy of insurance on its expiry or to increase any deductible or cost, except where such failure or default has not had and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(ff) Magellan Information. All Magellan Information was accurate in all material respects as at its respective date as stated therein, or, if any Magellan Information was undated, as of the date of its delivery for purposes of the transactions contemplated by this Agreement. To the extent that there has been a material change to any of the Magellan Information or any other information provided to Magellan since the date provided to Chapleau, such information is accurate in all material respects or is no longer relevant or material to Magellan or additional information has been provided to Chapleau which supersedes or replaces such information.

(gg) Issuance of Magellan Shares. The Magellan Shares to be issued as part of the Consideration will, when issued pursuant to this Agreement and the Plan of Arrangement, be duly allotted and validly issued as fully paid and non-assessable common shares in the capital of Magellan.

(hh) Use of Short Form Prospectus. Magellan does not meet the general eligibility requirements for use of a short form prospectus under National Instrument 44-101 - *Short Form Prospectus* of the Securities Authorities.

(ii) TSX-V Listing and Trading. Magellan Shares are listed and trade on the TSX-V.

4.2 Survival of Representations and Warranties

The representations and warranties of Magellan contained in this Agreement shall not survive the completion of the Arrangement and shall expire and be terminated on the earlier of the Effective Time and the date on which this Agreement is terminated in accordance with its terms.

ARTICLE 5 COVENANTS OF CHAPLEAU AND MAGELLAN

5.1 Covenants of Chapleau Regarding the Conduct of Business

Chapleau covenants and agrees that, during the period from the date of this Agreement until the earlier of the Effective Time and the time that this Agreement is terminated in accordance with its terms, unless expressly required or permitted by this Agreement, required by applicable Law or Governmental Entity or consented to by Magellan in writing (which consent shall not be unreasonably withheld, conditioned or delayed), Chapleau shall and shall cause each of the Material Chapleau Subsidiaries to, conduct its business in the ordinary course of business consistent with past practice. Without limiting the generality of the foregoing, from the date of this Agreement until the earlier of the Effective Time and the time that this Agreement is terminated in accordance with its terms, unless expressly required or permitted by this Agreement or required by applicable Law or Governmental Entity, Chapleau shall not, nor shall it permit any of the Material Chapleau Subsidiaries to, directly or indirectly, without the prior written consent of Magellan (which consent shall not be unreasonably withheld, conditioned or delayed):

(a) take any action except in the ordinary course of business of Chapleau and the Material Chapleau Subsidiaries, and Chapleau shall use commercially reasonable efforts to maintain and preserve its and the Material Chapleau Subsidiaries' business organization, assets, goodwill and business relationships;

(b) (i) amend Chapleau's articles, charter or by-laws or other comparable organizational documents; (ii) split, combine or reclassify any shares in the capital of Chapleau or the Material Chapleau Subsidiaries, or declare, set aside or pay any dividend or other distribution or payment (whether in cash, securities or property or any combination thereof) in respect of the Chapleau Shares, except for any dividends by its wholly owned subsidiaries; (iii) issue, grant, deliver, sell or pledge, or agree to issue, grant, deliver, sell or pledge, any Chapleau Shares or similar rights convertible into or exchangeable or exercisable for, or otherwise evidencing a right to acquire, shares or other securities of Chapleau or any of the Material Chapleau Subsidiaries, other than: (A) transactions in the ordinary course of business and consistent with past practices between two or more wholly-owned subsidiaries of Chapleau, or between Chapleau

and a wholly-owned subsidiary of Chapleau, (B) as required under applicable Law or existing Material Contracts set forth in the Chapleau Disclosure Letter, and (C) as required upon the exercise of outstanding Chapleau Options or Chapleau Warrants; (iv) redeem, purchase or otherwise acquire, or offer to redeem, purchase or otherwise acquire, any outstanding securities of Chapleau or the Material Chapleau Subsidiaries, (v) amend the terms of any of its securities other than to give effect to this Agreement; (vi) adopt a plan of liquidation or resolution providing for the liquidation or dissolution of Chapleau or any of the Material Chapleau Subsidiaries; (vii) amend its accounting policies or adopt new accounting policies, in each case except as required in accordance with GAAP; or (viii) make or amend any Tax election, change any method of Tax accounting, settle or compromise any Tax liability, file any material amended Tax Return, enter into a closing agreement, surrender any right to claim a material Tax refund, or consent to the extension or waiver of the limitation period applicable to any material Tax claim or assessment;

(c) except in the ordinary course of business consistent with past practice: (i) sell, pledge, hypothecate, lease, license, sell and lease back, mortgage, dispose of or encumber or otherwise transfer, any assets, securities, or a material portion of the properties, interests or businesses of Chapleau or the Material Chapleau Subsidiaries; (ii) acquire (by merger, amalgamation, consolidation or acquisition of shares or assets or otherwise), directly or indirectly, any assets, securities, properties, interests, businesses, corporation, partnership or other business organization or division thereof, or make any investment either by the purchase of securities, contributions of capital, property transfer, or purchase of any other property or assets of any other person; (iii) incur, create, assume or otherwise become liable for, any indebtedness for borrowed money or issue any debt securities or assume, guarantee, endorse or otherwise as an accommodation become responsible for the obligations of any other person, or make any loans, capital contributions, investments or advances; (iv) pay, discharge or satisfy any material claims, liabilities or obligations; (v) waive, release, grant or transfer any rights of material value; or (vi) authorize or propose any of the foregoing, provided that Chapleau shall be entitled to sell common shares of Far West Mining Ltd., a Toronto Stock Exchange listed company currently held by Chapleau, in order for Chapleau to maintain its ongoing financial commitments, work programs and costs of the Arrangement;

(d) except in the ordinary course of business with respect to Chapleau and the Material Chapleau Subsidiaries or as set out in the Chapleau Disclosure Letter other than as is necessary to comply with applicable Laws or Contracts: (i) grant to any officer, employee or director of Chapleau or the Material Chapleau Subsidiaries an increase in compensation in any form, or grant any general salary increase; (ii) make any loan to any officer, employee, or director of Chapleau or the Material Chapleau Subsidiaries; (iii) take any action with respect to the grant of any severance, change of control, bonus or termination pay to, or enter into any employment agreement, deferred compensation or other similar agreement (or amend such existing agreement) with, or hire or terminate employment (except for just cause) of, any officer, employee or director of Chapleau or the Material Chapleau Subsidiaries; (iv) increase any benefits payable under any existing severance or termination pay policies or employment agreements, or adopt or materially amend any other bonus, profit sharing, option, pension, retirement, deferred compensation, insurance, incentive compensation, compensation or other similar plan, agreement, trust, fund or arrangement for the benefit of directors, officers or employees or former directors, officers, employees of Chapleau or the Material Chapleau Subsidiaries; (v) increase compensation, bonus levels or other benefits payable to any director, executive officer or employee of Chapleau or the Material Chapleau Subsidiaries; (vi) provide for accelerated vesting, removal of restrictions or an exercise of any stock based or stock related awards (including stock options, stock appreciation rights, deferred share units, performance units and restricted share awards) upon a change of control occurring on or prior to the Effective Time; (vii) establish, adopt or amend (except as required by applicable Law) any collective bargaining agreement or similar agreement; or (viii) effectuate a closing of a mine or a similar facility or cause a mass termination of employees affecting in whole or in part any site of employment, facility, operating unit or employee of Chapleau or the Material Chapleau Subsidiaries;

(e) exercise its discretion under Section 5.3 of the Chapleau Stock Option Plan to modify the kind and amount of Magellan Shares that a holder of a Chapleau Option is entitled to receive pursuant to the Arrangement;

(f) settle, pay, discharge, satisfy, compromise, waive, assign or release (i) any material action, claim or proceeding brought against Chapleau or the Material Chapleau Subsidiaries; or (ii) any material action, claim or proceeding brought by any present, former or purported holder of its securities in connection with the transactions contemplated by this Agreement or the Plan of Arrangement, except, in each case, any action, claim or proceeding the settlement of which would not restrict in any material respect the business of Chapleau or any Material Chapleau Subsidiary;

(g) enter into any agreement or arrangement that limits or otherwise restricts in any material respect Chapleau or any Material Chapleau Subsidiary or any successor thereto from competing in any manner following the Effective Time;

(h) waive, release or assign any material rights, claims or benefits of Chapleau or any Material Chapleau Subsidiary;

(i) other than in the ordinary course of business consistent with past practice or as set out in the Chapleau Disclosure Letter, (i) enter into any agreement that, if entered into prior to the date hereof, would have been a Material Contract; (ii) modify, amend in any material respect, transfer or terminate any Material Contract, or waive, release or assign any material rights or claims thereto or thereunder;

(j) take any action or fail to take any action which action or failure to act would result in the material loss, expiration or surrender of, or the loss of any material benefit under, or reasonably be expected to cause any Governmental Entities to institute proceedings for the suspension, revocation or limitation of rights under, any material Permits listed in the Chapleau Disclosure Letter of or from any Governmental Entities necessary to conduct its businesses as now conducted or as proposed to be conducted; or fail to prosecute with commercially reasonable due diligence any pending applications to any Governmental Entities;

(k) take any action or fail to take any action that is intended to, or would reasonably be expected to, individually or in the aggregate, prevent, materially delay or materially impede the ability of Chapleau to consummate the Arrangement or the other transactions contemplated by this Agreement;

(l) take any action or fail to take any action if such action or failure to take action would be inconsistent with Section 2.13 hereof; or

(m) agree, resolve or commit to do any of the foregoing.

5.2 Covenants of Chapleau Relating to the Arrangement

Chapleau shall, and shall cause the Material Chapleau Subsidiaries to, perform all obligations required or desirable to be performed by Chapleau or any of the Material Chapleau Subsidiaries under this Agreement, cooperate with Magellan in connection therewith, and do all such other acts and things as may be necessary or desirable in order to consummate and make effective the transactions contemplated in this Agreement and, without limiting the generality of the foregoing, Chapleau shall and where appropriate shall cause the Material Chapleau Subsidiaries to:

(a) promptly, and in any event within two (2) business days following the date of this Agreement, provide to Magellan (if providing a copy of such agreement is not prohibited by the terms of such agreement) a copy of each confidentiality and/or standstill agreement which has been entered into (and is still in effect) by Chapleau and any third party pursuant to which confidential information of Chapleau has been provided to such third party;

(b) apply for and use commercially reasonable efforts to obtain all Key Regulatory Approvals relating to Chapleau or any of the Material Chapleau Subsidiaries which are required for the purposes of the Arrangement and, in doing so, keep Magellan reasonably informed as to the status of the proceedings related to obtaining the Key Regulatory Approvals, including providing Magellan with copies of all related applications and notifications in draft form (except where such material is confidential), in order for Magellan to provide its comments thereon. Without limiting the foregoing, neither Chapleau nor any of its affiliates shall be required to sell, transfer, divest or otherwise dispose of any of its respective business, assets or properties in connection with this Agreement or any of the transactions contemplated hereby;

(c) use commercially reasonable efforts to defend all lawsuits or other legal, regulatory or other proceedings against Chapleau challenging or affecting this Agreement or the consummation of the transactions contemplated hereby;

(d) subject to applicable Law, make available and cause to be made available to Magellan, and the agents and advisors thereto, information reasonably requested by Magellan for the purposes of preparing, considering and

implementing integration and strategic plans for the combined businesses of Magellan and Chapleau going forward and confirming the representations and warranties of Chapleau set out in Section 3.1 of this Agreement;

(e) use commercially reasonable efforts to satisfy all conditions precedent in this Agreement and take all steps set forth in the Interim Order;

(f) use commercially reasonable efforts to obtain as soon as practicable following execution of this Agreement all resignations of the directors and officers of Chapleau and the Material Chapleau Subsidiaries to be effective on the Effective Date;

(g) use commercially reasonable efforts to procure Lock-Up Agreements from all of the directors and officers of Chapleau, as well as from any shareholder of Chapleau that is known by Chapleau's directors and officers to hold 10% or greater of the issued Chapleau Shares, and the Lock-Up Agreements shall require those directors, officers and shareholders to vote their Chapleau Shares to support the Arrangement;

(h) use its commercially reasonable efforts to mail out the Chapleau Circular to the Chapleau Shareholders by July 28, 2009; and

(i) advise the Court prior to the hearing in respect of the Final Order, as required by Section 3(a)(10) of the U.S. Securities Act, that Magellan will rely on the foregoing exemption based on the Court's approval of the Arrangement.

5.3 Covenants of Magellan Regarding the Conduct of Business

Magellan covenants and agrees that, during the period from the date of this Agreement until the earlier of the Effective Time and the time that this Agreement is terminated in accordance with its terms, expressly required or permitted by this Agreement, required by applicable Law or Governmental Entity or consented to by Chapleau in writing (which consent shall not be unreasonably withheld, conditioned or delayed), Magellan shall and shall cause the Material Magellan Subsidiary to, conduct its business in the ordinary course of business consistent with past practice. Without limiting the generality of the foregoing, from the date of this Agreement until the earlier of the Effective Time and the time that this Agreement is terminated in accordance with its terms, expressly required or permitted by this Agreement or required by applicable Law or Governmental Entity, Magellan shall not, nor shall it permit the Material Magellan Subsidiary to, directly or indirectly, without the prior written consent of Chapleau (which consent shall not be unreasonably withheld, conditioned or delayed):

(a) take any action except in the ordinary course of business of Magellan and the Material Magellan Subsidiary, and Magellan shall use commercially reasonable efforts to maintain and preserve its and the Material Magellan Subsidiary's business organization, assets, employees, goodwill and business relationships;

(b) (i) amend Magellan's articles, charter or by-laws or other comparable organizational documents; (ii) split, combine or reclassify any shares in the capital of Magellan or the Material Magellan Subsidiary, or declare, set aside or pay any dividend or other distribution or payment (whether in cash, securities or property or any combination thereof) in respect of the Magellan Shares, except for dividends by any of its wholly-owned subsidiaries; (iii) issue, grant, deliver, sell or pledge, or agree to issue, grant, deliver, sell or pledge, any Magellan Shares or similar rights convertible into or exchangeable or exercisable for, or otherwise evidencing a right to acquire, shares or other securities of Magellan or the Material Magellan Subsidiary, other than: (A) a grant of Magellan Options pursuant to the terms of the Magellan Stock Option Plan; (B) transactions in the ordinary course of business and consistent with past practices between Magellan and a wholly-owned subsidiary of Magellan, and (C) as required under applicable Law or existing Material Contracts; (iv) redeem, purchase or otherwise acquire, or offer to redeem, purchase or otherwise acquire, any outstanding securities of Magellan or the Material Magellan Subsidiary, (v) amend the terms of any of its securities; (vi) adopt a plan of liquidation or resolution providing for the liquidation or dissolution of Magellan or the Material Magellan Subsidiary; or (vii) amend its accounting policies or adopt new accounting policies, in each case except as required in accordance with GAAP;

(c) except in the ordinary course of business consistent with past practice or as set out in the Magellan Disclosure Letter: (i) sell, pledge, hypothecate, lease, license, sell and lease back, mortgage, dispose of or encumber or otherwise transfer, any assets, securities, properties, interests or businesses of Magellan or the Material Magellan

Subsidiary; (ii) acquire (by merger, amalgamation, consolidation or acquisition of shares or assets or otherwise), directly or indirectly, any assets, securities, properties, interests, businesses, corporation, partnership or other business organization or division thereof, or make any investment either by the purchase of securities, contributions of capital, property transfer, or purchase of any other property or assets of any other person; (iii) incur, create, assume or otherwise become liable for, any indebtedness for borrowed money or any other liability or obligation or issue any debt securities or assume, guarantee, endorse or otherwise as an accommodation become responsible for the obligations of any other person, or make any loans, capital contributions, investments or advances; (iv) pay, discharge or satisfy any material claims, liabilities or obligations; (v) waive, release, grant or transfer any rights of material value; or (vi) authorize or propose any of the foregoing;

(d) settle, pay, discharge, satisfy, compromise, waive, assign or release (i) any action, claim or proceeding brought against Magellan or the Material Magellan Subsidiary; or (ii) any action, claim or proceeding brought by any present, former or purported holder of its securities in connection with the transactions contemplated by this Agreement or the Plan of Arrangement, except, in each case, any action, claim or proceeding the settlement of which would not restrict in any material respect the business of Magellan or the Material Magellan Subsidiary;

(e) enter into any agreement or arrangement that limits or otherwise restricts in any material respect Magellan or the Material Magellan Subsidiary or any successor thereto, or that would, after the Effective Time, limit or restrict in any material respect Magellan or the Material Magellan Subsidiary from competing in any manner;

(f) waive, release or assign any material rights, claims or benefits of Magellan or the Material Magellan Subsidiary;

(g) take any action or fail to take any action which action or failure to act would result in the material loss, expiration or surrender of, or the loss of any material benefit under, or reasonably be expected to cause any Governmental Entities to institute proceedings for the suspension, revocation or limitation of rights under, any material Permits listed in the Magellan Disclosure Letter of or from any Governmental Entities necessary to conduct its businesses as now conducted or as proposed to be conducted; or fail to prosecute with commercially reasonable due diligence any pending applications to any Governmental Entities;

(h) take any action or fail to take any action that is intended to, or would reasonably be expected to, individually or in the aggregate, prevent, materially delay or materially impede the ability of Magellan to consummate the Arrangement or the other transactions contemplated by this Agreement;

(i) take any action or fail to take any action if such action or failure to take action would be inconsistent with Section 2.13 hereof; or

(j) agree, resolve or commit to do any of the foregoing.

5.4 Covenants of Magellan Relating to the Arrangement

Magellan shall, and shall cause the Material Magellan Subsidiary to, perform all obligations required or desirable to be performed by Magellan or the Material Magellan Subsidiary under this Agreement, cooperate with Chapleau 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, Magellan shall and where appropriate shall cause the Material Magellan Subsidiary to:

(a) apply for and use commercially reasonable efforts to obtain all Key Regulatory Approvals relating to Magellan or the Material Magellan Subsidiary which are required for the purposes of the Arrangement and, in doing so, keep Chapleau reasonably informed as to the status of the proceedings related to obtaining the Key Regulatory Approvals, including providing Chapleau with copies of all related applications and notifications in draft form (except where such material is confidential in which case it will be provided (subject to applicable Laws) to Chapleau's outside counsel on an "external counsel" basis), in order for Chapleau to provide its reasonable comments thereon. Without limiting the foregoing, neither Magellan nor any of its affiliates shall be required to sell, transfer, divest or otherwise dispose of any of its respective business, assets or properties in connection with this Agreement or any of the transactions contemplated hereby;

(b) subject to the terms and conditions of this Agreement and of the Plan of Arrangement and applicable Laws, pay the aggregate Consideration to be paid pursuant to the Arrangement at the time provided herein;

(c) use commercially reasonable efforts to defend all lawsuits or other legal, regulatory or other proceedings against Magellan challenging or affecting this Agreement or the consummation of the transactions contemplated hereby;

(d) following the Effective Time, take all steps required and cause Chapleau or its successor to take all steps required to fulfill the obligations of Chapleau or its successor to deliver Magellan Shares on any exercise of Chapleau Options or Chapleau Warrants;

(e) subject to applicable Law (including the rules or policies of the TSX-V) vote any other Chapleau Shares beneficially owned by it in favour of the Arrangement;

(f) apply for and use commercially reasonable efforts to obtain conditional approval of the listing and posting for trading on the TSX-V of the Magellan Shares comprising the Consideration and all Magellan Shares that could be issued on the exercise of the Chapleau Options and the Chapleau Warrants outstanding at the Effective Time, subject only to satisfaction by Magellan of customary listing conditions of the TSX-V (provided, however, that Magellan use commercially reasonable efforts to satisfy any such conditions within the time period required for same);

(g) subject to applicable Law, make available and cause to be made available to Chapleau, and its agents and advisors, information reasonably requested by Chapleau for the purposes of confirming the representations and warranties of Magellan set out in Section 4.1 of this Agreement;

(h) use commercially reasonable efforts to ensure that, immediately following the Effective Time, the board of directors of Magellan is comprised of Alan Carter, Dennis Moore, James Stypula, Derek White, Mario David Szotlender and Ian Gendall;

(i) if Magellan is required by any Governmental Entity or Securities Authority to call and hold a meeting of its shareholders to obtain their approval of the Arrangement or any aspect of the Arrangement, Magellan will use commercially reasonable efforts to call and hold such a meeting in sufficient time to enable the Arrangement to close on or before the outside date; and

(j) use commercially reasonable efforts to satisfy all conditions precedent in this Agreement and take all steps set forth in the Interim Order.

ARTICLE 6 CONDITIONS

6.1 Mutual Conditions Precedent

The obligations of the Parties to complete the Arrangement are subject to the fulfillment, on or before the Effective Time, of each of the following conditions precedent, each of which may only be waived with the mutual consent of the Parties:

(a) the Effective Time shall have occurred on or before the Outside Date;

(b) the Chapleau Board shall have received the opinion of Stephen Semeniuk, the financial advisor to the Chapleau Board, to the effect that, as of the date of such opinion, subject to the assumptions and limitations set out therein, the Consideration to be received by the Chapleau Shareholders (other than Magellan and its affiliates) in connection with the transactions contemplated by this Agreement is fair, from a financial point of view, to such Chapleau Shareholders (other than Magellan and its affiliates);

(c) the Arrangement Resolution shall have been approved and adopted by the Chapleau Shareholders at the Chapleau Meeting in accordance with the Interim Order;

(d) the Interim Order and the Final Order shall each have been obtained on terms consistent with this Agreement, and shall not have been set aside or modified in a manner unacceptable to Chapleau and Magellan, acting reasonably, on appeal or otherwise;

(e) if Magellan is required by any Governmental Entity or Securities Authority to call and hold a meeting of its shareholders to obtain their approval of the Arrangement or any aspect of the Arrangement, such shareholder approval shall have been obtained;

(f) Chapleau Shareholders holding no more than 2% of the Chapleau Shares, and if Magellan is required by any Governmental Entity or Securities Authority to provide rights of dissent to the Magellan Shareholders, Magellan Shareholders holding no more than 2% of the Magellan Shares, shall have dissented to the Arrangement;

(g) there shall not exist any prohibition at Law, including a cease trade order or injunction against either Party, which shall prevent the consummation of the Arrangement or that makes consummation of the Arrangement illegal;

(h) there shall not have been any action taken by any Governmental Entity or Securities Authority under the applicable Laws that results or could reasonably be expected to result in a judgment, order, decree or assessment of damages relating, directly or indirectly, to the Arrangement which is or could have a Material Adverse Effect on Magellan or Chapleau respectively, on a consolidated basis;

(i) Magellan Securities to be issued in the United States pursuant to the Arrangement will not be required to be registered under the U.S. Securities Act;

(j) the Key Regulatory Approvals shall have been obtained; and

(k) any filings pursuant to Section 292 of the BCBCA, if required, have been made.

6.2 Additional Conditions Precedent to the Obligations of Magellan

The obligation of Magellan to complete the Arrangement is subject to the fulfillment of each of the following conditions precedent (each of which is for the exclusive benefit of Magellan and may be waived by Magellan):

(a) all covenants of Chapleau under this Agreement to be performed on or before the Effective Time which have not been waived by Magellan shall have been duly performed by Chapleau in all material respects and Magellan shall have received a certificate of Chapleau addressed to Magellan and dated the Effective Time, signed on behalf of Chapleau by two senior executive officers of Chapleau (in their capacity as officers of Chapleau and not in their personal capacity), confirming the same as at the Effective Date;

(b) the representations and warranties of Chapleau herein shall be true and correct as of the Effective Time as if made at and as of such time (except that any such representation and warranty that by its terms speaks specifically as of the date of this Agreement or another date shall be true and correct as of such date), except: (i) as affected by transactions, changes, conditions, events or circumstances contemplated or permitted by this Agreement or (ii) for breaches of representations and warranties which in the aggregate do not have a Material Adverse Effect on Chapleau, provided however that for the purposes of determining the truth and correctness of such representations and warranties, all qualifications using the term Material Adverse Effect and “in all material respects” (or any similar phrase) in such representations and warranties shall be disregarded, and Magellan shall have received a certificate of Chapleau addressed to Magellan and dated the Effective Time, signed on behalf of Chapleau by two senior officers (in their capacity as officers of Chapleau and not in their personal capacity) confirming the same as at the Effective Time;

(c) Chapleau shall have obtained an Operation License for Mining Exploration (Licença de Operação para Pesquisa Mineral) from the federal Environmental Protection Agency in the State of Pará, Brazil (Secretaria de Meio Ambiente do Estado do Pará - SEMA) permitting it to conduct exploration on its Coringa property located in the State of Pará, Brazil; and

(d) since the date of this Agreement, there shall not have occurred any event, occurrence, development or circumstance that has had a Material Adverse Effect on Chapleau.

The foregoing conditions will be for the sole benefit of Magellan and may be waived by it in whole or in part at any time.

6.3 Additional Conditions Precedent to the Obligations of Chapleau

The obligation of Chapleau to complete the Arrangement is subject to the fulfillment of each of the following conditions precedent (each of which is for the exclusive benefit of Chapleau and may be waived by Chapleau):

(a) all covenants of Magellan under this Agreement to be performed on or before the Effective Time which have not been waived by Chapleau shall have been duly performed by Magellan in all material respects and Chapleau shall have received a certificate of Magellan, addressed to Chapleau and dated the Effective Time, signed on behalf of Magellan by two of its senior executive officers (in their capacity as officers of Magellan and not in their personal capacity), confirming the same as of the Effective Date;

(b) the representations and warranties of Magellan herein shall be true and correct as of the Effective Time as if made at and as of such time (except that any such representation and warranty that by its terms speaks specifically as of the date of the Agreement or another date shall be true and correct as of such date) except: (i) as affected by transactions, changes, conditions, events or circumstances contemplated or permitted by this Agreement or (ii) for breaches of representations and warranties which in the aggregate do not have a Material Adverse Effect on Magellan, provided however that for the purposes of determining the truth and correctness of such representations and warranties, all qualifications using the term Material Adverse Effect and “in all material respects” (or any similar phrase) in such representations and warranties shall be disregarded, and Chapleau shall have received a certificate of Magellan addressed to Chapleau and dated the Effective Time, signed on behalf of Magellan by two senior officers (in their capacity as officers of Magellan and not in their personal capacity) confirming the same as at the Effective Time;

(c) since the date of this Agreement, there shall not have occurred any event, occurrence, development or circumstance that has had a Material Adverse Effect on Magellan; and

(d) Magellan shall have delivered evidence satisfactory to Chapleau, acting reasonably, of the approval of the listing and posting for trading on the TSX-V of the Magellan Shares comprising the Consideration and all Magellan Shares that could be issued on the exercise of the Chapleau Warrants and the Chapleau Options outstanding at the Effective Time, subject only to satisfaction of the customary listing conditions of the TSX-V.

The foregoing conditions will be for the sole benefit of Chapleau and may be waived by it in whole or in part at any time.

ARTICLE 7 ADDITIONAL AGREEMENTS

7.1 Notice Provisions

Each Party will give prompt notice to the other of the occurrence, or failure to occur, at any time from the date hereof until the earlier to occur of the termination of this Agreement pursuant to its terms and the Effective Time of any event or state of facts which occurrence or failure would, or would reasonably be likely to:

(a) cause any of the representations or warranties of such Party contained herein to be untrue or inaccurate in any material respect on the date hereof or at the Effective Time; or

(b) result in the failure to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by any Party hereunder prior to the Effective Time.

7.2 Non-Solicitation

7.2.1 Except as otherwise expressly provided in this Section 7.2, Chapleau shall not, directly or indirectly, through any officer, director, employee, representative (including any financial or other advisor) or agent of Chapleau or any Material Chapleau Subsidiary (collectively, the “**Representatives**”): (a) solicit, initiate, knowingly encourage or facilitate (including by way of furnishing information or entering into any form of agreement, arrangement or understanding) any inquiries or proposals regarding an Acquisition Proposal; (b) engage in any discussions or negotiations with any person (other than Magellan or any of its affiliates) regarding an Acquisition Proposal, provided, however, that Chapleau may advise any Person making an Acquisition Proposal that it does not constitute a Superior Proposal when the Chapleau Board has so determined; (c) approve, accept, endorse or recommend, or propose publicly to accept, approve, endorse or recommend, any Acquisition Proposal; (d) accept or enter into or publicly propose to accept or enter into, any letter of intent, agreement in principle, agreement, understanding or arrangement in respect of an Acquisition Proposal; or (e) make a Change in Recommendation.

7.2.2 Except as otherwise provided in this Section 7.2, Chapleau shall, and shall cause the Material Chapleau Subsidiaries and the Representatives to immediately cease and cause to be terminated any solicitation, encouragement, discussion or negotiation with any persons conducted heretofore by Chapleau, any Material Chapleau Subsidiary or any Representatives with respect to any Acquisition Proposal, and, in connection therewith, Chapleau will discontinue access to any of its confidential information (and not establish or allow access to any of its confidential information, or any data room) and shall as soon as possible request, to the extent that it is entitled to do so (and exercise all rights it has to require) the return or destruction of all confidential information regarding Chapleau and the Material Chapleau Subsidiaries previously provided to any such person or any other person and will request (and exercise all rights it has to require) the destruction of all material including or incorporating or otherwise reflecting any material confidential information regarding Chapleau and the Material Chapleau Subsidiaries. Chapleau agrees that neither it nor any of the Material Chapleau Subsidiaries shall terminate, waive, amend or modify any provision of any existing confidentiality agreement relating to an Acquisition Proposal or any standstill agreement to which it or any of the Material Chapleau Subsidiaries is a party (it being acknowledged and agreed that the automatic termination of any standstill provisions of any such agreement as the result of the entering into an announcement of this Agreement by Chapleau, pursuant to the express terms of any such agreement, shall not be a violation of this Section 7.2.2) and Chapleau undertakes to enforce all standstill, non-disclosure, non-disturbance, non-solicitation and similar covenants that it has entered into prior to the date hereof, provided that Chapleau shall not be prevented from considering any Acquisition Proposal if the provisions of this Section 7.2 are otherwise complied with.

7.2.3 Notwithstanding Sections 7.2.1 and 7.2.2 and any other provision of this Agreement or of any other agreement between the Parties or between Chapleau and any other person, including the provisions of any confidentiality or standstill agreement, if at any time following the date of this Agreement and prior to obtaining the approval of the Arrangement Resolution at the Chapleau Meeting, Chapleau receives a written Acquisition Proposal that the Chapleau Board determines in good faith, after consultation with its financial advisors and outside counsel, constitutes or, if consummated in accordance with its terms, could reasonably be expected to result in a Superior Proposal, then Chapleau may, provided it is in compliance with Section 7.2.4:

- (a) furnish information with respect to Chapleau and the Material Chapleau Subsidiaries to the person making such Acquisition Proposal; and/or
- (b) enter into, participate, facilitate and maintain discussions or negotiations with, and otherwise cooperate with or assist, the person making such Acquisition Proposal,

provided that Chapleau shall not, and shall not allow its Representatives to, disclose any non-public information with respect to Chapleau to such person (i) if such non-public information has not been previously provided to, or is not concurrently provided to, Magellan; and (ii) without entering into a confidentiality agreement with such person substantially in the form of the Confidentiality Agreement containing terms that are no more favourable to such person than those found in the Confidentiality Agreement and that are not individually or in the aggregate materially more favourable to such person than those found in the Confidentiality Agreement. In particular but without limitation such agreement may not include any provision calling for an exclusive right to negotiate with Chapleau or any of the Material Chapleau Subsidiaries and may not restrict Chapleau from complying with this Section 7.2.

7.2.4 Chapleau shall promptly notify Magellan, at first orally and then in writing within 48 hours of receipt of the Acquisition Proposal, in the event it receives an Acquisition Proposal, or a request for non-public information, including the material terms and conditions thereof, and the identity of the person or persons making the Acquisition Proposal, and shall include copies of any such written proposal, inquiry, offer or request, or any amendment to any of the foregoing. Chapleau shall thereafter also provide such other details of such proposal, inquiry, offer or request, or any amendment to any of the foregoing, as Magellan may reasonably request. Chapleau shall keep Magellan fully informed as to the status, including any changes to the material terms, of such proposal, inquiry, offer or request, or any amendment to any of the foregoing, and shall respond promptly to all reasonable inquiries from Magellan with respect thereto.

7.2.5 Notwithstanding anything in this Agreement to the contrary, but subject to Section 7.3, if at any time following the date of this Agreement and prior to obtaining the Chapleau Shareholder Approval at the Chapleau Meeting, Chapleau receives an Acquisition Proposal which the Chapleau Board concludes in good faith constitutes a Superior Proposal, the Chapleau Board may enter into a definitive agreement with respect to such Superior Proposal.

7.2.6 Subject to Section 7.3, nothing contained in this Agreement shall prohibit the Chapleau Board from taking any action or making a Change in Recommendation or from making any disclosure to any securityholders of Chapleau prior to the Effective Time, if, in the good faith judgment of the Chapleau Board, after consultation with outside legal counsel, failure to take such action or make such disclosure would be inconsistent with the Chapleau Board's exercise of its fiduciary duties or such action or disclosure is otherwise required under applicable Law (including by responding to an Acquisition Proposal under a directors' circular or otherwise as required under applicable Securities Laws). In addition, subject to the provisions of this Section 7.2 and Section 7.3, nothing contained in this Agreement shall prevent Chapleau or the Chapleau Board from calling and holding a meeting of Chapleau Shareholders, or any of them, to comply with the Chapleau Board's fiduciary duties, or if requisitioned by Chapleau Shareholders, or any of them, in accordance with the BCBCA or ordered to be held by a court or required to be held in accordance with applicable Laws.

7.3 Right to Match

7.3.1 Chapleau covenants that it will not accept, approve, endorse, recommend or enter into any agreement, understanding or arrangement in respect of an Acquisition Proposal (other than a confidentiality agreement permitted by Section 7.2.3) or make a Change in Recommendation in respect of an Acquisition Proposal unless:

(a) Chapleau has complied with its obligations under Section 7.2 in all material respects and has provided Magellan with a copy of the Acquisition Proposal pursuant to Section 7.2.4; and

(b) a period (the "**Response Period**") of eight (8) business days has elapsed from the date that is the later of: (x) the date on which Magellan receives written notice from the Chapleau Board that the Chapleau Board has determined that the Acquisition Proposal constitutes a Superior Proposal, and to accept, approve, endorse, recommend or enter into a definitive agreement with respect to such Acquisition Proposal or to make a Change in Recommendation in respect of such Acquisition Proposal; and (y) the date Magellan receives a copy of the Acquisition Proposal.

7.3.2 During the Response Period, Magellan will have the right, but not the obligation, to offer to amend this Agreement and the Plan of Arrangement, including an increase in, or modification of, the aggregate Consideration. The Chapleau Board shall review any such offer by Magellan to amend this Agreement and the Plan of Arrangement to determine whether the Acquisition Proposal to which Magellan is responding would continue to be a Superior Proposal when assessed against the Arrangement as it is proposed in writing by Magellan to be amended. If the Chapleau Board determines that the Acquisition Proposal no longer constitutes a Superior Proposal, the Chapleau Board will cause Chapleau to enter into an amendment to this Agreement with Magellan incorporating the amendments to the Agreement and Plan of Arrangement as set out in the written offer to amend, and will promptly reaffirm its recommendation of the Arrangement and, if notice of the Acquisition Proposal has been publicly released, promptly issue a press release to that effect and if necessary to prepare an amendment to the Chapleau Circular, may adjourn the Chapleau Meeting for such purpose. If the Chapleau Board determines that the Acquisition Proposal continues to be a Superior Proposal, Chapleau may approve and recommend that Chapleau Shareholders accept such Superior Proposal and may make a Change in Recommendation in respect of the Superior Proposal or, subject to Section 7.3.4, terminate this Agreement pursuant to Section 8.2.1(d) in order to accept or enter into an agreement, understanding or arrangement to proceed with the Superior Proposal.

7.3.3 Each successive amendment to any Acquisition Proposal that results in an increase in, or modification of, the consideration (or value of such consideration) to be received by the holders of the Chapleau Shares shall constitute a new Acquisition Proposal for the purposes of this Section 7.3 and Magellan shall be afforded a new Response Period and the rights afforded in Section 7.3.2 in respect of each such Acquisition Proposal.

7.3.4 Chapleau shall be permitted to accept or enter into an agreement, understanding or arrangement to proceed with a Superior Proposal provided that any such agreement, understanding or arrangement shall terminate if the Arrangement is approved at the Chapleau Meeting and does not prevent the Chapleau Meeting from proceeding in compliance with Section 2.3 hereof or impose any termination fees, expense reimbursement or other fees on Chapleau or any of the Material Chapleau Subsidiaries or result in the grant of any options or rights to acquire assets or securities of Chapleau or any of the Material Chapleau Subsidiaries, in each case that would be effective prior to the termination of this Agreement.

7.3.5 Chapleau shall, unless Magellan waives such requirement in writing, adjourn or postpone the Chapleau Meeting for a period of up to eight (8) business days from the date that Chapleau has provided Magellan with a notice of an Acquisition Proposal under Section 7.3.1 if the Acquisition Proposal is received by Chapleau less than eight (8) business days prior to the date of the Chapleau Meeting provided, however, that the Chapleau Meeting shall not be adjourned or postponed to a date later than the eight (8) business day prior to the Outside Date.

7.4 Expenses

Except as otherwise provided herein, all fees, costs and expenses incurred in connection with this Agreement and the Plan of Arrangement shall be paid by the Party incurring such fees, costs or expenses.

7.5 Access to Information; Confidentiality

From the date hereof until the earlier of the Effective Time and the termination of this Agreement, subject to compliance with applicable Law and the terms of any existing Contracts, each Party shall, and shall cause its subsidiaries and their respective officers, directors, employees, independent auditors, accounting advisers and agents to, afford the other Party and its officers, employees, agents and representatives such access as such other Party may reasonably require at all reasonable times, including for the purpose of facilitating integration business planning, to each Party's officers, employees, agents, properties, books, records and Contracts, and shall furnish such other Party with all data and information as such other Party may reasonably request. The Parties acknowledge and agree that information furnished pursuant to this Section 7.5 shall be subject to the terms and conditions of the Confidentiality Agreement.

ARTICLE 8 TERM, TERMINATION, AMENDMENT AND WAIVER

8.1 Term

This Agreement shall be effective from the date hereof until the earlier of the Effective Time and the termination of this Agreement in accordance with its terms.

8.2 Termination

8.2.1 This Agreement may be terminated at any time prior to the Effective Time (notwithstanding any approval of this Agreement or the Arrangement Resolution by the Chapleau Shareholders or by the Court):

- (a) by mutual written agreement of both Parties; or
- (b) by either Party, if:
 - (i) the Effective Time shall not have occurred on or before the Outside Date, except that the right to terminate this Agreement under this paragraph shall not be available to any Party whose failure to fulfill any of its obligations has been the cause of, or resulted in, the failure of the Effective Time to occur by such Outside Date; or

(ii) after the date hereof, there shall be enacted or made any applicable Law that makes consummation of the Arrangement illegal or otherwise prohibited or enjoins either Party from consummating the Arrangement and such applicable Law (if applicable) or enjoinder shall have become final and non-appealable; or

(iii) the Arrangement Resolution shall have failed to receive the Chapleau Shareholder Approval at the Chapleau Meeting (including any adjournment or postponement thereof) in accordance with the Interim Order; or

(c) by Magellan, if:

(i) prior to obtaining the Chapleau Shareholder Approval, the Chapleau Board withdraws, amends, modifies or qualifies, in a manner adverse to Magellan, the approval or recommendation of the Chapleau Board of the Arrangement (a **"Change in Recommendation"**) (it being understood that publicly taking no position or a neutral position with respect to an Acquisition Proposal shall not be considered a Change in Recommendation); or

(ii) Chapleau shall have wilfully and materially breached any of its obligations or covenants set forth in Section 7.2; or

(iii) Chapleau shall have entered into a binding written agreement relating to a Superior Proposal in accordance with Section 7.3;

(d) by Chapleau, if Chapleau, subject to complying with the terms of this Agreement, intends to accept a Superior Proposal or enter into a legally binding agreement, understanding or arrangement to proceed with a Superior Proposal in accordance with Section 7.3.

8.2.2 The Party desiring to terminate this Agreement pursuant to this Section 8.2 (other than pursuant to Section 8.2.1(a)) shall give notice of such termination to the other Party.

8.2.3 If this Agreement is terminated pursuant to this Section 8.2, this Agreement shall become void and be of no further force or effect without liability of any Party (or any shareholder, director, officer, employee, agent, consultant or representative of such Party) to the other Party hereto, provided that the provisions of this Section 8.2.3 and Sections 7.4, 9.1, 9.3, 9.6 and 9.7 and all related definitions set forth in Section 1.1 and the provisions of the Confidentiality Agreement (other than any standstill provisions contained therein) shall survive any termination hereof pursuant to Section 8.2.1; provided, further, that neither the termination of this Agreement nor anything contained in this Section 8.2 shall relieve a Party from any liability arising prior to such termination.

8.3 Amendment

Subject to the provision of the Interim Order, the Plan of Arrangement and applicable Laws, this Agreement may, at any time and from time to time before or after the holding of the Chapleau Meeting but not later than the Effective Time, be amended by mutual written agreement of the Parties, without further notice to or authorization on the part of the Chapleau Shareholders, and any such amendment may without limitation:

(a) change the time for performance of any of the obligations or acts of the Parties;

(b) waive any inaccuracies or modify any representation or warranty contained herein or in any document delivered pursuant hereto;

(c) waive compliance with or modify any of the covenants herein contained and waive or modify performance of any of the obligations of the Parties; and

(d) waive compliance with or modify any mutual conditions precedent herein contained.

8.4 Waiver

Any Party may (a) extend the time for the performance of any of the obligations or acts of the other Party, (b) waive compliance, except as provided herein, with any of the other Party's agreements or the fulfilment of any conditions to its own obligations contained herein, or (c) waive inaccuracies in any of the other Party's representations or warranties contained herein or in any document delivered by the other Party; provided, however, that any such extension or waiver shall be valid only if (i) set forth in an instrument in writing signed on behalf of such Party and, unless otherwise provided in the written waiver, will be limited to the specific breach or condition waived; or (ii) the facts leading to such extension or waiver are known to both parties and the first party provides the extension or waiver whether in writing or otherwise and completes the agreement.

ARTICLE 9 GENERAL PROVISIONS

9.1 Privacy

Each Party shall comply with applicable privacy Laws in the course of collecting, using and disclosing personal information about an identifiable individual (the "**Transaction Personal Information**"). Neither Party shall disclose Transaction Personal Information to any person other than to its advisors who are evaluating and advising on the transactions contemplated by this Agreement. If the transactions contemplated by this Agreement are completed, neither Party shall, following the Effective Date, without the consent of the individuals to whom such Transaction Personal Information relates or as permitted or required by applicable Law, use or disclose Transaction Personal Information:

(a) for purposes other than those for which such Transaction Personal information was collected prior to the Effective Date; and

(b) which does not relate directly to the carrying on of the Party's business or to the carrying out of the purposes for which the transactions contemplated by this Agreement were implemented.

Each Party shall protect and safeguard the Transaction Personal Information against unauthorized collection, use or disclosure. Magellan shall cause its advisors to observe the terms of this Section 9.1 and to protect and safeguard Transaction Personal Information in their possession. If this Agreement shall be terminated, each Party shall promptly deliver to the other Party all Transaction Personal Information in its possession or in the possession of any of its advisors, including all copies, reproductions, summaries or extracts thereof, except, unless prohibited by applicable Law, for electronic backup copies made automatically in accordance with the usual backup procedures of the Parties.

9.2 Notices

All notices and other communications given or made pursuant to this Agreement shall be in writing and shall be deemed to have been duly given and received on the day it is delivered, provided that it is delivered on a business day prior to 5:00 p.m. local time in the place of delivery or receipt. However, if notice is delivered after 5:00 p.m. local time or if such day is not a business day then the notice shall be deemed to have been given and received on the next business day. Notice shall be sufficiently given if delivered (either in person, by courier service or other personal method of delivery), or if transmitted by facsimile or email to the Parties at the following addresses (or at such other addresses as shall be specified by any Party by notice to the other given in accordance with these provisions):

- (a) if to Magellan:
- Magellan Minerals Ltd.
Suite 410 – 744 West Hastings Street
Vancouver, BC V6C 1A5
- Attention: Alan Carter
Facsimile: (604) 676-5664
Email: alan@magellanminerals.com

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

Morton & Company
Suite 1200, 750 West Pender Street
Vancouver, BC V6C 2T8

Attention: Jed M. Hops
Facsimile: (604) 681-9652
Email: jmh@mortonandco.com

(b) if to Chapleau:

Chapleau Resources Ltd.
Suite 104, 135 – 10th Ave. South
Cranbrook, BC V1C 2N1

Attention: Ian Gendall
Facsimile: (250) 489-5185
Email: info@chapleauresources.com

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

DuMoulin Black LLP
10th Floor, 595 Howe Street
Vancouver, BC V6C 2T5

Attention: Patricia D. Sandberg
Facsimile: (604) 687-8772
Email: psandberg@dumoulinblack.com

9.3 Governing Law; Waiver of Jury Trial

This Agreement shall be governed, including as to validity, interpretation and effect, by the laws of the Province of British Columbia and the laws of Canada applicable therein. Each of the Parties hereby irrevocably attorns to the exclusive jurisdiction of the Courts of the Province of British Columbia in respect of all matters arising under and in relation to this Agreement and the Arrangement and waives any defences to the maintenance of an action in the Courts of the Province of British Columbia. EACH PARTY TO THIS AGREEMENT HEREBY WAIVES ANY RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THE ACTIONS OF THE PARTIES IN THE NEGOTIATION, ADMINISTRATION, PERFORMANCE AND ENFORCEMENT OF THIS AGREEMENT.

9.4 Injunctive Relief

The Parties agree that irreparable harm would occur for which money damages would not be an adequate remedy at law in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the Parties shall be entitled to an injunction or injunctions and other equitable relief to prevent breaches of this Agreement, any requirement for the securing or posting of any bond in connection with the obtaining of any such injunctive or other equitable relief hereby being waived.

9.5 Time of Essence

Time shall be of the essence in this Agreement.

9.6 Entire Agreement, Binding Effect and Assignment

This Agreement (including the exhibits and schedules hereto and the Chapleau Disclosure Letter and the Magellan Disclosure Letter) and the Confidentiality Agreement constitute the entire agreement, and supersede all other prior agreements and understandings, both written and oral, between the Parties with respect to the subject matter hereof and thereof and, except as expressly provided herein, this Agreement is not intended to and shall not confer upon any person other than the Parties any rights or remedies hereunder. Neither this Agreement nor any of the rights, interests or obligations hereunder may be assigned by either of the Parties without the prior written consent of the other Party.

9.7 Severability

If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule or 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 either Party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties 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 the transactions contemplated hereby are fulfilled to the fullest extent possible.

9.8 Counterparts, Execution

This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument. The Parties shall be entitled to rely upon delivery of an executed facsimile or similar executed electronic copy of this Agreement, and such facsimile or similar executed electronic copy shall be legally effective to create a valid and binding agreement between the Parties.

[Remainder of page intentionally left blank. Signature page follows.]

IN WITNESS WHEREOF Magellan and Chapleau have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

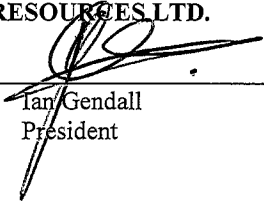
MAGELLAN MINERALS LTD.

By: 

Name: Alan H.C. Carter

Title: President, Chief Executive Officer, Director

CHAPLEAU RESOURCES LTD.

By: 

Name: Ian Gendall

Title: President

SCHEDULE “A”

PLAN OF ARRANGEMENT

ARTICLE ONE DEFINITIONS AND INTERPRETATION

Section 1.01 *Definitions*

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

(a) **“Arrangement Agreement”** means the arrangement agreement dated as of July 9, 2009 between the Parties, as amended, amended and restated or supplemented prior to the Effective Date;

(b) **“Arrangement Resolution”** means the resolution to be considered, and if thought fit, passed, by the Chapleau Shareholders at the Meeting;

(c) **“Arrangement”** means the arrangement under provisions of the BCBCA on the terms and subject to the conditions set out in this Plan of Arrangement, subject to any amendments or variations thereto made in accordance with Section 8.3 of the Arrangement Agreement or this Plan of Arrangement or made at the direction of the Court in the Final Order with the consent of the Parties, each acting reasonably;

(d) **“BCBCA”** means the *Business Corporations Act* (British Columbia);

(e) **“business day”** means any day other than a Saturday, a Sunday or a statutory or civic holiday in Vancouver, British Columbia;

(f) **“Chapleau Meeting”** means the special meeting of Chapleau Shareholders, including any adjournment or postponement thereof, to be called and held in accordance with the Interim Order to consider the Arrangement Resolution;

(g) **“Chapleau Options”** means all options to acquire Chapleau Shares which are outstanding immediately prior to the Effective Time under the Chapleau Stock Option Plan;

(h) **“Chapleau Shareholders”** means the holders of Chapleau Shares shown from time to time in the central securities register maintained by or on behalf of Chapleau in respect of the Chapleau Shares;

(i) **“Chapleau Shares”** means the common shares in the capital of Chapleau;

(j) **“Chapleau Stock Option Plan”** means the stock option plan of Chapleau, as approved by the Chapleau Shareholders on April 14, 2008;

(k) **“Chapleau Warrants”** means all warrants to acquire Chapleau Shares which are outstanding immediately prior to the Effective Time;

(l) **“Chapleau”** means Chapleau Resources Ltd., a corporation incorporated under the *Business Corporations Act* (British Columbia);

(m) **“Consideration”** shall have the meaning ascribed thereto in Section 3.01;

(n) **“Court”** means the Supreme Court of British Columbia;

(o) “**Depository**” means any trust company, bank or financial institution agreed to in writing between the Parties for the purpose of, among other things, exchanging certificates representing Chapleau Shares for certificates representing Magellan Shares in connection with the Arrangement;

(p) “**Dissent Rights**” shall have the meaning ascribed thereto in Section 4.01;

(q) “**Dissenting Shareholders**” means Chapleau Shareholders who have duly and validly exercised their Dissent Rights in strict compliance with the Dissent Rights and such Dissent Rights have not been terminated or withdrawn;

(r) “**Dissenting Shares**” means Chapleau Shares held by a Dissenting Shareholder;

(s) “**Effective Date**” means the date upon which all of the conditions to the completion of the Arrangement as set out in Article 6 of the Arrangement Agreement have been satisfied or waived in accordance with the Arrangement Agreement;

(t) “**Effective Time**” means 6:00 a.m. (Vancouver Time) on the Effective Date;

(u) “**Final Order**” means the final order of the Court, in a form acceptable to the Parties, each acting reasonably, approving the Arrangement, as such order may be amended by the Court (with the consent of both the Parties, each acting reasonably) at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended (provided that any such amendment is acceptable to both the Parties, each acting reasonably) on appeal;

(v) “**Final proscription date**” shall have the meaning ascribed thereto in Section 5.05;

(w) “**Former Chapleau Shareholders**” means, at and following the Effective Time, the Chapleau Shareholders immediately prior to the Effective Time, including any Dissenting Shareholders;

(x) “**Interim Order**” means the interim order of the Court, in a form acceptable to the Parties, each acting reasonably, providing for, among other things, the calling and holding of the Chapleau Meeting, as the same may be amended by the Court with the consent of the Parties, each acting reasonably;

(y) “**Magellan Shares**” means common shares in the capital of Magellan.

(z) “**Magellan**” means Magellan Minerals Ltd., a corporation incorporated under the *Business Corporations Act* (British Columbia);

(aa) “**Parties**” means Chapleau and Magellan, and “**Party**” means any of them;

(bb) “**Plan of Arrangement**” means this plan of arrangement and any amendments or variations hereto made in accordance with this plan of arrangement or upon the direction of the Court in the Final Order with the consent of the Parties, each acting reasonably;

Section 1.02 *Interpretation Not Affected by Headings*

The division of this Plan of Arrangement into articles, sections, paragraphs and subparagraphs and the insertion of headings herein are for convenience of reference only and shall not affect the construction or interpretation of this Plan of Arrangement. The terms “this Plan of Arrangement”, “hereof”, “herein”, “hereto”, “hereunder” and similar expressions refer to this Plan of Arrangement and not to any particular article, section or other portion hereof and include any instrument supplementary or ancillary hereto.

Section 1.03 *Number, Gender and Persons*

In this Plan of Arrangement, unless the context otherwise requires, words importing the singular shall include the plural and vice versa, words importing the use of either gender shall include both genders and neuter and the word

person and words importing persons shall include a natural person, firm, trust, partnership, association, corporation, joint venture or government (including any governmental agency, political subdivision or instrumentality thereof) and any other entity or group of persons of any kind or nature whatsoever.

Section 1.04 *Date for any Action*

If the date on which any action is required to be taken hereunder is not a business day, such action shall be required to be taken on the next succeeding day which is a business day.

Section 1.05 *Statutory References*

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

Section 1.06 *Currency*

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

Section 1.07 *Governing Law*

This Plan of Arrangement shall be governed, including as to validity, interpretation and effect, by the laws of the Province of British Columbia and the laws of Canada applicable therein.

ARTICLE TWO ARRANGEMENT AGREEMENT

Section 2.01 *Arrangement Agreement*

This Plan of Arrangement is made pursuant to, and is subject to the provisions of, the Arrangement Agreement, except in respect of the sequence of the steps comprising the Arrangement, which shall occur in the order set forth herein.

Section 2.02 *Binding Effect*

At the Effective Time, this Arrangement shall be binding on:

- (a) Magellan;
- (b) Chapleau; and
- (c) all Former Chapleau Shareholders.

ARTICLE THREE ARRANGEMENT

Section 3.01 *Arrangement*

At the Effective Time, except as otherwise noted herein, the following shall occur and shall be deemed to occur sequentially, in the following order, without any further act or formality, in each case, effective at the Effective Time:

- (a) each Chapleau Share held by a Dissenting Shareholder shall be transferred by the Dissenting Shareholder to Magellan, and such Dissenting Shareholder shall cease to have any rights as a Chapleau Shareholder, other than the right to be paid the fair value of their Chapleau Shares as set out in Section 4.01;

- (b) each Chapleau Share held by a Former Chapleau Shareholder, other than (i) Chapleau Shares held by a Dissenting Shareholder (who is entitled to be paid the fair value of its Chapleau Share, as determined in accordance with Section 4.01) and (ii) Chapleau Shares held by Magellan, shall be transferred by the Former Chapleau Shareholder to Magellan and, in consideration therefor, Magellan shall issue to the Former Chapleau Shareholder Magellan Shares on the basis of 0.267 of a fully paid and non-assessable Magellan Share for each Chapleau Share (the “**Consideration**”), subject to Section 3.03 and Article 5 hereof;
- (c) with respect to each Chapleau Share transferred pursuant to Sections 3.01(a) or 3.01(b):
 - (i) such Former Chapleau Shareholder shall cease to be the holder of such Chapleau Share;
 - (ii) such Former Chapleau Shareholder’s name will be removed from the central securities register for Chapleau Shares with respect to such Chapleau Share; and
 - (iii) legal and beneficial title to such Chapleau Share will vest in Magellan, and Magellan will be and be deemed to be the transferee and legal and beneficial owner of all such Chapleau Shares and will be entered in the central securities register for the Chapleau Shares as the sole holder thereof; and
- (d) in accordance with the terms of the Chapleau Warrants, each holder of a Chapleau Warrant outstanding immediately prior to the Effective Time shall receive the Consideration upon the subsequent exercise of such Chapleau Warrant in accordance with its terms, in lieu of each Chapleau Share to which such holder was theretofore entitled upon such exercise and for the same aggregate consideration payable theretofore; and
- (e) in accordance with the terms of the Chapleau Options and the Chapleau Stock Option Plan, each holder of a Chapleau Option outstanding immediately prior to the Effective Time shall receive the Consideration upon the subsequent exercise of such Chapleau Option in accordance with its terms, in lieu of each Chapleau Share to which the holder was theretofore entitled upon such exercise and for the same aggregate consideration payable theretofore, and for greater certainty, the Chapleau Options of any holder who is not continuing with Magellan or Chapleau after the Arrangement will be terminated in accordance with the terms of the Chapleau Stock Option Plan.

Section 3.02 *Post-Effective Time Procedures*

- (a) Following the receipt of the Final Order and prior to the Effective Date, Magellan shall deliver or arrange to be delivered to the Depositary certificates representing the Magellan Shares required to be issued to Former Chapleau Shareholders in accordance with the provisions of Section 3.01 hereof, which certificates shall be held by the Depositary as agent and nominee for such Former Chapleau Shareholders for distribution to such Former Chapleau Shareholders in accordance with the provisions of Article 5 hereof.
- (b) Subject to the provisions of Article 5 hereof, and upon return of a properly completed letter of transmittal by a Former Chapleau Shareholder together with certificates representing Chapleau Shares and such other documents as the Depositary may require, Former Chapleau Shareholders shall be entitled to receive delivery of the certificates representing the Magellan Shares to which they are entitled pursuant to Section 3.01 (b) hereof.

Section 3.03 *No Fractional Magellan Shares*

No fractional Magellan Shares shall be issued to Former Chapleau Shareholders or upon the exercise of Chapleau Options or Chapleau Warrants. The number of Magellan Shares to be issued to Former Chapleau Shareholders or holders of Chapleau Options or Chapleau Warrants shall be rounded up to the nearest whole Magellan Share in the event that a Former Chapleau Shareholder or holder of Chapleau Options or Chapleau Warrants is entitled to a fractional share representing 0.5 or more of a Magellan Share, and shall be rounded down to the nearest whole

Magellan Share in the event that a Former Chapleau Shareholder or holder of Chapleau Options or Chapleau Warrants is entitled to a fractional share representing less than 0.5 of a Magellan Share.

ARTICLE FOUR DISSENT RIGHTS

Section 4.01 Rights of Dissent

Pursuant to the Interim Order, Chapleau Shareholders may exercise rights of dissent ("**Dissent Rights**") under Section 238 of the BCBCA, as modified by this Article 4, the Interim Order and the Final Order, with respect to Chapleau Shares in connection with the Arrangement, provided that the written notice setting forth the objection of such registered Chapleau Shareholders to the Arrangement and exercise of Dissent Rights must be received by Chapleau not later than 4:00 p.m. on the business day that is two (2) business days before the Chapleau Meeting or any date to which the Chapleau Meeting may be postponed or adjourned and provided further that Chapleau Shareholders who exercise such rights of dissent and who:

- (a) are ultimately entitled to be paid fair value for their Chapleau Shares, shall be deemed to have transferred their Chapleau Shares to Magellan in consideration of such fair value; and
- (b) are ultimately not entitled, for any reason, to be paid fair value for their Chapleau Shares shall be deemed to have participated in the Arrangement, as of the Effective Time, on the same basis as a non-dissenting holder of Chapleau Shares and shall be entitled to receive only the consideration contemplated in Section 3.01 (b) hereof that such holder would have received pursuant to the Arrangement if such holder had not exercised Dissent Rights.

ARTICLE FIVE DELIVERY OF MAGELLAN SHARES

Section 5.01 Delivery of Magellan Shares

- (a) Upon surrender to the Depositary for cancellation of a certificate that immediately before the Effective Time represented one or more outstanding Chapleau Shares that were exchanged for Magellan Shares in accordance with Section 3.01 hereof, together with such other documents and instruments as would have been required to effect the transfer of the Chapleau Shares formerly represented by such certificate under the BCBCA and the articles of Chapleau and such additional documents and instruments as the Depositary may reasonably require, the holder of such surrendered certificate shall be entitled to receive in exchange therefor, and the Depositary shall deliver to such holder following the Effective Time, a certificate representing the Magellan Shares that such holder is entitled to receive in accordance with Section 3.01 hereof.
- (b) After the Effective Time and until surrendered for cancellation as contemplated by Section 5.01 (a) hereof, each certificate that immediately prior to the Effective Time represented one or more Chapleau Shares shall be deemed at all times to represent only the right to receive in exchange therefor a certificate representing Magellan Shares that the holder of such certificate is entitled to receive in accordance with Section 3.01 hereof.

Section 5.02 Lost Certificates

If any certificate, that immediately prior to the Effective Time represented one or more outstanding Chapleau Shares that were exchanged for Magellan Shares in accordance with Section 3.01 hereof, shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the holder claiming such certificate to be lost, stolen or destroyed, the Depositary shall deliver in exchange for such lost, stolen or destroyed certificate, a certificate representing Magellan Shares that such holder is entitled to receive in accordance with Section 3.01 hereof. When authorizing such delivery of a certificate representing Magellan Shares that such holder is entitled to receive in exchange for such lost, stolen or destroyed certificate, the holder to whom a certificate representing such Magellan Shares is to be delivered shall, as a condition precedent to the delivery of such Magellan Shares, give a bond satisfactory to Magellan and the Depositary in such amount as Magellan and the Depositary may direct, or otherwise

indemnify Magellan and the Depositary in a manner satisfactory to Magellan and the Depositary, against any claim that may be made against Magellan or the Depositary with respect to the certificate alleged to have been lost, stolen or destroyed and shall otherwise take such actions as may be required by the articles of Chapleau.

Section 5.03 *Distributions with Respect to Unsurrendered Certificates*

No dividend or other distribution declared or made after the Effective Time with respect to Magellan Shares with a record date after the Effective Time shall be delivered to the holder of any unsurrendered certificate that, immediately prior to the Effective Time, represented outstanding Chapleau Shares unless and until the holder of such certificate shall have complied with the provisions of Section 5.01 or Section 5.02 hereof. Subject to applicable law and to Section 5.04 hereof, at the time of such compliance, there shall, in addition to the delivery of a certificate representing Magellan Shares to which such holder is thereby entitled, be delivered to such holder, without interest, the amount of the dividend or other distribution with a record date after the Effective Time theretofore paid with respect to such Magellan Shares.

Section 5.04 *Withholding Rights*

Magellan and the Depositary shall be entitled to deduct and withhold from all dividends or other distributions otherwise payable to any Former Chapleau Shareholder such amounts as counsel may advise is required to be so deducted and withheld by Magellan or the Depositary, as the case may be with respect to such payment under any provision of any applicable federal, provincial, state, local or foreign tax law or treaty, in each case, as amended. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes hereof as having been paid to the Former Chapleau Shareholder in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate taxing authority.

Section 5.05 *Limitation and Proscription*

To the extent that a Former Chapleau Shareholder shall not have complied with the provisions of Section 5.01 or Section 5.02 hereof on or before the date that is six (6) years after the Effective Date (the “**final proscription date**”), then the Magellan Shares that such Former Chapleau Shareholder was entitled to receive shall be automatically cancelled without any repayment of capital in respect thereof and the certificates representing such Magellan Shares to which such Former Chapleau Shareholder was entitled, shall be delivered to Magellan by the Depositary and the certificates shall be cancelled by Magellan, and the interest of the Former Chapleau Shareholder in such Magellan Shares to which it was entitled shall be terminated as of such final proscription date.

ARTICLE SIX AMENDMENTS

Section 6.01 *Amendments to Plan of Arrangement*

- (a) The Parties reserve the right to amend, modify or supplement this Plan of Arrangement at any time and from time to time, provided that each such amendment, modification or supplement must be: (i) set out in writing; (ii) agreed to in writing by the Parties; (iii) filed with the Court and, if made following the Chapleau Meeting, approved by the Court; and (iv) communicated to Chapleau Shareholders or Former Chapleau Shareholders if and as required by the Court.
- (b) Any amendment, modification or supplement to this Plan of Arrangement may be proposed by Chapleau at any time prior to the Chapleau Meeting provided that Magellan shall have consented thereto in writing, with or without any other prior notice or communication, and, if so proposed and accepted by Chapleau Shareholders voting at the Chapleau Meeting (other than as may be required under the Interim Order), shall become part of this Plan of Arrangement for all purposes.
- (c) Any amendment, modification or supplement to this Plan of Arrangement that is approved by the Court following the Chapleau Meeting shall be effective only if: (i) it is consented to in writing by the Parties; and (ii) if required by the Court, it is consented to by Chapleau Shareholders voting in the manner directed by the Court.

- (d) Any amendment, modification or supplement to this Plan of Arrangement may be made following the Effective Time unilaterally by Magellan, provided that it concerns a matter that, in the reasonable opinion of Magellan, is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement and is not adverse to the economic interest of any Former Chapleau Shareholder.
- (e) This Plan of Arrangement may be withdrawn prior to the occurrence of any of the events in Section 3.01 in accordance with the terms of the Arrangement Agreement.

ARTICLE 7 FURTHER ASSURANCES

Section 7.01 *Further Assurances*

Notwithstanding that the transactions and events set out herein shall occur and be deemed to occur in the order set out in this Plan of Arrangement without any further act or formality, each of the Parties shall make, do and execute, or cause to be made, done and executed, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by any of them in order further to document or evidence any of the transactions or events set out therein.

SCHEDULE "B"**ARRANGEMENT RESOLUTION****RESOLUTION OF THE SHAREHOLDERS
OF CHAPLEAU RESOURCES LTD.
(the "Company")**

BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:

- A. The arrangement (as may be modified or amended, the "Arrangement") under Section 288 of the Business Corporations Act (British Columbia) involving the Company and its shareholders, all as more particularly described and set forth in the plan of arrangement (as may be modified or amended, the "Plan of Arrangement") attached as Appendix "G", to the Management Information Circular of the Company dated July 10, 2009 (the "Information Circular"), is hereby authorized, approved and agreed to.
- B. The Arrangement Agreement dated as of July 9, 2009 between Magellan Minerals Ltd. and the Company, as may be amended from time to time (the "Arrangement Agreement"), the actions of the directors of the Company in approving the Arrangement and the Arrangement Agreement and the actions of the directors and officers of the Company in executing and delivering the Arrangement Agreement and causing the performance by the Company of its obligations thereunder be, and they are hereby confirmed, ratified, authorized and approved.
- C. Notwithstanding that this resolution has been passed (and the Arrangement approved and agreed to) by the shareholders of the Company or that the Arrangement has been approved by the Supreme Court of British Columbia (the "Court"), the directors of the Company be, and they are hereby, authorized and empowered without further approval of the securityholders of the Company (i) to amend the Arrangement Agreement or the Plan of Arrangement to the extent permitted by the Arrangement Agreement, and (ii) not to proceed with the Arrangement at any time prior to the Effective Time (as defined in the Arrangement Agreement).
- D. Any one director or officer of the Company be, and is hereby, authorized, empowered and instructed, acting for, in the name and on behalf of the Company, to execute or cause to be executed, under the seal of the Company or otherwise, and to deliver or to cause to be delivered, all such other documents and to do or to cause to be done all such other acts and things as in such person's opinion may be necessary or desirable in order to carry out the intent of the foregoing paragraphs of these resolutions and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document or the doing of such act or thing.

SCHEDULE “C”

KEY REGULATORY APPROVALS

1. The approval of the TSX-V to the transactions contemplated by the Agreement.

SCHEDULE “D”**MATERIAL CHAPLEAU SUBSIDIARIES**

<u>Subsidiary Name</u>	<u>Jurisdiction</u>	<u>% Ownership</u>
Chapleau Exploracao Mineral Ltda.	Brazil	100
Chapleau Resources (USA) Ltd.	Nevada, United States	100
Chapleau Resources Peru SAC	Peru	100

SCHEDULE “E”**MATERIAL MAGELLAN SUBSIDIARY**

<u>Subsidiary Name</u>	<u>Jurisdiction</u>	<u>% Ownership</u>
Magellan Minerais Prospecção Geologica Ltda.	Brazil	100

SCHEDULE "F"

FORM OF LOCK-UP AGREEMENT

STRICTLY PRIVATE & CONFIDENTIAL

April __, 2009

LOCK-UP AGREEMENT

TO: Magellan Minerals Ltd. ("Magellan")

Dear Sirs:

The undersigned shareholder (the "Chapleau Shareholder") of Chapleau Resources Ltd. ("Chapleau") understands that Magellan and Chapleau have entered into a letter agreement dated March 20, 2009 (the "Letter Agreement") and have agreed to negotiate a definitive agreement (the "Arrangement Agreement"), a copy of which has been provided to the Chapleau Shareholder, pursuant to which Magellan will acquire all of the outstanding common shares in the capital of Chapleau (the "Chapleau Shares") under a plan of arrangement (the "Arrangement") under the *Business Corporations Act* (British Columbia).

This Agreement sets out the terms and conditions on which the Chapleau Shareholder agrees: (i) to support the Arrangement, and (ii) to vote the Subject Securities (as defined below) in favour of the Arrangement Resolution approving the Arrangement. The Chapleau Shareholder acknowledges that the execution and delivery of this Agreement by the Chapleau Shareholder is a condition of the Arrangement Agreement.

All capitalized terms used but not defined in this Agreement have the meaning given to such terms in the Arrangement Agreement. As used herein, the term "Securities" means securities of Chapleau that are exercisable, convertible or exchangeable into Chapleau Shares. The term "Subject Securities" includes any Chapleau Shares now or hereinafter held by the Chapleau Shareholder or over which the Chapleau Shareholder has control or direction that may be voted at the Chapleau Meeting (as hereinafter defined) including, if applicable, due to the exercise, conversion or other exchange of Chapleau Options and Chapleau Warrants exercised for Chapleau Shares (excluding up to 25% of the Chapleau Shares issued upon any exercise of in-the-money Chapleau Options which may be sold), and any Securities that result from any reclassification, conversion, consolidation, subdivision or exchange of, or distribution or dividend on, the Chapleau Shares.

1. Chapleau Shareholder Commitment in Favour of the Arrangement

- 1.1 Non-Solicitation. Subject to the provisions of section 1.7, and provided that Magellan has complied in all material respects with its obligations under the Arrangement Agreement, the Chapleau Shareholder covenants and agrees in favour of Magellan that the Chapleau Shareholder shall, not directly or indirectly, take any action to solicit, initiate, encourage or continue any inquiries or proposals from, or negotiations with, any person, company or other entity regarding any Acquisition Proposal.

- 1.2 Lock-up. Subject to the provisions of section 1.7, and provided that Magellan has complied in all material respects with its obligations under the Arrangement Agreement and section 3.2 hereof, the Chapleau Shareholder covenants and agrees in favour of Magellan to vote, or cause to be voted, its Subject Securities (A) in favour of (i) the Arrangement Resolution, and (ii) any Alternative Transaction (as defined below) at any special meeting or meetings (or adjournment or adjournments thereof) of the holders of Securities of Chapleau to be held to consider the Arrangement or such Alternative Transaction (the “Chapleau Meeting”) and (B) against any Acquisition Proposal that shall be submitted for the vote or consent of the holders of Securities of Chapleau, including, in each case, in connection with any separate vote of any sub-group of holders of Securities of Chapleau that may be required to be taken and of which sub-group the Chapleau Shareholder forms a part, provided however that nothing in this section 1.2 shall require the Chapleau Shareholder to exercise any Chapleau Options or Chapleau Warrants into Chapleau Shares.
- 1.3 Change in Nature of Transaction. Subject to the provisions of section 1.7 the Chapleau Shareholder covenants and agrees in favour of Magellan that if Magellan and Chapleau mutually agree that it is necessary or desirable to proceed with another form of transaction whereby Magellan or any of its affiliates would effectively acquire 100% of the Chapleau Shares on economic terms and other terms and conditions (including, without limitation, tax treatment) and having consequences to the Chapleau shareholders which, in relation to Chapleau and the Chapleau shareholders, are substantially equivalent to or better than those contemplated by the Arrangement Agreement (an “Alternative Transaction”), the Chapleau Shareholder will support the completion of such Alternative Transaction in the manner described in section 1.4.
- 1.4 Meeting of Chapleau Shareholders. Subject to the provisions of section 1.7, and provided that Magellan has entered into and complied in all material respects with its obligations under the Arrangement Agreement, if an Alternative Transaction involves a meeting or meetings of Chapleau Shareholders, the Chapleau Shareholder covenants and agrees in favour of Magellan to vote in favour of any matters necessary or ancillary to the completion of the transactions contemplated by the Alternative Transaction in the same manner, *mutatis mutandis*, as that referred to in section 1.2.
- 1.5 Change of References. In the event of any proposed Alternative Transaction, the references in this Agreement to “Arrangement” shall be changed to “Alternative Transaction” and all terms, covenants, representations and warranties in this Agreement shall be and shall be deemed to have been made in the context of the Alternative Transaction. All references to the “Effective Date” herein shall also refer to the date of closing of the transactions contemplated by the Alternative Transaction.
- 1.6 Transfer of Shares. Subject to the provisions of section 1.7, the Chapleau Shareholder covenants and agrees in favour of Magellan that, during the term of this Agreement, it will not (other than pursuant to the Plan of Arrangement), directly or indirectly sell, transfer or assign or agree to sell, transfer or assign or grant to any person any right or option to buy any of the Subject Securities or the lock-up rights attached thereto, without the prior written consent of Magellan. Such consent to transfer shall not, however, be necessary if the transfer is to (a) any registered retirement savings plan (within the meaning of the *Income Tax Act* (Canada)) of the Chapleau Shareholder, (b) any spouse or child of the Chapleau

Shareholder, (c) any trust, the beneficiaries of which are the Chapleau Shareholder, the spouse or children or other lineal descendants of the Chapleau Shareholder or (d) any corporation or other entity which is wholly owned by the Chapleau Shareholder alone or together with any of the other parties referred to in (a) to (c), inclusive (collectively, the persons referred to in (a) to (d), inclusive, "Related Parties") provided that any such Related Party executes an agreement on substantially the same terms as this Agreement, agreeing to be bound by the provisions of this Agreement. Without limiting the generality of the foregoing, the Chapleau Shareholder agrees not to tender or otherwise deposit Subject Securities to any tender offer or take-over bid made by any person other than Magellan except as permitted by this Agreement.

1.7 Limits to Obligations of Chapleau Shareholder. For greater certainty, the obligations of the Chapleau Shareholder to support the Arrangement or an Alternative Transaction and the restrictions on the transfer of shares as provided above shall terminate:

- (a) automatically upon termination of the Arrangement Agreement in accordance with the terms and conditions thereof; or
- (b) if an amendment is made to the Arrangement Agreement or the Plan of Arrangement that would reduce the consideration payable thereunder with respect to the Securities or any class of them or which would otherwise, as determined by Chapleau acting reasonably, be materially prejudicial to the interests of the Chapleau Shareholders as a group. Magellan and Chapleau hereby agree to provide the Chapleau Shareholder with notice of any such amendments to the Combination Agreement or Plan of Arrangement in a timely manner.

1.8 Exception. Magellan acknowledges and agrees that the Chapleau Shareholder is bound hereby solely in his, her or its capacity as a shareholder of Chapleau. If the Chapleau Shareholder is a director or officer of Chapleau, nothing contained in this Agreement will prevent the Chapleau Shareholder from acting in his capacity as a director or officer of Chapleau in accordance with the exercise of his or her fiduciary duties or other legal obligations to act in the best interests of Chapleau.

2. **Covenants of Magellan**

2.1 Obligations under Arrangement Agreement. Magellan hereby covenants and irrevocably agrees in favour of the Chapleau Shareholder that Magellan will not amend or waive any provision under the Arrangement Agreement to decrease the consideration per Chapleau Share received by the Chapleau Shareholder under the Arrangement, without the prior written consent of the Chapleau Shareholder; provided that, for greater certainty, Magellan may, without such consent amend the terms of the Arrangement to increase the consideration (or the value of the consideration) under the Arrangement.

3. **General**

3.1 Representations and Warranties of the Chapleau Shareholder. By executing this Agreement, the Chapleau Shareholder represents and warrants to and with Magellan that:

- (a) the class and number of the Subject Securities owned by the Chapleau Shareholder at the date hereof, whether directly, indirectly or beneficially and all Subject Securities over which the Chapleau Shareholder has control or direction as of the date hereof are as specified in Schedule A to this Agreement;
- (b) the Chapleau Shareholder has and will have the sole right to vote the Subject Securities at the Chapleau Meeting and the Subject Securities constitute all of the Securities owned beneficially and of record by the Chapleau Shareholder and any of its affiliates and all of the Subject Securities over which the Chapleau Shareholder and any of its affiliates has control or direction;
- (c) the Chapleau Shareholder has the power and capacity to enter into, and to perform its obligations under, this Agreement, and the execution and delivery of this Agreement has been duly authorized by all necessary action on the part of the Chapleau Shareholder;
- (d) this Agreement constitutes a valid and binding obligation enforceable against the Chapleau Shareholder in accordance with its terms, subject to the usual exceptions as to bankruptcy, insolvency and similar laws of general application and the availability of equitable remedies;
- (e) neither the entering into of this Agreement nor the performance by the Chapleau Shareholder of its obligations under this Agreement will contravene, breach or result in any default under any agreement, arrangement, understanding or other legally binding commitments to which the Chapleau Shareholder is a party or by which the Chapleau Shareholder may be bound or, if the Chapleau Shareholder is a corporation, under its articles, by-laws, constating documents or other organizational documents; and
- (f) the Chapleau Shareholder acknowledges that it: (i) has been advised by Chapleau and Magellan to seek independent legal advice; (ii) has sought such independent legal advice or deliberately decided not to do so; (iii) understands its rights and obligations under this Agreement; and (iv) is executing this Agreement voluntarily.

The representations, warranties and covenants of the Chapleau Shareholder set forth in this section 3.1 shall not survive the completion of the Arrangement and shall expire on the earlier of the Effective Time and the date on which the Arrangement Agreement is terminated.

3.2 Representation and Warranties of Magellan. By executing this Agreement, Magellan hereby represents and warrants to the Chapleau Shareholder as follows, and acknowledges that the Chapleau Shareholder is relying upon such representations and warranties in entering into this Agreement:

- (a) it has the requisite corporate power and authority to enter into this Agreement and to perform its obligations hereunder;
- (b) the execution and delivery of this Agreement by Magellan and the consummation by Magellan of the transactions contemplated hereunder have been duly authorized by

the board of directors of Magellan and no other internal proceedings on the part of Magellan are necessary to authorize this Agreement or the transactions contemplated hereby. This Agreement has been duly executed and delivered by Magellan and constitutes a legal, valid and binding agreement enforceable by the Chapleau Shareholder against Magellan in accordance with its terms, subject however, to limitations with respect to enforcement imposed by law in connection with bankruptcy or similar proceedings, the equitable power of the courts to stay proceedings before them and the execution of judgments and to the extent that equitable remedies such as specific performance and injunction are in the discretion of the court from which they are sought. Magellan is not a party to, bound or affected by or subject to, any charter or by-law, contract, provision, statute, regulation, judgment, order, decree or law which would in any material respect be violated, contravened, breached by, or under which any material default would occur as a result of, the execution and delivery of this Agreement or the consummation of any of the transactions provided for in this Agreement;

- (c) no consent, approval or authorization of, or declaration or filing with, or notice to, any Governmental Entity which has not been received or made is required by Magellan in connection with the execution and delivery of this Agreement by Magellan, except as provided in the Arrangement Agreement; and
- (d) the common shares in the capital of Magellan to be issued in connection with the Arrangement will be validly issued as fully paid and non-assessable and listed for trading on the TSX Venture Exchange.

The representations and warranties of Magellan set forth in subsections 3.2(a) through (c) shall not survive the completion of the Arrangement and, shall expire on the earlier of the Effective Time and the date on which the Arrangement Agreement is terminated. The representations and warranties set forth in subsection 3.2(d) will expire upon the earlier of the listing of the Magellan Shares on the TSX-V and the date on which the Arrangement Agreement is terminated.

3.3 Term of Agreement. Unless extended by mutual agreement of the parties hereto, this Agreement shall terminate on the first to occur of:

- (a) the effective time of the Plan of Arrangement;
- (b) the date of termination of the Arrangement Agreement in accordance with the terms and conditions thereof;
- (c) July 15, 2009; and
- (d) the date upon which this Agreement is terminated by the mutual agreement of the parties hereto.

3.4 Time of the Essence. Time shall be of the essence of this Agreement.

3.5 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein

and each of the parties attorns to the non-exclusive jurisdiction of the Province of British Columbia for all purposes hereof.

- 3.6 Specific Performance and Other Equitable Rights. The Chapleau Shareholder recognizes and acknowledges that a breach by it of any of its covenants or agreements contained in this Agreement will cause Magellan to sustain injury for which Magellan would not have an adequate remedy at law for money damages. Therefore, the Chapleau Shareholder agrees that in the event of such breach, Magellan shall be entitled to the remedy of specific performance of such covenant or agreement and to preliminary and permanent injunctive and other equitable relief, in addition to any other remedy to which it may be entitled, at law or in equity, and the parties further agree to waive any requirement for the securing or posting of any bond in connection with the obtaining of any such injunctive or other equitable relief.
- 3.7 Counterparts and Execution. This Agreement may be executed in counterparts, each of which shall be deemed to be an original and all of which shall constitute one and the same agreement. The Chapleau Shareholder and Magellan shall be entitled to rely upon delivery of an executed facsimile or electronic copy of this Agreement, and such facsimile or electronic copy shall be legally effective to create a valid and binding agreement between the Chapleau Shareholder and Magellan.
- 3.8 Further Assurances. The Chapleau Shareholder, on the one hand, and Magellan, on the other hand, will from time to time execute and deliver all such further documents and instruments and do all such acts and things as the other party may, either before or after the Effective Date, reasonably require to effectively carry out or better evidence or perfect the full intent and meaning of this Agreement.

If the terms and conditions of this letter are acceptable to you, please indicate your acceptance by dating and signing the same as noted above.

Yours very truly,

(Name of Chapleau Shareholder)

(Signature)

April ____, 2009
(Date)

The undersigned agrees with and accepts the terms of this Agreement.

MAGELLAN MINERALS LTD.

By: _____
(Signature)

Its: _____
(Title)

SCHEDULE A

Class of Security	Number of Subject Securities
Chapleau Shares	
Chapleau Options	
Chapleau Warrants	

This is a redacted version of a document that was prepared to provide certain information to Chapleau Resources Ltd.. It was not prepared for the purposes of disclosure to investors or any other purpose. Investors and potential investors are advised that they should not rely on this document when making investment decisions.

July 9, 2009

Chapleau Resources Ltd.
Suite 104, 135-10th Ave. S.
Cranbrook, B.C. V1C 2N1

Dear Sirs:

Re: Magellan Minerals Ltd. Disclosure Letter relating to the Arrangement Agreement (the “Agreement”) and Plan of Arrangement (the “Plan”) between Magellan Minerals Ltd. and Chapleau Resources Ltd. dated July 9, 2009

We refer you to the Agreement and the Plan (collectively the “Agreement”) to be entered into between Magellan Minerals Ltd. (“Magellan”) and Chapleau Resources Ltd. (“Chapleau”).

This Magellan Disclosure Letter, together with the attachments hereto and the documents referred to herein (the “Disclosure Letter”) constitute the Disclosure Letter as that term is defined in the Agreement. Words and expressions and aids to construction used in this Disclosure Letter shall be deemed to have the same meaning as those ascribed to them in the Agreement unless the context manifestly requires otherwise. References to clause numbers or schedule numbers are references to the relevant clauses or schedules of the Agreement.

This Disclosure Letter is not intended to constitute additional representations or warranties of Magellan or to create additional obligations or undertakings of Magellan, but rather sets out disclosures, exceptions, qualifications and exclusions to or contemplated by the representations and warranties made by Magellan in the Agreement. The information disclosed in this Disclosure Letter is arranged in Sections corresponding to the Sections contained in the Agreement. However, where matters disclosed in one section of this Disclosure Letter are, by virtue of the description of the matters so disclosed, reasonably applicable to one or more other sections of the Disclosure Letter, such matter shall be deemed to be disclosed for purposes of such section(s) of this disclosure Letter. No implication should be drawn that any information provided in this Disclosure Letter is necessarily material or otherwise required to be disclosed, or that the inclusion of such information established or implies a standard of materiality, a standard for what is or is not in the ordinary course of business, or any other standard contrary to that set forth in the Agreement. No disclosure in this Disclosure Letter relating to any possible breach or violation of any contract or applicable Laws shall be construed as an indication or admission that any such breach or violation exists or has actually occurred.

Certain agreements and other matters are set forth herein for informational purposes only, notwithstanding the fact that, because they do not rise above applicable materiality thresholds or otherwise, they are not required to be listed herein by the terms of the Agreement. In no event shall such information be deemed or interpreted to broaden Magellan’s representations and warranties in the

Agreement or be taken as an admission by Magellan that such disclosure is required to be made under Magellan's representations and warranties in the Agreement or to establish whether such information is or is not material for purposes of the Agreement.

The information contained herein is in all events subject to confidentiality.

By reference to the Sections of the Agreement listed below, the following matters are hereby disclosed:

Section 4.1: Representations and Warranties of Magellan

Subsection 4.1(f) – Capitalization: Attached hereto as Schedule A is a complete list of the Magellan optionholders and number of options so held. Attached hereto as Schedule B is a complete list of the Magellan warrantholders and number of warrants so held.

Subsection 4.1(g) - Material Contracts: Attached hereto as Schedule C is a complete list of all Material Contracts to which Magellan or any Material Magellan Subsidiary is a party.

Subsection 4.1(q) – Taxes:

Magellan has redacted information relating to its taxes on the basis of its obligations to maintain confidentiality.

Subsection 4.1(r) – Interest in Mineral Rights: On May 25, 2007, Magellan signed an option agreement with ASM Mineracao e Comercio de Metais Ltda. ("ASM") to explore for bauxite and gold on the Nhamunda properties which are owned by ASM. Pursuant to the Nhamunda Agreement, Magellan earned a 100% interest in the property by paying USD\$125,000 to ASM in December, 2007.

Upon earning its interest in the Nhamunda property, Magellan and ASM took steps to transfer legal title to the property to Magellan. In mid-2008, however, before this process was completed, the *Departamento Nacional de Producao Mineral* ("DNPM", the Brazilian government department responsible for mineral titles) revoked ASM's previously granted and published exploration license relating to the Nhamunda property. Management of Magellan disagrees with the basis on which the license was revoked and its legal counsel has been working with ASM to resolve the issue with the DNPM. If ASM and Magellan are ultimately unsuccessful in their discussions with the DNPM, Magellan will seek to recover the option payment of USD\$125,000 paid to ASM.

Subsection 4.1(w) – Labour and Employment: See "Related Party Transactions" below regarding change of control, severance, termination, golden parachute or similar agreements or provisions.

Subsection 4.1(z) – Related Party Transactions: Transactions between Magellan and related parties of Magellan are as follows:

- Loan agreement dated October 1, 2008 between Alan Carter and Magellan.
- Alan Carter and Dennis Moore have historically paid expenses on behalf of Magellan from time to time, and Magellan has not yet repaid these debts.
- Verbal consulting agreement entered into in July 2008 between Early Bird Capital Ltd., a company controlled by James Stypula, and Magellan. Early Bird Capital Ltd. agreed to provide consulting services to Magellan for a fee of \$5,000 per month.
- An amount was due to Electrum Capital Inc., a related entity, relating to transactions that took place in 2007. This liability was repaid in full in 2008.
- Loan agreement dated June 1, 2009 between Electrum Capital Inc. and Magellan.

Magellan has redacted information relating to certain related party transactions on the basis of its obligations to maintain confidentiality.

Subsection 4.1(ee): Attached hereto as Schedule D is a complete list of Magellan's, and the Material Magellan Subsidiary's (if applicable), insurance policies, which insurance policies are in full force and effect and are in good standing.

5.3: Covenants of Magellan Regarding the Conduct of Business

Subsection 5.3(c):

Magellan has redacted information relating to its covenant regarding conduct of its business on the basis of its obligations to maintain confidentiality.

Subsection 5.3(g): Attached hereto as Schedule E is a complete list of Magellan and the Material Magellan Subsidiary's material Permits.

[The remainder of this page is intentionally blank.]

MAGELLAN MINERALS LTD.

“Alan Carter”

Per: Alan Carter
President & Chief Executive Officer

Accepted by **CHAPLEAU RESOURCES LTD.**

“Ian Gendall”

Per: Ian Gendall
President

Schedule A

Stock Options Outstanding

Magellan has redacted certain information relating to its outstanding stock options on the basis of its obligations to maintain confidentiality.

Number of Options	Exercise Price (CAD)	Expiry Date
750,000	0.20	14-Nov-10
200,000	0.50	14-May-11
800,000	1.00	14-Sep-12
110,000	1.00	21-Dec-12
50,000	1.00	21-Dec-12
100,000	1.45	25-Mar-13
30,000	1.20	17-Apr-11
150,000	0.23	31-Oct-13

Schedule B**Share Purchase Warrants Outstanding**

Magellan has redacted information relating to its outstanding share purchase warrants on the basis of its obligations to maintain confidentiality.

Number of Warrants	Exercise Price (CAD)	Expiry Date
5,500,000	1.50	14-Aug-09
631,500	1.00	14-Aug-09
3,160,000	1.50	14-Aug-09

Schedule C

List of Material Contracts

Except for contracts made in the ordinary course of business, the following are the only material contracts entered into by Magellan since incorporation which are currently in effect and considered to be currently material:

1. Option Agreement respecting the Nhamunda property dated May 25, 2007 between Magellan and ASM Mineracao e Comercio de Metais Ltda. (as amended on April 1, 2008);
2. Surface Access Agreement dated March 2, 2007 respecting surface access rights to the Maranhense property between Magellan and the owner of the traditional surface rights to the Maranhense property;
3. Surface Access Agreements dated July 1, 2007 respecting surface access rights to the União properties between Magellan and the owners of the traditional surface rights to the União properties;
4. Mining Rights Acquisition Agreements dated February 26, 2008 respecting the acquisition of 3 PLG small scale mining licenses on properties situated adjacent to the União properties between Magellan and the owner of the mining rights;
5. Surface Access Agreement dated February 19, 2006 respecting surface access rights to the Cuiú Cuiú Property between MMPG and the cooperative representing the 65 owners of the traditional surface rights to the Cuiú Cuiú Property (as amended on May 13, 2009);
6. Surface Access Agreement dated December 1, 2005 respecting surface access rights to the Porquinho property between Magellan and the owner of the traditional surface rights to the Porquinho property;
7. Surface Access Agreement dated May 4, 2009 respecting surface access rights to the Bom Jardim property between Magellan and the owner of the traditional surface rights to the property;
8. Registrar and Transfer Agent Agreement dated January 3, 2008 between Magellan and Olympia Trust Company (as amended on January 22, 2009);
9. Escrow Agreement between Magellan, Olympia Trust Company, Alan Carter, Dennis Moore, James Stypula and Seaview Family Trust dated September 6, 2007;
10. Management Agreement dated March 1, 2007 between Magellan and Alan Carter;
11. Employment Agreement dated July 1, 2005 between Magellan and Dennis Moore;
12. Employment Agreement dated March 11, 2008 between Magellan and Paul Hansed;
13. 2007 Stock Option Plan dated August 15, 2007;
14. Loan Agreement dated October 1, 2008 between Magellan and Alan Carter; and
15. Loan Agreement dated June 1, 2009 between Magellan and Electrum Capital Inc.

Schedule D

List of Insurance Policies

Magellan has redacted information relating to its insurance policies on the basis of its obligations to maintain confidentiality.

Schedule E

Material Permits

The following is a complete list of Magellan and the Material Magellan Subsidiary's material Permits:

Claim	Registered Owner	Beneficial Owner	License Status (Granted or Priority Application)	Magellan's Interest	Property Name
850.286/04	MMPG	Magellan/MMPG	Granted	Legal & Beneficial Owner	Maranhense
850.287/04	MMPG	Magellan/MMPG	Granted	Legal & Beneficial Owner	Porquinho
850.297/04	MMPG	Magellan/MMPG	Granted	Legal & Beneficial Owner	Maranhense
850.613/04	MMPG	Magellan/MMPG	Granted	Legal & Beneficial Owner	CVA
850.047/05	MMPG	Magellan/MMPG	Granted	Legal & Beneficial Owner	Cuiú Cuiú
850.163/05	MMPG	Magellan/MMPG	Granted	Legal & Beneficial Owner	Torrao
850.624/03	MMPG	Magellan/MMPG	Granted	Legal & Beneficial Owner	Maranhense
850.615/04	MMPG	Magellan/MMPG	Granted	Legal & Beneficial Owner	Cuiú Cuiú
850.042/06	MMPG	Magellan/MMPG	Granted	Legal & Beneficial Owner	Porquinho
850.162/05	MMPG	Magellan/MMPG	Granted	Legal & Beneficial Owner	Boca de Crepori
850.646/03	MMPG	Magellan/MMPG	Granted	Legal & Beneficial Owner	Joao Tangara
850.623/03	MMPG	Magellan/MMPG	Granted	Legal & Beneficial Owner	Porquinho
850.645/03	MMPG	Magellan/MMPG	Granted	Legal & Beneficial Owner	21 de Julho
850.402/05	MMPG	Magellan/MMPG	Granted	Legal & Beneficial Owner	Porquinho
850.277/03	TPC	Magellan/MMPG	Priority Application	Beneficial Owner	Porquinho
850.788/06	MMPG	Magellan/MMPG	Priority Application	Legal & Beneficial Owner	Porquinho
850.792/05	Mapex	Magellan/MMPG	Granted	Beneficial Owner	Maranhense
850.966/06	MMPG	Magellan/MMPG	Priority Application	Legal & Beneficial Owner	Maranhense
850.973/06	MMPG	Magellan/MMPG	Priority Application	Legal & Beneficial Owner	Sao Felix
850.614/04	Mapex	Magellan/MMPG	Priority Application	Beneficial Owner	Cuiú Cuiú
850.041/06	MMPG	Magellan/MMPG	Priority Application	Legal & Beneficial Owner	Cuiú Cuiú
850.251/06	MMPG	Magellan/MMPG	Priority Application	Legal & Beneficial Owner	Cuiú Cuiú
850.616/04	Mapex	Magellan/MMPG	Priority Application	Beneficial Owner	União
850.046/05	Mapex	Magellan/MMPG	Priority Application	Beneficial Owner	Cuiú Cuiú
850.472/06	MMPG	Magellan/MMPG	Priority Application	Legal & Beneficial Owner	Bom Jardim
850.473/06	MMPG	Magellan/MMPG	Priority Application	Legal & Beneficial Owner	Bom Jardim
850.212/07	MMPG	Magellan/MMPG	Granted	Legal & Beneficial Owner	Crepori
880.005/06	ASM	MMPG	Granted	Beneficial Owner	Nhamunda

Magellan obtains permits to carry out exploration work on its properties in the ordinary course of business and such individual permits are not listed here.

This is a redacted version of a document that was prepared to provide certain information to Magellan Minerals Ltd. It was not prepared for the purposes of disclosure to investors or any other purchase. Investors and potential investors are advised that they should not rely on this document when making investment decisions.

July 9, 2009

CHAPLEAU DISCLOSURE LETTER

Re: Arrangement Agreement between Chapleau Resources Ltd. ("Chapleau") and Magellan Minerals Ltd. ("Magellan") dated July 9, 2009 (the "Agreement")

The following letter is submitted to Magellan pursuant to the Agreement as the Chapleau Disclosure Letter.

All capitalized terms that are not defined herein shall have the meaning ascribed to them in the Agreement. References to Section numbers are numbers in the Agreement.

Disclosure is provided with respect to the following sections of the Agreement:

3.1(g) the following is a list of Chapleau's outstanding warrants and options and a list of securities that are issuable in addition to those disclosed in section 3.1(g) of the Agreement:

Chapleau has redacted certain information relating to its outstanding stock options on the basis of its obligations to maintain confidentiality.

OPTIONS

Optioned # Shares	Exercise Price	Expiry Date
1,500,000	\$0.30	April 22, 2015
1,500,000	\$0.30	April 22, 2015
1,000,000	\$0.30	April 22, 2015
1,000,000	\$0.30	April 22, 2015
1,300,000	\$0.30	April 22, 2015
300,000	\$0.30	April 22, 2015
300,000	\$0.30	April 22, 2015
200,000	\$0.30	April 22, 2015
200,000	\$0.30	April 22, 2015
120,000	\$0.30	April 22, 2015
40,000	\$0.30	April 22, 2015
1,000,000	\$0.35	August 2, 2015
300,000	\$0.37	August 3, 2015
350,000	\$0.35	March 24, 2016
300,000	\$0.62	April 18, 2016
20,000	\$0.68	October 25, 2016

Optioned # Shares	Exercise Price	Expiry Date
30,000	\$0.72	October 31, 2016
30,000	\$0.42	May 18, 2017
60,000	\$0.42	May 18, 2017
50,000	\$0.42	May 18, 2017
20,000	\$0.42	May 18, 2017
500,000	\$0.42	May 18, 2017
8,000	\$0.52	June 28, 2017
14,000	\$0.52	June 28, 2017
10,000	\$0.52	June 28, 2017
8,000	\$0.52	June 28, 2017
8,000	\$0.52	June 28, 2017
10,000	\$0.52	June 28, 2017
14,000	\$0.52	June 28, 2017
50,000	\$0.52	June 28, 2017
8,000	\$0.52	June 28, 2017
8,000	\$0.52	June 28, 2017
1,000,000	\$0.42	December 18, 2017
300,000	\$0.45	February 1, 2018
400,000	\$0.45	February 1, 2018
40,000	\$0.38	April 10, 2018
15,000	\$0.46	June 1, 2018
20,000	\$0.46	June 1, 2018
8,000	\$0.46	June 1, 2018
8,000	\$0.46	June 1, 2018
15,000	\$0.46	June 1, 2018
10,000	\$0.46	June 1, 2018
15,000	\$0.46	June 1, 2018
15,000	\$0.46	June 1, 2018
12,000	\$0.46	June 1, 2018
10,000	\$0.46	June 1, 2018
10,000	\$0.46	June 1, 2018
8,000	\$0.46	June 1, 2018
12,000	\$0.46	June 1, 2018
12,156,000		

Chapleau has redacted certain information relating to its outstanding share purchase warrants on the basis of its obligations to maintain confidentiality.

WARRANTS

Expiry Date	Price	# of Warrants
Aug. 23/2010	\$0.24	2,500,000
Feb. 27/10	\$1.00	940,000
June 5/10	\$1.00	2,000,000
June 27/10	\$1.10	5,000,000
Oct. 9/2010	\$0.25	3,333,333
	TOTAL	13,773,333

1. under the Bear Creek Agreement referred to under section 3.1(h) below:

Chapleau has redacted certain information relating to its Bear Creek Agreement on the basis of its obligations to maintain confidentiality.

- b. the equivalent of US\$100,000 Chapleau Shares on or before March 30, 2010;
 - c. the equivalent of US\$120,000 Chapleau Shares on or before March 30, 2011;
 - d. in addition, Chapleau can increase its interest in the La Yegua property with the issuance of 1,250,000 Chapleau Shares on or before March 30, 2011.
2. on or before August 14, 2009, 780,000 Chapleau Shares are issuable to Tamin under the Coringa Agreement referred to under section 3.1(h) below.

3.1(h) The following is a list of Chapleau Material Contracts:

1. Agreement dated January 31, 2007 between Chapleau and Bear Creek Mining Corporation (the "Bear Creek Agreement"), as amended March 31, 2009 respecting the La Yegua property.
2. Agreement dated March 14, 2006, as amended February 25, 2009, between Chapleau and Tamin (the "Mato Velho Agreement") respecting the Mato Velho property.
3. Agreement dated March 14, 2006, as amended February 25, 2009, between Chapleau and Tamin (the "Coringa Agreement") respecting the Coringa property.
4. Agreement dated March 26, 2003 between Chapleau, US Gold Corporation and Barrick Gold Corp., respecting the Patty (Indian Ranch) property.
5. Agreement dated December 22, 2008 between Chapleau and Ian Gendall (the "Loan Agreement") respecting a loan of \$400,000 by Mr. Gendall to Chapleau. All Chapleau Warrants issued to Mr. Gendall pursuant to the Loan Agreement have been exercised by Mr. Gendall and \$200,000 of the principal amount of the loan has been repaid to Mr. Gendall. The Loan Agreement provides for the pledge to Mr. Gendall

of 500,000 shares of Far West Mining Ltd. as security for the loan, of which 269,000 shares of Far West Mining Ltd. have been returned to Chapleau.

3.1(x)(ii) The following is a list of employees of Chapleau or any Material Chapleau Subsidiary who are parties to a change of control, severance, termination, golden parachute or similar agreement or provision and would receive payments under such agreement or provision as a result of the Arrangement:

Name	Remuneration	Termination/Severance	Significant Change
James Stypula	Cdn\$150,000/year	Must provide 120 days' notice in writing of its intent to terminate.	In the event of a merger or amalgamation or other corporate restructuring of Chapleau in a transaction or series of transactions in which Chapleau's members receive less than 51 percent of the outstanding shares of the new or continuing corporation; then, at the option of Stypula exercisable at any time within six months after the date of the Triggering Event, Stypula may: 1) elect to continue to provide services to Chapleau in accordance with the terms of Stypula's Agreement, or 2) give 60 days' notice in writing to Chapleau that Stypula's Agreement has been terminated.
Ian Gendall	Cdn\$170,000/year	Must provide 120 days' notice in writing of its intent to terminate.	In the event of a merger or amalgamation or other corporate restructuring of Chapleau in a transaction or series of transactions in which Chapleau's members receive less than 51 percent of the outstanding shares of the new or continuing corporation; then, at the option of Gendall exercisable at any time within six months after the date of the Triggering Event, Gendall may:

Name	Remuneration	Termination/Severance	Significant Change
			1) elect to continue to provide services to Chapleau in accordance with the terms of Gendall's Agreement, or 2) give 60 days' notice in writing to Chapleau that Gendall's Agreement has been terminated.
Robin Sudo	Cdn\$70,000/year	Must provide 120 days' notice in writing of its intent to terminate.	In the event of a merger or amalgamation or other corporate restructuring of Chapleau in a transaction or series of transactions in which Chapleau's members receive less than 51 percent of the outstanding shares of the new or continuing corporation; then, at the option of Sudo exercisable at any time within six months after the date of the Triggering Event, Sudo may: 1) elect to continue to be employed by Chapleau in accordance with the terms of Sudo's Agreement, or 2) give 60 days' notice in writing to Chapleau that Sudo's Agreement has been terminated.
Guillermo Hughes	\$US90,000/year	Must provide 120 days' notice in writing of its intent to terminate.	In the event of a merger or amalgamation or other corporate restructuring of Chapleau in a transaction or series of transactions in which Chapleau's members receive less than 51 percent of the outstanding shares of the new or continuing corporation; then, at the option of Hughes exercisable at any time within six months after the date of the Triggering Event, Hughes may:

Name	Remuneration	Termination/Severance	Significant Change
			1) elect to continue to be employed by Chapleau in accordance with the terms of Hughes' Agreement, or 2) give 60 days' notice in writing to Chapleau that Hughes' Agreement has been terminated.

3.1 (aa) The following is a list of Contracts or other transactions currently in place between Chapleau or any Material Chapleau Subsidiary, on the one hand, and: (i) to the knowledge of Chapleau, any officer or director of Chapleau or any Material Chapleau Subsidiary; (ii) to the knowledge of Chapleau, any holder of record or, to the knowledge of Chapleau, beneficial owner of 10% or more of the Chapleau Shares; and (iii) to the knowledge of Chapleau, any affiliate or associate (including any spouse, parent, sibling or descendant of such person and any trust for the benefit of any of the foregoing persons) of any such, officer, director, holder of record or beneficial owner, on the other hand.

1. As described under Note 11 of the November 15, 2008 audited Chapleau Financial Statements.
2. As described above respecting Section 3.1(h)(5).
3. The exercise price of certain Chapleau Options issued to Ian Gendall and the stock option agreements pertaining to such options will, upon receiving approval of the Chapleau Shareholders, be revised as follows:

Name of Optionee	No. of Optioned Shares	Amended Exercise Price	Original Date of Grant	New/Current Expiry Date
Ian Gendall	500,000	\$0.10	May 18, 2007	May 18, 2017
	1,000,000	\$0.10	Aug. 2, 2005	Aug. 2, 2015
	1,000,000	\$0.10	Dec. 18, 2007	Dec. 18, 2017

3.1 (gg) Chapleau and the Material Chapleau Subsidiaries maintain the following policies of insurance:

Chapleau has redacted information relating to certain related party transactions on the basis of its obligations to maintain confidentiality.

5.1(d) Chapleau covenants and agrees, except in the ordinary course of business with respect to Chapleau and the Material Chapleau Subsidiaries or other than as is necessary to comply

with applicable Laws or Contracts, Chapleau will not undertake any of the actions set forth in subsection 5.1(d)(i) to (viii) except as follows:

(i) All Chapleau Warrants pursuant to the Loan Agreement with Ian Gendall referred to under section 3.1(h) above have now been exercised and 2,000,000 Chapleau Shares have been issued to Mr. Gendall pursuant to such exercise. The Loan Agreement further provides for the pledge to Mr. Gendall of 500,000 shares of Far West Mining Ltd. as security for the loan, of which 269,000 shares of Far West Mining Ltd. have been returned to Chapleau;

5.1(i) Chapleau covenants and agrees, not to undertake any of the actions set forth in section 5.1(i) except that Chapleau has amended its agreement with Bear Creek Mining Corporation as described under section 3.1(h) above.

5.1(j) The details of Chapleau's Reclamation Permit is as follows:

Name:	General Reclamation Permit – Mineral Exploration	
Issued by:	Ministry of Energy & Mines	
Permit No.:	MX-Gen-111	
Issued:	September 15, 1999	
Security held via Safekeeping agreement:		\$25,000

Sincerely,

CHAPLEAU RESOURCES LTD

Per: "Ian Gendall"

Accepted by **MAGELLAN MINERALS LTD.**

Per: "Alan Carter"