AGENCY AGREEMENT

June 17, 2011

49 North Resources Inc.
602, 224-4th Avenue South
Saskatoon, Saskatchewan
S7K 5M5

Attention: Tom MacNeill, President and Chief Executive Officer

Dear Sir:

MGI Securities Inc. (the "**Agent**") understands that 49 North Resources Inc., a corporation amalgamated under *The Business Corporations Act* (Saskatchewan) (the "**Corporation**"), proposes to issue and sell up to an aggregate of $10,000,000 principle amount of 8% convertible unsecured subordinated debentures of the Corporation (the "**Initial Debentures**") due on the third anniversary (the "**Maturity Date**") of the Initial Closing Date (as defined herein). The Agent proposes to act as the sole and exclusive agent of the Corporation to offer the Initial Debentures for sale on a best efforts basis on behalf of the Corporation, in denominations of $100.00 and integral multiples thereof and with a minimum subscription amount (and minimum face value per Initial Debenture) of $5,000.00, all in the manner contemplated by this Agreement.

The Corporation hereby grants to the Agent an option (the "**Option**") to purchase an aggregate of up to 15% of the aggregate amount of Initial Debentures issued hereunder of additional 8% convertible unsecured subordinated debentures of the Corporation due on the third anniversary of the Initial Closing Date (the "**Option Debentures**") on the same terms as the Initial Debentures to cover the Agent's over-allocation position, all in the manner contemplated by this Agreement. The Option may be exercised in whole or in part at any time up to 30 days following the final Closing Date (as defined herein) by the Agent giving notice to the Corporation in accordance with Section 11. The Initial Debentures and the Option Debentures are collectively referred to herein as the "**Debentures**". The Debentures and the Common Shares (as defined herein) issuable upon conversion of the Debentures are collectively referred to herein as the "**Offered Securities**".

The Debentures will be issued pursuant to an indenture to be dated as of the Initial Closing Date between the Corporation and Alliance Trust Company, as debenture trustee, and shall be convertible at the option of the holder into common shares in the capital of the Corporation ("**Common Shares**") at a conversion price of $4.50 per Common Share (the "**Conversion Price**") at any time prior to the earlier of the Business Day immediately preceding the Maturity Date and the Business Day immediately preceding the date specified by the Corporation for redemption of the Debentures, subject to adjustment in certain circumstances.

The Agent proposes to distribute the Offered Securities in each of the provinces of Alberta, British Columbia, Manitoba, Saskatchewan and Ontario pursuant to the Prospectus (as defined below), and if applicable, in non-Canadian jurisdictions on a private placement basis, in accordance with the terms and conditions set out in this Agreement.

In consideration for the Agent's services hereunder, the Corporation hereby agrees to pay or cause to be paid to the Agent at the Closing Time, a cash commission equal to 5% (exclusive of federal goods and services tax, if applicable) of the aggregate purchase price for the Debentures. Notwithstanding the foregoing, the Agent has waived, and shall not be entitled to any commission in connection with up to an aggregate of $2,000,000 of subscriptions for Initial Debentures from the president's list.

It is understood and agreed by the parties that the Agent shall act as agent only and at no time shall the Agent have any obligation, and the Agent has not made any undertaking, express or implied, to purchase any Debentures.

TERMS AND CONDITIONS

Section 1 Definitions and Interpretation

(1) Where used in this Agreement the following terms will have the following meanings, respectively:

"**2008 Debentures**" means the 9% convertible unsecured subordinated debentures issued by the Corporation under the 2008 Indenture due July 24, 2011;

"**2008 Indenture**" means the trust indenture dated July 24, 2008 between the Corporation and Equity Transfer & Trust Company providing for the issuance of the 2008 Debentures, as assigned by Equity Financial Trust Company, formerly Equity Transfer & Trust Company, to the Debenture Trustee on April 4, 2011;

"**2010 Debentures**" means the 8% convertible unsecured subordinated debentures issued by the Corporation under the 2010 Indenture due July 24, 2011;

"**2010 Indenture**" means the trust indenture dated September 23, 2010 between the Corporation and Equity Transfer & Trust Company providing for the issuance of the 2010 Debentures, as assigned by Equity Financial Trust Company, formerly Equity Transfer & Trust Company, to the Debenture Trustee on April 4, 2011;

"**affiliate**" or "**associate**" when used to indicate a relationship with a person, has the same meaning as set forth in the *Securities Act* (Ontario);

"**Agreement**" means this agency agreement, as the same may be amended, restated, supplemented or otherwise modified from time to time;

"**Authorization**" means any certificate, consent, order, permit, approval, consent, waiver, licence, qualification, registration or similar authorization of any Governmental Authority having jurisdiction over a person or property;

"**Beneficiaries**" has the meaning given to that term in Section 13(7);

"**Business Day**" means a day other than a Saturday, a Sunday or a day on which chartered banks are not open for business in Toronto, Ontario, Calgary, Alberta or Saskatoon, Saskatchewan;

"**CDS**" means CDS Clearing and Depository Services Inc. and its successors in interest;

"**Claim**" has the meaning given to that term in Section 13(1);

"**Closing Date**" means the Initial Closing Date or any Subsequent Closing Date, as the case may be;

"**Closing Time**" means 6:30 a.m. (Saskatoon time) on the Closing Date, or any other time on the Closing Date as may be agreed to by the Corporation and the Agent;

"**Common Shares**" has the meaning given to that term in the second paragraph on page 1 of this Agreement;

"**Contract**" means any agreement, indenture, mortgage, charge, contract, lease, offer to lease, agreement to lease, deed of trust, licence, option, warrant, note agreement, loan agreement, instrument, collective agreement, or other binding commitment or understanding, whether written or oral;

"**Conversion Price**" has the meaning given to that term in the second paragraph on page 1 of this Agreement;

"**Corporation**" has the meaning given to that term in the first paragraph on page 1 of this Agreement;

"**Debenture Trustee**" means Alliance Trust Company, in its capacity as trustee under the Indenture;

"**Debentures**" has the meaning given to that term in the second paragraph on page 1 of this Agreement;

"**distribution**" means distribution or distribution to the public for the purposes of applicable Securities Laws;

"**Existing Debentures**" means, collectively, the 2008 Debentures and the 2010 Debentures;

"**Existing Indentures**" means, collectively, the 2008 Indenture and the 2010 Indenture;

"**Financial Data**" means financial information, including the Financial Information, statistical and accounting data (other than industry data derived from industry sources or based upon estimates of management of the applicable person);

"**Financial Information**" means:

(a) the information under the headings "Non-GAAP Measures", "Consolidated Capitalization of the Company", "Earnings Coverage Ratio" and "Auditor's Consent" included in the Preliminary Prospectus and the Prospectus;

(b) the audited consolidated financial statements of the Corporation for the fiscal years ended December 31, 2010 and 2009, together with the notes thereto and the auditors' report thereon; and

(c) the management's discussion and analysis of financial condition and results of operations for the year ended December 31, 2010;

"**Final Receipt**" means the receipt issued in respect of the Prospectus by the Saskatchewan Financial Services Commission, Securities Division in its capacity as principal regulator pursuant to NP 11-202, and the resulting evidence of receipt from the Ontario Securities Commission and deemed receipt from each of the other Qualifying Jurisdictions pursuant to MI 11-102;

"**GAAP**" means Canadian generally accepted accounting principles;

"**Governmental Authority**" means and includes, without limitation, any national or federal government, province, state, municipality or other political subdivision of any of the foregoing, any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government and any corporation or other entity owned or controlled (through stock or capital ownership or otherwise) by any of the foregoing, and, for greater certainty, includes the Securities Commissions and the TSXV;

"**Hergott**" means Hergott, Duval & Stack LLP, the current auditors of the Corporation;

"**IFRS**" means International Financial Reporting Standards;

"**Indemnified Parties**" has the meaning given to that term in Section 13(1);

"**Indemnifying Party**" has the meaning given to that term in Section 13(1);

"**Indemnified Taxes**" has the meaning given to that term in Section 13(6);

"**Indenture**" means the indenture providing for the issuance of the Debentures to be entered into at or prior to the Closing Time between the Corporation and the Debenture Trustee;

"**Initial Closing Date**" means June 29, 2011 or such other date as may be agreed upon between the Corporation and the Agent, but in any event shall not be later than the 90th day following the date of issuance of the Final Receipt;

"**Initial Debentures**" has the meaning given to that term in the first paragraph on page 1 of this Agreement;

"**Laws**" means any and all applicable laws, including all statutes, codes, ordinances, decrees, rules, regulations, municipal by-laws, judicial or arbitral or administrative or ministerial or departmental or regulatory judgments, orders, decisions, rulings or awards, or policies or guidelines of (or issued by) Governmental Authorities, or Authorizations binding on or affecting the person referred to in the context in which the word is used;

"**Lien**" means any mortgage, charge, pledge, hypothecation, security interest, assignment, lien (statutory or otherwise), title retention agreement or arrangement, restrictive covenant or other encumbrance of any nature, or any other arrangement or condition creating an interest in property which, in substance, secures payment or performance of an obligation;

"**Material Adverse Change**" means a material adverse change in the business, assets (including intangible assets), liabilities, capital liabilities (contingent or otherwise) capitalization, cash flow, income, financial condition or results of operations of the Corporation and its Subsidiaries, taken as a whole;

"**Material Adverse Effect**" when used herein means any change, event, violation, inaccuracy, circumstance or effect that is materially adverse to the business, assets (including intangible assets), liabilities, capital liabilities (contingent or otherwise) capitalization, cash flow, income, financial condition or results of operations of the Corporation and its Subsidiaries, taken as a whole;

"**material change**", "**material fact**" and "**misrepresentation**" have the respective meanings given to them under the Securities Laws;

"**Maturity Date**" has the meaning given to that term in the first paragraph on page 1 of this Agreement;

"**MI 11-102**" means Multilateral Instrument 11-102 – *Passport System*;

"**NI 44-101**" means National Instrument 44-101 – *Short Form Prospectus Distributions*;

"**NP 11-202**" means National Policy 11-202 – *Process for Prospectus Reviews in Multiple Jurisdictions*;

"**Offered Securities**" has the meaning given to that term in the second paragraph on page 1 of this Agreement;

"**Offering**" means the distribution of the Offered Securities as contemplated in the Offering Documents;

"**Offering Documents**" means, collectively, the Preliminary Prospectus, the Prospectus any Supplemental Material;

"**Option**" has the meaning given to that term in the second paragraph on page 1 of this Agreement;

"**Option Debentures**" has the meaning given to that term in the second paragraph on page 1 of this Agreement;

"**Option Notice**" has the meaning given to that term in Section 11;

"**person**" means any individual, partnership, limited partnership, limited liability partnership, limited liability corporation, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, unincorporated association, trust, trustee, executor, administrator or other legal personal representative, regulatory body or agency, government or governmental agency, authority or entity however designated or constituted;

"**Preliminary Prospectus**" means the preliminary short form prospectus of the Corporation dated May 26, 2011, including the documents incorporated by reference therein, relating to the qualification for distribution of the Offered Securities under applicable Securities Laws in the Qualifying Jurisdictions;

"**Preliminary Receipt**" means the receipt issued in respect of the Preliminary Prospectus by the Saskatchewan Financial Services Commission, Securities Division in its capacity as principal regulator pursuant to NP 11-202, and the resulting evidence of receipt from the Ontario Securities Commission and deemed receipt from each of the other Qualifying Jurisdictions pursuant to MI 11-102;

"**Prospectus**" means the (final) short form prospectus of the Corporation dated the date hereof, including the documents incorporated by reference therein, to be approved, signed and certified in accordance with the Securities Laws in the Qualifying Jurisdictions relating to the qualification for distribution of the Offered Securities under applicable Securities Laws in the Qualifying Jurisdictions;

"**Public Record**" means all information contained in any press release, material change report (excluding any confidential material change report), financial statements, annual information form, management information circular, or other document of the Corporation which has been filed on SEDAR by or on behalf of the Corporation pursuant to Securities Laws or otherwise;

"**Qualifying Jurisdictions**" means each of the provinces of Alberta, British Columbia, Manitoba, Saskatchewan and Ontario and "Qualifying Jurisdiction" means any one of the aforementioned provinces;

"**Returns**" has the meaning given to that term in Section 6(1)(ggg);

"**Securities Commissions**" means the applicable securities commission or securities regulatory authority in each of the Qualifying Jurisdictions;

"**Securities Laws**" means, collectively, the applicable securities laws of each of the Qualifying Jurisdictions and the respective regulations and rules made under those securities laws together with all applicable policy statements, blanket orders and rulings of the Securities Commissions and all discretionary orders or rulings, if any, of the Securities Commissions made in connection with the transactions contemplated by this Agreement and the securities legislation and policies of each other relevant jurisdiction;

"**Selling Group**" has the meaning given to that term in Section 3(1);

"**Standard Listing Conditions**" has the meaning given to that term in Section 4(3)(c);

"**Stock Option Plan**" means the Corporation's stock option plan currently in effect (approved at the Corporation's annual and special shareholders meeting held on June 4, 2008) pursuant to which the Corporation's employees, directors and consultants may be granted stock options subject to the terms and conditions of the plan;

"**Subsequent Closing**" has the meaning given to it in Section 10(3) hereof;

"**Subsequent Closing Date**" means such date or dates as may be agreed upon between the Corporation and the Agent for any Subsequent Closing but in any event shall be not later than the 90th day following the date of issuance of the Final Receipt;

"**subsidiary**" shall have the meaning given to that term in *The Business Corporations Act* (Saskatchewan);

"**Subsidiaries**" means the subsidiaries of the Corporation, being North Rim Exploration Ltd., Allstar Energy Limited, Kimpar Resources Inc., Vicarage Capital Limited and, for purposes of this Agreement, also includes Newsk Emerging Resources Ltd., a variable interest entity in which the Corporation is the primary beneficiary;

"**Supplemental Material**" means, collectively, any amendment to the Preliminary Prospectus or Prospectus, and any amendment or supplemental prospectus or ancillary materials that may be filed by or on behalf of the Corporation under applicable Securities Laws relating to the distribution of the Offered Securities;

"**Tax Act**" means the *Income Tax Act* (Canada);

"**Taxes**" means all taxes, charges, fees, levies, or other assessments, including all net income, gross income, gross receipts, sales, use, ad valorem, value added, transfer, franchise, profits, license, withholding, payroll, employment, social security, unemployment, excise, severance, stamp, occupation, property, or other taxes, customs duties, fees, assessments, or charges of any kind whatsoever, including all interest and penalties thereon, and additions to tax or additional amounts imposed by any taxing authority, domestic or foreign, upon the Corporation or any of the Subsidiaries;

"**Tax Legislation**" means, the statute law, rules, regulations, order and decrees of the applicable taxing jurisdictions, domestic or foreign;

"**Transaction Agreements**" means, collectively, this Agreement and the Indenture;

"**Transfer Agent**" means Alliance Trust Company;

"**TSXV**" means the TSX Venture Exchange; and

"**Agent**" has the meaning given to that term in the first paragraph on page 1 of this Agreement.

(2) Except as may be otherwise specifically provided in this Agreement and unless the context otherwise requires, in this Agreement:

(a) the terms "Agreement", "this Agreement", "the Agreement", "hereto", "hereof", "herein", "hereby", "hereunder" and similar expressions refer to this Agreement in its entirety and not to any particular provision hereof;

(b) references to an "Article", "Section", "Schedule" or "Exhibit" followed by a number or letter refer to the specified Article or Section of or Schedule or Exhibit to this Agreement;

(c) the division of this Agreement into articles and sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement;

(d) words importing the singular number only shall include the plural and vice versa and words importing the use of any gender shall include all genders;

(e) the word "including" is deemed to mean "including without limitation";

(f) the terms "party" and "the parties" refer to a party or the parties to this Agreement;

(g) unless otherwise specified herein, all dollar amounts referred to in this Agreement are expressed in lawful money of Canada;

(h) any time period within which a payment is to be made or any other action is to be taken hereunder shall be calculated excluding the day on which the period commences and including the day on which the period ends; and

(i) whenever any payment is required to be made, action is required to be taken or period of time is to expire on a day other than a Business Day, such payment shall be made, action shall be taken or period shall expire on the next following Business Day.

Section 2 Filing of Prospectus

(1) The Corporation shall, as soon as reasonably possible following the execution of this Agreement, satisfy all regulatory deficiencies and comments of Securities Commissions with respect to the Preliminary Prospectus. In any event, the Corporation shall file the Prospectus in each of the Qualifying Jurisdictions and obtain the Final Receipt at or prior to 5:00 p.m. (Saskatoon time) on June **[20]**, 2011 (or such other time and/or later date as the Corporation and the Agent may agree) and will have taken all other steps and proceedings that may be necessary in order to qualify the Offered Securities for distribution in each of the Qualifying Jurisdictions by the Agent and other persons who are registered in a category permitting them to distribute the Offered Securities in each of the Qualifying Jurisdictions under the Securities Laws and who comply with such Securities Laws.

(2) Prior to the filing of the Prospectus, the Corporation shall have permitted the Agent to review the Prospectus and shall have allowed the Agent to conduct any due diligence investigations which it reasonably requires in order to fulfil its obligations as an agent under Securities Laws and in order to enable it to responsibly execute the certificate in the Prospectus required to be executed by it. Following the filing of the Prospectus and prior to the completion of the distribution of the Offered Securities, the Corporation shall allow the Agent to conduct any due diligence investigations which it reasonably requires to confirm as at any date that it continues to have reasonable grounds for the belief that the Prospectus does not contain a misrepresentation as at such date.

Section 3 Distribution and Certain Obligations of the Agent

(1) The Agent will offer and sell the Offered Securities to the public only in those jurisdictions where they may be lawfully offered for sale or sold and only in denominations of $100.00 and integral multiples thereof and with a minimum subscription amount (and minimum face value per Debenture) of $5,000. The Agent will comply with the Securities Laws in connection with the distribution of the Offered Securities. The Agent will not, directly or indirectly, solicit offers to purchase or sell the Offered Securities or deliver any Offering Document in any jurisdiction other than the Qualifying Jurisdictions, so as to require the registration of those Offered Securities or the filing of a prospectus or compliance with other similar requirements with respect to the Offered Securities under the Laws of any such jurisdiction. The Agent will cause substantially similar undertakings to be contained in any agreements entered into among the members of the banking, selling or other groups formed for the distribution of the Offered Securities (collectively, the "**Selling Group**"), if any, and will use its commercially reasonable efforts to cause each member of such Selling Group to comply with applicable Securities Laws.

(2) The Agent will complete and will use its commercially reasonable efforts to cause members of its Selling Group, if any, to complete the distribution of the Offered Securities as soon as practicable. The Agent will notify the Corporation and the TSXV as soon as practicable when, in the Agent' opinion, the Agent and the members of its Selling Group, if any, have ceased distribution of the Offered Securities and will provide the Corporation with a written breakdown of the number

of Offered Securities distributed in each of the Qualifying Jurisdictions where that breakdown is required by the relevant Securities Commission for the purpose of calculating fees payable to that Securities Commission.

(3) For the purposes of this Section 3(3), the Agent will be entitled to assume that the Offered Securities are qualified for distribution in each Qualifying Jurisdiction in respect of which the Final Receipt evidences that a receipt or similar document for the Prospectus has been obtained from the applicable Securities Commission unless the Agent receives written notice to the contrary from the Corporation or the applicable Securities Commission.

Section 4 Delivery of Prospectus and Related Matters

(1) The Corporation will be responsible for and will cause to be delivered to the Agent, at those delivery points reasonably requested by the Agent, as soon as possible and in any event by no later than 12:00 noon (Saskatoon time) on the next Business Day (or in the case of deliveries outside the City of Saskatoon, the second Business Day) after the date of the Final Receipt, and thereafter from time to time during the distribution of the Offered Securities, as many commercial copies of the Prospectus as the Agent may reasonably request. The Corporation will similarly cause to be delivered to the Agent, at those delivery points as the Agent may reasonably request, commercial copies of any other Supplementary Material required to be delivered to purchasers or prospective purchasers of the Offered Securities. The Corporation has previously delivered to the Agent copies of the Preliminary Prospectus as approved, signed and certified as required by the Securities Laws. Each delivery of any Offering Document to the Agent by the Corporation constituted or will constitute, as the case may be, consent by the Corporation to the use by the Agent and the members of its Selling Group, if any, of such Offering Document in connection with the distribution of the Offered Securities in accordance with this Agreement.

(2) Each delivery of any Offering Document to the Agent pursuant to Section 4(1) will constitute the representation and warranty of the Corporation to the Agent that, at the respective times of delivery of such Offering Document and at the Closing Time:

(a) the information and statements contained in such Offering Document (except information and statements relating solely to the Agent and furnished by it specifically for use therein): (i) are true and correct in all material respects and contain no misrepresentation; and (ii) constitute (together, in the case of any Supplementary Material, with the Preliminary Prospectus or the Prospectus, as applicable) full, true and plain disclosure of all material facts relating to the Corporation and the offering of the Offered Securities contemplated under this Agreement;

(b) no material fact or information has been omitted from such Offering Document which is required to be stated or is necessary to make the statements or information contained therein not misleading in light of the circumstances in which they were made; and

(c) such Offering Document complies with all Securities Laws in all material respects.

(3) The Corporation will be responsible for and will cause to be delivered to the Agent, without charge, contemporaneously with or prior to the filing of the Prospectus, unless otherwise indicated:

(a) a copy of the Prospectus and any Supplementary Material each signed on behalf of the Corporation as required by the Securities Laws;

(b) a copy of any other document required to be filed by the Corporation under the Securities Laws in connection with the offering of the Offered Securities contemplated by this Agreement;

(c) evidence satisfactory to the Agent of the approval of the listing on the TSXV of the Common Shares issuable upon conversion of the Debentures, subject only to satisfaction by the Corporation of the conditions imposed by the TSXV in its letter granting conditional listing approval of such Common Shares (the "**Standard Listing Conditions**"); and

(d) a "long-form" comfort letter of Hergott dated the date of the Prospectus, in form and substance satisfactory to the Agent and its counsel, acting reasonably, and addressed to the Agent and the board of directors of the Corporation, based on a review completed not more than two Business Days prior to the date of the letter, verifying the financial and accounting information relating to the Corporation in the Prospectus and any Supplementary Material, including:

(i) to the effect that, in their opinion, the Financial Information examined by them complies in all material respects with all applicable accounting requirements including GAAP or IFRS, as applicable, and the applicable accounting requirements of the Securities Laws;

(ii) relating to the verification of the Financial Data contained in the "circle up" of the Prospectus and any Supplementary Material and matters involving changes or developments since the respective dates as of which such Financial Data is given in the Prospectus, or the Supplementary Material, as the case may be; and

(iii) to the effect that Hergott is a firm of independent public accountants as required by the Securities Laws,

which letter will be in addition to the consent letters or comfort letters addressed by Hergott to the Securities Commissions in the Qualifying Jurisdictions or contained in the Prospectus.

(4) Comfort letters and other documents substantially similar to those referred to in Section 4(3) will be delivered to the Agent, the directors of the Corporation and their

respective counsel, with respect to any Supplementary Material, concurrently with the filing of such Supplementary Material with the Securities Commissions.

(5) During the period commencing on the date hereof and ending on the later to occur of the date of completion of the distribution of the Offered Securities and the closing of the transactions contemplated by this Agreement, the Corporation will promptly provide to the Agent drafts of any press releases of the Corporation for review and approval by the Agent and its counsel prior to issuance, such approval not to be unreasonably withheld or delayed.

Section 5 Material Change

(1) The Corporation will promptly inform the Agent in writing during the period prior to the later of the completion of the distribution of the Offered Securities and the closing of the transactions contemplated by this Agreement of the full particulars of:

(a) any Material Adverse Change;

(b) any material fact which has arisen or has been discovered that would have been required to have been stated in an Offering Document had that fact arisen or been discovered on or prior to the date of such Offering Document; and

(c) any change in any material fact contained in any of the Offering Documents or whether any event or state of facts has occurred after the date of this Agreement, which, in any case, is of such a nature as to render any of the Offering Documents untrue or misleading in any material respect or to result in any of the Offering Documents not complying with Securities Laws.

(2) During the period prior to the completion of the distribution of the Offered Securities, the Corporation will comply with section 57 of the *Securities Act* (Ontario) and with the comparable provisions of the other Securities Laws of the Qualifying Jurisdictions, and the Corporation will prepare and file promptly at the request of the Agent any Supplementary Material which, in the opinion of the Agent, acting reasonably, may be necessary or advisable, and will otherwise comply with all legal requirements necessary to continue to qualify the Offered Securities for distribution in each of the Qualifying Jurisdictions.

(3) In addition to the provisions of Section 5(1) and Section 5(2), the Corporation will, in good faith, discuss with the Agent any change, event or fact contemplated in Section 5(1) or Section 5(2) which is of such a nature that there may be reasonable doubt as to whether notice should be given to the Agent under Section 5(1) and will consult with the Agent with respect to the form and content of any Supplementary Material proposed to be filed by the Corporation, it being understood and agreed that no such Supplementary Material will be filed with any Securities Commission prior to the review and approval of such Supplementary Material by the Agent and its counsel, acting reasonably.

(4) During the period commencing on the date hereof and ending on the later to occur of the date the Agent notifies the Corporation of the completion of the distribution of the Offered Securities and the date of the closing of the transactions contemplated by this Agreement, the Corporation will promptly inform the Agent of the full particulars of the receipt by the Corporation of any written communication from any Securities Commission, the TSXV, or any other competent authority relating to the Offering Documents or the distribution of the Offered Securities.

Section 6 Representations and Warranties

(1) The Corporation represents and warrants to the Agent and acknowledges that the Agent is relying upon the following representations and warranties in entering into this Agreement and completing the transactions contemplated hereunder:

(a) the Corporation has no material subsidiaries other than those set out in the definition of "Subsidiaries" in Section 1(1) of this Agreement;

(b) the Corporation and each Subsidiary is a corporation validly existing under the Laws of its incorporation, amalgamation or continuation and is duly qualified to carry on its business in each jurisdiction in which the conduct of its business or the ownership, leasing or operation of its property and assets requires such qualification and has all requisite corporate power and authority to (i) carry on its business as now conducted, as currently proposed to be conducted and as described in the Prospectus, (ii) own, lease and operate its property and assets, and, in the case of the Corporation, (iii) issue, sell and deliver the Offered Securities and carry out the transactions contemplated by the Prospectus, and (iv) execute, deliver and perform its obligations under each of the Transaction Agreements;

(c) all of the securities of each of the Corporation and the Subsidiaries outstanding on the date hereof have been duly authorized and validly issued as fully paid and non-assessable and, in the case of the securities of the Subsidiaries held by the Corporation, are free and clear of all Liens;

(d) the Corporation and each Subsidiary (i) has conducted and is conducting its business in compliance with its constating or organizational documents and with all Laws of each jurisdiction in which its business is carried on, and (ii) holds all Authorizations to enable its business to be carried on as now conducted and its property and assets to be owned, leased and operated, except where any such non-compliance or failure would not, either individually or in the aggregate, have a Material Adverse Effect and all such Authorizations are validly existing and in good standing and none of them contains any provision, condition or limitation which will have a Material Adverse Effect and the Corporation is not aware of any fact or matter which would reasonably result in the termination of or a Material Adverse Change in any such Authorization;

(e) the Corporation and the Subsidiaries are the legal and beneficial owners of, and have good and marketable title to, all of the material property or assets thereof as disclosed in the Prospectus and no other property or assets are necessary for the conduct of the business of the Corporation and the Subsidiaries as currently conducted and proposed to be conducted; to the knowledge of the Corporation, there are no claims or basis for any claim that might or could have a Material Adverse Effect on the right thereof to use, transfer or otherwise exploit such property or assets and, except as disclosed in the Prospectus, neither the Corporation nor any Subsidiary has any responsibility or obligation to pay any material commission, royalty (except as disclosed to the Agent), licence fee or similar payment to any person with respect to the property and assets thereof;

(f) the Corporation is a reporting issuer under the securities laws of each of the provinces and territories of Canada and is not in default of any requirement of such securities laws and is not included on a list of defaulting reporting issuers maintained by the securities commission or securities regulatory authority in such jurisdictions;

(g) at the Closing Time on the Initial Closing Date, all Authorizations or filings as may be required to be made or obtained by the Corporation under applicable Securities Laws, for the offer and sale of the Offered Securities, the execution and delivery of the Transaction Agreements and the certificates representing the Offered Securities, and the consummation of the transactions contemplated thereby, will have been made or obtained, as applicable;

(h) none of (i) the execution and delivery of the Transaction Agreements or any document or instrument to be executed and delivered by the Corporation pursuant thereto; (ii) the performance and compliance with the terms of the Transaction Agreements and any document or instrument to be executed and delivered by the Corporation pursuant thereto; or (iii) the issue and sale of the Offered Securities, would result in any breach of, or be in conflict with or constitute a default under or create a state of facts which (whether after notice or lapse of time or both) would constitute a default under or breach of, and the Corporation and each Subsidiary is not in default under or in breach of (A) the terms, conditions or provisions of their respective constating or organizational documents or any resolution of their respective directors or shareholders; (B) any material Contract to which the Corporation or any Subsidiary is a party or by which its respective property or assets are bound; or (C) any judgment or Law applicable to the Corporation or any Subsidiary, including the Securities Laws and the rules and regulations of the TSXV;

(i) neither the Corporation nor any Subsidiary is a party to any Contract which is or could be material to the Corporation or such Subsidiary that is required under the Securities Laws to be publicly disclosed, except as has been disclosed in the Prospectus;

(j) except as disclosed in the Prospectus, none of the directors, officers or employees of the Corporation or any Subsidiary, or any associate or affiliate of any of the foregoing, has any interest, direct or indirect, in any transaction or any proposed transaction with the Corporation or any Subsidiary which materially affects, is material to or could materially affect the Corporation and the Subsidiaries or their respective businesses;

(k) the Corporation is in compliance with (i) the Securities Laws in connection with the offer, sale and issue of the Offered Securities, and (ii) its timely and continuous disclosure obligations under the securities laws of each of the provinces and territories of Canada and the policies, rules and regulations of the TSXV and, without limiting the generality of the foregoing, except as disclosed in the Prospectus, there has not occurred any material change in the business, operations, assets, liabilities, capital, cash flow, condition (financial or otherwise) or prospects of the Corporation and the Subsidiaries, taken as a whole, since December 31, 2010 and, except as may have been corrected by subsequent disclosure, all the statements set forth in the Corporation's public disclosure were true, correct and complete in all material respects and did not contain any misrepresentation as of the date of such statements and the Corporation has not filed any confidential material change reports since the date of such statements which remains confidential as at the date hereof;

(l) Hergott who has audited and reviewed the financial statements of the Corporation for the years ended December 31, 2010 and 2009, is a firm of independent chartered accountants with respect to the Corporation as required by Securities Laws and there has not been a reportable event (within the meaning of National Instrument 51-102 – *Continuous Disclosure Obligations*) between the Corporation and Hergott;

(m) except as disclosed in the Prospectus, neither the Corporation nor any Subsidiary has any securities outstanding which are convertible into or exchangeable or exercisable for Common Shares or any other securities of such entities and there are no outstanding options on or rights to subscribe for any of the unissued Common Shares or any other securities of the Corporation or the Subsidiaries;

(n) to the knowledge of the Corporation, there is no Contract in force or effect which in any manner affects or will affect the voting or control of any of the Common Shares;

(o) except as disclosed in the Prospectus, there are no actions, suits, judgments, investigations or proceedings of any kind whatsoever outstanding, pending or, to the Corporation's knowledge, threatened against or affecting the Corporation or any Subsidiary or their directors or officers in their role as director or officer of the Corporation, at law or in equity or before or by any Governmental Authority of any kind whatsoever and, to the Corporation's knowledge, there is no basis therefor and the Corporation and the Subsidiaries are not subject to any judgment, order, writ, injunction, decree, award, rule, policy or regulation of any Governmental Authority, which, either separately or in the aggregate, would reasonably be expected to have a Material Adverse Effect or that would reasonably be expected to adversely affect the ability of the Corporation to perform its obligations under the Transaction Agreements;

(p) there is no order, ruling or determination having the effect of ceasing or suspending trading in the securities of the Corporation, prohibiting the sale of such securities or preventing or suspending the use of the Preliminary Prospectus or the Prospectus, and to the knowledge of the Corporation, no investigations or proceedings for such purposes are pending or threatened by any regulatory authority;

(q) all option agreements concerning mining interests to which the Corporation or a Subsidiary is a party or otherwise bound, are in good standing and there are no liens or encumbrances registered or outstanding against the interests therein or the property related thereto except in accordance with such option agreements and a $65,100 lien on claims 791222 and 791242 optioned to Newsk Emerging Resources Ltd., all payment obligations thereunder have been met, and to the best knowledge of the Corporation, the title to the property to which the option agreements relate are valid, subsisting and enforceable titles held by the titleholder who are party to the respective option agreements;

(r) the Corporation or a Subsidiary, as applicable, is the absolute legal and beneficial owner of and has good and marketable title to all of the property and assets of the Corporation as described in the Public Record and, except as set forth in the in the Public Record, such property and assets are free of all material mortgages, liens, charges, pledges, security interests, encumbrances, claims or demands whatsoever, and no other property rights (including access rights) are necessary for the conduct of the business of the Corporation or its Subsidiary, as applicable, as currently conducted; the Corporation knows of no claim or basis for any claim that might or could adversely affect the right of the Corporation to use, transfer or otherwise exploit such property rights and, except as disclosed in the Public Record, the Corporation has no responsibility or obligation to pay any commission, royalty (except as disclosed to the Agent), licence fee or similar payment to any person with respect to the property rights thereof;

(s) there are no claims with respect to native rights currently threatened or, to the best knowledge of the Corporation, pending with respect to the property of the Corporation or its Subsidiaries;

(t) the Corporation and its Subsidiaries are in compliance in all material respects with all applicable federal, provincial, state, municipal and local laws, statutes, ordinances, by-laws and regulations and orders, directives and decisions rendered by any ministry, department or administrative or regulatory agency, domestic or foreign, including laws, ordinances, regulations or orders, relating to the protection of the environment, occupational health and safety or the processing, use, treatment, storage, disposal, discharge, transport or handling of any pollutants, contaminants, chemicals or industrial, toxic or hazardous wastes or substances ("**Environmental Laws**");

(u) the Corporation and its Subsidiaries have obtained all material licences, permits, approvals, consents, certificates, registrations and other authorizations under all applicable Environmental Laws (the "**Environmental Permits**") necessary as at the date hereof for the operation of the business carried by the Corporation and its Subsidiaries, and each Environmental Permit is valid, subsisting and in good standing and the Corporation and its Subsidiaries are not in default or breach of any Environmental Permit in any material respect and no proceeding has been threatened, or to the best knowledge of the Corporation, is pending to revoke or limit any Environmental Permit;

(v) each of the Corporation and its Subsidiaries has not used, except in compliance in all material respects with all Environmental Laws and Environmental Permits, any property or facility which it owns or leases or previously owned or leased, to generate, manufacture, process, distribute, use, treat, store, dispose of, transport or handle any hazardous substance;

(w) the Corporation and its Subsidiaries have not received any notice of, or been prosecuted for an offence alleging, non-compliance with any laws, ordinances, regulations and orders, including Environmental Laws, and the Corporation and its Subsidiaries have not settled any allegation of non-compliance short of prosecution. There are no orders or directions relating to environmental matters requiring any material work, repairs, construction or capital expenditures to be made with respect to any of the assets of the Corporation or its Subsidiaries, nor has the Corporation received notice of any of the same;

(x) there have been no past unresolved or threatened, and to the best of the Corporation's knowledge, there are no pending claims, complaints, notices or requests for information received by the Corporation with respect to any alleged material violation of any law, statute, order, regulation, ordinance or decree; and to the best of the Corporation's knowledge, no conditions exist at, on or under any property now or previously owned, operated or leased by the Corporation or a Subsidiary which, with the passage of time, or the giving of notice or both, would give rise to liability under any law, statute, order, regulation, ordinance or decree that, individually or in the aggregate, has or may reasonably be expected to have any Material Adverse Effect;

(y) except as ordinarily or customarily required by applicable permit, the Corporation and its Subsidiaries have not received any notice wherein it is alleged or stated that it is potentially responsible for a federal, provincial, state, municipal or local clean-up site or corrective action under any law including any Environmental Laws. The Corporation and its Subsidiaries have not received any request for information in connection with any federal, state, municipal or local inquiries as to disposal sites;

(z) all exploration and mining operations on the properties of the Corporation and its Subsidiaries have been conducted in all respects in accordance with good mining and engineering practices and all applicable material workers' compensation and health and safety and workplace laws, regulations and policies have been complied with;

(aa) the Corporation has no material mineral properties as at the date hereof;

(bb) there are no environmental audits, evaluations, assessments, studies or tests relating to the Corporation except for ongoing assessments conducted by or on behalf of the Corporation in the ordinary course;

(cc) the Corporation has disclosed all material information relating to any material properties in the Public Record in compliance with Securities Laws and such disclosure was true and complete and accurate in all material respects;

(dd) all exploration activities and mining operations on the properties of the Corporation and the Subsidiaries have been conducted in accordance with good mining and engineering practices and all applicable workers' compensation, health and safety and workplace laws, regulations and policies have been complied with in all material respects;

(ee) the execution and delivery by the Corporation of this Agreement and the Indenture, and the performance by the Corporation of its obligations hereunder and thereunder and the consummation by the Corporation of the transactions contemplated herein and therein and the issuance, sale and delivery of the Offered Securities has been or, as the case may be, will be at the Closing Time duly authorized, executed and delivered by the Corporation and each is, or will at the Closing Time be a legal, valid and binding obligation of the Corporation, enforceable against the Corporation in accordance with its terms, except where enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors rights generally and general principles of equity;

(ff) the issuance of the Debentures by the Corporation in accordance with the terms of this Agreement and the Indenture, has been authorized by all necessary corporate action and, upon payment therefor in accordance with this Agreement and the Indenture, the Debentures will be validly issued and outstanding as fully paid and non-assessable securities of the Corporation;

(gg) the Common Shares issuable upon conversion of the Debentures have been duly and validly authorized, allotted and reserved for issuance in accordance with the terms of this Agreement and the Indenture and, upon their issuance in accordance with the terms of the Indenture, the Common Shares will be validly issued and outstanding as fully paid and non-assessable Common Shares;

(hh) the form and terms of the certificates for the Debentures and for the Common Shares issuable upon conversion of the Debentures will have been, at the Closing Time, approved and adopted by the directors of the Corporation and will comply with all legal requirements including, without limitation, the applicable rules and regulations of the TSXV, and will not conflict with the articles or by-laws of the Corporation;

(ii) the Common Shares are listed and posted for trading on the TSXV;

(jj) the authorized capital of the Corporation consists of an unlimited number of Common Shares, first preferred shares issuable in series and second preferred shares issuable in series, of which, as at the date hereof, 15,485,753 Common Shares are validly issued and outstanding as fully paid and non-assessable common shares of the Corporation and no first preferred shares or second preferred shares are issued and outstanding;

(kk) $5,000,000 aggregate principal amount of 2008 Debentures are issued and outstanding and the 2008 Debentures and the Common Shares issuable upon conversion of the 2008 Debentures have been validly authorized by the Corporation and are validly issued and outstanding as fully paid and non-assessable securities of the Corporation;

(ll) $4,690,800 aggregate principal amount of 2010 Debentures are issued and outstanding and the 2010 Debentures and the Common Shares issuable upon conversion of the 2010 Debentures have been validly authorized by the Corporation and are validly issued and outstanding as fully paid and non-assessable securities of the Corporation;

(mm) the Corporation is not subject to any agreement or understanding or option or right or privilege (whether at law, pre-emptive or contractual, present or future, contingent or absolute) capable of becoming an agreement for the purchase, subscription or issuance of, or conversion into, any unissued shares, securities, warrants or convertible obligations of any nature of the Corporation except for those set out below (all as at the dated hereof):

(i) the 2008 Debentures;

(ii) the 2010 Debentures;

(iii) 51,994 broker warrants exercisable for units of the Corporation, each such unit comprised of one Common Share and one Common Share purchase warrant exercisable for Common Shares;

(iv) 3,981,699 Common Share purchase warrants exercisable for Common Shares; and

(v) 791,490 stock options exercisable for Common Shares;

(nn) the Transfer Agent, at its principal office in Calgary, has been duly appointed as transfer agent and registrar for the Common Shares;

(oo) the Debenture Trustee, at its principal office in Calgary, will have been, at the Closing Time, duly appointed as trustee in respect of the Debentures;

(pp) all information which has been prepared by the Corporation relating to the Corporation, the Subsidiaries and their respective business, property and liabilities and provided to the Agent, including all financial, marketing, sales and operational information provided to the Agent is, as of the date of such information, true and correct in all material respects, taken as a whole, (except to the extent amended or superseded by information subsequently provided to the Agent or publicly disclosed) and, to the knowledge of the Corporation, no fact or facts have been omitted therefrom which would make such information materially misleading;

(qq) there is no person acting for the Corporation that is entitled to any brokerage or finder's fee in connection with the Offering or any of the transactions contemplated hereunder, except as provided herein and as referred to in the Prospectus;

(rr) no acquisitions have been made by the Corporation or any Subsidiary that are "significant acquisitions" (as such term is defined in National Instrument 51-102 – *Continuous Disclosure Obligations*) for which the Corporation is required to file a business acquisition report, and none of the Corporation or any Subsidiary is a party to any Contract with respect to any transaction that would constitute a "proposed acquisition" (as such term is used in Form 44-101 F1 – *Short Form Prospectus*) and neither the Corporation nor any Subsidiary has entered into any agreement of any nature to acquire, directly or indirectly, any securities, or other equity or proprietary interest in, any person except as disclosed in the Prospectus except in the ordinary course of business;

(ss) except as disclosed to the Agent, the Corporation has not approved, is not contemplating, has not entered into any agreement in respect of, and has no knowledge of (i) any written or oral agreement, option, understanding or commitment or any right or privilege capable of becoming such, for the purchase, sale, transfer or other disposition of the material properties or assets or any interest therein owned directly or indirectly by the Corporation or (ii) a sale of all or substantially all of the assets of the Corporation;

(tt) the Corporation and each Subsidiary has obtained or will obtain prior to the Closing Time and in accordance with the terms hereof, all required third party consents and waivers, under its material Contracts and applicable Laws and all consents or approvals required under its constating documents, in connection with the transactions contemplated by the Transaction Agreements, where the failure to obtain such consent would individually, or in the aggregate, result in a Material Adverse Effect;

(uu) the execution and the delivery of this Agreement and the Indenture, the consummation of the transactions contemplated hereby and thereby, including the intended use of proceeds of the Offering will not give rise to any Lien on or with respect to the property or assets now owned or hereafter acquired by the Corporation or any of its Subsidiaries or the acceleration of the maturity of any debt under any material Contract binding or affecting the Corporation, its Subsidiaries or any of their respective property;

(vv) upon their issuance, the attributes of the Offered Securities will conform in all material respects with the descriptions thereof in the Offering Documents;

(ww) the execution and filing of each of the Preliminary Prospectus and the Prospectus with the Securities Commissions have been duly approved and authorized by all necessary action by the Corporation, the Preliminary Prospectus has been duly executed by and on behalf of the Corporation, and the Prospectus, prior to filing will be, duly executed by and on behalf of the Corporation;

(xx) the Corporation is eligible to file the Preliminary Prospectus and the Prospectus under NI 44-101 in each of the Qualifying Jurisdictions and the Corporation has fulfilled all requirements to be fulfilled by the Corporation, including the filing of the documents and all other continuous disclosure materials required to be filed pursuant to applicable Securities Laws, but excluding the filing of the Prospectus, to enable the Offered Securities to be offered for sale and sold to the public in all Qualifying Jurisdictions through registrants registered in the appropriate category who have complied with the relevant provisions of Securities Laws and the terms and conditions of their registration;

(yy) each of the Transaction Agreements conforms, in all material respects, with the description thereof in the Prospectus;

(zz) to the knowledge of the Corporation, all material Contracts (including the Existing Indentures) are in full force and effect and each Contract that is described in the Preliminary Prospectus and the Prospectus conforms to such description in all material respects;

(aaa) the records, corporate books and minute books of the Corporation and the Subsidiaries contain complete and accurate minutes of all meetings of the board of directors and the committees thereof and the shareholders, as applicable, held since their respective dates of formation or incorporation, and all such meetings were duly called and held, the share certificate books, registers of shareholders, registers of transfers and registers of directors of the Corporation and the Subsidiaries are complete and accurate;

(bbb) the Financial Information is true and correct in all material respects, presents fairly, in all material respects, the financial position, results of operations, cash flows and all of the assets and liabilities of the Corporation on a consolidated basis for the periods ended on, and as at, the dates indicated, and has been prepared in accordance with GAAP or IFRS, as applicable, consistently applied and applicable Securities Laws, and the Corporation is not aware of any fact or circumstance presently existing which would render the Financial Information materially incorrect;

(ccc) the Financial Data contained in the Prospectus and any Supplementary Material is presented fairly and is true and correct in all material respects and contains no misrepresentation;

(ddd) the Corporation has no contingent liabilities in excess of the liabilities that are either reflected or reserved in the Financial Statements, which would reasonably be expected to be material to the financial condition of the Corporation on a consolidated basis;

(eee) there are no off-balance sheet transactions, arrangements, obligations (including contingent obligations) or other relationships of the Corporation with unconsolidated entities or other persons that may have a material current or future effect on the financial condition, changes in financial condition, results of operations, earnings, cash flow, liquidity, capital expenditures, capital resources, or significant components of revenues or expenses of the Corporation on a consolidated basis;

(fff) the Corporation and its Subsidiaries maintain a system of internal accounting controls sufficient to provide reasonable assurance that:

(i) transactions will be executed in accordance with the general or specific authorization of the board of directors of the Corporation; and

(ii) transactions will be recorded as necessary to permit preparation of financial statements in conformity with GAAP or IFRS, as applicable, and to maintain accountability for assets;

(ggg) each of the Corporation and the Subsidiaries, has (i) filed all returns, declarations, reports, estimates, information returns, elections, and statements ("**Returns**") required to be filed or sent by it in respect of any Taxes or to any taxing authority having jurisdiction, (ii) paid, or has had paid on its behalf, all Taxes shown to be due and payable on such Returns, and (iii) withheld or collected and remitted all amounts to be withheld or collected and remitted by it in respect of any Taxes, except, in each case, where the failure to do so would not individually or in the aggregate have a Material Adverse Effect;

(hhh) each of the Corporation and the Subsidiaries has established on its books and records reserves that are adequate for the payment of all Taxes not yet due and payable and there are no Liens for Taxes on the assets or properties of any of the foregoing entities, except for Taxes not yet due or where such Lien would not have a Material Adverse Effect, and, to the knowledge of the Corporation, there are no audits pending of the Returns (whether federal, provincial, state, local or foreign), and there are no claims which have been or may be asserted relating to any such Returns, which audits and claims, if determined adversely, would result in the assertion by any governmental agency of any deficiency that would have a Material Adverse Effect; and

(iii) neither the Canada Revenue Agency nor any other taxation authority, foreign or domestic, has asserted or to the knowledge of the Corporation threatened to assert any assessment, claim or liability for Taxes due or to become due in connection with any review or examination of the Returns of the Corporation or any of the Subsidiaries (including, without limitation, any predecessor companies) which would have a Material Adverse Effect.

Section 7 Covenants of the Corporation

(1) The Corporation covenants and agrees with the Agent that the Corporation:

(a) will advise the Agent, promptly after receiving notice thereof, of the time when the Prospectus and any Supplemental Material has been filed and the Final Receipt has been obtained and will provide evidence satisfactory to the Agent of each filing and the issuance of the Final Receipt;

(b) will advise the Agent promptly after receiving notice or obtaining knowledge of:

(i) the issuance by any Securities Commission of any order suspending or preventing the use of any Offering Document;

(ii) the suspension of the qualification of the Offered Securities for offering or sale in any of the Qualifying Jurisdictions;

(iii) the institution, threatening or contemplation of any proceeding for any of the purposes described in (i) or (ii); or

(iv) any requests made by any Securities Commission to amend or supplement the Preliminary Prospectus or the Prospectus or for additional information, and it will use its reasonable commercial efforts to prevent the issuance of any such order or request and, if any such order or request is issued, to obtain the withdrawal of such order or request as promptly as possible;

(c) will apply, or cause to be applied, the net proceeds from the issue and sale of the Debentures in accordance with the disclosure set out under the heading "Use of Proceeds" in the Prospectus;

(d) will promptly do, make, execute, deliver or cause to be done, made, executed or delivered, all such acts, documents and things as the Agent may reasonably request from time to time for the purpose of giving effect to this Agreement and the Indenture and take all such steps as may be reasonably within its power to implement to the full extent the provisions of this Agreement, the Indenture and the transactions contemplated by the Prospectus;

(e) will make available management personnel of the Corporation to provide such assistance in marketing the Offering as the Agent may reasonably request.

Section 8 Survival of Representations, Warranties and Covenants

(1) All of the representations, warranties and covenants of the Corporation contained in this Agreement or in agreements, certificates or other documents referred to in this Agreement or delivered pursuant to this Agreement shall survive the purchase and sale of the Offered Securities and the termination of this Agreement and such representations, warranties and covenants shall survive in full force and effect for the benefit of the Agent for a period of three years after the Closing Date, regardless of any subsequent disposition of the Offered Securities or any investigation by or on behalf of the Agent with respect thereto.

(2) Notwithstanding anything to the contrary in Section 8(1), in the case of any fraud or fraudulent misrepresentation of the Corporation, the representations, warranties and covenants of such party contained in this Agreement or in agreements, certificates or other documents referred to in this Agreement or delivered pursuant to this Agreement shall survive the purchase and sale of the Offered Securities and the termination of this Agreement and shall remain in full force and effect indefinitely.

Section 9 Conditions of Closing

(1) The obligation of the Agent under this Agreement shall be subject to the following conditions being fulfilled on or before the Closing Date which conditions are for the exclusive benefit of the Agent, and any of the following conditions may be waived, in whole or in part, by the Agent, in its sole discretion, pursuant to Section 16 hereof:

(a) The Agent shall have received at the Closing Time a legal opinion dated and delivered on the Closing Date in form and substance and subject to qualifications satisfactory to the Agent and its counsel, acting reasonably, addressed to the Agent and its counsel from counsel to the Corporation in respect of such matters as the Agent may reasonably request relating to the distribution of the Offered Securities including, without limitation:

(i) as to the incorporation and valid existence of the Corporation and the Subsidiaries and as to the corporate capacity, power and authority of the Corporation (A) to carry out its obligations under the Transaction Agreements; (B) to create, issue and sell the Debentures; and (C) to issue and deliver the Common Shares issuable upon the conversion of the Debentures;

(ii) as to the authorized and issued capital of the Corporation and the Subsidiaries and providing that all outstanding securities of the Corporation and the Subsidiaries are validly issued and outstanding as fully paid;

(iii) each of the Corporation and the Subsidiaries has all requisite corporate capacity, power and authority to carry on its business as presently carried on and to own, lease and operate its properties and assets;

(iv) the Corporation is a reporting issuer or the equivalent thereof in all of the provinces and territories of Canada and is not in default under the securities laws of any such jurisdiction;

(v) all necessary corporate action has been taken by the Corporation to duly authorize, create, deliver and validly issue and sell the Debentures on the terms and conditions of this Agreement and to allot and issue the Common Shares issuable upon conversion of the Debentures;

(vi) the Debentures have been issued and are duly authorized, executed and delivered by the Corporation and are enforceable against the Corporation in accordance with their terms and the terms of the Indenture;

(vii) the Common Shares issuable upon conversion of the Debentures will, upon their issuance in accordance with the terms and conditions of the Indenture, be validly issued by the Corporation without further action on the part of the Corporation, and will be outstanding as fully paid and non-assessable Common Shares;

(viii) none of the execution and delivery of the Transaction Agreements, the performance by the Corporation of its obligations thereunder, or the sale or issuance of the Offered Securities will conflict with or result in any breach of or default under (A) the constating documents of the Corporation, (B) the Existing Indentures, or (C) any Law in Canada, or any judgment, order or decree of any Governmental Authority in Canada having jurisdiction over the Corporation or any of its assets or properties;

(ix) all necessary corporate action has been taken by the Corporation to authorize the execution and delivery of the Transaction Agreements and the performance of its obligations thereunder and each such agreement has been duly authorized and executed and delivered by the Corporation, and constitutes a valid and legally binding agreement of the Corporation enforceable against it in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency, liquidation, reorganization, moratorium or similar Laws affecting the rights of creditors generally and except as limited by the application of equitable principles when equitable remedies are sought, and the qualification that the enforceability of rights of indemnity, contribution and waiver and the ability to sever unenforceable terms may be limited by Law;

(x) the Offered Securities will be qualified investments under the Tax Act for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans (except a deferred profit sharing plan to which the Corporation, or an employer that does not deal at arm's length with the Corporation, has made a contribution), registered education savings plans, registered disability savings plans and tax-free savings accounts (collectively, the "**plans**");

(xi) the attributes of the Common Shares and the Debentures are consistent and conform in all material respects with the descriptions thereof in the Prospectus;

(xii) each of the Offering Documents relating to the distribution of the Offered Securities in the Qualifying Jurisdictions, and the execution and filing of each of the Offering Documents with the Securities Commissions have been duly approved and authorized by all necessary action by the Corporation, and such Offering Documents have been duly executed and filed by and on behalf of the Corporation;

(xiii) all Authorizations under Securities Laws have been obtained, all necessary documents have been filed and all other legal requirements have been fulfilled to qualify the issuance, distribution and sale of the Offered Securities to (A) the Agent, and (B) the public in each of the Qualifying Jurisdictions through dealers registered under the Laws of each of the Qualifying Jurisdictions who have complied with the relevant provisions of such Laws;

(xiv) subject to the qualifications, assumptions, limitations and understandings set out therein, the statements as to matters of the Laws of Canada set out in the Prospectus under the heading "Certain Canadian Federal Income Tax Considerations" fairly describe the principal Canadian federal income tax considerations as at the date hereof generally applicable under the Tax Act to a holder of

Debentures who, for purposes of the Tax Act and at all relevant times, is resident or is deemed to be resident in Canada, holds the Debentures as capital property and deals at arm's length and is not affiliated with the Corporation;

(xv) the form and terms of the certificates for the Debentures have been approved and adopted by the board of directors of the Corporation and comply with all legal requirements including, without limitation, the applicable rules and regulations of the TSXV, and do not conflict with the articles or by-laws of the Corporation;

(xvi) the TSXV has conditionally approved the listing and posting for trading of the Common Shares issuable upon conversion of the Debentures, subject to fulfilling the Standard Listing Conditions;

(xvii) the Debenture Trustee, at its principal office in Calgary, has been duly appointed as trustee in respect of the Debentures;

(xviii) the issuance of the Common Shares issuable upon the conversion of the Debentures in accordance with the terms and conditions of the Debentures to the holders of such securities will be exempt from the prospectus requirements of Securities Laws and no filing, proceeding, approval, consent, or authorization will be required to be made, taken or obtained pursuant to the Securities Laws in connection with such distribution; and

(xix) the first trade of the Common Shares issuable upon the conversion of the Debentures by holders of such securities in the Qualifying Jurisdictions will not be subject to the prospectus requirements of Securities Laws and no filing, proceeding, approval, consent, or authorization will be required to be made, taken or obtained under Securities Laws to permit such trade or distribution, through a person registered under an appropriate category under Securities Laws or pursuant to an exemption from the registration requirements under Securities Laws, provided that such trade does not constitute a "control distribution", as that term is defined in National Instrument 45-102;

(b) the Agent shall have received at the Closing Time a legal opinion dated the Closing Date in form and substance satisfactory to the Agent and its counsel, acting reasonably, addressed to the Agent from the Corporation's counsel(s) in the non-Canadian jurisdiction(s) in which any Offered Securities are sold to the effect that if any of the Debentures are being sold in such jurisdiction and the Corporation is advised of such, no registration of the Debentures under the such jurisdictions' securities laws is required in connection with the offer and sale of the Debentures in such jurisdiction;

(c) the Agent shall have received certificates dated the Closing Date, addressed to the Agent and signed by a senior officer of the Corporation, as may be acceptable to the Agent, in form and content satisfactory to the Agent and its counsel, acting reasonably, with respect to all such matters as the Agent may reasonably request, including the following:

(i) the constating documents of the Corporation;

(ii) the resolutions of the directors of the Corporation relevant to the approval of the Preliminary Prospectus and the Prospectus and the signing and filing thereof, the allotment, issue and sale of the Offered Securities and the authorization of this Agreement and the Indenture and the other agreements and transactions contemplated by this Agreement and the Indenture; and

(iii) the incumbency and signatures of signing officers of the Corporation;

(d) the Agent shall have received at the Closing Time a certificate dated the Closing Date addressed to the Agent and signed by a senior officer of the Corporation, as may be acceptable to the Agent, in form and content satisfactory to the Agent and its counsel, acting reasonably, certifying for and on behalf of the Corporation (without personal liability), after having made due inquiry, to such matters as the Agent may reasonably request, including to the effect that:

(i) the Corporation has complied with all of the covenants and satisfied all of the terms and conditions of this Agreement on its part to be complied with and satisfied at or prior to the Closing Time;

(ii) subsequent to the respective dates as at which information is given in the Prospectus, there has not been any Material Adverse Change in respect of the Corporation;

(iii) the representations and warranties of the Corporation contained in this Agreement, and in any certificates of the Corporation delivered pursuant to or in connection with this Agreement, are true and correct in all material respects at the Closing Time with the same force and effect as if made at and as of such time, after giving effect to the transactions contemplated by this Agreement and the Prospectus;

(iv) the Final Receipt has been issued and no order, ruling or determination having the effect of restricting or ceasing the trading or suspending the sale of the Offered Securities has been issued and no proceedings for that purpose have been instituted or are pending or, to the knowledge of those senior officers, are contemplated or threatened by any Securities Commission or other regulatory authority; and

(v) the representations and warranties of the Corporation arising by reason of the delivery of the Offering Documents are true and correct on and as at the Closing Time as if those documents had been dated the Closing Date and delivered to the Agent on that date;

(e) the Agent shall have received at the Closing Time a comfort letter dated as of the Closing Date addressed to the Agent from Hergott substantially in the form requested by the Agent, acting reasonably, updating the comfort letter to be delivered to the Agent pursuant to Section 4(3)(d), provided that such letter may be based on a review by Hergott, as applicable, having a cut-off date not more than two Business Days prior to the Closing Date;

(f) the Indenture shall have been duly executed and delivered and the form and terms of the Indenture shall be satisfactory to the Agent, acting reasonably, and shall be consistent with the Prospectus and each of the parties thereto shall have performed such of their obligations thereunder which are to be performed or completed at or prior to the Closing Time to the satisfaction of the Agent, acting reasonably;

(g) all actions required to be taken by or on behalf of the Corporation including the passing of all requisite resolutions of the directors of the Corporation and all requisite filings with Governmental Authorities, Securities Commissions or courts will have occurred at or prior to the Closing Time, so as to validly authorize the execution and filing of the Offering Documents, the due execution and delivery of the Transaction Agreements and the creation and issuance of the Debentures and the Common Shares issuable upon conversion of the Debentures, in each case having the attributes contemplated by the Prospectus;

(h) the Corporation and each Subsidiary shall have obtained all required third party consents and waivers, if any, under its material Contracts in connection with the transactions contemplated by the Transaction Agreements in form and substance satisfactory to the Agent, and such consents and waivers shall not have been amended or rescinded;

(i) the representations and warranties of the Corporation contained herein shall be true and correct as of the Closing Time, with the same force and effect as if made at and as of the Closing Time (except in respect of representations and warranties that are made as of a specified date, in which case they will be true and correct only as at that date), after giving effect to the transactions contemplated hereby;

(j) the Corporation shall have complied with all covenants contained herein and satisfied all terms and conditions contained herein to be complied with and satisfied by it at or prior to the Closing Time;

(k) the Common Shares issuable upon conversion of the Debentures will have been approved for listing on the TSXV, subject only to the Standard Listing Conditions;

(l) the Corporation will have obtained the necessary CUSIP number for the Debentures; and

(m) the Agent will have received such other certificates, opinions, agreements, materials or documents, in form and substance satisfactory to the Agent, as the Agent may reasonably request.

(2) In giving the opinions contemplated in Section 9(1)(a), counsel may rely:

(a) as to matters of fact, to the extent appropriate in the circumstances, on certificates of officers of the Corporation and on certificates or opinions of other persons, in each case acceptable to the Agent, acting reasonably; and

(b) on the opinions of local counsel acceptable to the Agent's counsel, acting reasonably, as to the qualification of the Offered Securities for sale to the public and to the Agent and as to other relevant matters in the Qualifying Jurisdictions and all other relevant jurisdictions.

Section 10 Closing

(1) The closing of the purchase and sale of the Debentures will be completed at the Closing Time at the offices of McKercher LLP, 374 Third Avenue South, Saskatoon, Saskatchewan S7K 1M5, or at any other place determined in writing by the Corporation and the Agent. In addition to any other conditions set out in this Agreement, closing on the Initial Closing Date shall be subject to a minimum of $2,000,000 principal amount of Debentures being sold. At the Closing Time:

(a) the Corporation will deliver one or more global certificates in definitive form representing the Debentures to the Agent, for its account;

(b) the Agent will cause to be sent to the Corporation or as directed by the Corporation, by wire transfer or bank transfer, an amount representing the purchase price for the Debentures being issued and sold by the Corporation under this Agreement net of the fees and expenses payable by the Corporation to the Agent; and

(c) the Corporation will deliver to the Agent all further documentation as may be contemplated in this Agreement or as counsel to the Agent may reasonably require.

(2) In order to facilitate an efficient and timely closing at the Closing Time, the Agent may choose to initiate a wire transfer of funds to the Corporation prior to the Closing Time. If the Agent does so, the Corporation agrees that such transfer of funds to the Corporation prior to the Closing Time does not constitute a waiver by the Agent of any of the conditions set out in Section 9 of this Agreement. Furthermore, the

Corporation agrees that any such funds received from the Agent prior to the Closing Time will be held in trust by the Corporation solely for the benefit of the Agent until the Closing Time and, if the closing does not occur at the scheduled Closing Time, such funds will be immediately returned by wire transfer to the Agent, without interest or deduction. Upon satisfaction of the conditions of such closing and the delivery to the Agent of the items set out in Section 10(1) of this Agreement, the funds held in trust for the Agent shall be deemed to be delivered by the Agent to the Corporation in satisfaction of the obligation of the Agent under Section 10(1)(b) of this Agreement and upon such delivery the trust constituted by this Section 10(2) shall be terminated without further formality.

(3) If the aggregate principal amount of Debentures issued and sold at the Initial Closing is less than ten million dollars ($10,000,000), the parties may agree from time to time to hold additional closings up to the 90th day following the date of issuance of the Final Receipt (at such times and places as the parties agree) to issue additional Debentures until such time as an aggregate principal amount of $10,000,000 Debentures have been issued and sold pursuant to this Agreement. Any such additional closing shall be referred to as a "**Subsequent Closing**" and shall be conducted in the same manner as the Initial Closing provided, however, that there shall be no minimum number of Debentures required to be sold at any Subsequent Closing. At any Subsequent Closing, the Corporation and the Agent shall make all necessary payments and the Corporation shall, at its sole expense, deliver the certificates contemplated in Section 9 dated as of the Subsequent Closing Date and the certificate(s) referred to in Section 10(1)(a) hereof, updated to the date of any such Subsequent Closing.

Section 11 Exercise of the Option

(1) The Option may be exercised in whole or in part at any time and from time to time until the date that is 30 days following the final Closing Date in accordance with the provisions of this Agreement by delivery of a written notice (the "**Option Notice**") from the Agent to the Corporation setting out the aggregate principal amount of Option Debentures, which notice must be received by the Corporation not later than noon (Saskatoon time) on the Business Day that is 28 days following the Closing Date and at least 2 Business Days prior to any over-allotment closing. Upon the furnishing of the Option Notice, the Agent will be committed to purchase and the Corporation will be committed to sell in accordance with and subject to the provisions of this Agreement the aggregate principal amount of Option Debentures indicated in the Option Notice.

(2) Any over-allotment closing shall be conducted in the same manner as the Initial Closing provided, however, at any over-allotment closing, the Corporation shall deliver to the Agent:

(a) one or more global certificates in definitive form representing the Option Debentures to the Agent, for its account;

(b) the certificates contemplated in Section 9 dated as of the over-allotment closing date; and

(c) such further documentation as may be contemplated herein or as the Agent or Securities Commissions may reasonably require,

against payment of the aggregate purchase price for the Option Debentures, net of the agency fee with respect thereto, by wire transfer payable to the Corporation.

Section 12 Restrictions on Further Issues or Sales

During the period commencing on the date of this Agreement and ending on the day which is 90 days following the final Closing Date, the Corporation will not, directly or indirectly, without the prior written consent of the Agent (which consent will not be unreasonably withheld) (i) issue, offer, pledge, sell, contract to sell or purchase, purchase or sell any option or contract to purchase or sell any option, grant any option, right or warrant to purchase or otherwise transfer, lend or dispose of, directly or indirectly, Commons Shares or any securities convertible into or exercisable or exchangeable for Common Shares, or (ii) enter into any swap or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of Common Shares or such other securities, whether any such transaction is to be settled by delivery of Common Shares or such other securities, in cash or otherwise, or (iii) announce any intention to effect any of the foregoing, other than the Debentures issued pursuant to the Offering, and issuances of Common Shares in connection with the exercise of options, warrants, broker warrants or debentures of the Corporation, each outstanding as at the date hereof, or issuances under the Stock Option Plan.

Section 13 Indemnification

(1) The Corporation (the "**Indemnifying Party**") will protect, hold harmless and indemnify the Agent and its affiliates and their respective directors, officers, employees, shareholders and agents (collectively, the "**Indemnified Parties**" and individually an "**Indemnified Party**") from and against all losses (other than losses of profit in connection with the distribution of the Offered Securities contemplated by this Agreement), claims, actions, suits, proceedings, charges, costs, damages, liabilities or expenses of whatsoever nature or kind, including the aggregate amount paid in reasonable settlement of any actions, suits, proceedings, investigations or claims and the reasonable fees, disbursements and taxes of their counsel in connection with any action, suit, proceeding, investigation or claim that may be made or threatened against any Indemnified Party (collectively, a "**Claim**") which is caused by or arises, directly or indirectly, by reason of:

(a) any breach of or default under any representation, warranty, covenant or agreement of the Corporation in this Agreement or any other document to be delivered in connection with this Agreement, or the failure of the Corporation to comply with any of its obligations under this Agreement or under such other documents;

(b) the Corporation not complying with any requirement of any Securities Laws relating to the offering of the Offered Securities;

(c) any information or statement contained or not contained in any of the Offering Documents or any other document or material filed or delivered by or on behalf of the Corporation pursuant to this Agreement (except any information or statement relating solely to the Agent and furnished by it in writing specifically for use in such documents) being or being alleged to be an untrue statement, omission or misrepresentation; or

(d) any order made or any inquiry, investigation or proceeding instituted, threatened or announced by any court, securities regulatory authority, stock exchange or any other Governmental Authority, based upon any untrue statement, omission or misrepresentation or alleged untrue statement, omission or misrepresentation contained in any of the Offering Documents (except an untrue statement, omission or misrepresentation relating solely to the Agent and furnished by it in writing specifically for use in such documents) preventing or restricting the trading in or the sale or distribution of the Offered Securities;

and will reimburse the Indemnified Parties for all reasonable costs, charges and expenses, as incurred, which any of the Indemnified Parties may pay or incur in connection with investigating or disputing any Claim or action related thereto. This indemnity will be in addition to any liability which the Corporation may otherwise have.

The foregoing indemnity shall not apply if and to the extent that a court of competent jurisdiction in a final judgment that has become non-appealable shall determine that such losses to which an Indemnified Party may be subject were primarily caused by the negligence or wilful misconduct of such Indemnified Party.

(2) The Indemnifying Party also agrees that no Indemnified Party shall have any liability (either direct or indirect, in contract or tort or otherwise) to the Indemnifying Party or any person asserting Claims on the Indemnifying Party's behalf or in connection with this Agreement, except to the extent that any Claims incurred by the Indemnifying Party are determined by a court of competent jurisdiction in a final judgment that has become non-appealable to have primarily resulted from the breach of this Agreement, negligence, fraud or wilful misconduct by such Indemnified Party.

(3) The Indemnifying Party hereby waives any rights it may have of first requiring the Indemnified Party to proceed against or enforce any right, power, remedy or security or claim for payment from any other person before making a Claim against an Indemnifying Party under this Section 13.

(4) If any Claim contemplated by this Section 13 is asserted against any of the Indemnified Parties, or if any potential Claim contemplated by this Section 13 comes to the knowledge of any of the Indemnified Parties, the applicable Indemnified Party

will notify in writing the Indemnifying Party, as soon as reasonably practicable, of the nature of the Claim (provided that any failure to so notify in respect of any potential or actual Claim will not affect the liability of the Indemnifying Party under this Section 13 unless, and then only to the extent that, the Indemnifying Party is materially prejudiced by that failure). The Indemnifying Party will, subject to the following, be entitled (but not required) to assume the defence on behalf of the Indemnified Party of any suit brought to enforce the Claim; provided that the defence will be through legal counsel selected by the Indemnifying Party and acceptable to the Indemnified Party, acting reasonably, and no admission of liability will be made by the Indemnifying Party or the Indemnified Party without, in each case, the prior written consent of all of the Indemnified Parties affected, which consent will not be unreasonably withheld. An Indemnified Party will have the right to employ separate counsel in any such suit and to participate in its defence but the fees and expenses of that counsel will be at the expense of the Indemnified Party unless:

(a) the Indemnifying Party fails to assume the defence of the suit on behalf of the Indemnified Party within ten days of receiving notice of the suit;

(b) the employment of that counsel has been authorized by the Indemnifying Party; or

(c) the named parties to the suit (including any added or third parties) include the Indemnified Party and the Indemnifying Party, and the Indemnified Party has been advised in writing by counsel that there are legal defences available to the Indemnified Party that are different or in addition to those available to the Indemnifying Party or that representation of the Indemnified Party by counsel for the Indemnifying Party is inappropriate as a result of the potential or actual conflicting interests of those represented;

(in each of the cases set out in Section 13(4)(a), Section 13(4)(b) or Section 13(4)(c) the Indemnifying Party will not have the right to assume the defence of the suit on behalf of the Indemnified Party, but in the case of a Claim under Section 13(1), will be liable to pay the reasonable fees and expenses of separate counsel for all Indemnified Parties and, in addition, of local counsel in each applicable jurisdiction). Notwithstanding the foregoing, no settlement may be made by an Indemnified Party without the prior written consent of the Indemnifying Party, which consent will not be unreasonably withheld.

It is understood that the Indemnifying Party shall, in connection with any one action, suit or proceeding or separate but substantially similar or related actions, suits or proceedings in the same jurisdiction arising out of the same general allegations or circumstances, be liable for the reasonable fees and expenses of only one separate law firm at any time for all such Indemnified Parties not having actual or potential differing interests as among themselves.

(5) The Indemnifying Party agrees to reimburse the Agent monthly for the time spent by the Agent's personnel in connection with any Claim at their normal *per diem* rates.

The Corporation also agrees that if any Claim is brought against, or an investigation commenced in respect of, the Indemnifying Party or the Indemnifying Party and the Agent and personnel of the Agent are required to testify, participate or respond in respect of or in connection with this Agreement, the Agent will have the right to employ its own counsel in connection therewith and the Corporation will reimburse the Agent monthly for the time spent by its personnel in connection therewith at their normal *per diem* rates together with such disbursements and reasonable out-of-pocket expenses as may be incurred, including fees and disbursements of the Agent's counsel.

(6) All amounts paid by the Corporation to, or for the benefit of, the Agent shall be made free and clear of and without deduction for or on account of any Taxes including, but not limited to, withholding taxes ("**Indemnified Taxes**") except as required by applicable law. If any Indemnified Tax is deducted or withheld from amounts paid by the Corporation, the amount of such payment shall be increased so that after such deduction or withholding the amount actually received by the Agent is equal to the amount that would have been received had no such deduction or withholding been required. In addition, the Corporation will indemnify the Agent for any losses arising from the failure to withhold and remit any such Indemnified Taxes.

(7) The Indemnifying Party hereby acknowledges and agrees that, with respect to Section 13 and Section 14 of this Agreement, the Agent is contracting on its own behalf and as agent for its affiliates, directors, officers, employees and agents and their respective affiliates, directors, officers, employees and agents (collectively, the "**Beneficiaries**"). In this regard, the Agent will act as trustee for the Beneficiaries of the covenants of the Indemnifying Party under Section 13 and Section 14 of this Agreement with respect to the Beneficiaries and accepts these trusts and will hold and enforce such covenants on behalf of the Beneficiaries.

(8) The obligations under Section 13 and Section 14 shall apply whether or not the transactions contemplated by this Agreement are completed and shall survive the completion of the transactions contemplated under this Agreement and the termination of this Agreement.

Section 14 Contribution

(1) In order to provide for just and equitable contribution in circumstances in which an indemnity provided in Section 13 would otherwise be available in accordance with its terms but, for any reason not solely attributable to one or more of the Indemnified Parties, is held to be unavailable, the Agent and the Indemnifying Party shall contribute to the aggregate of all Claims of the nature contemplated in Section 13 and suffered or incurred by the respective Indemnified Parties in such proportions so that the Agent is responsible for that portion represented by the percentage that the aggregate fee paid to the Agent in connection with the sale of the Offered Securities bears to the aggregate purchase price of the Offered Securities, each as determined pursuant to the provisions of this Agreement, and the Indemnifying

Party will be responsible for the balance, whether or not they have been sued or sued separately; provided, however, that:

(a) the Agent shall not in any event be liable to contribute, in the aggregate, any amount in excess of the aggregate fee or any portion thereof actually received in connection with the sale of the Offered Securities; and

(b) no person who has engaged in any fraud, wilful default, fraudulent misrepresentation, negligence, wilful misconduct or reckless disregard will be entitled to claim contribution from any person who has not engaged in that fraud, wilful default, fraudulent misrepresentation, negligence, wilful misconduct or reckless disregard.

(2) The rights to contribution provided in this Section 14 will be in addition to and not in derogation of any other right to contribution which the Indemnified Parties may have by statute or otherwise at law provided that Section 13 and Section 14(1) will apply, *mutatis mutandis*, in respect of that other right.

Section 15 Expenses

(1) Whether or not the purchase and sale of the Initial Debentures or the Option Debentures is completed, all expenses of or incidental to the transactions contemplated in this Agreement and the Indenture including all expenses of or incidental to the creation, issuance and delivery of the Offered Securities will be borne by the Corporation, including without limitation:

(a) all expenses payable in connection with the qualification for distribution of the Offered Securities under applicable Securities Laws;

(b) the reasonable fees and expenses of each of the Corporation's auditor, counsel to the Corporation and all related local counsel and counsel in any non-Canadian jurisdiction;

(c) all costs incurred in connection with the preparation, filing and printing of the Offering Documents and the certificates for all Offered Securities contemplated under this Agreement;

(d) all fees and expenses of the Transfer Agent and Debenture Trustee; and

(e) all other out-of-pocket expenses of the Agent including the fees (not to exceed $60,000) and disbursements of the Agent's counsel,

including Canadian federal goods and services tax, harmonized sales tax and provincial sales tax exigible in respect of any of the foregoing.

Section 16 All Terms to be Conditions

All representations, warranties, covenants and other terms of this Agreement shall be and shall be deemed to be conditions, and any breach or failure to comply with any of them will entitle the Agent to terminate its obligation to purchase the Offered Securities, by written notice to that effect given to the Corporation at or prior to the Closing Time. It is understood that the Agent may waive, in whole or in part, or extend the time for compliance with, any of those terms and conditions without prejudice to the rights of the Agent in respect of any of those terms and conditions or any other or subsequent breach or non-compliance, provided that to be binding on the Agent any such waiver or extension must be in writing.

Section 17 Termination by the Agent in Certain Events

(1) The Agent will be entitled to terminate its obligation to purchase the Debentures by written notice to that effect given to the Corporation at or prior to the Closing Time if:

(a) any inquiry, action, suit, investigation or other proceeding (whether formal or informal) is commenced, announced or threatened or any order is issued under or pursuant to any relevant statute or by any federal, provincial, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality or any third party, including, without limitation, the TSXV or any securities regulatory authority (other than any such inquiry, action, suit, investigation or other proceeding or order relating solely to the Agent) or there is any change of Law, or interpretation or administration thereof, which, in the reasonable opinion of the Agent, acting in good faith, (i) operates to prevent or restrict the trading in, or adversely impacts the distribution or the marketability of the Common Shares or the Debentures, or materially and adversely affects or will materially and adversely affect the market price or value of the Common Shares or the Debentures, or (ii) operates to prevent, suspend, hinder, delay, restrict or otherwise materially adversely affect the transactions contemplated by the Preliminary Prospectus, the Prospectus or the Transaction Agreements or any of them;

(b) there occurs any material change (actual, contemplated or threatened) in the business, affairs, operations, assets, liabilities (contingent or otherwise), capital or ownership of the Corporation and its Subsidiaries, howsoever caused, or there should be discovered any previously undisclosed material fact (other than a material fact related solely to the Agent) or there should occur a change (other than a change related solely to the Agent) in a material fact contained in the Preliminary Prospectus or the Prospectus, in each case which, in the opinion of the Agent, could reasonably be expected to result in the purchasers of a material number of the Offered Securities exercising their right under Securities Laws to withdraw from or rescind their purchase thereof or sue for damages in respect thereof or which has or could reasonably be expected to have a significant adverse effect on the market price, value or marketability of the Common Shares or the Debentures; or

(c) there should develop, occur or come into effect or existence any event, action, state, condition or major financial occurrence of national or international consequence, or any outbreak or escalation of national or international hostilities or any crisis or calamity, any act of terrorism, war or similar event, or any governmental action, Law, regulation, inquiry or other occurrence of any nature which, in the reasonable opinion of the Agent, materially adversely affects or may materially affect the financial markets in Canada or the United Kingdom or the international financial markets or the business, operations or affairs of the Corporation and its Subsidiaries taken as a whole.

(2) If this Agreement is terminated by the Agent pursuant to Section 17(1), there shall be no further liability on the part of the Agent or on the part of the Corporation to the Agent, except in respect of any liability which may have arisen or may later arise under Section 13, Section 14 and Section 15 of this Agreement.

(3) The right of the Agent to terminate its obligations under this Agreement is in addition to all other remedies that it may have in respect of any default, act or failure to act of the Corporation in respect of any of the matters contemplated by this Agreement.

Section 18 Notice

Any notice or other communication required or permitted to be given under this Agreement will be in writing and will be delivered to:

(a) in the case of the Corporation:

49 North Resources Inc.
602, 224-4th Avenue South
Saskatoon, Saskatchewan
S7K 5M5

Attention: Tom MacNeill
Fax: 306.664.4483

with a copy to:

McKercher LLP
374 Third Avenue South
Saskatoon, Saskatchewan
S7K1M5

Attention: John Pringle
Fax: 306.653.2669

(b) in the case of the Agent:

MGI Securities
224 4th Avenue South, Suite 600
Saskatoon, Saskatchewan
S7K 5M5

Attention: Jeret Bode
Fax: 306.385.6252

with a copy to:

Stikeman Elliott LLP
5300 Commerce Court West
199 Bay Street
Toronto, Ontario
M5L 1B9

Attention: Darin Renton
Fax: 416.947.0866

The parties may change their respective addresses for notices by notice given in the manner set out above. Any notice or other communication will be in writing and, unless delivered personally to the addressee or to a responsible officer of the addressee, as applicable, will be given by facsimile and will be deemed to have been given (i) in the case of a notice delivered personally to a responsible officer of the addressee, when so delivered; and (ii) in the case of a notice delivered or given by facsimile, on the date of sending if sent on or before 5:00 p.m. (Eastern time), and on the first Business Day following the day on which it is sent if sent after such time.

Section 19 Time of Essence

Time will be of the essence of this Agreement and, following any waiver or indulgence by any party, time will again be of the essence of this Agreement.

Section 20 Entire Agreement

This Agreement and the other documents referred to in this Agreement constitute the entire agreement between the parties hereto relating to the subject matter of this Agreement and supersede all prior agreements between those parties with respect to their respective rights and obligations in respect of the transactions contemplated under this Agreement.

Section 21 Severability

If any provision of this Agreement is determined by a court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, all other provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party hereto.

Section 22 Governing Law

This Agreement will be governed by and interpreted in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

Section 23 Successors and Assigns

The terms and provisions of this Agreement will be binding upon and enure to the benefit of the parties hereto and their respective successors and assigns; provided that, except as otherwise provided in this Agreement, this Agreement will not be assignable by any party without the written consent of the others and any purported assignment without that consent will be invalid and of no force and effect.

Section 24 Further Assurances

Each of the parties hereto shall do or cause to be done all such acts and things and shall execute or cause to be executed all such documents, agreements and other instruments as may, either before or after each Closing Date, reasonably be necessary or desirable for the purpose of carrying out the provisions and intent of this Agreement.

Section 25 Effective Date

This Agreement is intended to and shall take effect as of the date first set forth above, notwithstanding its actual date of execution or delivery.

Section 26 Counterparts and Facsimile Copies

This Agreement and all documents contemplated by or delivered under or in connection with this Agreement may be executed and delivered in any number of counterparts, with the same effect as if all parties had signed and delivered the same document, and all counterparts shall be construed together to be an original and will constitute one and the same agreement.

Section 27 No Fiduciary Relationship

The Corporation hereby acknowledges that the Agent is acting solely as agent in connection with the purchase and sale of the Corporation's securities contemplated hereby. The Corporation further acknowledges that the Agent is acting pursuant to a contractual relationship created solely by this Agreement entered into on an arm's length basis, and in no event do the parties intend that the Agent acts or is responsible as a fiduciary to the Corporation, its management, shareholders or creditors or any other person in connection with any activity that the Agent may undertake or may have undertaken in furtherance of such purchase and sale of the Corporation's securities, either before or after the date hereof. The Agent hereby expressly disclaims any fiduciary or similar obligations to the Corporation, either in connection with the transactions contemplated by this Agreement or any matters leading up to such transactions, and the Corporation hereby confirms its understanding and agreement to that effect. The Corporation and the Agent agree that the Agent is acting as principal and not as the agent or fiduciary of the Corporation and the Agent has not assumed, and will not assume, any advisory responsibility in favour of the Corporation with respect to the transactions contemplated hereby or the process leading thereto (irrespective of whether the Agent has advised or is currently advising the Corporation on other matters).

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

If this letter accurately reflects the terms of the transactions which we are to enter into and are agreed to by you, please communicate your acceptance by executing the enclosed copies of this letter where indicated and returning them to us.

Yours very truly,

MGI SECURITIES INC.

By: *(signed) Mark Arthur*

Name: Mark Arthur

Title: Chief Executive Officer

The foregoing is hereby accepted and agreed to by the undersigned as of the date of this letter first written above.

49 NORTH RESOURCES INC.

By: *(signed) Tom MacNeill*

Name: Tom MacNeill

Title: President & Chief Executive Officer