

Blackmont Capital Inc.
Suite 500, 550 Burrard Street
Vancouver, British Columbia
V6C 2B5

Bolder Investments Partners, Ltd.
Suite 800, 1450 Creekside Drive
Vancouver, British Columbia
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August 11, 2006

EcuaGold Resources Ltd.
Suite 1040, 999 West Hastings St.
Vancouver, British Columbia
V6C 2W2

Attention: Mr. Anthony Ciali
President and Chief Executive Officer

Dear Sirs:

We, Blackmont Capital Inc. and Bolder Investment Partners, Ltd. (each an "**Agent**" and collectively, the "**Agents**") understand that EcuaGold Resources Ltd. (the "**Company**"), a corporation organized under the laws of British Columbia, proposes to undertake:

- (a) a private placement (the "**Offering**") in the provinces of British Columbia, Alberta and Ontario and such additional jurisdictions as the Company and the Agents may agree upon (the "**Offering Jurisdictions**") of up to 3,600,000 common shares ("**Offering Shares**" and as hereafter defined) of the Company at a price (the "**Offering Price**") of \$0.25 per Offering Share, for aggregate gross proceeds of up to \$900,000; and
- (b) an initial public offering (the "**IPO**") in the provinces of British Columbia, Alberta and Ontario and such additional jurisdictions where the Offering is conducted and such additional jurisdictions as the Company and the Agent may agree upon (collectively, the "**IPO Jurisdictions**") of a minimum (the "**Minimum IPO**") of 8,000,000 units ("**IPO Units**" and as hereafter defined) of the Company and up to a maximum (the "**Maximum IPO**") of 12,000,000 IPO Units at a price (the "**IPO Price**") of \$0.50 per IPO Unit, for aggregate gross proceeds of \$4,000,000 if the Minimum IPO is sold and \$6,000,000 if the Maximum IPO is sold.

Each IPO Unit shall consist of one common share (the "**IPO Shares**") and one warrant (the "**IPO Warrants**"). Each IPO Warrant shall entitle the holder to purchase one common share (the "**IPO Warrant Shares**") at a price of \$0.75 per IPO Warrant Share for a period of 18 months after the completion (the "**IPO Closing**") of an offer and sale of the IPO Units, always provided that if, at any time following the expiration of four months after the IPO Closing, the closing price of the common shares of the Company on the TSX Venture Exchange (the "**Exchange**") is equal to or greater than \$1.25 for a period of 20 consecutive trading days (the "**Trading Target**"), the Company may accelerate the expiry date of the IPO Warrants by mailing a written notice to the Agent and all holders of the IPO Warrants, within 5 business days after the Trading Target is met, confirming that the Trading Target has been met and confirming the accelerated expiry date of the IPO Warrants, which accelerated expiry date shall be not less than 30 days after the mailing of such written notice.

Subject to the terms and conditions set forth in this Agreement, the Company hereby appoints the Agents, and the Agents accept such appointment, to act as the Company's sole and exclusive agents on a

commercially reasonable efforts basis to sell the Offering Shares on a private placement basis in the Offering Jurisdictions and to sell the IPO Units pursuant to the Prospectus in the IPO Jurisdictions. It is understood and agreed that the Agents are under no obligation to purchase any Offering Shares or IPO Units, although the Agents may purchase Offering Shares and IPO Units if they so desire.

The Company shall also grant to the Agents an option (the "**Greenshoe Option**") to purchase up to a number of IPO Units as is equal 15% of the number of IPO Units sold at the IPO Price per IPO Unit, for a period of 60 days after the final IPO Closing.

The Company shall also apply for listing on the Exchange. If sponsorship is required by the Exchange, Blackmont shall act as sponsor for the Company's listing on the Exchange, subject to the Company and Blackmont entering into a formal sponsorship agreement (the "**Sponsorship Agreement**") in form and content satisfactory to Blackmont acting reasonably.

1. Interpretation and Defined Terms

1.1 **Interpretation.** For the purposes of this Agreement, unless the context otherwise requires:

- (a) *Persons* – a reference to an individual shall include corporations, partnerships, trusts and other artificial entities and vice versa; a reference to any gender shall include the opposite gender; and any reference to a particular type of artificial entity shall include all other types of artificial entities;
- (b) *Number* – a reference to the singular in number shall include the plural and vice versa;
- (c) *Time* – a reference to any time shall refer to Pacific Daylight Savings Time;
- (d) *Currency* – a reference to currency shall refer to lawful currency of Canada;
- (e) *Statutes* – a reference to a statute or "laws" shall include all rules, regulations, notices, orders, policies and other instruments made pursuant thereto, and all amendments, supplements, re-enactments and replacements thereof from time to time; and
- (f) *Divisions and Headings* – the division of this Agreement into Articles, Sections and other sub-divisions, and the use of headings, is for convenience only and shall not affect the construction or interpretation of, or be used to limit the effect of, any of the terms and conditions of this Agreement.

1.2 **Defined Terms.** For purposes of this Agreement, the following terms shall have the ascribed meanings unless the context otherwise requires:

- (a) "**Agents**" means Blackmont Capital Inc. and Bolder Investment Partners, Ltd., and each is referred to individually as an "**Agent**";
- (b) "**Agent's IPO Options**" has the meaning set out in section 3.1(d) hereof;
- (c) "**Agent's IPO Option Certificate**" means the form of certificate representing and setting out the terms and conditions of the Agent's IPO Options, in form and content satisfactory to the Agents;
- (d) "**Agent's Offering Options**" has the meaning set out in section 3.1(b) hereof;

- (e) "**Agent's Offering Option Certificate**" means the form of certificate representing and setting out the terms and conditions of the Agent's Offering Options, in form and content satisfactory to the Agents;
- (f) "**Agreement**" means this agreement, including all recitals herein and all schedules, appendices and exhibits attached hereto, as amended or supplemented from time to time;
- (g) "**Amendment**" means any amendment to the Prospectus;
- (h) "**AO IPO Shares**" means the common shares of the Company forming a part of the AO IPO Units;
- (i) "**AO IPO Units**" has the meaning set out in section 3.1(d) hereof;
- (j) "**AO IPO Warrants**" means the share purchase warrants of the Company forming a part of the AO IPO Units and having the same terms as the IPO Warrants;
- (k) "**AO IPO Warrant Certificate**" means the form of certificate representing and setting out the terms and conditions of the AO IPO Warrants, in form and content satisfactory to the Agents;
- (l) "**AO IPO Warrant Shares**" means the common shares of the Company issued on exercise of the AO IPO Warrants;
- (m) "**AO Offering Shares**" has the meaning set out in section 3.1(b) hereof;
- (n) "**BC Act**" means the *Securities Act* (British Columbia);
- (o) "**Company**" means EcuGold Resources Ltd.;
- (p) "**Exchange**" means the TSX Venture Exchange;
- (q) "**Expenses**" has the meaning set out in section 10.1 hereof;
- (r) "**Financial Statements**" has the meaning set out in subsection 7.1(bb) hereof;
- (s) "**Financing**" has the meaning set out in section 14.1 hereof;
- (t) "**Greenshoe Option**" means an option to purchase up to a number of IPO Units as is equal to 15% of the number of IPO Units sold at the IPO Price per IPO Unit, for a period of 60 days after the final IPO Closing;
- (u) "**Indemnified Parties**" has the meaning set out in section 12.1 hereof;
- (v) "**Information**" has the meaning set out in section 16.1 hereof;
- (w) "**IPO**" means the offering and sale of the IPO Units pursuant to the Prospectus and, as the context requires, the grant of the Greenshoe Option and the issue of the Agent's IPO Options, all pursuant to the terms and conditions of this Agreement;
- (x) "**IPO CFF**" has the meaning set out in section 3.1(c)(ii) hereof;

- (y) "**IPO Closing**" means the completion of an offer and sale of the IPO Units, and in the event that such occurs in one or more tranches, then each shall be an "**IPO Closing**";
- (z) "**IPO Commission**" has the meaning set out in section 3.1(c)(i) hereof;
- (aa) "**IPO Jurisdictions**" means the jurisdictions in which the IPO will be conducted, being British Columbia, Alberta and Ontario and such other jurisdictions where the Offering is conducted and such other jurisdictions as the Company and the Agents may agree upon;
- (bb) "**IPO Price**" means the offering price of \$0.50 per IPO Unit;
- (cc) "**IPO Shares**" means the common shares of the Company forming a part of the IPO Units;
- (dd) "**IPO Units**" means the up to 12,000,000 units of the Company, each comprised of one IPO Share and IPO Warrant, to be offered and sold pursuant to the IPO and the provisions hereof, and for greater certainty includes any IPO Units issued on exercise of the Greenshoe Option and any IPO Units issued to and at the election of the Agent in payment of the IPO Commission or the IPO CFF;
- (ee) "**IPO Warrants**" means the share purchase warrants of the Company forming a part of the IPO Units, each entitling the holder to purchase one IPO Warrant Share at a price of \$0.75 per IPO Warrant Share for a period of 18 months after the IPO Closing, subject to the occurrence of the Trading Target after which the Company may accelerate the expiry date of the IPO Warrants by mailing a written notice to the Agent and all holders of the IPO Warrants, within 5 business days after the Trading Target has been met, confirming that the Trading Target has been met and confirming the accelerated expiry date of the IPO Warrants, which accelerated expiry date shall be not less than 30 days after the mailing of such written notice;
- (ff) "**IPO Warrant Certificate**" means the form of certificate representing and setting out the terms and conditions of the IPO Warrants, in form and content satisfactory to the Agents;
- (gg) "**IPO Warrant Shares**" means the common shares of the Company issued on exercise of the IPO Warrants;
- (hh) "**Listing**" means the listing of the common shares of the Company on the Exchange;
- (ii) "**Maximum IPO**" means the offering and sale of 12,000,000 IPO Units pursuant to the IPO and the provisions hereof;
- (jj) "**Minimum IPO**" means the offering and sale of 8,000,000 IPO Units pursuant to the IPO and the provisions hereof;
- (kk) "**Misrepresentation**" has the meaning set out in subsection 1(1) of the BC Act;
- (ll) "**Offering**" means the offering and sale of the Offering Shares on a private placement basis and, as the context requires, the issuance of the Agent's Offering Options, all pursuant to the terms and conditions of this Agreement;
- (mm) "**Offering CFF**" has the meaning set out in section 3.1(a)(ii) hereof;

- (nn) "**Offering Closing**" means the completion of an offer and sale of the Offered Shares, and in the event that such occurs in one or more tranches, then each shall be an "**Offering Closing**";
- (oo) "**Offering Commission**" has the meaning set out in section 3.1(a)(i) hereof;
- (pp) "**Offering Jurisdictions**" means the jurisdictions in which the Offering will be conducted, being British Columbia, Alberta, Ontario and such other jurisdictions as the Company and the Agents may agree upon;
- (qq) "**Offering Price**" means the offering price of \$0.25 per Offering Share;
- (rr) "**Offering Shares**" means 3,600,000 common shares of the Company, to be offered and sold pursuant to the Offering and the provisions hereof, and for greater certainty includes any Offering Shares issued to and at the election of the Agent in payment of the Offering Commission or the Offering CFF;
- (ss) "**Preliminary Prospectus**" means the preliminary prospectus of the Company relating to the IPO;
- (tt) "**Prospectus**" means the final prospectus of the Company relating to the IPO, as the same may be amended from time to time;
- (uu) "**Public Record**" has the meaning set out in subsection 5.1(e) hereof;
- (vv) "**Purchasers**" means, as the context requires, the purchasers of the Offering Shares and/or the IPO Units;
- (ww) "**Right of First Refusal**" has the meaning set out in section 14.1 hereof;
- (xx) "**Securities**" means, collectively, the Offering Shares, Agent's Offering Options, AO Offering Shares, IPO Shares, IPO Warrants, IPO Warrant Shares, Greenshoe Option, Agent's IPO Options, AO IPO Shares, AO IPO Warrants and AO IPO Warrant Shares;
- (yy) "**Sponsorship Agreement**" means, if sponsorship is required by the Exchange, the sponsorship agreement to be entered into between Blackmont Capital Inc. and the Company in form and content satisfactory to Blackmont Capital Inc. acting reasonably, pursuant to which Blackmont Capital Inc. will act as sponsor for the Listing;
- (zz) "**Sub-Agents**" has the meaning set out in section 2.2 hereof;
- (aaa) "**Subscription Agreements**" means the agreement between the Company and a Purchaser in respect of the subscription for Offering Shares pursuant to the Offering;
- (bbb) "**subsidiary**" has the meaning set out in subsection 1(1) of the BC Act;
- (ccc) "**Trading Target**" means, at any time following the expiration of four months after the IPO Closing, if the closing price of the common shares of the Company on the Exchange is equal to or greater than \$1.25 for a period of 20 consecutive trading days;
- (ddd) "**Transaction Agreements**" has the meaning set out in subsection 5.1(n) hereof.

2. Appointment and Selling Group

- 2.1 Subject to the terms and conditions set forth in this Agreement, the Company hereby appoints the Agents, and the Agents accept such appointment, to act as the Company's sole and exclusive agents on a commercially reasonable efforts basis to sell the Offering Shares on a private placement basis in the Offering Jurisdictions and to sell the IPO Units pursuant to the Prospectus in the IPO Jurisdictions. It is understood and agreed that the Agents are under no obligation to purchase any Offering Shares or IPO Units, although the Agents may purchase Offering Shares and IPO Units if they so desire.
- 2.2 The Company acknowledges and agrees that the Agents may appoint other registered dealers as its agents (the "**Sub-Agents**") to assist in the Offering and IPO, and that the Agents may determine the remuneration payable by the Agents to the Sub-Agents, including a division of the Agent's Offering Options and Agent's IPO Options. The Agents shall ensure that any Sub-Agents comply with the covenants and obligations made by the Agents to the Company herein. The Company acknowledges and agrees that each Sub-Agent shall have the benefit of the covenants and obligations made by the Company to the Agents herein.
- 2.3 Notwithstanding any other provisions of this Agreement, the parties hereby agree that the IPO Price and the composition of the IPO Units, including the provision and terms of the Warrants, are subject to review and revision by the parties, acting reasonably, based upon the changes, if any, in the business, affairs, operations, properties, products, assets, history or prospects of the Company, or its principals and promoters, or the state of the financial markets in general, or the state of the market for the Company's securities in particular, that may take place in the time period following the Offering Closing and the filing of the Preliminary Prospectus.

3. Compensation

- 3.1 In consideration of the services to be rendered by the Agents in connection with the issue and sale of the Offering Shares and the qualification, issue and sale of the IPO Units, including but not limited to acting as financial adviser to the Company, assisting the Company in the preparation of relevant documentation, assisting the Company in obtaining duly completed and signed Subscription Agreements and assisting the Company in preparing, finalizing and obtaining requisite regulatory approvals for the Preliminary Prospectus and Prospectus, the Company shall:

(a) on the Offering Closing Date:

- (i) pay to the Agents a commission (the "**Offering Commission**") of 8% of the gross proceeds from the Offering; and
- (ii) pay to Blackmont Capital Inc. ("**Blackmont**") a corporate finance fee (the "**Offering CFF**") of \$10,000 plus GST,

payable at the election of the Agents in cash or Offering Shares at an effective price equal to the Offering Price;

(b) on the Offering Closing Date, grant to the Agents a number of non-transferable warrants (the "**Agent's Offering Options**") as is equal to 12.5% of the number of Offering Shares sold, each entitling the holder to purchase one Offering Share (the "**AO Offering Shares**") at the Offering Price for a period of 18 months after the IPO Closing;

(c) on the IPO Closing Date:

- (i) pay to the Agents a commission (the "**IPO Commission**") of 8% of the gross proceeds from the IPO; and
 - (ii) pay to Blackmont a corporate finance fee (the "**IPO CFF**") of \$10,000 plus GST, payable at the election of the Agents in cash or IPO Units at an effective price equal to the IPO Price; and
 - (d) on the Offering Closing Date, grant to the Agents a number of non-transferable warrants (the "**Agent's IPO Options**") as is equal to 12.5% of the number of IPO Units sold, each entitling the holder to purchase one IPO Unit (the "**AO IPO Units**") at the Offering Price for a period of 18 months after the IPO Closing.
- 3.2 The Corporation shall submit to the Agents a list (the "**President's List**") of subscribers to the IPO in an amount equal to \$400,000 prior to the IPO Closing, and notwithstanding section 3.1
- (a) IPO Commission to be paid in respect of subscriptions on the President's List from directors and officers of the Company shall be nil and in respect of subscriptions on the President's List from all other persons shall be equal to 4% of the gross proceeds of such subscriptions, and
 - (b) the number of Agent's IPO Options to be issued in respect of subscriptions on the President's List shall be equal to 6.25% of the number of IPO Units sold pursuant to such subscriptions.
- 3.3 Any IPO Units issued pursuant to section 3.1(c) and the Agent's IPO Options shall be qualified pursuant to the Prospectus.

4. **Nature of the Offering and IPO**

- 4.1 The Offering Shares will be offered for sale on a private placement basis in the Offering Jurisdictions at the Offering Price. Each Purchaser of the Offering Shares shall enter into a Subscription Agreement and shall purchase Offering Shares pursuant to one or more exemptions from the prospectus requirements of the applicable securities legislation of the Offering Jurisdictions as may be set out in the Subscription Agreement.
- 4.2 The Company agrees that the Agents shall have the benefit of and are entitled to rely on all representations, warranties, certifications, acknowledgments, covenants and conditions made by the Company to or for the benefit of the Agents and/or the Purchasers in the Subscription Agreement as if the same had been repeated herein for the benefit of the Agents. The Company agrees that it shall hold the benefit of all representations, warranties, certifications, acknowledgments, covenants and conditions made by a Purchasers to the Agents in the Subscription Agreement for the benefit of the Agents.
- 4.3 The Company agrees that the Purchasers shall have the benefit of and are entitled to rely on all representations, warranties, covenants and conditions made by the Company to or for the benefit of the Agents and/or Purchasers herein or in any certificates or documents submitted pursuant to or in connection with the transactions provided for herein as if the same had been repeated and made to the Purchasers and notwithstanding any investigation which the Agents or the Purchasers may undertake or which may be undertaken on the Agents' or any Purchaser's behalf.

- 4.4 The IPO Units will be offered for sale pursuant to the Prospectus in the IPO Jurisdictions at the IPO Price. The Company will file the Preliminary Prospectus and Prospectus with the applicable securities regulatory authorities in the IPO Jurisdictions in accordance with the applicable securities laws of the IPO Jurisdictions, and will use its best efforts to obtain all required receipts for or MRRS decision documents approving each of the Preliminary Prospectus and Prospectus.
- 4.5 The Company shall also grant to the Agents an option (the "**Greenshoe Option**"), exercisable in whole or in part, to purchase up to a number of IPO Units as is equal 15% of the number of IPO Units sold at the IPO Price per IPO Unit from time to time for a period of 60 days after the IPO Closing. The Greenshoe Option shall be qualified pursuant to the Prospectus. To exercise the Greenshoe Option, the Agents shall provide written notice to the Company confirming the exercise of the Greenshoe Option and setting out the number of IPO Units to be acquired thereby, and thereafter the Greenshoe Option will be deemed exercised in respect of such IPO Units and the parties shall be obligated to complete the purchase and sale thereof, within 3 business days of the giving of such notice or at such time as may be agreed by the parties, as an IPO Closing in accordance with the provisions of Article 9.
- 4.6 The Company shall also apply for listing on the Exchange. If sponsorship is required by the Exchange, Blackmont shall act as sponsor for the Company's listing on the Exchange, subject to the Company and Blackmont entering into a formal sponsorship agreement (the "**Sponsorship Agreement**") in form and content satisfactory to Blackmont acting reasonably.

5. Representations And Warranties of the Company

- 5.1 The Company represents and warrants to the Agents and Purchasers, and acknowledges that the Agents and Purchasers are relying on such representations and warranties in, respectively, selling or purchasing the Offering Shares and/or IPO Units, as the case may be, and further agrees that such representations and warranties are contractually enforceable against the Company by the Purchasers notwithstanding that the Purchasers are not parties to this Agreement, that:
- (a) the Company has no subsidiaries other than Ascension Gold (Barbados) Corporation and Ecuador Gold S.A. (collectively, the "**Subsidiaries**"), and the Company holds all of the issued and outstanding securities and rights of any kind to acquire securities of Ascension Gold (Barbados) Corporation, and Ascension Gold (Barbados) Corporation holds all of the issued and outstanding securities and rights of any kind to acquire securities of Ecuador Gold S.A.;
 - (b) each of the Company and the Subsidiaries has been duly and validly incorporated and organized and is duly and validly existing and in good standing under the laws of its jurisdiction of incorporation, amalgamation or other formation as the case may be;
 - (c) at the time of the Offering Closing, the Company and the Subsidiaries will not be a reporting issuer or equivalent in any jurisdiction, and at the time of the IPO Closing, the Company will be a reporting issuer in the IPO Jurisdictions and will not be a reporting issuer or equivalent in any jurisdiction other than the IPO Jurisdictions;
 - (d) at the time of the IPO Closing, the Company will have filed all documents that it is required to file under the continuous disclosure and other requirements of the applicable securities laws and the Exchange, including but not limited to all annual and interim financial information, management discussion and analysis, annual reports, annual information forms, information circulars, press releases disclosing material changes and material change reports, and no material change relating to the Company will have

occurred with respect to which the requisite material change report has not been filed and no such material change report will have been made on a confidential basis, and to the best of the Company's knowledge it will not be in default of any applicable securities laws of the IPO Jurisdictions;

- (e) at the time of the IPO Closing, the prospectuses, offering memoranda, filing statements, financial statements, management discussion and analysis, annual reports, annual information forms, information circulars, press releases, material change reports and all other documents and information filed under applicable securities laws and with the Exchange (collectively, the "**Public Record**") will be in all material respects accurate and omit no facts, the omission of which makes the Public Record, or any particulars therein, incorrect or misleading;
- (f) at the time of the IPO Closing, the common shares of the Company (including the Offering Shares and the IPO Shares) will be conditionally approved for listing on the Exchange, and to the best of the Company's knowledge, it will not be in default of any of the listing requirements or policies of the Exchange;
- (g) at the time of the IPO Closing, Pacific Corporate Trust Company (or such other person as may be acceptable to the Exchange) will be duly and validly appointed as the registrar and transfer agent of the common shares of the Company;
- (h) the authorized capital of the Company consists of an unlimited number of common shares without par value, of which 13,789,166 common shares without par value are issued and outstanding as at the date hereof;
- (i) at the time of the IPO Closing, no shares of the Company will have been issued after the Offering Closing other than pursuant to any exercise of the Agent's Offering Option, and pursuant to any agreement in effect at the Offering Closing and of which the Agents have notice, without the prior written consent of the Agents, such consent not to be unreasonably withheld or delayed;
- (j) at the time of the IPO Closing, no options, warrants, agreements or other rights for the purchase, subscription or issuance of shares or other securities of the Company or securities convertible or exchangeable for shares or other securities of the Company will be authorized or agreed to be issued or are outstanding other than:
 - (i) the Agent's Offering Options, IPO Warrants, Greenshoe Option and Agent's IPO Options;
 - (ii) stock options granted by the Company in an amount up to 10% of the issued shares of the Company, each exercisable at a price not less than the IPO Price;
 - (iii) pursuant to agreements in effect at the Offering Closing and of which the Agents have notice; and
 - (iv) pursuant to agreements entered into after the Offering Closing, of which the Agents receive notice and provide prior written consent, such consent not to be unreasonably withheld, and involving the issuance of not more than 500,000 common shares of the Company in the aggregate,

and there will be no options, warrants, agreements or other rights for the purchase, subscription or issuance of shares or other securities of the Subsidiaries or securities convertible or exchangeable for shares or other securities of the Subsidiaries authorized, issued, agreed to be issued or outstanding;

- (k) the Company has full corporate power and authority to undertake the Offering and IPO and to issue the Securities, and all such corporate action has been taken to authorize such undertaking and issuance;
- (l) at the time of the Offering Closing:
 - (i) the Offering Shares will be duly and validly authorized and issued as fully paid and non-assessable securities;
 - (ii) the Agent's Offering Options will be duly and validly authorized, created and issued;
 - (iii) the AO Offering Shares will be duly and validly authorized and reserved for issue upon exercise of the Agent's Offering Options, and the AO Offering Shares will be duly and validly issued as fully paid and non-assessable securities upon the due and valid exercise of the Agent's Offering Options;
- (m) at the time of the IPO Closing and at the time of any exercise of the Greenshoe Option:
 - (i) the IPO Shares will be duly and validly authorized and issued as fully paid and non-assessable securities;
 - (ii) the IPO Warrants will be duly and validly authorized, created and issued;
 - (iii) the IPO Warrant Shares will be duly and validly authorized and reserved for issue upon exercise of the IPO Warrants, and the IPO Warrant Shares will be duly and validly issued as fully paid and non-assessable securities upon the due and valid exercise of the IPO Warrants;
 - (iv) the Agent's IPO Options will be duly and validly authorized, created and issued;
 - (v) the AO IPO Shares will be duly and validly authorized and reserved for issue upon exercise of the Agent's IPO Options, and the AO IPO Shares will be duly and validly issued as fully paid and non-assessable securities upon the due and valid exercise of the Agent's IPO Options;
 - (vi) the AO IPO Warrants will be duly and validly authorized, created and reserved for issue upon exercise of the Agent's IPO Options, and the AO IPO Warrants will be duly and validly issued upon the due and valid exercise of the Agent's IPO Options;
 - (vii) the AO IPO Warrant Shares will be duly and validly authorized and reserved for issue upon exercise of the Agent's IPO Warrants, and the AO IPO Warrant Shares will be duly and validly issued as fully paid and non-assessable securities upon the due and valid exercise of the Agent's IPO Warrants;

- (n) the Company has, or immediately prior to the execution or issuance thereof, as applicable, will have, full corporate power and authority to enter into, execute, deliver and perform its obligations under each of this Agreement, the Subscription Agreements, the Agent's Offering Option Certificates, the IPO Warrant Certificates, the Greenshoe Option, the Agent's IPO Option Certificates and the AO IPO Warrant Certificates (collectively, the "**Transaction Agreements**"), and all such corporate action has been taken to authorize all such entering into, execution, delivery and performance;
- (o) the Company has full corporate power and authority to execute and deliver the Preliminary Prospectus and Prospectus, and all such corporate action has been taken to authorize such execution and delivery;
- (p) each of the Transaction Agreements, Preliminary Prospectus and Prospectus has been, or will be upon execution and delivery thereof by the Company, duly and validly authorized, executed and delivered by the Company and each of the Transaction Agreements constitute, or will constitute upon execution and delivery thereof by the Company, a legal, valid and binding obligation of the Company enforceable in accordance with each of their respective terms;
- (q) each of the Company and the Subsidiaries is not in default or breach of, and the execution and delivery by the Company of each of the Transaction Agreements, the Preliminary Prospectus and the Prospectus and the performance of the transactions contemplated by the Transaction Agreements does not and will not result in a default or breach of, and does not create a state of facts which after notice or lapse of time or both will result in a default or breach of, and does not and will not conflict with, any of the terms, conditions or provisions of the constating documents, by-laws or any resolutions of the Company or the Subsidiaries or any indenture, contract, agreement (written or oral), lease, instrument or other document to which the Company or the Subsidiaries is a party or by which the Company or the Subsidiaries is or will be contractually bound as of the time of the Offering Closing and the IPO Closing or, to the best of the Company's or the Subsidiaries' knowledge, any statute, rule, regulation, policy, judgment, decree or order of any court, governmental authority or administrative body of any kind whatsoever having jurisdiction over the Company or the Subsidiaries, their properties or their assets;
- (r) no consent of any third party is required in connection with the transactions contemplated by the Transaction Agreements;
- (s) each of the Company and the Subsidiaries has all requisite corporate power and authority to carry on its business as now conducted and as presently proposed to be conducted and to own, lease and operate its property and assets, and each of the Company and the Subsidiaries is duly registered and licensed and otherwise qualified to carry on business in the jurisdictions where it owns, leases and operates its property and assets;
- (t) each of the Company and the Subsidiaries holds ^{or will seek to obtain} all registrations, licenses, permits, consents or qualifications (whether governmental, regulatory or otherwise) required in order to enable its business to be carried on as now conducted, or as proposed to be conducted in the Prospectus, and all such registrations, licenses, permits, consents and qualifications are valid and subsisting and in good standing, and neither the Company nor the Subsidiaries has received any notice of proceedings relating to the revocation or modification of any such registration, license, permit, consent or qualification which, if the subject of an unfavourable decision, ruling or finding, would have a material adverse

effect (financial or otherwise) on the conduct of the business, operations, condition or prospects of the Company or the Subsidiaries, individually or on a consolidated basis;

- (u) each of the Company and the Subsidiaries has conducted and is conducting its business in compliance in all material respects with all applicable laws, by-laws, rules, regulations and other lawful requirements of each jurisdiction in which its business is carried on and of any governmental or regulatory bodies which are applicable to the Company and the Subsidiaries, and neither the Company nor the Subsidiaries is aware of any such law, by-law, rule, regulation or lawful requirement presently in force or proposed to be brought into force in any jurisdiction in which its business is carried on or by any governmental or regulatory body which the Company or the Subsidiaries anticipates it will be unable to comply with without having a material adverse effect on its business;
- (v) each of the Company and the Subsidiaries is the beneficial owner of or has the right to acquire the interests in the business, properties and assets as disclosed to the Agents, and has good and marketable title thereto free and clear of any and all liens, charges, pledges, security interests and other claims, demands and encumbrances whatsoever, and any and all agreements pursuant to which the Company and the Subsidiaries holds or will hold any such interest in such business, properties or assets are in good standing in all material respects according to their terms, and any and all such properties and assets are in good standing in all material respects under the applicable statutes and regulations of the jurisdictions in which they are situated;
- (w) each of the Company and the Subsidiaries is not a party to any material contracts other than as disclosed to the Agents, and each of the material contracts disclosed to the Agents to which the Company and the Subsidiaries is a party has been duly authorized, executed and delivered by the parties thereto and is a legal, valid and binding obligation of the parties thereto enforceable in accordance with their respective terms;
- (x) except as disclosed in Schedule "A" hereto, no actions, suits, inquiries or proceedings exist or are pending or, to the knowledge of the Company or the Subsidiaries, are contemplated or threatened to which the Company or the Subsidiaries is a party or to which the property of the Company or the Subsidiaries is subject that would result individually or in the aggregate in any material adverse change (actual, anticipated, contingent, proposed or threatened, financial or otherwise) in the business, operations, affairs, prospects, condition, capital or control of the Company or the Subsidiaries, or which would materially impair the ability of the Company to consummate the transactions contemplated by the Transaction Agreements or to duly perform and observe its covenants and obligations contained in the Transaction Agreements;
- (y) all of the material transactions of the Company and the Subsidiaries have been promptly and properly recorded or filed in or with their respective books and records;
- (z) each of the Company and the Subsidiaries maintains a system of internal accounting controls sufficient to provide reasonable assurance that (i) transactions are executed in accordance with management's general or specific authorizations; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with applicable laws and to maintain asset accountability; (iii) access to financial assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences;

- (aa) the auditors of the Company who will audit the financial statements of the Company and deliver their report with respect thereto, will be independent public accountants;
- (bb) the audited annual financial statements of the Company and the unaudited interim financial statements of the Company delivered to the Agent and to be included in the Preliminary Prospectus and Prospectus (collectively the "**Financial Statements**") will present fairly, in all material respects, the financial position of the Company as at the dates set out therein and the results of its operations and the changes in its financial position for the periods then ended, and will be prepared in conformity with the laws of Canada and Canadian Generally Accepted Accounting Principles, consistently applied throughout the periods involved except as otherwise stated therein;
- (cc) at the time of the IPO Closing, there will not be any material change (actual, anticipated, contingent, proposed or threatened) in the assets, liabilities, obligations, results of operations or financial position (absolute, accrued, contingent or otherwise) of the Company or the Subsidiaries except as set forth in the Financial Statements and there will not be any material adverse change since the date of the Financial Statements;
- (dd) at the time of the IPO Closing, the Company will not have, directly or indirectly, declared or paid any dividend or declared or made any other distribution on any of its common shares or securities of any class, or, directly or indirectly, redeemed, purchased or otherwise acquired any of its common shares or securities or agreed to do any of the foregoing;
- (ee) there is not, in the constating documents or the by-laws of the Company or in any agreement, mortgage, note, debenture, indenture or other instrument or document to which the Company is a party, any restriction upon or impediment to the declaration or payment of dividends by the directors of the Company or the payment of dividends by the Company to the holders of its common shares;
- (ff) each of the Company and the Subsidiaries has filed all tax returns and reports required to be filed, and has paid all such taxes and related charges of any kind whatsoever due and payable or established on its books and records reserves that are adequate for the payment of all taxes and related charges not yet due and payable, and there are no liens for taxes on the assets of the Company or the Subsidiaries; there are no audits known by the Company's or the Subsidiaries' management to be pending on the tax returns of the Company (whether federal, provincial, local or foreign) and there are no claims which have been or may be asserted relating to any such tax returns, which audits and claims, if determined adversely, would result in the assertion by any government agency of any deficiency that would have a material adverse effect (actual, anticipated, contingent, proposed or threatened, financial or otherwise) on the assets, liabilities, obligations, results of operations or financial position, business, operations, affairs, prospects, condition, capital or control of the Company or the Subsidiaries, individually or on a consolidated basis;
- (gg) neither Canada Revenue Agency, the Internal Revenue Service of the United States nor any other taxation authority has asserted or, to the best of the Company's or the Subsidiaries' knowledge, threatened to assert any assessment, claim or liability for taxes due or to become due in connection with any review or examination of the tax returns of the Company or the Subsidiaries filed for any year which would have a material adverse effect on the assets, properties, liabilities, obligations, business, operations, affairs,

prospects or condition (financial or otherwise) or the financial position or results of operation of the Company or the Subsidiaries, individually or on a consolidated basis;

- (hh) all filings made by the Company or the Subsidiaries under which it has received or is entitled to government loans or incentives have been made in accordance with, in all material respects, applicable legislation and contain no misrepresentations of a material fact or omit to state any material fact which could cause any amount previously paid to the Company or the Subsidiaries or previously accrued on the accounts thereof to be recovered or disallowed;
- (ii) each of the Company and the Subsidiaries holds either freehold title, mining leases, mining claims or other conventional property, proprietary or contractual interests or rights which are recognized in the jurisdiction in which a particular property is located, in respect of the minerals, metals and ore bodies located on the properties in which the Company or the Subsidiaries has an interest, and:
 - (i) such are held under valid, subsisting and enforceable title documents or other recognized and enforceable agreements or instruments, sufficient to permit the Company or the Subsidiaries to explore for and develop the minerals, metals and ore bodies;
 - (ii) all such property, leases or claims or other interests or rights have been validly staked, located and recorded in accordance with all applicable laws and are valid and subsisting;
 - (iii) each of the Company and the Subsidiaries has all necessary surface rights, access rights and other necessary interests and rights relating to the properties in which the Company or the Subsidiaries has an interest, granting the Company and the Subsidiaries the right and ability to explore for the minerals, metals and ore bodies as is appropriate in view of the rights and interest therein of the Company and the Subsidiaries; with only such exceptions as do not materially interfere with the use made by the Company or the Subsidiaries of the interests and rights so held; and
 - (iv) each of the proprietary interests or rights and each of the agreements, instruments and other documents relating thereto referred to above is currently in good standing in the name of the Company and the Subsidiaries, as the case may be;
- (jj) the business and properties of the Company and the Subsidiaries are, to the best of the Company's and the Subsidiaries' knowledge, in compliance in all material respects with all Environmental Laws and there are no facts known after due enquiry by the Company or the Subsidiaries which could give rise to a notice of non-compliance with any Environmental Laws – for purposes hereof, the term "Environmental Laws" means all applicable laws, rules, regulations, policies, judgments, decrees, orders or other instruments relating to environmental or occupational health and safety matters in effect as at the date hereof including, without limitation, those pertaining to reporting, licensing, permitting, remediation, clean-up and investigation in connection with any release or threatened release of a Contaminant or relating to the manufacture, processing, storage, handling, distribution, transportation, investigation and remediation and the like of a Contaminant, and for purposes hereof, the term "Contaminant" means any substance or material that is prohibited, controlled or regulated by any governmental authority including, without limitation, any contaminants, pollutants, petroleum or its derivatives,

by-products or other hydrocarbons, dangerous substances or goods, asbestos, toxic or hazardous substances or materials, controlled products, wastes involving hazardous wastes and any other materials that are by their nature hazardous, either in fact or as defined in or pursuant to any Environmental Laws;

- (kk) no person has taken or, to the best of the Company's or the Subsidiaries' knowledge, has threatened or is in contemplation of, any action which would in any way prevent, limit, restrict or cause interference with any mineral exploration and development work which the Company or the Subsidiaries currently proposes to carry out on its mineral properties;
- (ll) no labour dispute or problem with the employees of the Company or the Subsidiaries exists or is threatened or, to the Company's or the Subsidiaries' knowledge, imminent, except as set out in Schedule "A" hereto, and neither the Company nor the Subsidiaries is aware of any existing or imminent labour disturbance by the employees of any of its principal suppliers, customers or contractors that could have a material adverse effect (actual, anticipated, contingent, proposed or threatened, financial or otherwise) on the business, operations, affairs, prospects, condition, capital or control of the Company or the Subsidiaries, individually or on a consolidated basis, whether or not arising from transactions in the ordinary course of business;
- (mm) the representations made by the Company to a Purchaser in the Subscription Agreements and any other written or oral representations made by the Company to a Purchaser or potential Purchaser in connection with the Offering or the IPO will be accurate in all material respects and will omit no fact, the omission of which will make such representation incorrect or misleading;
- (nn) on the date the certificate page of the Preliminary Prospectus and Prospectus is executed by the Agents, on the date the Preliminary Prospectus and Prospectus is filed with the securities regulatory authorities of the IPO Jurisdictions, and at the time of the IPO Closing, the Preliminary Prospectus and the Prospectus, as the case may be, will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein not misleading;
- (oo) the Company has taken or will take all steps as may be necessary to comply with the requirements of corporate laws and the applicable securities laws of the Offering Jurisdictions and the IPO Jurisdictions to conduct the Offering and the IPO, and the Company is entitled to avail itself of the applicable prospectus and registration exemptions available under the applicable securities laws of the Offering Jurisdictions in respect of the distribution of the Offering Shares and any IPO Warrant Shares to the Purchasers, and in respect of the distribution of the Agent's Offering Options and any AO Offering Shares, AO IPO Shares, AO IPO Warrants, AO IPO Warrant Shares, Offering Shares and IPO Warrant Shares to the Agents;
- (pp) no order ceasing or suspending trading in securities of the Company or prohibiting the sale of securities by the Company has been issued and no proceedings for this purpose have been instituted or are pending, contemplated or threatened;
- (qq) neither the Company nor the Subsidiaries nor any of their directors, officers, employees or consultants or their respective affiliates or associates has taken, directly or indirectly, any action designed to or which constitutes or which might reasonably be expected to cause or result in the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Securities;

- (rr) other than the Agents and their agents, there is no person, firm or corporation acting or purporting to act at the request of the Company or the Subsidiaries who is entitled to any brokerage or finder's fee in connection with the transactions contemplated herein, and in the event that any person, firm or corporation acting or purporting to act for the Company or the Subsidiaries establishes a claim for any fee from the Agents, each of the Company and the Subsidiaries covenants to indemnify and hold harmless the Agents with respect thereto and with respect to all costs reasonably incurred in defence thereof; and
- (ss) the minute books of the Company and the Subsidiaries are complete and accurate and contain the complete and accurate minutes of all meetings and all resolutions of the directors and shareholders thereof.

5.2 The representations and warranties of the Company contained in this Agreement shall be true and correct at the time of the Offering Closing and IPO Closing as though they were repeated and made thereat.

6. Covenants of the Company

6.1 The Company covenants with the Agents and the Purchasers, as covenants that are intended to be contractually enforceable by the Agents and the Purchasers or any one or more of them against the Company notwithstanding the Purchasers are not parties to this agreement, that the Company shall:

- (a) allow the Agents and their counsel to conduct, and otherwise facilitate the conduct of, all due diligence investigations in connection with the Offering and IPO which the Agents may require;
- (b) unless it would be unlawful to do so, accept and enter into, at or prior to the time of the Offering Closing, Subscription Agreements with each Purchaser as submitted to it by the Agents and provide, at the time of the Offering Closing, copies of such accepted Subscription Agreements to the Agents;
- (c) file the Preliminary Prospectus and Prospectus with and use its reasonable best efforts to obtain receipts for the Preliminary Prospectus and the Prospectus from each of the securities regulatory authorities of the IPO Jurisdictions as soon as practicable after the Offering Closing, and notify the Agents in writing forthwith upon obtaining such receipts;
- (d) if any event occurs which results in the Prospectus or Amendment containing any untrue statement of a material fact or omitting to state any material fact necessary to make the statements therein in the light of the circumstances under which they were made not misleading, or if it shall be necessary to amend or supplement the Prospectus to comply with the applicable securities laws:
 - (i) notify the Agents of any such event; and
 - (ii) prepare and file an Amendment which will correct such statement or omission or effect such compliance with the securities regulatory authorities of the IPO Jurisdictions;

- (e) supply the Agents, without charge, with as many copies of the Preliminary Prospectus, Prospectus and any Amendment as they may request, forthwith upon and in any event within three business days of such request, and such delivery shall constitute:
- (i) the Company's authorization and consent to the Agents and any Sub-Agents to use the Prospectus in connection with the distribution of the IPO Shares; and
 - (ii) the Company's certification to the Agents and any Sub-Agents that the Preliminary Prospectus, Prospectus and any Amendment at the time of its filing complied with the requirements of applicable securities laws and that all statements and information contained therein contains no Misrepresentation (except information provided by and relating solely to the Agents or Sub-Agents) and constitutes full, true and plain disclosure of all materials relating to the Company, the securities of the Company and the IPO Units;
- (f) prior to the filing of the Preliminary Prospectus, Prospectus and any Amendment, allow the Agents to participate fully in the preparation of such documents and any amendments to them;
- (g) prior to the Agents signing the certificate page of the Preliminary Prospectus, Prospectus and any Amendment, deliver to the Agents an officers' certificate in form and content satisfactory to the Agents, dated the date of the Preliminary Prospectus, Prospectus, Amendment as the case may be, addressed to the Agents and signed by the Chief Executive Officer, the Chief Financial Officer and such other officers of the Company as may be requested by the Agents, to the effect that:
- (i) each such officer has carefully examined the Preliminary Prospectus, the Prospectus or Amendment, as the case may be;
 - (ii) each such document, and in the case of an Amendment, the document(s) which it amends, contains full, true and plain disclosure of all material facts in relation to the Company and the securities offered in such document; and
 - (iii) since the respective dates as of which information is given therein:
 - (A) the Company and the Subsidiaries have not incurred any material liabilities or obligations (absolute, accrued or contingent, financial or otherwise) or entered into any transaction not in the ordinary course of business;
 - (B) there has been no material change (actual, anticipated, contingent, proposed or threatened, financial or otherwise) in or affecting the assets, liabilities, obligations, results of operations or financial position, business, operations, affairs, prospects, condition, capital or control of the Company or the Subsidiaries, individually or on a consolidated basis;
 - (C) to the best of their knowledge and information, no event has occurred and there exists no state of facts that is required under the applicable securities laws or the terms of this Agreement to be set forth in an Amendment that has not been so set forth;

- (h) prior to the filing of the fully executed Prospectus, cause the Company's auditors to deliver to the Agents a comfort letter in form and content satisfactory to the Agents, dated the date of the Prospectus and addressed to the Agents verifying the financial information and accounting data contained in the Prospectus – such comfort letter shall also be delivered to the Agents with respect to any Amendment where the financial information and accounting data has changed;
- (i) at the time of the Offering Closing and IPO Closing:
 - (i) deliver to the Agents an officers' certificate in form and content satisfactory to the Agents, dated the date of the Offering Closing and IPO Closing, as the case may be, addressed to the Agents and signed by the Chief Executive Officer, the Chief Financial Officer and such other officers of the Company as may be requested by the Agents, to the effect that:
 - (A) all of the representations and warranties of the Company in the Agreement, the Subscription Agreements and any agreements, instruments, certificates or other documents delivered by it pursuant or supplemental thereto are true and correct as of the time of the Offering Closing and the IPO Closing, as the case may be, with the same force and effect as if made as at the Offering Closing and the IPO Closing, as the case may be;
 - (B) all of the covenants and conditions of the Company in the Agreement, the Subscription Agreements and any agreements, instruments, certificates or other documents delivered by it pursuant or supplemental thereto to be fulfilled and observed prior to the time of the Offering Closing and the IPO Closing, as the case may be, have been fulfilled and observed as at the Offering Closing and the IPO Closing, as the case may be,
 - (C) there is no inquiry or other investigation or proceeding regarding the Company or the Subsidiaries or their directors, officers or promoters, including but not limited to a review of the Public Record, being instituted or pending or, to the knowledge of the Company, contemplated or threatened, by any regulatory authority having jurisdiction;
 - (D) there is no order:
 - (1) ceasing, halting or suspending trading in any securities of the Company,
 - (2) ceasing, halting or suspending trading in any securities by any one or more directors, officers or promoters of the Company; or
 - (3) prohibiting the offer, sale, issue or delivery of the Securities,that has been issued, and no proceedings for such purpose being instituted or pending or, to the knowledge of the Company, contemplated or threatened, by any regulatory authority having jurisdiction; and

(E) in addition, with respect to the officers' certificate for the IPO Closing, since the respective dates as of which information is given in the Prospectus and any Amendment:

- (1) the Company and the Subsidiaries have not incurred any material liabilities or obligations (absolute, accrued or contingent, financial or otherwise) or entered into any transaction not in the ordinary course of business;
- (2) there has been no material change (actual, anticipated, contingent, proposed or threatened, financial or otherwise) in or affecting the assets, liabilities, obligations, results of operations or financial position, business, operations, affairs, prospects, condition, capital or control of the Company or the Subsidiaries, individually or on a consolidated basis; or
- (3) to the best of their knowledge and information, no event has occurred and there exists no state of facts that is required under the applicable securities laws or the terms of this Agreement to be set forth in an Amendment that has not been so set forth,

and further addressing such other matters as the Agents may reasonably request;

- (ii) cause the Company's counsel to deliver to the Agents a favourable legal opinion or favourable legal opinions in respect of all matters relating to the Company, Offering, IPO and Listing as the Agents may reasonably request, in form and content satisfactory to the Agents, dated the date of the Offering Closing and IPO Closing, respectively, and addressed to the Agents; and
 - (iii) deliver such other confirmations, certificates, instruments and other documents as the Agents may reasonably request;
- (j) as soon as reasonably possible, apply for and use its reasonable best efforts to obtain the Listing and have the common shares of the Company listed on the Exchange concurrently with the IPO Closing or otherwise on such terms and conditions as may be satisfactory to the Agents, and in any event submit all required documentation and perform such other actions as may be necessary or desirable to have such common shares listed on the Exchange within 14 days following the IPO Closing, and also notify the Agents in writing forthwith upon obtaining such Listing;
- (k) duly, punctually and faithfully fulfill all legal requirements to permit the creation, offering, sale and issuance of the Securities, the execution and delivery of the Preliminary Prospectus and the Prospectus, and the entering into, execution and delivery of the Transaction Agreements, including, without limitation, compliance with all corporate requirements and applicable securities laws to enable the Securities to be distributed in accordance with this Agreement and enable the Company to satisfy its obligations under the Transaction Agreements;
- (l) ensure that it has a sufficient number of common shares of the Company reserved and available for issuance to satisfy its obligations under the Agent's Offering Options, the Greenshoe Option, the IPO Warrants, the Agent's IPO Options and the AO IPO Warrants;

- (m) duly, punctually and faithfully file with the securities regulatory authorities of the Offering Jurisdictions (in respect of the Offering) and the IPO Jurisdictions and the Exchange (in respect of the IPO) all required documents and filing fees and do all such acts and things required by the rules, policies or discretion thereof in order to obtain the approval for the Offering, IPO and Listing, as the case may be, all on such terms and conditions as may be mutually acceptable to the Company and the Agents, acting reasonably;
- (n) ensure that the creation, offer, sale and issuance of the Securities will fully comply with the requirements of the applicable securities laws, including but not limited to the preparation and filing of and payment of filing fees for, within the required time periods, all notices, reports and filings in connection with the Offering and IPO to be made after the Offering Closing and IPO Closing as the case may be;
- (o) during the period commencing on the date hereof and ending on the earlier of the full exercise or expiry of the Greenshoe Option, promptly inform the Agents of:
 - (i) any material change (actual, anticipated, contingent, proposed or threatened, financial or otherwise) in or affecting the assets, liabilities, obligations, results of operations or financial position, business, operations, affairs, prospects, condition, capital or control of the Company or the Subsidiaries, individually or on a consolidated basis, provided that if the Company is uncertain as to whether a change, occurrence or event of the nature referred to in this subparagraph has occurred, the Company shall promptly inform the Agents of the full particulars of the change, occurrence or event giving rise to the uncertainty and shall consult with the Agents as to whether the occurrence is of such nature;
 - (ii) any change of any nature that would result in the Preliminary Prospectus, the Prospectus or any Amendment containing a misrepresentation, as that term is defined in the *Securities Act* (British Columbia), or which would result in any of such documents not complying with all applicable securities laws;
 - (iii) any communication to or from any securities commission, stock exchange, or similar regulatory authority or by any other competent authority relating to the Public Record or the distribution of any of the Securities (including without limitation in relation to the Preliminary Prospectus and the Prospectus), and provide a copy thereof to the Agents;
 - (iv) any request of any securities commission, stock exchange or similar regulatory authority or by any other competent authority for any information relating to the Company or the Subsidiaries or their directors, officers or insiders; and
 - (v) the issuance by a securities commission, stock exchange or similar regulatory authority or by any other competent authority of any order to cease or suspend trading of any securities of the Company or of the institution or threat of institution of any proceedings for that purpose;
- (p) during the period commencing on the date hereof and ending on the earlier of the full exercise or expiry of the Greenshoe Option, do all such acts and things required to ensure that:

- (i) all of the representations and warranties of the Company contained in this Agreement, the Subscription Agreements and any agreements, instruments, certificates or other documents delivered by it pursuant thereto or supplemental thereto remain true and correct at all times;
- (ii) all of the covenants to be satisfied by and conditions to be observed by the Company contained in this Agreement, the Subscription Agreements and any agreements, instruments, certificates or other documents delivered by it pursuant thereto or supplemental thereto are satisfied and observed as soon as is practicable and thereafter remain satisfied and observed at all times; and
- (iii) all of the closing conditions are met,

and otherwise refrain from doing all such acts and things that would result in any of the foregoing representations and warranties being untrue or incorrect, covenants and conditions being unsatisfied or unobserved or closing conditions unmet;

- (q) both before and after the IPO Closing, duly, punctually and faithfully comply with the requirements of the applicable securities laws and use its best efforts to maintain its status as a "reporting issuer" not in default in the IPO Jurisdictions (and in any jurisdictions that it may subsequently become a "reporting issuer") until the exercise or expiry of the last of the Agent's Offering Options, the IPO Warrants, the Agent's IPO Options and the Agent's IPO Warrants and for a period of two years thereafter;
- (r) both before and after IPO Closing, duly, punctually and faithfully comply with the requirements of the Exchange, and use its best efforts to maintain the listing of its common shares on the Exchange until the exercise or expiry of the last of the Agent's Offering Options, the IPO Warrants, the Agent's IPO Options and the Agent's IPO Warrants and for a period of two years thereafter;
- (s) ensure that the proceeds of the Offering and the IPO are used for the purposes and in the manner set forth in the Prospectus;
- (t) not settle any debt or other obligation owing by the Company or the Subsidiaries to their insiders or their associates and affiliates (including but not limited to any interest thereon) with any proceeds of the Offering; and
- (u) will endorse the certificates representing any common shares of the Company subject to voluntary pooling or other voluntary resale restrictions as required herein in accordance with the direction of the Agents.

7. **Covenants of the Agent**

7.1 Each Agent covenants with the Company that it shall:

- (a) conduct their activities in connection with the distribution of the Offering Shares and IPO Units in compliance with the applicable securities laws of Canada;
- (b) in respect of the Offering, not solicit or conduct selling efforts in any jurisdiction other than the Offering Jurisdictions, and obtain from each Purchaser of Offering Shares a completed and executed Subscription Agreement;

- (c) in respect of the IPO, not solicit or conduct selling efforts in any Canadian jurisdiction other than the IPO Jurisdictions, and use its commercially reasonable efforts to obtain subscriptions for the Minimum Offering; and
- (d) shall use their commercially reasonable efforts to cause the Purchasers to complete any forms and other documents required by the applicable securities laws in connection with the completion of the Offering and IPO.

8. Conditions in Favour of the Agents and Purchasers

8.1 The following are conditions of the Agents' obligations under this Agreement and the Purchasers' obligations to complete the purchase of the Offering Shares, which conditions the Company shall use its reasonable best efforts to have fulfilled at or prior to the time of the Offering Closing and which may be waived in whole or in part by the Agents, on their own behalf and on behalf of the Purchasers, by instrument in writing:

- (a) the Company having taken all actions required to be taken to duly and validly conduct the Offering, to offer, sell, create, reserve, issue and deliver the respective Securities therefor as required from time to time, and to enter into, execute, deliver and perform its obligations under the respective Transaction Agreements, including, without limitation:
 - (i) the passing of all requisite resolutions of the directors and shareholders of the Company;
 - (ii) the making of all necessary filings with the securities regulatory authorities of the Offering Jurisdictions; and
 - (iii) the receipt from the securities regulatory authorities of the Offering Jurisdictions and any other third parties of any and all required authorizations, approvals and consents for the Offering and the Transaction Agreements, on such terms as may be mutually acceptable to the Company and the Agents, acting reasonably;
- (b) all of the representations and warranties of the Company in the Agreement, the Subscription Agreements and any agreements, instruments, certificates or other documents delivered by it pursuant or supplemental thereto being true and correct as of the time of the Offering Closing, with the same force and effect as if made as at the Offering Closing;
- (c) all of the covenants and conditions of the Company in the Agreement, the Subscription Agreements and any agreements, instruments, certificates or other documents delivered by it pursuant or supplemental thereto to be fulfilled and observed prior to the time of the Offering Closing having been fulfilled and observed as at the Offering Closing;
- (d) as at the time of the Offering Closing:
 - (i) the Company being duly incorporated, validly existing and in good standing under the laws of the Province of British Columbia;
 - (ii) there being no inquiry or other investigation or proceeding regarding the Company or the Subsidiaries or their directors, officers or promoters, including but not limited to a review of the Public Record, being instituted or pending or, to

the knowledge of the Company, contemplated or threatened, by any regulatory authority having jurisdiction; and

(iii) there being no order:

(A) ceasing, halting or suspending trading in any securities of the Company,

(B) ceasing, halting or suspending trading in any securities by any one or more directors, officers or promoters of the Company; or

(C) prohibiting the offer, sale, issue or delivery of the Securities,

being issued, and no proceedings for such purpose being instituted or pending or, to the knowledge of the Company, contemplated or threatened, by any regulatory authority having jurisdiction;

(e) the Company having delivered the requisite closing documents, officers' certificate, legal opinions and such other confirmations, certificates, instruments and other documents as the Agents may reasonably request pursuant this Agreement;

(f) the Company having completed the acquisition of all the shares of Ascension Gold (Barbados) Corporation, which in turn holds all the shares of Ecuador Gold S.A. Ecuadorgold, which in turn holds 10 mineral tenures, from Ascendant Holdings Ltd., in consideration of 12,500,000 common shares of the Company, all pursuant to the terms and conditions of the Share Purchase Agreement dated March 1, 2006, between Ascendant Holdings Ltd. and the Company, a copy of the final draft of which has been shown to the Agents;

(g) the Company having completed the repayment of US\$100,000 owed by the Company to William Jurika in consideration of 520,838 common shares of the Company, pursuant to the terms and conditions of the draft letter agreement dated June 1, 2006, between the Company and William Jurika, a copy of the final draft of which has been shown to the Agents;

(h) the Company having completed a seed financing of up to \$100,000 through the issue of common shares of the Company at a price of \$0.15 per share; and

(i) the shareholders of the Company immediately prior to the Offering Closing having duly and validly entered into and delivered pooling agreements, as set out in the engagement letter between the Company and the Agents dated May 24, 2006, in form and content satisfactory to the Agents.

8.2 The following are conditions of the Agents' obligations under this Agreement and the Purchasers' obligations to complete the purchase of the IPO Units, which conditions the Company shall use its reasonable best efforts to have fulfilled at or prior to the time of the IPO Closing and which may be waived in whole or in part by the Agents, on their own behalf and on behalf of the Purchasers, by instrument in writing:

(a) the Company having taken all actions required to be taken to duly and validly conduct the IPO, to offer, sell, create, reserve, issue and deliver the respective Securities therefor as required from time to time, to execute and deliver the Prospectus, and to enter into,

execute, deliver and perform its obligations under the respective Transaction Agreements, including, without limitation:

- (i) the passing of all requisite resolutions of the directors and shareholders of the Company;
 - (ii) the making of all necessary filings with the securities regulatory authorities of the IPO Jurisdictions; and
 - (iii) the receipt from the securities regulatory authorities of the IPO Jurisdictions and any other third parties of any and all required authorizations, approvals and consents for the IPO and the Transaction Agreements, on such terms as may be mutually acceptable to the Company and the Agents, acting reasonably;
- (b) all of the representations and warranties of the Company in the Agreement, the Subscription Agreements and any agreements, instruments, certificates or other documents delivered by it pursuant or supplemental thereto being true and correct as of the time of the IPO Closing, with the same force and effect as if made as at the IPO Closing;
- (c) all of the covenants and conditions of the Company in the Agreement, the Subscription Agreements and any agreements, instruments, certificates or other documents delivered by it pursuant or supplemental thereto to be fulfilled and observed prior to the time of the IPO Closing having been fulfilled and observed as at the IPO Closing;
- (d) as at the time of the IPO Closing:
- (i) the Company being duly incorporated, validly existing and in good standing under the laws of the Province of British Columbia;
 - (ii) there being no inquiry or other investigation or proceeding regarding the Company or the Subsidiaries or their directors, officers or promoters, including but not limited to a review of the Public Record, being instituted or pending or, to the knowledge of the Company, contemplated or threatened, by any regulatory authority having jurisdiction;
 - (iii) there being no order:
 - (A) ceasing, halting or suspending trading in any securities of the Company,
 - (B) ceasing, halting or suspending trading in any securities by any one or more directors, officers or promoters of the Company; or
 - (C) prohibiting the offer, sale, issue or delivery of the Securities,
 being issued, and no proceedings for such purpose being instituted or pending or, to the knowledge of the Company, contemplated or threatened, by any regulatory authority having jurisdiction; and
 - (iv) since the respective dates as of which information is given in the Prospectus:

- (A) the Company and the Subsidiaries having not incurred any material liabilities or obligations (absolute, accrued or contingent, financial or otherwise) or entered into any transaction not in the ordinary course of business;
 - (B) there having been no material change (actual, anticipated, contingent, proposed or threatened, financial or otherwise) in or affecting the assets, liabilities, obligations, results of operations or financial position, business, operations, affairs, prospects, condition, capital or control of the Company or the Subsidiaries, individually or on a consolidated basis; or
 - (C) no event having occurred and there existing no state of facts that is required under the applicable securities laws or the terms of this Agreement to be set forth in an Amendment that has not been so set forth;
- (e) the Company having delivered the requisite closing documents, officers' certificate, legal opinions and such other confirmations, certificates, instruments and other documents as the Agents may reasonably request pursuant this Agreement;
 - (f) the Offering having been completed, including but not limited to the satisfaction by the Company of any closing conditions in connection therewith that were waived by the Agents at or prior to the time of the Offering Closing;
 - (g) the Company having prepared and delivered to the Agents a technical report on the Curiplaya Project prepared in accordance with and otherwise complying with the requirements of National Instrument 43-101 and prepared by a "qualified person" (as defined in NI43-101) acceptable to the Agents;
 - (h) the Prospectus:
 - (i) having been filed with and accepted by the securities regulatory authorities in the IPO Jurisdictions,
 - (ii) being in compliance with all the requirements of the applicable securities laws of the IPO Jurisdictions, and
 - (iii) containing full, true and plain disclosure of all material facts relating to the Company, the securities of the Company and the IPO Units, and not containing any misrepresentation or any untrue, false, or misleading statement of material fact or any omission to state any material fact necessary to make the statements therein, in light of the circumstances, not untrue, false, or misleading;
 - (i) the Agents having received subscriptions for the IPO Units in an amount not less than the Minimum Offering; and
 - (j) the Company having delivered to the Agents confirmation in writing from the Exchange conditionally accepting the Listing subject only to customary conditions and the receipt of customary documentation in connection therewith, and otherwise in form and content satisfactory to the Agents acting reasonably.

9. **Closing**

- 9.1 The Offering Closing shall be completed at the offices of Vector Corporate Finance Lawyers, Suite 1040, 999 West Hastings Street, Vancouver, BC, V6C 2W2, at such time or times and on such date or dates as may be agreed upon by the Company and the Agents. The Offering may be completed in one or more partial closings and each such closing shall be made in accordance with the terms hereof.
- 9.2 At the Offering Closing, the Agents shall deliver or cause to be delivered to the Company one or more cheques or bank drafts made payable to the order of the Company in an aggregate amount equal to (i) the gross proceeds of the Offering, less (ii) the Offering Commission, the Offering CFF, and the Expenses incurred to date.
- 9.3 At the Offering Closing, the Company shall deliver or cause to be delivered to the Agents:
- (a) a copy of this Agreement, executed by the Company;
 - (b) a copy of all Subscription Agreements, counter-signed by the Company;
 - (c) a copy of the directors' resolution approving the Offering, this Agreement, the Subscription Agreements, the creation, reservation and sale (as the case may be) of the Securities issued or issuable in connection with the Offering, and such other matters in relation therewith as counsel may deem necessary or appropriate;
 - (d) a copy of all other authorizations, consents, approvals and other documents in respect of the Offering (including but not limited to the satisfaction of the conditions thereof) and the Transaction Agreements that the Agents may reasonably request;
 - (e) certificates representing the Offering Shares, in such amounts and registrations as requested by the Agents;
 - (f) certificates representing the Agent's Offering Options, in such amounts and registrations as requested by the Agents; and
 - (g) the legal opinions and officers' certificates and such other certificates, instruments and documents that may be requested by the Agents, acting reasonably, pursuant to the terms of this Agreement.
- 9.4 The IPO Closing shall be completed at the offices of Vector Corporate Finance Lawyers, Suite 1040, 999 West Hastings Street, Vancouver, BC, V6C 2W2, at such time or times and on such date or dates as may be agreed upon by the Company and the Agents. The IPO may be completed in one or more partial closings and each such closing shall be made in accordance with the terms hereof.
- 9.5 At the IPO Closing, the Agent shall deliver or cause to be delivered to the Company one or more cheques or bank drafts made payable to the order of the Company in an aggregate amount equal to (i) the gross proceeds of the IPO, less (ii) the IPO Commission, the IPO CFF, and the Expenses incurred to date.
- 9.6 At the IPO Closing, the Company shall deliver or cause to be delivered to the Agents:

- (a) a copy of the directors' resolution approving the IPO, the Preliminary Prospectus and the Prospectus, the creation, reservation and sale (as the case may be) of the Securities issued or issuable in connection with the IPO, and such other matters in relation therewith as counsel may deem necessary or appropriate;
- (b) a copy of the receipt for the Prospectus from the securities regulatory authority of each IPO Jurisdiction;
- (c) a copy of the conditional approval for the Listing from the Exchange;
- (d) a copy of all other authorizations, consents, approvals and other documents in respect of the IPO (including but not limited to the satisfaction of the conditions thereof) and the Preliminary Prospectus, Prospectus and Transaction Agreements that the Agents may reasonably request;
- (e) certificates representing the IPO Shares and IPO Warrants, in such amounts and registrations as requested by the Agents;
- (f) certificates representing the Agent's IPO Options, in such amounts and registrations as requested by the Agents; and
- (g) the comfort letters, legal opinions and officers' certificates and such other certificates, instruments and documents that may be requested by the Agents, acting reasonably, pursuant to the terms of this Agreement.

9.7 At the Offering Closing and the IPO Closing, all documents and payments shall be held in escrow until all documents and payments have been delivered and all parties present at the respective closing have agreed that the escrow is terminated, and thereafter the documents and payments shall be released from escrow to the parties entitled thereto.

9.8 The Company will, if required by applicable securities laws, endorse the certificates representing the Securities with resale restrictions in accordance with the requirements of the applicable securities laws.

9.9 All of the representations, warranties and covenants of the Company and the Agents contained herein shall survive the purchase and sale of the Offering Shares and IPO Units and the issue of the Agent's Offering Options and Agent's IPO Options, and shall continue in full force and effect unaffected by any subsequent exercise or disposition of any of the Securities, as the case may be, for a period of 24 months after the IPO Closing or such longer period as may be specified in the respective representation, warranty or covenant.

10. Expenses

10.1 Whether or not the transactions contemplated by this Agreement proceed or complete, all expenses (the "**Expenses**") of or incidental to the transactions contemplated by this Agreement, including, without limitation, the Agents' expenditures incurred in connection with their due diligence, the preparation and filing (as the case may be) of the Transaction Agreements, Preliminary Prospectus and Prospectus, the preparation for and holding of marketing presentations and information meetings and the Agents' out-of-pocket expenses related thereto, including travel, the printing and delivery of the Subscription Agreement, Preliminary Prospectus and Prospectus to Purchasers, the issue and transfer of any and all Securities, the application for and obtaining of the Listing, and the fees and disbursements of the Agents' and the Company's

legal counsel, the Company's auditors and accountants, and all other experts or consultants retained by the Agents or Company incidental to the foregoing.

- 10.2 The Expenses of the Agents for due diligence and the preparation of the Transaction Agreements, Preliminary Prospectus and Prospectus (including search, legal and other expert's fees and disbursements) and Expenses for marketing and sales with respect to the Offering and the IPO shall not exceed \$30,000 (excluding taxes) without the express consent of the Company, which consent shall not be unreasonably withheld. The Agents shall obtain the Company's prior consent for any single Expense over \$2,000 (other than search and legal fees and disbursements), which consent shall not be unreasonably withheld. The Agents acknowledge the receipt of \$10,000 as a retainer in respect of such Expenses of the Agent.

11. Garnishing Orders

- 11.1 If at any time, up to and including the IPO Closing, the Agents receive a garnishing order or other form of attachment purporting to garnish or attach in respect of a debt alleged of the Company a part or all of the subscription price of the Offering Shares of the IPO Units, the Agents may pay the amount purportedly attached or garnished into court.
- 11.2 Any payment by the Agents into court contemplated in this section is deemed to have been received by the Company as payment by the Agents against the subscription price of the Offering Shares and the IPO Units to the extent of the amount paid, and the Company is bound to issue and deliver the Offering Shares and the IPO Units proportionately to the amount paid by the Agents.
- 11.3 The Agents are not bound to ascertain the validity of any garnishing order or attachment, or whether in fact it attaches any monies held by the Agents, and the Agents may act with impunity in replying to any garnishing order or attachment.
- 11.4 The Company will release, indemnify and save harmless the Agents in respect of all damages, costs, expenses or liability arising from any acts of the Agent under this section.

12. Indemnity

- 12.1 The Company shall protect, indemnify and hold harmless the Agents and any sub-agents, any subsidiaries and affiliates thereof and their respective directors, officers, partners, employees, agents, advisors and any associates thereof (the "**Indemnified Parties**" and individually, an "**Indemnified Party**") from and against all claims, actions, suits, investigations, proceedings, losses, costs, charges, expenses (including legal), payments and other damages, liabilities and obligations which they may directly or indirectly suffer or incur by reason of the Offering, the IPO, the Transaction Agreements, the Preliminary Prospectus or the Prospectus, including but not limited to:
- (a) the Company not complying with any requirement of any laws, including the applicable securities laws, or any other requirement of a competent regulatory authority, in connection with the Offering or the IPO;
 - (b) the Company failing to obtain or satisfy the conditions of any requisite regulatory authorization, consent or approval for the Offering or the IPO;
 - (c) any information or statement (except relating solely to and supplied by the Agents) contained in the Public Record, Preliminary Prospectus or Prospectus, any amendment

thereto or in any supplemental, additional or ancillary material, information, statement, notice, report or other instrument or document that may be filed by or on behalf of the Company under the applicable securities laws of the IPO Jurisdictions prior to the IPO Closing being or alleged to be a Misrepresentation;

- (d) the omission or alleged omission to state in the Public Record, Preliminary Prospectus or Prospectus, any amendment thereto or in any supplemental, additional or ancillary material, information, statement, notice, report or other instrument or document that may be filed by or on behalf of the Company under the applicable securities laws of the IPO Jurisdictions prior to the IPO Closing, any material fact or material information (except relating solely to and supplied by the Agents) required to be stated therein or necessary to make any statements therein complete, informative or not misleading in light of the circumstances under which it was made;
- (e) the Company failing to satisfy or comply with any of the provisions of any of the Transaction Agreements or any instrument or document pursuant to or supplemental thereto, including but not limited to any breach or default under any representation, warranty or covenant herein or therein contained;
- (f) any order, inquiry, investigation, proceeding or other action is made, instituted, contemplated or threatened by any regulatory authority or other competent authority into the affairs, records or accounts of the Company which is commenced by any regulatory authority; and
- (g) any prohibition affecting the distribution or trading of the Offering Shares or IPO Units or any other of the Securities, which may be ordered by any one or more competent authorities if such prohibition is based on any statement or omission made by the Company in the Prospectus, any amendment thereto or in any supplemental, additional or ancillary material, information, statement, notice, report or other instrument or document that may be filed by or on behalf of the Company under the applicable securities laws of the IPO Jurisdictions prior to the IPO Closing.

12.2 If any claim is asserted against an Indemnified Party in respect of which indemnity may be sought from the Company pursuant to the provisions hereof, or if any such potential claim comes to the knowledge of an Indemnified Party, the Indemnified Party concerned shall notify the Company as soon as possible of the nature of such claim and the Company shall assume the defence thereof at its expense. Any such defence shall be through legal counsel reasonably acceptable to the Indemnified Party and no admission of liability or settlement shall be made by the Company or the Indemnified Party without, in each case, the prior written consent of all the parties hereto, such consent not to be unreasonably withheld. An Indemnified Party shall have the right to employ separate counsel in any such claim and participate in the defence thereof but the fees and expenses of such counsel shall be at the expense of the Indemnified Party unless:

- (a) the employment of such counsel has been authorized by the Company;
- (b) the Company fails to assume the defence of such claim on behalf of the Indemnified Party within a reasonable period of receiving notice of such claim, provided that the expiration of such period shall be deemed to occur on the second clear business day immediately preceding the date by which the Indemnified Party is required by law (in the absence of agreement to the contrary) to take action (such as the filing of an appearance or its equivalent) in connection with defending such claim; or

- (c) the Indemnified Party shall have been advised by counsel that representation of the Company and Indemnified Party by the same counsel would be inappropriate due to actual or potential differing interests between them or the nature of one or more legal defences that are or may be available to the Indemnified Party or the Company that are different from or in addition to those available to the other,

and in each such case the Company shall not have the right to assume the defence of such claim on behalf of the Indemnified Party but shall be liable to pay the reasonable fees and expenses of counsel for the Indemnified Party. The indemnity herein provided shall remain in full force and effect and shall not be limited or affected by any other indemnity obtained by an Indemnified Party from any other person. To the extent that any Indemnified Party is not a party to this Agreement, the parties acknowledge and agree that the Agents shall obtain and hold the rights and benefits of the indemnity herein provided in trust for and on behalf of such Indemnified Party.

- 12.3 If the indemnity provided for in this article 12 is declared by a court of competent jurisdiction to be illegal or unenforceable as being contrary to public policy or for any other reason, the Agents and the Company shall contribute to the aggregate of all losses, costs, charges, expenses (including legal), payments and other damages, liabilities and obligations of the nature provided for above such that the Agents shall be responsible for that portion represented by the percentage that the commission received by the Agent under this Agreement bears to the gross proceeds realized from the offering of the Offering Shares and IPO Units and the Company shall be responsible for the balance, provided that, in no event, shall the Agent be responsible for an amount in excess of such commission. Notwithstanding the foregoing, a person guilty of fraudulent misrepresentation shall not be entitled to contribution from any other party. Any party entitled to contribution will, promptly after receiving notice of commencement of any claim, action, suit, investigation or proceeding against such party in respect of which a claim for contribution may be made against another party or parties under this section, notify such party or parties for whom contribution may be sought. In no case shall such party from whom contribution may be sought be liable to contribute pursuant to this section unless such notice shall have been provided, but the omission to so notify such party shall not relieve the party from whom contribution may be sought from any other obligation it may have otherwise than under this section. The right to contribution provided in this section shall be in addition to and not in derogation of any other right to contribution which the Agents may have by statute or otherwise by law.

13. Termination

- 13.1 Each of the Agents shall be entitled, at its option, to terminate its obligations hereunder and the Purchasers' obligations under the Subscription Agreements and to otherwise purchase the Offering Shares and IPO Units, without liability on its part, by notice to that effect delivered to the Company at any time prior to the IPO Closing if:
- (a) the Agent determines that any of the representations or warranties made by the Company herein or the other Transaction Agreements is or has become false in any material respect;
 - (b) the Company is in default under, breach of or fails to comply with, any term, condition or provision of this Agreement or the other Transaction Agreements;
 - (c) the Agent is not satisfied with the results of its due diligence investigations;

- (d) the Agent is of the opinion, in its sole discretion, that the Offering Shares or IPO Units, as the case may be, cannot be profitably marketed;
- (e) there shall occur or come into effect any event, condition or circumstance which constitutes a material change (actual, proposed or prospective, whether financial or otherwise) in the assets, liabilities or obligations, or in the business, affairs, operations, prospects, condition or capital of the Company (contingent or otherwise) which would reasonably be expected to have a significant adverse effect on the business of the Company or the market price or value of the Offering Shares or the IPO Units, as the case may be;
- (f) there is an inquiry or investigation (whether formal or informal) by any securities regulatory authority in relation to the Company or any of the Company's directors or officers which in the opinion of the Agent seriously affects or may seriously affect the Offering or the IPO;
- (g) any order to cease, halt or suspend trading in the securities of the Company, or an order to cease, halt or suspend trading against any one or more directors, officers or promoters of the Company, is made by a securities regulatory authority (including the Exchange) having jurisdiction;
- (h) there should develop, occur or come into effect any catastrophe of national or international consequence or any action, governmental law or regulation, inquiry or other occurrence of any nature whatsoever which, in the opinion of the Agent, seriously affects or may seriously affect the financial markets, the business of the Company, the Agent's ability to perform its obligations under this Agreement or a Purchaser's decision to purchase the Offering Shares, even if the Purchaser has already executed a Subscription Agreement, or to purchase IPO Units;
- (i) following a consideration of the business, affairs, operations, properties, products, assets, history or prospects of the Company, or its principals and promoters, or the state of the financial markets in general, or the state of the market for the Company's securities in particular, the Agent determines, in its sole discretion, that it is not in the interest of the Purchasers to complete the purchase and sale of the Offering Shares or the IPO Units, as the case may be; or
- (j) the receipt for the Prospectus is not issued on or before *December 31, 2006*.

The Agents may waive, in whole or in part, or extend the time for compliance with, any terms and conditions of this Agreement without prejudice to its rights in respect of any other terms and conditions of this Agreement or any other or subsequent default, breach or non-compliance by the Company of the terms and conditions of this Agreement provided, however, that any waiver or extension must be in writing and signed by the Agent in order to be binding upon it. If the Agents terminate this Agreement and, as applicable, the Subscription Agreements and the Purchasers' obligations to otherwise purchase the Offering Shares and IPO Units pursuant to this section, there shall be no further liability on the part of the Agents or the Purchasers. Notwithstanding the termination of this Agreement pursuant to this section, the provisions of articles 10, 11, 12, 13 and 15 shall survive such termination. The right of the Agents to terminate their obligations under this Agreement is in addition to such other remedies as they have or may have in respect of any default, breach or non-compliance by the Company in respect of any provision of or matter contemplated by this Agreement.

14. Right of First Refusal

- 14.1 The Company shall notify the Agents of the terms of any further brokered or public equity financing (the "**Financing**") that the Company requires or proposes to conduct during the twelve (12) months following the IPO Closing and the Agents shall jointly and severally have a right of first refusal (the "**Right of First Refusal**") to act as the Company's agent in respect of the full amount of any and all such Financings based on industry standard terms and the terms set out in the notice delivered to the Agents.
- 14.2 For greater certainty, the Right of First Refusal granted by section 14.1 may be exercised by either or both of the Agents in respect of any and all applicable Financings. In the event that only one Agent chooses to exercise the Right of First Refusal in respect of a Financing, such Agent shall be entitled to act as the Company's agent in respect of the entire amount of such Financing. In the event that both Agents choose to exercise the Right of First Refusal in respect of a Financing, each of the Agents shall have the right to act as the Company's agent with respect to that proportion of the Financing equal to the proportion that that Agent sold of the Offering against the total amount sold by the Agents under the Offering.
- 14.3 The Right of First Refusal may be exercised by the Agents within 15 days following the receipt of the notice from the Company referred to in section 14.1 by notifying the Company that they will provide the financing on the terms set out in the notice to the Agents.
- 14.4 If the Agents fail to give the notice contemplated by section 14.3 to the Company within the requisite 15 days, the Company will then be free to make other arrangements to obtain the particular Financing from another source on the same terms or on terms no less favourable to the Company without any further obligations under this article 14 to the Agents with respect to the particular Financing.
- 14.5 The Right of First Refusal in respect of additional Financings within the twelve (12) month period will not terminate if, on receipt of any notice from the Company under section 14.1, the Agents decline or fail to exercise the Right of First Refusal in respect of the Financing in question.

15. Alternative Business Transaction

- 15.1 If the Offering or the IPO is not completed as a result of the Company's decision to pursue an "alternative business transaction" on or before November 24, 2006, the Company shall pay the Agents an amount equal to the Offering Commission and IPO Commission and deliver to the Agents that number of Agent's Offering Options and Agent's IPO Options that would otherwise have been earned by the Agents if all of the Offered Shares and IPO Units had been sold, together with the Offering CFF and IPO CFF and the Expenses incurred to that date. An "alternative business transaction" includes a financing which has the effect of replacing the Offering or the IPO or a business transaction involving a change of control of the Company or any material subsidiary, including a merger, amalgamation, arrangement, take-over bid, insider bid, reorganization, joint venture, sale of all or substantially all assets, exchange of assets or any similar transactions involving the Company. An alternative business transaction does not include a financing arranged by the Company which is supplementary to the Offering or the IPO contemplated herein provided the Agents are in agreement with the terms of such financing(s) and that such terms are no more favourable than the terms contemplated in the Offering or the IPO.

16. Miscellaneous

16.1 All information, data, advice and opinions (the "**Information**") furnished to the Agent, and furnished by the Agent to its counsel, in connection with the Agent's engagement hereunder, will be treated as confidential (except such Information which is now or hereafter becomes publicly available or publicly known from time to time, other than as a result of improper disclosure by the Agent, or is required by law or legal proceedings to be disclosed) and will be used by the Agent only in connection with the Agent's engagement hereunder. In connection with the Agent's activities hereunder, the Company may from time to time specifically authorize the Agent (including verbally) to discuss the Information with or deliver it to third parties, on the basis that the confidentiality of the Information will be maintained and preserved by such third parties.

16.2 Any notice or other communication to be given hereunder shall be in writing and delivered or telecopied as follows:

(a) if to the Company to:

EcuGold Resources Ltd.
Suite 1040, 999 West Hastings St.
Vancouver, BC, V6C 2W2

Attention: Mr. Anthony Ciali
Facsimile: (609) 896-2421

with a copy to:

Vector Corporate Finance Lawyers
Suite 1040, 999 West Hastings Street
Vancouver, BC, V6C 2W2

Attention: Graham Scott
Facsimile: (604) 683-2643

(b) if to the Agents to:

Blackmont Capital Inc.
Suite 500, Bentall Five, 550 Burrard St.
Vancouver, BC, V6C 2B5

Attention: Mark Redcliffe
Facsimile: (604) 640-0464

and to:

Bolder Investment Partners, Ltd.
Suite 800, 1450 Creekside Drive
Vancouver, BC, V6J 5B3

Attention: Paul Woodward
Facsimile: (604) 714-2326

with a copy to:

Anfield, Sujir, Kennedy & Durno
Suite 1600, 609 Granville Street
Vancouver, BC, V7Y 1C3

Attention: Jeff Durno
Facsimile: (604) 669-3877

Any such notice or other communication shall be deemed to have been given and received on the day of delivery if delivered, and the first day after being telecopied if telecopied, always provided that if such day is not a business day in the location where it is telecopied or delivered, it shall be deemed to have been given and received on the first business day thereafter.

- 16.3 This Agreement constitutes the entire agreement between the parties with respect to its subject matter, and supersedes any prior agreements with respect thereto between the parties. The parties shall execute and deliver any and all such further instruments and other documents and perform any and all such further acts and other things as may be necessary or desirable to carry out the intent of this Agreement.
- 16.4 Any amendments hereto or waivers in respect hereof shall only be effective if made in writing and executed by the parties or the person giving the waiver, as the case may be. The Agent may waive in whole or in part any breach of, default under or non-compliance with any representation, warranty, term or condition of this Agreement, or extend the time for compliance, without prejudice to any other rights in respect of any other representation, warranty, term or condition of this Agreement or any breach of, default under or non-compliance with them. No waiver of any provision shall constitute a waiver of any other provision or act as a continuing waiver unless such is expressly provided for.
- 16.5 If one or more of the provisions contained in this Agreement is determined to be invalid, illegal or unenforceable in any respect, such provision shall either be severed from this Agreement or this Agreement shall be construed as if such provision had never been contained in it.
- 16.6 This Agreement, any amendment, addendum or supplement hereto, and all other instruments and documents relating hereto shall be governed by and construed in accordance with the internal laws of the Province of British Columbia governing contracts made and to be performed wholly therein, and without reference to its principles governing the choice or conflict of laws. The parties hereto irrevocably attorn and submit to the exclusive jurisdiction of the courts of the Province of British Columbia, sitting in the City of Vancouver, with respect to any dispute related to or arising from this Agreement.
- 16.7 This Agreement may be executed in one or more counterparts, all of which when so executed shall constitute one and the same Agreement. This Agreement and any counterpart thereof may be delivered by telecopy or facsimile and when so delivered shall be deemed to be an original.
- 16.8 Time shall be of the essence hereof.


If this Agreement accurately reflects the terms of the transaction which the Agent and the Company are to enter into, and if such terms are agreed to by the Company, please communicate acceptance by executing four copies where indicated below and delivering them to the Agent upon such execution. Upon such execution and delivery, this Agreement shall constitute a binding agreement between us.

Yours truly,

BLACKMONT CAPITAL INC.

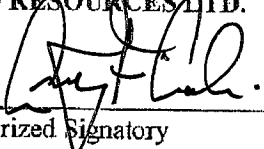
Per: _____
Authorized Signatory

BOLDER INVESTMENT PARTNERS, LTD.

Per:  _____
Authorized Signatory

Accepted as of the date set out on the first page of this Agreement.

ECUAGOLD RESOURCES LTD.

Per:  _____
Authorized Signatory

Yours truly,

BLACKMONT CAPITAL INC.

Per: _____
Authorized Signatory

BOLDER INVESTMENT PARTNERS, LTD.

Per: _____
Authorized Signatory

Accepted as of the date set out on the first page of this Agreement.

ECUAGOLD RESOURCES LTD.

Per: _____
Authorized Signatory

SCHEDULE "A"

LITIGATION

The Company is currently involved in the following litigation:

NONE