

## OPTION AGREEMENT

**THIS AGREEMENT** is dated effective as of the 29th day of March, 2012.

**BETWEEN:**

**VIRGINIA ENERGY RESOURCES INC.**, a company incorporated under the British Columbia *Business Corporations Act* and having an address at Suite 611 – 675 West Hastings Street, Vancouver, British Columbia V6B 1N2

(“VAE”)

**AND:**

**662707 ALBERTA LTD.**, a company incorporated under the Alberta *Business Corporations Act* and having an address at Suite 611 – 675 West Hastings Street, Vancouver, British Columbia V6B 1N2

(“662707” and, together with VAE, the “Optionors”)

**AND:**

**ORIENT VENTURE CAPITAL INC.**, a company incorporated under the British Columbia *Business Corporations Act* and having an address at Suite 300 – 1055 West Hastings Street, Vancouver, British Columbia V6E 2E9

(the “Optionee”)

**WHEREAS:**

- A. 662707 is a wholly-owned subsidiary of VAE;
- B. The Optionors are the sole registered and beneficial owners of certain mining claims located in the Province of Quebec, as more particularly described in Schedule “A” hereto, located 130 km northwest of Kuujjuak, Ungava Bay region, Quebec, and known as the Hawk Ridge property (the “Property”); and
- C. The Optionors wish to grant to the Optionee an exclusive right and option to acquire 100% of their interest in and to the Property, subject to the terms and conditions hereinafter set out, and subject to the Net Smelter Return Royalty (as hereinafter defined) and obligations to the original vendor, Daniel B. Larkin (“Larkin”).

**NOW THEREFORE THIS AGREEMENT WITNESSES** that, in consideration of the mutual covenants and agreements contained in this Agreement and other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged), the parties agree as follows:

### **PART 1 INTERPRETATION**

- 1.1 In this Agreement the following words and phrases have the following meanings:

- (a) **“Acceptance Date”** means the date of issuance of the Final Exchange Bulletin (as defined in Exchange policies) for the Optionee’s Qualifying Transaction;
- (b) **“Affiliate”** means any person that controls, is controlled by, or is under common control with, a party hereto;
- (c) **“Business Day”** means a day other than Saturday, Sunday or a statutory holiday in British Columbia;
- (d) **“Cash Payments”** has the meaning ascribed to it in section 3.1(a);
- (e) **“Claims”** means the mining and mineral claims described in Schedule “A” hereto;
- (f) **“Closing”** means the completion of the Transaction pursuant to the terms of this Agreement on the Closing Date;
- (g) **“Closing Date”** means the tenth (10th) Business Day after receipt of conditional acceptance from the Exchange with respect to the Transaction or such other Business Day as VAE and the Optionee may agree;
- (h) **“Commercial Production”** means the operation of the Property or any portion thereof as a producing mine and the production of mineral products therefrom (excluding bulk sampling, pilot plant or test operations);
- (i) **“Concurrent Financing”** means a private placement financing to be conducted on or before the Closing whereby the Optionee will raise a gross proceeds of \$4,000,000 through a combination of:
  - (i) a brokered offering of a minimum of 6,590,909 and a maximum of 11,200,000 flow-through units at a price of \$0.22 per flow-through unit for a minimum of \$1,450,000 and a maximum of \$2,464,000, with each flow-through unit consisting of one flow-through Share and one-half of one Concurrent Financing Warrant; and
  - (ii) a non-brokered offering of a minimum of 7,680,000 and a maximum of 12,750,000 of non-flow-through units at a price of \$0.20 per non-flow-through units for a minimum of \$1,536,000 and a maximum of \$2,550,000 with each non-flow-through unit consisting of one non-flow-through Share and one-half of one Concurrent Financing Warrant.
- (j) **“Concurrent Financing Warrant”** means a non-transferable share purchase warrant forming part of the units to be issued in connection with the Concurrent Financing, with each whole share purchase warrant exercisable to acquire one Share for a period of two (2) years following the closing of the Concurrent Financing at an exercise price of \$0.40 per Share in the first year and \$0.60 per Share in the second year;
- (k) **“Confidential Information”** has the meaning ascribed to it in section 17.1;
- (l) **“Consideration Shares”** has the meaning ascribed to it in section 3.1(b);
- (m) **“control”** means the right to exercise, directly or indirectly, more than fifty percent of the voting rights attributable to the controlled person;
- (n) **“Environmental Claims”** means any and all administrative, regulatory or judicial actions, suits, demands, claims, liens, notices of non-compliance or violation, investigations or proceedings

relating in any way to any Environmental Law or any permit issued under any Environmental Law, including, without limitation:

- (i) any and all claims by government or regulatory authorities for enforcement, clean-up, removal, response, remedial or other actions or damages under any applicable Environmental Law,
  - (ii) any and all claims by any third party seeking damages, contribution, indemnification, cost recovery, compensation or injunctive or other relief, and
  - (iii) any and all claims resulting from hazardous materials, including any release of those claims, or arising from alleged injury or threat of injury to human health or safety (arising from environmental matters) or the environment;
- (o) **“Environmental Laws”** means all requirements of the common law, civil code or of environmental, health or safety statutes of any agency, board or governmental authority, including, but not limited to, those relating to:
- (i) noise;
  - (ii) pollution or protection of the air, surface water, ground water or land,
  - (iii) solid, gaseous or liquid waste generation, handling, treatment, storage, disposal or transportation,
  - (iv) exposure to hazardous or toxic substances, or
  - (v) the closure, decommissioning, dismantling, or abandonment of any facilities, mines or workings and the reclamation or restoration of lands;
- (p) **“Exchange”** means the TSX Venture Exchange;
- (q) **“Filing Statement”** means the filing statement of the Optionee in the form prescribed by the Exchange, pertaining to the Transaction and which will be filed on SEDAR;
- (r) **“force majeure event”** has the meaning ascribed to it in section 22.1;
- (s) **“Geophysical Survey”** has the meaning ascribed to it in section 3.1(c);
- (t) **“Net Smelter Return Royalty”** means the three percent (3%) net smelter returns royalty retained by Larkin over certain portion of the Property as provided under the Purchase and Sale Agreement (the **“Original Purchase Agreement”**) made as of the 27th day of June, 1995 among Larkin as the Prospector, 662707 as the Purchaser and Troymin Resources Ltd. (**“Troymin”**), the Option Agreement (the **“Original Option Agreement”**) dated for reference as of the 27th of June, 1995 among Larkin as the Prospector, International Butec Industries Corp. and Troymin, and the Purchase and Sale Agreement (the **“Butec Purchase Agreement”**) made effective the 1st day of June 2000 between 662707 and International Butec Industries Corporation (the Original Purchase Agreement, Original Option Agreement and Butec Purchase Agreement are collectively referred to as the **“Underlying Agreements”**, copies of which are attached hereto under Schedule “B”), which net smelter returns royalty is subject to the right to repurchase as provided in the Underlying Agreements;
- (u) **“Option”** has the meaning ascribed to it in section 3.1;

- (v) **“Option Period”** means the period from the date of this Agreement to and including the date of exercise or termination of the Option;
- (w) **“person”** means an individual, corporation, body corporate, partnership, joint venture, association, trust or unincorporated organization, or a trustee, executor, administrator or other legal representative thereof;
- (x) **“Pre-Emptive Right Securities”** means securities of the Optionee purchased by VAE pursuant to Part 14;
- (y) **“Property”** means the Claims described in Schedule “A” hereto and will include any additional claims that become part of the Property pursuant to Part 3, including any mineral claims staked within the Property and all mining leases and other mining interests derived from any such mineral claims;
- (z) **“Qualifying Transaction”** has the meaning set forth in Exchange Policy 2.4 *Capital Pool Companies*;
- (aa) **“Shares”** means common shares in the capital of the Optionee;
- (bb) **“Technical Data”** means all geological, geophysical, geochemical, assay, drilling and other reports and data in written or digital form, dealing in any way with the exploration or evaluation of the Property, including estimates of development, mining and process costs of a potential operation;
- (cc) **“Technical Report”** has the meaning ascribed to it in section 7.1(e);
- (dd) **“Transaction”** means the grant of the Option by the Optionors to the Optionee in accordance with the terms hereof;
- (ee) **“U.S. Person”** has the meaning ascribed to it in section 2.1(b); and
- (ff) **“U.S. Securities Act”** has the meaning ascribed to it in section 2.1(b).

1.2 The following is a Schedule to this Agreement:

Schedule “A”	–	Description of the Claims
Schedule “B”	–	Underlying Agreements
Schedule “C”	–	Post Transaction and Financing Share Capital

1.3 For the purposes of this Agreement, except as otherwise provided herein:

- (a) **“this Agreement”** means this Agreement, including the schedules, as it may from time to time be supplemented or amended and in effect;
- (b) the words **“herein”**, **“hereof”** and **“hereunder”** and other words of similar import refer to this Agreement as a whole and not to any particular section, paragraph, subparagraph, clause or sub clause of this Agreement so designated;
- (c) a reference to a Part is to a Part of this Agreement, and the symbol section followed by a number or some combination of numbers and letters refers to the section, paragraph, subparagraph, clause or sub clause of this Agreement so designated;

- (d) words importing the masculine gender include the feminine or neuter, words in the singular include the plural, words importing a corporate entity include individuals, and vice versa;
- (e) the headings to the sections and subsections of this Agreement are inserted for convenience only and do not form part of this Agreement and are not intended to interpret, define or limit the scope, extent or intent of this Agreement or any provision hereof;
- (f) the word “**or**” is not exclusive and the word “**including**”, when following a general statement, term or matter, is not to be construed as limiting such general statement, term or matter to the specific items or matters set forth or to similar items or matters (whether or not qualified by non-limiting language such as “**without limitation**” or “**but not limited to**” or other words of similar import) but, rather, as permitting the general statement or term to refer to all other items or matters that could reasonably fall within its possible scope;
- (g) if any day on which action is required under this Agreement falls on a day which is not a Business Day, the date that such action is required will be extended to the next Business Day;
- (h) a reference to a statute includes and is a reference to such statute and to the regulations made pursuant thereto with all amendments made thereto and in force from time to time, and to any statute or regulations that may be passed that have the effect of supplementing or superseding such statute or such regulations; and
- (i) all dollar amounts expressed herein refer to lawful currency of Canada.

## **PART 2**

### **REPRESENTATIONS, WARRANTIES AND COVENANTS**

- 2.1 Each of the Optionors jointly and severally represents and warrants to and covenants with the Optionee that:
- (a) it has, and will continue to have during the Option Period, full power and authority to enter into this Agreement and any instrument referred to or contemplated by this Agreement, and to carry out the transactions contemplated herein;
  - (b) it is not a “**U.S. Person**” (as that term is defined in Regulation S under the United States *Securities Act of 1933*, as amended (the “**U.S. Securities Act**”));
  - (c) it has duly obtained all necessary corporate and other authorizations for its execution and performance of this Agreement, and the consummation of the transactions contemplated herein will not, with the giving of notice or the passage of time, or both, result in a breach of, constitute a default under, or result in the creation of any encumbrance on its assets under, the terms or provisions of any law applicable to it, its constating documents, any resolution of its directors or shareholders, if any, or any indenture, agreement or other instrument to which it is party or by which it or its assets may be bound;
  - (d) if a corporation, it is duly organized, validly existing and in good standing under its applicable laws of incorporation and has all requisite corporate power and authority to own its properties and carry on its business as now being conducted;
  - (e) if a corporation, the execution, delivery and performance of this Agreement and the matters contemplated herein have been duly authorized by all necessary corporate action and no other corporate proceedings are necessary to authorize this Agreement and the matters contemplated herein;

- (f) this Agreement constitutes a legal, valid and binding obligation of the Optionor except: (i) as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, liquidation and other similar laws of general application affecting enforcement of creditors' rights generally; and (ii) as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies;
- (g) together with the other Optionor, it is, and up to and including the time of transfer to the Optionee of its interest in the Claims comprising the Property pursuant to the exercise of the Option it will be, the sole registered and beneficial owner of the Property free and clear of all claims, liens, security interests, charges and encumbrances of others and no taxes or rentals are or will be due in respect of any of the Claims;
- (h) it has the exclusive right to enter into this Agreement and, upon the exercise of the Option, will have all necessary authority to transfer and dispose of 100% of its interest in and to the Property in accordance with the terms of this Agreement;
- (i) the Claims comprising the Property are accurately described in Schedule "A", have been duly and validly located and recorded, are free and clear of all claims, liens, security interests, charges and encumbrances, and are, and upon the exercise of the Option will be, in good standing under the laws of the jurisdiction in which they are located;
- (j) it has paid all fees, taxes, assessments, rentals, levies or other payments required to be made relating to the Property;
- (k) there are no actions, suits, investigations or proceedings before any court, arbitrator, administrative agency or other tribunal or governmental authority, whether current, pending or threatened, which, directly or indirectly, relate to or affect the Property or the interest of the Optionor therein, nor is the Optionor aware of any acts that would lead it to suspect that the same might be initiated or threatened;
- (l) there are no outstanding agreements or options to acquire or purchase the Property or any portion thereof or any interest therein;
- (m) except for the Net Smelter Returns Royalty retained by Larkin, no person, other than the Optionee pursuant to the provisions hereof, has any proprietary or possessory interest in the Property, or royalty or other interest whatsoever in production or profits earned from the Property;
- (n) no proceedings are pending for, and it is not aware of any basis for the institution of any proceedings leading to, its dissolution or winding up, or the placing of it into bankruptcy or subjection to any other laws governing the affairs of insolvent persons;
- (o) it is legally entitled to hold its interest in the Property and the licenses, permits, easements, rights of way, certificates and other approvals now held or hereafter acquired by it and necessary for the exploration of the Property, and will remain so entitled for so long as it holds any interest in the Property;
- (p) to its knowledge and other than as disclosed in the technical report of D.A. Beauchamp Consulting dated March 13, 2012 on the Hawk Ridge project, the Property does not contain any hazardous or toxic material, pollution or other adverse environmental conditions that may give rise to any environmental liability under any applicable Environmental Laws, regulations, rules or by-laws, and the Optionor has not received, nor is it aware of any pending or threatened, notice of non-compliance with any Environmental Law, regulation, rule or by-law;

- (q) to its knowledge and other than as disclosed in the technical report of D.A. Beauchamp Consulting dated March 13, 2012 on the Hawk Ridge project, during the period that the Optionor has been an owner of the Property, the Property has been operated in accordance with all applicable Environmental Laws and there are no environmental conditions existing in the Property to which any remedial action is required or any liability has been or may be imposed under applicable Environmental Laws;
  - (r) other than as disclosed in the technical report of D.A. Beauchamp Consulting dated March 13, 2012 on the Hawk Ridge project, it has not received from any government agency or authority any notice of, or communication relating to, any actual or alleged Environmental Claims, and there are no outstanding work orders or actions required to be taken relating to environmental matters respecting the Property or any operations carried out on the Property;
  - (s) it has duly filed all reports and returns required to be filed with governmental authorities and has obtained all governmental permits and other governmental consents, except as may be required after the execution of this Agreement, and all of such permits and consents are in full force and effect, and no proceedings for the suspension or cancellation of any of them, and no investigation relating to any of them, is pending, or to the knowledge of the Optionor, threatened and none of them will be adversely affected by the entry into this Agreement or the Transaction;
  - (t) it has held the Property in material compliance with all laws, rules, statutes, ordinances, orders and regulations and the Optionor has not received any notice of any violation thereof, nor is the Optionor aware of any valid basis therefore;
  - (u) there is no adverse claim or challenge against or to the ownership of, or title to, any part of the Claims or the Property and, to the knowledge of the Optionor, there is no basis for such adverse claim or challenge which may affect the Claims or the Property;
  - (v) no filing or registration with, no notice to and no permit, authorization, consent, or approval of any public or governmental body or authority or other person or entity is necessary for the exercise of the Option contemplated by this Agreement or to enable the Optionor to enter into this Agreement and grant the Option to the Optionee to acquire a one hundred percent (100%) interest in the Property on the exercise of the Option, subject to the Net Smelter Returns Royalty retained by Larkin;
  - (w) until the earlier of (i) the exercise of the Option and (ii) the termination of this Agreement, the Optionor will not, without the prior written consent of the Optionee, allow the Property to become subject to any claims, liens, security interests, charges and encumbrances of any nature or kind whatsoever or enter into any agreement (whether written or verbal) that may result in the creation of any such claims, liens, security interests, charges and encumbrances or otherwise restrict in any manner whatsoever the exercise of the Option by the Optionee as contemplated by this Agreement, except for any encumbrances arising from the activities of the Optionee or the registration of this Agreement by the Optionors against the title to the Property.
- 2.2 The representations, warranties and covenants contained in section 2.1 are provided for the exclusive benefit of the Optionee and any misrepresentation or breach of warranty or covenant may be waived by the Optionee in whole or in part at any time without prejudice to its rights in respect of any other misrepresentation or breach of the same or any other representation, warranty or covenant, and the representations, warranties and covenants contained in section 2.1 will survive the execution hereof and continue through the Option Period and for two years thereafter.
- 2.3 The Optionee hereby represents and warrants to the Optionors that:

- (a) it has, and will continue to have during the Option Period, full power and authority to carry on its business and to enter into this Agreement and any instrument referred to or contemplated by this Agreement and to carry out the transactions contemplated herein;
  - (b) it is duly organized, validly existing and in good standing under its applicable laws of incorporation and has all requisite corporate power and authority to own its properties and carry on its business as now being conducted;
  - (c) As of the Closing Date, it will be extra-provincially registered in the Province of Quebec and will have all requisite corporate power and authority to own properties and carry on business in the Province of Quebec;
  - (d) it is a “reporting issuer” under the securities legislation of the provinces of British Columbia, Alberta and Ontario, is in compliance with all continuous disclosure obligations thereunder, and is not in default of such legislation or any regulation thereunder;
  - (e) it is a former Capital Pool Company (“CPC”), as defined in Exchange Policy 2.4, and is in compliance with the requirements pertaining to former CPCs listed on the NEX Board of the Exchange as set forth in the policies of the NEX Board;
  - (f) the Shares are listed on the NEX Board of the Exchange;
  - (g) it has duly obtained all necessary governmental, corporate and other authorizations for its execution and performance of this Agreement, and the consummation of the transactions contemplated herein will not, with the giving of notice or the passage of time, or both, result in a breach of, constitute a default under, or result in the creation of any encumbrance on its assets under, the terms or provisions of any law applicable to it, its constating documents, any resolution of its directors or shareholders, or any indenture, agreement or other instrument to which it is party or by which it or its assets may be bound;
  - (h) the execution, delivery and performance of this Agreement and the matters contemplated herein have been duly authorized by all necessary corporate action and no other corporate proceedings are necessary to authorize this Agreement and the matters contemplated herein; and
  - (i) this Agreement constitutes a legal, valid and binding obligation of the Optionee except: (i) as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, liquidation and other similar laws of general application affecting enforcement of creditors’ rights generally; and (ii) as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies.
- 2.4 The representations and warranties contained in section 2.3 are provided for the exclusive benefit of the Optionors and any misrepresentation or breach of warranty may be waived by the Optionors in whole or in part at any time without prejudice to their rights in respect of any other misrepresentation or breach of the same or any other representation or warranty, and the representations and warranties contained in section 2.3 will survive the execution hereof and continue through the Option Period and for two years thereafter.

### **PART 3 OPTION**

- 3.1 Subject to the terms and conditions set out in this Agreement, the Optionors hereby grant to the Optionee the sole and exclusive right and option (the “**Option**”) to earn an undivided 100% interest in and to the Property and in all right and title of the Optionors with respect thereto free and clear of

all liens, charges and encumbrances, except for the Net Smelter Returns Royalty retained by Larkin, by:

- (a) the Optionee paying to VAE a total of \$2,000,000 (collectively, the “**Cash Payments**”), as follows:
    - (i) on or before the fifth Business Day following the Acceptance Date, \$500,000 in cash,
    - (ii) on or before December 31, 2012, \$500,000 in cash, and
    - (iii) on or before December 31, 2013, \$1,000,000 in cash less such amount equal to 20% of the cost incurred by VAE for the Geophysical Survey (as hereinafter defined), which amount shall be determined by VAE before December 31, 2012;
  - (b) the Optionee allotting and issuing to VAE, as fully paid and non-assessable, Shares (each, a “**Consideration Share**”), as follows:
    - (i) on or before the fifth Business Day following the Acceptance Date, that number of Consideration Shares equal to \$250,000 divided by the price per Consideration Share equal to \$0.20,
    - (ii) on or before December 31, 2012, that number of Consideration Shares equal to \$250,000 divided by the greater of (A) the price per Consideration Share equal to 10% discount to the 20 day moving average trading price for the Shares for the 20 day period immediately preceding the date of issuance and (B) \$0.20, and
    - (iii) on or before December 31, 2013, that number of Consideration Shares equal to \$500,000 divided by the greater of (A) the price per Consideration Share equal to 10% discount to the 20 day moving average trading price for the Shares for the 20 day period immediately preceding the date of issuance and (B) \$0.20.
  - (c) if VAE has flown a geophysical survey on the Property (the “**Geophysical Survey**”) before the Acceptance Date, the Optionee allotting and issuing to VAE such number of non-flow-through units equal to the expenses of the Geophysical Survey and related costs (e.g. fuel, planning, supervision, quality control, etc). up to \$600,000 divided by the price per non-flow-through unit equal to \$0.20.
- 3.2 Nothing in section 3.1 will obligate the Optionee to pay any money to the Optionors or issue any of the Consideration Shares to the Optionors, and the Optionee may at any time terminate the Option in accordance with Part 11, in which event it will have no further obligations hereunder.
- 3.3 The Optionors acknowledge that the Consideration Shares and the Pre-Emptive Right Securities will be subject to such resale restrictions and hold periods as may be imposed by applicable securities legislation and the policies of the Exchange.
- 3.4 If the Optionee makes the Cash Payments and issues the Consideration Shares as described in section 3.1(a) to (b), it will, without further act or payment, have, and be deemed for all purposes to have, exercised the Option and earned a 100% interest in and to the Property.
- 3.5 If and when the Option has been exercised, an undivided 100% right, title and interest in and to the Property will thereupon vest in the Optionee free and clear of all claims, liens, security interests, charges and encumbrances, subject to the Net Smelter Returns Royalty retained by Larkin.

- 3.6 Upon the Optionee being deemed to have earned a 100% undivided interest in the Property pursuant to section 3.1, the Optionors will deliver to the Optionee or such person as the Optionee directs, duly executed transfers of the Property in the form required under the laws of the Province of Quebec to transfer the interest in the Property acquired by the Optionee, with applicable fees and costs to be borne by the Optionee.
- 3.7 The Optionee may at any time during the Option Period elect to abandon any one or more of the Claims by giving notice to the Optionors of such intention. Any Claims so abandoned will be in good standing under the laws of the jurisdiction in which they are situate for at least twelve (12) months from the date of abandonment. Upon any such abandonment, the Claims so abandoned will for all purposes of this Agreement cease to form part of the Property and, if title to such Claims has been transferred to the Optionee, the Optionee shall retransfer such title to the Optionors at the Optionee's expense.
- 3.8 Between the date of this Agreement and the exercise of the Option, each of the parties to this Agreement will promptly notify the other party in writing if it becomes aware of any fact or condition that causes or constitutes a material breach of any of its representations and warranties as of the date of this Agreement, or if it becomes aware of the occurrence after the date of this Agreement of any fact or condition that would cause or constitute a material breach of any such representation or warranty had such representation or warranty been made as of the time of occurrence or discovery of such fact or condition. During the same period, each party will promptly notify the other parties of the occurrence of any material breach of any of its covenants in this Agreement or of the occurrence of any event that may make the satisfaction of such conditions impossible or unlikely.

#### **PART 4 ENVIRONMENTAL INDEMNIFICATION**

- 4.1 Each of the Optionors jointly and severally agrees to indemnify and save the Optionee harmless from and against any Environmental Claim suffered or incurred by the Optionee arising directly or indirectly from any operations or activities conducted in or on the Property, whether by the Optionors or others, prior to the date of execution of this Agreement, provided that for any Environmental Claims arising directly or indirectly from any operations or activities conducted prior to the Optionors becoming owners of the Property, the Optionors shall only be responsible to indemnify the Optionees up to \$50,000.
- 4.2 The Optionee agrees to indemnify and save the Optionors harmless from and against any Environmental Claim suffered or incurred by the Optionors arising directly or indirectly from any operations or activities conducted on the Property, whether by the Optionee, its employees or agents, after the date of execution of this Agreement.
- 4.3 The provisions of this Part 4 will survive any termination of this Agreement.

#### **PART 5 MUTUAL CONDITIONS PRECEDENT**

- 5.1 The obligation of the Optionors and the Optionee to consummate the Transaction on the Closing Date will be subject to the prior completion of the following mutual conditions:
- (a) the Exchange will have conditionally accepted the Transaction;
  - (b) the Property, and the Optionee's interest therein will satisfy the Exchange's initial listing requirements as set out in Policy 2.1 *Initial Listing Requirements* of the Exchange such that, assuming satisfaction of all other initial listing requirements, the Optionee will qualify as a Tier

2 issuer on the Exchange upon issuance of the Final Exchange Bulletin (as defined in Exchange policies) by the Exchange with respect to the Transaction;

- (c) if required by the Exchange, a sponsor will have delivered a written sponsor report to the Exchange in accordance with the policies of the Exchange;
  - (d) the Concurrent Financing will have been completed;
  - (e) there will not be in force any order or decree restraining or enjoining the grant of the Option; and
  - (f) all consents, orders and approvals required, necessary or desirable for the completion of the transactions provided for in this Agreement (including director and shareholder approvals if required) will have been obtained or received from the persons, authorities or bodies having jurisdiction in the circumstances, all on terms satisfactory to each of the parties hereto, acting reasonably.
- 5.2 The conditions set forth in section 5.1 are for the benefit of the Optionors and the Optionee and may be waived by VAE and the Optionee jointly in whole or in part on or before the Closing Date. The Closing will be deemed to mean a waiver of all conditions to Closing. Notwithstanding any such waiver, the completion of the Transaction will not prejudice or affect in any way the rights of the Optionors or the Optionee in respect of the warranties and representations of the Optionee or the Optionors, as applicable, in this Agreement.

## **PART 6 OPTIONORS' CONDITIONS PRECEDENT**

- 6.1 The obligation of the Optionors to consummate the Transaction on the Closing Date will be subject to the prior completion of the following conditions:
- (a) the representations and warranties of the Optionee contained in this Agreement will have been true and correct as of the date of this Agreement and will be true and correct as of the Closing Date with the same force and effect as if such representations and warranties had been made on and as of such Closing Date, save and except in any case which would not have a material adverse effect on the Optionors;
  - (b) the Optionee will have performed, fulfilled or complied with, in all material respects, all of its obligations, covenants and agreements contained in this Agreement to be fulfilled or complied with by the Optionee at or prior to the Closing Date;
  - (c) the Optionee will deliver or cause to be delivered to the Optionors the closing documents as set forth in section 10.1 in form satisfactory to the Optionors acting reasonably;
  - (d) all proceedings to be taken in connection with the transactions contemplated in this Agreement will be satisfactory in form and substance to VAE, acting reasonably, and VAE will have received copies of all instruments and other evidence as they may reasonably request from the Optionee in order to establish the consummation or closing of such transactions and the taking of all necessary proceedings in connection therewith; and
  - (e) this Agreement and all other documents necessary or reasonably required to close the Transaction, all in form and substance reasonably satisfactory to VAE, will have been executed and delivered to VAE.

- 6.2 The conditions set forth in section 6.1 are for the exclusive benefit of the Optionors and may be waived by VAE in its discretion in whole or in part on or before the Closing Date. The Closing will be deemed to mean a waiver of all conditions to Closing. Notwithstanding any such waiver, the completion of the Transaction will not prejudice or affect in any way the rights of the Optionors in respect of the warranties and representations of the Optionee in this Agreement.

## **PART 7 OPTIONEE'S CONDITIONS PRECEDENT**

- 7.1 The obligation of the Optionee to consummate the Transaction on the Closing Date will be subject to the prior completion of the following conditions:
- (a) the representations and warranties of the Optionors contained in this Agreement will have been true and correct as of the date of this Agreement and will be true and correct as of the Closing Date with the same force and effect as if such representations and warranties had been made on and as of such Closing Date, save and except in any case which would not have a Material Adverse Effect on the Optionee;
  - (b) the Optionors will have performed, fulfilled or complied with, in all material respects, all of their obligations, covenants and agreements contained in this Agreement to be fulfilled or complied with by the Optionors at or prior to the Closing Date;
  - (c) the Optionors will deliver or cause to be delivered to the Optionee the closing documents as set forth in section 9.1 in form satisfactory to the Optionee acting reasonably;
  - (d) the Optionee will have received confirmation from VAE that VAE has spent an additional \$100,000 in Approved Expenditures (as defined in Exchange policies) on the Property (or a waiver of such requirement from the Exchange);
  - (e) the Optionee will have received the National Instrument 43-101 technical report with respect to the Property (the "**Technical Report**") in form and substance satisfactory to the Exchange;
  - (f) all proceedings to be taken in connection with the transactions contemplated in this Agreement will be satisfactory in form and substance to the Optionee, acting reasonably, and the Optionee will have received copies of all instruments and other evidence as it may reasonably request from the Optionors in order to establish the consummation or closing of such transactions and the taking of all necessary proceedings in connection therewith;
  - (g) this Agreement and all other documents necessary or reasonably required to close the Transaction, all in form and substance reasonably satisfactory to the Optionee, will have been executed and delivered to the Optionee; and
  - (h) the Optionee will have completed, and be reasonably satisfied with, its due diligence on the Property.
- 7.2 The conditions set forth in section 7.1 are for the exclusive benefit of the Optionee and may be waived by the Optionee in its discretion in whole or in part on or before the Closing Date. The Closing will be deemed to mean a waiver of all conditions to Closing. Notwithstanding any such waiver, the completion of the Transaction will not prejudice or affect in any way the rights of the Optionee in respect of the warranties and representations of the Optionors in this Agreement.

**PART 8  
CLOSING**

- 8.1 The Closing will take place on the Closing Date at the offices of Clark Wilson LLP at 800-885 West Georgia Street, Vancouver, British Columbia, V6C 3H1, or at such other location as agreed to by the parties. Notwithstanding the location of the Closing, each party agrees that the Closing may be completed by the exchange of undertakings between the respective legal counsel for the parties, provided such undertakings are satisfactory to each party's respective legal counsel.

**PART 9  
CLOSING DELIVERIES OF THE OPTIONORS**

- 9.1 At Closing, the Optionors will deliver or cause to be delivered the following, duly executed and in form and substance reasonably satisfactory to the Optionee:
- (a) all information in the possession or control of the Optionors with respect to the Claims and the Property which has not been previously delivered to the Optionee;
  - (b) this Agreement duly executed by the Optionors;
  - (c) a certified copy of the resolutions of the directors of the Optionors approving and authorizing the entry into this Agreement and the transactions contemplated herein;
  - (d) a certificate of a senior officer of each of VAE and 662707 addressed to the Optionee attesting that:
    - (i) the representations and warranties of such Optionor contained in this Agreement are true and correct at the Closing Date as if made at that time,
    - (ii) all agreements, covenants and conditions required by this Agreement to be complied with or performed by such Optionor on or before the Closing Date have been complied with or performed, and
    - (iii) all conditions precedent to the obligations of such Optionor contained in this Agreement have been satisfied or waived; and
  - (e) such other closing documents as may be required by the Optionee, acting reasonably.

**PART 10  
CLOSING DELIVERIES OF THE OPTIONEE**

- 10.1 At Closing, the Optionee will deliver or cause to be delivered the following, duly executed and in form and substance reasonably satisfactory to VAE:
- (a) reasonable evidence that the Exchange has conditionally approved the Transaction;
  - (b) this Agreement duly executed by the Optionee;
  - (c) a satisfactory title opinion of \_\_\_\_\_, special counsel to the Optionee, with respect to the status of the Optionors' interest in the Claims, in the form satisfactory to the Optionee and its counsel, acting reasonably
  - (d) a certified copy of the resolutions of the directors of the Optionee approving and authorizing the entry into this Agreement and the transactions contemplated herein;

- (e) a certificate of a senior officer of the Optionee addressed to the Optionors attesting that:
  - (i) the representations and warranties of the Optionee contained in this Agreement are true and correct at the Closing Date as if made at that time,
  - (ii) all agreements, covenants and conditions required by this Agreement to be complied with or performed by the Optionee on or before the Closing Date have been complied with or performed, and
  - (iii) all conditions precedent to the obligations of the Optionee contained in this Agreement have been satisfied or waived; and
- (f) such other closing documents as may be required by VAE, acting reasonably.

## **PART 11 TERMINATION**

11.1 This Agreement may be terminated by mutual written agreement of the parties. Unless otherwise agreed in writing by the parties, this Agreement will terminate without further notice or agreement in the event that:

- (a) the Transaction is rejected by the Exchange and all recourse or rights of appeal have been exhausted;
- (b) any conditions precedent set out herein are not satisfied, released or waived on or before the Closing Date or such earlier date as is indicated in this Agreement; or
- (c) the Closing Date has not occurred within 90 days after the later of (i) the Optionee's receipt of confirmation that VAE has spent an additional \$100,000 in Approved Expenditures (as defined in Exchange policies) on the Property (or a waiver of such requirement from the Exchange) and (ii) the Technical Report in form and substance satisfactory to the Exchange, provided that such date may be extended by 30 days if the Optionee pays \$100,000 to VAE, which payment will be credited against the Cash Payments due under section 3.1(a)(i) of this Agreement.

11.2 The Option will terminate:

- (a) by mutual written agreement of the parties;
- (b) subject to section 12.1 hereof, upon the Optionee failing to make any of the Cash Payments or issue any of the Consideration Shares which must be made or issued, as applicable, to exercise the Option as required by section 3.1 of this Agreement;
- (c) at any other time, by the Optionee giving notice of such termination to the Optionors; or
- (d) subject to section 12.1 hereof, upon the Optionee failing to remedy a default as provided herein.

11.3 If the Option is terminated, the Optionee shall:

- (a) keep in good standing for a period of at least three hundred and sixty-five (365) calendar days from the termination of this Agreement those Claims comprising the Property, to the extent allowable by the laws of the jurisdiction in which the Property is situated;
- (b) if requested by the Optionors, deliver to the Optionors duly executed transfers of the Claims comprising the Property in favour of the Optionors, free and clear of all encumbrances arising

from the Optionee's operations hereunder (except for taxes not yet due, other inchoate encumbrances and encumbrances contested in good faith by the Optionee);

- (c) deliver or make available at no cost to the Optionors, within one hundred eighty (180) calendar days of such termination, all drill core and copies of all reports, maps, assay results and other relevant technical data compiled by, prepared at the direction of, or in the possession of, the Optionee with respect to the Property and not theretofore furnished to the Optionors;
- (d) reclaim the Property in accordance with the requirements of all applicable Environmental Laws and regulations, but only to the extent that such requirements result from the Optionee's activities on the Property hereunder; and
- (e) have the right, within a period of three hundred and sixty-five (365) calendar days following the end of the Option Period, to remove from the Property the equipment, and all buildings, plant, equipment, machinery, tools, appliances and supplies which have been brought upon the Property by or on behalf of the Optionee.

## **PART 12 DEFAULT AND CURE**

- 12.1 If, at any time during the Option Period, the Optionee is in default of any material provision in this Agreement, the Optionors may terminate this Agreement, but only if:
- (a) they will have first given to the Optionee a written notice of such default containing particulars of the obligation which the Optionee has not performed, or the warranty breached; and
  - (b) the Optionee has not, within thirty (30) calendar days following receipt of such notice of default, cured such default or commenced proceedings to cure such default by appropriate payment or performance.
- 12.2 Should the Optionee fail to comply with the provision of section 12.1(b), the Optionors may thereafter terminate this Agreement by giving written notice thereof to the Optionee.

## **PART 13 RIGHTS AND OBLIGATIONS DURING THE OPTION PERIOD**

- 13.1 The Optionee will have the exclusive right to manage and operate all work programs carried out in or on the Property for so long as the Option remains outstanding, and all work programs will be in the sole discretion of the Optionee.
- 13.2 For so long as the Option is outstanding, the Optionee shall create a management committee relating the management and operation of all work programs carried out in or on the Property and appoint Philip Mudry, Michael Cathro, Dr. Jingbin Wang, Dr. Hanchen Zhang, and Dr. Wenshan Zhang as initial members of the management committee, subject to the consent of such persons to act as a member.
- 13.3 For so long as the Option is outstanding, the Optionee and its employees, representatives, agents and independent contractors will have the right:
- (a) to access all information in the possession or control of the Optionors relating to prior operations on the Property, including all geological, geophysical and geochemical data and drill results;

- (b) to enter upon the Property and carry out such exploration and development work thereon and thereunder as the Optionee considers advisable, including removing material from the Property for the purpose of testing; and
  - (c) to bring upon and erect upon the Property such structures, machinery, equipment, facilities and supplies as the Optionee considers advisable.
- 13.4 The Optionors will have access to the Property, concurrently with the Optionee, at all reasonable times, at the Optionors' own risk and expense, for the purpose of inspecting the work being done by the Optionee, provided such inspection does not unduly interfere with any work being carried out by or on behalf of the Optionee.
- 13.5 During the Option Period, unless otherwise agreed between the parties, the Optionee shall:
- (a) maintain in good standing the Claims and any Additional Rights included in the Property by the payment of fees, taxes and rentals and the performance of all other required actions in order to keep the Claims free and clear of all liens and other charges arising from the Optionee's activities thereon except those at the time contested in good faith by the Optionee; and
  - (b) perform all work on the Property in a good and workmanlike fashion and in accordance with all applicable laws, regulations, orders and ordinances of any governmental authority.
- 13.6 The Optionors will have access, upon request, to all data, reports or results generated in respect to the exploration and development of the Property.
- 13.7 Until the earlier of (a) the exercise of the Option or (b) the termination of this Agreement, the Optionors shall not, without the prior written consent of the Optionee, allow the Property to become subject to any encumbrance of any nature or kind whatsoever or enter into any agreement (whether written or verbal) that may result in the creation of any such encumbrance or otherwise restrict in any manner whatsoever the exercise of the Option by the Optionee as contemplated by this Agreement.

#### **PART 14 PRE-EMPTIVE RIGHT**

- 14.1 Until the earlier of (a) the exercise of the Option and (b) the termination of this Agreement, VAE will be entitled to a pre-emptive right to purchase Shares of the Optionee so that VAE's ownership in the Optionee can be maintained at 9.5% (the "**Pre-Emptive Ownership Percentage**") of the total issued and outstanding capital of the Optionee upon completion of future issuances by the Optionee of any New Securities (as defined below).
- 14.2 "**New Securities**" means any common shares or preferred shares of the Optionee, whether now authorized or not, and rights, options or warrants to purchase such common shares or preferred shares, and securities of any type whatsoever that are, or may become, convertible or exchangeable into Shares of the Optionee; provided, however, that the term "New Securities" does not include: (a) Shares of the Optionee issuable upon exercise of any options, warrants or rights to purchase any securities of the Optionee outstanding as of the Acceptance Date and any securities issuable upon the conversion thereof; (b) Shares of the Optionee issued in connection with any share consolidation, share split, share dividend, security reclassification or recapitalization; (c) Shares of the Optionee (or options, warrants or rights therefor) granted or issued to employees, officers, directors, contractors, consultants or advisers of the Optionee or any subsidiary of the Optionee pursuant to incentive or compensation stock purchase or stock option plans, stock bonuses or awards or other incentive or compensation arrangements or agreements that are approved by the

Optionee's board of directors; and (d) securities of the Optionee issued or contemplated to be issued pursuant to this Agreement, as more particularly described in Schedule "C" hereto.

- 14.3 In the event that the Optionee proposes to undertake an issuance of New Securities, the Optionee shall give to VAE a written notice of its intention to issue New Securities (the "**Pre-Emptive Right Notice**"), describing the type of New Securities and the price and the general terms upon which the Optionee proposes to issue such New Securities. VAE will have thirty (30) days from the date of such Pre-Emptive Right Notice, to agree in writing to purchase such number of New Securities for the price and upon the general terms specified in the Pre-Emptive Right Notice to maintain VAE's Pre-Emptive Ownership Percentage by giving written notice to the Optionee and stating therein the quantity of New Securities to be purchased.
- 14.4 In the event of a small financing such that the number of New Securities that VAE needs to purchase to maintain the Pre-Emptive Ownership Percentage exceeds 30% of the number of total New Securities proposed to be issued by the Optionee in the proposed small financing, the Optionee shall not be required to provide a Pre-Emptive Right Notice to VAE and VAE's Pre-Emptive Ownership Percentage for future issuance of New Securities by the Optionee shall remain at 9.5% despite the dilution created by the proposed small financing.
- 14.5 Except for circumstances contemplated under section 14.4 above, if VAE fails to exercise in full the pre-emptive right described herein within such thirty (30) day period, then the Optionee shall have one hundred twenty (120) days thereafter to sell the New Securities at a price and upon general terms specified in the Pre-Emptive Right Notice and the resulting VAE's ownership percentage in the Optionee's issued and outstanding capital at the completion such issuance of New Securities shall become the new Pre-Emptive Ownership Percentage for VAE for any future issuance of New Securities by the Optionee. In the event that the Optionee has not issued and sold the New Securities within such one hundred twenty (120) day period, then the Optionee shall not thereafter issue or sell any New Securities without again first offering such New Securities to VAE pursuant to this Part 14.

## **PART 15 SECURITIES LAWS**

- 15.1 The parties hereto acknowledge that the issuance of the Consideration Shares or Pre-Emptive Right Securities by the Optionee to the Optionors as contemplated herein will be made pursuant to an exemption from the registration and prospectus requirements of applicable securities laws.
- 15.2 Each of the Optionors confirms to and covenants with the Optionee that:
- (a) it will comply with all requirements of applicable securities laws in connection with the issuance to it of the Consideration Shares and the resale of any of the Consideration Shares;
  - (b) the Consideration Shares have not been registered under the U.S. Securities Act or the securities laws of any state of the United States and that the Optionee does not intend to register the Consideration Shares under the U.S. Securities Act, or the securities laws of any state of the United States and has no obligation to do so; and
  - (c) it is not a U.S. Person and is not acquiring the Consideration Shares for the account or benefit of any U.S. Person.
- 15.3 Upon the issuance of the Consideration Shares or Pre-Emptive Right Securities to the Optionors, and until such time as is no longer required under applicable securities laws, the certificates representing the Consideration Shares or Pre-Emptive Right Securities will bear the legend required under National Instrument 45-102, in substantially the following form:

“Unless permitted under securities legislation, the holder of this security must not trade the security before [insert the date that is 4 months and a day after the distribution date].”

- 15.4 If any of the Consideration Shares or Pre-Emptive Right Securities are required to be escrowed pursuant to the policies of the Exchange, the Optionors agree to sign any such escrow agreement and abide by any such restrictions as may be so imposed by the Exchange.

## **PART 16 COLLECTION OF PERSONAL INFORMATION**

- 16.1 The Optionors acknowledge and consent to the fact that the Optionee is collecting the Optionors' personal information which may be disclosed by the Optionee to:
- (a) the Exchange or securities regulatory authorities;
  - (b) the Optionee's registrar and transfer agent;
  - (c) Canadian tax authorities; and
  - (d) authorities pursuant to the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada).
- 16.2 By executing this Agreement, the Optionors are deemed to be consenting to the foregoing collection, use and disclosure of the Optionors' personal information and to the retention of such personal information for as long as permitted or required by law or business practice.
- 16.3 By executing this Agreement, the Optionors hereby consent to the foregoing collection, use and disclosure of the Optionors' personal information. The Optionors also consent to the filing of copies or originals of any of the Optionors' documents described herein as may be required to be filed with the Exchange or any securities regulatory authority in connection with the transactions contemplated hereby.

## **PART 17 CONFIDENTIALITY**

- 17.1 The parties hereto agree that this Agreement, any instruments referred to or contemplated by this Agreement, the Transaction, any information with respect to the Property or any Additional Rights, any information exchanged between the parties under this Agreement, and all information concerning or relating to the Transaction, the Property and any Additional Rights of which a party becomes aware (collectively, the “**Confidential Information**”) is confidential, and must be kept confidential and must not be disclosed to any person at any time or in any manner except:
- (a) to any party hereto;
  - (b) with the prior written consent of the other parties hereto, such consent not to be unreasonably withheld;
  - (c) by a party to legal, financial and other professional advisors, auditors and other consultants, officers and employees of a party;

- (d) to the extent that the Confidential Information was publicly available as of the date of this Agreement or becomes publicly available subsequent to the date of this Agreement without breach of this Agreement; and
  - (e) to the extent that the use of the Confidential Information is necessary or appropriate (i) pursuant to the applicable securities laws or policies of a stock exchange having jurisdiction over a party hereto or (ii) in making any filing required in connection with or obtaining any consent or approval required for the consummation of the Transaction.
- 17.2 Section 17.1 will survive the exercise of the Option if the Option is exercised in accordance with section 3.4.

## **PART 18 PUBLIC ANNOUNCEMENT**

- 18.1 Immediately after the execution of this Agreement, VAE and the Optionee shall issue a joint public announcement, announcing the entering into of this Agreement, which announcement will address all matters required by the policies of the Exchange and applicable securities laws and will be in form and substance acceptable to each of them, acting in a commercially reasonable manner. Each of VAE and the Optionee shall not, and cause its Affiliates not to, release or issue any reports or statements or make any public announcements relating to this Agreement or the Transaction without the prior written consent of the other, except as may be required upon advice of counsel to comply with the policies of the Exchange, the applicable securities laws or regulatory requirements.

## **PART 19 FILING STATEMENT**

- 19.1 The Optionee shall prepare the Filing Statement (including supplements or amendments thereto). The Optionors shall furnish to the Optionee all information regarding the Optionors and the Property as may reasonably be required to be included in the Filing Statement pursuant to applicable law. Each of the Optionee and the Optionors shall:
- (a) ensure that all information provided by it or on its behalf that is contained in the Filing Statement does not contain any misrepresentation or any untrue statement of a material fact or omit to state a material fact required to be stated in the Filing Statement and necessary to make any statement that it contains not misleading in light of the circumstances in which it is made; and
  - (b) promptly notify the other parties if, at any time before the Closing, it becomes aware that the Filing Statement contains a misrepresentation, an untrue statement of material fact, omits to state a material fact required to be stated in those documents that is necessary to make any statement it contains not misleading in light of the circumstances in which it is made or that otherwise requires an amendment or a supplement to those documents.

## **PART 20 INDEMNITY**

- 20.1 The Optionors covenant and agree with the Optionee (which covenant and agreement will survive the execution, delivery and termination of this Agreement for a period twenty four (24) months the Closing Date) to indemnify and save harmless the Optionee against all liabilities, claims, demands, actions, causes of action, damages, losses, costs, expenses or legal fees suffered or incurred by the Optionee, directly or indirectly, by reason of or arising out of any material warranties or representations on the part of the Optionors herein being untrue.

- 20.2 The Optionee covenants and agrees with the Optionors (which covenant and agreement will survive the execution, delivery and termination of this Agreement for a period twenty four (24) months the Closing Date) to indemnify and save harmless the Optionors against all liabilities, claims, demands, actions, causes of action, damages, losses, costs, expenses or legal fees suffered or incurred by reason of or arising out of any material warranties or representations on the part of the Optionee herein being untrue.

## **PART 21 ASSIGNMENT**

- 21.1 Subject to section 21.2 and section 21.3, during the term of this Agreement, any party hereto may sell, transfer, assign or otherwise dispose of its interest in this Agreement or its right or interest in the Property, provided that it has first obtained the consent in writing of the other parties. It will be a condition of any assignment under this Agreement that such purchaser or assignee will agree in writing to be bound by the terms of this Agreement, to perform all the obligations of the selling or assigning party to be performed under this Agreement, and to subject any further sale, transfer or other disposition of such interest in the Property and this Agreement, or any portion thereof, to the restrictions contained in this section 21.1
- 21.2 The provisions of section 21.1 will not prevent any party hereto from entering into an amalgamation or corporate reorganization that will have the effect in law of the amalgamated or surviving company possessing all the property, rights and interests, and being subject to all the debts, liabilities and obligations, of each amalgamating and predecessor company.
- 21.3 Notwithstanding section 21.1, the Optionee may assign its rights under this Agreement (including its rights in respect of the Option) to another Affiliate.

## **PART 22 FORCE MAJEURE**

- 22.1 No party shall be liable to the other party hereto and no party shall be deemed in default hereunder for any failure to perform, or delay in performing, any of its obligations under this Agreement caused by or arising out of any event (a “**force majeure event**”) beyond the reasonable control of such party, excluding lack of funds but including lack of rights or permission by government authorities or indigenous peoples’ groups to enter upon the Property to conduct exploration, development and mining operations thereon, war conditions, actual or potential, earthquake, fire, storm, flood, explosion, strike, labour trouble, accident, riot, unavoidable casualty, act of restraint, present or future, of any lawful authority, act of God, protest or demonstration by environmental lobbyists or indigenous peoples’ groups, act of the public enemy, delays in transportation, breakdown of machinery, inability to obtain necessary materials in the open market or unavailability of equipment. No right of a party shall be affected for failure or delay of a party to perform any of its obligations under this Agreement, if the failure or delay is caused by a force majeure event. All times provided for in this Agreement shall be extended for the period equal to the period of delay. The affected party shall take all reasonable steps to remedy the cause of the delay attributable to the events referred to above, provided that nothing contained in this section shall require any party to settle any labour dispute, protest or demonstration, or to question or test the validity of any governmental order, regulation, law or claim of right by indigenous peoples’ groups. The affected party shall promptly give notice to the other parties of the commencement and termination of each period of force majeure.

**PART 23  
NOTICES**

23.1 Any notice, consent, waiver, direction or other communication required or permitted to be given under this Agreement by a party will be in writing and will be delivered by hand to the party to which the notice is to be given at the following address or sent by facsimile to the following numbers, or to such other address or facsimile number as will be specified by a party by like notice:

(a) to VAE or 662707:

Suite 611 – 675 West Hastings Street  
Vancouver British Columbia V6B 1N2  
Attention: Walter Coles Jr., President  
Fax Number: (604) 669-2543

(b) to the Optionee:

Suite 300 – 1055 West Hastings Street  
Vancouver, British Columbia V6E 2E9  
Attention: Min Kuang  
Fax Number: (604) 689-0628

with a copy to (which will not constitute notice hereunder):

Clark Wilson LLP  
800 – 885 West Georgia Street  
Vancouver, British Columbia V6C 3H1  
Attention: Larry Yen  
Fax Number: (604) 687-6314

23.2 Any notice, consent, waiver, direction or other communication aforesaid will, if delivered, be deemed to have been given and received on the date on which it was delivered to the address provided herein (if a Business Day or, if not, then the next succeeding Business Day) and if sent by facsimile be deemed to have been given and received at the time of receipt (if a Business Day or, if not, then the next succeeding Business Day) unless actually received after 4:00 p.m. (Vancouver time) at the point of delivery in which case it will be deemed to have been given and received on the next Business Day.

23.3 Any party may at any time and from time to time notify the other parties in writing of a change of address and the new address to which notice will be given to it thereafter until further change.

**PART 24  
MISCELLANEOUS**

24.1 The Optionee is entitled to record a notice of the existence of this Agreement in the applicable mining recorder's office.

24.2 Each party waives the benefit of all provisions of law as now in effect or as enacted in future relating to actions of partition of real and personal property and agrees that, for so long as the Agreement is in effect, it will not resort to any action in law or in equity to partition the Property or any other real property subject to this Agreement.

24.3 This Agreement will be construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein. All disputes arising out of or in connection with this

Agreement, or in respect of any defined legal relationship associated therewith or derived therefrom, will be referred to and finally resolved by a sole arbitrator by arbitration under the rules of the *Commercial Arbitration Act* (British Columbia).

- 24.4 Nothing herein will constitute or be taken to constitute the parties as partners or create any fiduciary relationship between them. It is not the intention of the parties to create, nor will this Agreement be construed to create, any mining, commercial or other partnership. None of the parties will have any authority to act for or to assume any obligation or responsibility on behalf of any other party, except as expressly provided herein.
- 24.5 No consent or waiver, expressed or implied, by any party hereto in respect of any breach or default by any of the other parties in the performance by such other party of its obligations under this Agreement will be deemed or construed to be consent to or waiver of any other breach or default.
- 24.6 Each of the parties will, with reasonable diligence, do all such things and provide all such reasonable assurances as may be required to consummate the transactions contemplated by this Agreement, and each party will provide such further documents, deeds, conveyances and other instruments that may be reasonably necessary or advisable to carry out fully the intent of this Agreement.
- 24.7 Time is of the essence of this Agreement and every part of this Agreement and no extension or variation of this Agreement will operate as a waiver of this provision.
- 24.8 Unless otherwise specified herein, all costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby will be paid by the party incurring such expense.
- 24.9 This Agreement will enure to the benefit of and be binding upon the respective heirs, executors, administrators, personal representatives, successors (including any successors by amalgamation or operation of law) and assigns of the parties.
- 24.10 This Agreement, together with all agreements, instruments and other documents between the parties after the date hereof, constitutes the entire agreement between the parties with respect to the subject matter hereof and cancels and supersedes any prior understandings and agreements between the parties with respect thereto. There are no terms, conditions, undertakings or collateral agreements, express, implied or statutory, between the parties other than as expressly set out in this Agreement and in the agreements, instruments and other documents between the parties after the date hereof.
- 24.11 No waiver or modification of, or amendment to, this Agreement will be valid or binding unless set out in writing and duly executed by all of the parties.
- 24.12 If any provision of this Agreement is unenforceable or invalid for any reason, it will be severable from the remainder of this Agreement and, in its application at that time, this Agreement will be construed as though such provision was not contained herein and the remainder will continue in full force and effect and be construed as if this Agreement had been executed without the invalid or unenforceable provision.
- 24.13 This Agreement may be executed in as many counterparts as may be necessary or by facsimile or email in .pdf and each such agreement or facsimile or .pdf so executed will be deemed to be an original and such counterparts together will constitute one and the same instrument.

**IN WITNESS WHEREOF** the parties have executed this Agreement as of the day and year first set forth above.

**VIRGINIA ENERGY RESOURCES INC.**

Per: "Walter Coles Jr."  
Name: Walter Coles Jr.  
Title: President and Chief Executive Officer

**662707 ALBERTA LTD.**

Per: "Ron Netolitzky"  
Name: Ron Netolitzky  
Title: President

**ORIENT VENTURE CAPITAL INC.**

Per: "Min Kuang"  
Name: Min Kuang  
Title: Chief Executive Officer

**SCHEDULE "A"**

**DESCRIPTION OF THE CLAIMS**

*Please see attached.*



















**SCHEDULE "B"**

**THE UNDERLYING AGREEMENTS**

*Please see attached.*

## PURCHASE AND SALE AGREEMENT

THIS AGREEMENT made as of the 27th day of June, 1995.

AMONG:

**DANIEL B. LARKIN**, of 5036 Bulyea Road N.W., Calgary, Alberta (hereinafter referred to as the "Prospector")

OF THE FIRST PART

- and -

**662707 ALBERTA LTD.**, a corporation incorporated under the *Business Corporations Act* (Alberta) (hereinafter referred to as the "Purchaser")

OF THE SECOND PART

- and -

**TROYMIN RESOURCES LTD.**, a corporation incorporated under the *Business Corporations Act* (Alberta) (hereinafter referred to as "Troymin")

OF THE THIRD PART

**WHEREAS** the Prospector is the owner of the Property;

**AND WHEREAS** the Prospector wishes to sell, and the Purchaser wishes to purchase, an undivided 50% interest in the Property subject to the terms and conditions set forth herein;

**NOW THEREFORE** the Agreement witnesses that:

### **ARTICLE 1** **INTERPRETATION**

#### **1.1 Definitions**

In this Agreement, unless the context otherwise requires:

- (a) "Agreement" means this agreement, including all Schedules to this agreement, as amended from time to time, and "hereby", "hereof", "herein", "hereto" and similar terms refer to this Agreement and not to any particular provision of this Agreement;

- (b) "Closing Date" means September 26, 1995, or such other date (not later than September 30, 1995) as may be agreed upon by the parties hereto; and
- (c) "Closing Time" means 10:00 a.m. (Calgary time) on the Closing Date, or such other time as may be agreed upon by the parties hereto;
- (d) "Encumbrances" includes, without limitation, any mortgage, lien, pledge, charge, security interest, option, agreement, right of purchase or other third party claim whatsoever or any agreement, option, right or privilege (whether by law, contract or otherwise) capable of becoming any of the foregoing;
- (e) "Exchange" means The Alberta Stock Exchange;
- (f) "Exchange Agreement" means the agreement set forth in Schedule "E" attached hereto and forming part hereof;
- (g) "Net Smelter Returns Royalty" means a royalty in the amount of one half of a total 3.0% Net Smelter Returns payable by the Purchaser to the Prospector quarterly within 60 days after the end of each calendar quarter;
- (h) "Net Smelter Returns" means the actual proceeds received from any mint, smelter, or other purchaser for the sale of bullion, concentrates, or ores produced from the Property and sold, after deducting from such proceeds the following charges to the extent that they are not deducted by the purchaser in computing payment:
  - (i) in the case of the sale of bullion, refining charges only,
  - (ii) in the case of the sale of concentrates, smelting and refining charges, penalties, and the cost of transportation of such concentrates from the Property to any smelter or other purchaser, and
  - (iii) in the case of ores shipped to a purchaser, net smelter returns interest shall be 3% of the market value of the metal content of the ores less refining charges for bullion

and less charges for smelting, refining, and the cost of transportation (from the mill to any smelter or other purchaser) for concentrates;

- (i) "Preferred Shares" means preferred shares of Newco having the rights, privileges, terms and conditions set forth in Schedule "D" attached hereto and forming part hereof;
- (j) "Property" means the 21 claims situate in the Ungava area of new Québec, in the province of Québec as shown on Schedule "A" attached hereto and forming part hereof and mining permit 1050 which surrounds the aforesaid 21 claims and covers an area of approximately 170.9 square kilometres as described in Schedule "B" attached hereto and forming part hereof; and
- (k) "Unanimous Shareholders Agreement" means the agreement set forth in Schedule "C" attached hereto and forming part hereof.

## 1.2 Schedules

The following Schedules form part of this Agreement:

Schedule "A"	-	Ungava Property
Schedule "B"	-	Mining Permit
Schedule "C"	-	Unanimous Shareholders Agreement
Schedule "D"	-	Preferred Shares
Schedule "E"	-	Exchange Agreement

## 1.3 Headings

The division of this Agreement into articles, sections, subsections and paragraphs and the insertion of headings are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement.

## 1.4 Section References

Unless the context otherwise requires, references in this Agreement to an article, section, subsection, paragraph or schedule by number, letter or otherwise refer to the article, section, subsection, paragraph or schedule, respectively, bearing that designation in this Agreement.

## 1.5 Gender, Plural

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

## **1.6 Date for Actions**

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

## **1.7 Statutes**

References in this Agreement to any statute, or part thereof shall include such statute or part thereof, as the case may be, as amended or substituted and any regulations promulgated thereunder from time to time in effect.

## **1.8 Currency**

Unless otherwise stated, all references in this Agreement to sums of money are expressed in lawful money of Canada.

## **1.9 Enforceability**

All representations, warranties, covenants and opinions in or contemplated by this Agreement as to the enforceability of any covenant, agreement or document are subject to enforceability being limited by applicable bankruptcy, insolvency, reorganization and other laws affecting creditors' rights generally and the discretionary nature of certain remedies (including specific performance and injunctive relief).

## **ARTICLE 2 SALE OF ASSETS**

### **2.1 Agreement to Sell**

On the Closing Date, the Prospector agrees to sell, transfer and assign to the Purchaser, and the Purchaser agrees to purchase and accept from the Prospector, all of the right, title and interest of the Prospector in, to and under an undivided 50% interest in the Property (subject to the retention by the Prospector of the Net Smelter Returns Royalty).

### **2.2 Execution of Sale**

At the Closing Time, the Purchaser shall deliver to the Prospector:

- (a) one or more certificates representing, in the aggregate, 635 preferred shares registered in the name of the Prospector;

- (b) payment to, or to the order of the Prospector, the amount of \$46,250 by way of cheques payable to the Prospector in the amounts of \$37,500 and \$8,750; and

the Prospector shall deliver to the Purchaser the agreements, assignments and conveyances as, in the opinion of the Purchaser, acting reasonably, are necessary to effect the assignment and conveyance to the Purchaser of an undivided 50% interest in the Property subject to the retention by the Prospector of the Net Smelter Returns Royalty.

### **2.3 Liabilities**

The Prospector shall, in no way, be liable for any actions resulting from work or activity carried out on or in respect of the Property by the Purchaser and/or any third party after the Closing Date.

### **2.4 Purchaser's Option**

The Purchaser shall, at any time after the Closing Date:

- (a) have the right to buy one-third of the Net Smelter Returns Royalty of the Prospector for the sum of \$500,000;
- (b) have a right of first refusal on an additional one-third of the Net Smelter Returns Royalty but the Prospector is not obligated to accept any offer.

### **2.5 BUTEC Default**

The Prospector and the Purchaser agree that in the event that International BUTEC Industries Corp. should fail to perform any obligation required to be performed by it under that option agreement dated for reference as of the 27th day of June, 1995 between the Prospector, International BUTEC Industries Corp. and Troymin Resources Ltd., or the Prospector is otherwise entitled to terminate that agreement, the Prospector shall give the Purchaser notice of its intention to terminate such agreement and the Purchaser shall have the right, upon notice to the Prospector within such 7 day period, to assume all of the obligations of International BUTEC Industries Corp. thereunder; provided that in the case of the right of termination by the Prospector having arisen in relation to any default by International BUTEC Industries Corp. that is susceptible of cure, the Purchaser shall have cured such default within 60 days and provided further that the obligation of International BUTEC Industries Corp. to pay amounts and/or issue shares unissued under such agreement shall be replaced by the obligation of the Purchaser to issue to the Prospector shares of a new series of preferred shares (having the same rights,

privileges, terms and conditions as the Preferred Shares) (on the basis of one such preferred share for each \$1,000).

**ARTICLE 3**  
**REPRESENTATIONS AND WARRANTIES OF THE PROSPECTOR**

**3.1 Representation and Warranties of the Prospector**

The Prospector represents and warrants to the Purchaser that:

- (a) the Prospector has all requisite power and authority to enter into this Agreement and all documents to be delivered pursuant hereto and to perform its obligations hereunder and thereunder;
- (b) the execution and delivery of this Agreement and all documents to be delivered pursuant hereto, the performance of the terms hereof and thereof and the consummation of the transactions contemplated herein and therein do not and will not:
  - (i) conflict with, result in a breach of, constitute a default under, or accelerate or permit the acceleration of the performance required by, any agreement, instrument, licence, permit or authority to which the Prospector is a party or by which the Prospector is bound or to which any of the Property is subject or result in the creation of any Encumbrance upon any of the Property, or give to others any interest or right, including any right of purchase, termination, cancellation or acceleration under any such agreement, instrument, license, permit or authority; or
  - (ii) violate any provision of law or administrative regulation or any judicial or administrative order, award, judgment or decree applicable to the Prospector or the Property;
- (c) this Agreement has been duly executed and delivered by the Prospector and all documents to be delivered by the Prospector pursuant hereto will be duly executed and delivered and this Agreement does and such documents will constitute legal, valid and binding obligations of the Prospector enforceable in accordance with their respective terms;
- (d) all laws, regulations, and orders of all federal, provincial, municipal or other governmental department, commission or other instrumentality thereof having jurisdiction over the Property have been complied with in all material respects including, without limitation, all laws,

regulations and orders relating to the environment, pollution, land reclamation and similar matters;

- (e) there are no actions, suits, other legal, administrative or arbitration proceedings or government investigations commenced, or to the knowledge of the Prospector contemplated, at law or in equity or before or by any federal, provincial or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, and which involve or affect the Property, including, without limitation, the title to, or ownership of, the Property and to the knowledge of the Prospector there are no grounds upon which any such actions, suits or proceedings may be commenced with a reasonable likelihood of success;
- (f) the Prospector has not incurred any obligation or liability, contingent or otherwise, for brokerage fees, finder's fees, agent's commission or other similar forms of compensation with respect to the transaction contemplated herein;
- (g) the Prospector has not received any notices of violation or alleged violation of the provisions of any agreement in respect of the Property (including any right of title) and, to the best of the Prospector's knowledge, the Property has been operated and maintained in accordance with good mining practices, all applicable laws, rules, regulations, orders and lawful directions of governmental agencies and in accordance with all agreements that relate to them; and
- (h) the Prospector has duly and timely satisfied all of the obligations (including without limitation the payment of all deposits, rentals and royalties) required to be satisfied, performed and observed by it under, and is not in default under or in breach of, and no act or omission to act of the Prospector has occurred that with a lapse of time or action by a third party would result in a default under or breach of, the terms of any of the terms of the Property or any agreement pertaining to the Property.
- (i) the Prospector has marketable title to the Property free and clear of all Encumbrances and, without limiting the generality of the foregoing, no person has any preferential right of purchase to acquire any interest in any of the Property, other than the right of International Butec Industries Corp. under an agreement dated for reference August 1, 1995, to acquire an interest in the Property which interest is not the interest contemplated by this Agreement to be purchased by the Purchaser hereunder; and

- (j) to the best of the Prospector's knowledge, the mineral claims comprising the Property are valid and subsisting.

**ARTICLE 4**  
**REPRESENTATIONS AND WARRANTIES OF THE PURCHASER**

**4.1 Representations and Warranties of the Purchaser**

The Purchaser represents and warrants to the Prospector that:

- (a) the Purchaser is duly organized and validly existing under the law of the jurisdiction of its incorporation and has the corporate power to own or lease its property and assets and to carry on its business as now conducted by it;
- (b) the Purchaser has all requisite power and authority to enter into this Agreement and all documents to be delivered pursuant hereto and to perform its obligations hereunder and thereunder;
- (c) the execution and delivery of this Agreement and all documents to be delivered pursuant hereto, the performance of the terms hereof and thereof and the consummation of the transactions contemplated herein and therein do not and will not:
  - (i) result in the breach of or violate any term or provision of the charter, by-laws or governing documents of the Purchaser; or
  - (ii) conflict with, result in a breach of, constitute a default under, or accelerate or permit the acceleration of the performance required by, any agreement, instrument, licence, permit or authority to which the Purchaser is a party or by which the Purchaser is bound; or
  - (iii) violate any provision of law or administrative regulation or any judicial or administrative order, award, judgment or decree applicable to the Purchaser;
- (d) this Agreement has been duly executed and delivered by the Purchaser and all documents to be delivered by the Purchaser pursuant hereto will be duly executed and delivered and this Agreement does and such documents will constitute legal, valid and binding obligations of the Purchaser enforceable in accordance with their respective terms;

- (e) the Purchaser has not previously carried on any business and does not have any assets other than cash;
- (f) at the Closing Time the authorized capital of the Purchaser will consist of an unlimited number of common shares and unlimited number of Preferred Shares, of which 2000 common shares will be issued and outstanding registered in the name of Troymin and no other shares will be issued and outstanding;
- (g) the Preferred Shares to be issued pursuant to section 2.1 will upon issuance be duly and validly issued as fully paid and non-assessable Preferred Shares; and
- (h) except pursuant to this Agreement, no person has any agreement or option or any right or privilege (whether by law, pre-emptive right, contract or otherwise) capable of becoming an agreement or option for the purchase from the Purchaser of any of securities of the Purchaser.

**ARTICLE 5**  
**REPRESENTATIONS AND WARRANTIES OF TROYMIN**

**5.1 Representations and Warranties of Troymin**

Troymin represents and warrants to the Prospector that:

- (a) Troymin is duly organized and validly existing under the law of the jurisdiction of its incorporation and has the corporate power to own or lease its property and assets and to carry on its business as now conducted by it and is duly licensed or qualified to carry on business in the province of Alberta and each other jurisdiction as the nature of its business requires;
- (b) Troymin has all requisite power and authority to enter into this Agreement and all documents to be delivered pursuant hereto and to perform its obligations hereunder and thereunder;
- (c) the execution and delivery of this Agreement and all documents to be delivered pursuant hereto, the performance of the terms hereof and thereof and the consummation of the transactions contemplated herein and therein do not and will not:
  - (i) result in the breach of or violate any term or provision of the charter, by-laws or governing documents of Troymin; or

- (ii) conflict with, result in a breach of, constitute a default under, or accelerate or permit the acceleration of the performance required by, any agreement, instrument, licence, permit or authority to which Troymin is a party or by which Troymin is bound; or
- (iii) violate any provision of law or administrative regulation or any judicial or administrative order, award, judgment or decree applicable to Troymin; and
- (d) this Agreement has been duly executed and delivered by Troymin and all documents to be delivered by Troymin pursuant hereto will be duly executed and delivered and this Agreement does and such documents will constitute legal, valid and binding obligations of Troymin enforceable in accordance with their respective terms.

## **ARTICLE 6**

### **COVENANTS OF THE PURCHASER**

#### **6.1 Covenants of the Purchaser**

From and after the Closing Time and subject to the completion of the closing in accordance with section 2.2 of this Agreement, the Purchaser agrees:

- (a) to maintain its interest in the Property in good standing during the term of this Agreement and not to abandon or allow any interest in the mineral claims comprising the Property to expire without notifying the Prospector at least three months prior to any proposed abandonment or expiration and upon any such notice the Prospector may request that the Purchaser transfer any mineral claims proposed to be abandoned or allowed to expire to the Prospector, provided that any areas to be transferred to the Prospector shall consist of not more than three parcels of a minimum of 20 claims each and the Purchaser agrees to file sufficient assessment work (or pay cash in lieu thereof) to maintain those claims which the Prospector requests be retransferred to him in good standing for a period of at least two years beyond the date of termination or expiration;
- (b) notwithstanding the foregoing subparagraph, to maintain the mineral rights within the areas covered by the 10 Hope's advance claims and the 11 PIO claims, which form part of the Property;
- (c) the Prospector shall be entitled to receive and Newco shall pay to the Prospector the Net Smelter Return Royalty;

- (d) to maintain accurate records of the results of sampling, weighing and assaying of products derived from, or attributable to, or mined and produced from the Property; and

## 6.2 Audit

Upon a written request by the Prospector made within 120 days after the end of each calendar year for which the Net Smelter Return Royalty is payable to the Prospector, the records relating to the calculation of Net Smelter Returns for such year shall be audited and any resulting adjustments in the Net Smelter Returns Royalty shall be settled between the Prospector and Newco forthwith after completion of the audit. The costs of the audit shall be borne by the Prospector if the Net Smelter Returns Royalty determined by the audit to have been payable to the Prospector for the calendar year is less than \$10,000 greater than the Net Smelter Returns Royalty as determined by Newco (and the subject matter of the audit) for such calendar year. Otherwise the costs of the audit shall be borne by Newco. All payments of Net Smelter Returns Royalties to the Prospector for a calendar year shall be deemed final and in full satisfaction of all obligations of Newco in respect thereof if an audit thereof is not requested as aforesaid or, if requested, if such payments or the calculations thereof are not disputed by the Prospector within 60 days after receipt by the Prospector of the results of the audit. Newco shall have the right to commingle, with ore from the Property, ore produced from other properties owned or controlled by Newco provided Newco shall adopt and employ reasonable practices and procedures for weighing, sampling and assaying in order to determine the amounts of products derived from, or attributable to, or mined and produced from the Property.

## 6.3 Force Majeure

If during the period of this agreement the Corporation or third parties are unable to carry out fully or in part their obligations under this agreement, the Corporation shall give to the Prospector prompt notice of the *force majeure* with reasonably full particulars concerning it. Thereupon, except for obligations to make payments, the obligations of the Corporation, so far as they are affected by the *force majeure* shall be suspended during, but no longer than, the continuance of the *force majeure*. The Corporation and any third parties shall use all reasonable diligence to remove the *force majeure* as quickly as possible, but such requirement shall not require settlement of strikes or other labour difficulties against the judgment of the Corporation. The term "*force majeure*" as employed herein shall mean an act of God, action of the elements, strike, lockout, or other industrial disturbance, act of any enemy of Canada, war blockade, public riot, civil disorder, flood, explosion, governmental restraint, unavailability of equipment, inability to obtain access to the Property, and any other cause, whether of the kind specifically enumerated or otherwise, which is not reasonably within the control of the Corporation claiming the suspension.

**ARTICLE 7**  
**COVENANTS OF TROYMIN**

**7.1 Covenants of Troymin**

Troymin hereby unconditionally guarantees to the Prospector the payment by the Purchaser of the Net Smelter Returns Royalty.

**ARTICLE 8**  
**CLOSING CONDITIONS**

**8.1 Closing Conditions**

The obligations of the Prospector and the Purchaser to complete the transactions contemplated in Article 2 are subject to the fulfillment of the following conditions precedent on or before the Closing Time or such other time as is specified below:

- (a) each of the Purchaser and the Prospector shall have obtained all consents, approvals and authorizations necessary or required in connection with the transactions contemplated herein on terms and conditions reasonably satisfactory to the Purchaser and the Prospector (including approval by the Exchange of the issuance of shares of Troymin's pursuant to the Exchange Agreement);
- (b) each of the Purchase, the Prospector and Troymin shall have executed and delivered the Unanimous Shareholders Agreement and the Prospector and Troymin shall have executed and delivered the Exchange Agreement; and

The foregoing conditions precedent are for the mutual benefit of the Prospector and the Purchaser and may be waived, in whole or in part, by the Purchaser and the Prospector at any time. If any of the said conditions precedent shall not be complied with or waived as aforesaid on or before the date required for the fulfillment thereof, the Purchaser or the Prospector may, in addition to the other remedies it may have at law or in equity, rescind and terminate this Agreement by notice to the other party.

- (c) there shall have been no action taken under any existing applicable law or regulation, nor any statute, rule, regulation or order which is enacted, enforced, promulgated or issued by any court, department,

commission, board, regulatory body, government or governmental authority or similar agency, domestic or foreign, that:

- (i) makes illegal or otherwise directly or indirectly restrains, enjoins or prohibits the transactions contemplated herein;
- (ii) results in a judgment or assessment of material damages directly or indirectly relating to the transactions contemplated herein;
- (iii) prohibits the Purchaser's ownership or operation of all or any material portion of properties or compels the Purchaser to dispose of or hold separately all or any portion of the Property, or any interest therein; or
- (iv) imposes or confirms material limitations on the ability of the Purchaser to exercise full rights of ownership of the Property.

## **8.2 Conditions Precedent of the Purchaser**

The obligation of the Purchaser to complete the transactions contemplated in Article 2 is subject to the fulfillment of the following conditions precedent on or before the Closing Time or such other time as is specified below:

- (a) the representations and warranties made by the Prospector herein shall be true as of the Closing Date as if made on and as of such date and the Purchaser shall have been provided with a certificate of the Prospector certifying such accuracy on the Closing Date and shall have no knowledge to the contrary; and
- (b) the Prospector shall have complied with its respective covenants herein and shall have provided the purchaser with a certificate certifying as of the Closing Date that the Prospector has complied with its respective covenants herein and the Purchaser shall no knowledge to the contrary.

The conditions precedent set forth in this section are for the benefit of the Purchaser and may be waived, in whole or in part, by the Purchaser at any time. If any of the said conditions precedent shall not be complied with or waived by the Purchaser on or before the date required for the fulfillment thereof, the Purchaser may, in addition to the other remedies it may have at law or equity, rescind and terminate this agreement by notice to the Prospector.

### 8.3 Conditions Precedent of the Prospecter

The obligation of the Prospecter to complete the transactions contemplated in Article 2 is subject to the fulfillment of the following conditions precedent on or before the Closing Time or such other time as is specified below:

- (a) the representations and warranties made by the Purchaser herein shall be true as of the Closing Date as if made on and as of such date and the Prospecter shall have been provided with a certificate of the Purchaser certifying such accuracy on the Closing Date and shall have no knowledge to the contrary; and
- (b) the Purchaser shall have complied with its respective covenants herein and shall have provided the Prospecter with a certificate certifying as of the Closing Date that the Purchaser has complied with its respective covenants herein and the Prospecter shall no knowledge to the contrary.

The conditions precedent set forth in this section are for the benefit of the Prospecter and may be waived, in whole or in part, by the Prospecter at any time. If any of the said conditions precedent shall not be complied with or waived by the Prospecter on or before the date required for the fulfillment thereof, the Prospecter may, in addition to the other remedies it may have at law or equity, rescind and terminate this agreement by notice to the Purchaser.

## **ARTICLE 9** **NOTICES**

### 9.1 Notices

Any notice, consent, waiver, direction or other communication required or permitted to be given under this Agreement by a party to any other party shall be in writing and shall be delivered by hand delivery, facsimile transmission or (provided that the mailing party does not know and should not reasonably have known of any disruption or anticipated disruption of postal service which might affect delivery of the mail) by registered mail (postage prepaid), addressed to the party to whom the notice is to be given, at its address for service herein. Any notice, consent, waiver, direction or other communication aforesaid shall, if hand delivered or delivered by telex or facsimile transmission, be deemed to have been given and received on the date on which it was hand delivered or delivered by facsimile transmission to the address provided herein (if a business day and, if not, the next succeeding business day) and if sent by registered mail be deemed to have been given and received on the third business day at the point of delivery following the date on which it was so sent.

## 9.2 Address for Service

The address for service of each of the parties hereto shall be as follows:

if to the Prospector:

Daniel B. Larkin  
5036 Bulyea Road N.W.  
CALGARY, AB T2L 2H8

Telecopy: (403) 289-4941

if to the Purchaser:

662707 Alberta Ltd.  
200, 622 - 5th Avenue S.W.  
CALGARY, AB T2P 0M6

ATTENTION: Mr. Jack D. McCleary

Telecopy: (403) 262-8786

if to Troymin:

Troymin Resources Ltd.  
200, 622 - 5th Avenue S.W.  
CALGARY, AB T2P 0M6

ATTENTION: Mr. Jack D. McCleary

Telecopy: (403) 262-8786

## **ARTICLE 10** **DISCLOSURE**

### 10.1 Future Disclosure

Neither party shall disclose, by press release, or otherwise, any aspect of the transactions contemplated herein, without prior written consent of the other party. Notwithstanding the foregoing if either party is required by law or administrative regulation to make any disclosure relating to the transactions contemplated herein that party shall inform the other party as to the wording of such disclosure prior to its being made.

**ARTICLE 11**  
**MISCELLANEOUS**

**11.1 Entire Agreement**

This Agreement, together with documents to be delivered pursuant hereto, constitutes the entire agreement between the parties hereto, and cancels and supersedes all prior agreements and understandings between the parties hereto, with respect to the subject matter hereof.

**11.2 Further Assurances**

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

**11.3 Survival**

The representations, warranties, covenants and agreements herein and in any document delivered pursuant hereto shall survive the Closing and remain in full force and effect provided that no party hereto shall be liable in respect of any representation or warranty unless the party seeking to rely upon such representation or warranty shall have given notice to the party who made such representation or warranty of its intention to make such claim on or before the sixth anniversary date of the Closing Date.

**11.4 Time**

Time shall be of the essence in this Agreement.

**11.5 Amendments**

This Agreement may only be amended by a written instrument signed by the parties hereto.

**11.6 Governing Law**

This Agreement shall be governed by, and be construed in accordance with, the laws of the Province of Alberta and applicable laws of Canada but the reference to such laws shall not, by conflict of laws rules or otherwise, require the application of the law of any jurisdiction other than the Province of Alberta.

### **11.7 Attornment**

Each party hereto hereby irrevocably attorns to the jurisdiction of the Courts of the Province of Alberta in respect of all matters arising under or in relation to this Agreement.

### **11.8 Severability**

If any one or more of the provisions or parts thereof contained in this Agreement should be or become invalid, illegal or unenforceable in any respect in any jurisdiction, the remaining provisions or parts thereof contained herein shall be and shall be conclusively deemed to be, as to such jurisdiction, severable therefrom and:

- (a) the validity, legality or enforceability of such remaining provisions or parts thereof shall not in any way be affected or impaired by the severance of the provisions or parts thereof severed; and
- (b) the invalidity, illegality or unenforceability of any provision or part thereof contained in this Agreement in any jurisdiction shall not affect or impair such provision or part thereof or any other provisions of this Agreement in any other jurisdiction.

### **11.9 Execution in Counterpart**

This Agreement may be executed in any number of counterparts with the same effect as if all signatories to the counterparts had signed one document, all such counterparts shall together constitute, and be construed as, one instrument and each of such counterparts shall, notwithstanding the date of its execution, be deemed to bear the date first above written.

### **11.10 Waiver**

No waiver by any party hereto shall be effective unless in writing and any waiver shall affect only the matter, and the occurrence thereof, specifically identified and shall not extend to any other matter or occurrence.

### **11.11 Enurement**

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

**11.12 Assignment**

This Agreement may not be assigned by any party hereto without the prior consent of the other parties hereto.

**11.13 Reliance**

The parties hereto acknowledge and agree that they have entered into this Agreement in reliance upon each of the representations, warranties, covenants and agreements herein of the other party hereto.

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date first above written.

"Signed"  
(Witness)

"Daniel B. Larkin"  
DANIEL B. LARKIN

662707 ALBERTA LTD.

Per: "Signed"

Per: "Signed"

TROYMIN RESOURCES LTD.

Per: "Signed"

Per: "Signed"

SCHEDULE "A"

The mineral rights of this agreement are as follows:

Claim #	Expiry Date	Assessment Credits Remaining
Hope's Advance Claims		
NTS 24N04		
Lac-Voltz		
4083661	1997 04 30	\$2,316.34
4083662	1997 04 30	\$2,316.34
4083663	1997 04 30	\$2,316.34
4083664	1997 04 30	\$2,316.34
4083665	1997 04 30	\$2,316.34
4083671	1997 04 30	\$2,316.34
4083672	1997 04 30	\$2,316.34
4083673	1997 04 30	\$2,316.34
4083674	1997 04 30	\$2,316.34
4083675	1997 04 30	\$2,316.34

PIO Claims		
5034		
NTS 24K13		
Lac-Lucille		
5080401	1997 06 04	\$0.00
5080402	1997 06 04	\$0.00
5080403	1997 06 04	\$900.00
5080404	1997 06 04	\$0.00
5080405	1997 06 04	\$0.00
5080406	1997 06 04	\$0.00
5080407	1997 06 04	\$0.00
5080408	1997 06 04	\$0.00
5080409	1997 06 04	\$0.00
5080410	1997 06 04	\$0.00
5080417	1997 06 04	\$0.00

Mining Exploration License # 1050 to be issued by the Province of Quebec having an area of approximately 170 square km as outlined on Schedule "B" attached hereto. A copy of this License will be attached hereto as soon as available but no later than the closing of the formal agreement.

Schedule "B" - Exploration Mining  
Permit

# 0001050      NTS 24K13, 24K13

Attached copy of permit with Latitude / Longitude description  
outline, and maps showing area.



Gouvernement du Québec  
Ministère des  
Ressources naturelles

Service des titres d'exploration

Charlesbourg, le 4 juillet 1995

Monsieur Daniel B. Larkin  
5035, Bulyca Road, N.W.  
Calgary (Alberta)  
T2L 2H8

OBJET : Votre demande de permis d'exploration  
minière du 15 juin 1995  
Notre dossier : 95 166 018

Monsieur,

Faisant suite à votre demande du 15 juin 1995, vous trouverez ci-joint le permis d'exploration minière portant le numéro 0001050 et couvrant la superficie de 170.90 km<sup>2</sup> (plans et fiches techniques joints en annexe) pour la recherche de substances minérales au nord du 52° degré de latitude.

Ce permis est accordé pour une période de cinq (5) ans à compter du 28 juin 1995.

Nous accusons réception de la somme de 17 090,00 \$ en paiement des droits annuels pour la première année de validité du permis ainsi que du programme de travaux que vous vous proposez d'effectuer durant l'année.

Veillez agréer, Monsieur, l'expression de nos sentiments les meilleurs.

"Micheline Laberge"

Micheline Laberge  
Service des titres d'exploration

ML/jg

p.j.





Gouvernement du Québec  
Ministère de l'Énergie et des Ressources  
Direction des redevances  
et des titres miniers

## CERTIFICAT D'ENREGISTREMENT

N° du titre: PEM 0001050  
PERMIS EXPLORATION MINIERE  
Localisation: S.N.R.C. : 24N04 K13)  
PARCELLE : 11

Superficie: 17090,00 HECTARES  
Durée de validité: SOIT DU 28 JUIN 1995 AU 27 JUIN 2000  
ÉMIS AU NOM DE: EXPÉDIÉ À:

LARKIN  
DANIEL  
5035 BULYEA RD N W  
CALGARY ALB T2L 2H8

Québec, le 4 JUILLET 1995

Le registraire MICHELINE LABERGE

GOUVERNEMENT DU QUÉBEC

Ministère des Ressources naturelles

Description technique du territoire  
couvert par le permis d'exploration  
minière numéro 0001050 accordé à  
Daniel Larkin

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Un territoire d'une superficie de 170.90 kilomètres carrés situé au nord du cinquante-deuxième degré de latitude, délimité par une ligne brisée reliant les points suivants, exprimés en coordonnées transverses universelles de Mercator (U.T.M.) :

<u>POINTS</u>	<u>COORDONNÉE EST</u>	<u>COORDONNÉE NORD</u>	<u>PERMIS ADJ</u>	<u>ZONE</u>
1	468025	6535450		19
2	467950	6526600		19
3	465150	6526650		19
4	465175	6429050		19
5	464775	6529050		19
6	464800	6531450		19
7	462475	6531500		19
8	462500	6531600		19
9	462400	6532150		19
10	462400	6535500		19
11	462000	6535500		19
12	462000	6537500		19
13	461200	6537500		19
14	461250	6539550		19
15	460500	6539550		19
16	460500	6541575		19
17	458900	6541600		19
18	458925	6545600		19
19	456500	6545625		19
20	456575	6552025	0000989-13	19
21	452575	6552075	0000989-12	19
22	452650	6561700	0000989-11	19
23	453425	6561700	0000989-10	19
24	453450	6564925	0000989-9	19

25	455550	6564900	0000989-8	19
26	455450	6557250	0000989-7	19
27	461050	6557200		19
28	461050	6554550		19
29	459950	6551250		19
30	460950	6548650		19
31	460950	6545575		19
32	462550	6545550		19
33	462550	6543550		19
34	464100	6543550		19
35	464100	6541550		19
36	464900	6541550		19
37	464850	6539500		19
38	466450	6539500		19
39	466450	6537450		19
40	467650	6537450		19
41	467650	6535450		19

Superficie approximative : 170.90 km<sup>2</sup>

Coordonnées U.T.M. du système de référence géodésique nord-américain 1927.

Sont exclus du PEM 0001050 les 2 blocs de claims

4083661, 4083662, 4083663, 4083664, 4083665, 4083671, 4083672, 4083673, 4083674, 4083675, 5030417, 5030401, 5030402, 5030403, 5030404, 5030405, 5030406, 5030407, 5030408, 5030409, 5030410.

Le tout tel qu'indiqué en rouge sur les cartes de claims numéros S.N.R.C. 24K/13 et 24N/04 (à l'usage du ministère) à l'échelle de 1:50 000 et classées au dossier du Service des titres d'exploration du Ministère des Ressources naturelles.

Charlesbourg, le 4 juillet 1995

"Micheline Laberge"  
 Micheline Laberge  
 Service des titres d'exploration

Permis d'exploration no 0001050

**SCHEDULE "C"**

**UNANIMOUS SHAREHOLDER AGREEMENT**

THIS AGREEMENT made as of the \_\_\_\_ day of September, 1995.

AMONG:

**DANIEL B. LARKIN**, of 5036 Bulyea Road N.W., Calgary, Alberta (hereinafter referred to as the "Prospector")

OF THE FIRST PART

- and -

**662707 ALBERTA LTD.**, a corporation incorporated under the *Business Corporations Act* (Alberta) (hereinafter referred to as the "Corporation")

OF THE SECOND PART

- and -

**TROYMIN RESOURCES LTD.**, a corporation duly incorporated under the *Business Corporations Act* (Alberta) (hereinafter referred to as "Troymin")

OF THE THIRD PART

WHEREAS the Corporation is a body corporate duly incorporated in the Province of Alberta;

AND WHEREAS the Corporation is authorized to issue unlimited number of common shares and preferred shares without nominal or par value of which 2,000 common shares and 635 preferred shares are issued and outstanding;

AND WHEREAS the Prospector and Troymin are the sole legal and beneficial shareholders of all the issued and outstanding shares in the authorized capital of the Corporation;

AND WHEREAS the Parties hereto wish to enter into this Agreement to regulate their respective rights, obligations and liabilities with respect to the ownership and management of the Corporation;

AND WHEREAS the Parties hereto intend that this Agreement shall be construed as a unanimous shareholder agreement as defined by the Act.

NOW THEREFORE WITNESS THAT in consideration of the mutual covenants and agreements hereinafter set forth, the Parties hereto agree as follows:

**ARTICLE 1  
INTERPRETATION**

**1.1 Definitions**

- (a) "**Act**" means the *Business Corporations Act*, Statutes of Alberta, 1981, c.B-15, together with the regulations promulgated thereunder, as amended from time to time and every statute that may be substituted therefor, and in the case of any such amendment and substitution, any reference in this Agreement to the Act shall be read as referring to the amended or substituted provisions therefor;
- (b) "**Agreement**" means this agreement,, as amended from time to time, and "hereby", "hereof", "herein", "hereto" and similar terms refer to this Agreement and not to any particular provision of this Agreement;
- (c) "**Articles**" means the Articles of Incorporation of the Corporation, as from time to time amended or restated;
- (d) "**Board**" means the Board of Directors of the Corporation;
- (e) "**By-laws**" means any by-laws of the Corporation from time to time in force and effect;
- (f) "**Directors**" means the persons who are, from time to time in accordance with the terms of this Agreement, duly elected or appointed Directors of the Corporation;
- (g) "**Disabled**" means the state of affairs applicable to anyone who:
  - (i) is a "dependant" as defined in the *Dependant Adults Act* (Alberta) or is the subject of a Certificate of Incapacity under that act;
  - (ii) is a "formal patient" as defined in the *Mental Health Act*;
  - (iii) is the subject of an order under the *Mentally Incapacitated Persons Act* (Alberta) appointing a committee of his person or estate or both;
  - (iv) has been found to be a person of unsound mind by a court of competent jurisdiction elsewhere than in Alberta; or

- (v) is judged insane or incompetent to handle his own affairs by a court of competent jurisdiction;
- (h) "**Exchange Agreement**" means the agreement dated as of the date of this Agreement and made between the Prospector and Troymin;
- (i) "**Officer**" means any officer of the Corporation;
- (j) "**Parties**" means the parties named or referred to on the first page of this Agreement and includes any person who may hereafter execute a counterpart of this Agreement upon becoming a Shareholder;
- (k) "**Property**" has the same meaning as in the Purchase and Sale Agreement;
- (l) "**Purchase and Sale Agreement**" means the agreement made as of June 27, 1995 between the Parties relating to the acquisition of interests by the Corporation;
- (m) "**Secretary**" means the secretary of the Corporation and if there is no secretary then the President of the Corporation;
- (n) "**Shares**" means shares of the Corporation of any class; and
- (o) "**Shareholder**" means any person who (in accordance with the terms of this Agreement) is a holder of Share(s).

## 1.2 Headings

The division of this Agreement into articles, sections, subsections and paragraphs and the insertion of headings are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement.

## 1.3 Section References

Unless the context otherwise requires, references in this Agreement to an article, section, subsection or paragraph by number, letter or otherwise refer to the article, section, subsection or paragraph, respectively, bearing that designation in this Agreement.

## 1.4 Gender, Plural

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

**1.5 Date for Actions**

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

**1.6 Statutes**

References in this Agreement to any statute, or part thereof shall include such statute or part thereof, as the case may be, as amended or substituted and any regulations promulgated thereunder from time to time in effect.

**1.7 Currency**

Unless otherwise stated, all references in this Agreement to sums of money are expressed in lawful money of Canada.

**1.8 Enforceability**

All representations, warranties, covenants and opinions in or contemplated by this Agreement as to the enforceability of any covenant, agreement or document are subject to enforceability being limited by applicable bankruptcy, insolvency, reorganization and other laws affecting creditors' rights generally and the discretionary nature of certain remedies (including specific performance and injunctive relief).

**ARTICLE 2  
IMPLEMENTATION OF AGREEMENT**

**2.1 Effect of Agreement**

Each of the Shareholders shall vote or cause to be voted the Shares owned by the Shareholder in such a way so as to fully implement the terms and conditions of this Agreement and shall, if any Director for any reason refuses to exercise such Director's discretion in accordance with the terms of this Agreement, forthwith take such steps as are necessary to remove each such Director.

**2.2 Deemed Consent**

Each of the Shareholders shall be deemed to have consented to any transfer of Shares made in accordance with this Agreement and each covenants and agrees to waive any restriction on transfer contained in the Articles or By-laws of the Corporation in order to give effect to such transfers.

**2.3 Conflict**

In the event of any conflict between the provisions of this Agreement, on the one hand, and the Articles and By-laws of the Corporation on the other, the provisions of this Agreement shall govern. Each of the Shareholders agrees to vote or cause to be voted the Shares owned by such Shareholder so as to cause the Articles or By-laws, or both, as the case may be, to be amended to resolve any such conflict in favour of the provisions of this Agreement.

**ARTICLE 3  
FINANCING**

**3.1 General Intention**

The Corporation shall not incur any indebtedness or any liability (whether present, future, certain or contingent) save and except indebtedness or liability which Troymin agrees in writing with the Corporation to fully assume and discharge or which may be discharged from cash balances of the Corporation. Any cash balances of the Corporation in excess of those required to discharge indebtedness or liability as provided in this Section (upon a resolution of the Board of Directors) may be dividended to the holder of common shares of the Corporation.

other than this Agreement,

**3.2 Guarantee**

Troymin hereby unconditionally guarantees the payment by the Corporation of any and all amounts due upon the redemption of preferred shares of the Corporation in accordance with the terms and conditions of such preferred shares.

**ARTICLE 4  
DIRECTORS AND OFFICERS OF THE CORPORATION**

**4.1 Board of Directors**

Subject to Section 4.6, the Board of Directors shall consist of three Directors, two of whom shall be nominees of Troymin and one of whom shall be a nominee of the Prospector.

**4.2 Quorum**

Subject to Section 4.6, two Directors, one of whom shall be a nominee of the Prospector, shall constitute a quorum for the transaction of business at any meeting of the Board of Directors.

**4.3 Voting**

Except as otherwise required by law or by this Agreement, questions arising at any meeting of the Board of Directors shall be decided by a majority of votes.

**4.4 Casting Vote**

In the case of an equality of votes at a meeting of the Board of Directors, no person shall have a second or casting vote in addition to such person's original vote.

**4.5 Vacancies**

Vacancies on the Board of Directors shall be filled by ordinary resolution of the Shareholders and in so doing the Shareholders shall act in accordance with Section 4.1.

**4.6 Term**

Each Director shall hold office for a term expiring upon the close of the second annual meeting of the Shareholders following the election of each such Director; provided that if the Prospector exercises the right set forth in Section 5.3, each member of the Board of Directors that is a nominee of Troymin shall be deemed to have resigned, the term of such director shall be deemed to have expired and the Board of Directors shall consist of the nominee of the Prospector.

**4.7 Removal from Office**

Subject to Sections 4.1 and 4.6, the Shareholders may, by ordinary resolution passed at a special meeting, remove any Director from office.

**ARTICLE 5  
CONDUCT OF THE BUSINESS OF THE CORPORATION**

**5.1 Conduct**

Unless otherwise agreed by unanimous consent of the Shareholders, the Shareholders shall not cause or permit the Corporation, and the Board of Directors shall not authorize the Corporation, to:

- (a) take or institute any proceedings for the winding-up, reorganization or dissolution of the Corporation or distribute the assets of the Corporation with a view to winding-up its affairs;

- (b) consolidate, amalgamate or merge with any person (as defined in the Act);
- (c) increase or decrease the authorized or issued capital of the Corporation or alter its capital structure in any way including the conditions, rights, restrictions and preferences attached to any Shares;
- (d) except in accordance with Section 3.1, enter into any financial commitment of any type whatsoever including, without limitation, any purchase, sale, loan, borrowing or expenditure;
- (e) declare or pay any dividends on any classes of Shares of the Corporation except as otherwise provided in this Agreement;
- (f) sell, lease, mortgage, pledge, transfer, dispose of or exchange the undertaking of the Corporation provided that the Corporation may farm out all or portions of the assets of the Corporation if the farmee recognizes all of the terms and conditions and rights of the Prospector and Troymin under this Agreement and the Purchase and Sale Agreement;
- (g) enter into any transaction out of the ordinary course of business;
- (h) take steps for the continuance of the Corporation to any other legal jurisdiction;
- (i) undertake any business or operation that would prevent the Corporation from constituting a "principal - business corporation" within the meaning of the *Income Tax Act* (Canada); or
- (j) amend the Articles.

## 5.2 Issuance of Shares

Other than the common shares already issued and outstanding as the date hereof and other than the preferred shares contemplated to be issued pursuant to the Purchase and Sale Agreement, no other shares or other securities of the Corporation shall be issued, nor shall any agreement be entered into or any other right or privilege granted that may result in the issuance of any of the same without the unanimous consent of the Shareholders except in accordance with the terms of this Agreement and the issuance of any common shares upon the exercise of conversion rights attaching to the preferred shares of the Corporation. Notwithstanding the foregoing, the Corporation may and shall issue to Troymin, common shares of the Corporation (which may be issued as flow-through shares) in consideration for cash to finance the business and operations of the Corporation.

### 5.3 Right on Default

If:

- (a) the Corporation fails to redeem any preferred shares of the Corporation in accordance with the terms and conditions of such preferred shares or Troymin fails to comply with the Exchange Agreement; or
- (b) the Corporation fails to comply with the minimum work commitment set forth in Schedule A hereto; or
- (c) the Corporation and Troymin fail to make any payment required under the Net Smelter Returns Royalty contemplated by the Purchase and Sale Agreement,

the Prospector shall have the right (provided that the Prospector shall have given written notice of the failure to the Corporation and Troymin and the failure is not remedied or commenced proceedings to remedy the failure within 15 days of the giving of such notice), exercisable within 60 days of the date of giving of such notice, to purchase all of the issued and outstanding common shares of the Corporation from Troymin for, in the aggregate, \$1.00.

### 5.4 No Obligation to Put on Production

Notwithstanding anything in this Agreement, any decision to place the Property into production shall be at the sole discretion of the Corporation and the Corporation shall be under no obligation, and nothing in this Agreement shall be construed as creating an obligation upon the Corporation, to place the Property into production and, if the Property is placed into production and is operated as a mine, the Corporation shall have the unfettered right to suspend or curtail any such operation as it in its sole discretion may determine.

### 5.5 Force Majeure

If during the period of this Agreement, the Corporation or third parties are unable to carry out fully or in part their obligations under this Agreement, the Corporation shall give to the Prospector prompt notice of the *force majeure* with reasonably full particulars concerning it. Thereupon, except for obligations to make payments, the obligations of the Corporation, so far as they are affected by the *force majeure* shall be suspended during, but no longer than, the continuance of the *force majeure*. The Corporation and any third parties shall use all reasonable diligence to remove the *force majeure* as quickly as possible, but such requirement shall not require settlement of strikes or other labour difficulties against the judgment of the Corporation. The term "*force majeure*" as employed herein shall mean an act of God, action of the elements, strike, lockout, or other industrial disturbance, act of

any enemy of Canada, war blockade, public riot, civil disorder, flood, explosion, governmental restraint, unavailability of equipment, inability to obtain access to the Property, and any other cause, whether of the kind specifically enumerated or otherwise, which is not reasonably within the control of the Corporation claiming the suspension.

#### **5.6 Joint Exploration Corporation**

The Corporation shall be operated and maintained as a "joint exploration corporation" within the meaning of the Income Tax Act (Canada) and, without limitation, any and all Canadian exploration expenses and Canadian development expenses incurred by the Corporation shall, to the fullest extent permitted under the Income Tax Act (Canada), be renounced to the holders of common shares of the Corporation.

### **ARTICLE 6 SHARES**

#### **6.1 Prohibitions**

No shares shall be sold, transferred, assigned, pledged, hypothecated or encumbered by a Shareholder without the unanimous consent of the Shareholders except in accordance with the terms of this Agreement.

#### **6.2 Shares of the Corporation**

The provisions of this Agreement relating to Shares shall apply mutatis mutandis to any shares or other securities into which such Shares may be converted, changed, reclassified, redivided, redesignated, redeemed, subdivided or consolidated, to any shares or other securities that are received by the Shareholders hereto as a stock dividend or distribution payable in shares or other securities of the Corporation and to any shares or other securities of the Corporation or of any successor or continuing company or corporation to the Corporation that may be received by the Shareholders hereto on a reorganization, amalgamation, consolidation or merger, statutory or otherwise.

### **ARTICLE 7 GENERAL**

#### **7.1 Duration of Agreement**

This Agreement shall continue in full force and effect until terminated by agreement amongst the Shareholders.

**7.2 Endorsement on Share Certificates**

Any and all certificates representing Shares now or hereafter owned by the Shareholders during the currency of this Agreement (whether such Shares are issued initially or with respect to transfer or otherwise) shall have endorsed thereon in bold type the following legend:

"THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO THE PROVISIONS OF A UNANIMOUS SHAREHOLDER AGREEMENT MADE THE \_\_\_\_ DAY OF SEPTEMBER, 1995, AMONG DANIEL B. LARKIN, TROYMIN RESOURCES LTD. AND THE CORPORATION AND SUCH SHARES ARE NOT TRANSFERABLE ON THE BOOKS OF THE CORPORATION EXCEPT IN COMPLIANCE WITH THE TERMS AND CONDITIONS OF SUCH AGREEMENT."

**7.3 Arbitration**

In the event that any disagreement arises between the parties hereto with reference to this Agreement or any matter arising hereunder and upon which the parties cannot agree, then any such dispute shall be referred to arbitration in accordance with the provisions of the *Arbitration Act* or other similar legislation in force in the Province of Alberta from time to time.

**7.4 Appointment of Agent**

The Secretary is hereby appointed as agent for the Parties hereto to effect any transfer of Shares in accordance with the terms hereof.

**7.5 Time**

Time shall be of the essence of this Agreement.

**7.6 Non-Waiver**

No provision of this Agreement shall be deemed to be waived unless such waiver is in writing. Any waiver of any default committed by any of the Parties hereto in the observance of the performance of any part of this Agreement shall not extend to or be taken in any manner to affect any other default.

**ARTICLE 8  
NOTICES**

**8.1 Notices**

Any notice, consent, waiver, direction or other communication required or permitted to be given under this Agreement by a party to any other party shall be in writing and shall be delivered by hand delivery, facsimile transmission or (provided that the mailing party does not know and should not reasonably have known of any disruption or anticipated disruption of postal service which might affect delivery of the mail) by registered mail (postage prepaid), addressed to the party to whom the notice is to be given, at its address for service herein. Any notice, consent, waiver, direction or other communication aforesaid shall, if hand delivered or delivered by telex or facsimile transmission, be deemed to have been given and received on the date on which it was hand delivered or delivered by facsimile transmission to the address provided herein (if a business day and, if not, the next succeeding business day) and if sent by registered mail be deemed to have been given and received on the third business day at the point of delivery following the date on which it was so sent.

**8.2 Address for Service**

The address for service of each of the parties hereto shall be as follows:

if to the Prospector:

Daniel B. Larkin  
5036 Bulyea Road N.W.  
CALGARY, AB T2L 2H8

Telecopy: (403) 289-4941

if to the Purchaser:

662707 Alberta Ltd.  
200, 622 - 5th Avenue S.W.  
CALGARY, AB T2P 0M6

ATTENTION: Mr. Jack D. McCleary

Telecopy: (403) 262-8786

if to Troymin:

Troymin Resources Ltd.  
200, 622 - 5th Avenue S.W.  
CALGARY, AB T2P 0M6

ATTENTION: Mr. Jack D. McCleary

Telecopy: (403) 262-8786

or such other address as may be designated by notice to the other parties hereto.

### **8.3 Entire Agreement**

This Agreement, together with documents to be delivered pursuant hereto, constitutes the entire agreement between the parties hereto, and cancels and supersedes all prior agreements and understandings between the parties hereto, with respect to the subject matter hereof.

### **8.4 Further Assurances**

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

### **8.5 Survival**

The representations, warranties, covenants and agreements herein and in any document delivered pursuant hereto shall survive the Closing and remain in full force and effect provided that no party hereto shall be liable in respect of any representation or warranty unless the party seeking to rely upon such representation or warranty shall have given notice to the party who made such representation or warranty of its intention to make such claim on or before the sixth anniversary date of the Closing Date.

### **8.6 Time**

Time shall be of the essence in this Agreement.

### **8.7 Amendments**

This Agreement may only be amended by a written instrument signed by the parties hereto.

### **8.8 Governing Law**

This Agreement shall be governed by, and be construed in accordance with, the laws of the Province of Alberta and applicable laws of Canada but the reference to such laws shall not, by conflict of laws rules or otherwise, require the application of the law of any jurisdiction other than the Province of Alberta.

### **8.9 Attornment**

Each party hereto hereby irrevocably attorns to the jurisdiction of the Courts of the Province of Alberta in respect of all matters arising under or in relation to this Agreement.

### **8.10 Severability**

If any one or more of the provisions or parts thereof contained in this Agreement should be or become invalid, illegal or unenforceable in any respect in any jurisdiction, the remaining provisions or parts thereof contained herein shall be and shall be conclusively deemed to be, as to such jurisdiction, severable therefrom and:

- (a) the validity, legality or enforceability of such remaining provisions or parts thereof shall not in any way be affected or impaired by the severance of the provisions or parts thereof severed; and
- (b) the invalidity, illegality or unenforceability of any provision or part thereof contained in this Agreement in any jurisdiction shall not affect or impair such provision or part thereof or any other provisions of this Agreement in any other jurisdiction.

### **8.11 Execution in Counterpart**

This Agreement may be executed in any number of counterparts with the same effect as if all signatories to the counterparts had signed one document, all such counterparts shall together constitute, and be construed as, one instrument and each of such counterparts shall, notwithstanding the date of its execution, be deemed to bear the date first above written.

### **8.12 Waiver**

No waiver by any party hereto shall be effective unless in writing and any waiver shall affect only the matter, and the occurrence thereof, specifically identified and shall not extend to any other matter or occurrence.

### **8.13 Enurement**

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

**8.14 Assignment**

This Agreement may not be assigned by any party hereto without the prior consent of the other parties hereto.

**8.15 Reliance**

The parties hereto acknowledge and agree that they have entered into this Agreement in reliance upon each of the representations, warranties, covenants and agreements herein of the other party hereto.

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date first above written.

\_\_\_\_\_  
Witness

\_\_\_\_\_  
**DANIEL B. LARKIN**

**662707 ALBERTA LTD.**

Per: \_\_\_\_\_

Per: \_\_\_\_\_

**TROYMIN RESOURCES LTD.**

Per: \_\_\_\_\_

Per: \_\_\_\_\_

## SCHEDULE "D"

The first series of Preferred Shares of the Corporation shall consist of an unlimited number of shares, shall be designated as Preferred Shares Series A (the "Preferred Shares Series A") and, in addition to the rights, privileges, restrictions and conditions attached to the Preferred Shares as a class, shall have attached thereto the following rights, privileges, restrictions and conditions:

### 1 INTERPRETATION

1.1 In these provisions, unless the context otherwise requires:

- (a) "applicable law" means the law applicable to the Corporation, including the Business Corporations Act (Alberta) and any successor statute, as the same may from time to time be in force;
- (b) "Business Day" means a day other than a Saturday, a Sunday or any other day that is treated as a statutory holiday in the jurisdiction in which the Corporation's registered office is located;
- (c) "Certificate" means a certificate under the corporate seal of the Corporation signed by any two of the President, a Vice-President or the Secretary of the Corporation and may consist of one or more instruments so executed;
- (d) "Common Shares" means common shares of the Corporation as such shares were constituted on September 21, 1995 or as subsequently consolidated or subdivided and any other shares resulting from the reclassification or change of such Common Shares or other capital reorganization or amalgamation, consolidation, merger or sale;
- (e) "Current Conversion Basis" means the number of Common Shares into which each Preferred Shares Series A is convertible, which number at any particular time is equal to the result obtained (expressed to the second decimal place rounded upwards) by dividing the Current Conversion Price into the Stated Value;
- (f) "Current Conversion Price" means \$1.00 per Common Share; and
- (g) "Stated Value" means \$1,000.

## 2 DIVIDENDS

2.1 The holders of Preferred Shares Series A shall be entitled to receive such dividends as the Board of Directors may from time to time declare to be payable to the holders of Preferred Shares Series A out of the assets of the Corporation properly applicable to the payment of dividends.

## 3 REDEMPTION

3.1 Subject to applicable law, the Corporation shall have the right to redeem at any time after September 30, 2010, or from time to time after September 30, 2010 any part of, the then outstanding Preferred Shares Series A at a price per share equal to the Stated Value, together with all declared but unpaid dividends thereon up to the date fixed for redemption, (the whole amount being herein referred to as the "redemption price").

3.2 On any redemption of Preferred Shares Series A under this Article 3, the Corporation shall give, at least 5 days before the date fixed for redemption, a notice in writing of the intention of the Corporation to redeem Preferred Shares Series A to each person who at the date of giving of such notice is a registered holder of Preferred Shares Series A to be redeemed. Such notice shall set out the calculation of the redemption price, the date fixed for redemption and, unless all the Preferred Shares Series A held by the holder to whom it is addressed are to be redeemed, the number of such shares so held which are to be redeemed.

3.3 The redemption price (less any tax required to be withheld by the Corporation) shall be paid by cheque payable in lawful money of Canada at par at any branch in Canada of the Corporation's bankers for the time being or by such other reasonable means as the Corporation deems desirable. The mailing of such cheque from the Corporation's registered office or the payment by such other reasonable means as the Corporation deems desirable, on or before the date fixed for redemption shall be deemed to be payment of the redemption price represented thereby on such date fixed for redemption unless the cheque is not paid upon presentation or payment by such other means is not received. Notwithstanding the foregoing, the Corporation shall be entitled to require at any time, and from time to time, that the redemption price be paid to holders of Preferred Shares Series A only upon presentation and surrender at the head office of the Corporation or at any other place or places within Canada designated by the notice of redemption of the certificate or certificates for such Preferred Shares Series A to be redeemed.

3.4 If a part only of the Preferred Shares Series A represented by any certificate are to be redeemed, a new certificate for the balance shall be issued at the expense of the Corporation.

3.5 At any time after notice of redemption is given, the Corporation shall have the right to deposit the redemption price of the Preferred Shares Series A to be redeemed or of such of the Preferred Shares Series A to be redeemed which are represented by certificates which have not at the date of such deposit been surrendered by the holders thereof in connection with such redemption with any chartered bank or banks or with any trust company or trust companies in Canada named for such purpose in the notice of redemption to the credit of a special account or accounts in trust for the respective holders of such shares, to be paid to them respectively upon surrender to such bank or banks or trust company or trust companies of the certificate or certificates representing the same. Upon such deposit or deposits being made or upon the date fixed for redemption, whichever is later, the shares in respect of which such deposit has been made shall be and be deemed to be redeemed and the rights of the holders of such shares shall be limited to receiving, without interest, the proportion of the amount so deposited applicable to their respective shares. Any interest allowed on such deposit or deposits shall accrue to the Corporation.

3.6 Any cheque representing payment of redemption price not presented to the Corporation's bankers for payment, or any money so set aside and not claimed by or paid to the holders of Preferred Shares Series A entitled thereto, within six years after the date fixed for redemption shall be, in the case of the cheque, forfeited to the Corporation and, in the case of money so set aside, repaid to the Corporation by the bank or trust company on demand and thereupon the bank or trust company shall be released from all further liability with respect to such monies and in either case thereafter the holders of the Preferred Shares Series A in respect of which such cheque was issued or such monies were so repaid to the Corporation shall have no rights in respect thereof except to obtain payment of the monies due from the Corporation, subject to any defence the Corporation may have.

3.7 From and after the date fixed for redemption, the Preferred Shares Series A called for redemption shall cease to be entitled to dividends and the holders thereof shall not be entitled to exercise any of the rights of shareholders in respect thereof unless payment of the redemption price shall not be duly made by the Corporation.

3.8 Preferred Shares Series A which are redeemed or deemed to be redeemed in accordance with this Article 3 shall, subject to applicable law, be and be deemed to be cancelled and shall not be reissued.

#### 4 RETRACTION

4.1 Subject to applicable law, the registered holders of Preferred Shares Series A shall be entitled to require the Corporation to retract Preferred Shares Series A tendered on the dates and as hereinafter provided at a price per share equal to the Stated Value, together with all declared but unpaid dividends thereon up to the retraction date, (the whole amount being herein referred to as the "retraction price") the whole subject to the provisions which follow. A holder of Preferred Shares Series A wishing to exercise the retraction privilege must complete and duly execute the retraction form on the certificate(s) representing the Preferred Shares Series A which the holder elects to have so purchased and deposit such certificate(s) representing the Preferred Shares Series A which the holder elects to have so purchased not earlier than 15 days and not later than 2 days immediately before the date on which the holder is entitled (as specified below) and wishes to exercise the retraction privilege (being herein referred to as the "retraction date") with the Secretary of the Corporation or any other place designated by the Corporation, whereupon the deposit will be irrevocable except in the event that the Corporation otherwise agrees or to the extent that the Corporation fails to retract the shares in respect of which the deposit was made on or before the retraction date.

Notwithstanding the foregoing, the Corporation may only be required to retract (and is only obligated to retract) up to that number of the Preferred Shares Series A set forth below on the dates specified below:

October 1, 1995	70 Preferred Shares;
May 1, 1996	125 Preferred Shares; and
May 1, 1997	375 Preferred Shares.

If at any time more Preferred Shares Series A are tendered pursuant hereto for retraction than the Corporation is obligated pursuant hereto to retract or than are permitted to be retracted pursuant to applicable law, the Corporation shall retract the maximum number of Preferred Shares Series A it may retract within such limitations and the shares so to be retracted shall be retracted pro rata, excluding fractions, selected by lot from the holdings of all shareholders of Preferred Shares Series A who have tendered shares for retraction or in such other manner as the Board of Directors deems reasonable. Thereafter, the Corporation shall retract, obligated pursuant hereto to retract and then on the same basis, the maximum number of Preferred Shares Series A as it is then permitted to retract (disregarding fractions) until all Preferred Shares Series A tendered for retraction and not withdrawn therefrom shall have been retracted.

4.2 The retraction price (less any tax required to be withheld by the Corporation) shall be paid by cheque payable in lawful money of Canada at par at any branch in Canada of the Corporation's bankers for the time being. The mailing

of such cheque from the Corporation's registered office, or the payment by such other reasonable means as the Corporation deems desirable, on or before the retraction date, shall be deemed to be payment of the retraction price on the retraction date unless the cheque is not paid upon presentation or payment by such other means is not received.

4.3 If part only of the Preferred Shares Series A represented by any certificate are to be retracted, a new certificate for the balance shall be issued at the expense of the Corporation.

4.4 Any cheque representing payment of retraction price not presented to the Corporation's bankers for payment or otherwise not claimed within six years after the retraction date shall be forfeited to the Corporation.

4.5 From and after the retraction date, the Preferred Shares Series A retracted shall cease to be entitled to dividends and the holders thereof shall not be entitled to exercise any of the rights of shareholders in respect thereof unless payment of the retraction price shall not be duly made by the Corporation.

4.6 Preferred Shares Series A which are retracted or deemed to be retracted in accordance with this Article 4. shall, subject to applicable law, be and be deemed to be cancelled and shall not be reissued.

## **5 CONVERSION PRIVILEGE**

5.1 If the Corporation fails to retract Preferred Shares Series A of a holder that the Corporation is obligated to retract in accordance with Article 4, such a holder of Preferred Shares Series A has the right, at the holder's option, to convert, subject to the terms and provisions hereof, such Preferred Shares Series A into fully paid and non-assessable Common Shares on the Current Conversion Basis.

5.2 The conversion of Preferred Shares Series A may be effected by the surrender of the certificate or certificates representing the same at any time during usual business hours at the principal offices of the Corporation accompanied by a written instrument of surrender duly executed by the registered holder, or the holder's attorney duly authorized in writing, in which instrument such holder may also elect to convert part only of the Preferred Shares Series A represented by such certificate or certificates, in which event such holder shall be entitled to receive, at the expense of the Corporation, a new certificate representing the Preferred Shares Series A represented by such certificate or certificates which have not yet been converted.

Upon the surrender of any Preferred Shares Series A for conversion, the Corporation shall issue and deliver, or cause to be delivered to or upon the written order of the holder of the Preferred Shares Series A so surrendered, a certificate or

certificates issued in the name of, or in such name or names as may be directed by, such holder representing the number of Common Shares to which such holder is entitled. Such conversion shall be deemed to have been made at the close of business on the date such Preferred Shares Series A shall have been surrendered for conversion, so that the rights of the holder of such Preferred Shares Series A, as the holder thereof, shall cease at such time and the person or persons entitled to receive Common Shares upon such conversion shall be treated for all purposes as having become the holder or holders of record of such Common Shares at such time and such conversion shall be on the Current Conversion Basis as at such time.

5.3 The registered holder of any Preferred Shares Series A on the record date for any dividend declared payable on such share shall be entitled to such dividend notwithstanding that such share is converted after such record date and before the payment date of such dividend and the registered holder of any Common Share resulting from any conversion shall be entitled to rank equally with the registered holders of all other Common Shares in respect of all dividends declared payable to holders of Common Shares of record on any date after the date of conversion. Subject to the foregoing and to the provisions hereof, upon the conversion of any Preferred Shares Series A the Corporation shall make no other payment or other adjustment on account of any dividends on the Preferred Shares Series A so converted or on account of the dividends on the Common Shares issuable upon such conversion.

## **6 PURCHASE FOR CANCELLATION**

6.1 The Corporation may at any time or from time to time purchase all or any part of the Preferred Shares Series A on the open market, by tender to all holders of Preferred Shares Series A, or, at prices not exceeding market value, by private agreement.

6.2 Preferred Shares Series A purchased in accordance with this Article 6 shall and be deemed to be cancelled and shall not be reissued.

## **7 LIQUIDATION**

7.1 In the event of the liquidation, dissolution or winding-up of the Corporation or other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of Preferred Shares Series A shall be entitled to receive an amount per Preferred Share Series A equal to the Stated Value per share, together with any declared but unpaid dividends to the date of commencement of any such liquidation, dissolution, winding up or other distribution of the assets of the Corporation, to be paid all such money before any money shall be paid or property or assets distributed to the holders of any Common Shares or other shares of the capital of the Corporation ranking junior to the Preferred Shares Series A with respect to return of capital.

7.2 After payment to the holders of the Preferred Shares Series A of the amounts so payable to them, they shall not be entitled to share in any further distribution of the property or assets of the Corporation.

## **8 VOTING RIGHTS**

8.1 Subject to applicable law, the holders of the Preferred Shares Series A shall be entitled to receive notice of, to attend and to vote at any meeting of the shareholders of the Corporation (other than meetings of holders of another class or series of shares required by law to be held separately). The holder shall be entitled to one vote per Preferred Share held.

**SCHEDULE "E"**  
**EXCHANGE AGREEMENT**

THIS AGREEMENT made as of the 27th day of June, 1995.

AMONG:

**DANIEL B. LARKIN**, of 5036 Bulyea Road N.W., Calgary,  
Alberta (hereinafter referred to as the "Prospector")

OF THE FIRST PART

- and -

**TROYMIN RESOURCES LTD.**, a corporation incorporated  
under the *Business Corporations Act* (Alberta)  
(hereinafter referred to as "Troymin")

OF THE SECOND PART

**WHEREAS** the Prospector and Troymin have entered into the  
Purchase and Sale Agreement;

**AND WHEREAS** the Prospector wishes to sell, and Troymin wishes to  
purchase, Preferred Shares subject to the terms and conditions set forth herein;

**NOW THEREFORE** the Agreement witnesses that:

**ARTICLE 1**  
**INTERPRETATION**

**1.1 Definitions**

In this Agreement, unless the context otherwise requires:

- (a) "Agreement" means this agreement,, as amended from time to time, and "hereby", "hereof", "herein", "hereto" and similar terms refer to this Agreement and not to any particular provision of this Agreement;
- (b) "Closing Date" has the same meaning herein as in the Purchase and Sale Agreement; and

- (c) "Encumbrances" includes, without limitation, any mortgage, lien, pledge, charge, security interest, option, agreement, right of purchase or other third party claim whatsoever or any agreement, option, right or privilege (whether by law, contract or otherwise) capable of becoming any of the foregoing;
- (d) "Exchange Rate" means the result obtained by dividing \$1,000 by \$0.23 rounded up to the nearest second decimal place;
- (e) "Newco" means "662707 Alberta Ltd.", a corporation incorporated under the *Business Corporations Act* (Alberta);
- (f) "Preferred Shares" means preferred shares of Newco having the rights, privileges, terms and conditions set forth in Schedule "E" attached hereto and forming part hereof; and
- (g) "Purchase and Sale Agreement" means the agreement to which this Agreement is set forth in Schedule "F".

## **1.2 Headings**

The division of this Agreement into articles, sections, subsections and paragraphs and the insertion of headings are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement.

## **1.3 Section References**

Unless the context otherwise requires, references in this Agreement to an article, section, subsection or paragraph by number, letter or otherwise refer to the article, section, subsection or paragraph, respectively, bearing that designation in this Agreement.

## **1.4 Gender, Plural**

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

## **1.5 Date for Actions**

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

## 1.6 Statutes

References in this Agreement to any statute, or part thereof shall include such statute or part thereof, as the case may be, as amended or substituted and any regulations promulgated thereunder from time to time in effect.

## 1.7 Currency

Unless otherwise stated, all references in this Agreement to sums of money are expressed in lawful money of Canada.

## 1.8 Enforceability

All representations, warranties, covenants and opinions in or contemplated by this Agreement as to the enforceability of any covenant, agreement or document are subject to enforceability being limited by applicable bankruptcy, insolvency, reorganization and other laws affecting creditors' rights generally and the discretionary nature of certain remedies (including specific performance and injunctive relief).

## ARTICLE 2 EXCHANGE

### 2.1 Exchange

Troymin and the Prospector agree that, as long as Troymin remains the holder of the common shares of Newco, Troymin agrees to acquire from the Prospector and the Prospector agrees to transfer to Troymin any and all Preferred Shares in respect of which the Prospector: (i) does not require retraction by Newco in accordance with the terms and conditions of the Preferred Shares, and (ii) elects by notice in writing to Troymin to have Troymin acquire pursuant hereto, subject to the following limitations:

On or after the Closing Date	75 Preferred Shares
On or after October 1, 1995	70 Preferred Shares
On or after May 1, 1996	63 Preferred Shares
On or after May 1, 1997	200 Preferred Shares

(provided that, in the case of each of the tranches above, the right to exchange Preferred Shares shall be limited to the number of Preferred Shares not retracted as of the date that the period in respect of the tranche commences) in consideration of the issue by Troymin to the Prospector of that number of fully paid and non-assessable common shares of Troymin as is equal to the Exchange Rate multiplied by the number of Preferred Shares being acquired by Troymin, which issue shall cause not later than 7 days following the deposit by the Prospector with Troymin of

certificates representing the Preferred Shares to be exchanged (duly endorsed for transfer to Troymin) and an irrevocable request that such Preferred Shares be exchanged hereunder.

**ARTICLE 3**  
**REPRESENTATIONS AND WARRANTIES OF THE PROSPECTOR**

**3.1 Representation and Warranties of the Prospector**

The Prospector represents and warrants to the Purchaser that:

- (a) the Prospector has all requisite power and authority to enter into this Agreement and all documents to be delivered pursuant hereto and to perform its obligations hereunder and thereunder;
- (b) the execution and delivery of this Agreement and all documents to be delivered pursuant hereto, the performance of the terms hereof and thereof and the consummation of the transactions contemplated herein and therein do not and will not:
  - (i) conflict with, result in a breach of, constitute a default under, or accelerate or permit the acceleration of the performance required by, any agreement, instrument, licence, permit or authority to which the Prospector is a party or by which the Prospector is bound; or
  - (ii) violate any provision of law or administrative regulation or any judicial or administrative order, award, judgment or decree applicable to the Prospector or the Property; and
- (c) this Agreement has been duly executed and delivered by the Prospector and all documents to be delivered by the Prospector pursuant hereto will be duly executed and delivered and this Agreement does and such documents will constitute legal, valid and binding obligations of the Prospector enforceable in accordance with their respective terms.

**ARTICLE 4**  
**REPRESENTATIONS AND WARRANTIES OF TROYMIN**

**4.1 Representations and Warranties of Troymin**

Troymin represents and warrants to the Prospector that:

- (a) Troymin is duly organized and validly existing under the law of the jurisdiction of its incorporation and has the corporate power to own or lease its property and assets and to carry on its business as now conducted by it and is duly licensed or qualified to carry on business in the province of Alberta and each other jurisdiction as the nature of its business requires;
- (b) Troymin has all requisite power and authority to enter into this Agreement and all documents to be delivered pursuant hereto and to perform its obligations hereunder and thereunder;
- (c) the execution and delivery of this Agreement and all documents to be delivered pursuant hereto, the performance of the terms hereof and thereof and the consummation of the transactions contemplated herein and therein do not and will not:
  - (i) result in the breach of or violate any term or provision of the charter, by-laws or governing documents of Troymin; or
  - (ii) conflict with, result in a breach of, constitute a default under, or accelerate or permit the acceleration of the performance required by, any agreement, instrument, licence, permit or authority to which Troymin is a party or by which Troymin is bound; or
  - (iii) violate any provision of law or administrative regulation or any judicial or administrative order, award, judgment or decree applicable to Troymin; and
- (d) this Agreement has been duly executed and delivered by Troymin and all documents to be delivered by Troymin pursuant hereto will be duly executed and delivered and this Agreement does and such documents will constitute legal, valid and binding obligations of Troymin enforceable in accordance with their respective terms.

**ARTICLE 5**  
**COVENANTS OF THE PROSPECTOR**

**5.1 Covenants of the Prospector**

The Prospector covenants and agrees that any and all Preferred Shares to be acquired by Troymin pursuant to this Agreement will be free and clear of any and all Encumbrances.

**ARTICLE 6**  
**COVENANTS OF TROYMIN**

**6.1 Covenants of Troymin**

Troymin covenants and agrees that any and all common shares of Troymin issued pursuant to this Agreement will be duly and validly issued as fully paid and nonassessable common shares of Troymin.

**ARTICLE 7**  
**CONDITIONS**

**7.1 Closing Conditions**

The obligations of the Prospector and Troymin under this Agreement are subject to the completion of the Closing contemplated by the Purchase and Sale Agreement.

**ARTICLE 8**  
**NOTICES**

**8.1 Notices**

Any notice, consent, waiver, direction or other communication required or permitted to be given under this Agreement by a party to any other party shall be in writing and shall be delivered by hand delivery, facsimile transmission or (provided that the mailing party does not know and should not reasonably have known of any disruption or anticipated disruption of postal service which might affect delivery of the mail) by registered mail (postage prepaid), addressed to the party to whom the notice is to be given, at its address for service herein. Any notice, consent, waiver, direction or other communication aforesaid shall, if hand delivered or delivered by telex or facsimile transmission, be deemed to have been given and received on the date on which it was hand delivered or delivered by facsimile transmission to the address provided herein (if a business day and, if not, the next succeeding business day) and if sent by registered mail be deemed to have been given and received on the third business day at the point of delivery following the date on which it was so sent.

**8.2 Address for Service**

The address for service of each of the parties hereto shall be as follows:

if to the Prospector:

Daniel B. Larkin  
5036 Bulyea Road N.W.  
CALGARY, AB T2L 2H8

Telecopy: (403) 289-4941

if to Troymin:

Troymin Resources Ltd.  
200, 622 - 5th Avenue S.W.  
CALGARY, AB T2P 0M6

ATTENTION: Mr. Jack D. McCleary

Telecopy: (403) 262-8786

## **ARTICLE 9** **DISCLOSURE**

### **9.1 Future Disclosure**

Neither party shall disclose, by press release, or otherwise, any aspect of the transactions contemplated herein, without prior written consent of the other party. Notwithstanding the foregoing if either party is required by law or administrative regulation to make any disclosure relating to the transactions contemplated herein that party shall inform the other party as to the wording of such disclosure prior to its being made.

## **ARTICLE 10** **MISCELLANEOUS**

### **10.1 Entire Agreement**

This Agreement, together with documents to be delivered pursuant hereto, constitutes the entire agreement between the parties hereto, and cancels and supersedes all prior agreements and understandings between the parties hereto, with respect to the subject matter hereof.

### **10.2 Further Assurances**

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

### **10.3 Survival**

The representations, warranties, covenants and agreements herein and in any document delivered pursuant hereto shall survive the Closing and remain in full force and effect.

### **10.4 Time**

Time shall be of the essence in this Agreement.

### **10.5 Amendments**

This Agreement may only be amended by a written instrument signed by the parties hereto.

### **10.6 Governing Law**

This Agreement shall be governed by, and be construed in accordance with, the laws of the Province of Alberta and applicable laws of Canada but the reference to such laws shall not, by conflict of laws rules or otherwise, require the application of the law of any jurisdiction other than the Province of Alberta.

### **10.7 Attornment**

Each party hereto hereby irrevocably attorns to the jurisdiction of the Courts of the Province of Alberta in respect of all matters arising under or in relation to this Agreement.

### **10.8 Severability**

If any one or more of the provisions or parts thereof contained in this Agreement should be or become invalid, illegal or unenforceable in any respect in any jurisdiction, the remaining provisions or parts thereof contained herein shall be and shall be conclusively deemed to be, as to such jurisdiction, severable therefrom and:

- (a) the validity, legality or enforceability of such remaining provisions or parts thereof shall not in any way be affected or impaired by the severance of the provisions or parts thereof severed; and
- (b) the invalidity, illegality or unenforceability of any provision or part thereof contained in this Agreement in any jurisdiction shall not affect or impair such provision or part thereof or any other provisions of this Agreement in any other jurisdiction.

#### **10.9 Execution in Counterpart**

This Agreement may be executed in any number of counterparts with the same effect as if all signatories to the counterparts had signed one document, all such counterparts shall together constitute, and be construed as, one instrument and each of such counterparts shall, notwithstanding the date of its execution, be deemed to bear the date first above written.

#### **10.10 Waiver**

No waiver by any party hereto shall be effective unless in writing and any waiver shall affect only the matter, and the occurrence thereof, specifically identified and shall not extend to any other matter or occurrence.

#### **10.11 Enurement**

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

#### **10.12 Assignment**

This Agreement may not be assigned by any party hereto without the prior consent of the other parties hereto.

#### **10.13 Reliance**

The parties hereto acknowledge and agree that they have entered into this Agreement in reliance upon each of the representations, warranties, covenants and agreements herein of the other party hereto.

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date first above written.

\_\_\_\_\_  
(Witness)

"Daniel B. Larkin"  
DANIEL B. LARKIN

TROYMIN RESOURCES LTD.

Per: \_\_\_\_\_

Per: \_\_\_\_\_

**OPTION AGREEMENT**

**DATED** for reference as of the 27th day of June, 1995

**BETWEEN:**

**DANIEL B. LARKIN**, an individual, of Calgary, Alberta

(herein referred to as the "**PROSPECTOR**")

**OF THE FIRST PART**

**AND:**

**INTERNATIONAL BUTEC INDUSTRIES CORP.**, a company duly incorporated under the laws of the Province of British Columbia, and having a place of business at Vancouver, British Columbia

(herein referred to as "**BUTEC**")

**OF THE SECOND PART**

**AND:**

**TROYMIN RESOURCES LTD.**, a company duly incorporated under the laws of the Province of Alberta, and having a place of business at Calgary, Alberta

(herein referred to as "**Troymin**")

**OF THE THIRD PART**

**WHEREAS:**

A. The **PROSPECTOR** is the beneficial owner of 21 claims situate in the Ungava area of New Quebec, in the Province of Quebec, as shown on Schedule "A" attached hereto and forming part of this agreement, and the **PROSPECTOR** is the beneficial owner of Mining Permit 1050 which surrounds the 21 claims and covers an area of 170.9 square kilometres, as described in Schedule "B" attached hereto and forming part of this agreement (herein the "**Property**");

B. **Troymin** is to acquire a corporation which will control a 50% interest in the **Property**, subject to the 3% Net Smelter Returns royalty herein provided for, in accordance with the terms set forth in an agreement between the **PROSPECTOR** and **Troymin** (the "**Troymin Option**");

C. **Troymin** has entered into this agreement to take advantage of the assumption of **BUTEC'S** obligations in clause 5;

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D. The **PROSPECTOR** has agreed to grant an option to **BUTEC** to acquire the remaining 50% interest in the Property, subject to a 3% Net Smelter Returns royalty herein provided for, in accordance with the terms hereinafter set forth;

**NOW THEREFORE THIS AGREEMENT WITNESSES AS FOLLOWS:**

1. The **PROSPECTOR** hereby grants to **BUTEC** the sole and exclusive option to purchase a 50% interest in the Property for and in consideration of the payment of the sum of \$283,750 in cash and 1,455,355 fully paid non-assessable shares, free of trading restrictions, of the capital of **BUTEC** at a deemed price of \$0.28 per share, based on the daily closing market price averaged over the 20 trading days immediately preceding the day of acceptance of the offer, 27 June 1995, subject to the acceptance by the Vancouver Stock Exchange (the "VSE") of this agreement (the "Regulatory Acceptance Date"), such cash to be paid and shares to be issued by **BUTEC** as follows:

- (a) on the Regulatory Acceptance Date, an initial payment to the **PROSPECTOR** of \$46,250;
- (b) on the Regulatory Acceptance Date, issue to the **PROSPECTOR** 517,857 common shares of **BUTEC**;
- (c) on or before 1 May 1996:
  - (i) a cash payment to the **PROSPECTOR** of \$62,500, and
  - (ii) after acceptance by the VSE of a progress report confirming that a minimum of \$125,000 has been expended on the Property following Phase I of the work programme recommended in the Evaluation Report on the Hawk Ridge Property, Northern Labrador Trough, Quebec, dated August 1995, by Ixion Research Group Inc. (with such modifications as may be approved by **BUTEC**'s consultants) and recommending further work on the Property of a minimum of \$150,000, the issuance by **BUTEC** to the **PROSPECTOR** of 223,214 common shares of **BUTEC**;
- (d) on or before 1 May 1997:
  - (i) a cash payment to the **PROSPECTOR** of \$175,000, and
  - (ii) after acceptance by the VSE of a progress report confirming that the work referred to in (c)(ii) has been completed and recommending further work on the Property of a minimum of \$225,000, the issuance by **BUTEC** to the **PROSPECTOR** of 714,284 common shares of **BUTEC**.

2. **BUTEC** may accelerate the payments in clause 1 by satisfying the latter due payments first, with the schedule of payments due remaining the same until all amounts have been paid.

3. If dealings with third parties provide **BUTEC** with payments in cash or shares that exceed the payments in clause 1, **BUTEC** shall accelerate payments, as described in clause 2, to an amount equal to 50% of the value by which payments to **BUTEC** by third parties exceed payments due to the **PROSPECTOR**. Accelerated payments are defined by the payment periods of this agreement and are final. Payments shall not be accelerated if payments to **BUTEC** by third parties are less than those due to the **PROSPECTOR** in the applicable period.

4. Notwithstanding clause 1, if at any time during the term of this agreement **BUTEC** fails to perform any obligation required to be performed hereunder or is in breach of a warranty given herein, which failure or breach materially interferes with the implementation of this agreement, **LARKIN** may terminate this Agreement, but only if:

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- (a) he shall have first given **BUTEC** a notice of default containing particulars of the obligation which **BUTEC** has not performed, or the warranty breached; and
- (b) **BUTEC** has not, within 7 days following delivery of the notice of default, cured the default or commenced proceedings to cure the default by appropriate payment or performance (**BUTEC** hereby agreeing that should it so commence to cure any default it will prosecute the same to completion without undue delay).

5. Should **BUTEC** fail to comply with the provisions of clause 4(b) hereof, then, at **Troymin's** option, the option to **BUTEC** to acquire a 50% interest in the Property may be assigned to **Troymin** and become subject to the terms of the **Troymin** Option, and **Troymin** shall have 60 days from the due date to cure the default, and thereafter make 100% of all payments as scheduled. If neither **BUTEC** nor **Troymin** pays \$691,250 in cash and fully paid and non-assessable shares of their capital within the time limited by clause 1 hereof, this agreement shall be null and void and **BUTEC** shall reconvey its interest in the Property to the **PROSPECTOR**. During the term of this agreement, neither **BUTEC** nor **Troymin** may change the ratio of their ownership in the Property without the consent of the **PROSPECTOR**. The parties agree that **BUTEC** shall have the same option to acquire **Troymin's** interest in the Property should **Troymin** default under the **Troymin** Option.

6. As additional consideration in order to maintain this agreement in good standing, **BUTEC** agrees to perform the following work commitments on the Property as minimum qualifying expenditures:

- (a) On or before 1 May 1996, \$125,000  
**BUTEC** will notify the **PROSPECTOR** by 1 June 1996 of the nature and approximate cost of exploration and development work, carried out prior to 1 May 1996, and shall provide to the **PROSPECTOR** all reports and all results relating to work carried out to 1 May 1996 by 1 August 1996;
- (b) On or before 1 May 1997, an additional \$150,000  
**BUTEC** will notify the **PROSPECTOR** by 1 June 1997 of the nature and approximate cost of exploration and development work, carried out prior to 1 May 1997, and shall provide to the **PROSPECTOR** all reports and all results relating to work carried out to 1 May 1997 and not previously reported by 1 August 1997;
- (c) On or before 1 May 1998, an additional \$225,000  
**BUTEC** will notify the **PROSPECTOR** by 1 June 1998 of the nature and approximate cost of exploration and development work, carried out prior to 1 May 1998, and shall provide to the **PROSPECTOR** all reports and all results relating to work carried out to 1 May 1998 and not previously reported by 1 August 1998;
- (d) On or before 1 May 1999, an additional \$250,000  
**BUTEC** will notify the **PROSPECTOR** by 1 June 1999 of the nature and approximate cost of exploration and development work, carried out prior to 1 May 1999, and shall provide to the **PROSPECTOR** all reports and all results relating to work carried out to 1 May 1999 and not previously reported by 1 August 1999;

Any work completed in excess of the required qualifying expenditure in any one year will be applied towards the qualifying expenditure required for the next year.

7. Upon performance by **BUTEC** of all of the obligations provided for in clauses 1 and 6, **BUTEC** shall have exercised the option and shall be entitled to become the legal and beneficial owner of a

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50% interest in the Property, subject to the Net Smelter Returns royalty, in accordance with the terms of this agreement.

8. The **PROSPECTOR** covenants with and warrants to **BUTEC** that, subject to the **Troymin Option**, he is fully authorized and empowered to enter into this agreement and to dispose of a 50% interest in the Property and that to the best of his knowledge the mineral claims comprising the Property are valid and subsisting and free and clear of any and all liens, charges, or encumbrances.

9. Subject to clause 10, **BUTEC** shall maintain its interest in the Property in good standing during the term of this agreement and shall not abandon or allow any of its interest in the mineral claims comprising the Property to expire without notifying the **PROSPECTOR** at least 3 months prior to any proposed abandonment or expiration. The **PROSPECTOR** may request that **BUTEC** retransfer no more than 3 parcels of a maximum of 20 claims each of any mineral claims proposed to be abandoned or allowed to expire to him. **BUTEC** shall file sufficient assessment work (or pay cash in lieu thereof) to maintain those claims which the **PROSPECTOR** requests be retransferred to him in good standing for a period of at least two years beyond the date of termination or expiration.

10. Notwithstanding clause 9, **BUTEC** agrees to maintain the mineral rights within the areas covered by the 10 Hope's Advance claims and the 11 PIO claims, which form part of the Property, during the term of this agreement.

11. **BUTEC** will be responsible only for any costs, claims, liabilities, and expenses arising out of the activities of **BUTEC** or its agents on the Property during the term of this agreement.

12. Upon receipt by the **PROSPECTOR** of cumulative payments of cash and shares valued at \$191,250, the **PROSPECTOR** agrees to execute and deliver to **BUTEC** a duly executed and recordable bill of sale subject to the Net Smelter Returns royalty, transferring a 50% interest in the Property to **BUTEC**, which shall be at liberty to record the same in its name.

13. Commencing on the date hereof and during the term of this agreement, subject to the **Troymin Option**, **BUTEC** shall have the exclusive possession of the Property and is granted the right by itself, its servants, agents, and assigns to go upon the Property and to perform such prospecting, exploration, and mining operations, and to remove such ore therefrom as **BUTEC** may from time to time determine, and, if warranted to equip the Property for production and to operate the Property as a mine for their account and benefit subject to the following:

- (a) The **PROSPECTOR** shall be entitled to receive and **BUTEC** shall pay to the **PROSPECTOR** one-half of total 3% of Net Smelter Returns retained by the **PROSPECTOR**;
- (b) "Net Smelter Returns" means the actual proceeds received from any mint, smelter, or other purchaser for the sale of bullion, concentrates, or ores produced from the Property and sold, after deducting from such proceeds the following charges to the extent that they are not deducted by the purchaser in computing payment:
  - (i) in the case of the sale of bullion, refining charges only,
  - (ii) in the case of the sale of concentrates, smelting and refining charges, penalties, and the cost of transportation of such concentrates from the Property to any smelter or other purchaser, and

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(iii) in the case of ores shipped to a purchaser, net smelter returns interest shall be 3% of the market value of the metal content of the ores less refining charges for bullion

and less charges for smelting, refining, and the cost of transportation (from the mill to any smelter or other purchaser) for concentrates;

- (c) payment of Net Smelter Returns payable to the **PROSPECTOR** hereunder shall be made quarterly within 60 days after the end of each calendar quarter. Upon a written request by the **PROSPECTOR** made within 120 days after the end of each calendar year for which Net Smelter Returns are payable to the **PROSPECTOR**, the records relating to the calculation of Net Smelter Returns for such year shall be audited and any resulting adjustments in the payment of Net Smelter Returns to the **PROSPECTOR** shall be settled between the **PROSPECTOR** and **BUTEC** forthwith after completion of the audit. The costs of the audit shall be borne by the **PROSPECTOR** if the Net Smelter Returns Royalty determined by the audit to have been payable to the **PROSPECTOR** for the calendar year is less than \$10,000 greater than the Net Smelter Returns Royalty as determined by **BUTEC** (and the subject matter of the audit) for such calendar year. Otherwise the costs of the audit shall be borne by **BUTEC**. All payments of Net Smelter Returns to the **PROSPECTOR** for a calendar year shall be deemed final and in full satisfaction of all obligations of **BUTEC** in respect thereof if an audit thereof is not requested as aforesaid or, if requested, if such payments or the calculations thereof are not disputed by the **PROSPECTOR** within 60 days after receipt by the **PROSPECTOR** of the audit. **BUTEC** shall have the right to commingle with ore from the Property ore produced from other properties owned or controlled by **BUTEC** provided **BUTEC** shall adopt and employ reasonable practices and procedures for weighing, sampling, and assaying in order to determine the amounts of products derived from, or attributable to, ore mined and produced from the Property. **BUTEC** shall maintain accurate records of the results of such sampling, weighing, and assaying with respect to any ore mined and produced from the Property. The **PROSPECTOR** or his authorized agent shall be permitted the right to examine at all reasonable times such records pertaining to commingling of ores or to the calculation of Net Smelter Returns;
- (d) any decision to place the Property into production shall be at the sole discretion of **BUTEC** and **BUTEC** shall be under no obligation, and nothing in this agreement shall be construed as creating an obligation upon **BUTEC**, to place the Property into production and, if the Property is placed into production and is operated as a mine, **BUTEC** shall have the unfettered right to suspend or curtail any such operation as it in its sole discretion may determine;
- (e) "**Commencement of Commercial Production**" means:
- (i) if a concentrator is located on the Property, the last day of a period of 40 consecutive days in which, for not less than 30 days, such concentrator processed ore from the Property at 60% of its rated concentrating capacity, or
- (ii) if no concentrator is located on the Property, the last day of the first period of 30 consecutive days during which ore has been shipped from the Property on a reasonably regular basis for the purpose of earning revenues;

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but no period of time during which ore or concentrate is shipped from the Property for testing purposes, and no period of time during which milling operations are undertaken as initial tune-up, shall be taken into account in determining the date of Commencement of Commercial Production;

14. **BUTEC** shall, at any time:
- (a) have the right to buy one-half percentage point of the three Net Smelter Returns percentage points of the **PROSPECTOR** for the sum of \$500,000;
  - (b) have a right of first refusal on an additional one-half percentage point of the Net Smelter Returns but the **PROSPECTOR** is not obligated to accept any offer.

The third Net Smelter Returns percentage point is free and clear of any encumbrances.

15. If this agreement is terminated, **BUTEC** will take all reasonable steps required to reconvey possession of the Property to the **PROSPECTOR** and all payments theretofor paid by **BUTEC** shall be retained by the **PROSPECTOR** as consideration for entering into this agreement and for the rights conferred on **BUTEC** hereby.

16. This is an option only and the doing of any act or making of any payment shall not obligate **BUTEC** to do any further act or make any further payment save to comply with the provisions of Clause 9 hereof.

17. **BUTEC** may, in its sole discretion, farm out portions or all of its interest in the Property to arms' length third parties provided that the agreements with third parties fully recognize all terms of this agreement. Any agreement with third parties must include acceptance of all rights herein granted to, the **PROSPECTOR**, including, but not limited to, the **PROSPECTOR'S** right to the Net Smelter Returns royalty, and the return to the **PROSPECTOR** of the Property should **BUTEC'S** assignee not comply with the terms of this agreement.

18. If during the period of this agreement **BUTEC** or third parties are unable to carry out fully or in part their obligations under this agreement, **BUTEC** shall give to the **PROSPECTOR** prompt notice of the *force majeure* with reasonably full particulars concerning it. Thereupon, except for obligations to make payments and to issue shares, the obligations of **BUTEC**, so far as they are affected by the *force majeure*, shall be suspended during, but no longer than, the continuance of the *force majeure*. **BUTEC** and any third parties shall use all reasonable diligence to remove the *force majeure* as quickly as possible, but such requirement shall not require settlement of strikes or other labour difficulties against the judgment of **BUTEC**. The term "*force majeure*" as employed herein shall mean an act of God, action of the elements, strike, lockout, or other industrial disturbance, act of an enemy of Canada, war blockade, public riot, civil disorder, flood, explosion, governmental restraint, unavailability of equipment, inability to obtain access to the Property, and any other cause, whether of the kind specifically enumerated or otherwise, which is not reasonably within the control of **BUTEC** claiming the suspension.

19. Upon the Regulatory Acceptance Date, the **PROSPECTOR**, at his option, may be appointed to the Board of Directors of **BUTEC**, such appointment to be ratified at the next annual general meeting of **BUTEC** and subject to regulatory approval.

20. Upon termination of this agreement prior to the exercise of the option granted hereby **BUTEC** shall deliver to the **PROSPECTOR** copies of all geological, geochemical, and geophysical reports and assays in possession of **BUTEC**.

21. Each of the parties hereto agrees to execute such further and other deeds, documents, and assurances, and to do such further and other acts as may be necessary to carry out the true intent and meaning of this agreement.

22. This agreement is subject to the acceptance by the Vancouver Stock Exchange.

23. This agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors, heirs, and assigns.

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the day and year first above written.

SIGNED, SEALED and DELIVERED )  
by DANIEL B. LARKIN in the )  
presence of: )

"Signed" )  
\_\_\_\_\_)  
JOHN D. KEATING )  
CALGARY, ALBERTA )

"Daniel B. Larkin" )  
\_\_\_\_\_)  
DANIEL B. LARKIN )

The Corporate Seal of INTERNATIONAL )  
BUTEC INDUSTRIES CORP. was hereunto )  
affixed in the presence of: )

"Signed" )  
\_\_\_\_\_) )

c/s

The Corporate Seal of TROYMIN )  
RESOURCES LTD. was hereunto )  
affixed in the presence of: )

"Signed" )  
\_\_\_\_\_) )  
D. McCLEARY )

c/s

**SCHEDULE "A" TO AN OPTION LETTER AGREEMENT**

**DATED JUNE 21, 1995 BETWEEN**

**TROYMIN et al AND D.B. LARKIN**

The mineral rights of this agreement are as follows:

Claim #	Expiry Date	Assessment Credits Remaining
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Hope's Advance Claims

NTS 24N04

Lac-Voltz

4033661	1997 04 30	\$2,316.34
4033662	1997 04 30	\$2,316.34
4033663	1997 04 30	\$2,316.34
4033664	1997 04 30	\$2,316.34
4033665	1997 04 30	\$2,316.34
4033671	1997 04 30	\$2,316.34
4033672	1997 04 30	\$2,316.34
4033673	1997 04 30	\$2,316.34
4033674	1997 04 30	\$2,316.34
4033675	1997 04 30	\$2,316.34

PIO Claims

NTS 24K13

Lac-Lucille

5030401	1997 06 04	\$0.00
5030402	1997 06 04	\$0.00
5030403	1997 06 04	\$900.00
5030404	1997 06 04	\$0.00
5030405	1997 06 04	\$0.00
5030406	1997 06 04	\$0.00
5030407	1997 06 04	\$0.00
5030408	1997 06 04	\$0.00
5030409	1997 06 04	\$0.00
5030410	1997 06 04	\$0.00
5030417	1997 06 04	\$0.00

Mining Exploration License # 01050 issued by the Province of Quebec having an area of approximately 170 square km as outlined on Schedule "B" attached hereto. A copy of this License will be attached hereto as soon as available but no later than the closing of the formal agreement.

## PURCHASE AND SALE AGREEMENT

### HAWK RIDGE QUEBEC

THIS AGREEMENT made effective the 1<sup>st</sup> day of June, 2000

**BETWEEN:**

**662707 ALBERTA LTD.**, a body corporate having an office in the City of Calgary, in the Province of Alberta  
(the "Purchaser")

- and -

**INTERNATIONAL BUTEC INDUSTRIES CORPORATION**, a body corporate having an office in the City of Vancouver, in the Province of British Columbia  
(the "Vendor")

1. The Vendor hereby agrees to sell and the Purchaser hereby agrees to purchase, on the terms, for the consideration and subject to the conditions herein, all of the Vendor's undivided fifty (50%) per cent right, title and interest in and to all those rights, licences and privileges to explore for, drill for and extract minerals from the permits and claims as set out in Schedule A attached hereto (the "Permits") and any and all tangible property of every nature and kind associated therewith (the "Tangibles"). (The Permits and the Tangibles shall be herein collectively referred to as the "Assets".) The Purchaser acknowledges that the Assets are encumbered by one-half of a three percent (3%) net smelter returns royalty interest in favour of Daniel Larkin.
2. Subject to the terms and conditions hereof, the sale and purchase of the Assets herein provided for shall be closed on June 1, 2000, effective as at such date.
3. The consideration for the sale and purchase of the Assets shall be the sum of SEVENTY-FIVE THOUSAND (\$75,000) Dollars payable by the Purchaser to the Vendor upon receipt by the Purchaser of Transfers of Mining Rights in registerable form duly executed by the Vendor for each of the Permits.
4. The Vendor hereby represents and warrants that:
  - a. it has full power and absolute authority to sell and convey the Assets in accordance with the terms and conditions specified herein, provided that the Vendor shall not be bound to convey and shall not warrant any better title to the Assets than it now has or is entitled to receive; and
  - b. it has not entered into any contracts, commitment or transaction pertaining to the Assets.



## SCHEDULE A

### PERMITS

Exploration Mining Permit # PEM 001050 as more particularly described and detailed in Appendix I attached hereto.

#### Mineral Claims

Hopes Advance Claims	NTS 24N04	Lac Voltz
Claim #		Expiry Date
4083661		30 April 2001
4083662		30 April 2001
4083663		30 April 2001
4083664		30 April 2001
4083665		30 April 2001
4083671		30 April 2001
4083672		30 April 2001
4083673		30 April 2001
4083674		30 April 2001
4083675		30 April 2001

Pio Claims	NTS 24K13	Lac-Lucille
Claim #		Expiry Date
5030401		4 June 2001
5030402		4 June 2001
5030403		4 June 2001
5030404		4 June 2001
5030405		4 June 2001
5030406		4 June 2001
5030407		4 June 2001
5030408		4 June 2001
5030409		4 June 2001
5030410		4 June 2001
5030417		4 June 2001

# APPENDIX I

## GOVERNEMENT DU QUEBEC Ministère des Ressources naturelles

Modification de la description technique du territoire  
couvert par le permis d'exploration minière numéro  
0001050 accordé à 662707 Alberta Ltd (50%) et International Butech  
Industries Corp. (50%)

Un territoire d'une superficie de 90.60 kilomètres carrés, situé au nord du cinquante-deuxième degré de latitude, délimité par une ligne brisée reliant les points suivants, exprimés en coordonnées transverses universelles de Mercator (U.T.M.) :

### ETENDUE 1

<u>POINTS</u>	<u>COORDONNE EST</u>	<u>COORDONNEE NORD</u>	<u>PERMIS ADJ</u>	<u>ZONE</u>
1	452600	6561705		19
2	455511	6561705		19
3	455511	6557225		19
4	457000	6557225		19
5	457000	6555000		19
6	452600	6555000		19

De cette étendue sont exclus les claims: 4083661,  
4083662,4083663,4083664,4083665,4083671,  
4083672,4083673,4083674 et 4083675,

Superficie approximative : 21.26km<sup>2</sup>

### ETENDUE 2

1	456542	6551000		19
2	460041	6551000		19
3	461000	6548610		19
4	461000	6545637		19
5	462548	6545637		19
6	462548	6543560		19
7	464095	6543560		19
8	464095	6541577		19
9	458865	6541577		19
10	458865	6545610		19
11	456542	6545610		19

Superficie approximative : 40.92km<sup>2</sup>

### ETENDUE 3

1	466453	6539500		19
2	466453	6537498		19
3	467658	6537498		19
4	467658	6535497		19
5	468000	6535497		19
6	468000	6534000		19
7	462363	6534000		19
8	462363	6535479		19
9	462000	6535479		19
10	462000	6537500		19
11	461226	6537500		19
12	461226	6539500		19

De cette étendue sont exclus les claims:

5030401, 5030402, 5030403, 5030404, 5030405, 5030406, 5030407, 5030408, 5030409, 5030410 et 5030417

Superficie approximative: 28.42km<sup>2</sup>

Superficie approximative retenue à l'intérieur du permis : 90.60km<sup>2</sup>

Coordonnées U.T.M. du système de référence géodésique nord-américain 1927.

Le tout tel qu'indiqué en rouge sur la carte de claims S.N.R.C. 24N/04 et 24K/13 (à l'usage du ministère) à l'échelle de 1:50 000 et classée au dossier du Service de l'imposition et des titres d'exploration du Ministère des Ressources naturelles.

Charlesbourg, le 17 juillet 1998

“Micheline Laberge”  
Micheline Laberge, registraire  
Service de l'imposition et  
des titres d'exploration

Permis d'exploration minière no 0001050

**SCHEDULE "C"**

**POST TRANSACTION AND FINANCING SHARE CAPITAL**

Schedule C

Schedule C

Post Transaction and Financing Share Capital

Share Capital / Going Public	Number of Shares	Share or Unit Price	Total Cash Invested	Percentage	Notes
OVC Shareholders - common shares issued before 2008, OVC controlled by Team at Urban Select	4,000,000		\$ -	12.48%	>250 shareholders
Haywood Broker exercised warrants converted to shares (2008)	260,790	\$ 0.20		0.81%	
Convertible Debt from Management team	1,939,230	\$ 0.20	\$ 193,923	6.05%	Some creditors including Min kuang, David, Jas and Lawyers have agreed to convert their debt to equity at a deemed price of Private Placement and invest in Management round of \$0.05.
New OVC seed shares to be issued to management team (1)	2,000,000	\$ 0.05	\$ 100,000	6.24%	2.0 million shares to be distributed by New BOD and Management team
New OVC seed shares to be issued to Urban Select (1)	1,000,000	\$ 0.05	\$ 50,000	3.12%	1.0 million shares to to Urban Select
New OVC seed shares to be issued to investor from China partner (1)	1,000,000	\$ 0.05	\$ 50,000	3.12%	1.0 M shares to China partners subject to \$0.20 financing
Common Shares to be issued pursuant to the concurrent financing ("Private Placement") (3)	9,500,000	\$ 0.20	\$ 1,900,000	29.64%	\$1.9M from China partners
Common Shares to be issued pursuant to the concurrent financing ("Private Placement") (3)	8,000,000	\$ 0.20	\$ 1,600,000	24.96%	Urban Select, as Financial advisor, will complete a non-brokered concurrent financing of Min of \$3.5M and Max of \$5M.
Common Shares to be issued pursuant to the acquisition agreement with VRE ("share payment") (2)	3,750,000	\$ 0.20	\$ 750,000	11.70%	\$250,000 in share payment to VRE for property acquisition as part of buyout payment and geophysical survey up to \$500,000
Advisory fees to be issued to Gary Thompson and Urban Select	600,000	\$ 0.20	\$ 120,000	1.87%	as Finder fees to Urban Select and Gary
<b>Balance</b>	<b>32,050,020</b>		<b>\$ 3,700,000</b>	<b>100.00%</b>	
Shares Reserved (option) to be determined					
Common share warrants from Private Placement	8,750,000	\$ 0.40	\$ 3,500,000		Unit offering in the Private placement
Options to OVC Team	300,000	\$ 0.10	\$ 30,000		will check if it is expired
<b>Balance</b>	<b>9,050,000</b>				



Notes to Schedule C

- (1) OVC CPC has 6,200,020 common shares prior to the Transaction issued and outstanding. OVC will issue up to 4,000,000 management seed shares to management team or advisors at \$0.05/share.
- (2) To date, VRE's predecessor company has invested over \$18,000,000 into the Hawk Ridge Copper-nickel PGM property in Quebec, Canada. Orient Venture Capital Corporation ("OVC") to acquire 100% of the assets of the Hawk Ridge Copper-nickel PGM property of which Virginia owns 100%.
- (3) Concurrently, with the Merger, OVC will complete a non-brokered private placement of 17,500,000 units (the "Units") at a price of \$0.20 per Unit ("Concurrent Financing Price"), for gross proceeds of \$3,500,000 (the "Private Placement"). Each Unit be priced at \$0.20 and will consist of one Common Share and one half Common Share purchase warrant (a "Warrant"), each Warrant being exercisable for a period of two years after Closing at a price of \$0.40 in the first year and \$0.60 in the second year, subject to the Forced Exercise.

