



May 6, 2013

Firesteel Resources Inc.  
Suite 1051- 409 Granville Street  
Vancouver, BC V6C 1T2

**Attention: Michael Hepworth, President & Chief Executive Officer**

Dear Sirs:

**Re: Letter of Intent**

The following will constitute our letter of intent (“**LOI**”) outlining the conditions on which Prosper Gold Corp. (“**Prosper**”) and Firesteel Resources Inc. (“**Firesteel**”) will enter into a definitive option agreement (the “**Definitive Agreement**”) based on the terms attached hereto as Schedule “A” (the “**Term Sheet**”).

1. **Description of the Transaction.** The proposed transaction (the “**Transaction**”) involves the parties entering into the Definitive Agreement, which will provide for the grant to Prosper of an option to acquire a 80% interest (the “**Interest**”) in certain mining claims comprising the Copper Creek property set out in Schedule “B” to this LOI, which are located in the Province of British Columbia, (the “**Property**”), through the expenditure of an aggregate of \$5 million in exploration expenditures, the payment of an aggregate of \$1,000,000 to Firesteel and the issuance of an aggregate of 1,000,000 common shares of Prosper to Firesteel, all on the terms outlined in the Definitive Agreement. Upon Prosper earning the Interest, Prosper and Firesteel will agree to participate in a joint venture for the further exploration and development of the Property.
2. **Conditions Precedent.** This LOI is subject to Prosper obtaining TSXV acceptance and completing a financing in the amount of no less than \$2.5 million. Prosper shall use reasonable commercial efforts to satisfy such conditions precedent in a timely fashion. In any event, if Prosper has not provided notice to Firesteel that such conditions precedent have been satisfied or waived on or before the 90<sup>th</sup> day following the execution and delivery of this LOI by Firesteel, this LOI and the option to acquire the Interest shall terminate unless otherwise agreed by Prosper and Firesteel.
3. **Qualifying Transaction.** The Transaction will constitute Prosper’s Qualifying Transaction, as defined in the Policy 2.4 - *Capital Pool Companies* (“**Policy 2.4**”) of the Exchange. The parties acknowledge that the policies of the TSXV will require various items to be submitted and provided in connection with the TSXV’s approval of the Transaction, including a technical report prepared by a qualified person in compliance with National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* (the “**NI 43-101 Report**”), a filing statement (the “**Filing Statement**”) prepared in accordance with TSXV Form 3B2, which provides full, true and plain disclosure of all material facts relating to the parties, the Transaction and the resulting issuer.
4. **Due Diligence.** Prosper shall have a due diligence period commencing upon the execution of this letter by all parties and expiring on the 15<sup>th</sup> day after the date of the execution of this letter (the “**Due**”).

**Diligence Period**”). During the Due Diligence Period, Prosper will have the right to conduct a full due diligence investigation, as more particularly set forth in Section 5. If as a result of these due diligence investigations Prosper determines that there exists a change, effect, event, circumstance, fact or occurrence that is, or would reasonably be expected to be, material and adverse to the business, operations, assets, condition (financial or otherwise) or prospects of the Property, then Prosper will have the option by 5:00 p.m. (Vancouver time), on the last day of the Due Diligence Period, to terminate this letter, without liability, unless such date and time is mutually extended by the parties in writing.

5. **Access to Information.** Firesteel shall allow representatives of Prosper such access to the Property and the books, records, technical data, documents and personnel relating to the Property as may be reasonably necessary for Prosper to carry out a due diligence investigation of the Property. Firesteel shall make all relevant legal, financial and technical data relating to the Property available to Prosper.

6. **Documentation.** Upon execution of this LOI, Prosper will commence to prepare a draft Definitive Agreement incorporating the terms and conditions of the Term Sheet and this LOI and such other terms and conditions as are consistent herewith or are agreed to by the parties. The Definitive Agreement will contain such representations, warranties, conditions, covenants and indemnities as are customary in transactions of the type contemplated hereby and those matters further described in the Term Sheet. Prosper and Firesteel agree to negotiate the Definitive Agreement in good faith to enter into the Definitive Agreement as soon as practicable but in any event no later than June 15, 2013, unless otherwise mutually agreed.

7. **Publicity.** Prosper will issue a comprehensive press release regarding this LOI immediately upon its execution by Prosper and Firesteel in the form and including the information as required by Section 12.2 of the TSXV’s Policy 2.4 and agreed to by both parties, which form is subject to the approval of the TSXV. Thereafter, neither Prosper nor Firesteel will make announcements regarding the Transaction or any other transactions contemplated herein that have not been previously reviewed and commented on by the other of them, except that Firesteel and Prosper may issue news releases or make filings with regulatory authorities or stock exchanges if its counsel advises that such news release or filing is necessary in order to comply with applicable law or the rules and policies of any securities regulatory authority or stock exchange having jurisdiction over it, in which case it will first make a reasonable commercial effort to obtain the approval of the other of them, acting reasonably, which consent will not be unreasonably withheld or delayed.

8. **Exclusivity.** Until the date of execution of the Definitive Agreement or upon any date upon which Prosper and Firesteel mutually agree to terminate negotiations pertaining to the Transaction, each of the parties hereto will not, nor will it permit any of its respective directors, officers, affiliates, employees, representatives or agents (including and without limitation, investment bankers, attorneys and accountants) directly or indirectly to, solicit, discuss, encourage or accept any offer for the purchase of such party or the business or the assets of such party, whether as a primary or backup offer, or take any other action with the intention or reasonable foreseeable effect of leading to any commitment or agreement to sell such party or business or the assets of such party (an “**Alternative Transaction**”). Each party represents and warrants to the other that it is not currently in any discussions or negotiations with any other person with respect to any Alternative Transaction. Each party will promptly notify the other party of any Alternative Transaction of which any director, senior officer or agent of the party is or becomes aware of, any amendment to any of the foregoing or any request for non-public information relating to the party. Such notice will include a description of the material terms and conditions of any such proposal and the identity of the person making such proposal, inquiry, request or contact. If either party shall terminate this LOI as a result of that party entering into, or intending to enter into, a definitive agreement with respect to an Alternative Transaction, then such party shall pay the other party a

termination fee (the “**Termination Fee**”) in the amount of \$100,000, subject to, and in accordance with, the rules and policies of the TSXV.

9. **Costs.** All costs and expenses, including legal fees and disbursements, incurred in connection with the negotiation and preparation of this LOI and the Definitive Agreement and the consummation of transactions contemplated hereby and thereby shall be borne by the party that incurred same.

10. **Termination.** Obligations of the parties under this letter of intent shall terminate upon the earlier of: (a) execution of the Definitive Agreement; (b) the written agreement of the parties to terminate this LOI and the parties’ obligations hereunder; (c) termination in accordance with Section 2 and Section 8; and (d) termination by Prosper in accordance with Section 4, provided that the provisions of Sections 9 and 11 shall survive termination.

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

12. **Legal Effect.** This letter, when executed and delivered by Prosper to Firesteel, will set forth only the parties’ mutual understanding with respect to the Transaction and the basis on which the parties will proceed forward as they negotiate the Definitive Agreement in good faith. The parties each acknowledge that this letter does not contain all matters upon which agreement must be reached in order for the Transaction to be agreed to or consummated, and therefore does not constitute a binding agreement or commitment with respect to the Transaction itself; provided however, that it is the intention of the parties that paragraphs 4 to 11 and this paragraph 12, and the agreements and obligations of the parties set forth therein, will be legally binding upon and enforceable against the parties upon execution and delivery of this letter. Except as set forth in the preceding sentence, a binding agreement or commitment with respect to the Transaction will result only from the execution of the Definitive Agreement, and neither this letter, nor any draft of the Definitive Agreement, or any course of conduct, dealing or performance in respect thereto, will create any binding agreement or commitment on the part of any party with respect to the Transaction, and neither party will have any liability to the other party with respect to the Transaction unless and until the Definitive Agreement is prepared, executed and delivered by and between the parties. Any failure to complete the Definitive Agreement, for whatever reason, other than breach of the obligation of a party to negotiate in good faith, will not result in any right of action by or claims for damages, expenses or equitable relief by either party. The parties hereto will be legally bound to proceed with the Transaction herein outlined only to the extent of, and in accordance with, the terms and conditions contained in the Definitive Agreement.

***[Remainder of page left intentionally blank.]***

13. **Counterparts.** This letter may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which will constitute one and the same instrument.

If the foregoing is in accordance with your understanding, please indicate below by executing and returning a copy of this letter to us on or before Monday, May 6, 2013.

Yours truly,

**PROSPER GOLD CORP.**

By: "Peter Bernier"  
Name: Peter Bernier  
Title: CEO & President

Accepted and agreed as of \_\_\_May 6\_\_\_\_\_, 2013

**FIRESTEEL RESOURCES INC.**

By: "Michael Hepworth"  
Name: Michael Hepworth  
Title: CEO & President

## SCHEDULE A – Term Sheet

**Participants** Prosper Gold Corp. (“**Prosper**”), and Firesteel Resources Inc. (“**Firesteel**”) (collectively, the “**Participants**”)

**Property** The Copper Creek property and certain claims staked by Firesteel located in the Province of British Columbia (the “**Property**”)

**Schedule of Expenditures and Share Payments** Prosper will have the exclusive option (the “**Option**”) to acquire an 80% interest (the “**Interest**”) in the Property by incurring exploration expenditures, making cash payments and issuing shares as follows:

<b>Due Dates</b>	<b>Shares to be Issued</b>	<b>Cash Payments</b>	<b>Exploration Expenditures</b>	<b>% Earned</b>
Within 5 business days of final approval from the TSX Venture Exchange (“ <b>TSXV</b> ”) of Prosper’s qualifying transaction	100,000	\$100,000	Nil	Nil
18 months after TSXV approval (“ <b>Second Payment</b> ”)	200,000	\$200,000	\$1 million	51%
36 months after TSXV approval (“ <b>Third Payment</b> ”)	200,000	\$200,000	\$2,000,000	Further 19%
48 months after TSXV approval (“ <b>Fourth Payment</b> ”)	500,000	\$500,000	\$2,000,000	Further 10%
<b>Totals</b>	<b>1,000,000</b>	<b>\$1,000,000</b>	<b>\$5,000,000</b>	<b>80%</b>

\* cumulative expenditures on either of the Property at the discretion of Prosper.

Within 30 days of completing the Second Payment, Prosper may elect to make the Third Payment and Fourth Payment on an expedited basis and, if such payments are made, Prosper shall be entitled to subscribe for that number of common shares of Firesteel that is equal to a 19.9% interest in Firesteel at a price per Firesteel share equal to the lowest price permitted by the TSXV.

**Interest** The Participants’ Interests in the Property after the exercise of the Option shall be:

- (a) in the case of Prosper, an 80% interest; and
- (b) in the case of Firesteel, a 20% interest.

Upon Prosper earning the Interest, Prosper and Firesteel agree to participate in joint ventures for the further exploration and development of the Property, and, if deemed warranted, to bring the Property or a portion thereof into commercial production by establishing and operating a mine(s).

Prior to the date of Prosper earning the Interest (the “**Operative Date**”), Firesteel will not be required to contribute to the costs of the Property (including claim maintenance fees, exploration and development costs). After the Operative Date, all benefits, rights, profits, obligations, expenses, losses and liabilities to be derived from the Property shall be allocated to or borne by the Participants in accordance with their Interests.

If a Participant elects or is deemed to have elected not to contribute to the Program and Budget (as defined herein), then the Interest of that Participant will be decreased and the Interest of the other Participants will be increased so that at all times the Interest of each Participant will be that percentage which is equivalent to its contributions or deemed contributions to Program and Budget expressed as a percentage of the contributions or deemed contributions to Program and Budget of all Participants.

A Participant whose Interest is reduced to 10% will be deemed to have surrendered its Interest to the remaining Participant and shall retain a 1.0% net smelter royalty.

**Permitting**

Immediately upon execution of this LOI by the parties hereto, Prosper shall be entitled to commence applying for the applicable permits for the further exploration of the Property. Firesteel hereby grants Prosper with the authority to apply for such permits and acknowledges such right, which right shall exist until the Operative Date. On and after the Operative Date, such right will be governed by the terms of any joint venture agreement between the parties hereto for the further exploration and development of the Property.

**Property Ownership**

The Property is registered in the name of Firesteel.

**Structure**

The Definitive Agreement shall be a contractual option and joint venture agreement in respect of the exploration, development, construction, and operation of the Property.

**Sale of Prosper Shares**

If Firesteel wishes to sell any or all of the Prosper shares held by it at any time, Firesteel shall give notice to that effect to Prosper and Prosper shall have the opportunity to find a purchaser or purchasers for such Prosper shares (a “**Placee Shareholder**”). The Notice shall specify the number of Prosper shares that Firesteel wishes to sell (the “**Subject Shares**”), and shall irrevocably offer to sell the Subject Shares for cash, to the Placee Shareholder, at the price set forth in the Notice. Prosper shall have ten business days (the “**Offer Period**”) following its receipt of the notice to find a Placee Shareholder or Placee Shareholders to purchase some or all of the Subject Shares.

**Operator**

**Appointment of**

Prosper will act as operator (the “**Operator**”) of the Property until the

**Operator** Operative Date, at which time the Operator will be the party with the largest Interest.

**Duties of Operator** Before the Operative Date, the Operator shall have full authority as agent acting for and on behalf of the Participants to do everything necessary or desirable in accordance with good practice in connection with the exploration of the Property. After the Operative Date, the Operator shall have the obligation to:

- (1) prepare each Program and Budget (as defined herein) for submission to the Executive Committee, and implement the Programs and Budgets approved by the Executive Committee (as defined herein);
- (2) employ and engage such employees, agents, and independent contractors as the Operator may consider necessary or advisable to carry out his duties and obligations;
- (3) manage, direct and control all exploration, development and production operations in, on and under the Property in a prudent manner, and in compliance with all applicable laws, rules, orders, regulations and policies;
- (4) prepare and deliver progress reports to each of the members of the Executive Committee on a quarterly and annual basis;
- (5) maintain, in accordance with the applicable accounting procedures, true and correct books, accounts and records of operations
- (6) keep the Property in good standing free and clear of all encumbrances;
- (7) arrange for and maintain appropriate insurance coverage; and
- (8) perform its duties and obligations in a manner consistent with good exploration and mining industry practices.

**Executive Committee** After the Operative Date, an Executive Committee shall be established composed of two representatives of Prosper and one representative of Firesteel (the “**Executive Committee**”). The chair shall be a representative of Prosper at any time that Prosper has an interest of at least 50% in the Property, otherwise it shall be a representative of Firesteel.

The Executive Committee shall meet at least once every three months provided that any Participant shall have the right to call a meeting of the Executive Committee on 10 business days’ notice.

**Powers and Duties of the Executive Committee** The Executive Committee shall be responsible for the overall management and direction of the Property operation and shall have the right to:

- (a) appoint and replace the Operator;
- (b) ensure that all work is carried out in accordance with sound industry

practice and in adherence to a safety, health and environmental policy;

- (c) approve, modify, or reject or request the revision of, any Program and Budget;
- (d) make the Development Decision (as defined herein); and
- (e) decide upon all other matters not expressly delegated to the Operator.

**Votes**

All votes of the Executive Committee shall be carried by a simple majority of interest in the Property and in the event of an equal number of votes for and against a motion, the chair shall have a second, additional or casting vote.

**Programs, Budgets and Funding**

**Periods**

There will be three periods contemplated in the Definitive Agreement:

- (a) the “**Feasibility Period**” commencing on the effective date of the Definitive Agreement and ending after the date the Executive Committee makes a decision to proceed with the development of a mine on the Property based on a feasibility study (the “**Development Decision**”);
- (b) the “**Development Period**” commencing on the date of the Development Decision and ending on the commencement of commercial production;
- (c) the “**Operating Period**” commencing on the date on which commercial production is commenced and ending upon the termination of such commercial production.

**Programs and Budgets**

All activities and expenditures in the Development Period and Operating Period will be carried out pursuant to a program and budget (“**Program and Budget**”) prepared by the Operator on a yearly basis and approved by the Executive Committee.

**Representations and Warranties**

**Regarding the Property**

Firesteel represents, warrants and covenants to Prosper as follows with respect to the Property, and acknowledges that Prosper is relying on such representations, warranties and covenants in entering into this LOI and the Definitive Agreement:

- (a) Firesteel has 100% right, title and interest in the Property free and clear of any claims, encumbrances, mortgages, leases, subleases, charges and liens and is in good standing under the laws governing the issue of exploration rights, mineral rights and exploitation rights applicable to the Property in British Columbia, other than the following:
  - i. Copper Creek: underlying royalty holders are entitled to either a 2% NSR royalty or a 0.5% NSR royalty from sales of production

on their portion of three blocks of mineral claims on the Property. Firesteel has the right to purchase the 2% royalty entitlements on two of these blocks for \$2,000,000.

- (b) Firesteel has not entered into any agreement or understanding with any third party with respect to rights to the Property, minerals thereon or products therefrom and has otherwise not made any material commitment in respect of the Property and has complied with all laws applicable to the Property or activities carried out thereon; and
- (c) there are no outstanding obligations or liabilities, contingent or otherwise, under any applicable environmental, mining or other law, including reclamation or rehabilitation work, associated with the Property or arising out of past exploration, development and/or mining activities carried out thereon other than ongoing obligations for claim maintenance fees.

### **Miscellaneous Terms**

#### **Encumbrance Restrictions**

A Participant shall not encumber its interest in the Property unless the grantee of the encumbrance agrees to be bound by the Definitive Agreement if it realizes upon its security.

#### **Limitation on Transfer**

No Participant shall transfer, convey, assign, mortgage, grant an option in respect of, grant a right to purchase or in any other manner dispose of or alienate any or all of its direct or indirect interest in the Property or transfer or assign any of its rights under this LOI without the prior written consent of the other Participant, which consent shall not be unreasonably withheld.

#### **Right of First Refusal on Remaining 20%**

If, after the Operative Date, Firesteel wishes to transfer, directly or indirectly, all or any part of its interest in the Property, Prosper shall have a pre-emptive right to acquire such Interest at a price based on the metal content on the Property, the formula of which will be set out in the Definitive Agreement.

#### **Force Majeure**

The obligations of a Participant pursuant to the Definitive Agreement shall be suspended to the extent and for the period that performance of any obligation of such Participant is prevented by any cause, whether foreseeable or unforeseeable, and beyond its reasonable control.

#### **Default**

If any Participant (a “**Defaulting Participant**”) is in default of any requirement in the Definitive Agreement herein set forth the Participant affected by such default will give written notice to the Defaulting Participant and they will have 30 days to take reasonable steps to cure the default and if the Defaulting Participant fails to take reasonable steps to cure any such default, the affected Participant will be entitled to seek any remedy it may have on account of such default including terminating the Definitive Agreement.

#### **Regulatory and other Approvals**

The Definitive Agreement will be subject to approval of the board of directors of Prosper and Firesteel, and regulatory approval, including the approval of the TSX Venture Exchange.

- Assignment** Prosper and Firesteel may assign the Definitive Agreement to another wholly owned Affiliate of Prosper or Firesteel as the case may be, without the consent of the other Party.
- Termination** The Definitive Agreement may be terminated by (i) the written agreement of the Participants to terminate, or (ii) the failure of any of the Participants to fulfill their respective obligations under the Definitive Agreement.
- Governing Law** The Definitive Agreement shall be governed and interpreted and applied in accordance with the laws in force in the Province of British Columbia and the federal laws of Canada applicable therein.

**SCHEDULE B – Property**

(to be verified during due diligence)

Copper Creek									
Tenure ID	Issue Date	Good To Date	Claim Name	Tag Number	Area (ha)	Title Type Desc.	Owner Name	Percent Ownership	Number of Owners
400922	01-Mar-03	08-Aug-13	PC 4	243116	500	Four Post Claim	FIRESTEEL RESOURCES INC.	100	1
408888	05-Mar-04	08-Aug-13	CC 7	693410M	25	Two Post Claim	FIRESTEEL RESOURCES INC.	100	1
408891	05-Mar-04	08-Aug-13	CC 10	693415M	25	Two Post Claim	FIRESTEEL RESOURCES INC.	100	1
408892	05-Mar-04	08-Aug-13	CC 11	693416M	25	Two Post Claim	FIRESTEEL RESOURCES INC.	100	1
392224	08-Mar-02	08-Aug-13	COPPER CREEK 1	71071	450	Four Post Claim	FIRESTEEL RESOURCES INC.	100	1
408890	05-Mar-04	08-Aug-13	CC 9	693412M	25	Two Post Claim	FIRESTEEL RESOURCES INC.	100	1
392225	08-Mar-02	08-Aug-13	COPPER CREEK 2	71072	450	Four Post Claim	FIRESTEEL RESOURCES INC.	100	1
408889	05-Mar-04	08-Aug-13	CC 8	693411M	25	Two Post Claim	FIRESTEEL RESOURCES INC.	100	1
408893	13-Mar-04	08-Aug-13	CC 12	246712	450	Four Post Claim	FIRESTEEL RESOURCES INC.	100	1
408884	05-Mar-04	08-Aug-13	CC 3	245679	450	Four Post Claim	FIRESTEEL RESOURCES INC.	100	1
408887	05-Mar-04	08-Aug-13	CC 6	713688M	25	Two Post Claim	FIRESTEEL RESOURCES INC.	100	1
408885	05-Mar-04	08-Aug-13	CC 4	245680	450	Four Post Claim	FIRESTEEL RESOURCES INC.	100	1
400918	01-Mar-03	08-Aug-13	CC 2	235433	500	Four Post Claim	FIRESTEEL RESOURCES INC.	100	1
400921	01-Mar-03	08-Aug-13	PC 3	243115	500	Four Post Claim	FIRESTEEL RESOURCES INC.	100	1
518533	29-Jul-05	08-Aug-13			204.285	Mineral Cell Title Submission	FIRESTEEL RESOURCES INC.	100	1
518534	29-Jul-05	08-Aug-13			408.718	Mineral Cell Title Submission	FIRESTEEL RESOURCES INC.	100	1
518535	29-Jul-05	08-Aug-13			1021.565	Mineral Cell Title Submission	FIRESTEEL RESOURCES INC.	100	1
518536	29-Jul-05	08-Aug-13			1124.433	Mineral Cell Title Submission	FIRESTEEL RESOURCES INC.	100	1
551609	11-Feb-07	08-Aug-13	COPPER NORTH		170.29	Mineral Cell Title Submission	FIRESTEEL RESOURCES INC.	100	1
				<b>Total (Ha)</b>	<b>6829.291</b>				