Union Securities Ltd.
Suite 115, 240 – 4th Avenue SW
Calgary, Alberta, T2P 4H4

October 12, 2007

Columbus Silver Corporation
Suite 910 - 475 Howe Street
Vancouver, BC
V6C 2B3, Canada

Attention: Robert F. Giustra, President and Chief Executive Officer

Re: **Proposed Initial Public Offering of Units**

Dear Mr. Giustra:

Subject to the terms and conditions herein, Union Securities Ltd. ("Union Securities" or the "Agent") would be pleased to act on behalf of Columbus Silver Corporation ("Columbus" or the "Company") as agent in connection with an initial public offering on a commercially reasonable basis of units (the "Units") issued by Columbus Silver Corporation pursuant to the general terms and conditions (subject to all necessary regulatory approvals) set out herein, including in the term sheet attached as Schedule "A" (the "Offering"). The purpose of this letter is to set forth our mutual understanding of the terms of our engagement.

The Agent proposes the following terms and conditions:

Agency Agreement:	The Agent and Columbus, prior to the closing (the "Closing") of the Offering, will negotiate, in good faith, an agency agreement (the "Agency Agreement") **which shall incorporate the terms and conditions hereof and contain such additional representations, warranties, covenants, notifications, indemnities, contribution provisions, rights of first refusal and conditions customary for transactions of this nature,** including due diligence out, market out, disaster out and material change out provisions.
Due Diligence:	Columbus shall allow the Agent and its representatives to conduct all due diligence investigations that the Agent may reasonably require to fulfill its obligations as Agent. Such due diligence shall be completed to the satisfaction of the Agent prior to the Closing of the Offering.
Syndication:	The Agent will be permitted to syndicate the Offering.
Currency:	All amounts are in Canadian dollars unless otherwise stated.
Work Fees:	Columbus will pay a non refundable work fee of $25,000 to the Agent ($15,000 upon signing of this letter and $10,000 upon closing of the offering).

Indemnity: The indemnity appended as Schedule "B" hereto is incorporated herein by reference and forms a part of this engagement letter. The provisions of Schedule "B" shall survive completion of the Offering and shall continue in full force and effect to the benefit of the Agent.

Confidentiality: The Agent will keep all information, data and documents provided to it in connection herewith confidential and shall not disclose any of the same not previously disclosed to the public except: (a) to employees and agents of the Company or its affiliates and to those officers, employees, agents and advisors of the Agent who require access thereto for the purpose of permitting the Agent to execute its obligations hereunder and who agree to keep such information, data and documents confidential and not to disclose the same; (b) as may be required by law in connection with any legal, stock exchange or regulatory proceedings; or (c) with the consent of the Company.

Jurisdiction: This agreement will be governed by and construed according to the laws prevailing in the Province of British Columbia and the federal laws of Canada applicable therein.

Counterparts: This agreement may be executed in one or more counterparts, in facsimile, portable electronic document format ("PDF") or original form, and when so executed shall form one agreement.

If the forgoing is acceptable to you, please execute a copy of this letter and return to Union Securities Ltd. together with a cheque for $25,000 ($15,000 as the non-refundable portion of the work fee and $10,000 as a legal deposit).

Yours very truly,

UNION SECURITIES LTD.

Per:
Name: John MacPhail
Title: Managing Director

The foregoing accurately reflects the terms of the transaction which we hereby agree to enter into and the undersigned agrees to be legally bound hereby.

Accepted this 31st day October, 2007.

COLUMBUS SILVER CORP.

Per:
Name: Robert F. Giustra
Title: President and Chief Executive Officer

SCHEDULE "A"

COLUMBUS SILVER CORPORATION

Term Sheet

Initial Public Offering of Units

Issuer:	Columbus Silver Corporation (the "Company")
Agent:	Union Securities Ltd. (the "Agent")
Description of Agency:	The Agent will act as the Company's exclusive agent to sell units (the "Units") in the capital of the Company as presently constituted in an initial public offering on a commercially reasonable basis. The Agent is not obligated under any circumstances to purchase any Units but may choose to do so in its sole discretion.
Issue:	Initial Public Offering of a minimum of 4,000,000 and up to a maximum of 7,000,000 million Units (the "Offering"). Each Unit will consist of one common share (a "Unit Share") with one common share purchase warrant (a "Warrant").
Issue Price:	$0.75 per Unit.
Size of the Offering:	A minimum of $3,000,000 and up to a maximum of $5,250,000.
Common Share Purchase Warrants:	Each common share purchase warrant will entitle the holder thereof to purchase an additional common share of the Company (a "Warrant Share") at $1.25 per share for a period of 18 months from the Closing Date (as herein defined). The warrants will be subject to an acceleration clause whereby if the shares of the Company close at or above $1.50 for a period of 20 consecutive trading sessions, the Company will have the option to require the early exercise of the warrants within 7 days formal notice from the Company.
Use of Proceeds:	To cover the exploration and the development of the silver properties in the United States
Over-Allotment Option:	Sell The Company will grant to the Agent an over-allotment option (the "Over-Allotment Option") to ~~purchase~~ up to an additional 15% Units at a price equal to the Issue Price. If exercised, such Over-Allotment Option must be executed within 15 business days of the final Closing Date and completed within 30 business days of the final Closing Date.
Right of First Refusal	The Agent shall have the Right of First Refusal to act as Agent for the Company with respect to any subsequent financing undertaken by the Company for a period of twelve months from the final Closing Date.
Offering Jurisdictions:	The Offering may be sold in Canada and other International Jurisdictions with prior company approval.
Closing:	All subscriptions for Units are anticipated to be completed and accepted by the Company on closing (the "Closing") to be effected on a date as agreed by the Agent and the Company (the "Closing Date"). Upon Closing, funds are to be released to the Company net of commissions and expenses.

Listing:	The Unit Shares comprised within the Units issued on Closing will be listed on the TSX Venture Exchange.
Costs and Expenses:	Whether or not the Offering is completed, reasonable offering costs, due diligence expenses, travel expenses and other expenses including the fees of the Agent's designated legal counsel (such fees not to exceed $45,000) plus disbursements and taxes shall be borne by the Company.
Agent's Commission:	7.5% in cash commission based on Units sold pursuant to the Offering and the Over-Allotment Option payable at Closing. In addition, the Company will issue to the Agent, at Closing, compensation options (the "Agent's Compensation Options") equal to 10% of all Units sold pursuant to the Offering and the Over-Allotment Option. Each Agent's Compensation Option entitles the Agent to purchase one Common Share of the Company at the Issue Price per Common Share at any time prior to the date that is 12 months from the final Closing Date.

1,050,000

105,000

SCHEDULE "B"

INDEMNITY

Columbus Silver Corporation (the "Indemnitor") hereby agrees to indemnify and hold Union Securities Ltd. (the "Agent") and each of the directors, officers, employees, sub-agents and shareholders of the Agent (hereinafter referred to as the "Personnel") harmless from and against any and all expenses, losses, claims, actions, damages or liabilities, whether joint or several (excluding lost profits and any other indirect or consequential damages but including the aggregate amount paid in reasonable settlement of any actions, suits, proceedings or claims), and the reasonable fees and expenses of its counsel that may be incurred in advising with respect to and/or defending any claim that may be made against the Agent to which the Agent and/or its Personnel may become subject or otherwise involved in any capacity under any statute or common law or otherwise insofar as such expenses, losses, claims, damages, liabilities or actions arise out of or are based, directly or indirectly, upon the performance of professional services rendered to the Indemnitor by the Agent and its Personnel hereunder or otherwise in connection with the matters referred to in the attached letter agreement, provided, however, that this indemnity shall not apply to the extent that a court of competent jurisdiction in a final judgment that has become non-appealable shall determine that:

(i) the Agent or its Personnel have been grossly negligent or exercised bad faith in the course of such performance; and

(ii) the expenses, losses, claims damages or liabilities, as to which indemnification is claimed, were directly caused by the gross negligence or bad faith conduct referred to in (i).

The Indemnitor hereby agrees to waive any right it may have of first requiring the Agent and/or its Personnel to proceed against or enforce any other right, power, remedy, security or claim payment from any other person before claiming under this indemnity.

If for any reason (other than the occurrence of any of the events itemized in (i) and (ii) above), the foregoing indemnification is unavailable to the Agent and/or its Personnel or insufficient to hold it harmless, then the Indemnitor shall contribute to the amount paid or payable by the Agent and/or its Personnel as a result of such expense, loss, claim, damage or liability in such proportion as is appropriate to reflect not only the relative benefits received by the Indemnitor on the one hand and the Agent on the other hand but also the relative fault of the Indemnitor and the Agent, as well as any relevant equitable considerations; provided that the Indemnitor shall in any event contribute to the amount paid or payable by the Agent as a result of such expense, loss, claim, damage or liability any excess of such amount over the amount of the fees received by the Agent hereunder pursuant to the attached letter agreement.

The Indemnitor agrees that in case (i) any legal proceeding shall be brought against the Indemnitor and/or the Agent and/or its Personnel by any governmental commission or regulatory authority or any stock exchange, or (ii) any entity having regulatory authority, either domestic or foreign, shall investigate the Indemnitor and/or the Agent and/or its Personnel, and any Personnel of the Agent shall be required to testify in connection therewith or shall be required to respond to procedures designed to discover information regarding, in connection with, or by reason of the performance of professional services rendered to the Indemnitor by the Agent, the Agent and/or its Personnel shall have the right to employ its own counsel in connection therewith, and the reasonable fees and expenses of such counsel as well as the reasonable costs (including a reasonable amount to reimburse the Agent for time spent by its Personnel in connection therewith) and out-of-pocket expenses incurred by their Personnel in connection therewith shall be paid by the Indemnitor as they occur.

Promptly after receipt of notice of the commencement of any legal proceeding against the Agent and/or its Personnel or after receipt of notice of the commencement of any investigation, which is based, directly or indirectly, upon any matter in respect of which indemnification may be sought from the Indemnitor, the Agent will notify the Indemnitor in writing of the commencement thereof and, the Indemnitor shall undertake the investigation and defence thereof on behalf of the Agent and/or any Personnel, as applicable, including the prompt employment of counsel reasonably acceptable to the Agent or the applicable Personnel affected and the payment of all reasonable expenses and throughout the course of any investigation or legal proceeding as contemplated herein, the Indemnitor will provide copies of all relevant documentation to the Agent, will keep the Agent advised of the progress thereof and will discuss with the Agent all significant actions proposed. Failure by the Agent to so notify the Indemnitor shall not relieve the Indemnitor of its obligation of indemnification hereunder unless (and only to the extent that) such failure results in forfeiture by the Indemnitor or material impairment of its substantive rights or defences.

No admission of liability and no settlement of any action shall be made without the prior written consent of the Indemnitor and the Agent or the Personnel affected, such consent not to be unreasonably withheld or delayed.

Notwithstanding that the Indemnitor shall undertake the investigation and defence of any action, the Agent or the Personnel affected shall have the right to employ separate counsel in any such action and participate in the defence thereof, but the fees and expenses of such counsel will be at the expense of the Agent or the Personnel affected unless (a) employment of such counsel has been authorized by the Indemnitor; (b) the Indemnitor shall not have assumed the defence of the action within 5 business days after receiving notice of the action; (c) the named parties to any such action include both the Indemnitor and the Agent or any Personnel and the Agent or the affected Personnel shall have been advised by counsel that there may be a conflict of interest between the Indemnitor and the Agent or the affected Personnel, as the case may be; or (d) there are one or more legal defences available to the Agent or the affected Personnel which are different from or in addition to those available to the Indemnitor.

The indemnity and contribution obligations of the Indemnitor shall be in addition to any liability which the Indemnitor may otherwise have, shall extend upon the same terms and conditions to the Personnel of the Agent and shall be binding upon and inure to the benefit of any successors, assigns, heirs and personal representatives of the Indemnitor, the Agent and any of the Personnel of the Agent. The Indemnitor constitutes the Agent as trustee for the other indemnified parties as contemplated herein of the covenants of the Indemnitor under this Schedule "A" and the Agent hereby agrees to accept such trust and to hold and enforce such covenants on behalf of such persons. The foregoing provisions shall survive the completion of professional services rendered under the attached letter agreement or any termination of the authorization given by the attached letter agreement.