

AGENCY AGREEMENT

March 22, 2011

Treasury Metals Inc.
130 King Street West, Suite 3680
Toronto, ON M5X 1B1

Attention: Martin Walter, Chief Executive Officer

Dear Sirs:

Cormark Securities Inc. (the "**Agent**") understands that Treasury Metals Inc. ("**Treasury**" or the "**Company**") proposes to issue and sell up to 3,125,000 common shares (the "**Flow-Through Shares**") of the Company at a price of \$1.60 per Flow-Through Share (the "**Flow-Through Share Issue Price**") for aggregate gross proceeds of \$5,000,000.

Upon and subject to the terms and conditions hereof, the Agent hereby agree to act as, and the Corporation by this Agreement appoints the Agent as, the sole and exclusive agents of the Company to offer the Flow-Through Shares for sale on the Closing Date at the Flow-Through Share Issue Price.

The Flow-Through Shares will be offered to Purchasers (as hereinafter defined) resident in each of the provinces of Canada (the "**Offering Jurisdictions**") on a private placement basis pursuant to exemptions from the prospectus requirements of applicable Securities Laws (as hereinafter defined). For greater certainty, the Flow-Through Shares will be offered only in the Offering Jurisdictions and not outside of Canada.

The Agent shall be entitled to appoint, at the Agent's expense, a soliciting dealer group consisting of other registered dealers for the purposes of arranging for purchases of the Flow-Through Shares. The Agent shall ensure that any investment dealer who is a member of any soliciting dealer group formed by the Agent pursuant to the provisions of this Agreement or with whom the Agent has a contractual relationship with respect to the Offering, if any, agrees with the Agent to comply with the covenants and obligations given by the Agent herein.

In consideration of the Agent's services to be rendered in connection with the Offering (as defined below), including the agreement of the Agent to act as agent in connection with the Offering of the Flow-Through Shares, the Company shall (i) pay to the Agent at Closing (as defined below) a cash commission (the "**Commission**") equal to 6.0% of the gross proceeds realized by the Company in respect of the sale of the Flow-Through Shares, and (ii) issue to the Agent that number of compensation options that is equal to 6.0% of the aggregate number of Flow-Through Shares sold in the Offering, each such option being exercisable to acquire one Common Share for a period of 24 months following the Closing Date at the Flow-Through Issue Price. The obligation of the Company to pay the Commission and issue such options shall arise at the Closing Time against payment for the Flow-Through Shares and the Commission shall be fully earned by the Agent at that time.

DEFINITIONS

In this Agreement, in addition to the terms defined above or elsewhere in this Agreement, the following terms shall have the following meanings:

"**Act**" means the *Income Tax Act* (Canada), together with any and all regulations promulgated thereunder, as act may be amended, re-enacted or replaced from time to time;

"**Agreement**" means this agency agreement;

"**Business Day**" means any day except Saturday, Sunday or a statutory or civic holiday in the City of Toronto, or any other day on which the principal chartered banks located in the City of Toronto are not open for business;

"**Canadian Exploration Expenses**" or "**CEE**" means Canadian exploration expense incurred in 2011 of the nature referred to in paragraphs (f) or (g) of the definition of "Canadian exploration expense" in subsection 66.1(6) of the Act or that would be described in paragraph (h) of such definition if the reference therein to " paragraphs (a) to (d) and (f) to (g.1)" were a reference to paragraph (f) and (g) or incurred in 2012 of the nature referred to in paragraph (f) of the definition of "Canadian exploration expense" in subsection 66.1(6) of the Act or that would be described in paragraph (h) of such definition if the reference therein to "sections (a) to (d) and (f) to (g.1)" were a reference to paragraph (f), excluding expenses that are "Canadian exploration and development overhead expenses" (as defined in the Regulations for purposes of paragraph 66(12.6)(b) of the Act) of the Corporation, the amount of any assistance described in paragraph 66(12.6)(b) of the Act, amounts which constitute specified expenses for seismic data described in paragraph 66(12.6)(a.1) of the Act or any expenses for prepaid services or rent that do not qualify as outlays and expenses for the period as described in the definition of "expense" in subsection 66(15) of the Act;

"**Canadian GAAP**" means Canadian generally accepted accounting principles as set forth in the Handbook of the Canadian Institute of Chartered Accountants or a successor entity, as amended from time to time;

"**Canadian Securities Regulators**" means, collectively, the applicable securities commission or securities regulatory authority in each of the Reporting Jurisdictions;

"**Closing**" means the completion of the issue and sale by the Company of the Flow-Through Shares as contemplated by this Agreement;

"**Closing Date**" means March 22, 2011 or such other date as the Company and the Agent may agree in writing;

"**Closing Time**" means 8:00 a.m. (Toronto time) on the Closing Date or such other time on the Closing Date as the Company and the Agent may agree in writing;

"**Commitment Amount**" means the Flow-Through Share Issue Price multiplied by the number of Flow-Through Shares subscribed and paid for pursuant to the Subscription Agreements;

"**Common Shares**" means the common shares of the Company, which the Company is authorized to issue as constituted on the date hereof;

"**Company's Auditors**" means such firm of chartered accountants as the Company may have appointed or may from time to time appoint as auditors of the Company;

"**CRA**" means the Canada Revenue Agency;

"**Debt Instrument**" means any loan, bond, debenture, promissory note or other instrument evidencing indebtedness (demand or otherwise) for borrowed money or other liabilities;

"**Disclosure Documents**" means, collectively, all of the documentation which has been filed by or on behalf of Treasury with the relevant Canadian Securities Regulators pursuant to the requirements of applicable Canadian Securities Laws, including all press releases, material change reports (excluding any confidential material change report) and financial statements of the Company;

"**Environmental Laws**" has the meaning ascribed thereto in section 3.1(II);

"**Equity Securities**" has the meaning ascribed thereto in section 6 hereof;

"**Expenditure Period**" means the period commencing on the date of acceptance by the Company of the Subscription Agreements and ending on the earlier of (a) the date on which the Commitment Amount has been fully expended in accordance with the terms hereof and the Subscription Agreements; and (b) December 31, 2012;

"**Financial Statements**" has the meaning ascribed thereto in section 3.1(f);

"**Flow-Through Amount**" means the aggregate amount paid by Purchasers for the Flow-Through Shares;

"**Subscription Agreements**" means the Subscription Agreements for the Flow-Through Shares;

"**Governmental Authority**" means any (a) multinational, federal, provincial, state, regional, municipal, local or other government, governmental or public department, ministry, central bank, court, tribunal, arbitral body, bureau or agency, domestic or foreign, (b) any subdivision, agent, commission, board, or authority of any of the foregoing, or (c) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any foregoing, and any stock exchange or self-regulatory authority and, for greater certainty, includes the Securities Regulators;

"**Material Agreement**" means any material note, Debt Instrument, indenture, mortgage or other form of indebtedness and any material contract, commitment, agreement (written or oral), instrument, lease or other document, including licence agreements and agreements relating to intellectual property, to which the Company or a Material Subsidiary is a party;

"**misrepresentation**", "**material fact**", "**material change**", "**affiliate**", "**associate**", and "**distribution**" have the respective meanings ascribed thereto in the *Securities Act* (Ontario);

"**NI 43-101**" means National Instrument 43-101 - *Standards of Disclosure for Mineral Projects* adopted by the Canadian Securities Regulators;

"**Offering**" means the issuance and sale of the Flow-Through Shares pursuant to this Agreement;

"**Person**" shall be broadly interpreted and shall include any individual, corporation, partnership, joint venture, association, trust or other legal entity;

"**Personnel**" has the meaning ascribed thereto in section 11(a) hereof;

"Prescribed Forms" means the forms prescribed from time to time under subsection 66(12.7) of the Act to be filed by the Company within the prescribed times renouncing to the Purchasers the Resource Expenses incurred in respect of Flow-Through Shares and all parts or copies of such forms required by CRA and any applicable provincial taxation authority to be delivered to the purchasers of Flow-Through Shares;

"Principal Business Corporation" means a "principal-business corporation" as defined in subsection 66(15) of the Act;

"Proceedings" has the meaning ascribed thereto in section 21 hereof;

"Purchasers" means the persons who, as purchasers, acquire the Flow-Through Shares by duly completing, executing and delivering Subscription Agreements and any other required documentation and permitted assignees or transferees of such persons from time to time and paying the Flow-Through Issue Price thereof;

"Qualifying Expenditures" means expenses that are CEE which qualify as "flow-through mining expenditures" as defined in subsection 127(9) of the Act at the date they are incurred to the extent permitted to be renounced to the Purchasers under the Subscription Agreements;

"Reporting Jurisdictions" means the provinces of British Columbia and Ontario;

"Securities Laws" means, the securities acts of the Reporting Jurisdictions and the respective regulations made thereunder, together with applicable published fee schedules, prescribed forms, policy statements, orders, blanket rulings and other regulatory instruments of the securities regulatory authorities in such jurisdictions;

"Securities Regulators" means, collectively, the TSX and the securities commissions or other securities regulatory authorities in the Reporting Jurisdictions;

"Standard Listing Conditions" has the meaning ascribed thereto in section 3.1(x) hereof;

"Subscription Agreements" means the subscription and renunciation agreements in respect of the Flow-Through Shares each in the form agreed upon by the Agent and the Company pursuant to which each of the Purchasers agree to subscribe for and purchase the Flow-Through Shares and shall include, for greater certainty, all schedules thereto;

"subsidiary" has the meaning ascribed thereto in the *Business Corporations Act* (Ontario);

"Taxes" has the meaning ascribed thereto in section 3.1(i) hereof;

"to the Company's knowledge", "to the knowledge of the Company" or words of similar effect means that no information or fact has come to the attention of any senior officer of the Company, including, but not be limited to, the Chief Executive Officer and the Chief Financial Officer, after due enquiry, which has given such person actual knowledge to the contrary concerning the existence or absence of the facts or circumstances referred to;

"Transfer Agent" means Equity Financial Trust Company, in its capacity as transfer agent and registrar of the Company at its principal offices in the city of Toronto, Ontario;

"TSX" means the Toronto Stock Exchange; and

"United States" means the United States of America, its territories and possessions, any state of the United States and the District of Columbia.

TERMS AND CONDITIONS

1. Corporation's Covenants Related to the Offering.

- (a) The Company hereby covenants to the Agent and to the Purchasers and their permitted assigns, and acknowledges that each of them is relying on such covenants in purchasing the Flow-Through Shares, that the Company shall:
- (i) allow the Agent to conduct all due diligence which it reasonably requires to conduct in order to fulfill its obligations to the Purchasers;
 - (ii) make available its directors, senior management, technical advisors, auditors and counsel to answer any questions which the Agent may have and to participate in one or more due diligence sessions to be held prior to Closing;
 - (iii) duly execute the Subscription Agreements which have been duly completed by the Purchasers subject to the terms thereof, and duly and punctually perform all the obligations to be performed by it under this Agreement and the Subscription Agreements;
 - (iv) use its commercially reasonable efforts to fulfil or cause to be fulfilled, at or prior to the Closing Date, each of the conditions required to be fulfilled by it set out in section 5;
 - (v) use its commercially reasonable efforts to obtain the necessary regulatory consents and conditional approval of the TSX for the Offering prior to the Closing Time on such conditions as are acceptable to the Agent and the Company, acting reasonably;
 - (vi) fulfill all legal requirements to permit the creation, issuance, offering and sale of the Flow-Through Shares, all as contemplated in this Agreement and file or cause to be filed all documents, applications, forms or undertakings required to be filed by the Company and take or cause to be taken all action required to be taken by the Company in connection with the purchase and sale of the Flow-Through Shares;
 - (vii) during the period commencing on the date hereof and until completion of the distribution of the Flow-Through Shares, the Company will use its commercially reasonable efforts to promptly provide to the Agent drafts of any press releases of the Company for review by the Agent and the Agent's counsel prior to issuance, and will not publish those press releases (unless otherwise required by applicable Securities Laws) except with the prior approval of the Agent, which approval will not be unreasonably withheld or delayed; and
 - (viii) apply the net proceeds from the Offering to Canadian Exploration Expenses.

2. **Agent's Representations, Warranties and Covenants.**

The Agent hereby represents and warrants to, and covenants with the Company that:

- (a) it is duly qualified and registered in the appropriate category to offer and sell the Flow-Through Shares;
- (b) it shall offer and solicit offers for the purchase of the Flow-Through Shares in compliance with applicable Securities Laws and only from such persons and in such manner that, pursuant to applicable Securities Laws applicable to the offer and sale of the Flow-Through Shares under this Offering, such that no prospectus or other prescribed documents need be delivered or filed, other than any prescribed reports of the issue and sale of the Flow-Through Shares;
- (c) it shall not provide to prospective purchasers of Flow-Through Shares any document or other material that could constitute an offering memorandum within the meaning of the applicable Securities Laws without the prior written consent of the Company;
- (d) it will not offer or sell the Flow-Through Shares in any jurisdiction other than the Offering Jurisdictions in accordance with the terms of this Agreement;
- (e) it will comply with all applicable Securities Laws in connection with the Offering;
- (f) it will obtain from each Purchaser a completed and executed Subscription Agreement, together with all documentation as may be necessary in connection with subscriptions for Flow-Through Shares, as applicable, to ensure compliance with applicable Securities Laws and any conditional approval requirements of the TSX; and
- (g) it will refrain from advertising the Offering in (A) printed media of general and regular paid circulation, (B) radio, (C) television, or (D) telecommunication (including electronic display and the Internet) and not make use of any green sheet or other internal marketing document without the consent of the Company, such consent to be promptly considered and not to be unreasonably withheld.

3. **Representations and Warranties of the Company.**

The Company represents and warrants to the Agent that each of the following representations and warranties is true and correct on the date of this Agreement:

3.1 General Matters

- (a) The Company has been duly incorporated and is validly existing under the laws of its jurisdiction of incorporation, has all requisite corporate power and authority and is duly qualified and holds all certificates, authority, permits and licences issued by the appropriate provincial, municipal, federal regulatory agencies or bodies necessary (and has not received or is not aware of any modification or revocation to such licences, authority, certificates or permits) to carry on its businesses as now conducted and to own its properties and assets (except to the extent that the failure to hold such certificates, authority, permits or licences could not have a material adverse effect on the Company) and the Company has all requisite corporate power and authority to carry out its obligations under this Agreement.

- (b) The Company has no subsidiaries.
- (c) All consents, approvals, permits, authorizations or filings as may be required under applicable legislation and other relevant laws in the Reporting Jurisdictions necessary for the execution and delivery of this Agreement and the completion of the transactions contemplated hereby have been made or obtained, as applicable, other than in respect of those filings which are required to be made upon completion of the transactions contemplated hereby.
- (d) No proceedings have been taken, instituted or, to the knowledge of the Company, are pending for the dissolution or liquidation of the Company.
- (e) Each of the execution and delivery of this Agreement, the performance by the Company of its obligations hereunder, the issue and sale of the Flow-Through Shares and the consummation of the transactions contemplated hereby do not and will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, (whether after notice or lapse of time or both), (A) any statute, rule or regulation applicable to the Company including applicable laws and other relevant corporate and securities laws in the Reporting Jurisdictions; (B) the constating documents, by-laws or resolutions of the Company and its shareholders that are in effect at the date hereof; (C) any Debt Instruments, Material Agreement, mortgage, note, indenture, contract, arrangement, instrument, lease, or other document to which the Company is a party or by which it is bound, except for such conflicts or defaults that could not have a material adverse effect on the Company, either individually or in the aggregate; or (D) any judgment, decree or order binding the Company or the property or assets of the Company.
- (f) The comparative audited financial statements of the Company as at and for the year ended December 31, 2009 and the comparative unaudited interim financial statements of the Company as at and for the three and nine months ended September 30, 2010 (the "**Financial Statements**") have been prepared in accordance with generally accepted accounting principles in Canada consistently applied throughout the period referred to therein and present fairly, in all material respects, the financial position (including the assets and liabilities, whether absolute, contingent or otherwise) of the Company as at such dates and results of operations of the Company for the periods then ended and there has been no change in accounting policies or practices of the Company since December 31, 2009, except as disclosed in the notes to the Financial Statements.
- (g) There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations) or other relationships of the Company with unconsolidated entities or other persons that could reasonably be expected to have a material adverse effect on the Company.
- (h) There has been no adverse material change (actual, proposed or prospective, whether financial or otherwise) in the business, affairs, operations, assets, liabilities (contingent or otherwise) or capital of the Company since December 31, 2009, which has not been generally disclosed to the public and the business of the Company has been carried on in the usual and ordinary course consistent with past practice since December 31, 2009.
- (i) All taxes (including income tax, capital tax, payroll taxes, employer health tax, workers' compensation payments, property taxes, customs duties and land transfer taxes), duties,

royalties, levies, imposts, assessments, deductions, charges or withholdings and all liabilities with respect thereto including any penalty and interest payable with respect thereto (collectively, "**Taxes**") due and payable or required to be collected or withheld and remitted, by the Company have been paid, collected or withheld and remitted as applicable, except for where the failure to pay such Taxes could not have a material adverse effect on the Company have been filed with all appropriate governmental authorities and all such returns, declarations, remittances and filings are complete and accurate and no material fact or facts have been omitted therefrom that could make any of them misleading except where the failure to file such documents could not have a material adverse effect on the Company. To the knowledge of the Company, no examination of any tax return of the Company is currently in progress and there are no issues or disputes outstanding with any governmental authority respecting any taxes that have been paid, or may be payable, by the Company, and there are no agreements, waivers or other arrangements with any taxation authority providing for an extension of time for any assessment or reassessment of taxes with respect to the Company, except where such examinations, issues, disputes, assessments or reassessments could not have a material adverse effect on the Company.

- (j) The Company's Auditors who audited the audited financial statements of the Company as at and for the year ended December 31, 2009 and who provided their audit report thereon are independent public accountants as required under Canadian Securities Laws.
- (k) There has never been a "reportable event" (within the meaning of National Instrument 51-102 – *Continuous Disclosure Obligations*) between the Company and the present or former auditors of the Company.
- (l) No holder of outstanding securities of the Company is entitled to any pre-emptive or any similar rights to subscribe for any securities of the Company and no rights, warrants or options to acquire, or instruments convertible into or exchangeable for, any security in the capital of the Company are outstanding other than as set out in Schedule "A" hereto.
- (m) The information and statements set forth in the Disclosure Documents are true, correct and complete in all material respects and do not contain any misrepresentation, in each case, as of the date of such information or statements, and the Company has not filed any confidential material change reports or similar confidential report with any Canadian Securities Regulators that are still maintained on a confidential basis.
- (n) There is not, in the constating documents, by-laws or in any Debt Instrument, Material Agreement, arrangement, mortgage, note, debenture, indenture or other instrument or document to which the Company is a party, any restriction upon or impediment to, the declaration or payment of dividends by the directors of the Company or the payment of dividends by the Company to the holders of Common Shares.
- (o) Except as provided or made available to the Agent for its review, the Company is not party to or bound or affected by any commitment, agreement or document containing any covenant that expressly limits the freedom of the Company to compete in any line of business, transfer or move any of its assets or operations or that materially or adversely affects the business practices, operations or condition of the Company.

- (p) Other than as disclosed in the Disclosure Documents, no legal or governmental proceedings are pending to which the Company is a party or to which its property is subject that could result individually or in the aggregate in a material adverse effect on the Company and to the knowledge of the Company no such proceedings have been threatened against or are contemplated with respect to the Company or its properties.
- (q) The Company has conducted and is conducting its business in material compliance with all applicable laws and regulations of each jurisdiction in which it carries on business (including all applicable federal, provincial, state, municipal and local environmental, anti-pollution and licensing laws, regulations and other lawful requirements of any governmental or regulatory body, including relevant exploration and exploitation permits and concessions) and, other than as disclosed in the Disclosure Documents, has not received a notice of non-compliance, nor know of, nor has reasonable grounds to know of, any facts that could give rise to a notice of non-compliance with any such laws, regulations or permits that could have a material adverse effect on the Company.
- (r) Other than as disclosed in the Disclosure Documents, the Company is not aware of any pending or contemplated change to any applicable law or regulation or governmental position that could have a material adverse effect on the Company or could materially adversely affect the business of the Company operates.
- (s) This Agreement has been duly authorized, executed and delivered by the Company and this Agreement constitutes a valid and binding obligation of the Company enforceable against the Company in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium and other laws relating to or affecting the rights of creditors generally and except as limited by the application of equitable principles when equitable remedies are sought, and by the fact that rights to indemnity, contribution and waiver, and the ability to sever unenforceable terms, may be limited by applicable law.
- (t) At the Closing Time, all necessary corporate action will have been taken by the Company to validly authorize and issue the Flow-Through Shares as fully paid and non-assessable Common Shares.
- (u) As of the date hereof (and prior to giving effect to the Offering), the authorized capital of the Company consists of an unlimited number of Common Shares, of which 43,710,319 Common Shares are issued and outstanding as fully paid and non-assessable and no preferred shares are issued and outstanding as fully paid and non-assessable.
- (v) The Company is a reporting issuer, or the equivalent thereof, in British Columbia and Ontario. The Company is not currently in default of any requirement of the Canadian Securities Laws and the Company is not included on a list of defaulting reporting issuers maintained by any of the securities regulators of the provinces of Canada.
- (w) The Company has not taken any action which could reasonably be expected to result in the delisting or suspension of trading of the Common Shares on the TSX and the Company is currently in material compliance with the rules and regulations of the TSX.
- (x) The Flow-Through Shares and the Compensation Option Shares have been conditionally approved for listing on the TSX, subject only to the standard conditions set out in a letter of the TSX dated March 11, 2011 (the "**Standard Listing Conditions**").

- (y) No order ceasing or suspending trading in any securities of the Company or the trading of any of the Company's issued securities is currently outstanding and no proceedings for such purpose are, to the knowledge of the Company, pending or threatened.
- (z) All information (including the Disclosure Documents) which has been prepared by the Company relating to the Company and its business, property and liabilities and either publicly disclosed or provided to the Agent, including all financial and operational information provided to the Agent, are as of the date of such information, true and correct in all material respects and does not contain a misrepresentation and no material fact or facts have been omitted therefrom that could make such information materially misleading.
- (aa) The Company has not, directly or indirectly, declared or paid any dividend or declared or made any other distribution on any of its securities or, directly or indirectly, redeemed, purchased or otherwise acquired any of its securities or agreed to do any of the foregoing other than as has been publicly disclosed.
- (bb) All filings and fees required to be made and paid by the Company pursuant to applicable laws and general corporate and securities laws in the Offering Jurisdictions have been made and paid except where failure to make such filing or pay such fees could not have a material adverse effect on the Company, and such disclosure and filings were true and accurate in all material respects as at the respective dates thereof and the Company has not filed any confidential material change reports.
- (cc) Except as set out in the Disclosure Documents, or as otherwise disclosed to the Agent, to the knowledge of the Company none of the directors, officers or employees of the Company, any known holder of more than ten per cent of any class of shares of the Company, or any known associate or affiliate of any of the foregoing persons or companies (as such terms are defined in the *Securities Act* (Ontario)), has had any material interest, direct or indirect, in any material transaction within the previous two years or has any material interest in any proposed material transaction involving the Company which, as the case may be, materially affected, is material to or will materially affect the Company.
- (dd) The Company does not have in place a shareholder rights plan or similar plan.
- (ee) To the Company's knowledge, neither the Company nor any of its shareholders is a party to any shareholders agreement, pooling agreement, voting trust or other similar type of arrangements in respect of outstanding securities of the Company.
- (ff) No officer, director, employee or any other person not dealing at arm's length with the Company or to the knowledge of the Company, any associate or affiliate of such person, owns, has or is entitled to any royalty, net profits interest, carried interest, licensing fee, or any other encumbrances or claims of any nature whatsoever which are based on the revenues of the Company.
- (gg) The Company are in material compliance with all laws respecting employment and employment practices, terms and conditions of employment, occupational health and safety, pay equity and wages, except where such non-compliance could not constitute a material adverse effect on the Company. There is not currently any, or any reasonably foreseeable, material labour disruption or conflict involving the Company.

- (hh) The Company does not have any loans or other indebtedness outstanding that has been made to any of its shareholders, officers, directors or employees, past or present, or any person not dealing at "arm's length" (as such term is defined in the *Income Tax Act* (Canada)) with the Company other than indebtedness with respect to salaries or fees owing by the Company with respect to their employment or directorship.
- (ii) The assets of the Company and its business and operations are insured against loss or damage with responsible insurers to the extent and in the amounts set out in the Disclosure Documents, and such coverage is in full force and effect, and the Company has not breached the terms of any policies in respect thereof nor failed to promptly give any notice or present any material claim thereunder.
- (jj) Other than the Agent, there are no persons acting or purporting to act at the request or on behalf of the Company, that are entitled to any brokerage or finder's fee in connection with the Offering.
- (kk) Other than the Company, there is no person that is or will be entitled to the proceeds of this Offering under the terms of any Debt Instrument, Material Agreement, mortgage, note, indenture, contract, instrument, lease agreement (written or unwritten) or otherwise.
- (ll) Other than as disclosed in the Disclosure Documents, the Company (i) is in material compliance with any and all applicable foreign, federal, provincial, state and local laws and regulations relating to the protection of human health and safety, the environment or hazardous or toxic substances or wastes, pollutants or contaminants ("**Environmental Laws**"), (ii) has received all material permits, licences or other approvals required of it under applicable Environmental Laws to conduct its business, and (iii) is in material compliance with all terms and conditions of any such permit, licence or approval.
- (mm) Other than as disclosed in the Disclosure Documents or as otherwise disclosed to the Agent, there have been no past, and, to the knowledge of the Company, there are no pending or, threatened claims, complaints, notices or requests for information received by the Company with respect to any alleged violation of any Environmental Law and no conditions exist at, on or under any property now or previously owned, operated, leased or contracted to perform work by the Company that, with the passage of time, or the giving of notice or both, could give rise to liability under any Environmental Law that, individually or in the aggregate, has or could reasonably be expected to have, in any such case, a material adverse effect with respect to the Company.
- (nn) The Company is not party to any agreement, nor is the Company aware of any agreement, which in any manner affects the voting control of any of the securities of the Company.
- (oo) Except for equipment leases and similar obligations entered into by the Company in the ordinary course of business, the Company is not party to any Debt Instrument or any agreement, contract or commitment to create, assume or issue any Debt Instrument.
- (pp) The Company is not, nor to the knowledge of the Company, is any other person, in material default in the observance or performance of any term or obligation to be performed by it under any Material Agreement and no event has occurred that with notice or lapse of time or both could constitute such a default.

- (qq) The minute books and records of the Company that the Company has made available to the Agent and its counsel, Cassels Brock & Blackwell LLP, in connection with their due diligence investigation of the Company for the period from incorporation of the Company to the date of examination thereof, are all of the minute books and substantially all the material records of the Company for such period and contain copies of all material proceedings (or certified copies thereof) of the shareholders, the board of directors and all committees of the board of directors of the Company to the date of review of such corporate records and minute books. There have been no other material meetings, resolutions or proceedings of the shareholders, board of directors or, to the knowledge of the Company, any committees of the board of directors of the Company to the date of review of such corporate records and minute books not reflected in such minute books and other records.
- (rr) With respect to each of the premises that are material to the Company and that the Company occupies as tenant (the "**Leased Premises**"), the Company occupies the Leased Premises and has the right to occupy and use the Leased Premises and each of the leases pursuant to which the Company occupies the Leased Premises is in good standing in all material respects and in full force and effect. The performance of obligations pursuant to and in compliance with the terms of this Agreement and the completion of the transactions described herein by the Company, will not afford any of the parties to such leases or any other person the right to terminate such lease or result in any additional or more onerous obligations under such leases.
- (ss) Except as disclosed in the Disclosure Documents or as otherwise disclosed to the Agent, there are no actions, suits, proceedings or inquiries pending or, to the knowledge of the Company, threatened against or affecting the Company or its property or assets at law or in equity or before or by any federal, provincial, municipal or other governmental department, commission, board, bureau, agency or instrumentality other than those that could not have a material adverse effect on the business, operations or financial condition of the Company.
- (tt) There are no judgments against the Company that are unsatisfied, nor are there any consent decrees or injunctions to which the Company is subject.
- (uu) The Company is the beneficial owner of, or has the right to acquire certain interests in, the properties, business and assets referred to in the Disclosure Documents free of all mortgages, liens, charges, pledges, security interest, encumbrances, claims or demands whatsoever other than as disclosed in the Disclosure Documents, or set out below and any and all agreements pursuant to which the Company holds or will hold any such interest in property, business or assets are in good standing in all material respects according to their terms, and the properties are in good standing under the applicable statutes and regulations of the jurisdictions in which they are situated except, in either case, where it could not result in a material adverse effect on the Company and the Material, and to the Company's knowledge there are no unrecorded encumbrances on the properties, business and assets in which the Company has or will have an interest except for the rights of joint venture partners under the joint venture and operating agreements applicable to such properties, business or assets, and except as disclosed in the Disclosure Documents. No other property rights are necessary for the conduct of the business of the Company as currently conducted or contemplated to be conducted, the Company knows of no claim or basis for any claim that might or could adversely affect the right of the Company to use, transfer or otherwise exploit such property rights

and, except as disclosed in the Disclosure Documents, the Company has no responsibility or obligation to pay any commission, royalty, license fee or similar payment to any person with respect to the property rights thereof.

- (vv) To the knowledge of the Company, the operators or owners of the respective joint ventures, or trustees on their respective behalves, hold either freehold title, mining leases, mining claims or other conventional property, proprietary or contractual interests or rights, recognized in the jurisdiction in which a particular property is located in respect of the ore bodies and minerals located in properties in which the Company have an interest as described in the Disclosure Documents under valid, subsisting and enforceable title documents or other recognized and enforceable agreements or instruments, sufficient to permit the Company and/or its joint venture partners to explore or mine the minerals relating thereto, all such property, leases or claims and all property, leases or claims in which the Company has any interest or right have been validly located and recorded in accordance with all applicable laws and are valid and subsisting, the operators or owners of the respective joint ventures, or trustees on their respective behalves, have all necessary surface rights, access rights and other necessary rights and interest relating to the properties in which the Company has an interest as described in the Disclosure Documents granting the joint ventures the right and ability to mine or explore for minerals, ore and metals for development purposes as are appropriate in view of rights and interests therein, with only such exceptions as do not materially interfere with the use made by the joint ventures of the rights or interests so held and each of the proprietary interests or rights and each of the documents, agreements and instruments and obligations relating thereto referred to above are currently in good standing.
- (ww) Any and all of the agreements and other documents and instruments pursuant to which the Company holds its property and assets (including any interest in, or right to earn an interest in, any property) are valid and subsisting agreements, documents or instruments in full force and effect, enforceable in accordance with the terms thereof, the Company is not in default of any of the material provisions of any such agreements, documents or instruments nor has any such default been alleged. None of the properties (or any interest in, or right to earn an interest in, any property) of the Company are subject to any right of first refusal or purchase or acquisition rights that are not disclosed in the Disclosure Documents other than rights of first refusal in certain of the Company's joint venture agreements that are customary in the mining business.
- (xx) The Company has duly filed with the applicable regulatory authorities in compliance with applicable Securities Laws all reports required by NI 43-101, and all such reports comply with the requirements of NI 43-101.
- (yy) The Company is not, and upon the issuance and sale of the Flow-Through Shares and application of the net proceeds of the Offering will not be, an "investment company" or an entity "controlled" by an investment company, as such terms are defined in the United States Investment Company Act of 1940, as amended.
- (zz) The Company is, and will be at the time it issues the Flow-Through Shares, a "foreign private issuer" as such term is defined in Rule 405 under the U.S. Securities Act.

3.2 Tax Matters

- (a) The Company hereby represents and warrants to the Agent and acknowledges that the Agent is relying thereon that:
- (i) the Company has the full corporate right, power and authority to enter into the Subscription Agreements to issue the Flow-Through Shares in connection therewith and to incur and renounce to each of the Purchasers, Qualifying Expenditures in an amount equal to their respective Commitment Amounts;
 - (ii) the incurring and renouncing of Qualifying Expenditures to the Purchasers pursuant to the Subscription Agreement, does not and will not constitute a breach of or default under the constating documents of the Company or any law, regulation, order or ruling applicable to the Company or any agreement, contract or indenture to which the Company is a party or by which it is bound;
 - (iii) the Company is a Principal Business Corporation;
 - (iv) upon issuance, but for any agreement of which the Company has no knowledge, the Flow-Through Shares issued to Purchasers will be "flow-through shares" as defined in subsection 66(15) of the Act and will not constitute "prescribed shares" for the purpose of Regulation 6202.1 of the Act;
 - (v) the Company has no reason to believe that it will be unable to incur (or be deemed to incur) Qualifying Expenditures during the Expenditure Period in an amount at least equal to the Commitment Amount or that it will be unable to renounce to the Purchasers effective on or before December 31, 2010 Qualifying Expenditures in an amount equal to the Commitment Amount; and
 - (vi) the Company has not breached any flow-through share agreement to which it is or was a party and, in particular, the Company has not failed to incur and renounce expenses which it covenanted to incur and renounce nor has the Minister of National Revenue ("**MNR**") or the Company reduced pursuant to subsection 66(12.73) of the Act any amount renounced by the Company.
- (b) The Company covenants and agrees with the Agent:
- (i) to keep proper books, records and accounts of all Qualifying Expenditures and all transactions affecting the Commitment Amount and the Qualifying Expenditures and, in the event the Canada Revenue Agency (or any provincial taxation authority) denies or proposes to deny the deduction of Qualifying Expenditures renounced to the Purchasers under the Subscription Agreements and upon reasonable notice and on a reasonable basis, to make such books, records and accounts available for inspection and review by or on behalf of the Purchasers at the Purchasers' expense for the sole purpose of responding to the demand or proposal of the Canada Revenue Agency (or any provincial taxation authority);
 - (ii) to incur (or be deemed to incur), during the Expenditure Period, Qualifying Expenditures in such amount as enables the Company to renounce to the Purchasers, Qualifying Expenditures in an amount equal to the Commitment Amount;

- (iii) to renounce to the Purchasers, effective on or before December 31, 2011, Qualifying Expenditures incurred during the Expenditure Period as required under the Act in an amount equal to the Commitment Amount;
- (iv) to deliver to the Purchasers within the time period required by the Act and, in any event, not later than March 1, 2012, all applicable forms prescribed under the Act setting forth the aggregate amounts of Qualifying Expenditures renounced to the Purchasers under the Subscription Agreements;
- (v) that all Qualifying Expenditures renounced to the Purchasers pursuant to the Subscription Agreements will be Qualifying Expenditures incurred by (or deemed to be incurred by) the Company that, but for the renunciation to the Purchasers, the Company could be entitled to deduct in computing its income for the purposes of Part I of the Act if it had sufficient income;
- (vi) that the Company will not reduce the amount to be renounced to the Purchasers under the Subscription Agreements and, in the event the MNR reduces the amount renounced to the Purchasers under the Subscription Agreements pursuant to subsection 66(12.73) of the Act, the Company shall indemnify the Purchasers as to, and pay to the Purchasers, an amount equal to the amount of any tax payable under the Act (within the meaning of Regulation 6202.1(5)(b) under the definition of "excluded obligation" and proposed Regulation 6202.1(5)(c) and under any corresponding provincial legislation) by the Purchasers as a consequence of such reduction, such payment to be made on a timely basis once the amount is definitively determined. This indemnity is in addition to and not in derogation of any other recourse or rights of action the Purchasers may have against the Company. For certainty, the foregoing indemnity shall have no force or effect and the Purchasers shall not have any recourse or rights of action to the extent that such indemnity, recourse or rights of action could otherwise cause the Flow-Through Shares to be "prescribed shares" within the meaning of either of Regulation 6202.1(1) of the Act;
- (vii) that if the Company does not renounce to the Purchasers Qualifying Expenditures equal to the Commitment Amount effective on or before December 31, 2011, the Company shall indemnify the Purchasers as to, and pay to each Purchaser, an amount equal to the amount of any tax payable under the Act (within the meaning of Regulation 6202.1(5)(b) under the definition of "excluded obligation" and proposed Regulation 6202.1(5)(c) and under any corresponding provincial legislation) by the Purchasers as a consequence of such failure, such payment to be made on a timely basis once the amount is definitively determined. This indemnity is in addition to and not in derogation of any other recourse or rights of action the Purchasers may have against the Company. For certainty, the foregoing indemnity shall have no force or effect and the Purchasers shall not have any recourse or rights of action to the extent that such indemnity, recourse or rights of action would otherwise cause the Flow-Through Shares to be "prescribed shares" within the meaning of either of Regulation 6202.1(1) of the Act;
- (viii) that the Company shall renounce Qualifying Expenditures to Purchasers under the Offering pro rata based on the number of Flow-Through Shares issued or to be issued pursuant thereto before or concurrent with renouncing Qualifying

Expenditures pursuant to any other agreement (a "**Subsequent Agreement**") which the Company shall enter into after the Closing Date. If the Company is required under the Act or by the MNR to reduce Qualifying Expenditures previously renounced to Purchasers under the Offering, such reduction shall be made, to the extent possible, pro rata based on the number of Flow-Through Shares issued under the Offering only after it has first reduced, to the extent possible, all Qualifying Expenditures renounced to persons under Subsequent Agreements;

- (ix) that the Company will maintain its status as a Principal Business Corporation until the earlier of January 1, 2013 and the date the Company has fulfilled its obligation to incur and renounce to the Purchasers Qualifying Expenditures in an amount equal to the Commitment Amount;
- (x) to file, within the time(s) prescribed by the Act (or any corresponding provincial tax legislation), all Prescribed Forms required under the Act to renounce Qualifying Expenditures equal to the Commitment Amount to the Purchasers effective on or before December 31, 2011 and to provide the Purchasers with a copy of all such forms as are required to be provided thereto, all on a timely basis and in no case later than March 1, 2012;
- (xi) that the Company will not be subject to the provisions of subsection 66(12.67) of the Act in a manner which impairs its ability to renounce Qualifying Expenditures to the Purchasers in an amount equal to the Commitment Amount;
- (xii) that the Company will refrain from entering into transactions or taking deductions which could otherwise reduce its cumulative CEE to an extent it could preclude renunciation of Qualifying Expenditures under the Subscription Agreements in an amount equal to the Commitment Amount as contemplated herein; and
- (xiii) if the Company amalgamates with any one or more companies, any shares issued or to be held by the Purchasers as a replacement for the Flow-Through Shares as a result of such amalgamation will qualify, by virtue of subsection 87(4.4) of the Act as "flow-through shares" as defined on subsection 66(15) of the Act.

4. **Agent's Compensation and Closing Deliveries.**

- (a) The Company shall, at the Closing Time:
 - (i) pay to the Agent the Commission; and
 - (ii) issue to the Agent that number of compensation options (the "**Compensation Options**") that is equal to 6.0% of the aggregate number of Flow-Through Shares sold in the Offering. Each Compensation Option will be exercisable to acquire one Common Share (a "**Compensation Option Share**") for a period of 24 months following the Closing Date at the Flow-Through Issue Price. Any such Common Shares issued on exercise of the Compensation Options will not be "flow-through shares" for purposes of the Act.

- (b) The purchase and sale of the Flow-Through Shares shall be completed at the Closing Time at the offices of Irwin Lowy LLP, Toronto, Ontario, or at such other place as the Agent and the Company may agree. At or prior to the Closing Time, the Company shall, subject to a non-certificated issue closing, duly and validly deliver to the Agent a certificate in definitive form representing the Flow-Through Shares registered in the name of each Purchaser or in such other name or names as the Agent may notify the Company in writing not less than 48 hours prior to Closing Time, against payment by the Agent to the Company, at the direction of the Company, in lawful money of Canada by wire transfer or, if permitted by applicable law, by certified cheque or bank draft payable at par in the City of Toronto, of an amount equal to the gross proceeds from the sale of the Flow-Through Shares being issued and sold hereunder less the Commission and all of the estimated out-of-pocket expenses of the Agent payable by the Company to the Agent in accordance with section 12 hereof.

5. Agent's Obligation to Complete the Offering.

The obligation of the Agent to close the purchase and sale by the Company of the Flow-Through Shares at the Closing Time shall be subject to the satisfaction of each of the following conditions (it being understood that the Agent may waive in whole or in part or extend the time for compliance with any of such terms and conditions without prejudice to its rights in respect of any other of the following terms and conditions or any other or subsequent breach or non-compliance, provided that to be binding on the Agent any such waiver or extension must be in writing and signed by it):

- (a) the Agent shall have received an opinion, dated as of the Closing Date and subject to customary qualifications, of Irwin Lowy LLP or from local counsel in the Offering Jurisdictions other than Ontario (it being understood that such counsel may rely to the extent appropriate in the circumstances, (i) as to matters of fact, on certificates of the Company executed on its behalf by a senior officer of the Company and on certificates of the transfer agent and registrar for the Company, as to the issued capital of the Company; and (ii) as to matters of fact not independently established, on certificates of the Company's Auditors or a public official) with respect to the following matters:
- (i) the Company is a corporation existing under the *Business Corporations Act* (Ontario)
 - (ii) the authorized capital of the Company;
 - (iii) the Company has all requisite corporate power and capacity to carry on its business as now conducted; to own, lease and operate its property and assets; to execute, deliver and perform its obligations under this Agreement; to issue and sell the Flow-Through Shares and to issue the Compensation Options;
 - (iv) the Flow-Through Shares have been duly authorized and validly allotted for issuance by the Company, and upon payment, will be validly issued as fully paid and non-assessable shares in the capital of the Company;
 - (v) the issuance and sale by the Company of the Flow-Through Shares to the Purchasers, and the issuance of the Compensation Options and Compensation Option Shares to the Agent, are exempt from the prospectus requirements of Canadian Securities Laws and no documents are required to be filed (other than

specified forms accompanied by requisite filing fees), proceedings taken or approvals, permits, consents or authorizations obtained under the Canadian Securities Laws to permit such issuance and sale;

- (vi) the first trade of the Flow-Through Shares and the Compensation Option Shares;
 - (vii) all necessary corporate action has been taken by the Company to authorize the execution and delivery of this Agreement, the Subscription Agreements and the Compensation Options, and the performance of its obligations hereunder and thereunder and this Agreement, the Subscription Agreements and the Compensation Options have been executed and delivered by the Company and constitute legal, valid and binding obligations of the Company enforceable against it in accordance with their terms, subject to customary qualifications;
 - (viii) the Flow-Through Shares and the Compensation Option Shares have been conditionally approved for listing on the TSX subject only to the Standard Listing Conditions;
 - (ix) the execution and delivery of this Agreement, the Subscription Agreements and the Compensation Options, the fulfilment of the terms hereof and thereof by the Company and the issuance, sale and delivery of the Flow-Through Shares and the Compensation Options to be issued, delivered and sold by the Company at the Closing Time do not and will not result in a breach of or default under, and do not and will not create a state of facts which, after notice or lapse of time or both, will result in a breach of or default under, and do not and will not conflict with any of the terms, conditions or provisions of the articles or by-laws of the Company or the *Business Corporations Act* (Ontario);
 - (x) the Flow-Through Shares issued to Purchasers are "flow-through shares" as defined in subsection 66(15) of the Act and the Flow-Through Shares do not constitute, as at the Closing Date, "prescribed shares" for the purposes of the definition of "flow-through share" in subsection 66(15) of the Act; and
 - (xi) Equity Financial Trust Company has been duly appointed the transfer agent and registrar for the Common Shares;
- (b) the Agent shall have received a favourable legal opinion dated as of the Closing Date, in form and substance satisfactory to the Agent and Agent's counsel, acting reasonably, from Black Sutherland LLP, regarding title to the Company's Goliath Gold Project;
- (c) the Agent shall have received a certificate, in form and substance acceptable to the Agent and its legal counsel, dated as of the Closing Date signed by the Chief Executive Officer or Chief Financial Officer of the Company (or such other officer or officers of the Company acceptable to the Agent, acting reasonably) with respect to:
- (i) the constating documents of the Company;
 - (ii) the resolutions of the Board of Directors of the Company related to the Offering, the allotment and sale of the Flow-Through Shares, the authorization of this Agreement, the Subscription Agreements, the Compensation Options and the other agreements and transactions contemplated by this Agreement; and

- (iii) the incumbency and signatures of signing officers of the Company;
- (d) the Flow-Through Shares and the Compensation Options Shares shall have been conditionally approved for listing on the TSX, subject to the conditions set out in the Standard Listing Conditions;
- (e) the Agent shall have conducted all due diligence inquiries and investigations and not identified any material adverse changes or misrepresentations or any items materially adversely affecting the Company's affairs which exist as of the date hereof but which have not been widely disseminated to the public;
- (f) the Agent shall have received a certificate of status in respect of the Company;
- (g) the Agent shall have received from the Company copies of information published on the internet from the Canadian Securities Regulators of the Reporting Jurisdictions providing evidence that the Company is not in default under such Securities Laws;
- (h) the Agent shall have received a certificate from Equity Financial Trust Company as to the number of Common Shares issued and outstanding as at a date no more than two Business Days prior to the Closing Date; and
- (i) the Agent shall have received such further certificates, opinions and other documentation from the Company as may be contemplated herein or as the Agent could reasonably require, provided, however, that the Agent shall request any such certificate, opinions or document within a reasonable period prior to the Closing Time that is sufficient for the Company to obtain and deliver such certificate, opinion or document.

6. Restrictions on Further Issues or Sales.

For a period of 120 days from the Closing Date, the Company shall not (and, for greater certainty, shall not publicly announce any intention to do any of the following), without the prior written consent of the Agent (such consent not to be unreasonably withheld), offer or sell, agree to offer or sell, or enter into an arrangement to offer or sell any Common Shares, or financial instruments convertible or exchangeable into Common Shares (collectively "**Equity Securities**") other than in connection with: (i) binding agreements under which the Company is required to do so and which have been disclosed to the Agent; (ii) directors', officers', consultants' or employee stock options; or (iii) to satisfy existing instruments issued at the date hereof.

7. All Terms to be Conditions.

All terms and conditions of this Agreement shall be construed as conditions and any breach or failure to comply with any such terms and conditions shall entitle the Agent to terminate its obligations hereunder by written notice to that effect given to the Company prior to the Time of Closing. It is understood that the Agent may waive, in whole or in part, or extend the time for compliance with, any of such terms and conditions without prejudice to its rights in respect of any such terms and conditions or any other subsequent breach or non-compliance; provided that to be binding on the Agent, any such waiver or extension must be in writing.

8. Termination Events.

The Agent may terminate its obligations on or before Closing if, commencing on the date hereof and prior to the Closing Time:

- (a) there shall have occurred any adverse material change or change in material fact, or the Agent shall discover any previously undisclosed adverse material fact in relation to the Company or any inquiry, action, suit, investigation or other proceeding (whether formal or informal) is commenced, announced or threatened, or any order or decision or direction made or issued, by any federal, provincial, state, municipal or other government or governmental department, commission, board, bureau, agency, court, tribunal or instrumentality including, without limitation, the TSX or any securities regulatory authority or any law, regulation, rule or policy is enacted, promulgated, made effective, amended or changed, which, in the opinion of the Agent, prevents or restricts trading in or the distribution of the Flow-Through Shares or materially and adversely affects or might be expected to materially and adversely affect the market price or value of the Flow-Through Shares; or
- (b) if there should develop, occur or come into effect or existence any event, action, state, condition or major financial occurrence or catastrophe, war or act of terrorism of national or international consequence or any law or regulation which, in the reasonable opinion of the Agent, seriously adversely affects or involves, or will seriously adversely affect or involve, the financial markets or the business, operations or affairs of the Company; or
- (c) the Company is in breach of any material term, condition or covenant of this Agreement or any material representation or warranty given by the Company in this Agreement is or becomes false; or
- (d) a cease trading order is made by any securities regulatory authority or other competent authority by reason of the fault of the Company or its respective directors, officers and agents and such cease trading order is not rescinded within 48 hours.

Upon the occurrence of any of the foregoing events, the Agent shall be entitled, to terminate and cancel its obligations to the Company hereunder by written notice to that effect given to the Company prior to the Closing Time.

9. Exercise of Termination Right.

If this Agreement is terminated by the Agent pursuant to section 8, there shall be no further liability to the Company on the part of the Agent or of the Company to the Agent, except in respect of any liability which may have arisen or may thereafter arise under sections 11 and 12. The right of the Agent to terminate its obligations under this Agreement is in addition to such other remedies as it may have in respect of any default, act or failure to act of the Company in respect of any of the matters contemplated by this Agreement.

10. Survival of Representations and Warranties.

All terms, warranties, representations, covenants and agreements herein contained or contained in any documents delivered pursuant to this Agreement and in connection with the transactions herein contemplated shall survive the purchase and sale of the Flow-Through Shares and will continue in full force and effect for the benefit of the Agent and/or the Company,

as the case may be, regardless of any subsequent disposition of the Flow-Through Shares or any investigation by or on behalf of the Agent with respect thereto for a period ending on the date that is two years following the Closing Date. The Agent will be entitled to rely on the representations and warranties of the Company contained in this Agreement or delivered pursuant to this Agreement notwithstanding any investigation, which the Agent may undertake or which may be undertaken on the Agent's behalf.

11. **Indemnity and Contribution.**

- (a) The Company shall indemnify and save the Agent and any of its affiliates (in this section 11 referred to collectively as the "**Agent**") and the directors, officers, employees and agents of the Agent (in this section 11 referred to as the "**Personnel**") harmless from and against any and all expenses, losses (other than loss of profits), claims, actions, damages or liabilities, whether joint or several (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 and/or the Personnel, 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 Company by the Agent and/or its Personnel or otherwise in connection with the matters referred to in this Agreement, including, without limitation, in any way caused by, or arising directly or indirectly from, or in consequence of:
- (i) any breach or alleged breach of a representation or warranty made by the Company in this Agreement or the Subscription Agreements;
 - (ii) the non-compliance or alleged non-compliance by the Company with any of its obligations or covenants under this Agreement or the Subscription Agreements;
 - (iii) any misrepresentation (as such term is defined in the *Securities Act* (Ontario)) or alleged misrepresentation contained in this Agreement;
 - (iv) any information or statement (except any information or statement relating solely to the Agent) contained in any certificate of the Company delivered under or pursuant to this Agreement which at the time and in light of the circumstances under which it was made contains or is alleged to contain a misrepresentation;
 - (v) any omission or alleged omission to state, in any certificate of the Company delivered under or pursuant to this Agreement, any fact (except facts relating solely to the Agent) required to be stated in such document or necessary to make any statement in such document not misleading in light of the circumstances under which it was made; or
 - (vi) the non-compliance or alleged non-compliance by the Company with any requirements of the *Securities Act* (Ontario) or other Securities Laws.
- (b) Notwithstanding anything to the contrary contained herein, 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 negligent or dishonest or have committed any wilful misconduct or fraudulent act in the course of performance under this Agreement; and
 - (ii) the expenses, losses, claims, damages or liabilities, as to which indemnification is claimed, were directly caused by the negligence, dishonesty, wilful misconduct or fraud referred to in section 11(b)(i).
- (c) If for any reason (other than the occurrence of any of the events itemized in sections 11(b)(b)(i) and 11(b)(b)(ii)), the foregoing indemnification is unavailable to the Agent or the affiliates or is insufficient to hold them harmless, then the Company shall contribute to the amount paid or payable by the Agent, the affiliates and/or the 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 Company on the one hand and the Agent, the affiliates and/or the Personnel on the other hand but also the relative fault of the Company and the Agent the affiliates and/or the Personnel, as well as any relevant equitable considerations; provided that the Company shall, in any event, contribute to the amount paid or payable by the Agent, the affiliates and/or the Personnel as a result of such expense, loss, claim, damage or liability, any excess of such amount over the amount of the fees and/or commissions received by the Agent, the affiliates and/or the Personnel hereunder pursuant to this Agreement.
- (d) The Company agrees that in case any legal proceeding or investigation shall be brought against or commenced relating to the Company and/or the Agent, the affiliates and/or the Personnel by any governmental commission or regulatory authority or any stock exchange or other entity having regulatory authority, either domestic or foreign, where the affiliates and any Personnel 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 Company by the Agent, the affiliates and/or the Personnel under this Agreement, the Agent, the affiliates and/or the 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 an amount to reimburse the Agent, the affiliates and/or the Personnel for time spent by its Personnel in connection therewith) and out-of-pocket expenses incurred by its Personnel in connection therewith shall be paid by the Company as they occur, provided that, notwithstanding the foregoing, the Agent, the affiliates and the Personnel shall utilize the Company's counsel unless in the opinion of the Agent and/or the affiliates, based on the opinion of counsel, there is an actual, potential or apparent conflict between the interests of such parties and the interests of the Company such that joint representation could be inappropriate.
- (e) Promptly after receipt of notice of the commencement of any legal proceeding against the Agent and/or the affiliates or any of the 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 Company, the Agent and/or the affiliates (or any one of them) will notify the Company in writing of the commencement thereof and, throughout the course thereof, will provide copies of all relevant documentation to the Company, will keep the Company advised of the progress thereof and will discuss with the Company all significant actions proposed. The omission so to notify the Company shall not relieve the Company of any liability which the Company may have to the Agent except only to the extent that any such delay in giving

or failure to give notice as herein required materially prejudices the defence of such action, suit, proceeding, claim or Investigation or results in any material increase in the liability which the Company could otherwise have under this indemnity had the Agent not so delayed in giving or failed to give the notice required hereunder.

- (f) The Company shall be entitled, at its own expense, to participate in and, to the extent it may wish to do so, assume the defence thereof, provided such defence is conducted by experienced and competent counsel. Upon the Company notifying the Agent in writing of its election to assume the defence and retaining counsel, the Company shall not be liable to the Agent for any legal expenses subsequently incurred by it in connection with such defence. If such defence is assumed by the Company, the Company throughout the course thereof 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.
- (g) Notwithstanding the foregoing section, the Agent shall have the right, at the Company's expense, to employ counsel of the Agent's choice, in respect of the defence of any action, suit, proceeding, claim or investigation if: (i) the employment of such counsel has been authorized by the Company; or (ii) the Company has not assumed the defence and employed counsel therefor within a reasonable time after receiving notice of such action, suit, proceeding, claim or investigation; or (iii) counsel retained by the Company or the Agent has advised the Agent) that representation of both parties by the same counsel could be inappropriate for any reason, including without limitation because there may be legal defences available to the Agent which are different from or in addition to those available to the Company (in which event and to that extent, the Company shall not have the right to assume or direct the defence on the Agent's behalf) or that there is a conflict of interest between the Company and the Agent or the subject matter of the action, suit, proceeding, claim or investigation may not fall within the indemnity set forth herein (in either of which events the Company shall not have the right to assume or direct the defence on the Agent's behalf).
- (h) No admission of liability and no settlement of any action, suit, proceeding, claim or investigation shall be made without the consent of the Agent affected. No admission of liability shall be made and the Company shall not be liable for any settlement of any action, suit, proceeding, claim or investigation made without its consent.
- (i) The indemnity and contribution obligations of the Company shall be in addition to any liability which the Company may otherwise have, shall extend upon the same terms and conditions to the Personnel of the Agent and shall be binding upon and enure to the benefit of any successors, assigns, heirs and personal representatives of the Company, the Agent and any of the Personnel of the Agent. The foregoing provisions shall survive the completion of the transactions contemplated under this Agreement or any termination of this Agreement.
- (j) With respect to any party who may be indemnified by the above indemnity and is not a party to this Agreement, the Agent shall obtain and hold the rights and benefits of this indemnity in trust for and on behalf of such indemnified party.

12. **Expenses.**

The Company shall pay all reasonable expenses and fees in connection with the Offering

contemplated by this Agreement, including, without limitation, all reasonable expenses of or incidental to the issue, sale or distribution of the Flow-Through Shares and all expenses of or incidental to all other matters in connection with the transaction set out in this Agreement, including, without limitation, the reasonable fees and expenses payable in connection with the distribution of the Flow-Through Shares, the fees and expenses of the Company's counsel and of local counsel to the Company, the reasonable fees and expenses of the auditors and the transfer agent for the Common Shares, all costs incurred in connection with the preparation and printing of the Offering Documents and certificates representing the Flow-Through Shares, all costs incurred related to road shows and marketing activities, filing fees and all reasonable expenses and fees incurred by the Agent and the reasonable fees and disbursements of the Agent's counsel (up to a maximum of \$65,000 in respect of such legal fees, exclusive of HST and disbursements), whether or not the Offering is completed. The Agent shall not be responsible for expenses incurred by, or that are for the account of, the Company.

13. Advertisements.

The Company acknowledges that, following the Closing, the Agent shall have the right, subject always to this Agreement, at its own expense, subject to providing the Company a reasonably opportunity to comment on the form and content thereof, such consent not to be unreasonably withheld, to place such advertisement or advertisements, including on any website of the Agent, relating to the sale of the Flow-Through Shares contemplated herein as the Agent may consider desirable or appropriate and as may be permitted by applicable law. The Company and the Agent each agree that they will not make or publish any advertisement in any media whatsoever relating to, or otherwise publicize, the transaction provided for herein so as to result in any exemption from the prospectus or other similar requirements under applicable Securities Laws in any of the provinces of Canada being unavailable in respect of the sale of the Flow-Through Shares to prospective purchasers.

14. Notices.

Unless otherwise expressly provided in this Agreement, any notice or other communication to be given under this Agreement (a "**notice**") shall be in writing addressed as follows:

(a) If to the Company, to:

Treasury Metals Inc.
130 King Street West, Suite 3680
Toronto, ON M5X 1B1

Attention: Martin Walter, Chief Executive Officer
Fax: (416) 599-4959

with a copy (for information purposes only and not constituting notice) to:

Irwin Lowy LLP
130 Adelaide Street West, Suite 2700
Toronto, ON M5H 3P5
(416) 361-2515

Attention: Eric Lowy
Fax: (416) 361-2519

(b) If to the Agent, to:

Cormark Securities Inc.
Royal Bank Plaza, South Tower
200 Bay Street, Suite 2800
P.O. Box 63
Toronto, Ontario M5J 2J2
Attention: Adam Spencer
Fax: (416) 943-6499

With a copy (for information purposes only and not constituting notice) to:

Cassels Brock & Blackwell LLP
2100 Scotia Plaza
40 King Street West
Toronto, ON M5H 3C2

Attention: Greg Hogan
Fax: (416) 640 3175

and if so given, shall be deemed to have been given and received upon receipt by the addressee or a responsible officer of the addressee if delivered, or one hour after being telecopied and receipt confirmed during normal business hours, as the case may be. Any party may, at any time, give notice in writing to the others in the manner provided for above of any change of address or fax number.

15. Time of the Essence.

Time shall, in all respects, be of the essence hereof.

16. Canadian Dollars.

All references herein to dollar amounts are to lawful money of Canada.

17. Headings.

The headings contained herein are for convenience only and shall not affect the meaning or interpretation hereof.

18. Singular and Plural, etc.

Where the context so requires, words importing the singular number include the plural and vice versa, and words importing gender shall include the masculine, feminine and neuter genders.

19. Entire Agreement.

This Agreement constitutes the only agreement between the parties with respect to the subject matter hereof and shall supersede any and all prior negotiations and understandings. This Agreement may be amended or modified in any respect by written instrument only.

20. Severability.

If one or more provisions contained herein shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof, but this Agreement shall be construed as if such invalid, illegal or unenforceable provision or provisions had never been contained herein.

21. Governing Law.

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. Each of the Company and the Agent irrevocably agrees that the courts of the Province of Ontario shall have non-exclusive jurisdiction to hear and decide any suit, action or proceedings, and/or to settle any disputes, which may arise out of or in connection with this Agreement and the transactions contemplated hereby ("**Proceedings**") and, for these purposes, each of them irrevocably submits to the jurisdiction of the Ontario courts and waives (and irrevocably agrees not to raise) any objection which it may have now or hereafter to the laying of the venue of any Proceedings in any such court and any claim that any such Proceedings have been brought in an inconvenient forum and further irrevocably agrees that a judgment in any Proceedings brought in any Ontario court shall be conclusive and binding upon it and may be enforced in the courts of any other jurisdiction.

22. Successors and Assigns.

The terms and provisions of this Agreement shall be binding upon and enure to the benefit of the Company and the Agent and their respective successors and permitted assigns.

23. Further Assurances.

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

24. Effective Date.

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

25. Counterparts and Facsimile Copies.

This Agreement may be executed in any number of counterparts and by facsimile, or other electronic means, which taken together shall form one and the same agreement.

26. Conflict.

The Company acknowledges that the Agent and its affiliates carry on a range of businesses, including providing stockbroking, investment advisory, research, investment management and custodial services to clients and trading in financial products as agent or principal. It is possible that the Agent and other entities in its groups that carry on those businesses may hold long or short positions in securities of companies or other entities, which are or may be involved in the transactions contemplated in this Agreement and effect transactions in those securities for their own account or for the account of its clients. The Company agrees that these divisions and entities may hold such positions and effect such transactions without regard to the Company's

interests under this agreement.

27. Fiduciary.

The Company hereby acknowledges that the Agent is acting solely as agent in connection with the purchase and sale of the Flow-Through Shares. The Company further acknowledges that the Agent is acting pursuant to a contractual relationship created solely by this Agreement entered into on an arm's length basis, and in no event do the parties intend that the Agent act or be responsible as a fiduciary to the Company, its management, shareholders or creditors or any other person in connection with any activity that the Agent may undertake or have undertaken in furtherance of such purchase and sale of the Company's securities, either before or after the date hereof. The Agent hereby expressly disclaims any fiduciary or similar obligations to the Company, either in connection with the transactions contemplated by this Agreement or any matters leading up to such transactions, and the Company hereby confirms its understanding and agreement to that effect. The Company and the Agent agree that they are each responsible for making their own independent judgments with respect to any such transactions and that any opinions or views expressed by the Agent to the Company regarding such transactions, including, but not limited to, any opinions or views with respect to the price or market for the Company's securities, do not constitute advice or recommendations to the Company. The Company and the Agent agree that the Agent is acting as principal and not the agent or fiduciary of the Company and no Agent has assumed, and no Agent will assume, any advisory responsibility in favour of the Company with respect to the transactions contemplated hereby or the process leading thereto (irrespective of whether the Agent has advised or is currently advising the Company on other matters).

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If the Company is in agreement with the foregoing terms and conditions, please so indicate by executing a copy of this Agreement where indicated below and delivering the same to the Agent.

Yours very truly,

CORMARK SECURITIES INC.

Per: "Jeff Kennedy" (Signed)
Authorized Signing Officer

The foregoing is hereby accepted on the terms and conditions therein set forth as of the 22nd day of March, 2011.

TREASURY METALS INC.

Per: "Martin Walter" (Signed)
Authorized Signing Officer

SCHEDULE "A"
CONVERTIBLE SECURITIES AND SHARE PURCHASE RIGHTS

Stock Options

Date of Grant	Expiry Date	Exercise Price	Number of Options
June 23, 2009	June 23, 2014	\$0.30	2,089,500
August 10, 2009	August 10, 2014	0.30	150,000
September 17, 2009	September 17, 2014	0.30	-
August 12, 2010	August 12, 2015	0.30	210,000
December 13, 2010	December 13, 2013	0.70	1,180,000
TOTAL			3,629,500

Warrants

Date of Grant	Expiry Date	Exercise Price	Number of Warrants
December 2, 2010	June 2, 2012	\$1.00	580,965
December 2, 2010	June 2, 2012	\$0.70	2,422,768
TOTAL			3,003,733