

AMENDING AGREEMENT

THIS AMENDING AGREEMENT is made as of July 29, 2011

BETWEEN:

AQUILINE RESOURCES INC.
a corporation existing under the laws of Ontario;

(the “**Vendor**”)

AND:

TREASURY METALS INC.,
a corporation existing under the laws of Ontario;

(the “**Purchaser**”)

WHEREAS:

- A. The Vendor and the Purchaser are parties (the “**Parties**”) to a share purchase agreement dated May 18, 2011 (the “**Share Purchase Agreement**”);
- B. On June 28, 2011, the “Closing Date” set out at subsection 1.1(10) of the Share Purchase Agreement was extended by mutual agreement of the Parties to July 29, 2011 or such other date as may be agreed to by the Parties in writing, but not later than July 31, 2011;
- C. The Parties have agreed to amend certain provisions of the Share Purchase Agreement by entering into this Amending Agreement;

NOW THEREFORE THIS AGREEMENT WITNESSES that, in consideration of the mutual premises, covenants and agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby covenant and agree as follows:

1. Definitions.

- 1.1 Capitalized terms used herein and not otherwise defined have the meanings given thereto in the Share Purchase Agreement.

2. Share Purchase Agreement Remains in Full Force and Effect.

- 2.1 The Share Purchase Agreement, as amended hereby, shall continue in full force and effect and this Amending Agreement shall have effect so far as practicable as if all the provisions of the Share Purchase Agreement and this Amending Agreement were contained in one instrument.

3. Amendments to Article 1 (Interpretation) of the Share Purchase Agreement.

3.1 Article 1 is amended by deleting the definition of “Closing Date” set out at subsection 1.1(10) in its entirety and replacing it with the following:

““Closing Date” means August 31, 2011;”

3.2 Article 1 is amended by adding the following definitions to Section 1.1:

“Class B Share” has the meaning attributed to that term in Section 2.6;”

“Shareholders Agreement” has the meaning attributed to that term in Section 2.6;”

3.3 Article 1 is amended by adding the following text after the last item of text in Section 1.11:

Schedule “F”	Form of Promissory Note
Schedule “G”	Form of Securities Pledge Agreement
Schedule “H”	Form of Purchaser General Security Agreement
Schedule “I”	Form of Corporation Guarantee
Schedule “J”	Form of Corporation General Security Agreement
Schedule “K”	Form of Pico Peru Shareholders Agreement

4. Amendments to Article 2 (Purchase and Sale of Purchased Shares) of the Share Purchase Agreement.

4.1 Article 2 is amended by adding the following text after the last sentence of Section 2.3:

“Subject to the requirements set out in Sections 3.4, 6.14 and 6.15, at the option of the Purchaser up to US\$10.5 million of the Cash Consideration may be paid through the delivery by the Purchaser to the Vendor of a promissory note in the form set out as Schedule “F”.”

4.2 Article 2 is amended by adding the following Section 2.6 after the existing Section 2.5:

“2.6 Pre-Closing Reorganization of Pico Peru. If the Purchaser elects to pay some portion of the Cash Consideration through the delivery by the Purchaser to the Vendor of a promissory note, as described in Section 2.3, the Purchaser shall be permitted, but not obliged, to undertake such steps as may be required to facilitate the following, and the Vendor shall co-operate and assist the Purchaser in arranging such steps as the Vendor should reasonably request:

- (a) the creation and issuance of a new Class B share of Pico Peru (the “Class B Share”) to the Vendor with share rights substantially similar to the share rights described in the draft Shareholders Agreement set out in Schedule “K” (the “Shareholders Agreement”);

- (b) amendments to the by-laws of Pico Peru required to reflect the creation of the Class B Share;
- (c) the registration of the creation and issuance of the new Class B share in the stock ledger of Pico Peru;
- (d) the issuance of a new share certificate representing the Class B Share, registered in the name of the Vendor;
- (e) the execution of the Shareholders Agreement among the Class A shareholders of Pico Peru and the Vendor, substantially in the form set out in Schedule “K”;
- (f) the registration of the Shareholders Agreement in the stock ledger of Pico Peru; and
- (g) such other corporate action and documentation as may be recommended by the Vendor’s counsel to give effect to the foregoing.

5. Amendments to Article 3 (Closing Arrangements) of the Share Purchase Agreement.

5.1 Article 3 is amended by adding the following Section 3.4 after the existing Section 3.3:

“3.4 Purchaser’s Additional Closing Deliveries. In addition to the requirements set out in Section 3.3, if the Purchaser elects to pay some portion of the Cash Consideration through the delivery by the Purchaser to the Vendor of a promissory note, as described in Section 2.3, at the Closing, the Purchaser shall also deliver or cause to be delivered to the Vendor the following:

- (a) a promissory note in the form set out as Schedule “F” representing that portion of the Cash Consideration, up to US\$10.5 million, to be paid by way of such promissory note;
- (b) a securities pledge agreement in the form set out as Schedule “G”, executed by an authorized signatory of the Purchaser;
- (c) a general security agreement in the form set out as Schedule “H”, executed by an authorized signatory of the Purchaser;
- (d) a guarantee in the form set out as Schedule “I”, executed by an authorized signatory of the Corporation;
- (e) a general security agreement in the form set out as Schedule “J”, executed by an authorized signatory of the Corporation;

- (f) such other documentation, executed by the Purchaser, the Corporation or the Corporation's Subsidiaries, as may be requested by the Vendor and the Vendor's counsel, acting reasonably, to evidence the Vendor's security interest in the Concessions, the Purchased Shares, and the shares of the Corporation's Subsidiaries in connection with the promissory note delivered pursuant to Section 3.4(a), and in order to prevent the disposition or encumbrance of the Concessions, the Purchased Shares, or the shares of the Corporation's Subsidiaries until payment in full of the promissory note delivered pursuant to Section 3.4(a);
- (g) such opinions of the Purchaser's counsel and local counsel in the Yukon territory and Peru, in form and substance satisfactory to the Vendor and the Vendor's Counsel, acting reasonably, as to such matters relating to items (a) through (f) as the Vendor and the Vendor's Counsel may reasonably request;
- (h) that number of copies reasonably required by the Vendor of officers certificates in form satisfactory to the Vendor and the Vendor's Counsel, acting reasonably, as to such matters relating to items (a) through (f) as the Vendor and the Vendor's Counsel may reasonably request, certified by an officer of each of the Purchaser, the Corporation and Pico Peru, respectively; and
- (i) that number of copies reasonably required by the Vendor, certified by one of the senior officers of the Purchaser, the Corporation and Pico Peru, respectively, of the resolutions of the boards of the directors of each of the Purchaser, the Corporation and Pico Peru, as applicable, in a form satisfactory to the Vendor and the Vendor's Counsel, acting reasonably, authorizing items (a) through (f) above.

6. Amendments to Article 4 (Conditions of Closing) of the Share Purchase Agreement.

- 6.1 Article 4 is amended by deleting Subsection 4.1(1)(c) in its entirety and replacing it with the following:

“the Purchaser shall have completed an equity offering raising aggregate gross proceeds of not less than US\$10.5 million (the “**Financing**”);”

- 6.2 Article 4 is amended by deleting Subsection 4.2(1)(b) in its entirety and replacing it with the following:

“the Purchaser shall have complied with or performed all of the obligations, covenants and agreements under this Agreement to be complied with or performed in all Material respects by the Purchaser at or before the Closing Time, including the Purchaser's Closing deliveries specified in Section 3.3 and, if the Purchaser elects to pay some portion of the Cash Consideration through the delivery by the Purchaser to the Vendor of a promissory note, as described in Section 2.3, the Purchaser's Closing deliveries specified in Section 3.4;”

7. Amendments to Article 6 (Covenants) of the Share Purchase Agreement.

7.1 Article 6 is amended by adding the following Sections 6.14 and 6.15 after the existing Section 6.13:

“6.14 Notice. The Purchaser shall provide notice to the Vendor, no later than five Business Days prior to Closing, of (i) the Purchaser’s intention to pay some portion of the Cash Consideration through the delivery by the Purchaser to the Vendor of a promissory note, as described in Section 2.3, and (ii) the amount of the Cash Consideration to be paid through the delivery by the Purchaser to the Vendor of a promissory note, as described in Section 2.3; and

6.15 Additional Security. If the Purchaser elects to pay some portion of the Cash Consideration through the delivery by the Purchaser to the Vendor of a promissory note, as described in Section 2.3, at the Vendor’s request, the Purchaser shall execute such additional documentation, and shall co-operate and assist the Vendor in arranging the execution of any such additional documentation by the Corporation and the Corporation’s Subsidiaries, as may be requested by the Vendor, acting reasonably, to be delivered by the Purchaser to the Vendor at the Closing, to evidence the Vendor’s security interest in the Concessions, the Purchased Shares, and the shares of the Corporation’s Subsidiaries in connection with such promissory note, and in order to prevent the disposition or encumbrance of the Concessions, the Purchased Shares, or the shares of the Corporation’s Subsidiaries until payment in full of such promissory note.”

8. Amendments to the Schedules of the Share Purchase Agreement.

8.1 The Share Purchase Agreement is amended by adding Schedules “F”, “G”, “H”, “I”, “J” and “K” attached hereto as Schedules “F”, “G”, “H”, “I”, “J” and “K” of the Share Purchase Agreement.

9. Miscellaneous.

9.1 **Notice.** Any notice, request, demand or other communication given pursuant to or in connection with this Amending Agreement shall be given in accordance with the provisions of the Share Purchase Agreement.

9.2 **Entire Agreement.** The Share Purchase Agreement, as amended and supplemented by this Amending Agreement, constitutes the entire agreement between the Parties in connection with the subject matter of this Amending Agreement and the Share Purchase Agreement and supersedes all prior agreements, undertakings, negotiations and discussions, oral or written, of the Parties.

9.3 **Amendment.** This Amending Agreement may only be amended, supplemented or otherwise modified by written agreement signed by all Parties.

9.4 **Waiver.** Any waiver of, or consent to depart from, the requirements of any provision of this Amending Agreement shall be effective only if it is in writing and signed by

the Party giving it, and only in the specific instance and for the specific purpose for which it has been given. No failure on the part of any Party to exercise, and no delay in exercising, any right under this Amending Agreement shall operate as a waiver of that right. No single or partial exercise of any such right shall preclude any other or further exercise of that right or the exercise of any other right.

- 9.5 **Successors.** This Amending Agreement shall be binding on, and shall enure to the benefit of, the Parties and their respective successors.
- 9.6 **Severability.** If, in any jurisdiction, any provision of this Amending Agreement or its application to any Party or circumstance is restricted, prohibited or unenforceable, that provision shall, as to that jurisdiction, be ineffective only to the extent of that restriction, prohibition or unenforceability without invalidating the remaining provisions of this Amending Agreement, without affecting the validity or enforceability of that provision in any other jurisdiction and, if applicable, without affecting its application to the other Parties or circumstances.
- 9.7 **Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall constitute one agreement. Delivery of an executed counterpart of this Agreement by facsimile or transmitted electronically in legible form, including without limitation in a tagged image format file (TIFF) or portable document format (PDF), shall be equally effective as delivery of a manually executed counterpart of this Agreement.

[Signature pages follow]

IN WITNESS WHEREOF, the Parties have duly executed this Amending Agreement on the date first above written.

AQUILINE RESOURCES INC.

By:


Name: MICHAEL STEINMANN
Title:

TREASURY METALS INC.

By:

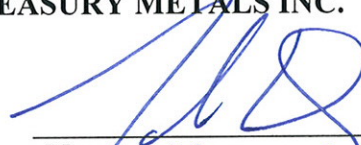
Name:
Title:

IN WITNESS WHEREOF, the Parties have duly executed this Amending Agreement on the date first above written.

AQUILINE RESOURCES INC.

By: _____
Name:
Title:

TREASURY METALS INC.

By:  _____
Name: MARTIN WALTER
Title: PRESIDENT & CEO.

SCHEDULE "F"
FORM OF PROMISSORY NOTE

SECURED PROMISSORY NOTE

Principal: USD\$●

Date of Issue: _____, 2011

FOR VALUE RECEIVED, the undersigned, Treasury Metals Inc. (the “**Debtor**”) hereby promises to pay, on or before the 31st day of December, 2011, to the order of Aquiline Resources Inc. (the “**Lender**”) at 625 Howe Street, Suite 1500, Vancouver, British Columbia, V6C 2T6 the principal amount of ● (USD\$●) (the “**Principal**”), plus all interest and other fees contemplated herein, in lawful money of the United States of America.

1. Purpose. This Secured Promissory Note is made by the Debtor for the purpose of setting out the terms of repayment of the sum loaned by the Lender to the Debtor in connection with the Share Purchase Agreement dated May 18, 2011, as amended by an amending agreement made as of _____, 2011, between the Lender and the Debtor (the “**Share Purchase Agreement**”).
2. Commitment Fee. The Debtor shall pay to the Lender a commitment fee in the amount of USD\$[●] (the “**Fee**”) in connection with the advance of the Principal. [NTD: **The Commitment Fee shall be derived from the 12% annual interest, compounded monthly on the Principal**]
3. Prepayment. The Debtor may prepay the Principal, the Fee and all accrued interest, or any portions thereof, at any time.
4. Term. The Debtor shall pay the Principal and the Fee on or before December 31, 2011 (the “**Maturity Date**”).
5. Interest.
 - (1) Interest shall be waived for the period beginning on the date of this Secured Promissory Note and ending on December 31, 2011.
 - (2) In the event that the Debtor does not repay the whole of the Principal and the Fee to the Lender by 4:00 p.m. (Vancouver time) on the Maturity Date, interest shall accrue on the amounts of Principal and the Fee, then outstanding, at the rate of 17% per annum, compounding monthly (the “**Interest**”) beginning from January 1, 2012.
 - (3) In the event that the Debtor does not repay the whole of the Principal, the Fee, and all accrued interest thereon to the Lender by 4:00 p.m. (Vancouver time) on January 31, 2012, the Interest shall increase by a rate of 5% every calendar month until repayment in full by the Debtor to the Lender of the amounts of the Principal and the Fee, then outstanding, and all accrued interest thereon.
 - (4) Subject to subsection (5) below, any amount paid in satisfaction of the indebtedness evidenced by this Secured Promissory Note shall be applied firstly in satisfaction of any accrued interest which is due and payable, and then the remaining portion of such amount shall be applied in satisfaction of the Principal and Fee owing hereunder.

- (5) For purposes of this Secured Promissory Note, the terms “interest”, “criminal rate” and “credit advanced” have the meanings ascribed to them in Section 347 of the *Criminal Code* (Canada) as amended from time to time. The Debtor and the Lender agree that, notwithstanding any agreement to the contrary, no interest on the amount payable under or in connection with this Secured Promissory Note or the funds advanced to the undersigned in respect thereof will be payable in excess of that permitted under the *Criminal Code* (Canada), the *Interest Act* (Canada) or any successor or similar legislation or other laws of Canada. If the effective rate of interest, calculated in accordance with generally accepted actuarial practices and principles, would exceed the criminal rate on the credit advanced, then:
- (a) the elements of return which fall within the term “interest” will be reduced to the extent necessary to eliminate such excess;
 - (b) any remaining excess that has been paid will be credited towards prepayment of the Principal; and
 - (c) any overpayment that may remain after such crediting will be returned forthwith to the undersigned upon demand, and, in the event of dispute, a Fellow of the Canadian Institute of Actuaries appointed by the Lender will perform the relevant calculations and determine the reductions, modifications and credits necessary to effect the foregoing and the same will be conclusive and binding on the parties.

6. Default. The Principal and all accrued interest payable thereon will, at the option of the Lender, become immediately due and payable upon the occurrence of any of the following events:

- (1) the Debtor makes default in the repayment of the Principal, the Fee or any interest payable hereunder, as provided by Sections 4 and 5 above; or
- (2) any of the Debtor, Absolut Resources Inc. (“**Absolut**”), Pico Machay Cayman Limited (“**Pico Cayman**”), Minera Calipuy S.A.C. (“**Minera Calipuy**”) or Minera Pico Machay S.A.C. (“**Pico Peru**”) defaults under any of the terms of any agreement entered into between the Lender and any of the Debtor, Absolut, Pico Cayman, Minera Calipuy and Pico Peru including any agreement granted in favour of the Lender by any of the Debtor, Absolut, Pico Cayman, Minera Calipuy and Pico Peru.

7. Restrictions on Liens and Disposition of Collateral. Until repayment in full by the Debtor of the whole of the Principal, the Fee and all accrued interest thereon, the Debtor shall not, without the prior written consent of the Lender which may be arbitrarily withheld, cause, permit or suffer to exist any assignment, transfer, sale, lease, exchange, or any other disposition, or any encumbrance, charge, pledge, security interest, mortgage or lien in or to, any of the present or after-acquired personal or real properties or any interest therein, of each of the Debtor, Absolut, Pico Cayman, Minera Calipuy and Pico Peru, except for:

- (1) inventory in the ordinary course of business on customary trade terms; and
- (2) equipment which has become worn out, damaged or otherwise unsuitable for its purpose, on condition that the Debtor substitute for such equipment property of equal value free from all liens and encumbrances, except in favour of the Lender.

8. Enforcement Expenses. In the event of enforcement by the Lender of its remedies under this Secured Promissory Note, then the Debtor will pay all costs and expenses incurred by the Lender, including, without limitation, legal fees and expenses on a solicitor and own client basis, in pursuing the Lender's remedies against the Debtor.

9. Governing Law. This Secured Promissory Note shall be governed by and construed and interpreted in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein.

10. Waiver. The Debtor hereby waives presentment and notice of dishonour, protest and notice of protest. No delay by the Lender in exercising any power or right hereunder will operate as a waiver of power or right preclude other or further exercise thereof, or the exercise of any other power or right hereunder or otherwise; and no waiver whatever or modification of the terms thereof will be valid unless in writing signed by Lender and then only to the extent therein set forth.

11. Notices. Any demand or notice to be made or given in connection with this Secured Promissory Note shall be given in accordance with Clause 10.14 of the Share Purchase Agreement.

12. PPSA definitions. In this Agreement, except where the context otherwise requires, the words "equipment" and "inventory" shall have the same meanings as their defined meanings where they are defined in the *Personal Property Security Act* (British Columbia).

IN WITNESS WHEREOF the Debtor has executed this Secured Promissory Note this ____ day of _____, 2011.

TREASURY METALS INC.

By: _____
Martin Walter
[Title]

The undersigned hereby acknowledge the terms of this Secured Promissory Note. IN WITNESS WHEREOF the undersigned have executed this Secured Promissory Note this ____ day of _____, 2011.

AQUILINE RESOURCES INC.

By: _____
●
[Title]

SCHEDULE "G"
FORM OF SECURITIES PLEDGE AGREEMENT

SECURITIES PLEDGE AGREEMENT

This Securities Pledge Agreement dated for reference _____, 2011 made by **Treasury Metals Inc.** (the “**Debtor**”), a company organized and subsisting under the laws of Ontario, with an address at 130 King Street West, Suite 3680, Toronto, Ontario, M5X 1B1, to and in favour of **Aquiline Resources Inc.** (the “**Secured Party**”), a company organized and subsisting under the laws of Ontario with an address at 625 Howe Street, Suite 1500, Vancouver, British Columbia, V6C 2T6.

WHEREAS:

- A. The Secured Party has agreed to advance USD\$● (the “**Loan**”) to the Debtor;
- B. The Debtor has granted a Secured Promissory Note dated _____, 2011 to the Secured Party (the “**Secured Promissory Note**”);
- C. The Debtor is as at the date hereof the holder of all of the issued and outstanding shares in the capital of Absolut Resources Inc. (“**Absolut**”) as described in **Schedule A** hereto (together with any other present or after-acquired shares held by the Debtor in the capital of Absolut, collectively the “**Pledged Shares**”); and
- D. It is a condition of the advance of the Loan by the Secured Party to the Debtor that the Debtor execute and deliver this Securities Pledge Agreement together with the share certificates representing the Pledged Shares (the “**Certificates**”) and a stock power of attorney, to and in favour of the Secured Party as collateral security for the payment and performance of the obligations owing by the Debtor to the Secured Party pursuant to the Secured Promissory Note (collectively, the “**Obligations**”).

NOW THEREFORE WITNESSETH that in consideration of these premises and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the Debtor, the Debtor covenants, declares and agrees as follows:

- 1. Pledge.** The Debtor hereby assigns, mortgages, charges, hypothecates and pledges to and deposits with the Secured Party, and grants to the Secured Party a security interest in, the Pledged Shares and the Certificates together with all replacements thereof, substitutions therefor, accretions thereto, interest thereon and proceeds thereof (the whole being herein called the “**Pledge**”), to be held by the Secured Party for, as general and continuing collateral security for the payment and performance of the Obligations.
- 2. Delivery of Certificates.** The Certificates together with a stock power of attorney, satisfactory in form and substance to the Secured Party, endorsed in blank for transfer shall forthwith be delivered to and remain in the custody of the Secured Party or its nominee. Any or all Pledged Shares may, at the option of the Secured Party, at any time after the occurrence and during the continuance of a Default (as hereinafter defined), be registered in the

name of the Secured Party or its nominee and the Debtor covenants to deliver such further stock powers and similar documents with respect to the Pledged Shares as the Secured Party or its nominee may reasonably from time to time request, satisfactory in form and substance to the Secured Party.

3. Realization of the Pledged Shares. Upon the failure of the Debtor to pay or perform any of the Obligations when due and payable or to be performed, as the case may be, (each such failure is herein referred to as a “**Default**”) the Secured Party or its agent may realize upon or otherwise deal with or dispose of the Pledged Shares by sale, transfer or delivery or exercise and enforce all rights and remedies of a holder of the Pledged Shares as if the Secured Party were absolute owner thereof, without control by the Debtor. Any such remedy may be exercised separately or in combination and shall be in addition to and not in substitution for any other rights the Secured Party may have, however created, provided that the Secured Party shall not be bound to exercise any such right or remedy. The Secured Party shall not be bound under any circumstances to realize upon the Pledged Shares and neither the Secured Party nor its agents shall be responsible for any loss occasioned by any sale or other dealing with the Pledged Shares permitted by and made in accordance with law, or by the retention of or delay or failure to sell or otherwise deal with or dispose of the Pledged Shares.

4. Power of Attorney. The Debtor hereby authorizes and empowers the Secured Party or any officer thereof as attorney to sign any transfer or other document necessary to complete the transfer of any of the Pledged Shares. The Secured Party may grant time for payment or any other indulgence, take and give up securities, and may compound with, grant releases and discharges and otherwise deal with the Debtor and with other persons and the Pledged Shares as such of the Secured Party may see fit without liability to the Debtor for any loss thereby occasioned to the Debtor. So long as any amount remains unpaid in respect of the Obligations, the Debtor hereby irrevocably appoints the Secured Party or any officer thereof as its attorney in the name of the Debtor but for the use and benefit of the Secured Party, to do all such acts and take all such proceedings as the Secured Party may from time to time think advisable to realize upon the Pledged Shares in accordance with the terms hereof and to enforce the rights hereby assigned and obtain possession of and realize upon the property hereby assigned. The Debtor hereby declares that the irrevocable power of attorney granted hereby, being coupled with an interest, is given for valuable consideration.

5. Dealing with the Pledged Shares and the Lien hereof. The Secured Party shall not be obliged to exhaust its recourse against the Debtor, or any other person or persons or against any other security it may hold in respect of the Obligations before the Secured Party may realize upon or otherwise deal with the Pledged Shares in such manner as the Secured Party may consider desirable. The Secured Party may grant extensions or other indulgences, take and give up securities, accept compositions, grant releases and discharges and otherwise deal with the Debtor and with other parties, sureties or securities as it may see fit without prejudice to the Obligations or the rights of the Secured Party in respect of this Securities Pledge Agreement.

6. Costs of Realization. All reasonable costs and charges incurred by or on behalf of the Secured Party with reference to the Pledged Shares or the realization thereof (including all reasonable legal fees and disbursements, on a solicitor and own client basis, all court costs and

expenses of taking possession of, protecting and realizing upon the security constituted by the Pledged Shares and the reasonable costs and charges in connection with realizing, collecting, selling, transferring, delivering or obtaining payment of the Pledged Shares) shall be added to and form a part of the Obligations and shall be a first charge upon the proceeds of any such realization, collection, sale, transfer, delivery or obtaining of payment.

7. Application of Moneys. Any proceeds of the Pledged Shares may be held in lieu of Pledged Shares realized upon and may, as and when the Secured Party sees fit, be applied or appropriated as the Secured Party may elect on account of the Obligations and the balance, if any, shall be paid to the Debtor or as a court of competent jurisdiction may direct. If there shall be a deficiency, then, the Debtor shall remain liable for such deficiency and shall pay the amount of such deficiency to the Secured Party forthwith.

8. Share Rights. Except where a Default has occurred, and, until such time, if ever, as this Securities Pledge Agreement shall be discharged and the Pledged Shares and Certificates released to the Debtor, the Debtor shall be entitled to receive and enjoy all dividends, interest, income, revenue, return of capital or other distributions made on or in respect of the Pledged Shares and to exercise all option, conversion, voting or other like rights attaching thereto. Notwithstanding the foregoing, provided no Default has occurred, the Debtor shall be entitled to keep all of the Pledged Shares registered in its name on the books of the Debtor and vote or refrain from voting the Pledged Shares at any meeting, whether special or general, at which the holder of the Pledged Shares is entitled to vote and will be entitled to take part in or consent to or refrain from taking part in or consenting to any corporate or shareholder's action which the holder of the Pledged Shares is entitled to take part in or consent; provided that the exercise of such right to vote or to take part in or consent to any such corporate or shareholder's action would not result in a contravention of any covenant or agreement of the Debtor to the Secured Party hereunder or to the Secured Party under the Secured Promissory Note or under any other agreement with the Secured Party or evidencing or securing any of the Obligations.

9. Additional Securities. In the event that the Debtor shall during the currency of the Secured Promissory Note become the beneficial owner of any other shares or other securities convertible into shares or other securities in the capital of Absolut or any successor thereof by way of amalgamation or otherwise, or any other subsidiary, now or in the future existing, the Debtor agrees that it shall forthwith deliver, hypothecate and pledge such shares or other securities to the Secured Party and such shares or other securities shall become Pledged Shares held by the Secured Party pursuant to the terms of this Securities Pledge Agreement, the security interest of the Secured Party attaching when the Debtor has rights in such shares or other securities.

10. No Merger, etc. This Securities Pledge Agreement shall not operate by way of merger of any of the Obligations and no judgment recovered by the Secured Party shall operate by way of merger of or in any way affect the security of the Pledged Shares.

11. Supplemental Security. This Securities Pledge Agreement and the Pledged Shares are in addition, without prejudice, and supplemental to and not in substitution for any other security held or which may hereafter be held by the Secured Party.

12. Further Assurances. The Debtor shall from time to time, whether before or after the Secured Party makes a demand for payment of the Obligations, do all such acts and things and execute and deliver all such deeds, transfers, assignments and instruments as the Secured Party may require for perfecting the security constituted hereby or by the Pledged Shares, for facilitating the sale of or exercise by the Secured Party of rights under the Pledged Shares in connection with any realization thereof and for exercising all powers, authorities and discretions hereby conferred upon the Secured Party.

13. Headings, etc. The division of this Securities Pledge Agreement into sections and the insertion of headings are for convenience of reference only and shall not affect the interpretation hereof.

14. Governing Law. This Securities Pledge Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein and shall be treated in all respects as a British Columbia contract.

15. Successors, etc. This Securities Pledge Agreement shall enure to the benefit of the Secured Party and its successors and assigns and shall be binding upon the Debtor and its successors and permitted assigns. All rights of the Secured Party hereunder shall be assignable.

16. Severability. The invalidity or unenforceability of any provision of this Securities Pledge Agreement shall not affect the validity or enforceability of any other provision hereof and any such invalid or unenforceable provision shall be deemed to be severable from the other provisions hereof.

17. Notices. Any notice or other communication required or permitted to be given under this Securities Pledge Agreement shall be in writing and shall be given by courier, by facsimile or other means of electronic communication or by hand delivery. Notice and other communications shall be addressed as follows:

If to the Secured Party:

Aquiline Resources Inc.
625 Howe Street, Suite 1500
Vancouver, BC V6C 2T6
Attention: General Counsel

with a copy to:

Borden Ladner Gervais LLP
1200 Waterfront Centre
200 Burrard Street, PO Box 48600
Vancouver, BC V7X 1T2
Attention: Fred R. Pletcher

If to the Debtor:

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

with a copy to:

Heenan Blaikie LLP
Bay Adelaide Centre
Suite 2900, 333 Bay Street
Toronto, ON M5H 2T4
Attention: Frederico Marques

Notwithstanding the preceding, if applicable law requires that a notice or other communication be given in a specified manner, then any such notice or communication shall be given in such manner.

18. Incorporation of Schedules. Schedule A hereto shall, for all purposes hereof, form an integral part of this Securities Pledge Agreement.

19. Conflict. In the event of a conflict or inconsistency between the provisions of this Securities Pledge Agreement and the provisions of the Secured Promissory Note, the provisions of the Secured Promissory Note shall prevail.

20. Acknowledgement of Receipt/Waiver. The Debtor acknowledges receipt of an executed copy of this Securities Pledge Agreement. The Debtor waives, to the extent permitted by law, the right to receive a copy of any financing statement, financing change statement or verification statement registered with or issued by any personal property registry or other official body in connection with this Securities Pledge Agreement.

[Signature Page Follows]

IN WITNESS WHEREOF the Debtor has duly executed this Securities Pledge Agreement as of the day and year set out below.

TREASURY METALS INC.

Per: _____
Name:
Title:

Execution Date: _____, 2011.

SCHEDULE A
PLEDGED SHARES OWNED BY THE DEBTOR

IN THE CAPITAL OF ABSOLUT RESOURCES INC.

<u>DESCRIPTION</u>	<u>CERTIFICATE NO.</u>	<u>NUMBER OF PLEDGED SHARES</u>
_____	_____	_____

SCHEDULE "H"
FORM OF PURCHASER GENERAL SECURITY AGREEMENT

GENERAL SECURITY AGREEMENT

TREASURY METALS INC.

TO: Aquiline Resources Inc. (the “**Lender**”)

DATE: _____, 2011

RECITALS:

- A. The Lender has agreed to advance USD\$● (the “**Loan**”) to Treasury Metals Inc. (the “**Obligor**”); and
- B. As security and as a condition for the advance of the Loan by the Lender to the Obligor, the Obligor shall execute and deliver this Agreement to and in favour of the Lender.

FOR VALUE RECEIVED and intending to be legally bound by this general security agreement (the “**Agreement**”), the Obligor agrees as follows:

1. INTERPRETATION

1.1 Capitalized Terms In this Agreement, except where the context otherwise requires:

- (a) “**Business Day**” means any day except Saturday, Sunday or any days on which banks are generally not open for business in the City of Vancouver.
- (b) “**Collateral**” means all present and after-acquired undertaking, property and assets of the Obligor, except those expressly excluded in this definition, including all present and future right, title, interest and benefit of the Obligor (by way of amalgamation or otherwise) in all property of the following kinds:
 - (i) all goods comprising the inventory of the Obligor, including goods held for sale or lease or that have been leased or consigned to or by the Obligor or that have been furnished or are to be furnished under a contract of service or that are raw materials, work in process or materials used or consumed in a business or profession or that are finished goods;
 - (ii) timber, whether cut or to be cut, timber licenses, oil, gas, other hydrocarbons and minerals, whether extracted or to be extracted, animals and their young and unborn young, and crops, whether growing or harvested;
 - (iii) all other goods, including furniture, fixtures, equipment, machinery, plant, tools and vehicles;
 - (iv) all chattel paper;
 - (v) all money;

- (vi) all warehouse receipts, bills of lading and other documents of title, whether negotiable or not;
- (vii) all instruments, including bills, notes, cheques, letters of credit and advices of credit;
- (viii) all investment property, including shares, stock, warrants, bonds, debentures, debenture stock and other securities (in each case whether evidenced by a security certificate or an uncertificated security) and financial assets, security entitlements, securities accounts, futures contracts and futures accounts;
- (ix) all other tangible personal property;
- (x) all accounts, including deposit accounts in banks, credit unions, trust companies and similar institutions, rents, debts, demands and choses in action that are due, owing or accruing due to the Obligor, and all claims of any kind that the Obligor has, including claims against the Crown and claims under insurance policies;
- (xi) all other intangibles including contracts, agreements, clearing house options, permits, licences, consents, approvals, authorizations, orders, judgments, certificates, rulings, insurance policies, agricultural and other quotas, subsidies, franchises, immunities, privileges and benefits and all goodwill, patents, trade marks, trade names, trade secrets, inventions, processes copyrights, applications for intellectual property rights and other industrial or intellectual property;
- (xii) with respect to the property described in items (b)(i) to (xi) inclusive, all books, accounts, invoices, letters, papers, documents, disks and other records in any form, electronic or otherwise, evidencing or relating to that property and all contracts, investment property, instruments and other rights and benefits in respect of that property;
- (xiii) with respect to the property described in items (b)(i) to (xii) inclusive, all parts, components, renewals, substitutions and replacements of that property and all attachments, accessories and increases, additions and accessions to that property; and
- (xiv) with respect to the property described in items (b)(i) to (xiii) inclusive, all proceeds from that property, including property in any form derived directly or indirectly from any dealing with that property or proceeds from the property, and any insurance or other payment as indemnity or compensation for loss of or damage to the property or any right to payment, and any payment made in total or partial discharge or redemption of an intangible, chattel paper, instrument or investment property.

Any reference to “the Collateral” in this Agreement shall be interpreted as referring to “the Collateral or any of it.”

- (c) “**Excluded Assets**” means the following assets of the Obligor:
 - (i) any consumer goods;
 - (ii) the last day of the term of any lease or any agreement to lease held by the Obligor now or in the future; or
 - (iii) any Restricted Property as more fully described in Section 2.3 of this Agreement.
- (d) “**Event of Default**” means the occurrence of (i) a “default,” “event of default” or similar circumstance identified in any Loan Document that entitles the Obligor’s counterparty or the Lender, as the case may be, to enforce its rights under that Loan Document, (ii) the failure of the Obligor to pay any of the Obligations when due, or (iii) any demand for payment validly made by the Lender pursuant to any Loan Document that is not met in accordance with the terms of the demand or within any applicable grace period.
- (e) “**Loan Documents**” means the Secured Promissory Note and the Securities Pledge Agreement.
- (f) “**Obligations**” means all debts, liabilities and obligations of the Obligor to the Lender, whether present or future, direct or indirect, absolute or contingent, matured or not, at any time owing or remaining unpaid by the Obligor to the Lender in any currency, whether arising from dealings between the Lender and the Obligor or from other dealings or proceedings by which the Lender may be or become in any manner whatever a creditor of the Obligor, and wherever incurred, and whether incurred by the Obligor alone or with another or others and whether as principal or surety (including obligations under any Loan Document or in connection with any guarantee or indemnity given by the Obligor), and all interest, fees, commissions and legal and other costs, charges and expenses owing or remaining unpaid by the Obligor to the Lender in any currency.
- (g) “**PPSA**” means the *Personal Property Security Act* (British Columbia), provided that, if the validity, perfection or the effect of perfection or non-perfection or the priority of the security interest in any Collateral is governed by the Personal Property Security Act (or similar legislation) as in effect in a jurisdiction other than the Province of British Columbia, “PPSA” means the Personal Property Security Act (or similar legislation) of such other jurisdiction for purposes of the provisions hereof relating to such validity, perfection, effect of perfection or non-perfection or priority.
- (h) “**Secured Promissory Note**” means the secured promissory note dated _____, 2011 granted by the Obligor to the Lender, as amended, supplemented, restated and replaced from time to time.

- (i) **“Securities Pledge Agreement”** means the securities pledge agreement dated _____, 2011 granted by the Obligor to the Lender, as amended, supplemented, restated and replaced from time to time.
- (j) **“Subsidiaries”** means each of Absolut Resources Inc., Pico Machay Cayman Limited, Minera Calipuy S.A.C. and Minera Pico Machay S.A.C.
- (k) **“Subsidiary Collateral”** means all present and after-acquired undertaking, property and assets of each of the Subsidiaries, except those expressly excluded in this definition, including all present and future right, title, interest and benefit of each of the Subsidiaries (by way of amalgamation or otherwise) in all property of the following kinds:
 - (i) all goods comprising the inventory of the each of the Subsidiaries, including goods held for sale or lease or that have been leased or consigned to or by each of the Subsidiaries or that have been furnished or are to be furnished under a contract of service or that are raw materials, work in process or materials used or consumed in a business or profession or that are finished goods;
 - (ii) timber, whether cut or to be cut, timber licenses, oil, gas, other hydrocarbons and minerals, whether extracted or to be extracted, animals and their young and unborn young, and crops, whether growing or harvested;
 - (iii) all other goods, including furniture, fixtures, equipment, machinery, plant, tools and vehicles;
 - (iv) all chattel paper;
 - (v) all money;
 - (vi) all warehouse receipts, bills of lading and other documents of title, whether negotiable or not;
 - (vii) all instruments, including bills, notes, cheques, letters of credit and advices of credit;
 - (viii) all investment property, including shares, stock, warrants, bonds, debentures, debenture stock and other securities (in each case whether evidenced by a security certificate or an uncertificated security) and financial assets, security entitlements, securities accounts, futures contracts and futures accounts;
 - (ix) all other tangible personal property;
 - (x) all accounts, including deposit accounts in banks, credit unions, trust companies and similar institutions, rents, debts, demands and choses in

action that are due, owing or accruing due to the Obligor, and all claims of any kind that the Obligor has, including claims against the Crown and claims under insurance policies;

- (xi) all other intangibles including contracts, agreements, clearing house options, permits, licences, consents, approvals, authorizations, orders, judgments, certificates, rulings, insurance policies, agricultural and other quotas, subsidies, franchises, immunities, privileges and benefits and all goodwill, patents, trade marks, trade names, trade secrets, inventions, processes copyrights, applications for intellectual property rights and other industrial or intellectual property;
- (xii) with respect to the property described in items (k)(i) to (xi) inclusive, all books, accounts, invoices, letters, papers, documents, disks and other records in any form, electronic or otherwise, evidencing or relating to that property and all contracts, investment property, instruments and other rights and benefits in respect of that property;
- (xiii) with respect to the property described in items (k)(i) to (xii) inclusive, all parts, components, renewals, substitutions and replacements of that property and all attachments, accessories and increases, additions and accessions to that property; and
- (xiv) with respect to the property described in items (k)(i) to (xiii) inclusive, all proceeds from that property, including property in any form derived directly or indirectly from any dealing with that property or proceeds from the property, and any insurance or other payment as indemnity or compensation for loss of or damage to the property or any right to payment, and any payment made in total or partial discharge or redemption of an intangible, chattel paper, instrument or investment property.

Any reference to “the Subsidiary Collateral” in this Agreement shall be interpreted as referring to “the Subsidiary Collateral or any of it.”

- (l) “**Subsidiary Loan Documents**” means any agreement entered into between any of the Subsidiaries and the Lender or granted by any of the Subsidiaries in favour of the Lender.

1.2 PPSA Definitions In this Agreement, except where the context otherwise requires, the words “accessions,” “account,” “account debtor,” “certificated security,” “chattel paper,” “clearing house option,” “consumer goods,” “control,” “crops,” “document of title,” “equipment,” “financial asset,” “fixtures,” “futures account,” “futures contract,” “futures intermediary,” “goods,” “instrument,” “intangible,” “inventory,” “investment property,” “money,” “option,” “proceeds,” “receiver,” “securities account,” “securities intermediary,” “security,” “security certificate,” “security entitlement” and

“uncertificated security” shall have the same meanings as their defined meanings where they are defined in the PPSA.

1.3 No Contra Proferentem This Agreement has been negotiated by the Obligor and the Lender with the benefit of legal representation, and any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply to the construction or interpretation of this Agreement.

1.4 Other Interpretation Rules In this Agreement:

(a) The division into Sections and the insertion of headings are for convenience of reference only and do not affect the construction or interpretation of this Agreement.

(b) Unless otherwise specified or the context otherwise requires, (i) “including” or “includes” means “including (or includes) but is not limited to” and shall not be construed to limit any general statement preceding it to the specific or similar items or matters immediately following it, (ii) a reference to any legislation, statutory instrument or regulation or a section of it is a reference to the legislation, statutory instrument, regulation or section as amended, restated and re-enacted from time to time, and (iii) words in the singular include the plural and vice-versa and words in one gender include all genders.

(c) Unless otherwise specified or the context otherwise requires, any reference in this Agreement to payment of the Obligations includes performance of the Obligations.

(d) Wherever the singular or the masculine are used herein, the same shall be deemed to include the plural or the feminine or the body politic or corporate where the context or the parties so require.

2. GRANT OF SECURITY, ETC.

2.1 Grant of Security As security for payment and performance of the Obligations, the Obligor:

(a) mortgages, charges, assigns, transfers and pledges the Collateral to the Lender as a fixed and specific mortgage and charge, and grants the Lender a security interest in the Collateral;

(b) grants a floating charge to the Lender of all of its present and future interests in real property forming part of the Collateral that is not validly and effectively charged in item (a) above.

Without limiting the preceding part of this Section, a security interest is taken in all of the Obligor’s present and after acquired personal property. The floating charge created by item (b) above shall become a fixed charge as soon as the Lender notifies the Obligor to that effect following the earliest of (i) the Obligations becoming immediately payable, (ii)

an Event of Default and (iii) the occurrence of any other event that by the operation of law would result in the floating charge becoming a fixed charge.

- 2.2 Last Day of Lease As the Collateral does not include the last day of the term of any lease or any agreement to lease held by the Obligor now or in the future, should the liens created by this Agreement become enforceable the Obligor shall hold the last day in trust for the Lender and shall assign it to any person acquiring that term or the part of the term that is mortgaged and charged in the course of any enforcement of the liens or any realization of the Collateral. Alternately, the Lender may assign the last day as attorney of the Obligor or may appoint any person acquiring the term or any other person or persons as a new trustee or trustees of the last day, free of any obligation regarding the last day.
- 2.3 Restricted Property The Collateral shall not include any lease, agreement, contractual right, franchise, licence or approval, other than an account or chattel paper held by the Obligor now or in the future if the liens created by this Agreement would otherwise result in a breach, forfeiture or termination such property (collectively, the “**Restricted Property**”) unless any necessary consent or waiver is obtained; provided however, that the Obligor shall promptly use all commercially reasonable efforts to seek any necessary consent or waiver to have the Restricted Property form part of the Collateral and to any disposition of the Restricted Property upon enforcement of this Agreement. If a consent or waiver is obtained, the applicable Restricted Property shall form part of the Collateral without any further action. If any consent or waiver is not obtained, and if the liens created by this Agreement become enforceable, the Obligor shall hold any Restricted Property for which a consent or waiver has not been obtained and its benefits in trust for the Lender, and shall perform its obligations and exercise and enforce its rights under that Restricted Property, including rights of disposition, at the direction of the Lender.
- 2.4 Attachment The Obligor agrees that the Lender has given value and that the liens created by this Agreement are intended to attach (a) with respect to Collateral that is now in existence, upon execution of this Agreement, and (b) with respect to Collateral that comes into existence in the future, upon the Obligor acquiring rights in the Collateral or the power to transfer rights in the Collateral to the Lender. In each case, the parties do not intend to postpone the attachment of any lien created by this Agreement.
- 2.5 Continuing Agreement The liens created by this Agreement are continuing, to secure a current or running account, and will extend to the ultimate balance of the Obligations, regardless of any intermediate payment or discharge of the Obligations in whole or in part. Without limiting the foregoing, the Obligations may include advances and re-advances under revolving credit facilities, which permit borrowing, repayment of all or part of the amount borrowed and re-borrowing of amounts previously paid.
- 2.6 In Addition to Other Rights; No Marshalling This Agreement is in addition to and is not in any way prejudiced by or merged with any other lien now or subsequently held by the Lender in respect of any Obligations. The Lender shall be under no obligation to marshal in favour of the Obligor any other lien or any money or other property that the Lender may be entitled to receive or may have a claim upon.

- 2.7 Liabilities Unconditional The liabilities of the Obligor under this Agreement are absolute and unconditional, and will not be affected by any act, omission, matter or thing that, but for this Section, would reduce, release or prejudice any of its liabilities under this Agreement, whether or not known to it or the Lender or consented to by it or the Lender.
- 2.8 Merger of Obligor If the Obligor amalgamates or merges with one or more other entities, the Obligations and the liens created by this Agreement shall continue as to the Obligations and the undertaking, property and assets of the Obligor at the time of amalgamation or merger, and shall extend to the Obligations and the present and future undertaking, property and assets of the amalgamated or merged entity, and the term Obligor shall extend to the amalgamated or merged entity, all as if the amalgamated or merged entity had executed this Agreement as the Obligor.
- 2.9 Limitation Periods To the extent that any limitation period applies to any claim for payment of the Obligations or remedy for enforcement of the Obligations, the Obligor agrees that:
- (a) any limitation period is expressly excluded and waived entirely if permitted by applicable law;
 - (b) if a complete exclusion and waiver of any limitation period is not permitted by applicable law, any limitation period is extended to the maximum length permitted by applicable law;
 - (c) any applicable limitation period shall not begin before an express demand for payment of the Obligations is made in writing by the Lender to the Obligor;
 - (d) any applicable limitation period shall begin afresh upon any payment or other acknowledgment of the Obligations by the Obligor; and
 - (e) this Agreement is a “business agreement” as defined in the *Limitations Act, 2002* (Ontario) if that Act applies.

3. RIGHTS AND OBLIGATIONS OF THE OBLIGOR

- 3.1 Operations and Insurance The Obligor shall diligently maintain and operate the Collateral so as to preserve the Collateral and the income from the Collateral and shall comply with all requirements of any governmental authority and all agreements relating to any of the Collateral and all other conditions on which the Collateral is held. The Obligor shall also keep the Collateral insured against loss, damage and other risks as the Lender may reasonably require, shall maintain its insurance with loss, if any, payable to the Lender as first loss payee and shall provide the Lender with satisfactory evidence of the insurance maintained.
- 3.2 Restrictions on Liens and Dispositions The Obligor shall not, without the prior written consent of the Lender which may be arbitrarily withheld, create, assume, incur, permit or suffer to exist the existence of any encumbrance, charge, pledge, security interest, mortgage or lien on the Collateral except as permitted in any applicable Loan Document,

nor shall the Obligor, without the prior written consent of the Lender which may be arbitrarily withheld, assign, transfer, sell, lease, exchange or otherwise dispose of the Collateral, or permit such a disposition to occur, except as expressly permitted in any Loan Document.

3.3 Restrictions on Liens and Dispositions by Subsidiaries The Obligor, as the direct or indirect parent corporation of each of the Subsidiaries, shall not, without the prior written consent of the Lender which may be arbitrarily withheld, cause, permit or suffer to exist the creation, assumption, incurring or existence of any encumbrance, charge, pledge, security interest, mortgage or lien on, in or to the Subsidiary Collateral by the Subsidiaries except as permitted in any applicable Subsidiary Loan Document, nor shall the Obligor, without the prior written consent of the Lender which may be arbitrarily withheld, cause, permit or suffer to exist the assignment, transfer, sale, lease, exchange or otherwise disposition of any of the Subsidiary Collateral or any interest therein by any of the Subsidiaries, except for:

- (a) inventory in the ordinary course of business on customary trade terms; and
- (b) equipment which has become worn out, damaged or otherwise unsuitable for its purpose, on condition that the Subsidiary substitute for such equipment property of equal value free from all liens and encumbrances, except in favour of the Lender. Such substituted property shall become part of the Subsidiary Collateral as soon as the Subsidiary acquires any interest in it.

3.4 Possession and Control of Collateral The Obligor shall, on request by the Lender from time to time, deliver to the Lender possession of all chattel paper, instruments and negotiable documents of title. The Obligor shall also take whatever steps the Lender requires from time to time to enable the Lender to obtain control of any investment property forming part of the Collateral, including (a) arranging for any securities intermediary, futures intermediary or issuer of uncertificated securities to enter into an agreement satisfactory to the Lender to enable the Lender to obtain control, (b) delivering any certificated security to the Lender with any necessary endorsement and (c) having any security registered in the name of the Lender or its nominee. The Lender is not obligated to keep any Collateral separate or identifiable or to take steps to preserve rights relating to Collateral against prior parties or other persons. The Lender shall have no duty with respect to any Collateral delivered to it, other than to use the same degree of care in the safe custody of the Collateral delivered to it that it uses with respect to similar property that it owns of similar value. Without limiting the foregoing, the Lender may lodge all instruments, chattel paper, investment property or other Collateral with any bank or trust company to be held in safekeeping on behalf of the Lender (without incurring any liability for any act or omission of the bank or trust company), or may hold Collateral itself. The Obligor shall reimburse the Lender on demand for all reasonable expenses incurred by the Lender in connection with safekeeping with interest from the date the expenses are incurred until paid at the highest rate of interest applicable to the Obligations. The expenses and interest shall form part of the Obligations.

- 3.5 Other Assurances; Power of Attorney On request by the Lender, the Obligor shall (a) provide the Lender with details of all goods to which provisions of the PPSA or regulations or orders under the PPSA regarding serial numbers apply, (b) mark or take other steps to identify the Collateral as being subject to the liens created by this Agreement, and (c) execute, acknowledge and deliver all financing statements, certificates, further assignments, documents, transfers, instruments, security documents, acknowledgments and assurances and do all further acts and things as the Lender may consider necessary or desirable to give effect to the intent of this Agreement (including providing the Lender with a fixed and specific mortgage and charge and a perfected security interest in all freehold and leasehold real property, all patents, trademarks and other intellectual property and all aircraft, ships and railway rolling stock in which the Obligor now or in the future holds an interest), or for the collection, disposition, realization or enforcement of the Collateral or the liens created by this Agreement. Effective upon the occurrence of an Event of Default that is continuing, the Obligor constitutes and appoints the Lender its true and lawful attorney, with full power of substitution, to do any of the foregoing or any other things that the Obligor has agreed to do in this Agreement, whenever and wherever the Lender may consider it to be necessary or desirable, and to use the Obligor's name in the exercise of the Lender's rights under this Agreement. This power of attorney is coupled with an interest and is irrevocable by the Obligor.
- 3.6 Composite Agreement This Agreement is a composite mortgage and security agreement covering Collateral located in various provinces and territories of Canada and in other jurisdictions and, as to any Collateral located in a particular jurisdiction, this Agreement shall be a separate mortgage and security agreement enforceable against the Obligor without regard to the application of this Agreement to Collateral located in other jurisdictions. All provisions of this Agreement shall apply separately to the Collateral located in each separate jurisdiction with the same effect as if a separate mortgage and security agreement with respect to that Collateral had been executed and delivered by the Obligor. If requested by the Lender, the Obligor shall execute, deliver and register, at its expense, a separate mortgage and security agreement covering the Collateral located in any particular jurisdiction or jurisdictions. The separate mortgage and security agreement shall be in the form of this Agreement except for modifications required by the fact that it relates only to the Collateral located in the particular jurisdiction or jurisdictions and other modifications that the Lender considers necessary or desirable in the circumstances.
- 3.7 Restriction on Change of Name The Obligor shall not change its name without providing the Lender with 30 days advance written notice and promptly taking other steps, if any, as the Lender requests to ensure that the position of the Lender is not adversely affected by the change in name.
- 3.8 Restriction on Change of Office Location The Obligor shall not permit its chief executive office to be located out of the Province of Ontario (the "**Specified Location**") without providing the Lender with 30 days advance written notice and promptly taking other steps, if any, as the Lender requests to ensure that the position of the Lender is not adversely affected by the change of location.

- 3.9 Restriction on Change of Property Location The Obligor shall not permit any of its tangible personal property to be located out of the Specified Location (other than (a) inventory in transit, (b) goods of a type normally used in more than one jurisdiction that are equipment or inventory leased or held for lease by the Obligor to others and (c) tangible personal property of a value that is not material in relation to the Obligations, that is temporarily located out of the Specified Location) without providing the Lender with 30 days advance written notice and promptly taking other steps, if any, as the Lender requests to ensure that the position of the Lender is not adversely affected by the change of location.
- 3.10 Use of Collateral; Inspection Until the occurrence of an Event of Default, the Obligor may use the Collateral in any lawful manner consistent with the provisions of this Agreement and the Loan Documents. The Obligor shall at all reasonable times and from time to time on reasonable notice, permit representatives of the Lender to inspect any of the Collateral and to examine and take extracts from its financial books, accounts and records, including accounts and records stored in computer data banks and computer software systems, and to discuss its financial condition with its senior officers and (in the presence of such of its representatives as it may designate) its auditors, the reasonable expense of all of which shall be paid by the Obligor.
- 3.11 Lender May Perform Obligor's Duties If the Obligor fails to perform any of its duties under this Agreement, the Lender may, but shall not be obligated to, upon prior notice to the Obligor, perform any or all of those duties, without waiving any rights to enforce this Agreement. The Obligor shall pay the Lender, immediately on written demand, an amount equal to the costs, fees and expenses incurred by the Lender in doing so plus interest from the date the costs, fees and expenses are incurred until paid at the highest rate of interest applicable to the Obligations. The costs, fees, expenses and interest shall be included in the Obligations under this Agreement.
- 3.12 Lender Not Liable for Obligor's Agreements Nothing in this Agreement shall make the Lender liable to observe or perform any term of any agreement to which the Obligor is a party or by which it or the Collateral is bound, or make the Lender a mortgagee in possession. The Obligor shall indemnify the Lender and save it harmless from any claim arising from any such agreement.
- 3.13 Release of Liens If the Obligor has indefeasibly paid the Obligations in full in cash and otherwise performed all of the terms of the Loan Documents, and if all obligations of the Lender to extend credit under any Loan Document have been cancelled, then the Lender shall, at the request and expense of the Obligor, release the liens created by this Agreement and execute and deliver whatever documents are reasonably required to do so.

4. RIGHTS AND OBLIGATIONS ON DEFAULT

- 4.1 Application of Article The provisions of this Article 4 apply on the occurrence of an Event of Default that is continuing.

- 4.2 Termination of Further Credit and Acceleration of Obligations The Lender shall be under no obligation to make further advances or otherwise extend further credit and the Lender may declare that the Obligations are immediately due and payable in full, but if the Obligor becomes bankrupt (voluntarily or involuntarily), or institutes (or has instituted against it) any proceeding seeking liquidation, rearrangement, reorganizations, relief of debtors or creditors or the appointment of a receiver or trustee over any material part of its undertaking, property and assets or any analogous proceeding in any relevant jurisdiction, then without prejudice to the other rights of the Lender as a result of any of those events, without notice or action of any kind by the Lender and without presentment, demand or protest of any nature or kind, the Lender's obligation to make advances or otherwise extend credit shall immediately terminate and the Obligations shall become immediately due and payable. Upon the Obligations becoming due and payable, the Lender may enforce payment of the Obligations and the Lender shall have the rights and remedies of a secured party under the PPSA and other applicable law together with those rights and remedies provided by this Agreement or otherwise provided by applicable law.
- 4.3 Rights of Lender The Lender may (a) require the Obligor to assemble the Collateral and deliver or make the Collateral available to the Lender at a reasonably convenient place designated by the Lender, (b) enter on any premises of the Obligor or any other place where Collateral may be located, (c) take possession of the Collateral by any method permitted by law, (d) render any equipment unusable without removing it from the Obligor's premises, (e) use the Collateral in the manner and to the extent that the Lender may consider appropriate and (f) hold, insure, repair, process, maintain, protect and preserve the Collateral and prepare it for disposition. The Lender is not, however, required to insure the Collateral, and the risk of any loss of or damage to the Collateral shall be borne by the Obligor.
- 4.4 Appointment of Monitor The Lender may from time to time appoint any person (the "**Monitor**") to investigate any or all of the Collateral, the Obligor and the Obligor's business and affairs and report to the Lender. The Obligor shall co-operate fully with the Monitor and give the Monitor full access to its facilities, property, records, creditors, customers, contractors, officers, directors, employees, auditors, legal counsel and agents. The Monitor shall not participate in the management of the Obligor's business or affairs and shall have no responsibility, nor shall it incur any liability, in respect of the Collateral, the Obligor or the Obligor's business or affairs. The Monitor shall act solely on behalf of the Lender and shall have no contractual relationship with the Obligor as a consultant or otherwise, nor shall the Obligor be entitled to receive any report by the Monitor. The appointment of the Monitor shall not be regarded as an act of enforcement of the Liens created by this Agreement. Upon the occurrence of an Event of Default that is continuing, all costs incurred in connection with the appointment of the Monitor and the performance by the Monitor of its activities as such, including legal fees on a full indemnity (sometimes called solicitor and own client) basis shall be payable by the Obligor to the Lender immediately on demand, shall bear interest from the date they are incurred until paid at the highest rate of interest applicable to the Obligations and shall be included in the Obligations.

- 4.5 Proceeds The Lender may take charge of all proceeds of the Collateral and may hold them as additional security for the Obligations, and all proceeds of Collateral received by the Lender or a receiver may be applied to discharge or satisfy any expenses (including the receiver's remuneration and other expenses of enforcing the Lender's rights under this Agreement), liens on the Collateral in favour of persons other than the Lender, borrowings, taxes and other outgoings affecting the Collateral or which are considered advisable by the Lender or such receiver to hold, insure, repair, process, maintain, protect, preserve or prepare for sale, lease or other disposition any of the Collateral or for any other enforcement of this Agreement, or to sell, lease or otherwise dispose of the Collateral. The balance of such proceeds may, at the sole discretion of the Lender, be held as collateral security for the Obligations or be applied to such of the Obligations (whether or not the same are due and payable) in such manner and at such times as the Lender considers appropriate and thereafter shall be accounted for as required by law. The Lender may give notice to any or all account debtors of the Obligor and to any or all persons liable to the Obligor under an instrument to direct all payments or other proceeds relating to the Collateral to the Lender and any payments or other proceeds of the Collateral received by the Obligor from account debtors or from any persons liable to the Obligor under an instrument, after notice is given by the Lender, shall be held by the Obligor in trust for the Lender and immediately paid over to the Lender. The Lender shall not, however, be required to collect any proceeds of the Collateral. The Lender may also enforce any rights of the Obligor in respect of the Collateral by any manner permitted by law.
- 4.6 Rights re Investment Property Etc. The Lender may have any instruments or investment property registered in its name or in the name of its nominee and shall be entitled but not required to exercise voting and other rights that the holder of that Collateral may at any time have; but the Lender shall not be responsible for any loss occasioned by the exercise of those rights or by failure to exercise them. The Lender may also enforce its rights under any agreement with any securities intermediary, futures intermediary or issuer of uncertificated securities.
- 4.7 Notice of Disposition If required to do so by applicable law, the Lender shall give the Obligor written notice of any intended disposition of the Collateral in accordance with any applicable Loan Document or by any other method required or permitted by applicable law. The Obligor waives giving of notice to the maximum extent permitted by applicable law.
- 4.8 Statutory Waivers To the maximum extent permitted by law, the Obligor waives all of the rights, benefits and protections given by any present or future statute that imposes limits on the rights, remedies or powers of the Lender or on the methods of realization of security, including any seize or sue or anti-deficiency statute or any similar provisions of any other statute. In particular, the Obligor waives all rights, benefits and protections given by sections 47 and 50 of the *Law of Property Act* (Alberta) insofar as they extend to or relate to any Collateral. The *Limitation of Civil Rights Act* (Saskatchewan) shall not apply to the liens created by this Agreement or any rights, remedies or powers of the Lender or any receiver.

- 4.9 Disposition and Other Rights of Lender The Lender may (a) carry on all or any part of the business of the Obligor, (b) make payments on account of, to discharge, or to obtain an assignment of any lien on the Collateral, whether or not ranking in priority to the liens created by this Agreement, (c) borrow money required for the seizure, retaking, repossession, holding, insuring, repairing, processing, maintaining, protecting, preserving, preparing for disposition or disposition of the Collateral or for any other enforcement of this Agreement or for carrying on the business of the Obligor on the security of the Collateral in priority to the liens created by this Agreement, (d) file proofs of claim and other documents to establish the claims of the Lender in any proceeding relating to the Obligor, and (e) sell, lease or otherwise dispose of all or any part of the Collateral at public auction, by public tender or by private sale, lease or other disposition, either for cash or on credit, at such time and on such terms and conditions as the Lender may determine. If any disposition involves deferred payment, the Lender will not be accountable for and the Obligor will not be entitled to be credited with the proceeds of disposition until payment is actually received in cash (and following payment in full in cash of all the Obligations). On any disposition, the Lender shall have the right to acquire all or any part of the Collateral that is offered for disposition and the rights of the Obligor in that Collateral shall be extinguished. The Lender may also accept the Collateral in satisfaction of the Obligations or may from time to time designate any part of the Obligations to be satisfied by the acceptance of particular Collateral that the Lender reasonably determines to have a net realizable value equal to the amount of the designated part of the Obligations, in which case only the designated part of the Obligations shall be satisfied by the acceptance of the particular Collateral.
- 4.10 Commercially Reasonable Actions and Omissions The Obligor agrees that it is commercially reasonable for the Lender (a) not to incur expenses that it reasonably considers significant to prepare Collateral for disposition or otherwise to complete raw material or work in process into finished goods or other finished products for disposition, (b) not to obtain third party consents for access to Collateral to be disposed of, or to obtain or, if not required by other law, not to obtain governmental or third party consents for the collection or disposition of Collateral to be collected or disposed of, (c) not to exercise collection remedies against account debtors or other persons obligated on Collateral or to remove liens on or adverse claims against Collateral, (d) to exercise collection remedies against account debtors and other persons obligated on Collateral directly or through the use of collection agencies and other collection specialists, (e) to advertise dispositions of Collateral through publications or media of general circulation, whether or not the Collateral is of a specialized nature, (f) to contact other persons, whether or not in the same business as the Obligor, for expressions of interest in acquiring all or any portion of the Collateral, (g) to hire one or more professional auctioneers or other persons, including employees of the Obligor, brokers, investment bankers, consultants and other professionals to assist in the collection or disposition of Collateral, whether or not the Collateral is of a specialized nature, (h) to dispose of Collateral by utilizing internet sites that provide for the auction of assets of the types included in the Collateral or that have the reasonable capability of doing so, or that match buyers and sellers of assets, (i) to dispose of assets in wholesale rather than retail markets, (j) to disclaim disposition warranties, (k) to vary or rescind any contract for the disposition of any Collateral, or (l) to purchase insurance or credit enhancements or take

other steps to insure the Lender against risks of loss, collection or disposition of Collateral or to provide the Lender a guaranteed return from the collection or disposition of Collateral. The Obligor acknowledges that the purpose of this Section is to provide selected examples of actions and omissions that would be commercially reasonable in the Lender's exercise of remedies against the Collateral and that other actions and omissions shall not be considered commercially unreasonable solely on account of not being mentioned in this Section, nor shall the Lender be liable or accountable for any discount attributable to the specified actions and omissions. Nothing in this Section shall be construed to grant any rights to the Obligor or to impose any duties on the Lender that would not have been granted or imposed by this Agreement or by applicable law in the absence of this Section. In exercising its rights and obligations under this Agreement, the Lender shall not be responsible or liable to the Obligor or any other person for any loss or damage from the realization or disposal of any Collateral or the enforcement of this Agreement, or any failure to do so, or for any act or omission on their respective parts or on the part of any of their directors, officers, employees, agents or advisors in that connection.

- 4.11 Costs of Realization All costs incurred in connection with realizing the security constituted by this Agreement or exercising any of the Lender's rights under this Agreement, including costs incurred in connection with repossessing, holding, insuring, repairing, processing, preparing for disposition, and disposing of any Collateral and legal fees on a full indemnity (sometimes called solicitor and own client) basis (in this Section, "**realization costs**") shall be payable by the Obligor to the Lender immediately on demand. Realization costs shall bear interest from the date they are incurred until paid at the highest rate of interest applicable to the Obligations. Realization costs and interest shall be included in the Obligations under this Agreement.
- 4.12 Other Security; Application of Money The Lender may (a) refrain from enforcing any other security or rights held by or on behalf of the Lender in respect of the Obligations, or enforce any other security or rights in any manner and order as it sees fit, and (b) apply any money received from or in respect of the Collateral in any manner and order as it sees fit and change any application of money received in whole or in part from time to time, or refrain from applying any money and hold it in a suspense account.
- 4.13 Third Parties No person dealing with the Lender is required to determine (a) whether the liens created by this Agreement or the powers purporting to be exercised have become enforceable, (b) whether any Obligations remain owing, (c) the propriety of any aspect of the disposition of Collateral or (d) how any payment to the Lender has been or will be applied. Any person who acquires Collateral from the Lender in good faith shall acquire it free from any interest of the Obligor.
- 4.14 Appointment of Receiver The Lender may take proceedings in any court of competent jurisdiction for the appointment of a receiver (which term includes a receiver and manager) of the Collateral or may by appointment in writing appoint any person to be a receiver of the Collateral. The Lender may remove any receiver appointed by the Lender and appoint another in its place, and may determine the remuneration of any receiver, which may be paid from the proceeds of the Collateral in priority to other Obligations.

Any receiver appointed by the Lender shall, to the extent permitted by applicable law, have all of the rights, benefits and powers of the Lender under this Agreement, the PPSA or otherwise. Any receiver shall be deemed the agent of the Obligor and the Lender shall not be in any way responsible for any misconduct or negligence of any receiver.

- 4.15 Rights Cumulative No failure on the part of the Lender to exercise, nor any delay in exercising, any right or remedy under any Loan Document or this Agreement shall operate as a waiver or impose any liability on the Lender, nor shall any single or partial exercise of any right or remedy prevent any further or other exercise or the exercise of any other right or remedy. The rights and remedies provided in this Agreement are cumulative and do not exclude any rights and remedies provided by applicable law. If the Lender has enforced any right or remedy under this Agreement and the enforcement proceeding has been discontinued, abandoned or determined adversely to the Lender for any reason, then the Obligor and the Lender shall, without any further action, be restored to their previous positions to the maximum extent permitted by law and subject to any determination in the enforcement proceeding or express agreement between the Obligor and the Lender, and thereafter all rights and remedies of the Lender shall continue as if no enforcement proceeding had been taken.
- 4.16 Obligor Liable for Deficiency If the proceeds arising from the disposition of the Collateral fail to satisfy the Obligations, the Obligor shall pay any deficiency to the Lender on demand. Neither the taking of any judicial or extra-judicial proceeding nor the exercise of any power of seizure or disposition or other remedy shall extinguish the liability of the Obligor to pay and perform the Obligations, nor shall the acceptance of any payment or alternate security create any novation. No covenant, representation or warranty of the Obligor in this Agreement shall merge in any judgment.
- 4.17 Release by Obligor The Obligor hereby releases and discharges the Lender and any receiver from all claims of any kind, whether sounding in damages or not, that may arise or be caused to the Obligor or any person claiming through or under the Obligor as a result of any act or omission of the Lender or any receiver.

5. NOTICES

- 5.1 Notices in Writing Any communication to be made under this Agreement shall be made in writing and, except as required or permitted by applicable law, shall be made by fax or letter. Except as specified by applicable law, any communication shall be effective when received if during business hours or on the next Business Day if received outside of business hours.

5.2 Addresses for Notice The Obligor's address for notice is:

Treasury Metals Inc.
130 King Street West
Suite 3680
Toronto, ON M5X 1B1
Attention: Martin Walter
Facsimile: ●

with a copy to:

Heenan Blaikie LLP
Bay Adelaide Centre
Suite 2900, 333 Bay Street
Toronto, ON M5H 2T4
Attention: Frederico Marques
Facsimile: 416.360.8425

The Lender's address for notice is:

Aquiline Resources Inc.
625 Howe Street, Suite 1500
Vancouver, BC V6C 2T6
Attention: General Counsel
Facsimile: ●

with a copy to:

Borden Ladner Gervais LLP
1200 Waterfront Centre
200 Burrard Street, PO Box 48600
Vancouver, BC V7X 1T2
Attention: Fred R. Pletcher
Facsimile: 604.622.5802

6. ENTIRE AGREEMENT; SEVERABILITY

6.1 Entire Agreement This Agreement embodies all the agreements between the Obligor and the Lender relating to the liens created in this Agreement and the related rights and remedies. No party shall be bound by any representation or promise made by any person relating to this Agreement that is not embodied in it. Any waiver of, or consent to departure from, the requirements of any provision of this Agreement shall be effective only if it is in writing and signed by the Lender, and only in the specific instance and for the specific purpose for which it has been given.

6.2 Severability If, in any jurisdiction, any provision of this Agreement or its application to any circumstance is restricted, prohibited or unenforceable, that provision shall, as to that

jurisdiction, be ineffective only to the extent of that restriction, prohibition or unenforceability without invalidating the remaining provisions of this Agreement, without affecting the validity or enforceability of that provision in any other jurisdiction and, if applicable, without affecting its application to other circumstances.

7. DELIVERY OF AGREEMENT

7.1 Counterparts This Agreement may be executed in any number of counterparts and all counterparts taken together shall be deemed to constitute one agreement.

7.2 Delivery To evidence the fact that it has executed this Agreement, the Obligor may send a signed copy of this Agreement or its signature to this Agreement by facsimile transmission or e-mail (in “pdf” form) and the signature sent in that way shall be deemed to be its original signature for all purposes.

7.3 No Conditions Possession of this Agreement by the Lender shall be conclusive evidence against the Obligor that the Agreement was not delivered in escrow or pursuant to any agreement that it should not be effective until any condition precedent or subsequent has been complied with. This Agreement shall be operative and binding notwithstanding that it is not executed by any proposed signatory.

7.4 Receipt and Waiver The Obligor acknowledges receipt of a copy of this Agreement. The Obligor waives any notice of acceptance of this Agreement by the Lender. The Obligor also waives the right to receive a copy of any financing statement or financing change statement that may be registered in connection with this Agreement or any verification statement issued with respect to a registration, if waiver is not otherwise prohibited by law. The Obligor agrees that the Lender may from time to time provide information regarding this Agreement, the Collateral and the Obligations to persons that the Lender believes in good faith are entitled to the information under applicable law.

8. GOVERNING LAW

8.1 Governing Law This Agreement and any dispute arising from or in relation to this Agreement shall be governed by, and interpreted and enforced in accordance with, the law of the Province of British Columbia and the laws of Canada applicable in that province, excluding the conflict of law rules of that province.

8.2 Obligor’s Exclusive Dispute Resolution Jurisdiction The Obligor agrees that the courts of the Province of British Columbia have exclusive jurisdiction over any dispute arising from or in relation to this Agreement and the Obligor irrevocably and unconditionally attorns to the exclusive jurisdiction of that province. The Obligor agrees that the courts of that province are the most appropriate and convenient forum to settle disputes and agrees not to argue to the contrary.

8.3 Lender Entitled to Concurrent Jurisdiction Despite Section 8.2, the Lender is permitted to take proceedings in relation to any dispute arising from or in relation to this Agreement in any court of another province or another state with jurisdiction and to the extent allowed by law may take concurrent proceedings in any number of jurisdictions.

9. SUCCESSORS AND ASSIGNS

9.1 Successors and Assigns The Obligor may not assign or transfer all or any part of its liabilities under this Agreement. All rights of the Lender under this Agreement shall be assignable and the Obligor shall not assert against any assignee any claim or defence that the Obligor now has or may in the future have against the Lender. This Agreement shall enure to the benefit of the Lender and its successors and assigns and be binding on the Obligor and its successors and any permitted assigns.

10. REPRESENTATIONS OF THE OBLIGOR

10.1 General The Obligor represents and warrants to and for the benefit of the Lender and so long as this Agreement remains in effect shall be deemed to continuously represent and warrant as set out in this Section 10.

10.2 Incorporation, Licenses and Qualifications The Obligor is a body corporate, duly incorporated, properly organized and validly existing under the laws of the Province of Ontario and is duly registered and qualified to do business under the laws of each other jurisdiction in which the character of the properties owned by it or the nature of the activities conducted by it make such registration or qualification advisable or necessary.

10.3 Corporate Power The Obligor has full power and lawful authority to enter this Agreement and to grant the security interests hereby created.

10.4 Enforceability This Agreement constitutes a valid and legally binding obligation of the Obligor enforceable against the Obligor in accordance with its terms, subject only to bankruptcy, insolvency or other statutes or judicial decisions affecting the enforcement of creditors' rights generally and to general principles of equity.

10.5 No Actions or Material Adverse Changes There is no action or proceeding pending or to the knowledge of the Obligor threatened against the Obligor before any court, administrative agency, tribunal, arbitrator, government or governmental agency or any fact known to the Obligor and not disclosed to the Lender which might involve any material adverse change in the properties, business, prospects or condition of the Obligor, or which question the validity of this Agreement or any other material agreement to which the Obligor is a party (or the Obligor's ability to perform its obligations under this Agreement) and there are no outstanding judgments, writs of execution, work orders, injunctions, directives against the Obligor or its properties.

10.6 Non-Conflict Neither the execution nor the performance of this Agreement requires the approval of any regulatory agency having jurisdiction over the Obligor nor is this Agreement in contravention of or in conflict with the articles, by-laws or resolutions of the directors or shareholders of the Obligor or of the provisions of any agreement to which the Obligor is a party or by which any of its property may be bound or of any statute, regulation, by-law, ordinance or other law, or of any judgment, decree, award, ruling or order to which the Obligor or any of its property may be subject.

10.7 No Default The Obligor is not in breach of any agreement to which it is a party.

- 10.8 Ownership and Collateral Free of Encumbrances The Obligor is the owner of or has rights in the Collateral free and clear of all other security interests, mortgages, hypothecs, pledges, liens, claims, charges, whether fixed or floating, or other encumbrances whatsoever other than the permitted encumbrances, if any, set forth in Schedule A hereto (the “**Permitted Encumbrances**”).
- 10.9 No Other Corporate Names or Styles The Obligor does not now carry on business under or use any name or style other than the name(s) specified in this Agreement.
- 10.10 Places of Business of Obligor The locations specified in Schedule B hereto are the Obligor’s only places of business (the “**Places of Business**”) where the Obligor conducts its business operations or keeps or stores the Collateral and records in respect thereof and of the Obligor’s business.
- 10.11 Insurance The Collateral is insured in accordance with the terms hereof.
- 10.12 Account Debtor Each account, chattel paper, security and instrument constituting Collateral is genuine and enforceable in accordance with its terms against the party obligated to pay thereunder (the “**Account Debtor**”).
- 10.13 Amounts Due From Account Debtor The amount represented by the Obligor to the Lender from time to time as owing by each Account Debtor or by all Account Debtors shall, to the best of the Obligor’s knowledge be the correct amount actually and unconditionally owing by such Account Debtor or Account Debtors, save and except for normal cash discounts where applicable.
- 10.14 Financial Information In all information and financial statements supplied for the benefit of the Lender, the Obligor has made no untrue statement of any material fact, and has revealed all material facts the omission of which would make such information and statements misleading. The Obligor has disclosed all facts which materially adversely affect or, so far as the Obligor can reasonably foresee, will materially adversely affect the business, properties, prospects or financial condition of the Obligor or the ability of the Obligor to perform its obligations hereunder. All accounting information and financial statements supplied for the benefit of the Lender have been prepared in accordance with generally accepted accounting principles.
- 10.15 Survival and Reliance All representations and warranties of the Obligor made herein or in any certificate or other document delivered by or on behalf of the Obligor for the benefit of the Lender are material, shall survive the execution and delivery of this Agreement and shall continue in full force and effect without time limit. The Lender is deemed to have relied upon each such representation and warranty notwithstanding any investigation made by or on behalf of the Lender at any time.

[Signature page follows]

IN WITNESS OF WHICH, the Obligor has duly executed this Agreement.

TREASURY METALS INC.

By: _____
Name:
Title:

[signature page for General Security Agreement by Treasury Metals Inc.]

SCHEDULE A
PERMITTED ENCUMBRANCES

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SCHEDULE B
PLACES OF BUSINESS

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SCHEDULE "I"
FORM OF CORPORATION GUARANTEE

AQUILINE RESOURCES INC.

GUARANTEE BY

Absolut Resources Inc.

IN CONSIDERATION of Aquiline Resources Inc. (the “**Lender**”) dealing with Treasury Metals Inc. (the “**Debtor**”), the undersigned hereby guarantees payment of all debts and liabilities, present or future, direct or indirect, absolute or contingent, matured or not, at any time owing by the Debtor to the Lender or remaining unpaid by the Debtor to the Lender, pursuant to the Secured Promissory Note granted by the Debtor to the Lender on the date hereof (the “**Secured Promissory Note**”) (such debts and liabilities being herein called the “**Guaranteed Liabilities**”) together with interest thereon from date of demand on the undersigned, at the rate from time to time prevailing between the Debtor and the Lender under the Secured Promissory Note.

AND THE UNDERSIGNED hereby agrees with the Lender as follows:

1. In this guarantee the word “**Guarantor**” shall mean the undersigned.
2. This guarantee shall be a continuing guarantee of all the Guaranteed Liabilities and shall apply to and secure any ultimate balance due or remaining unpaid to the Lender; and this guarantee shall not be considered as wholly or partially satisfied by the payment or liquidation at any time of any sum of money for the time being due or remaining unpaid to the Lender.
3. The Lender shall not be bound to exhaust its recourse against the Debtor or others or any securities or other guarantees it may at any time hold before being entitled to payment from the Guarantor, and the Guarantor renounces all benefits of discussion and division.
4. The Guarantor’s liability to make payment under this guarantee shall arise forthwith after demand for payment has been made in writing on the undersigned and such demand shall be deemed to have been effectually made when an envelope containing such demand addressed to the undersigned at the address of the undersigned last known to the Lender is delivered to a reputable courier for delivery to the undersigned, postage prepaid; and the Guarantor’s liability shall bear interest from the date of such demand at the rate hereinbefore set out.
5. Upon default in payment of any sum owing by the Debtor to the Lender at any time, the Lender may treat all Guaranteed Liabilities as due and payable and may forthwith collect from the Guarantor the total amount hereby guaranteed and may apply the sum so collected upon the Guaranteed Liabilities or may place it to the credit of a special account. A written statement of the President of the Lender as to the amount remaining unpaid to the Lender at any time by the Debtor shall, if agreed to by the Debtor, be conclusive evidence and shall, in any event, be prima facie evidence against the Guarantor as to the amount remaining unpaid to the Lender at such time by the Debtor.

6. This guarantee shall be in addition to and not in substitution for any other guarantees or other securities which the Lender may now or hereafter hold in respect of the Guaranteed Liabilities and the Lender shall be under no obligation to marshal in favour of the Guarantor any other guarantees or other securities or any moneys or other assets which the Lender may be entitled to receive or may have a claim upon; and no loss of or in respect of or unenforceability of any other guarantees or other securities which the Lender may now or hereafter hold in respect of the Guaranteed Liabilities, whether occasioned by the fault of the Lender or otherwise, shall in any way limit or lessen the Guarantor's liability.

7. Without prejudice to or in any way limiting or lessening the Guarantor's liability and without obtaining the consent of or giving notice to the Guarantor, the Lender may discontinue, reduce, increase or otherwise vary the credit of the Debtor, may grant time, renewals, extensions, indulgences, releases and discharges to and accept compositions from or otherwise deal with the Debtor and others, including the Guarantor and any other guarantor as the Lender may see fit, and the Lender may take, abstain from taking or perfecting, vary, exchange, renew, discharge, give up, realize on or otherwise deal with securities and guarantees in such manner as the Lender may see fit, and the Lender may apply all moneys received from the Debtor or others or from securities or guarantees upon such parts of the Guaranteed Liabilities as the Lender may see fit and change any such application in whole or in part from time to time.

8. Until repayment in full of all the Guaranteed Liabilities, all dividends, compositions, proceeds of securities, securities valued or payments received by the Lender from the Debtor or others or from estates in respect of the Guaranteed Liabilities shall be regarded for all purposes as payments in gross without any right on the part of the Guarantor to claim the benefit thereof in reduction of the liability under this guarantee, and the Guarantor shall not claim any set-off or counterclaim against the Debtor in respect of any liability of the Debtor to the Guarantor, claim or prove in the bankruptcy or insolvency of the Debtor in competition with the Lender. The Guarantor hereby waives any and all present or future right to be subrogated to the Lender, and hereby releases any and all present or future right to enforce any such subrogated claims. The Guarantor hereby agrees at any time and from time to time, upon request by the Lender and at the expense of the Guarantor, to execute such further documents and instruments as may be necessary to implement and give effect to this waiver of rights of subrogation and release, including without limitation any documents or instruments as may be necessary to allow the Lender, the Debtor or any other person to rely upon or to enforce this waiver of rights of subrogation and release.

9. This guarantee shall not be discharged or otherwise affected by any change in the name of the Debtor, or in the objects, capital structure or constitution of the Debtor, or by the sale of the Debtor's business or any part thereof or by the Debtor being amalgamated with a corporation, but shall, notwithstanding any such event, continue to apply to all Guaranteed Liabilities whether theretofore or thereafter incurred; in the case of the Debtor being amalgamated with a corporation, this guarantee shall apply to the liabilities of the resulting partnership or corporation, and the term "Debtor" shall include each such resulting corporation.

10. All advances, renewals and credits made or granted by the Lender purportedly to or for the Debtor after bankruptcy or insolvency of the Debtor, but before the Lender has

received notice thereof shall be deemed to form part of the Guaranteed Liabilities; and all advances, renewals and credits obtained from the Lender purportedly by or on behalf of the Debtor shall be deemed to form part of the Guaranteed Liabilities, notwithstanding any lack or limitation of power, incapacity or disability of the directors, partners or agents of the Debtor, or that the Debtor may not be a legal or suable entity, or any irregularity, defect or informality in the obtaining of such advances, renewals or credits, whether or not the Lender had knowledge thereof; and any such advance, renewal or credit which may not be recoverable from the undersigned as guarantor shall be recoverable from the undersigned jointly and severally as principal debtor in respect thereof and shall be paid to the Lender on demand with interest at the rate hereinbefore set out.

11. All debts and liabilities, present and future, of the Debtor to the Guarantor are hereby assigned to the Lender and postponed to the Guaranteed Liabilities, and all moneys received by the Guarantor in respect thereof shall be received in trust for the Lender and forthwith upon receipt shall be paid over to the Lender, the whole without in any way lessening or limiting the liability of the Guarantor under this guarantee; and this assignment and postponement is independent of the guarantee and shall remain in full force and effect until repayment in full to the Lender of all the Guaranteed Liabilities, notwithstanding that the liability of the undersigned or any of them under this guarantee may have been discharged or terminated.

12. The undersigned by giving thirty days' notice in writing to the Lender at 625 Howe Street, Suite 1500, Vancouver, British Columbia V6C 2T6, may terminate its further liability under this guarantee in respect of liabilities of the Debtor incurred or arising after the expiration of such thirty days, but not in respect of any Guaranteed Liabilities incurred or arising before the expiration of such thirty days even though not then matured; provided that notwithstanding receipt of any such notice the Lender may fulfil any requirements of the Debtor based on agreements express or implied made prior to the expiration of such thirty days and any resulting liabilities shall be covered by this guarantee; and provided further that in the event of the termination of this guarantee as the undersigned, it shall remain a continuing guarantee as to the other or others of the undersigned.

13. This guarantee embodies all the agreements between the parties hereto relative to the guarantee, assignment and postponement and none of the parties shall be bound by any representation or promise made by any person relative thereto which is not embodied herein; and it is specifically agreed that the Lender shall not be bound by any representations or promises made by the Debtor to the Guarantor. Possession of this instrument by the Lender shall be conclusive evidence against the Guarantor that the instrument was not delivered in escrow or pursuant to any agreement that it should not be effective until any condition precedent or subsequent has been complied with and this guarantee shall be operative and binding notwithstanding the non-execution thereof by any proposed signatory.

14. This guarantee shall be governed in all respects by the laws of the Province of British Columbia.

15. This guarantee shall not be discharged or affected by the dissolution of the undersigned and shall enure to the benefit of and be binding upon the Lender, its successors and assigns, and the Guarantor, its heirs, executors, administrators, successors and assigns.

DATED at _____, _____, this ____ day of _____, 2011.

ABSOLUT RESOURCES INC.

By: _____

By: _____

SCHEDULE "J"

FORM OF CORPORATION GENERAL SECURITY AGREEMENT

GENERAL SECURITY AGREEMENT

ABSOLUT RESOURCES INC.

TO: Aquiline Resources Inc. (the “**Lender**”)

DATE: _____, 2011

RECITALS:

- A. The Lender has agreed to advance USD\$● (the “**Loan**”) to Treasury Metals Inc. (the “**Debtor**”);
- B. As consideration for the Loan, the Obligor (as defined below) has agreed to provide an unlimited guarantee, whereby the Obligor shall guarantee all of the debts and obligations owing by the Debtor to the Lender; and
- C. As collateral security for the Obligor Guarantee (as defined below), and as a condition for the advance of the Loan by the Lender to the Debtor, the Obligor shall execute and deliver this Agreement to and in favour of the Lender.

FOR VALUE RECEIVED and intending to be legally bound by this general security agreement (the “**Agreement**”), the undersigned (the “**Obligor**”) agrees as follows:

1. INTERPRETATION

1.1 Capitalized Terms In this Agreement, except where the context otherwise requires:

- (a) “**Business Days**” means any day except Saturday, Sunday or any days on which banks are generally not open for business in the City of Vancouver.
- (b) “**Collateral**” means all present and after-acquired undertaking, property and assets of the Obligor, except those expressly excluded in this definition, including all present and future right, title, interest and benefit of the Obligor (by way of amalgamation or otherwise) in all property of the following kinds:
 - (i) all goods comprising the inventory of the Obligor, including goods held for sale or lease or that have been leased or consigned to or by the Obligor or that have been furnished or are to be furnished under a contract of service or that are raw materials, work in process or materials used or consumed in a business or profession or that are finished goods;
 - (ii) timber, whether cut or to be cut, timber licenses, oil, gas, other hydrocarbons and minerals, whether extracted or to be extracted, animals and their young and unborn young, and crops, whether growing or harvested;
 - (iii) all other goods, including furniture, fixtures, equipment, machinery, plant, tools and vehicles;

- (iv) all chattel paper;
- (v) all money;
- (vi) all warehouse receipts, bills of lading and other documents of title, whether negotiable or not;
- (vii) all instruments, including bills, notes, cheques, letters of credit and advices of credit;
- (viii) all investment property, including shares, stock, warrants, bonds, debentures, debenture stock and other securities (in each case whether evidenced by a security certificate or an uncertificated security) and financial assets, security entitlements, securities accounts, futures contracts and futures accounts;
- (ix) all other tangible personal property;
- (x) all accounts, including deposit accounts in banks, credit unions, trust companies and similar institutions, rents, debts, demands and choses in action that are due, owing or accruing due to the Obligor, and all claims of any kind that the Obligor has, including claims against the Crown and claims under insurance policies;
- (xi) all other intangibles including contracts, agreements, clearing house options, permits, licences, consents, approvals, authorizations, orders, judgments, certificates, rulings, insurance policies, agricultural and other quotas, subsidies, franchises, immunities, privileges and benefits and all goodwill, patents, trade marks, trade names, trade secrets, inventions, processes copyrights, applications for intellectual property rights and other industrial or intellectual property;
- (xii) with respect to the property described in items b(i) to b(xi) inclusive, all books, accounts, invoices, letters, papers, documents, disks and other records in any form, electronic or otherwise, evidencing or relating to that property and all contracts, investment property, instruments and other rights and benefits in respect of that property;
- (xiii) with respect to the property described in items b(i) to b(xii) inclusive, all parts, components, renewals, substitutions and replacements of that property and all attachments, accessories and increases, additions and accessions to that property; and
- (xiv) with respect to the property described in items b(i) to b(xiii) inclusive, all proceeds from that property, including property in any form derived directly or indirectly from any dealing with that property or proceeds from the property, and any insurance or other payment as indemnity or compensation for loss of or damage to the property or any right to

payment, and any payment made in total or partial discharge or redemption of an intangible, chattel paper, instrument or investment property.

Any reference to “the Collateral” in this Agreement shall be interpreted as referring to “the Collateral or any of it.”

- (c) “**Excluded Assets**” means the following assets of the Obligor:
 - (i) any consumer goods;
 - (ii) the last day of the term of any lease or any agreement to lease held by the Obligor now or in the future; or
 - (iii) any Restricted Property as more fully described in Section 2.3 of this Agreement.
- (d) “**Event of Default**” means the occurrence of (i) a “default,” “event of default” or similar circumstance identified in any Loan Document that entitles the Obligor’s counterparty or the Lender, as the case may be, to enforce its rights under that Loan Document, (ii) the failure of the Obligor to pay any of the Obligations when due, or (iii) any demand for payment validly made by the Lender pursuant to any Loan Document that is not met in accordance with the terms of the demand or within any applicable grace period.
- (e) “**Loan Documents**” means the Secured Promissory Note and the Obligor Guarantee.
- (f) “**Obligations**” means all debts, liabilities and obligations of the Obligor to the Lender, whether present or future, direct or indirect, absolute or contingent, matured or not, at any time owing or remaining unpaid by the Obligor to the Lender in any currency, whether arising from dealings between the Lender and the Obligor or from other dealings or proceedings by which the Lender may be or become in any manner whatever a creditor of the Obligor, and wherever incurred, and whether incurred by the Obligor alone or with another or others and whether as principal or surety (including obligations under or in connection with any Loan Document and any guarantee or indemnity given by the Obligor), and all interest, fees, commissions and legal and other costs, charges and expenses owing or remaining unpaid by the Obligor to the Lender in any currency.
- (g) “**Obligor Guarantee**” means the guarantee dated _____, 2011 granted by the Obligor in favour of the Lender, as amended, supplemented, restated and replaced from time to time.
- (h) “**PPSA**” means the *Personal Property Security Act* (British Columbia), provided that, if the validity, perfection or the effect of perfection or non-perfection or the priority of the security interest in any Collateral is governed by the Personal Property Security Act (or similar legislation) as in effect in a jurisdiction other

than the Province of British Columbia, “PPSA” means the Personal Property Security Act (or similar legislation) of such other jurisdiction for purposes of the provisions hereof relating to such validity, perfection, effect of perfection or non-perfection or priority.

- (i) “**Secured Promissory Note**” means the secured promissory note dated _____, 2011 granted by the Debtor to the Lender, as amended, supplemented, restated and replaced from time to time.
- (j) “**Subsidiaries**” means each of Pico Machay Cayman Limited, Minera Calipuy S.A.C. and Minera Pico Machay S.A.C.
- (k) “**Subsidiary Collateral**” means all present and after-acquired undertaking, property and assets of each of the Subsidiaries, except those expressly excluded in this definition, including all present and future right, title, interest and benefit of each of the Subsidiaries (by way of amalgamation or otherwise) in all property of the following kinds:
 - (i) all goods comprising the inventory of the each of the Subsidiaries, including goods held for sale or lease or that have been leased or consigned to or by each of the Subsidiaries or that have been furnished or are to be furnished under a contract of service or that are raw materials, work in process or materials used or consumed in a business or profession or that are finished goods;
 - (ii) timber, whether cut or to be cut, timber licenses, oil, gas, other hydrocarbons and minerals, whether extracted or to be extracted, animals and their young and unborn young, and crops, whether growing or harvested;
 - (iii) all other goods, including furniture, fixtures, equipment, machinery, plant, tools and vehicles;
 - (iv) all chattel paper;
 - (v) all money;
 - (vi) all warehouse receipts, bills of lading and other documents of title, whether negotiable or not;
 - (vii) all instruments, including bills, notes, cheques, letters of credit and advices of credit;
 - (viii) all investment property, including shares, stock, warrants, bonds, debentures, debenture stock and other securities (in each case whether evidenced by a security certificate or an uncertificated security) and financial assets, security entitlements, securities accounts, futures contracts and futures accounts;

- (ix) all other tangible personal property;
- (x) all accounts, including deposit accounts in banks, credit unions, trust companies and similar institutions, rents, debts, demands and choses in action that are due, owing or accruing due to the Obligor, and all claims of any kind that the Obligor has, including claims against the Crown and claims under insurance policies;
- (xi) all other intangibles including contracts, agreements, clearing house options, permits, licences, consents, approvals, authorizations, orders, judgments, certificates, rulings, insurance policies, agricultural and other quotas, subsidies, franchises, immunities, privileges and benefits and all goodwill, patents, trade marks, trade names, trade secrets, inventions, processes copyrights, applications for intellectual property rights and other industrial or intellectual property;
- (xii) with respect to the property described in items (k)(i) to (xi) inclusive, all books, accounts, invoices, letters, papers, documents, disks and other records in any form, electronic or otherwise, evidencing or relating to that property and all contracts, investment property, instruments and other rights and benefits in respect of that property;
- (xiii) with respect to the property described in items (k)(i) to (xii) inclusive, all parts, components, renewals, substitutions and replacements of that property and all attachments, accessories and increases, additions and accessions to that property; and
- (xiv) with respect to the property described in items (k)(i) to (xiii) inclusive, all proceeds from that property, including property in any form derived directly or indirectly from any dealing with that property or proceeds from the property, and any insurance or other payment as indemnity or compensation for loss of or damage to the property or any right to payment, and any payment made in total or partial discharge or redemption of an intangible, chattel paper, instrument or investment property.

Any reference to “the Subsidiary Collateral” in this Agreement shall be interpreted as referring to “the Subsidiary Collateral or any of it.”

- (l) “**Subsidiary Loan Documents**” means any agreement entered into between any of the Subsidiaries and the Lender or granted by any of the Subsidiaries in favour of the Lender.

1.2 PPSA Definitions In this Agreement, except where the context otherwise requires, the words “accessions,” “account,” “account debtor,” “certificated security,” “chattel paper,” “clearing house option,” “consumer goods,” “control,” “crops,” “document of title,” “equipment,” “financial asset,” “fixtures,” “futures account,” “futures contract,” “futures intermediary,” “goods,” “instrument,” “intangible,” “inventory,” “investment property,”

“money,” “option,” “proceeds,” “receiver,” “securities account,” “securities intermediary,” “security,” “security certificate,” “security entitlement” and “uncertificated security” shall have the same meanings as their defined meanings where they are defined in the PPSA.

1.3 No Contra Proferentem This Agreement has been negotiated by the Obligor and the Lender with the benefit of legal representation, and any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply to the construction or interpretation of this Agreement.

1.4 Other Interpretation Rules In this Agreement:

- (a) The division into Sections and the insertion of headings are for convenience of reference only and do not affect the construction or interpretation of this Agreement.
- (b) Unless otherwise specified or the context otherwise requires, (i) “including” or “includes” means “including (or includes) but is not limited to” and shall not be construed to limit any general statement preceding it to the specific or similar items or matters immediately following it, (ii) a reference to any legislation, statutory instrument or regulation or a section of it is a reference to the legislation, statutory instrument, regulation or section as amended, restated and re-enacted from time to time, and (iii) words in the singular include the plural and vice-versa and words in one gender include all genders.
- (c) Unless otherwise specified or the context otherwise requires, any reference in this Agreement to payment of the Obligations includes performance of the Obligations.
- (d) Wherever the singular or the masculine are used herein, the same shall be deemed to include the plural or the feminine or the body politic or corporate where the context or the parties so require.

2. GRANT OF SECURITY, ETC.

2.1 Grant of Security As security for payment and performance of the Obligations, the Obligor:

- (a) mortgages, charges, assigns, transfers and pledges the Collateral to the Lender as a fixed and specific mortgage and charge, and grants the Lender a security interest in the Collateral;
- (b) grants a floating charge to the Lender of all of its present and future interests in real property forming part of the Collateral that is not validly and effectively charged in item (a) above.

Without limiting the preceding part of this Section, a security interest is taken in all of the Obligor’s present and after acquired personal property. The floating charge created by

item (b) above shall become a fixed charge as soon as the Lender notifies the Obligor to that effect following the earliest of (i) the Obligations becoming immediately payable, (ii) an Event of Default and (iii) the occurrence of any other event that by the operation of law would result in the floating charge becoming a fixed charge.

- 2.2 Last Day of Lease As the Collateral does not include the last day of the term of any lease or any agreement to lease held by the Obligor now or in the future, should the liens created by this Agreement become enforceable the Obligor shall hold the last day in trust for the Lender and shall assign it to any person acquiring that term or the part of the term that is mortgaged and charged in the course of any enforcement of the liens or any realization of the Collateral. Alternately, the Lender may assign the last day as attorney of the Obligor or may appoint any person acquiring the term or any other person or persons as a new trustee or trustees of the last day, free of any obligation regarding the last day.
- 2.3 Restricted Property The Collateral shall not include any lease, agreement, contractual right, franchise, licence or approval, other than an account or chattel paper held by the Obligor now or in the future if the liens created by this Agreement would otherwise result in a breach, forfeiture or termination such property (collectively, the “**Restricted Property**”) unless any necessary consent or waiver is obtained; provided however, that the Obligor shall promptly use all commercially reasonable efforts to seek any necessary consent or waiver to have the Restricted Property form part of the Collateral and to any disposition of the Restricted Property upon enforcement of this Agreement. If a consent or waiver is obtained, the applicable Restricted Property shall form part of the Collateral without any further action. If any consent or waiver is not obtained, and if the liens created by this Agreement become enforceable, the Obligor shall hold any Restricted Property for which a consent or waiver has not been obtained and its benefits in trust for the Lender, and shall perform its obligations and exercise and enforce its rights under that Restricted Property, including rights of disposition, at the direction of the Lender.
- 2.4 Attachment The Obligor agrees that the Lender has given value and that the liens created by this Agreement are intended to attach (a) with respect to Collateral that is now in existence, upon execution of this Agreement, and (b) with respect to Collateral that comes into existence in the future, upon the Obligor acquiring rights in the Collateral or the power to transfer rights in the Collateral to the Lender. In each case, the parties do not intend to postpone the attachment of any lien created by this Agreement.
- 2.5 Continuing Agreement The liens created by this Agreement are continuing, to secure a current or running account, and will extend to the ultimate balance of the Obligations, regardless of any intermediate payment or discharge of the Obligations in whole or in part. Without limiting the foregoing, the Obligations may include advances and re-advances under revolving credit facilities, which permit borrowing, repayment of all or part of the amount borrowed and re-borrowing of amounts previously paid.
- 2.6 In Addition to Other Rights; No Marshalling This Agreement is in addition to and is not in any way prejudiced by or merged with any other lien now or subsequently held by the Lender in respect of any Obligations. The Lender shall be under no obligation to marshal

in favour of the Obligor any other lien or any money or other property that the Lender may be entitled to receive or may have a claim upon.

- 2.7 Liabilities Unconditional The liabilities of the Obligor under this Agreement are absolute and unconditional, and will not be affected by any act, omission, matter or thing that, but for this Section, would reduce, release or prejudice any of its liabilities under this Agreement, whether or not known to it or the Lender or consented to by it or the Lender.
- 2.8 Merger of Obligor If the Obligor amalgamates or merges with one or more other entities, the Obligations and the liens created by this Agreement shall continue as to the Obligations and the undertaking, property and assets of the Obligor at the time of amalgamation or merger, and shall extend to the Obligations and the present and future undertaking, property and assets of the amalgamated or merged entity, and the term Obligor shall extend to the amalgamated or merged entity, all as if the amalgamated or merged entity had executed this Agreement as the Obligor.
- 2.9 Limitation Periods To the extent that any limitation period applies to any claim for payment of the Obligations or remedy for enforcement of the Obligations, the Obligor agrees that:
- (a) any limitation period is expressly excluded and waived entirely if permitted by applicable law;
 - (b) if a complete exclusion and waiver of any limitation period is not permitted by applicable law, any limitation period is extended to the maximum length permitted by applicable law;
 - (c) any applicable limitation period shall not begin before an express demand for payment of the Obligations is made in writing by the Lender to the Obligor;
 - (d) any applicable limitation period shall begin afresh upon any payment or other acknowledgment of the Obligations by the Obligor; and
 - (e) this Agreement is a “business agreement” as defined in the *Limitations Act, 2002* (Ontario) if that Act applies.

3. RIGHTS AND OBLIGATIONS OF THE OBLIGOR

- 3.1 Operations and Insurance The Obligor shall diligently maintain and operate the Collateral so as to preserve the Collateral and the income from the Collateral and shall comply with all requirements of any governmental authority and all agreements relating to any of the Collateral and all other conditions on which the Collateral is held. The Obligor shall also keep the Collateral insured against loss, damage and other risks as the Lender may reasonably require, shall maintain its insurance with loss, if any, payable to the Lender as first loss payee and shall provide the Lender with satisfactory evidence of the insurance maintained.

- 3.2 Restrictions on Liens and Dispositions The Obligor shall not, without the prior written consent of the Lender which may be arbitrarily withheld, create, assume, incur, permit or suffer to exist the existence of any encumbrance, charge, pledge, security interest, mortgage or lien on the Collateral except as permitted in any applicable Loan Document, nor shall the Obligor, without the prior written consent of the Lender which may be arbitrarily withheld, assign, transfer, sell, lease, exchange or otherwise dispose of the Collateral, or permit such a disposition to occur, except as expressly permitted in any Loan Document.
- 3.3 Restrictions on Liens and Dispositions by Subsidiaries The Obligor, as the direct or indirect parent corporation of each of the Subsidiaries, shall not, without the prior written consent of the Lender which may be arbitrarily withheld, cause, permit or suffer to exist the creation, assumption, incurring or existence of any encumbrance, charge, pledge, security interest, mortgage or lien on, in or to the Subsidiary Collateral by the Subsidiaries except as permitted in any applicable Subsidiary Loan Document, nor shall the Obligor, without the prior written consent of the Lender which may be arbitrarily withheld, cause, permit or suffer to exist the assignment, transfer, sale, lease, exchange or otherwise disposition of any of the Subsidiary Collateral or any interest therein by any of the Subsidiaries, except for:
- (a) inventory in the ordinary course of business on customary trade terms; and
 - (b) equipment which has become worn out, damaged or otherwise unsuitable for its purpose, on condition that the Subsidiary substitute for such equipment property of equal value free from all liens and encumbrances, except in favour of the Lender. Such substituted property shall become part of the Subsidiary Collateral as soon as the Subsidiary acquires any interest in it.
- 3.4 Possession and Control of Collateral The Obligor shall, on request by the Lender from time to time, deliver to the Lender possession of all chattel paper, instruments and negotiable documents of title. The Obligor shall also take whatever steps the Lender requires from time to time to enable the Lender to obtain control of any investment property forming part of the Collateral, including (a) arranging for any securities intermediary, futures intermediary or issuer of uncertificated securities to enter into an agreement satisfactory to the Lender to enable the Lender to obtain control, (b) delivering any certificated security to the Lender with any necessary endorsement and (c) having any security registered in the name of the Lender or its nominee. The Lender is not obligated to keep any Collateral separate or identifiable or to take steps to preserve rights relating to Collateral against prior parties or other persons. The Lender shall have no duty with respect to any Collateral delivered to it, other than to use the same degree of care in the safe custody of the Collateral delivered to it that it uses with respect to similar property that it owns of similar value. Without limiting the foregoing, the Lender may lodge all instruments, chattel paper, investment property or other Collateral with any bank or trust company to be held in safekeeping on behalf of the Lender (without incurring any liability for any act or omission of the bank or trust company), or may hold Collateral itself. The Obligor shall reimburse the Lender on demand for all reasonable expenses incurred by the Lender in connection with safekeeping with interest from the

date the expenses are incurred until paid at the highest rate of interest applicable to the Obligations. The expenses and interest shall form part of the Obligations.

- 3.5 Other Assurances; Power of Attorney On request by the Lender, the Obligor shall (a) provide the Lender with details of all goods to which provisions of the PPSA or regulations or orders under the PPSA regarding serial numbers apply, (b) mark or take other steps to identify the Collateral as being subject to the liens created by this Agreement, and (c) execute, acknowledge and deliver all financing statements, certificates, further assignments, documents, transfers, instruments, security documents, acknowledgments and assurances and do all further acts and things as the Lender may consider necessary or desirable to give effect to the intent of this Agreement (including providing the Lender with a fixed and specific mortgage and charge and a perfected security interest in all freehold and leasehold real property, all patents, trademarks and other intellectual property and all aircraft, ships and railway rolling stock in which the Obligor now or in the future holds an interest), or for the collection, disposition, realization or enforcement of the Collateral or the liens created by this Agreement. Effective upon the occurrence of an Event of Default that is continuing, the Obligor constitutes and appoints the Lender its true and lawful attorney, with full power of substitution, to do any of the foregoing or any other things that the Obligor has agreed to do in this Agreement, whenever and wherever the Lender may consider it to be necessary or desirable, and to use the Obligor's name in the exercise of the Lender's rights under this Agreement. This power of attorney is coupled with an interest and is irrevocable by the Obligor.
- 3.6 Composite Agreement This Agreement is a composite mortgage and security agreement covering Collateral located in various provinces and territories of Canada and in other jurisdictions and, as to any Collateral located in a particular jurisdiction, this Agreement shall be a separate mortgage and security agreement enforceable against the Obligor without regard to the application of this Agreement to Collateral located in other jurisdictions. All provisions of this Agreement shall apply separately to the Collateral located in each separate jurisdiction with the same effect as if a separate mortgage and security agreement with respect to that Collateral had been executed and delivered by the Obligor. If requested by the Lender, the Obligor shall execute, deliver and register, at its expense, a separate mortgage and security agreement covering the Collateral located in any particular jurisdiction or jurisdictions. The separate mortgage and security agreement shall be in the form of this Agreement except for modifications required by the fact that it relates only to the Collateral located in the particular jurisdiction or jurisdictions and other modifications that the Lender considers necessary or desirable in the circumstances.
- 3.7 Restriction on Change of Name The Obligor shall not change its name without providing the Lender with 30 days advance written notice and promptly taking other steps, if any, as the Lender requests to ensure that the position of the Lender is not adversely affected by the change in name.
- 3.8 Restriction on Change of Office Location The Obligor shall not permit its chief executive office to be located out of the provinces of British Columbia or Ontario (the "**Specified Locations**") without providing the Lender with 30 days advance written

notice and promptly taking other steps, if any, as the Lender requests to ensure that the position of the Lender is not adversely affected by the change of location.

- 3.9 Restriction on Change of Property Location The Obligor shall not permit any of its tangible personal property to be located out of the Specified Locations (other than (a) inventory in transit, (b) goods of a type normally used in more than one jurisdiction that are equipment or inventory leased or held for lease by the Obligor to others and (c) tangible personal property of a value that is not material in relation to the Obligations, that is temporarily located out of the Specified Locations) without providing the Lender with 30 days advance written notice and promptly taking other steps, if any, as the Lender requests to ensure that the position of the Lender is not adversely affected by the change of location.
- 3.10 Use of Collateral; Inspection Until the occurrence of an Event of Default, the Obligor may use the Collateral in any lawful manner consistent with the provisions of this Agreement and the Loan Documents. The Obligor shall at all reasonable times and from time to time on reasonable notice, permit representatives of the Lender to inspect any of the Collateral and to examine and take extracts from its financial books, accounts and records, including accounts and records stored in computer data banks and computer software systems, and to discuss its financial condition with its senior officers and (in the presence of such of its representatives as it may designate) its auditors, the reasonable expense of all of which shall be paid by the Obligor.
- 3.11 Lender May Perform Obligor's Duties If the Obligor fails to perform any of its duties under this Agreement, the Lender may, but shall not be obligated to, upon prior notice to the Obligor, perform any or all of those duties, without waiving any rights to enforce this Agreement. The Obligor shall pay the Lender, immediately on written demand, an amount equal to the costs, fees and expenses incurred by the Lender in doing so plus interest from the date the costs, fees and expenses are incurred until paid at the highest rate of interest applicable to the Obligations. The costs, fees, expenses and interest shall be included in the Obligations under this Agreement.
- 3.12 Lender Not Liable for Obligor's Agreements Nothing in this Agreement shall make the Lender liable to observe or perform any term of any agreement to which the Obligor is a party or by which it or the Collateral is bound, or make the Lender a mortgagee in possession. The Obligor shall indemnify the Lender and save it harmless from any claim arising from any such agreement.
- 3.13 Release of Liens If the Obligor has indefeasibly paid the Obligations in full in cash and otherwise performed all of the terms of the Loan Documents, and if all obligations of the Lender to extend credit under any Loan Document have been cancelled, then the Lender shall, at the request and expense of the Obligor, release the liens created by this Agreement and execute and deliver whatever documents are reasonably required to do so.

4. RIGHTS AND OBLIGATIONS ON DEFAULT

- 4.1 Application of Article The provisions of this Article 4 apply on the occurrence of an Event of Default that is continuing.
- 4.2 Termination of Further Credit and Acceleration of Obligations The Lender shall be under no obligation to make further advances or otherwise extend further credit and the Lender may declare that the Obligations are immediately due and payable in full, but if the Obligor becomes bankrupt (voluntarily or involuntarily), or institutes (or has instituted against it) any proceeding seeking liquidation, rearrangement, reorganizations, relief of debtors or creditors or the appointment of a receiver or trustee over any material part of its undertaking, property and assets or any analogous proceeding in any relevant jurisdiction, then without prejudice to the other rights of the Lender as a result of any of those events, without notice or action of any kind by the Lender and without presentment, demand or protest of any nature or kind, the Lender's obligation to make advances or otherwise extend credit shall immediately terminate and the Obligations shall become immediately due and payable. Upon the Obligations becoming due and payable, the Lender may enforce payment of the Obligations and the Lender shall have the rights and remedies of a secured party under the PPSA and other applicable law together with those rights and remedies provided by this Agreement or otherwise provided by applicable law.
- 4.3 Rights of Lender The Lender may (a) require the Obligor to assemble the Collateral and deliver or make the Collateral available to the Lender at a reasonably convenient place designated by the Lender, (b) enter on any premises of the Obligor or any other place where Collateral may be located, (c) take possession of the Collateral by any method permitted by law, (d) render any equipment unusable without removing it from the Obligor's premises, (e) use the Collateral in the manner and to the extent that the Lender may consider appropriate and (f) hold, insure, repair, process, maintain, protect and preserve the Collateral and prepare it for disposition. The Lender is not, however, required to insure the Collateral, and the risk of any loss of or damage to the Collateral shall be borne by the Obligor.
- 4.4 Appointment of Monitor The Lender may from time to time appoint any person (the "Monitor") to investigate any or all of the Collateral, the Obligor and the Obligor's business and affairs and report to the Lender. The Obligor shall co-operate fully with the Monitor and give the Monitor full access to its facilities, property, records, creditors, customers, contractors, officers, directors, employees, auditors, legal counsel and agents. The Monitor shall not participate in the management of the Obligor's business or affairs and shall have no responsibility, nor shall it incur any liability, in respect of the Collateral, the Obligor or the Obligor's business or affairs. The Monitor shall act solely on behalf of the Lender and shall have no contractual relationship with the Obligor as a consultant or otherwise, nor shall the Obligor be entitled to receive any report by the Monitor. The appointment of the Monitor shall not be regarded as an act of enforcement of the Liens created by this Agreement. Upon the occurrence of an Event of Default that is continuing, all costs incurred in connection with the appointment of the Monitor and the performance by the Monitor of its activities as such, including legal fees on a full indemnity (sometimes called solicitor and own client) basis shall be payable by the

Obligor to the Lender immediately on demand, shall bear interest from the date they are incurred until paid at the highest rate of interest applicable to the Obligations and shall be included in the Obligations.

- 4.5 Proceeds The Lender may take charge of all proceeds of the Collateral and may hold them as additional security for the Obligations, and all proceeds of Collateral received by the Lender or a receiver may be applied to discharge or satisfy any expenses (including the receiver's remuneration and other expenses of enforcing the Lender's rights under this Agreement), liens on the Collateral in favour of persons other than the Lender, borrowings, taxes and other outgoings affecting the Collateral or which are considered advisable by the Lender or such receiver to hold, insure, repair, process, maintain, protect, preserve or prepare for sale, lease or other disposition any of the Collateral or for any other enforcement of this Agreement, or to sell, lease or otherwise dispose of the Collateral. The balance of such proceeds may, at the sole discretion of the Lender, be held as collateral security for the Obligations or be applied to such of the Obligations (whether or not the same are due and payable) in such manner and at such times as the Lender considers appropriate and thereafter shall be accounted for as required by law. The Lender may give notice to any or all account debtors of the Obligor and to any or all persons liable to the Obligor under an instrument to direct all payments or other proceeds relating to the Collateral to the Lender and any payments or other proceeds of the Collateral received by the Obligor from account debtors or from any persons liable to the Obligor under an instrument, after notice is given by the Lender, shall be held by the Obligor in trust for the Lender and immediately paid over to the Lender. The Lender shall not, however, be required to collect any proceeds of the Collateral. The Lender may also enforce any rights of the Obligor in respect of the Collateral by any manner permitted by law.
- 4.6 Rights re Investment Property Etc. The Lender may have any instruments or investment property registered in its name or in the name of its nominee and shall be entitled but not required to exercise voting and other rights that the holder of that Collateral may at any time have; but the Lender shall not be responsible for any loss occasioned by the exercise of those rights or by failure to exercise them. The Lender may also enforce its rights under any agreement with any securities intermediary, futures intermediary or issuer of uncertificated securities.
- 4.7 Notice of Disposition If required to do so by applicable law, the Lender shall give the Obligor written notice of any intended disposition of the Collateral in accordance with any applicable Loan Document or by any other method required or permitted by applicable law. The Obligor waives giving of notice to the maximum extent permitted by applicable law.
- 4.8 Statutory Waivers To the maximum extent permitted by law, the Obligor waives all of the rights, benefits and protections given by any present or future statute that imposes limits on the rights, remedies or powers of the Lender or on the methods of realization of security, including any seize or sue or anti-deficiency statute or any similar provisions of any other statute. In particular, the Obligor waives all rights, benefits and protections given by sections 47 and 50 of the *Law of Property Act* (Alberta) insofar as they extend

to or relate to any Collateral. The *Limitation of Civil Rights Act* (Saskatchewan) shall not apply to the liens created by this Agreement or any rights, remedies or powers of the Lender or any receiver.

- 4.9 Disposition and Other Rights of Lender The Lender may (a) carry on all or any part of the business of the Obligor, (b) make payments on account of, to discharge, or to obtain an assignment of any lien on the Collateral, whether or not ranking in priority to the liens created by this Agreement, (c) borrow money required for the seizure, retaking, repossession, holding, insuring, repairing, processing, maintaining, protecting, preserving, preparing for disposition or disposition of the Collateral or for any other enforcement of this Agreement or for carrying on the business of the Obligor on the security of the Collateral in priority to the liens created by this Agreement, (d) file proofs of claim and other documents to establish the claims of the Lender in any proceeding relating to the Obligor, and (e) sell, lease or otherwise dispose of all or any part of the Collateral at public auction, by public tender or by private sale, lease or other disposition, either for cash or on credit, at such time and on such terms and conditions as the Lender may determine. If any disposition involves deferred payment, the Lender will not be accountable for and the Obligor will not be entitled to be credited with the proceeds of disposition until payment is actually received in cash (and following payment in full in cash of all the Obligations). On any disposition, the Lender shall have the right to acquire all or any part of the Collateral that is offered for disposition and the rights of the Obligor in that Collateral shall be extinguished. The Lender may also accept the Collateral in satisfaction of the Obligations or may from time to time designate any part of the Obligations to be satisfied by the acceptance of particular Collateral that the Lender reasonably determines to have a net realizable value equal to the amount of the designated part of the Obligations, in which case only the designated part of the Obligations shall be satisfied by the acceptance of the particular Collateral.
- 4.10 Commercially Reasonable Actions and Omissions The Obligor agrees that it is commercially reasonable for the Lender (a) not to incur expenses that it reasonably considers significant to prepare Collateral for disposition or otherwise to complete raw material or work in process into finished goods or other finished products for disposition, (b) not to obtain third party consents for access to Collateral to be disposed of, or to obtain or, if not required by other law, not to obtain governmental or third party consents for the collection or disposition of Collateral to be collected or disposed of, (c) not to exercise collection remedies against account debtors or other persons obligated on Collateral or to remove liens on or adverse claims against Collateral, (d) to exercise collection remedies against account debtors and other persons obligated on Collateral directly or through the use of collection agencies and other collection specialists, (e) to advertise dispositions of Collateral through publications or media of general circulation, whether or not the Collateral is of a specialized nature, (f) to contact other persons, whether or not in the same business as the Obligor, for expressions of interest in acquiring all or any portion of the Collateral, (g) to hire one or more professional auctioneers or other persons, including employees of the Obligor, brokers, investment bankers, consultants and other professionals to assist in the collection or disposition of Collateral, whether or not the Collateral is of a specialized nature, (h) to dispose of Collateral by utilizing internet sites that provide for the auction of assets of the types

included in the Collateral or that have the reasonable capability of doing so, or that match buyers and sellers of assets, (i) to dispose of assets in wholesale rather than retail markets, (j) to disclaim disposition warranties, (k) to vary or rescind any contract for the disposition of any Collateral, or (l) to purchase insurance or credit enhancements or take other steps to insure the Lender against risks of loss, collection or disposition of Collateral or to provide the Lender a guaranteed return from the collection or disposition of Collateral. The Obligor acknowledges that the purpose of this Section is to provide selected examples of actions and omissions that would be commercially reasonable in the Lender's exercise of remedies against the Collateral and that other actions and omissions shall not be considered commercially unreasonable solely on account of not being mentioned in this Section, nor shall the Lender be liable or accountable for any discount attributable to the specified actions and omissions. Nothing in this Section shall be construed to grant any rights to the Obligor or to impose any duties on the Lender that would not have been granted or imposed by this Agreement or by applicable law in the absence of this Section. In exercising its rights and obligations under this Agreement, the Lender shall not be responsible or liable to the Obligor or any other person for any loss or damage from the realization or disposal of any Collateral or the enforcement of this Agreement, or any failure to do so, or for any act or omission on their respective parts or on the part of any of their directors, officers, employees, agents or advisors in that connection.

- 4.11 Costs of Realization All costs incurred in connection with realizing the security constituted by this Agreement or exercising any of the Lender's rights under this Agreement, including costs incurred in connection with repossessing, holding, insuring, repairing, processing, preparing for disposition, and disposing of any Collateral and legal fees on a full indemnity (sometimes called solicitor and own client) basis (in this Section, "**realization costs**") shall be payable by the Obligor to the Lender immediately on demand. Realization costs shall bear interest from the date they are incurred until paid at the highest rate of interest applicable to the Obligations. Realization costs and interest shall be included in the Obligations under this Agreement.
- 4.12 Other Security; Application of Money The Lender may (a) refrain from enforcing any other security or rights held by or on behalf of the Lender in respect of the Obligations, or enforce any other security or rights in any manner and order as it sees fit, and (b) apply any money received from or in respect of the Collateral in any manner and order as it sees fit and change any application of money received in whole or in part from time to time, or refrain from applying any money and hold it in a suspense account.
- 4.13 Third Parties No person dealing with the Lender is required to determine (a) whether the liens created by this Agreement or the powers purporting to be exercised have become enforceable, (b) whether any Obligations remain owing, (c) the propriety of any aspect of the disposition of Collateral or (d) how any payment to the Lender has been or will be applied. Any person who acquires Collateral from the Lender in good faith shall acquire it free from any interest of the Obligor.
- 4.14 Appointment of Receiver The Lender may take proceedings in any court of competent jurisdiction for the appointment of a receiver (which term includes a receiver and

manager) of the Collateral or may by appointment in writing appoint any person to be a receiver of the Collateral. The Lender may remove any receiver appointed by the Lender and appoint another in its place, and may determine the remuneration of any receiver, which may be paid from the proceeds of the Collateral in priority to other Obligations. Any receiver appointed by the Lender shall, to the extent permitted by applicable law, have all of the rights, benefits and powers of the Lender under this Agreement, the PPSA or otherwise. Any receiver shall be deemed the agent of the Obligor and the Lender shall not be in any way responsible for any misconduct or negligence of any receiver.

- 4.15 Rights Cumulative No failure on the part of the Lender to exercise, nor any delay in exercising, any right or remedy under any Loan Document or this Agreement shall operate as a waiver or impose any liability on the Lender, nor shall any single or partial exercise of any right or remedy prevent any further or other exercise or the exercise of any other right or remedy. The rights and remedies provided in this Agreement are cumulative and do not exclude any rights and remedies provided by applicable law. If the Lender has enforced any right or remedy under this Agreement and the enforcement proceeding has been discontinued, abandoned or determined adversely to the Lender for any reason, then the Obligor and the Lender shall, without any further action, be restored to their previous positions to the maximum extent permitted by law and subject to any determination in the enforcement proceeding or express agreement between the Obligor and the Lender, and thereafter all rights and remedies of the Lender shall continue as if no enforcement proceeding had been taken.
- 4.16 Obligor Liable for Deficiency If the proceeds arising from the disposition of the Collateral fail to satisfy the Obligations, the Obligor shall pay any deficiency to the Lender on demand. Neither the taking of any judicial or extra-judicial proceeding nor the exercise of any power of seizure or disposition or other remedy shall extinguish the liability of the Obligor to pay and perform the Obligations, nor shall the acceptance of any payment or alternate security create any novation. No covenant, representation or warranty of the Obligor in this Agreement shall merge in any judgment.
- 4.17 Release by Obligor The Obligor hereby releases and discharges the Lender and any receiver from all claims of any kind, whether sounding in damages or not, that may arise or be caused to the Obligor or any person claiming through or under the Obligor as a result of any act or omission of the Lender or any receiver.

5. NOTICES

- 5.1 Notices in Writing Any communication to be made under this Agreement shall be made in writing and, except as required or permitted by applicable law, shall be made by fax or letter. Except as specified by applicable law, any communication shall be effective when received if during business hours or on the next Business Day if received outside of business hours.

- 5.2 Addresses for Notice The Obligor's address for notice is:

Absolut Resources Inc.



Attention: ●
Facsimile: ●

with a copy to:

Heenan Blaikie LLP
Bay Adelaide Centre
Suite 2900, 333 Bay Street
Toronto, ON M5H 2T4
Attention: Frederico Marques
Facsimile: ●

The Lender's address for notice is:

Aquiline Resources Inc.
625 Howe Street, Suite 1500
Vancouver, BC V6C 2T6
Attention: General Counsel
Facsimile: ●

with a copy to:

Borden Ladner Gervais LLP
1200 Waterfront Centre
200 Burrard Street, PO Box 48600
Vancouver, BC V7X 1T2
Attention: Fred R. Pletcher
Facsimile: 604.622.5802

6. ENTIRE AGREEMENT; SEVERABILITY

- 6.1 Entire Agreement This Agreement embodies all the agreements between the Obligor and the Lender relating to the liens created in this Agreement and the related rights and remedies. No party shall be bound by any representation or promise made by any person relating to this Agreement that is not embodied in it. Any waiver of, or consent to departure from, the requirements of any provision of this Agreement shall be effective only if it is in writing and signed by the Lender, and only in the specific instance and for the specific purpose for which it has been given.
- 6.2 Severability If, in any jurisdiction, any provision of this Agreement or its application to any circumstance is restricted, prohibited or unenforceable, that provision shall, as to that jurisdiction, be ineffective only to the extent of that restriction, prohibition or unenforceability without invalidating the remaining provisions of this Agreement, without affecting the validity or enforceability of that provision in any other jurisdiction and, if applicable, without affecting its application to other circumstances.

7. DELIVERY OF AGREEMENT

- 7.1 Counterparts This Agreement may be executed in any number of counterparts and all counterparts taken together shall be deemed to constitute one agreement.
- 7.2 Delivery To evidence the fact that it has executed this Agreement, the Obligor may send a signed copy of this Agreement or its signature to this Agreement by facsimile transmission or e-mail (in “pdf” form) and the signature sent in that way shall be deemed to be its original signature for all purposes.
- 7.3 No Conditions Possession of this Agreement by the Lender shall be conclusive evidence against the Obligor that the Agreement was not delivered in escrow or pursuant to any agreement that it should not be effective until any condition precedent or subsequent has been complied with. This Agreement shall be operative and binding notwithstanding that it is not executed by any proposed signatory.
- 7.4 Receipt and Waiver The Obligor acknowledges receipt of a copy of this Agreement. The Obligor waives any notice of acceptance of this Agreement by the Lender. The Obligor also waives the right to receive a copy of any financing statement or financing change statement that may be registered in connection with this Agreement or any verification statement issued with respect to a registration, if waiver is not otherwise prohibited by law. The Obligor agrees that the Lender may from time to time provide information regarding this Agreement, the Collateral and the Obligations to persons that the Lender believes in good faith are entitled to the information under applicable law.

8. GOVERNING LAW

- 8.1 Governing Law This Agreement and any dispute arising from or in relation to this Agreement shall be governed by, and interpreted and enforced in accordance with, the law of the Province of British Columbia and the laws of Canada applicable in that province, excluding the conflict of law rules of that province.
- 8.2 Obligor’s Exclusive Dispute Resolution Jurisdiction The Obligor agrees that the courts of the Province of British Columbia have exclusive jurisdiction over any dispute arising from or in relation to this Agreement and the Obligor irrevocably and unconditionally attorns to the exclusive jurisdiction of that province. The Obligor agrees that the courts of that province are the most appropriate and convenient forum to settle disputes and agrees not to argue to the contrary.
- 8.3 Lender Entitled to Concurrent Jurisdiction Despite Section 8.2, the Lender is permitted to take proceedings in relation to any dispute arising from or in relation to this Agreement in any court of another province or another state with jurisdiction and to the extent allowed by law may take concurrent proceedings in any number of jurisdictions.

9. SUCCESSORS AND ASSIGNS

- 9.1 Successors and Assigns The Obligor may not assign or transfer all or any part of its liabilities under this Agreement. All rights of the Lender under this Agreement shall be

assignable and the Obligor shall not assert against any assignee any claim or defence that the Obligor now has or may in the future have against the Lender. This Agreement shall enure to the benefit of the Lender and its successors and assigns and be binding on the Obligor and its successors and any permitted assigns.

10. REPRESENTATIONS OF THE OBLIGOR

- 10.1 General The Obligor represents and warrants to and for the benefit of the Lender and so long as this Agreement remains in effect shall be deemed to continuously represent and warrant as set out in this Section 10.
- 10.2 Incorporation, Licenses and Qualifications The Obligor is a body corporate, duly incorporated, properly organized and validly existing under the laws of Yukon Territory and is duly registered and qualified to do business under the laws of each other jurisdiction in which the character of the properties owned by it or the nature of the activities conducted by it make such registration or qualification advisable or necessary.
- 10.3 Corporate Power The Obligor has full power and lawful authority to enter this Agreement and to grant the security interests hereby created.
- 10.4 Enforceability This Agreement constitutes a valid and legally binding obligation of the Obligor enforceable against the Obligor in accordance with its terms, subject only to bankruptcy, insolvency or other statutes or judicial decisions affecting the enforcement of creditors' rights generally and to general principles of equity.
- 10.5 No Actions or Material Adverse Changes There is no action or proceeding pending or to the knowledge of the Obligor threatened against the Obligor before any court, administrative agency, tribunal, arbitrator, government or governmental agency or any fact known to the Obligor and not disclosed to the Lender which might involve any material adverse change in the properties, business, prospects or condition of the Obligor, or which question the validity of this Agreement or any other material agreement to which the Obligor is a party (or the Obligor's ability to perform its obligations under this Agreement) and there are no outstanding judgments, writs of execution, work orders, injunctions, directives against the Obligor or its properties.
- 10.6 Non-Conflict Neither the execution nor the performance of this Agreement requires the approval of any regulatory agency having jurisdiction over the Obligor nor is this Agreement in contravention of or in conflict with the articles, by-laws or resolutions of the directors or shareholders of the Obligor or of the provisions of any agreement to which the Obligor is a party or by which any of its property may be bound or of any statute, regulation, by-law, ordinance or other law, or of any judgment, decree, award, ruling or order to which the Obligor or any of its property may be subject.
- 10.7 No Default The Obligor is not in breach of any agreement to which it is a party.
- 10.8 Ownership and Collateral Free of Encumbrances The Obligor is the owner of or has rights in the Collateral free and clear of all other security interests, mortgages, hypothecs, pledges, liens, claims, charges, whether fixed or floating, or other encumbrances

whatsoever other than the permitted encumbrances, if any, set forth in Schedule A hereto (the “**Permitted Encumbrances**”).

- 10.9 No Other Corporate Names or Styles The Obligor does not now carry on business under or use any name or style other than the name(s) specified in this Agreement.
- 10.10 Places of Business of Obligor The locations specified in Schedule B hereto are the Obligor’s only places of business (the “**Places of Business**”) where the Obligor conducts its business operations or keeps or stores the Collateral and records in respect thereof and of the Obligor’s business.
- 10.11 Insurance The Collateral is insured in accordance with the terms hereof.
- 10.12 Account Debtor Each account, chattel paper, security and instrument constituting Collateral is genuine and enforceable in accordance with its terms against the party obligated to pay thereunder (the “**Account Debtor**”).
- 10.13 Amounts Due From Account Debtor The amount represented by the Obligor to the Lender from time to time as owing by each Account Debtor or by all Account Debtors shall, to the best of the Obligor’s knowledge be the correct amount actually and unconditionally owing by such Account Debtor or Account Debtors, save and except for normal cash discounts where applicable.
- 10.14 Financial Information In all information and financial statements supplied for the benefit of the Lender, the Obligor has made no untrue statement of any material fact, and has revealed all material facts the omission of which would make such information and statements misleading. The Obligor has disclosed all facts which materially adversely affect or, so far as the Obligor can reasonably foresee, will materially adversely affect the business, properties, prospects or financial condition of the Obligor or the ability of the Obligor to perform its obligations hereunder. All accounting information and financial statements supplied for the benefit of the Lender have been prepared in accordance with generally accepted accounting principles.
- 10.15 Survival and Reliance All representations and warranties of the Obligor made herein or in any certificate or other document delivered by or on behalf of the Obligor for the benefit of the Lender are material, shall survive the execution and delivery of this Agreement and shall continue in full force and effect without time limit. The Lender is deemed to have relied upon each such representation and warranty notwithstanding any investigation made by or on behalf of the Lender at any time.

[Signature page follows]

IN WITNESS OF WHICH, the Obligor has duly executed this Agreement.

ABSOLUT RESOURCES INC.

By: _____
Name:
Title:

[signature page for General Security Agreement by Absolute Resources Inc.]

SCHEDULE A

PERMITTED ENCUMBRANCES

Nil.

SCHEDULE B
PLACES OF BUSINESS

•

SCHEDULE "K"

FORM OF PICO PERU SHAREHOLDERS AGREEMENT

SHAREHOLDERS AGREEMENT

“MINERA PICO MACHAY SOCIEDAD ANONIMA CERRADA”

This Shareholders Agreement (the “Agreement”) has been entered into in Lima, Peru, on [●], 2011 by and among:

- **Pico Machay Cayman Limited** (“Pico Cayman”), a limited liability company incorporated according to the laws of the Cayman Islands, represented by Mr. [●], both domiciled for this purpose in [●].
- **[Minera Calipuy S.A.C.** (“Minera Calipuy”), a limited liability company incorporated according to the laws of the Republic of Peru, represented by Mr. [●], both domiciled for this purpose in [●].¹
- **[New Shareholder]**, a limited liability company incorporated according to the laws of [●], represented by Mr. [●], both domiciled for this purpose in [●].

WITNESSETH:

WHEREAS, Minera Pico Machay Sociedad Anonima Cerrada (“Pico Peru”) is a corporation incorporated according to the laws of the Republic of Peru, with a share capital of S/. 198,274.00 represented by 198,274 issued and outstanding voting shares (the “Shares”);

WHEREAS, the current and only shareholders of Pico Peru, as of this date, are Pico Cayman, owner of 198,273 Shares equivalent to approximately 99.99% of Pico Machay’s subscribed and paid-in capital, Minera Calipuy, owner of one (1) Share equivalent to approximately 0.005% of Pico Machay’s subscribed and paid-in capital, and the New Shareholder, owner of one (1) Share, equivalent to approximately 0.005% of Pico Machay’s subscribed and paid-in capital;

WHEREAS, Pico Peru is the sole, exclusive, legal and/or beneficial owner of all right, title and interest in and to each mining concession (the “Concessions”) identified in Schedule “A” hereof; and,

WHEREAS, Pico Cayman, Minera Calipuy and the New Shareholder wish to regulate the treatment to be afforded to the Concessions while they remain under the control of Pico Peru.

NOW, THEREFORE, in consideration of the representations, warranties, covenants and agreements contained herein, the Parties hereto agree as follows:

**ARTICLE 1.
INTERPRETATION.**

Section 1.01. Definitions. As used in this Agreement, the following terms shall have the meaning set forth below (such definitions to be equally applicable to both the singular and plural forms of the terms defined):

“Affiliate” means, with respect to any specified Person, any other Person that directly or indirectly through one or more intermediaries controls, is controlled by or is under common control with such specified Person. The term “control” (including the terms “controlled by” and “under common control with”) means the possession, directly or indirectly, of the power to direct or cause the direction of the management policies of a Person.

“Agreement” means this Shareholders Agreement, as the same may be amended or supplemented from time to time in accordance with the terms hereof.

“Business Day” means a day other than a Saturday, Sunday or other day on which banks located in Lima, Peru are authorized or required by law to close.

“By-laws” are the by-laws (“*estatutos sociales*”) of Pico Peru.

“Call Option” has the meaning set forth in Section 4.01.

“Call Option Notice” has the meaning set forth in Section 4.02.

“Minority Share” has the meaning set forth in Section 4.01.

“Person” includes any natural or juridical person, sole proprietorship, partnership, joint venture, trust, incorporated organization, association, corporation, institution, party, entity, governmental authority or other entity.

“Promissory Note” means the promissory note issued (or to be issued) by Treasury Metals Inc, a corporation existing under the laws of Ontario, in the form set out as Schedule “F” of the Share Purchase Agreement entered into by and between Treasury Metals Inc. (as the purchaser) and Aquiline Resources Inc. (as the vendor) on May 18, 2011, for the acquisition of 100% of the shares of Absolut Resources Inc., as amended by the Amending Agreement entered into by the same parties on [●], 2011.

“Shares” means the issued and outstanding shares of Pico Peru.

“Shareholders” or “Parties” are Pico Cayman, [Minera Calipuy] and the New Shareholder, collectively.

Section 1.02. *Headings and Captions.* The purpose of the division of this Agreement into sections and the incorporation of headings and captions is merely referential and should not alter the interpretation of the Agreement.

Section 1.03. *Applicable Law.* This Agreement shall be construed and governed in accordance with the laws of the Republic of Peru.

Section 1.04. *Entire Agreement.* This Agreement contains the entire agreement between the Parties hereto and prevails over all prior agreements or understandings, oral or written that may have existed between the same Parties with respect to the subject addressed herein.

Section 1.05. *Severability.* If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any Party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that transactions contemplated hereby are fulfilled to the greatest extent possible.

ARTICLE 2. SHARE CAPITAL STRUCTURE.

Section 2.01. *Classes of Shares.* Pico Peru shall have its stock capital represented in two classes of shares: Class A and Class B. Both classes shall have the same nominal value and grant the same rights to its respective holders, except for those specific rights and attributions which are expressly recognized in this document for Class B shares only.

Section 2.02. *Distribution of Classes.* As of the date of execution of this Agreement, Class A shares shall represent 99.99% of the stock capital of Pico Peru and shall be issued to Pico Cayman and [Minera Calipuy] only, whereas Class B shares shall represent 0.01% of the stock capital of Pico Peru and shall be issued to the New Shareholder only.

Section 2.03. *Rights attached to Class B shares.* Class B shares shall confer to its holders all rights which are inherent by nature to voting shares, as stated in article 95° of the Peruvian Company Law (“*Ley General de Sociedades*”) and, additionally, Class B shares shall confer to its holders the exclusive right to approve or reject (veto), through a

resolution adopted in a special shareholding meeting of Class B shares, the following matters in which Pico Peru may eventually be involved:

- Enter into any type of contract, agreement, transaction and/or understanding for or in connection with the total or partial transfer, either directly or indirectly, of the title, ownership, possession, use and/or any other right (including fiduciary transfers into trusts) over one or more of the Concessions.
- Enter into any type of contract, agreement, transaction and/or understanding for the creation or granting of any pledge, mortgage, lien, encumbrance and/or any other type of security over one or more of the Concessions.
- Enter into any type of loan or financing agreements, and/or grant any type of personal guarantees.
- Enter into any type of contract, agreement, transaction and/or understanding with Pico Cayman, [Minera Calipuy] or any of their Affiliates.
- Merger, spin-off, reorganization or liquidation of the Pico Peru.
- The creation and/or issuance of Class B shares, as well as their amortization and/or buyback, including any share capital reduction that involves the invalidation or cancellation of Class B shares.
- Any amendment to the by-laws of Pico Peru.

Section 2.04. *Adoption of Resolutions.* The adoption of resolutions related to the matters indicated in section 2.03 above will require the previous express approval of the Class B shares, with the vote of at least 70% of the Class B shares in a Class B shareholders' special meeting. It is expressly agreed that Pico Peru will not be able to undertake any of the actions described in section 2.03 above, or to enter into any of the contracts, agreements, transactions and/or understandings described in section 2.03 above, without the prior express approval of the Class B shares as provided for herein.

ARTICLE 3. MANAGEMENT OF THE COMPANY.

Section 3.01. *Management.* The management of Pico Peru shall reside exclusively in its general manager, except for those matters described in section 2.3 above, whose approval is expressly reserved for the Class B shareholders' special meeting.

Section 3.02. *Appointment of the General Manager.* Holders of Class A shares shall be entitled to appoint the general manager of Pico Peru.

**ARTICLE 4.
CALL OPTION.**

Section 4.01. *Call Option.* The New Shareholder hereby grants Pico Cayman a call option (the “Call Option”) with respect to all the Class B shares currently owned by the New Shareholder and/or subsequently acquired by the New Shareholder (the “Minority Shares”).

Section 4.02. *Exercise of Option.* Only once the Promissory Note has been paid in full, Pico Cayman may give notice to the New Shareholder of its intention to exercise the Call Option (the “Call Option Notice”). The Call Option can only be exercised by Pico Cayman with respect to all the Minority Shares. The exercise of the Call Option by Pico Cayman shall not cause an automatic transfer of property. Such transfer shall only occur once Pico Cayman has proven to the New Shareholder’s satisfaction that the Promissory Note had already been paid in full.

Section 4.03. *Closing of Transactions.* Should Pico Cayman exercise the Call Option, the closing of the sale and purchase of the Minority Shares shall take place no later than thirty (30) days after the date in which the Call Option Notice was notified to the New Shareholder (the “Option Closing Date”).

Section 4.04. *Option Price.* Should Pico Cayman exercise the Call Option, the total purchase price of the Minority Shares (the “Option Price”) will be an amount equivalent to the nominal value of such shares.

Section 4.05. *Payment of Option Price.* The Option Price shall be paid in full on the Option Closing Date.

**ARTICLE 5.
TRANSFER OF SHARES.**

Neither Pico Cayman, [Minera Calipuy] nor their successors or assignees, may sell, grant, encumber, transfer or dispose of its Shares in Pico Peru without the previous written authorization of the New Shareholder.

**ARTICLE 6.
REGISTRATION.**

This Agreement shall be deposited with Pico Peru and shall be recorded in Pico Peru's Shareholders Registry ("*Matrícula de Acciones*").

**ARTICLE 7.
TERM AND TERMINATION.**

This Agreement shall become effective as of this date and shall continue in effect until the first of the following events occurs: (a) payment in full of the Promissory Note; or (b) unanimous written consent of the Parties to terminate.

**ARTICLE 8.
GENERAL PROVISIONS.**

Section 8.01. *Agreement to Amend By-Laws.* If the By-laws of Pico Peru contain any provisions contrary to what is established in this Agreement, the Parties agree that a Shareholders Meeting shall be held promptly to bring the By-laws into compliance with the provisions of this Agreement.

Section 8.02. *Corporate Resolutions.* The Parties agree to adopt all such corporate resolutions that may be necessary, to execute the By-laws, resolutions, minutes, stock certificates and other agreements and to enter into each and every one of the documents that may be useful, applicable or conducive for the agreements contained in this present instrument to produce their full effects.

Section 8.03. *Compliance with Agreement.* Each Party agrees to exercise its rights, or have its rights exercised, including the right to vote as shareholder of Pico Peru, with the objective of giving full effect to the provisions of this Agreement and the By-Laws.

Section 8.04. *Legal Successors.* This Agreement is binding upon the Parties as well as their successors.

Section 8.05. *Amendment.* This Agreement may not be amended or modified except by an instrument in writing signed by all Parties, and expressly stating that it is intended to amend this Agreement.

Section 8.06. *Expenses.* Each Party hereto shall pay the fees and expenses of its respective counsel, accountants and other experts and shall pay all other costs and expenses incurred in connection with the negotiation, preparation and execution of this Agreement.

Section 8.07. Binding Effect. No Third-Party Beneficiaries. This Agreement is for the sole benefit of the Parties hereto and their permitted assigns, and nothing herein, expressed or implied shall give or be construed to give to any person, other than the Parties hereto and such assigns, any legal or equitable rights hereunder.

Section 8.08. Notices. All communications, notices, requests, or requirements pursuant to this Agreement shall be made in writing and become effective only if they have been delivered personally or via facsimile (with confirmation), courier service (with confirmation of delivery) to:

8.08.1. In the case of the New Shareholder:

- [•]
- [•]
- [•]

with a copy to:

- [•]
- [•]
- [•]

8.08.2. In the case of Pico Cayman and Minera Calipuy:

- [•]
- [•]
- [•]

with a copy to:

- [•]
- [•]
- [•]

A change in domicile of any of the Parties shall be communicated in writing to the other Parties.

Section 8.09. Announcements. The Parties shall obtain the previous consent of the other Party, before any press release or public announcement in relation with this Agreement or in relation with any transaction to which this Agreement refers, except those that are required in conformity with the law and regulation effective in Peru or abroad applicable to the Parties and their and none of the Parties may effect such press releases or public announcements without the previous consent of the other Party, consent that may not be withheld or delayed without justification.

**ARTICLE 9.
ARBITRATION.**

In case of controversy concerning the validity, execution or nullity of the provisions hereunder, the Parties will submit themselves to the knowledge and decisions of an arbitration Tribunal which will be appointed in conformity with dispositions of the American Chamber of Commerce – AMCHAM Peru.

The arbitration will be carried out in the City of Lima, Peru, and the decision will be issued within 120 days after the convocation of the Arbitration Tribunal. The arbitration decision must be issued within the period indicated hereunder.

The decision issued by the Arbitration Tribunal will be final and binding. In consequence, the Parties expressly waive their right to file appeals. Annulments will be considered only under those cases provided for by Law No. 26572 in which case jurisdiction will fall upon the judges and tribunals of Lima-Centro, with the Parties expressly renouncing to their respective domiciles and any other claim they may file through diplomatic representatives.

The cost of arbitration will be paid as decided by the Arbitration Tribunal.

All other matters related to the arbitration agreement and/or the arbitration itself and not regulated by this Sixteenth Article will be subject to the dispositions included under Law No. 26572 or by the replacing regulation.

**ARTICLE 10.
COUNTERPARTS.**

Section 10.01. This Agreement is executed in three counterparts of even wording and date.