

**BRS RESOURCES LTD.**

- and -

**BLACK DIAMOND OFFSHORE LTD.**

-and-

**DOUBLE BLACK DIAMOND OFFSHORE LTD.**

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**BOARD REPRESENTATION AGREEMENT**

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**November 4, 2011**

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## BOARD REPRESENTATION AGREEMENT

**THIS AGREEMENT** made as of the 4<sup>th</sup> day of November, 2011.

### AMONG:

**BRS RESOURCES LTD.**, a corporation governed by the laws of the Province of British Columbia

(the “**Corporation**”)

- and-

**BLACK DIAMOND OFFSHORE LTD.**, a Cayman Islands exempted company

(“**BLACK DIAMOND**”)

-and-

**DOUBLE BLACK DIAMOND OFFSHORE LTD.**, a Cayman Islands exempted company

(“**DOUBLE BLACK DIAMOND**”, and together with Black Diamond, the “**Shareholders**” and each of them a “**Shareholder**”)

### RECITALS:

- A. Pursuant to a certain securities purchase agreement dated the date hereof among the Shareholders and the Corporation, the Shareholders are the holders of (i) an aggregate principal amount of CAD\$6,000,000 convertible notes of the Corporation, convertible into common shares of the Corporation (the “**Shares**”); and (ii) share purchase warrants of the Corporation, exercisable for up to 10,000,000 Shares, subject to adjustment in accordance with their terms.
- B. The Shareholders and the Corporation are entering into this Agreement to record their agreement to grant certain board representation rights to the Shareholders.

**NOW THEREFORE**, in consideration of the mutual covenants in this Agreement and for other consideration (the receipt and sufficiency of which are acknowledged), the Parties agree as follows:

## ARTICLE 1 INTERPRETATION

### 1.1 Definitions

In this Agreement:

- (a) “**affiliate**” has the meaning ascribed to such term in the *Business Corporations Act* (British Columbia);
- (b) “**Agreement**”, “**this Agreement**”, “**the Agreement**”, “**hereof**”, “**herein**”, “**hereto**”, “**hereby**”, “**hereunder**” and similar expressions mean this Agreement, and all instruments supplementing, amending or confirming this Agreement. All references to “**Articles**” or “**Sections**” refer to the specified Article or Section of this Agreement;
- (c) “**Board**” means the board of directors of the Corporation;
- (d) “**Business Day**” means any day which is not a Saturday, a Sunday or a day on which the principal commercial banks located in the City of New York, New York are not open for business during normal banking hours;
- (e) “**Convertible Note**” means a convertible note held by a Shareholder that was issued to a Shareholder as part of a new series of convertible notes of the Corporation pursuant to the Securities Purchase Agreement;
- (f) “**Corporation**” has the meaning ascribed thereto on the cover page to this Agreement;
- (g) “**First Threshold Event**” has the meaning ascribed thereto in Section 2.1(d)(ii) of this Agreement;
- (h) “**Partially Diluted Basis**” means giving effect to the conversion of all Convertible Notes but not giving effect to the conversion or exchange of any other convertible or exchangeable security;
- (i) “**Parties**” means the parties to this Agreement and “**Party**” means any of them;
- (j) “**Person**” means an individual, body corporate with or without share capital, partnership, joint venture, entity, unincorporated association, syndicate, firm, sole proprietorship, trust, pension fund, union, board, tribunal, governmental or quasi-governmental authority and the heirs, beneficiaries, executors, legal representatives or administrators of an individual;
- (k) “**Second Threshold Event**” has the meaning ascribed thereto in Section 2.1(d)(iii) of this Agreement;
- (l) “**Securities Purchase Agreement**” means that securities purchase agreement among the Corporation and the Shareholders dated as of the date hereof;

- (m) “**Shareholder**” has the meaning ascribed thereto in recital A to this Agreement;
- (n) “**Shareholder Approval**” means the approval of the shareholders of the Corporation of certain matters, as set forth Section 4(p) of the Securities Purchase Agreement;
- (o) “**Shareholder Nominees**” has the meaning ascribed thereto in Section 2.1(c);
- (p) “**Shares**” has the meaning ascribed thereto in Recital A of this Agreement; and
- (q) “**Specified Number**” shall have the meaning ascribed thereto in Section 2.1(d)

## **1.2 Time of the Essence**

Time shall be of the essence of each provision of this Agreement. Any extension, waiver or variation of any provision of this Agreement shall not be deemed to affect this provision and there shall be no implied waiver of this provision.

## **1.3 Calculation of Time**

Unless otherwise specified, time periods within or following which any act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends.

## **1.4 Calculation of Beneficial Ownership**

Each of the Parties confirms and acknowledges that, “beneficial ownership” under this Agreement shall be calculated in accordance with Section 1.8 of Multilateral Instrument 62-104, *Take-Over Bids and Issuer Bids*. For purposes of determining the collective aggregate ownership of the Shareholders, any securities of the Corporation held by an Affiliate of either Shareholder shall be included in such calculation.

## **1.5 Business Days**

Whenever any action to be taken pursuant to this Agreement would otherwise be required to be taken or made on a day that is not a Business Day, such action shall be taken on the first Business Day following such day.

## **1.6 Headings**

The descriptive headings preceding Articles and Sections of this Agreement are inserted solely for convenience of reference and are not intended as complete or accurate descriptions of the content of such Articles or Sections. The division of this Agreement into Articles and Sections shall not affect the interpretation of this Agreement.

## **1.7 Plurals and Gender**

Words in the singular include the plural and vice versa and words in one gender include all genders.

## **1.8 Statutory References**

Any reference to a statute shall mean the statute in force as at the date of this Agreement (together with all regulations promulgated thereunder) as the same may be amended, re-enacted, consolidated or replaced from time to time, and any successor statute thereto, unless otherwise stated.

## **ARTICLE 2 GOVERNANCE**

### **2.1 Board of Directors of the Corporation**

- (a) Effective as at today's date, the Board shall increase the size of the Board to six (6) members and appoint Chris Haga as a member of the Board.
- (b) During the term of this Agreement, after Shareholder Approval is obtained, the Board shall be comprised of seven (7) members.
- (c) The Shareholders shall be entitled to nominate, by written notice to the Corporation, the Specified Number of directors of the Corporation, such nominees being referred to herein as "**Shareholder Nominees**". Provided that the Shareholder Nominees satisfy the conditions specified in Section 2.1(g), the Corporation shall include the Specified Number of Shareholder Nominees on the slate for election at each meeting of shareholders at which directors are to be elected, shall recommend the election of the said Shareholder Nominee(s) to the board, and shall solicit proxies in support thereof.
- (d) The Specified Number shall equal:
  - (i) at any time prior to Shareholder Approval during the term of this Agreement, one (1);
  - (ii) after Shareholder Approval is obtained, until the Shareholders or either of them dispose of Shares such that the Shareholders collectively beneficially own in the aggregate less than 28% of the issued and outstanding Shares (on a Partially Diluted basis) (a "**First Threshold Event**"), two (2) (and on the occurrence of such event, if there are two Shareholder Nominees on the Board the Shareholders shall, if requested by the Chairman of the Board, cause one (1) Shareholder Nominee to resign from the Board such that the number of Shareholder Nominees is reduced to one (1); and
  - (iii) after Shareholder Approval is obtained, until the Shareholders or either of them dispose of Shares such that the Shareholders collectively beneficially own in the aggregate less than 14% of the issued and outstanding Shares (on a Partially Diluted basis) (a "**Second Threshold Event**"), zero (0) (and on the occurrence of such event, if there is a Shareholder Nominee on the Board the Shareholders shall, if requested by the Chairman of the

Board, cause the Shareholder Nominee to resign from the Board) and there shall be no right to observer status.

- (e) After the occurrence of a First Threshold Event, and until the occurrence of a Second Threshold Event, the Shareholders shall retain observer status for one (1) individual (in addition to the one (1) Shareholder Nominee) on the Board and any of its committees with the right to receive notice of any meetings of the Board and copies of any materials sent to Board members.
- (f) In the event a Shareholder Nominee resigns or becomes incapable of serving as a member of the Board, other than by reason of a resignation contemplated in Section 2.1(d), then the Shareholders shall nominate a replacement Shareholder Nominee to the Board.
- (g) All individuals nominated for election to the Board shall have (i) consented in writing to serve as a director of the Corporation, and (ii) shall not be disqualified from so serving under any applicable law or stock exchange requirement.
- (h) The Corporation shall not take any action that would have the effect of preventing or disabling the Corporation from performing its obligations under this Agreement.

## **2.2 Removal and Replacement of Shareholder Nominees**

The Shareholder may require the removal of any Shareholder Nominee nominated by it pursuant to Section 2.1(c) by notice to such Shareholder Nominee and to the Corporation. Any vacancy occurring on the Board by reason of the death, disqualification, inability to act, resignation or removal of any Shareholder Nominee may be filled only by a further nominee of the Shareholder that satisfies the conditions in Section 2.1(g),

## **ARTICLE 3 TERMINATION AND ABANDONMENT**

### **3.1 Termination**

This Agreement may be terminated at any time by mutual consent of the Parties and will immediately terminate if the Shareholders in the aggregate dispose of Shares such that they beneficially own in the aggregate less than 14% of the outstanding Shares (on a Partially Diluted basis).

### **3.2 Effect of Termination**

In the event of the termination of this Agreement as provided in Section 3.1, this Agreement shall be of no further force or effect and all rights and obligations of the Parties hereto shall be at an end.

## ARTICLE 4 GENERAL

### 4.1 Application of this Agreement

The terms of this Agreement shall apply *mutatis mutandis* to any shares or other securities:

- (a) resulting from the conversion, reclassification, redesignation, subdivision, consolidation or other change to any of the Shares held by the Shareholder; or
- (b) of the Corporation or any successor body corporate that may be received by the Shareholder on a merger, amalgamation, arrangement or other reorganization of or including the Corporation;

and prior to any action referred to in (a) or (b) above being taken the Parties shall give due consideration to any changes that may be required to this Agreement in order to give effect to the intent of this Section 4.1.

### 4.2 Public Filing

The Parties hereby consent to the public filing of this Agreement if any Party is required to do so by law or by applicable regulations or policies of any regulatory agency of competent jurisdiction or any stock exchange.

### 4.3 Expenses

Each Party to this Agreement shall pay its respective legal, accounting and other professional advisory fees, costs and expenses incurred in connection with the negotiation, preparation or execution of this Agreement and all documents and instruments executed or delivered pursuant to this Agreement.

### 4.4 Further Assurances

Each Party shall provide such further documents or instruments required by any other Party as may be reasonably necessary or desirable to effect the purpose of this Agreement and carry out its provisions.

### 4.5 Assignment and Enurement

Neither this Agreement nor any benefits or duties accruing under this Agreement shall be assignable by any Party other than by the Shareholder to an Affiliate. Subject to the foregoing, this Agreement shall enure to the benefit of and be binding upon the Parties and their respective successors and permitted assigns.

### 4.6 Entire Agreement

This Agreement and, to the extent party thereto, any agreement or document delivered in connection with this Agreement, constitutes the entire agreement between the Parties with respect to the matters herein and supersedes all prior agreements, understandings, negotiations

and discussions relating to the subject matter hereof. There are no other covenants, agreements, representations, warranties, conditions, whether direct or collateral, express or implied, that form part of or affect this Agreement except as otherwise provided this Agreement. The execution of this Agreement has not been induced by, nor do any of the Parties rely upon or regard as material, any representations, promises, agreements or statements not incorporated into this Agreement including any documents or information in any due diligence examinations and data reviews or in any management presentations or meetings. This Agreement shall not be amended, added to or qualified except by written agreement signed by the Parties.

#### **4.7 Waiver**

Except as otherwise expressly set out herein, no waiver of any provision of this Agreement shall be binding unless it is in writing. No indulgence or forbearance by a Party shall constitute a waiver of such Party's right to insist on performance in full and in a timely manner of all covenants in this Agreement. Waiver of any provision shall not be deemed to waive the same provision thereafter, or any other provision of this Agreement, at any other time.

#### **4.8 Notices**

All notices, requests, demands or other communications required or permitted to be given by one Party to another under this Agreement shall be given in writing and delivered by personal delivery or delivery by recognized commercial courier, sent by facsimile or electronic delivery or delivered by registered mail or postage prepaid, addressed as follows:

(a) if to the Corporation:

BRS Resources Ltd.  
5910 N. Central Expressway  
Suite 1250  
Dallas, TX  
75206

Attention: Steve Moore  
Telephone: (214) 276-0375  
Facsimile: (214) 367-5084  
Email: smoore@brsresouces.com

with a copy to (which copy shall not constitute notice):

Clark Wilson LLP  
800-885 West Georgia Street  
Vancouver, BC  
V6C 3H1

Attention: Virgil Hlus  
  
Telephone: (604) 687-5700  
Facsimile: (604) 687-6314  
Email: vzh@cwilson.com

(b) if to a Holder:

c/o Carlson Partners, LP  
2100 McKinney Avenue  
Suite 1600  
Dallas, TX

Attention: Legal Department and Chris Haga  
Telephone: (214) 932-9600  
Facsimile: (214) 932-9601  
Email: legal@cclp.com and chaga@carlsoncapital.com

with a copy to (which copy shall not constitute notice):

Schulte Roth & Zabel LLP  
919 Third Avenue  
New York, New York 10022  
Telephone: (212) 756-2000  
Facsimile: (212) 593-5955  
Attention: Eleazer N. Klein, Esq.  
E-mail: eleazer.klein@srz.com

and

Goodmans LLP  
Bay Adelaide Centre  
333 Bay Street, Suite 3400  
Toronto, ON  
M5H 2S7  
Telephone: (416) 979-2211  
Facsimile: (416) 979-1234  
Attention: Neill May, Esq.  
E-mail: nmay@goodmans.ca

or at such other address or fax number of which the addressee may from time to time may notify the addressor. Any notice delivered by personal delivery or by courier to the Party to whom it is addressed as provided above shall be deemed to have been given and received on the day it is so delivered at such address. If such day is not a Business Day, or if the notice is received after 4:00 p.m. (addressee's local time), then the notice shall be deemed to have been given and received on the next Business Day. Any notice transmitted by facsimile shall be deemed to have been given and received on the day in which transmission is confirmed. If such day is not a Business Day or if the transmission of the facsimile is received after 4:00 p.m. (addressee's local time), then the notice shall be deemed to have been given and received on the first Business Day after its transmission.

#### **4.9 Severability**

If, in any jurisdiction, any provision of this Agreement or portion thereof or the application thereof to any Person or circumstance shall to any extent be restricted, invalid or unenforceable the Parties will negotiate in good faith to amend this Agreement to implement the intentions set forth herein. Each provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

#### **4.10 Counterparts; Facsimile and Electronic Signatures**

This Agreement may be signed in one or more counterparts, each of which once signed shall be deemed to be an original. All such counterparts together shall constitute one and the same instrument. Notwithstanding the date of execution of any counterpart, each counterpart shall be deemed to bear the effective date first written above. This Agreement, any and all agreements and instruments executed and delivered in accordance herewith, along with any amendments hereto or thereto, to the extent signed and delivered by means of a facsimile machine, scanned email or internet transmission copy or other means of electronic transmission, shall be treated in all manner and respects and for all purposes as an original signature, agreement or instrument and shall be considered to have the same binding legal effect as if it were the original signed version thereof delivered in person.

#### **4.11 Governing Law and Jurisdiction for Disputes**

This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein and shall be treated, in all respects, as a British Columbia contract. The Parties irrevocably submit to the non-exclusive jurisdiction of the courts of the Province of British Columbia.

#### **4.12 Remedies**

Each Party agrees that an award of monetary damages would not be an adequate remedy for any loss incurred by reason of any breach of this Agreement and that, in the event of any breach or threatened breach of this Agreement by a Party, the other Parties will be entitled to equitable relief, including injunctive relief and specific performance. Such remedies will not be the exclusive remedies for any breach or threatened breach of this Agreement but will be in addition to all other remedies available at law or in equity.

*[Remainder of page intentionally blank. Signature page follows.]*

**IN WITNESS WHEREOF** the Parties hereto have caused this Agreement to be duly executed as of the date first written above.

**BRS RESOURCES LTD.**

By: “Steven Moore”  
Name: Steven Moore  
  
Title: President

**BLACK DIAMOND OFFSHORE LTD.**

By: Carlson Capital, L.P.,  
Its Investment Advisor  
  
By: Asgard Investment Corp. II,  
Its General Partner  
  
By: “Clint D. Carlson”  
Name: Clint D. Carlson  
  
Title: President

**DOUBLE BLACK DIAMOND OFFSHORE LTD.**

By: Carlson Capital, L.P.,  
Its Investment Advisor  
  
By: Asgard Investment Corp. II,  
Its General Partner  
  
By: “Clint D. Carlson”  
Name: Clint D. Carlson  
  
Title: President