

Cautionary Note For Readers

This Asset Purchase Agreement has been filed with certain securities regulatory authorities in Canada pursuant to National Instrument 51-102, which requires Shane Resources Ltd. (the “**Corporation**”) to file certain material contracts to which it is a party. Unlike certain other documents filed on behalf of the Corporation, this Asset Purchase Agreement has not been prepared as a disclosure document and is not intended to provide factual information about the Corporation for the benefit of investors or others.

This Asset Purchase Agreement contains representations and warranties made by the Corporation to Star Minerals Group Ltd. for risk allocation purposes, and solely for benefit of Star Minerals Group Ltd.

National Instrument 51-102 allows reporting issuers to omit certain provisions of material contracts and readers are cautioned that statements made by the Corporation in this Asset Purchase Agreement may be qualified (in whole or in part) by information redacted from the attached copy of the Asset Purchase Agreement, which information is not otherwise available to the public or by information that may have been delivered to Star Minerals Group Ltd. in the course of due diligence and transaction negotiations. As well, exceptions to representations and warranties made by the Corporation in this Asset Purchase Agreement may be applicable, and information concerning those exceptions may have been communicated orally to Star Minerals Group Ltd. or in written materials not otherwise filed by the Corporation with securities regulatory authorities and, therefore, and such information may not be available to the public.

Accordingly, investors and security holders should not rely on statements set out in this Asset Purchase Agreement as accurate statements of fact. Moreover, information concerning the Corporation or the subject matter of statements made in the Asset Purchase Agreement concerning the Corporation may change after the date of this Asset Purchase Agreement, and subsequent information may or may not be fully reflected in the Corporation’s public disclosures.

Statements in this Asset Purchase Agreement are made as of the date stated therein unless stated otherwise and the filing of this Asset Purchase Agreement shall not under any circumstances create an implication that the information contained herein is correct as of any time subsequent to the date stated in the Asset Purchase Agreement. The Corporation does not undertake to update any of the information contained in the Asset Purchase Agreement except as required by applicable law.

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (“**Agreement**”) is made effective as of December 17, 2013 (“**Effective Date**”)

AMONG:

STAR MINERALS GROUP LTD., a Saskatchewan corporation (the “**Purchaser**”)

AND:

SHANE RESOURCES LTD., a Saskatchewan corporation (“**Shane**” or the “**Vendor**”)

WHEREAS the Vendor is the holder of (i) a minimum 49% interest in one mineral claim more specifically described in Schedule “A” (collectively, the “**Don’s Lake Claims**”) covering property located in Saskatchewan; and (ii) a 100% interest in two mineral claims as more specifically described in Schedule “A” (collectively, the “**Brownell Claims**”) covering property located in Saskatchewan; and (iii) a 1.6% interest in one mineral claim as more specifically described in Schedule “A” (collectively, the “**Munroe Lake Claims**”) covering property located in Saskatchewan; and (iv) a one percent net smelter royalty granted by Golden Band Resources Inc. (the “**Golden Band NSR**”) in favour of Shane in respect of the Greywacke gold property in northern Saskatchewan a copy of which is attached as Schedule “C”;

AND WHEREAS the Vendor has agreed to sell and transfer the Transferred Interests (as defined below), including any adjustments thereto in respect of the Transferred Interests, free and clear of all Encumbrances (as defined below), other than Permitted Encumbrances (as defined below), to the Purchaser, and the Purchaser has agreed to purchase from the Vendor, all of the Vendor’s interest in the Transferred Interests;

NOW THEREFORE for good and valuable consideration, the nature, receipt and sufficiency of which is acknowledged, the Parties agree as follows:

ARTICLE 1 DEFINITIONS AND INTERPRETATION

1.1 The following terms shall have the following meanings:

- (a) “**Activities**” has the meaning set forth in Section 3.2(i);
- (b) “**Affiliate**” means any person, partnership, limited liability company, joint venture, corporation or other form of enterprise which controls, is controlled by, or is under common control with a Party;
- (c) “**Agreement**” means this agreement and all amendments and modifications hereto, and all Schedules hereto, which are incorporated herein by this reference;
- (d) “**Brownell Claims**” has the meaning given in the Recitals above;
- (e) “**Cameco NPI**” means the 5% net profits interest held by Cameco in respect of the Don’s Lake Claims;
- (f) “**Claims**” means collectively the Brownell Claims, the Don’s Lake Claims and the Munroe Lake Claims;

- (g) “**Claude Agreement**” means the option agreement dated April 27, 1999 between the Vendor and Claude Resources Inc. in respect of the Don’s Lake Claims, a copy of which is attached as Schedule “D”;
- (h) “**Claude Carried Interest**” means the 30% carried interest in the Don’t lake Claims granted to Claude Resources in the Claude Agreement;
- (i) “**Claude Resources**” means Claude Resources Inc.;
- (j) “**Claude ROFR**” means the right of first refusal in respect of certain of the Transferred Interests relating to the Don’s Lake Claims granted by Shane pursuant to the Claude Agreement;
- (k) “**Closing**” means the closing of the transactions contemplated by this Agreement;
- (l) “**Closing Date**” means January 31, 2014, or such other date to which the Parties may agree;
- (m) “**Closing Time**” means 1:00 p.m. (Calgary time) on the Closing Date, or such other time to which the Parties may agree;
- (n) “**Don’s Lake Claims**” has the meaning given in the Recitals above;
- (o) “**Effective Date**” means January 31, 2014;
- (p) “**Encumbrances**” means any lien, claim, charge, pledge, royalties, agreements, hypothecation, security interest, mortgage, title retention agreement, declaration of trust, right of set-off, option or other encumbrance of any kind;
- (q) “**Environmental Claims**” means any and all administrative or judicial actions, suits, orders, liens, notices, violations or proceedings related to any applicable Environmental Law or any Environmental Permit brought, issued or asserted by: (i) a Governmental Authority for compliance, damages, penalties, removal, response, remedial or other action pursuant to any applicable Environmental Law; or (ii) a third party seeking damages for personal injury or property damage resulting from the release of Hazardous Material at, to or from the Claims or the Property;
- (r) “**Environmental Laws**” means all federal, provincial and local laws, statutes, ordinances, codes, rules and regulations related to protection of the environment or the handling, use, generation, treatment, storage, transportation or disposal of Hazardous Materials;
- (s) “**Environmental Permit**” means all permits, licenses, approvals, authorizations or consents required by any Governmental Authority under any applicable Environmental Law and includes any and all orders, consent orders or binding agreements issued or entered into by a Governmental Authority under any applicable Environmental Law;
- (t) “**Golden Band NSR**” has the meaning given in the Recitals above;
- (u) “**Governmental Authority**” means any (i) multinational, federal, provincial, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, board, bureau or agency, domestic or foreign; (ii) any subdivision, agent, commission, board, or authority of any of the foregoing; or (iii) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing, and includes a stock exchange or self-regulatory authority;

- (v) “**Government Payments**” means payments to the Province of Saskatchewan, the Federal Government of Canada, any Governmental Authority or any other regulatory or taxing authority that are required to maintain the Claims in good standing;
- (w) “**Hazardous Material**” means any hazardous or toxic substance, material or waste which is regulated by any federal, provincial, state or local Governmental Authority under any Environmental Law now or hereafter effective, including, without limitation, any waste, pollutant, hazardous substance, toxic substance, hazardous waste, special waste, petroleum or petroleum-derived substance or waste, or any constituent of any such substance or waste;
- (x) “**Munroe Lake Claims**” has the meaning given in the Recitals above;
- (y) “**Party**” means the Vendor or the Purchaser and their respective successors and permitted assigns;
- (z) “**Permitted Encumbrances**” means the Encumbrances described in Schedule “B” existing at the date of this Agreement;
- (aa) “**Property**” means the properties which are the subject of the Claims;
- (bb) “**Purchaser**” means Star Minerals Group Ltd., a Saskatchewan corporation;
- (cc) “**Consideration Shares**” has the meaning set forth in Section 2.2;
- (dd) “**Purchase Price**” has the meaning given in Section 2.2;
- (ee) “**Tax Act**” means the *Income Tax Act* (Canada), R.S.C. 1985 c.1 (5th supp.), as amended, including the regulations promulgated thereunder;
- (ff) “**Technical Data**” means a hard copy or a digital copy of all reports, data, and information within the Vendor’s possession which concern the Claims, the Property or the Transferred Interests;
- (gg) “**Transferred Interests**” means the Vendor’s entire interest in the Brownell Claims, the Munroe Lake Claims and the Golden Band NSR, as well as the Vendor’s entire interest in the Don’s Lake Claims, which for greater certainty shall include any interest in the Don’s Lake Claims which are the subject of the Claude Agreement and the ownership of which is currently disputed by Claude Resources and the Vendor and which may at any time or from time to time prior to or after the Closing Date be determined to be the property of the Vendor; and
- (hh) “**Vendor**” means Shane Resource Ltd., a Saskatchewan corporation.

1.2 **Currency.** Unless otherwise stated, all amounts of money referred to in this Agreement are expressed in Canadian dollars.

1.3 **Headings.** The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of the Agreement.

1.4 **Expanded Meanings.** In this Agreement and in the Schedules to this Agreement, unless there is something in the subject matter or context inconsistent therewith:

- (a) the singular shall include the plural and the plural shall include the singular;

- (b) the masculine shall include feminine and neuter genders;
- (c) words of inclusion such as “including” in a list shall be read as being inclusive and without limitation, whether or not so stated; and
- (d) a reference to any statute shall be deemed to extend to and include any amendment or re-enactment of such statute.

1.5 **Schedules.** Attached hereto and forming a part of this Agreement are the following Schedules:

- Schedule “A” – Brownell Claims, Don’s Lake Claims, Munroe Lake Claims and Purchase Price Allocation
- Schedule “B” – Permitted Encumbrances
- Schedule “C” – Golden Band NSR
- Schedule “D” – Claude Agreement

**ARTICLE 2
ASSET TRANSFER**

- 2.1 **Purchase and Sale of Transferred Interests.** The Vendor hereby sells, assigns, transfers and conveys free and clear of all Encumbrances, other than Permitted Encumbrances, all of the Vendor’s interest in the Transferred Interests, and the Purchaser hereby purchases and accepts such Transferred Interests, all on the terms and conditions set forth in this Agreement.
- 2.2 **Purchase Price.** The Parties’ bona fide estimate of the fair market value of the Transferred Interests is CAD\$655,000 (the “**Purchase Price**”) as at the Effective Date. The Purchase Price shall be payable by the issuance and delivery, as set forth in Section 5.2, to the Vendor of \$55,000 in cash or other immediately available funds (the “**Cash Consideration**”) and an aggregate of that number of common shares in the capital of the Purchaser (the “**Consideration Shares**”) as determined by this section as at the date of this Agreement. The number of Consideration Shares issuable shall be determined by subtracting the Cash Consideration from the Purchase Price, and dividing the remainder by the greater of (i) the minimum allowable issuance price of the Consideration Shares as determined by the TSX Venture Exchange as at the date of this Agreement; and (ii) the price per share determined by applying the maximum discount permitted by the policies of the TSX Venture Exchange to the market price of the Purchaser’s common shares, with such pre-discounted market price being the volume weighted average price of the Purchaser’s common shares for the five (5) trading days prior to the date of this Agreement. For greater certainty, in the event that the Purchaser effects a consolidation, split or other reorganization of its outstanding common shares subsequent to the date of this Agreement, the number of Consideration Shares issuable in partial satisfaction of the Purchase Price shall be subject to such consolidation, split or other reorganization on the same terms as applicable to the outstanding common shares of the Purchaser.
- Subject to adjustment as contemplated by this Agreement, the allocation of the Purchase Price with respect to the portion of the Transferred Interests shall be as set forth in Schedule “A”.
- 2.3 **Quit Claim.** The Vendor does hereby remise, release and relinquish, and forever quit claim unto, the Purchaser, its successors, assigns or nominee, all the Vendor’s right, title, estate and interest whatsoever in the Transferred Interests.
- 2.4 **No Assumption of Liabilities by Purchaser.** Other than as specified in this Agreement, the Purchaser shall not be liable for, or assume, pay, perform or discharge, any of the obligations, debts or liabilities of the Vendor, including any liabilities, debts or obligations of the Vendor in respect of the Transferred Interests, incurred or accrued from the date hereof and up to the Effective Date.

- 2.5 **Resale Restrictions on the Consideration Shares.** The Vendor agrees and acknowledges that the Consideration Shares will be issued in accordance with applicable Canadian securities laws and may be subject to statutory or TSX Venture Exchange imposed restrictions on resale, which restrictions are beyond the control of the Purchaser.
- 2.6 **Election.** Notwithstanding the Purchase Price as hereinbefore set forth, the Purchaser agrees, if so requested by the Vendor, to jointly file an election pursuant to subsection 85(1) of the Tax Act in the prescribed form and within the prescribed time, whereby the proceeds of disposition to the Vendor and the costs thereof to the Purchaser shall be deemed an amount specified by the Vendor, provided that the amount specified by the Vendor is permissible under the Tax Act and the request is made by the Vendor no less than 30 days prior to the due date for filing such election. The Purchaser and the Vendor agree to jointly file corresponding elections pursuant to any relevant provincial taxing authority.
- 2.7 **Payment of Tax and Registration Charges on Transfer.** The Vendor is liable for and shall pay all transfer and sales taxes, duties, registration charges, income taxes, capital gains taxes or other like charges properly payable upon and in connection with the conveyance and transfer of the Transferred Interests by the Vendor to the Purchaser hereunder, including retail sales taxes and land transfer taxes. For the purposes of this Agreement, HST shall mean the goods and services tax and related provisions pursuant to the *Excise Tax Act* (Canada). The Purchaser shall be an HST registrant or before the Closing Date. As part of the Closing of the transactions contemplated herein, the Parties will complete and sign, if applicable, a joint election under section 167(1) of the *Excise Tax Act* (Canada), if permitted to do so under that Act, to permit the purchase and sale of the Transferred Interests without incurring goods and services or harmonized sales tax. The Purchaser will duly file those election(s) with the appropriate governmental authorities within the time permitted under the *Excise Tax Act* (Canada).

ARTICLE 3 REPRESENTATIONS, WARRANTIES, AND INDEMNITIES

- 3.1 **Mutual Representations and Warranties.** Each Party represents and warrants to the other that:
- (a) this Agreement has been duly executed and delivered and is legal, valid and binding upon it and enforceable in accordance with its terms (subject, however, to limitations with respect to the enforcement of remedies, to bankruptcy, reorganization, insolvency, moratorium and other laws relating to or affecting creditors' rights generally and to the availability of equitable remedies such as specific performance and injunction);
 - (b) it is a corporation duly incorporated and is in good standing in accordance with the laws governing its incorporation and is qualified to carry on business and is in good standing in those jurisdictions where necessary in order to carry out the purposes of this Agreement;
 - (c) it holds all licences and permits that are required for carrying on its business in the manner in which such business will need to be carried on in order for it to meet its obligations under this Agreement;
 - (d) it has the requisite power, authority and capacity to enter into and perform its obligations under this Agreement and all transactions contemplated herein and all corporate and other actions required to authorize it to enter into and perform this Agreement have been properly taken and upon written request by any other Party, will provide documentation of such corporate action, including, but not limited to, copies of any necessary resolutions of its board of directors; and
 - (e) it is not a non-resident of Canada for the purposes of the Tax Act.
- 3.2 **Additional Representations and Warranties of the Vendor.** Vendor represents and warrants to the Purchaser, and acknowledges that the Purchaser is relying upon such representations and warranties in

connection with the entering into of this Agreement and the purchase of the Transferred Interests, as follows:

- (a) the execution and delivery of this Agreement and all documents to be delivered pursuant hereto, the performance of the terms hereof and thereof and the consummation of the transactions contemplated herein and therein do not and will not:
 - (i) result in the breach of or violate any term or provision of any other contract, covenant or undertaking by which the Vendor is bound;
 - (ii) conflict with, result in a breach of, constitute a default under, or accelerate or permit the acceleration of the performance required by, any agreement, instrument, licence, permit or authority to which the Vendor is a party or by which the Vendor is bound or to which any of the Transferred Interests are subject;
 - (iii) give to any Person any material interest or right, including the right of purchase, termination, cancellation or acceleration under any such agreement, instrument, license, permit or authority;
 - (iv) result in the creation of any Encumbrance upon any of the Transferred Interests; or
 - (v) violate any provision of law or administrative regulation or any judicial or administrative order, award, judgment or decree applicable to the Vendor or the Transferred Interests;

except to the extent such results or occurrences as set forth in this Subsection 3.2(a) collectively are not material or except as will not be applicable upon the satisfaction of the conditions precedent in this Agreement;

- (b) the Claims have been validly issued, staked, located, recorded and/or properly acquired by the Vendor in accordance with all applicable laws and regulations of the Province of Saskatchewan, the Federal Government of Canada, any Governmental Authority and any other regulatory authority having jurisdiction over the Claims and the Claims have been properly registered in accordance with the Province of Saskatchewan, the Federal Government of Canada, any Governmental Authority and any other regulatory authority having jurisdiction over the Claims, and such Claims are in good standing and all Government Payments required on or before the Effective Date to keep the Claims in full force and effect have been timely and properly made;
- (c) the Vendor is now, and on the Closing Date will be, the sole legal and beneficial owner of the Transferred Interests free and clear of all Encumbrances, agreements, underlying interests and conflicting rights or claims of whatsoever nature, other than in respect of the Claude ROFR, which the Vendor shall satisfy as described in this Agreement, and the Permitted Encumbrances and other than taxes or royalties that may become payable to a Governmental Authority in the Province of Saskatchewan or the Federal Government of Canada if any claims underlying the Transferred Interests are put into production; and upon completion of the transactions contemplated by this Agreement, all of the Transferred Interest will be owned by the Purchaser as the legal and beneficial owner of record, with good and marketable title thereto;
- (d) there are no outstanding agreements or options of any kind whatsoever to acquire or purchase the Transferred Interests or any interest of any kind whatsoever in the Transferred Interests, and no person has any royalty or other interest of any kind whatsoever in the Transferred Interests, other than taxes or royalties that may become payable to a Governmental Authority in the Province of Saskatchewan or the Federal Government of Canada if any claims underlying the

Transferred Interests are put into production, and other than the Claude ROFR and the Permitted Encumbrances;

- (e) except as provided for by operation of this Agreement, no person, firm, corporation or other entity of any kind whatsoever has any form of right to explore, develop, mine or otherwise exploit minerals from the Claims or the Property other than in respect of the Claude Agreement or the Permitted Encumbrances;
- (f) the Vendor has not, and, to the best of its knowledge, none of its predecessors in title has done anything or omitted to do anything whereby the Claims, the Property or the Transferred Interests may become subject to any Encumbrances, or whereby the Vendor's interests in and to the Claims, the Property or the Transferred Interests may be cancelled or terminated, in each case other than in respect of the Claude ROFR and the Permitted Encumbrances;
- (g) no third party consent or approval is required to be obtained by the Vendor to allow the Vendor to enter into and perform obligations under this Agreement other than in respect of the Claude ROFR as are contemplated in this Agreement;
- (h) in addition to the other representations and warranties contained herein and not in limitation thereof:
 - (i) Claude Resources has conducted the exploration work on the Don's Lake Claims as described in the drilling program reports, expenditure summary and field activity summaries provided by Claude Resources, copies of which have been provided to the Purchaser;
 - (ii) to the best of the Vendor's knowledge, no material releases of Hazardous Materials have occurred at or from the Claims or the Property;
 - (iii) there are no past, pending, or to the best of the Vendor's knowledge, threatened, Environmental Claims against or arising from the Claims or the Property; and
 - (iv) to the best of the Vendor's knowledge, there are no other facts, circumstances, or conditions that could reasonably be expected to restrict, under any Environmental Law or Environmental Permit in effect prior to or at the Effective Date, the ownership, occupancy, use or transferability of the Claims;
- (i) all activities by or on behalf of the Vendor on or in respect of the Claims or the Property prior to the Effective Date (the "**Activities**") have been performed in compliance with all applicable laws, rules and regulations, including all laws, rules and regulations relating to operations and reclamation of disturbed lands and those relating to protection of the environment, and the Vendor has:
 - (i) not received notice of any alleged violation of any law, rule or regulation with respect to the Activities, the Claims or the Property;
 - (ii) no knowledge of any threatened or pending governmental investigation into alleged violations of any law, rule or regulation with respect to the Activities, the Claims or the Property; and
 - (iii) no knowledge of any facts which would lead a well informed and reasonable operator in the mining industry to believe that there has been any violation of any law, rule, or regulation with respect to the Activities, the Claims or the Property;

- (j) the Vendor has exclusive possession of the Claims, the Property and the Transferred Interests other than in respect of the Claude ROFR, the Permitted Encumbrances and the Claude Agreement;
- (k) Claude Resources has alleged that Claude Resources has validly exercised the option granted pursuant to the Claude Agreement and that Claude Resources has earned a 51% interest in the Don's Lake Claims and the Property. The Vendor has informed Claude Resources that in the Vendor's view the option was not exercised as required by the Claude Agreement and Claude Resources has retained only the Claude Carried Interest. The vendor has also informed Claude Resources of its view that a binding joint venture agreement has not been entered into as required by the Claude Agreement. Without limiting the generality of the foregoing, as at the date of this Agreement, the opposing positions of the Vendor and Claude Resources have not been settled and the Vendor and Claude Resources have not determined whether any interests held by Claude Resources are carried interests or participating interests, nor have they settled the final terms applicable to any such interests;
- (l) except as set out in Section 3.2 (k), there are no material actions, claims, investigations or proceedings, judicial or otherwise, pending, or to the knowledge of the Vendor threatened, against or relating to the Vendor, the Claims, the Property or the Transferred Interests, including, without limitation, in respect of title or ownership of the Claims, the Property or the Transferred Interests, which relate to or could adversely affect the Vendor's interest in the Transferred Interests;
- (m) the Vendor is not subject to any judgment, order, writ, injunction or decree of any court or Governmental Authority which would prevent the carrying out of this Agreement or the consummation of the transactions herein contemplated;
- (n) there are no adverse claims or challenges of any kind whatsoever, including without limitation, claims or challenges by native or aboriginal peoples or other third parties, against or to the ownership of, or title to, the Claims nor is there any basis therefor other than in respect of the Claude ROFR, the Permitted Encumbrances and the Claude Agreement;
- (o) the Vendor has no knowledge of anything with respect to the current or former ownership or usage of the Claims or the Property whereby any litigation affecting the Vendor's interest or use of the Claims or the Property may be commenced other than in respect of the Claude ROFR, the Permitted Encumbrances and the Claude Agreement;
- (p) except as set out in this Agreement, on the Closing Date, the Vendor will have paid or made arrangements for the payment of all taxes, remittances and other payments in respect of the Vendor and the Claims or the Property which are capable of forming or resulting in a lien on the Claims or the Property or of becoming a liability or obligation of the Purchaser. There are no actions, suits, proceedings, reassessments, investigations or claims pending or, to the knowledge of the Vendor after due inquiry by them, threatened, against the Vendor or the Claims or the Property in respect of taxes, remittances, governmental charges or assessments or otherwise, nor are any matters under discussion with any Governmental Authority relating to taxes, remittances, governmental charges or assessments or otherwise asserted by any such authority. To the knowledge of the Vendor after due inquiry by them, on the Closing Date, there shall be no grounds on which any actions, suits, proceedings, reassessments, investigations or claims with respect to taxes, remittances, and governmental charges or assessments or otherwise might be commenced in respect of the Vendor or the Claims or the Property with any reasonable likelihood of success;

- (q) the Vendor will deliver or make available to the Purchaser copies of all material reports, data, and information within the Vendor's possession which concern the Claims, the Property or the Transferred Interests, provided, however, the Vendor shall be deemed not to warrant the completeness or accuracy of any such data or interpretations; and
- (r) the Vendor is a registrant for the purposes of the goods and services tax levied under the *Excise Tax Act* (Canada) and has the following registration number: 120631585RT0001;
- (s) the Vendor has not engaged in any consultations with any first nations peoples or other third parties;
- (t) the Vendor has informed the Purchaser that it has had its listing transferred from the main board of the TSX Venture Exchange to the NEX board of the TSX Venture Exchange;
- (u) the Vendor has informed the Purchaser of the Vendor's intention to dissolve and distribute all of its net assets, including the Consideration Shares to the Vendor's shareholders subsequent to Closing; and
- (v) the Vendor is unaware of any material facts or circumstances which have not been disclosed, which should be disclosed to the Purchaser in order to prevent the representations in this Agreement from being materially misleading.

3.3 **Additional Representations and Warranties of the Purchaser.** The Purchaser represents and warrants to the Vendor, and acknowledges that the Vendor is relying upon such representations and warranties in connection with the entering into of this Agreement and the sale of the Transferred Interests, as follows:

- (a) the execution and delivery of this Agreement and all documents to be delivered pursuant hereto, the performance of the terms hereof and thereof and the consummation of the transactions contemplated herein and therein do not and will not:
 - (i) result in the breach of or violate any term or provision of any other contract, covenant or undertaking by which any of the Purchaser is bound; or
 - (ii) violate any provision of law or administrative regulation or any judicial or administrative order, award, judgment or decree applicable to the Purchaser,except to the extent such results or occurrences as set forth in this Subsection 3.3(a) collectively are not material;
- (b) other than the approval of the NEX board of the TSX Venture Exchange, no third party consent or approval is required to be obtained by the Purchaser to allow the Purchaser to enter into and perform its obligations under this Agreement;
- (c) there are no material actions, claims, investigations or proceedings, judicial or otherwise, pending, or to the knowledge of the Purchaser threatened, against or relating to the Purchaser which relate to or could adversely affect the Purchaser in carrying out this Agreement;
- (d) the Purchaser is not subject to any judgment, order, writ, injunction or decree of any court or Governmental Authority which would prevent the carrying out of this Agreement or the consummation of the transactions herein contemplated;
- (e) as of the date hereof, the authorized capital of the Purchaser consists of an unlimited number of common shares and an unlimited number of preferred shares, of which there are 67,455,255

such common shares of the Purchaser (and no other shares) outstanding, and listed on the TSX Venture Exchange under the symbol SUV;

- (f) the Purchaser has filed all tax returns, and has withheld or collected and remitted all amounts to be withheld or collected and remitted with respect to any taxes as required under all applicable tax laws and there are no actions, suits or proceedings, in progress, pending, or, to the knowledge of the Purchaser, threatened, against the Purchaser in connection with any taxes;
- (g) the Purchaser is a “reporting issuer” within the meaning of the *Securities Act* (British Columbia), the *Securities Act* (Alberta) and the *Securities Act* (Saskatchewan) and is not a “reporting issuer” in any other jurisdiction of Canada, and the Purchaser is not listed in default on the lists maintained by the British Columbia Securities Commission, the Alberta Securities Commission or the Saskatchewan Securities Commission;
- (h) the Purchaser is a registrant for the purposes of the goods and services tax levied under the *Excise Tax Act* (Canada) and has the following registration number: 120684600RT0001;
- (i) the Purchaser does not have any material liability or obligation of any nature (whether accrued, absolute, contingent or otherwise) not reflected in the Purchaser’s most recent financial statements filed on SEDAR at www.sedar.com;
- (j) the Purchaser is unaware of any material facts or circumstances which have not been disclosed, which should be disclosed to the Vendor in order to prevent the representations in this Agreement from being materially misleading.

3.4 **Indemnities of the Parties.** For a period of two (2) years after the Closing Date, each of the Purchaser and the Vendor (the “**indemnifying parties**”) covenant and agree to indemnify and save harmless the other Party (the “**indemnified parties**”), as and from the Effective Date, from and against any claims, demands, actions, causes of action, damages, losses, costs, liabilities, or expenses (together “**Demands**”) which the indemnified parties or any of them may suffer as a result of the failure of any of the indemnifying parties to perform any covenant or agreement on its part under this Agreement or in any other document furnished pursuant to this Agreement or any incorrectness in or breach of any of its representations or warranties contained in this Agreement or in any certificate or other document furnished pursuant to this Agreement.

3.5 **Representations and Warranties to Survive.** The representations and warranties set forth in Article 3 shall survive, for a period of two years, the execution, delivery and termination of this Agreement.

ARTICLE 4 CLOSING CONDITIONS

4.1 **Conditions for the Benefit of the Purchaser.** The Purchaser’s obligation to complete the transactions contemplated by this Agreement will be subject to the fulfilment of the following conditions at or prior to the Closing Time:

- (a) **Representations and Warranties.** The representations and warranties of the Vendor made in or pursuant to this Agreement will be true, accurate and correct at the Closing Time with the same force and effect as though those representations and warranties had been made as of the Closing Time.
- (b) **Terms, Conditions and Covenants.** The Vendor shall have performed or complied with all of the terms, covenants and conditions of this Agreement to be performed or complied with by the Vendor at or prior to the Closing Time.

- (c) **No Material Adverse Change.** Since the date of this Agreement there will not have been any material adverse change in respect of any of the Transferred Interests.
- (d) **Consents.** All consents, approvals, forms or notifications to any third party or any Governmental Authority, including any applicable stock exchange regulations and any required shareholder approval, required in connection with the sale of the Transferred Interests to the Purchaser, the completion of any of the transactions contemplated by this Agreement, the Closing or the performance of any of the terms and conditions hereof, or otherwise in connection with the completion of the transactions contemplated by this Agreement, except for those which are not material as determined by the Purchaser in its sole discretion, shall have been obtained or given.
- (e) **Filings.** Other than post-closing filings with a Governmental Authority, including any applicable stock exchange, in respect of the transactions contemplated herein, all filings, notifications and consents with, to or from Governmental Authorities, and third parties will have been made, given or obtained on terms acceptable to the Purchaser, acting reasonably.
- (f) **Deliveries.** The Vendor will deliver or cause to be delivered to the Purchaser the following in form and substance satisfactory to the Purchaser:
 - (i) any applicable transfers, bills of sale, consents, assignments and other forms of conveyances or other documents as shall be necessary to effectively transfer to the Purchaser all of the legal and beneficial ownership in and to the Transferred Interests in accordance with the terms of this Agreement, and shall deliver to the Purchaser possession of the Transferred Interests, free and clear of any Encumbrances other than Permitted Encumbrances, and following the Closing shall complete such registrations, recordings and filings with public authorities as may be required in connection with the transactions contemplated herein;
 - (ii) a certificate signed by an officer of the Vendor certifying that:
 - A. all of the representations and warranties of the Vendor contained in this Agreement are true and correct in all material respects as of the Closing Date;
 - B. all of the covenants and agreements of the Vendor to be observed and performed, and all the documents to be delivered by the Vendor, on or before the Closing Date pursuant to the terms of this Agreement have been duly observed and performed in all material respects as of the Closing Date;
 - C. all of the conditions precedent for the benefit of the Vendor, as set forth in this Agreement, have been satisfied, or waived by the Vendor, as of the Closing Date; and
 - D. the Vendor is aware that the Purchaser is relying on such certificate in completing the purchase of the Transferred Interests;
 - (iii) if requested, a copy of the Technical Data and all such books and records of the Vendor related to the Transferred Interests which are in its possession or within its power to obtain, with copy, extraction and reproduction costs for the account of the Purchaser;
 - (iv) all such other documentation and other evidence reasonably requested by the Purchaser in order to establish the due authorization and consummation of the transactions contemplated by this Agreement, including those of the Vendor required to effectively carry out the obligations of the Vendor pursuant to this Agreement.

- (g) **Claude ROFR Expiry or Waiver.** The Vendor shall have duly notified Claude Resources of the terms of this Agreement such that the Claude ROFR shall be either duly expired or waived prior to or at Closing.
- (h) **Dissent Rights.** The Vendor shall not have received duly exercised rights of dissent (which notices have not been withdrawn prior to the Closing Time) from shareholders holding greater than 5% of the common shares of the Vendor.

4.2 **Conditions for the Benefit of the Vendor.** The Vendor's obligations to complete the transactions contemplated by this Agreement will be subject to the fulfilment of the following conditions at or prior to the Closing Time:

- (a) **Representations and Warranties.** The representations and warranties of the Purchaser made in or pursuant to this Agreement will be true, accurate and correct at the Closing Time with the same force and effect as though those representations and warranties had been made as of the Closing Time.
- (b) **Terms, Conditions and Covenants.** The Purchaser shall have performed or complied with all of the terms, covenants and conditions of this Agreement to be performed or complied with by the Purchaser at or prior to the Closing Time.
- (c) **Delivery.** The Purchaser will deliver or cause to be delivered to the Purchaser the following:
 - (i) the Cash Consideration and an original certificate representing the Consideration Shares and bearing the appropriate restrictive legends if any, provided that if the Consideration Shares are subject to escrow, delivery of certificates to an escrow agent shall be deemed good delivery;
 - (ii) a certificate signed by an officer of the Purchaser certifying that:
 - A. all of the representations and warranties of the Purchaser contained in this Agreement are true and correct in all material respects as of the Closing Date;
 - B. all of the covenants and agreements of the Purchaser to be observed and performed, and all the documents to be delivered by the Purchaser, on or before the Closing Date pursuant to the terms of this Agreement have been duly observed and performed in all material respects as of the Closing Date;
 - C. all of the conditions precedent for the benefit of the Purchaser, as set forth in this Agreement, have been satisfied, or waived by the Purchaser, as of the Closing Date; and
 - D. the Purchaser is aware that the Vendor is relying on such certificate in completing the sale of the Transferred Interests; and
 - (iii) all documentation and other evidence reasonably requested by the Vendor to establish the authorization and consummation of the transactions contemplated by this Agreement.
- (d) **No Material Adverse Change.** Since the date of this Agreement there will not have been any material adverse change in respect of the Purchaser.
- (e) **Consents.** All consents, approvals, forms or notifications to any third party or any Governmental Authority, including any applicable stock exchange regulations and any required

shareholder approval, required in connection with the sale of the Transferred Interests to the Purchaser, the completion of any of the transactions contemplated by this Agreement, the Closing or the performance of any of the terms and conditions hereof, or otherwise in connection with the completion of the transactions contemplated by this Agreement, except for those which are not material as determined by the Purchaser in its sole discretion, shall have been obtained or given.

(f) **Claude ROFR Expiry or Waiver.** The Claude ROFR shall be either duly expired or waived by Claude Resources prior to or at Closing.

4.3 **Effect of Non-Performance of Conditions for the Benefit of the Purchaser.** If any condition to be performed or complied with for the benefit of the Purchaser under this Agreement shall not have been performed or complied with at or prior to the Closing Date, the Purchaser may, without limiting any other right that the Purchaser may have, at its sole option, either:

- (a) rescind and terminate this Agreement by notice to the Vendor, and in such event the Purchaser shall be released from all obligations hereunder; or
- (b) waive compliance with any such condition in whole or in part on such terms as may be agreed upon without prejudice to any of its rights of rescission in the event of non performance of any other condition in whole or in part.

4.4 **Effect of Non-Performance of Conditions for the Benefit of the Vendor.** If any condition to be performed or complied with for the benefit of the Vendor under this Agreement shall not have been performed or complied with at or prior to the Closing Date, the Vendor may, without limiting any other right that the Vendor may have, at its sole option, either:

- (a) rescind and terminate this Agreement by notice to the Purchaser, and in such event the Vendor shall be released from all obligations hereunder; or
- (b) waive compliance with any such condition in whole or in part on such terms as may be agreed upon without prejudice to any of its rights of rescission in the event of non performance of any other condition in whole or in part.

ARTICLE 5 CLOSING

5.1 **Vendor's Deliveries.** As soon as is reasonably practical on or before the Closing Date and upon notice of satisfaction or waiver of the conditions precedent set forth in Article 4, the Vendor shall deliver or cause to be delivered to the Purchaser, or cause to be recorded with the applicable governmental authorities in Saskatchewan, the items set forth in Section 4.1(f) and all such other consents, elections (and supporting materials), transfers, quit claims, conveyances, assignments, novation agreements, notices and other documents and instruments as the Purchaser may reasonably request for the purpose of effecting the transfer and conveyance of the Transferred Interests in accordance with the terms of this Agreement, executed by the Vendor in all cases in which the Vendor is an appropriate signatory.

5.2 **Purchaser's Deliveries.** As soon as is reasonably practical on or before the Closing Date and upon notice of satisfaction or waiver of the conditions precedent set forth in Article 4, the Purchaser shall deliver or cause to be delivered to the Vendor the Purchase Price as set forth in Section 2.2 by the method of payment set forth in Section 2.2, the items set forth in Section 4.2(c) and all such other consents and elections (and supporting materials) as the Vendor may reasonably request for the purposes of effecting the transfer and conveyance of the Transferred Interests in accordance herewith **PROVIDED THAT**, notwithstanding any other term or provision of this Agreement, the Purchaser shall not be required to deliver to the Vendor the Purchase Price until the transfer of the Transferred

Interests to the Purchaser, as contemplated in Section 5.1, has been completed to the satisfaction of the Purchaser, acting reasonably.

- 5.3 **Possession and Risk.** Possession and risk of the Transferred Interests shall pass to the Purchaser upon receipt from the appropriate Governmental Authority, or other regulatory authority of a stamped transfer document, certificate or other document evidencing the Purchaser's ownership of the Transferred Interests.
- 5.4 **Post-Completion Administration.** Upon Closing and until such time as the Purchaser becomes recognized by third parties as the owner of the Transferred Interests in the place of the Vendor, the Vendor shall:
- (a) hold and stand possessed of the Transferred Interests as bare trustee for the benefit of the Purchaser, and receive and hold all proceeds, benefits and advantages accruing in respect of the Transferred Interests fully for the benefit, use and ownership of the Purchaser;
 - (b) deliver to the Purchaser forthwith all revenues, proceeds and other benefits of any nature received by it in respect of the Transferred Interests;
 - (c) in a timely manner deliver to the Purchaser all third party notices and communications received by it in respect of the Transferred Interests;
 - (d) in a timely manner deliver to third parties all such notices and communications as the Purchaser may reasonably request, and all such monies and other items as the Purchaser may reasonably provide in respect of the Transferred Interests; and
 - (e) as agent of the Purchaser, do and perform all such acts and things, and execute and deliver all such agreements, notices and other documents and instruments, as the Purchaser may reasonably request for purposes of facilitating the exercise of rights incidental to the ownership of the Transferred Interests;

provided, however, that the Vendor shall not be liable to the Purchaser for any loss or damage suffered by the Purchaser in connection with the arrangement established by this Section 5.4, except to the extent that such loss or damage is caused by the Vendor's gross negligence or the Vendor's willful misconduct, and the Purchaser shall indemnify and save harmless the Vendor from and against any liability, losses, costs, claims or damages arising out of the good faith performance by the Vendor of its obligations under this Section 5.4. Nothing in this Section 5.4 contained shall be construed as restricting or limiting in any manner any of the other covenants, warranties, representations and other obligations of the Parties.

- 5.5 **Indemnities.** Upon Closing:
- (a) the Vendor assumes and agrees to indemnify and save harmless the Purchaser from and against all valid and binding obligations of the Purchaser which arise by virtue of the Vendor's interest in the Transferred Interests to the extent that such obligations and liabilities are attributable to a period prior to the Effective Date and have not been previously disclosed to the Purchaser;
 - (b) the Vendor shall indemnify, defend and hold the Purchaser harmless from any loss, damage, reclamation obligations or other claims, liability, demands or causes of action which are attributable to the Vendor's activities in relation to the Transferred Interests, including any environmental damage, to the extent that such loss, damage, reclamation obligations or other claims, liability, demands or causes of action are attributable to a period prior to the Effective Date and have not been previously disclosed to the Purchaser; and

- (c) the Purchaser assumes and agrees to indemnify and save harmless the Vendor from and against all valid and binding obligations and liabilities of the Vendor which arise by virtue of the Purchaser's interest in the Transferred Interests to the extent that such obligations and liabilities are attributable to a period commencing on or after the Effective Date.

ARTICLE 6
ASSIGNMENT OF CLAUDE AGREEMENT AND GOLDEN BAND NSR

- 6.1 The Vendor hereby assigns and novates unto the Purchaser, from and after the Closing Time, all of the Vendor's obligations, rights, title, estate and interest in and to the Claude Agreement and the Golden Band NSR, and all obligations, rights, benefits, privileges and advantages of the Vendor to be derived therefrom, including without limitation any causes of action related thereto.
- 6.2 The Purchaser hereby accepts the within assignment and novation and covenants and agrees with the Vendor that from and after the Closing Time the Purchaser shall at all times be bound by and observe, perform and fulfil each and every covenant, agreement, term, condition, obligation and stipulation on the part of the Vendor with respect to the Claude Agreement and the Golden Band NSR.

ARTICLE 7
SUPERIOR PROPOSALS

7.1 **Additional Definitions.** In this Article 7:

- (a) **“Acquisition Proposal”** means any inquiry or the making of any proposal or offer (written or oral) relating to:
 - (i) any merger, consolidation, amalgamation, take-over bid, tender offer, exchange offer, arrangement, recapitalization, liquidation, dissolution, share exchange or sale of assets (including any other agreement or other arrangement having the same economic effect as a sale of assets) involving or relating to the Vendor;
 - (i) any purchase or sale of the Vendor's common shares (the **“Vendor's Shares”**) or other securities of the Vendor and/or any right or interests therein; or
 - (ii) any transactions or arrangements similar to, or having the same effect or consequences, as the foregoing,which, in each case, represents:
 - (iii) 35% or more of the voting power of the capital of the Vendor (in terms of number of shares or voting power); or
 - (iv) substantially all of the Transferred Interests,excluding the transactions contemplated by this Agreement;
- (b) **“Superior Proposal”** means an unsolicited bona fide written Acquisition Proposal, (i) that did not result from a breach of this Agreement; (ii); that is not subject to a financing condition and in respect of which any required financing to complete such Acquisition Proposal has been demonstrated to the satisfaction of the Vendor's board of director's (the **“Vendor's Board”**), acting in good faith (after receipt of advice from its financial advisors and outside legal counsel) has been obtained or is reasonably likely to be obtained; (iii) that is not subject to a due diligence and/or access condition that would allow greater access to the books, records or

personnel of the Vendor or its subsidiaries than was made available to the Purchaser prior to the date of this Agreement, which access shall not continue beyond the 10th business day after the day on which access is first afforded to the person making the Acquisition Proposal (such period referred to herein as the “**Due Diligence Period**”) and provided the foregoing shall not restrict the ability of such third party to continue to review after such period information provided to it by the Vendor during such Due Diligence Period; (iv) that the Vendor’s Board and any relevant committee thereof has determined in good faith (after receipt of advice from its financial advisors and its outside legal counsel) is reasonably capable of completion without undue delay taking into account all legal, financial, regulatory and other aspects of such Acquisition Proposal and the person making such Acquisition Proposal; and (vi) in respect of which the Vendor’s Board and any relevant committee thereof determines in good faith (after receipt of advice from its financial advisors with respect to (y) below and outside legal counsel with respect to (x) below) that (x) failure to recommend such Acquisition Proposal to the Vendor’s shareholders would be inconsistent with its fiduciary duties under all Applicable Laws, and (y) that such Acquisition Proposal would, if consummated in accordance with its terms (but not assuming away any risk of non-completion), reasonably be expected to result in a transaction more favourable to the Vendor’s shareholders from a financial point of view than the transactions contemplated by this Agreement, after giving effect to any adjustment to the terms and conditions of this Agreement proposed by the Purchaser pursuant to Section 7.2(g) of this Agreement;

7.2 Vendor’s Covenants Regarding Non-Solicitation.

- (a) Except in respect of the Claude ROFR and as otherwise expressly provided in this Section 7.2, the Vendor shall not, directly or indirectly, through any officer, director, employee, representative (including any financial or other advisor) or agent of the Vendor:
 - (i) solicit, assist, initiate, knowingly facilitate or encourage (including by way of furnishing information or permitting any visit to any facilities or entering into any agreement) the initiation of any inquiries, proposals or offers regarding an Acquisition Proposal;
 - (ii) enter into or participate in any discussions or negotiations with any person regarding an Acquisition Proposal;
 - (iii) withdraw, amend, modify or qualify, or propose publicly to withdraw, amend, modify or qualify, in a manner adverse to the Purchaser, the approval or recommendation of the Vendor’s Board or any committee thereof of this Agreement;
 - (iv) furnish or provide access to any information concerning the Vendor or its businesses, properties or assets to any person in connection with, or that could reasonably be expected to lead to or facilitate, an Acquisition Proposal;
 - (v) waive any provisions of or release or terminate any confidentiality, nondisclosure or standstill agreement between the Vendor and any person relating to an actual or potential Acquisition Proposal, or amend any such agreement or consent to the making of an Acquisition Proposal in accordance with the terms of such agreement;
 - (vi) accept, approve, endorse or recommend or remain neutral with respect to, or propose publicly to approve, endorse or recommend or remain neutral with respect to, any Acquisition Proposal; or

- (vii) accept or enter into, or publicly propose to enter into, any contract in respect of an Acquisition Proposal (other than a confidentiality agreement permitted by Section 7.2(b)).
- (b) Notwithstanding Section 7.2(a) and any other provision of this Agreement, the Vendor's Board shall be permitted to:
 - (i) participate in any discussions or negotiations with, or furnish information to, any person in response to an Acquisition Proposal by such person; and
 - (ii) withdraw, amend, modify or qualify (or propose publicly to withdraw, amend, modify or qualify) in a manner adverse to the Purchaser the approval or recommendation of the Vendor's Board or any committee thereof of this Agreement,

if and only to the extent that:

- (iii) the Vendor has received an unsolicited *bona fide* written Acquisition Proposal from such person and such Acquisition Proposal constitutes, or could reasonably be expected to constitute or lead to, a Superior Proposal;
 - (iv) the Vendor shall have complied with all other requirements of this Section 7.2 in all respects;
 - (v) the Vendor's Board, after consultation with its financial advisors and outside legal counsel, determines in good faith that failure to take such action would be inconsistent with its fiduciary duties under all Applicable Laws;
 - (vi) the Vendor's Board has determined that funds or other consideration necessary for such Acquisition Proposal are or are likely to be available; and
 - (vii) prior to providing any information or data to such person in connection with such Acquisition Proposal, the Vendor's Board receives from such person an executed confidentiality agreement in substantially the form of the confidentiality agreement between the Vendor and the Purchaser and the Vendor sends a copy of any such confidentiality agreement to the Purchaser promptly upon its execution and the Purchaser is provided promptly with a list of, or in the case of information that was not previously made available to the Purchaser, copies of, any information provided to such person.
- (c) The Vendor shall, and shall cause the officers, directors, employees, representatives and agents of the Vendor and its subsidiaries to, immediately terminate any existing solicitations, discussions or negotiations with any person (other than the Purchaser and its subsidiaries) that has made, indicated any interest to make or may reasonably be expected to make, an Acquisition Proposal.
 - (d) The Vendor agrees not to release any third party from any standstill agreement or similar agreement to which it is a party unless such party has made an Acquisition Proposal and such Acquisition Proposal constitutes a Superior Proposal. The Vendor shall discontinue access to any of its confidential information and not allow or establish access to any of its confidential information, or any data room, virtual or otherwise to any third party and the Vendor shall promptly request the return or destruction of all information provided to any third party that has entered into a confidentiality agreement with the Vendor relating to a potential Acquisition Proposal to the extent that such information has not previously been returned or destroyed, and

shall use all commercially reasonable efforts to ensure that such requests are honoured in accordance with the terms of such agreement.

- (e) The Vendor shall promptly (and in any event within 24 hours of receipt by the Vendor) notify the Purchaser, at first orally and thereafter in writing, of any proposal, inquiry, offer (or any amendment thereto) or request relating to or constituting an Acquisition Proposal, in each case received after the date hereof, of which any of its directors, officers, employees, representatives or agents are or become aware, or any amendments to the foregoing, any request for discussions or negotiations, or any request for non-public information relating to the Vendor or any of its subsidiaries in connection with an Acquisition Proposal or for access to the properties, books or records of the Vendor or any of its subsidiaries by any person that informs the Vendor or such subsidiary that it is considering making, or has made, an Acquisition Proposal and any amendment thereto; and if in writing or electronic form the Vendor shall provide a copy thereof to the Purchaser, and if not in writing or electronic form, a description of the material terms and conditions of any such Acquisition Proposal or proposal, inquiry, offer or request and shall provide the identity of the person making any such Acquisition Proposal or proposal, inquiry, offer or request and such other details as the Purchaser may reasonably request. The Vendor shall keep the Purchaser fully informed of the status of and any change to the material terms of any such Acquisition Proposal or proposal, inquiry, offer or request, and shall provide to the Purchaser copies of all correspondence if in writing or electronic form, and if not in writing or electronic form, a description of the material terms of such correspondence sent to the Vendor by or on behalf of any person making any such Acquisition Proposal.

- (f) The Vendor shall not accept, approve or recommend, nor enter into any agreement (other than a confidentiality agreement permitted by this Section 7.2) relating to an Acquisition Proposal unless:
 - (i) the Acquisition Proposal constitutes a Superior Proposal;
 - (ii) the Vendor has complied with Sections 7.2(a) through 7.2(g) inclusive;
 - (iii) the Vendor has provided the Purchaser with:
 - (A) notice in writing that there is a Superior Proposal; and
 - (B) all documentation related to and detailing the Superior Proposal (including a copy of the confidentiality agreement between the Vendor and the person making the Superior Proposal if not previously delivered),in each case at least five (5) business days prior to the date on which the Vendor's Board proposes to accept, approve, recommend or enter into any agreement relating to such Superior Proposal;
 - (iv) if the Purchaser has proposed to amend the terms of the transactions contemplated in this Agreement in accordance with Section 7.2(g) the Vendor's Board (after receiving advice from its financial advisors and outside legal counsel) shall have determined in good faith that the Acquisition Proposal is a Superior Proposal compared to the proposed amendment to the terms of this Agreement proposed by the Purchaser; and
 - (v) the Vendor concurrently terminates this Agreement.

- (g) During the period referred to in Section 7.2(f)(iii), or such longer period as the Vendor may approve for such purpose (the "**Right to Match Period**"), the Purchaser shall have the opportunity, but not the obligation, to propose to amend the terms of the transactions

contemplated in this Agreement and the Vendor shall, and shall cause its counsel and other advisors to, co-operate with the Purchaser with respect thereto, including negotiating in good faith with the Purchaser and its counsel and other advisors to enable the Purchaser to make such adjustments to the terms and conditions of this Agreement as the Purchaser deems appropriate and as would enable the Purchaser to proceed with the transactions contemplated in this Agreement on such adjusted terms. The Vendor's Board shall review any proposal by the Purchaser to amend the terms of the transactions contemplated in this Agreement and the Arrangement in order to determine, in good faith in the exercise of its fiduciary duties, whether the Purchaser's proposal to amend the transactions contemplated by this Agreement would result in the Acquisition Proposal not being a Superior Proposal compared to the proposed amendment to the transactions contemplated by this Agreement. In the event that the Purchaser proposes to amend the terms of the transactions contemplated in this Agreement to provide that the Vendor shall receive value equal to or having a value greater than provided in the Acquisition Proposal and so advises the Vendor's Board within the period referred to in Section 7.2(f)(iii), the Vendor's Board shall not: (i) accept, recommend, approve or enter into any agreement to implement such Superior Proposal; (ii) release the party making the Superior Proposal from any standstill provisions; and (iii) withdraw, modify or change its recommendation in respect of this Agreement.

- (h) If required by the Purchaser, the Vendor shall, subsequent to period contemplated by Section 7.2(f)(iii), reaffirm its recommendation of this Agreement by press release promptly, and in any event, within two (2) business days of being requested to do so by the Purchaser, in the event that: (i) any Acquisition Proposal which is publicly announced is determined not to be a Superior Proposal; or (ii) the Parties have entered into an amended agreement pursuant to Section 7.2(g) which results in any Acquisition Proposal not being a Superior Proposal.
- (i) Each successive modification of any Acquisition Proposal shall constitute a new Acquisition Proposal for purposes of this Section 7.2.

ARTICLE 8 GENERAL

- 8.1 **Independent Legal Advice.** Each Party acknowledges having received or having had the opportunity to receive independent legal advice from its own solicitor with respect to the terms of this Agreement prior to its execution.
- 8.2 **Implied Covenants.** There are no implied covenants contained in this Agreement, other than those of good faith and fair dealing.
- 8.3 **Unavoidable Delays.** If any Party is prevented or delayed in complying with any provisions or satisfying any condition of this Agreement by reason of events beyond its control, including fire, land closures, the exigencies of nature, unfavorable weather or ground conditions, the action, inaction or refusal of any governmental agency to grant any authorization, approval, permit or consent to conduct exploration or other operations, or unusual delay in the processing or granting of such authorization, approval, permit or consent, environmental restrictions or approvals, and acts of God but excluding the lack of funds, such Party may give notice to the other Parties of the event, and upon notice all times herein provided for shall be extended by the period necessary to cure any such event and the Parties affected shall use all reasonable means to do so promptly.
- 8.4 **Confidentiality.** All data and information relating to the Claims, the Property or the Transferred Interests generally, shall be kept confidential and shall not be disclosed whatsoever by the Vendor without the prior written consent of the Purchaser, except:

- (a) as required by law, rule, regulation or policy of any stock exchange or securities commission having jurisdiction over the applicable Party; or
- (b) as may be required by the Vendor in the prosecution or defence of a lawsuit or other legal or administrative proceedings.

8.5 **Notices.** Any notice required to be given or delivery of documents required to be made under this Agreement shall be in writing and shall be deemed to be well and sufficiently given if delivered, or if mailed, by registered mail, or sent by facsimile or e-mail, to the Parties at their addresses as follows:

If to the Purchaser:

Star Minerals Group Ltd.
Suite 272 – 2366 Avenue C North
Saskatoon, Saskatchewan S7L 5X5
Attention: James Engdahl
Email: jengdahl@yahoo.com
Fax No.: (306) 244-0042

With a copy to (which shall not serve as notice):

Davis LLP
1000 Livingston Place, West Tower
250 – 2nd Street S.W.
Calgary, Alberta T2P 0C1
Attention: Daniel Kenney
Email: dkenney@davis.ca
Fax No.: (403) 213-4460

If to the Vendor:

Shane Resources Ltd.
Suite 272 – 2366 Avenue C North
Saskatoon, Saskatchewan S7L 5X5
Attention: Kyle Kozuska
Email: kylek@paradigmpmc.com
Fax No.: (306) 933-1253

With a copy to (which shall not serve as notice):

Davis LLP
1000 Livingston Place, West Tower
250 – 2nd Street S.W.
Calgary, Alberta T2P 0C1
Attention: Michael Der
Email: mder@davis.ca
Fax No.: (403) 213-4482

Any notice given as provided in this Section shall be deemed to have been given, if delivered, when delivered, or, if mailed, on the third business day after the date of mailing, or if faxed or e-mailed, on the first business day after the date of faxing or e-mailing; provided that if mailed there be, between the time of mailing and the actual receipt of the notice a mail strike, slowdown or other labour dispute which might affect the delivery of such notice, then such notice shall only be effective if actually delivered or if faxed or emailed.

8.6 **Applicable Law.** This Agreement shall be construed in accordance with the laws of the Province of Saskatchewan and the laws of Canada applicable therein.

- 8.7 **Assignment.** Neither Party shall be entitled to assign any rights or obligations under or in respect of this Agreement without the prior written consent of the other Party, which consent shall not be unreasonably withheld.
- 8.8 **Successors and Assigns.** This Agreement shall enure to the benefit of and be binding upon the Parties hereto, their respective successors and permitted assigns.
- 8.9 **Entire Agreement.** This Agreement and the documents to be executed hereunder constitute the entire agreement between the Parties pertaining to the subject matter hereof and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, of the Parties pertaining to the subject matter hereof. No modification, alteration or waiver of the terms herein contained shall be binding unless the same is in writing, dated subsequently hereto, and executed by both Parties.
- 8.10 **No Partnership, Joint Venture or Agency Relationship.** This Agreement is not to be construed as creating any partnership, agency relationship, joint venture or other form of legal association between, or as providing the right, power or authority (express or implied) to create any duty for, or obligation of, or as creating a fiduciary relationship between, the Vendor, on the one hand the Purchaser, on the other hand provided, however, that this qualification shall not limit the express duty of each Party to act toward the other Parties at all times in good faith with respect to all their obligations under this Agreement.
- 8.11 **Counterpart and Facsimile Signature.** This Agreement may be executed in several counterparts and evidenced by a facsimile or scan copy of an original execution page bearing the signature of each party hereto, each of which when so executed shall be deemed to be an original, and such counterparts or facsimile or scan copies thereof together shall comprise one and the same instrument and, notwithstanding their date of execution, shall be deemed to bear the date as of the date above written.
- 8.12 **Further Acts.** The Parties shall at all times do such further acts and execute and deliver all further documents as may be reasonably required in order to fully perform and carry out the terms of this Agreement.

[Remainder of page left intentionally blank]

8.13 **Severability.** If any provisions of this Agreement shall be held to be invalid or unenforceable, such invalidity or unenforceability shall attach only to such provisions and shall not in any manner affect or render invalid or unenforceable any other provision of this Agreement.

IN WITNESS WHEREOF the Parties hereto have caused this Agreement to be duly executed by their authorized signatories hereunto duly authorized all as of the day and year first above written.

STAR MINERALS GROUP LTD.

By: "James Engdahl"
James Engdahl
Chief Executive Officer

SHANE RESOURCES LTD.

By: "Kyle Kozuska"
Kyle Kozuska
Chief Executive Officer

SCHEDULE "A"

**BROWNELL CLAIMS, DON'S LAKE CLAIMS, MUNROE LAKE CLAIMS AND APPLICABLE
TRANSFERRED INTEREST**

Name	Claim Number(s)	Interest in Claim held by Vendor	Transferred Interest	Purchase Price Allocation
Brownell	S-101336 and S-108957	100%	100%	\$65,300 / 9.97% of consideration shares
Don's Lake	S-105301	Minimum 49%, up to 70%	Minimum 49%, up to 70%	\$589,500 / 90% of consideration shares
Munroe Lake	S-101081	1.6%	1.6%	\$100 / 0.015% of consideration shares
Golden Band NSR	N/A	1% NSR	100%	\$100 / 0.015% of consideration shares

SCHEDULE "B"

PERMITTED ENCUMBRANCES

1. Cameco NPI
2. Claude ROFR
3. Claude Carried Interest

SCHEDULE "C"

GOLDEN BAND NSR

(attached)

November 20, 2012

Shane Resources Ltd.
105 – 111 Research Drive
Saskatoon, SK S7N 3R2

JNR Resources Inc.
315 – 22nd Street East
Suite #204, Saskatoon, SK S7K 0G6

Re: Greywacke NSR Royalty


With the changes in management that have either already occurred or are imminent for the companies that are parties to the Greywacke Project, I determined to have the royalty encumbrances held by your companies, as the vendors for the interest acquired in 2006 by Golden Band, documented for future reference. The following are the details as we understand them to be:

- **Royalty Owners:** Shane Resources Ltd. and JNR Resources Inc. (the Vendors);
- **Property:** Saskatchewan Mineral Claims S-106702, S-106711, S-106712, S-106713, S-106731, S-106732, S-106733, S-106763, S-106785, and S-106786;
- **Royalty:** 2% NSR royalty to be paid to the Vendors in part consideration for the Property, subject to the buy-down option to purchase 1% of the NSR for \$1,000,000, applicable to the 49% interest acquired from the Vendors by Golden Band Resources.

Please acknowledge that our understanding of the NSR royalty is correct by signing in the space provided below and returning a copy of this letter by mail, fax (306-955-0788), or email (mark.thiel@goldenbandresources.com).

Yours truly,


Golden Band Resources Inc.


A. Robson Garden, QC
President and CEO

Copy: R. Netolitzky, President & CEO, Masuparia Gold Corporation
M. Thiel, CFO, Golden Band Resources

The undersigned, on behalf of Shane Resources, acknowledges that the NSR royalty as described herein is accurate.

Signed this 16th day of Dec., 2012.


Name: Mike Kocaster
Position: President

SCHEDULE "D"

CLAUDE AGREEMENT

(attached)

OPTION AGREEMENT

THIS AGREEMENT made as of the 27th day of April, 1999, with an effective date as of the 1st day of April, 1999.

BETWEEN:

CLAUDE RESOURCES INC., a body corporate with offices at the City of Saskatoon, in the Province of Saskatchewan

("Claude")

OF THE FIRST PART

AND:

SHANE RESOURCES INC., a body corporate with offices at the City of Saskatoon, in the Province of Saskatchewan

(the "Optionor")

OF THE SECOND PART

WHEREAS:

1. The Optionor is the recorded and beneficial holder of a 100% interest in certain property (the "Property") situated near Munro Lake, Saskatchewan, subject to a 30% carried interest in favor of Claude, and a 5% Net Profits Interest in favor of Cameco Corp., more particularly described in Schedule "A"; and
2. The Optionor has agreed to grant Claude an option to acquire an undivided seventy-five (75%) interest in the Property, subject to Claude assuming a pro-rata share of the 5% Net Profits Interest in favor of Cameco Corp., on the terms and conditions set forth in this Agreement.

NOW THEREFORE, for good and valuable consideration (the receipt and sufficiency of which is acknowledged), the Optionor and Claude agree as provided in this agreement:

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ARTICLE 1
INTERPRETATION

1.1 Definitions.

The following terms, wherever used in this agreement, shall have the meanings set forth below:

"Acts" means all legislation, as amended from time to time, of the jurisdiction in which the Property is located, applicable to the Property, including title to, and Mining Operations on, the Property;

"Agreement" means this option agreement between the parties;

"Affiliate" means, in respect of a party, a person that controls that party, is controlled by that party or is under common control with that party and, for the purposes hereof, control means control in fact whether direct or indirect and a person that holds greater than one half (1/2) of the voting rights of an entity shall be deemed to control that entity;

"Arbitration Act" means *The Arbitration Act*, 1992 (Saskatchewan);

"Commencement Date of Commercial Production" means the date after Claude has made the determination pursuant to paragraph 4.2 hereof to proceed with production of the Property, which is the first day of the first month in which Minerals are produced from the Property;

"Confidential Information" has the meaning given to that term in Section 7.2;

"Expenditures" means all costs, expenses and charges, direct or indirect, of or incidental to the Mining Operations incurred by Claude prior to the Feasibility Study including without limiting the generality of the foregoing:

(i) all capital costs and charges for any reconfiguration of the Goldmill or the construction of a new Goldmill; and

(ii) a charge for administrative services of Claude not exceeding 10% of the amount of the costs, expenses and charges;

“Feasibility Study” means a study of the feasibility of operating the Property as a mine, conducted at the sole option of Claude, by either Claude or a qualified independent professional retained by Claude, which feasibility study may, if deemed necessary by Claude, be a bankable feasibility study;

“Force Majeure” has the meaning given to that term in Section 7.3;

“Goldmill” means the mill owned by Claude used to mill Minerals from the Property and may in the sole discretion of Claude, but based on the Feasibility Study, consist of the existing goldmill owned by Claude at its Seabee goldmine and mill, a reconfigured goldmill at Claude’s Seabee goldmine and mill, or a new goldmill;

“Joint Venture” means the joint venture described in Section 4;

“Joint Venture Agreement” means the joint venture agreement described in Section 5;

“Minerals” shall mean the end products derived from operating the Property as a mine;

“Mining Operations” means every kind of work done on or in respect of the Property or the products derived from the Property both before and after the Feasibility Study, by or under the direction of Claude including, without limiting the generality of the foregoing, the work of assessment, geophysical, geochemical and geological surveys, studies and mapping, investigating, drilling, designing, examining, equipping, improving, surveying, shaft-sinking, raising, cross-cutting and drifting, searching for, digging, trucking, sampling, working and procuring minerals, ores and metals, surveying and bringing any mining claims to lease or patent, and all other work usually considered to be prospecting, exploration, development, mining work, and milling work; in paying wages and salaries of workers engaged in the work and in supplying food, lodging, transportation and other reasonable needs of the workers; in paying assessments or premiums for workers’ compensation insurance, contributions for unemployment insurance or other pay allowances or benefits customarily paid in the district to those workers; in paying rentals, license renewal fees, taxes and other governmental charges required to keep the Property in good standing; in purchasing or renting plant, buildings, machinery, tools, appliances, equipment or supplies and in installing, erecting, detaching and removing them; mining, milling, concentrating, rehabilitating, reclaiming, and protecting the environment and in managing of any work which may be done on the Property or in any other respect necessary for the due carrying out of the prospecting, exploration and development work, mining and milling work;

“Option” shall have the meaning attributed to it in paragraph 2.2;

“parties” means Claude and the Optionor and includes the permitted assigns of either of them and **“party”** means one of the parties;

“Processing Fee” means the fee to be charged by Claude for the use of the Goldmill and related capital facilities pursuant to subparagraphs (e) or (f), as the case may be, of paragraph 5.3 hereof, in connection with milling ore from the Property;

“Property” means all of the mineral claims more particularly described in Schedule “A”;

1.2 Headings

The headings of this Agreement and the schedules are solely for convenience of reference and do not affect the interpretation of it or define, limit or construe the contents of any provision of this Agreement.

1.3 Number and gender

Words importing the singular number shall include the plural and vice versa, words importing the neuter gender shall include the masculine and feminine genders, and words importing persons shall include firms and corporations and vice versa.

1.4 Governing law

This Agreement and the rights and obligations and relations of the parties shall be governed by and construed in accordance with the laws of the Province of Saskatchewan and the federal laws of Canada applicable therein (but without giving effect to any conflict of law rules). The parties agree that subject to paragraph 6.4 of this Agreement, the courts of Saskatchewan shall have jurisdiction to entertain any action or other legal proceedings based on any provisions of this Agreement. Each party attorns to the jurisdiction of the courts of the Province of Saskatchewan.

1.5 Currency

All references to currency in this Agreement are references to Canadian currency.

1.6 Payments to Optionor

References in this Agreement to the payment of money to the Optionor shall be read as a payment or delivery to the Optionor or to such nominee or nominees of the Optionor as the Optionor may from time to time designate by notice to Claude. All payments of money to the Optionor or to any nominee of the Optionor pursuant to this Agreement shall be made by wire transfer to such bank account as the Optionor may from time to time designate by notice to Claude.

1.7 Schedules

The following schedules are attached to and form part of this Agreement:

Schedule "A" - The Property

ARTICLE 2

THE OPTION

2.1 Optionor's representations and warranties

The Optionor represents and warrants to Claude that:

- (a) it is the beneficial and registered or recorded owner of a 100% interest in the Property; subject to a 30% carried interest in favor of Claude; and a 5% Net Profits Interest in favor of Cameco Corp.
- (b) the Property is in good standing, free and clear of all encumbrances;
- (c) to the best of the Optionor's information and belief, all of the claims comprising the Property have been validly and properly located, staked, tagged and recorded in accordance with the laws of the jurisdiction in which the Property is located;
- (d) it has the full and undisputed right to deal with the Property as provided for in this Agreement;
- (e) subject to the provisions of this Agreement, the Optionor agrees that during the currency of this Agreement, Claude shall have quiet enjoyment of the Property; and
- (f) the Optionor is not a non-resident for the purposes of s. 116 of the *Income Tax Act* (Canada).

2.2 Grant of Option

The Optionor grants to Claude the sole and immediate working right and option (the "Option") with respect to the Property, for the period of five years from the effective date of this Agreement or such later date pursuant to paragraph 2.3 (which period of time, if Claude is constructing a new Goldmill or reconfiguring the existing Seabee Goldmill, to

properly mine the Property pursuant to the terms of the Feasibility Study, shall be automatically extended by the period of time that it takes Claude to construct or reconfigure, as the case may be, and make operational, such a new or reconfigured Goldmill), to earn a seventy-five (75%) per cent ownership interest in the Property.

Concurrent with the execution of this Agreement the Optionor shall deliver to Claude a conveyance in proper registerable form in favour of Claude of all right, title and interest of the Optionor in the Property, duly executed by the Optionor, to be held by Claude for the purposes of this Agreement, Claude may register or record any such conveyance in its name for these purposes. The Optionor may file this Agreement with Saskatchewan Energy and Mines.

2.3 Exercise of Option

Claude may exercise the Option by:

- (a) Making payment of \$10,000 to the Optionor on April 1, 1999;
- (b) Incurring expenditures of at least \$500,000 on or before March 31, 2004, unless a Feasibility Study is delivered recommending that the Property be put into commercial production during this period then no Expenditures are required to be incurred during or subsequent to that year;
- (c) If Claude has incurred at least \$500,000 of expenditures but has not delivered a Feasibility Study recommending that the Property be put into commercial production by March 31, 2004, Claude may make an election sixty days prior to each of the anniversary dates; 2004, 2005 and 2006 to:
 - i) incur Expenditures of at least \$100,000 for that year; or
 - ii) in lieu, make payment to the Optionor the amount of \$50,000 for that year:

If Claude delivers a Feasibility Study recommending that the Property be put into commercial production during a year, then no Expenditures are required to be incurred and no cash in lieu payments are required subsequent to the year in which the Feasibility Study is delivered.

- (d) If delivery of the Feasibility Study is prior to March 31, 2004, (or if the delivery of a Feasibility Study is later than March 31, 2004, because Claude has or is constructing a new Goldmill or reconfiguring the existing Seabee Goldmill to properly mine the Property, pursuant to the terms of the Feasibility Study), then as long as Claude shall, pursuant to paragraph 2.3

have incurred the Expenditures, and made any payments required by it the Option shall be deemed to have been fully and properly exercised and Claude shall remain as the seventy-five (75%) per cent vested owner of that part or parts of the Property as Claude may elect.

If Claude has fulfilled its obligations pursuant to paragraphs 2.2 and 2.3 but fails to deliver a Feasibility Study, Claude shall retain a 51% working interest in the Property.

2.4 Lapse of Option

Claude may let the working right and Option lapse and revert to a 30% carried interest by failing to incur any of the Expenditures, or by failing to make any of the payments referred to in paragraph 2.3, whereupon Claude will forthwith reconvey the Property to the Optionor free and clear of all encumbrances arising through Claude, save Claude's underlying 30% carried interest.

2.5 Working Right

During the currency of the Option and prior to the Feasibility Study, Claude shall have the sole and exclusive working right to enter on and conduct the Mining Operations on the Property as Claude in its sole discretion may decide. Claude shall have quiet and exclusive possession during the currency of the Option, with full power and authority to Claude, its servants, agents, workers or contractors, to carry on Mining Operations in such manner as Claude in its discretion may determine, including the right to erect, bring and install on the Property all building, plant, machinery, equipment, tools, appliances or supplies as Claude shall deem necessary and proper and the right to remove therefrom reasonable quantities of rocks, ores and minerals and to transport them for the purposes of sampling, metallurgical testing and assaying. All Mining Operations conducted by Claude prior to the Feasibility Study shall be in accordance with good exploration, development and mining practice, and in compliance with all applicable legislation. The Mining Operations conducted by Claude pursuant to this paragraph 2.5 shall be at the cost of Claude, and the Optionor shall not incur or be liable for any costs whatsoever in respect of capital or operating expenses in connection with the Mining Operations.

ARTICLE 3**ACTIVITIES DURING OPTION PERIOD****3.1 Maintenance of Property**

During the currency of the Option and prior to the Feasibility Study, Claude shall carry out sufficient assessment work to maintain the Property in good standing and pay all taxes, assessments and other charges lawfully levied or assessed against the Property, except for any part of the Property abandoned pursuant to paragraph 3.2. The Optionor shall transmit promptly to Claude any notices pertaining to taxes, assessment and other charges.

3.2 Abandonment

Claude may at any time, during the currency of the Option and prior to the Feasibility Study, abandon any of the claims which comprise the Property. Claude shall give the Optionor notice in writing of any abandonment. In the event that any part of the claim comprising the Property is abandoned, Claude will retransfer said part to the Optionor, which shall be in good standing for a period of at least one year from the notice of abandonment.

3.3 Assessment Work

During the currency of the Option and prior to the Feasibility Study, Claude shall file within the required time frames, the assessment credits as may become available from Mining Operations conducted on the Property.

3.4 Indemnity

During the currency of the Option and prior to the Feasibility Study, Claude shall indemnify and save the Optionor harmless from and against all losses, liabilities, claims, demands, damages, expenses, suits, injury or death in any way referable to Mining Operations; provided, the Optionor shall not be indemnified for any loss, liability, claim, demand, damage, expense, injury or death resulting from the negligence or willful misconduct of the Optionor, and Claude shall cause to be paid all workers and wage earners employed by it or its contractor on the Property and all materials purchased in connection with it.

3.5 Technical Data

During the currency of the Option and prior to the Feasibility Study, Claude shall provide the Optionor on a timely basis with all technical and cost data and reports relating to Mining Operations performed on the Property, and the Optionor shall have access to all data relating to Mining Operations, to the Property and to Mining Operations at all times. The Optionor will exercise this right at its own risk and in a manner which will not unduly inconvenience or inhibit Claude's Mining Operations on the Property.

3.6 Limitation of Obligations of Claude

It is understood and agreed that:

- (a) nothing contained in this Agreement, nor any payment made, Mining Operations conducted or Expenditure incurred by Claude on or in connection with the Property or part of it, nor the doing of any act or thing by Claude under the terms of this Agreement shall obligate Claude to do anything else under this Agreement other than to make payment and incur Expenditures to the extent that it may have expressly undertaken to do so pursuant to the terms of this Agreement;
- (b) subject to the terms of this Agreement, Claude may at any time abandon the working right and option granted to it under paragraph 2.2 and Claude may abandon all or part of the Property; and
- (c) in the event that Claude abandons the working right and option granted to it under paragraph 2.2 or abandons all or part of the Property pursuant to paragraph 3.6 (b), the liabilities and obligations of Claude shall cease with respect to the Property or the part of it so abandoned and Claude shall reconvey to the Optionor the property or part of it so abandoned, which reconveyance shall be accepted by the Optionor, subject to Claude's 30% carried interest. Claude will ensure that the claims are in good standing for a period of at least one year from the notice of abandonment.

3.7 Equipment

In the event that Claude abandons the working right and option granted to it under paragraph 2.2, all buildings, plant, equipment, machinery, tools, appliances and supplies which Claude may have brought on the Property, either before or during the period of the working right and option, may be removed by Claude at any time not later than one year after the abandonment of the working right and option. Any buildings, plant, equipment, machinery, tools, appliances and supplies left on the Property during the one year period

shall be at Claude's sole risk and, if not removed after the one year period, shall become the property of the Optionor.

3.8 Information

If Claude abandons the working right and option granted to it under paragraph 2.2 on all or any portion of the Property, Claude shall on request provide the Optionor with a copy of all non-interpretative reports, maps, plans, drill logs and surveys of all work pertaining to that portion of the Property on which Claude has abandoned the working right and option. Claude does not warrant the accuracy of those reports, maps, plans, drill logs and surveys and shall not be liable for any inaccuracies or interpretations contained in them.

ARTICLE 4

JOINT VENTURE

4.1 Establishment and Purpose

If Claude fulfills all of its obligations to earn under the Option, the parties shall establish a joint venture ("Joint Venture"), the purpose of which will be to further develop the Property and to put the Property into commercial production.

4.2 Commercial Production Decision

Claude shall have the sole and exclusive right, based on the Feasibility Study, to determine whether to proceed with commercial production of the Property. The Feasibility Study shall determine, based on the discovered and delineated reserves of the Property, the economic maximization of extracting the ore given the tonnage and grade of reserves.

4.3 Participating Interests

Each party shall contribute to the Joint Venture its respective interest in the Property. The initial participating interests of the parties in the Joint Venture shall be:

Optionor (Shane)	-	25%
Optionee (Claude)	-	75%

All costs and expenses of the Joint Venture shall be borne by the parties in accordance with their respective participating interest in the Joint Venture from time to time.

ARTICLE 5**JOINT VENTURE AGREEMENT****5.1 Scope**

The Joint Venture and all operations in relation to the Joint Venture shall be governed by a mutually agreed joint venture agreement ("Joint Venture Agreement"). The Joint Venture Agreement shall be effective as of the date Claude satisfies the requirements to earn under the Option.

5.2 Initial Operator

Claude shall be appointed as the initial operator of the Joint Venture and shall serve in that capacity until it resigns or is replaced in accordance with the provisions of the Joint Venture Agreement.

5.3 Mining Operations

The following provisions shall apply to all Mining Operations conducted by Claude on the Property from and after the effective date of the Joint Venture Agreement:

- (a) All Mining Operations conducted by Claude shall be in accordance with good exploration, development and mining practice, and in compliance with all applicable legislation.
- (b) Claude shall provide the Optionor on a timely basis with all technical and cost data and reports relating to Mining Operations performed on the property, and the Optionor shall have access to all data relating to Mining Operations, to the Property and to Mining Operations at all times. The Optionor will exercise this right at its own risk and in a manner which will not unduly inconvenience or inhibit Claude's Mining Operations on the Property;
- (c) Claude shall provide to the Optionor income and expense statements respecting Mining Operations from the property for each month, by the end of the immediately following month;
- (d) The ore from the Property will be processed at the Goldmill using the other necessary capital facilities owned by Claude at the Goldmill. The Processing Fee to be charged by Claude:

- (i) for the use of Claude's existing or reconfigured goldmill at its Seabee goldmine and mill and for the related capital facilities of Claude existing as at April 1, 1999, shall be \$10.44 dollars per tonne of ore milled; and
 - (ii) for the use of a new Goldmill, shall be nil.
- (e) Notwithstanding Article 5.3(d)(i) if the related capital facilities of Claude used in connection with processing the ore from the Property are different than those existing as at April 1, 1999, then the Processing Fee shall be an amount as agreed to by the Optionor and Claude, but in no event shall be less than \$10.44 dollars per tonne of ore milled. If no agreement on the amount of the Processing Fee pursuant to this subparagraph (e) has been reached between the Optionor and Claude on or before the Commencement Date of Commercial Production, then the Processing Fee shall be determined by arbitration in accordance with paragraph 7.4 hereof, provided however that in no event shall the Processing Fee be less than \$10.44 dollars per tonne of ore milled. Until the arbitrators determine such Processing Fee, Claude shall be entitled to charge a Processing Fee of \$10.44 dollars per tonne of ore milled, which amount shall be adjusted after the arbitrators have made their determination;
- (f) in addition to any Processing Fee, Claude shall be entitled to charge the Joint Venture an administration/management fee of \$3.50 per tonne of ore milled, if the ore is processed at the existing or a reconfigured, Goldmill, and
- (g) all Expenditures incurred by Claude in connection with the Mining Operations prior to the Feasibility Study, including an administration fee of 10%, plus interest thereon from the date that the Expenditures are incurred at the prime rate of interest of Bank of Montreal plus 1.5% per annum, shall be recouped by Claude from the profits of the Mining Operations, prior to the Optionor being entitled to participation in earnings from the Joint Venture. In calculating this amount, Claude shall offset any revenues earned prior to the Feasibility Study, against the Expenditures.

5.4 Other Items

The Joint Venture Agreement shall deal with, among other things, the following:

- (a) the establishment of a management committee for the supervision and management of the Joint Venture;

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- (b) the voting rights of the parties;
- (c) the appointment and removal of the operator of the Joint Venture;
- (d) the rights, duties and powers of the operator of the Joint Venture;
- (e) the preparation of work programs and budgets by the operator of the Joint Venture and the approval thereof by the management committee;
- (f) the obligation of the parties to fund their respective share of Joint Venture expenditures;
- (g) the ownership and disposition of production from the Joint Venture;
- (h) default;
- (i) assignment of interest;
- (j) area of mutual interest;
- (k) withdrawal from the Joint Venture;
- (l) arbitration of disputes;
- (m) force majeure;
- (n) accounting and reporting procedures; and
- (o) confidentiality.

ARTICLE 6

ASSIGNMENT

6.1 Restriction on Assignment

A party may not assign an interest in the Property or this Agreement except in accordance with the provisions of this Article 6.

6.2 Assignment by Claude

Claude shall be free to assign all or any portion of its interest in the Property to an Affiliate of Claude. In addition, Claude shall be free to farmout, assign or otherwise dispose of all or any portion of its interest in the Property and this Agreement to any third party resource company or partnership or third party investor for the purpose of financing exploration and development operations on the Property or obtaining additional participation in, or support for, such operations. No such farmout, assignment or other disposition to a person that is not an Affiliate of Claude shall be permitted unless Claude obtains the prior written consent of the Optionor, which consent shall not be unreasonably withheld. The Optionor may refuse to give such consent, if acting reasonably, if it is of the opinion that the proposed farmee or assignee does not have the operational or financial capability to fulfil its obligations under this Agreement.

6.3 Assignment of Optionor

The Optionor shall not sell, assign, transfer, convey, encumber, grant further options or otherwise dispose of that portion of its interest in the Property that Claude is entitled to earn under the Option unless and until the Option is relinquished by Claude or Claude otherwise fails to earn under the Option. Subject to the foregoing, the Optionor shall be free to dispose of all or any portion of its remaining interest in the Property.

6.4 Right of Refusal

In the event that either party (be it Claude or Optionor) receives a bona fide offer from an arm's length third party for all or part of its interest in the property and said party wishes to dispose of the interest, then said party shall, prior to any contemplation of disposal, offer the interest in writing to the other party to the Agreement on the same terms and conditions. The receiving party shall have thirty (30) days from receipt of notice to exercise their right of purchase. Both parties agree that any bona fide offer will be conveyed to legal counsel of mutual consent to ensure equitable reproduction of terms and conditions, while protecting the confidentiality of the third party making the arm's length offer.

If the receiving party does not accept the vending party's offer within thirty (30) days of receipt of such notice or advises that it does not wish to exercise its right to purchase that part of the Property specified in the notice, then the vending party may thereafter offer that part of the Property to any third party within ninety (90) days of such non-acceptance or advice provided that the terms and conditions of the offer to such third party shall not be more favourable than those stated in the notice given to the other party to the Option and on the condition that the sale or assignment of interest in the Property as specified in the notice, and the related transfer of title of said interest occurs within sixty (60) days.

6.5 No Release

Notwithstanding anything in this Article 6, Claude may not assign all or any portion of its interest in the Property without also assigning a corresponding interest in this Agreement to the assignee of the interest in the Property. No assignment of an interest in the Property and this Agreement shall be effective unless and until the assignee has entered into an assumption agreement, on terms and conditions satisfactory to the Optionor, agreeing to be bound by this Agreement. No assignment of an interest in the Property and this Agreement and no entering into of an assumption agreement pursuant to this Section 6.5 shall relieve Claude from its obligations and liabilities under this Agreement.

ARTICLE 7

GENERAL

7.1 Time

Time shall be of the essence of this Agreement and of every part of it and no extension or variation of this Agreement shall operate as a waiver of this provision.

7.2 Confidentiality of Information

There shall be no public release by either party of any information concerning Mining Operations on the Property without the prior written consent of the other party (consent not to be unreasonably withheld or delayed) unless the information is required by a lawful authority or other regulatory body having jurisdiction, in which case the other party shall have the right to approve the information to be disclosed. Each party shall notify the other party prior to any public release of material information concerning Mining Operations on the Property.

7.3 Force Majeure

Notwithstanding anything contained in this Agreement to the contrary, if Claude is prevented from or delayed in performing any obligation under this Agreement and failure is occasioned by any cause beyond its reasonable control, excluding only lack of finances then the time for the observance of the condition or performance of the obligation in question shall be extended for a period equivalent to the total period the cause of the prevention or delay persists or remains in effect regardless of the length of the total period.

7.4 Arbitration

If the parties have any disputes in connection with this Agreement which cannot be resolved between them, or if the parties are unable to agree on the amount of the Processing

Fee pursuant to subparagraph (f) of paragraph 3.4 hereof, then the dispute or issue, as the case may be, shall be settled by arbitration pursuant to the provision of The Arbitration Act, 1992 (Saskatchewan) as provided in this paragraph. Any party desiring arbitration shall make a written demand for the same and within 30 days after such written demand is received by the other party, the parties hereto shall agree upon and appoint a single arbitrator. In the event the parties shall fail to agree upon and appoint a single arbitrator within the time period set forth herein, each party shall within seven (7) days thereafter designate an arbitrator, and both arbitrators shall within thirty days after their designation, jointly designate a third arbitrator satisfactory to them who shall be chairman of the arbitration panel. If a party fails to appoint an arbitrator or the arbitrators designated by the parties are unable to agree upon the selection of the third arbitrator within the time periods set forth above, such arbitrator shall be appointed by a Judge of the Court of Queen's Bench of Saskatchewan. The expenses of the arbitrators shall be paid as the arbitrators shall decide in the award. All arbitration proceedings shall be in the City of Saskatoon, Saskatchewan, Canada, or elsewhere as the arbitrators shall decide. The decision of the arbitrators shall be final and binding on the parties hereto. Any and all arbitrators appointed to resolve a dispute pursuant to this paragraph 5.4 shall be suitable professionals, having regard to the nature of the dispute.

7.5 Partnership

Nothing contained in this Agreement shall be construed as creating a partnership of any kind or as imposing on any party any partnership duty, obligation or liability to any other party.

7.6 Entire Agreement

With respect to the subject-matter of this Agreement, this Agreement:

- (a) sets forth the entire agreement between the parties and any persons who have in the past or who are now representing either of the parties;
- (b) supersedes all prior understandings and communications between the parties or any of them, oral or written; and
- (c) constitutes the entire agreement between the parties.

Each party acknowledges that this Agreement is entered into after full investigation and that no parties relying on any statement or representation made by any other which is not embodied in this Agreement. Each party acknowledges that it shall have no right to rely on any amendment, promise, modification, statement or representation made or occurring subsequent to the execution of this Agreement unless it is in writing and executed by each of the parties.

7.7 Notices

All payments and communications which may be or are required to be given by either party to the other shall (in the absence of any specific provision to the contrary) be in writing and delivered or sent by prepaid registered mail to the parties, at their following respective addresses:

Claude: Claude Resources Inc.
#200, 224 - 4th Avenue South
Saskatoon, Saskatchewan
S7K 5M5

Optionor: Shane Resources Inc.
Saskatoon, Saskatchewan

and if any payment or communication is sent by prepaid registered mail, it shall, subject to the following sentence, be conclusively deemed to have been received on the third business day following the mailing of it and, if delivered, it shall be conclusively deemed to have been received at the time of delivery. Notwithstanding the foregoing provision with respect to mailing, in the event that it may be reasonably anticipated that, due to any strike, lock-out or similar event involving an interruption in postal service, any payment or communication will not be received by the addressee by no later than the third business day following the mailing of it, then the mailing of any payment or communication as mentioned shall not be an effective means of sending it but rather any payment or communication must then be sent by an alternative means of transportation which it may reasonably be anticipated will cause the payment or communication to be received reasonably expeditiously by the addressee. Either party may from time to time change its address by notice in accordance with this paragraph.

7.8 Benefit of Successors

This Agreement shall enure to the benefit of and be binding on the parties and their respective heirs, executors, administrators, successors and assigns.

IN WITNESS WHEREOF the parties have hereunto affixed their corporate seals attested to by the hands of its duly authorized officers the day and year set forth above.

CLAUDE RESOURCES INC.

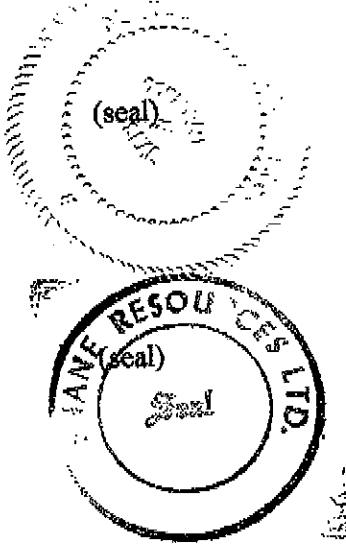
Per: *[Signature]*

Per: *Philip E. [Signature]*

SHANE RESOURCES INC.

Per: *[Signature]*

Per: *Wayne J. [Signature]*



**This is Schedule "A" to the Agreement between Claude Resources Inc. and
Shane Resources Inc. made as of the 27 day of April, 1999.**

Claim Block

Record Date

S105301

August 1, 1995

All located in the Northern Mining District of Saskatchewan.

IN WITNESS WHEREOF the parties have hereunto affixed their corporate seals attested to by the hands of its duly authorized officers the day and year set forth above.

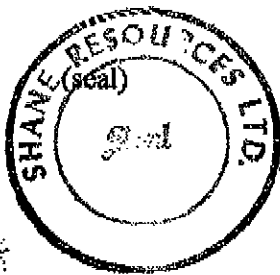
CLAUDE RESOURCES INC.

Per: [Signature]
Per: Philip J. Olson

SHANE RESOURCES INC.

Per: [Signature]
Per: Wayne J. Anderson

(seal)



Jan 7, 2005

Parties agreed to extend this agreement for 2 full years on the same terms. Compensation to be paid to Shane Resources for extending this agreement is to be a payment of \$15,000.00 to Shane Resources.

Menfield Neuphauser - Pres. CEO.
Claude Resources.

[Signature]
Shane Resources

**Claude
Resources
Inc.**

200, 224 - 4th Ave. S.,
Saskatoon, Sask.,
Canada S7K 5M5
Tel. (306) 668-7505
Fax (306) 668-7500

Internet: www.clauderresources.com
e-mail: clauderesources@clauderesources.com

April 3, 2006

Mr. Richard Walker, President
Shane Resources Ltd.
105 - 111 Research Drive
Saskatoon, SK S7N 3R8

Dear Mr. Walker:

**Re: Option Agreement between Claude Resources and Shane Resources dated
April 27, 1999, with respect to Claim Block S105301**

Please be advised due to improved operating conditions in the area, Claude Resources has been able to complete the commitment to incur exploration expenditures of at least \$500,000.00 on the above Property by March 31, 2006. Therefore the Agreement does not require any extension at this time.

Claude will continue to explore the Property and expects to incur additional expenditures of at least \$100,000.00 during the time period April 1, 2006 and March 31, 2007 as required by the agreement. The work will include geophysical and geochemical surveys, and additional core drilling.

Sincerely,



Patrick Hannon
Vice President Exploration