
TRANSACTION AGREEMENT

May 28, 2012

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TRANSACTION AGREEMENT

THIS AGREEMENT is made as of the 28th day of May, 2012,

BETWEEN:

PACIFIC ROAD CAPITAL II PTY LIMITED, as trustee for **PACIFIC ROAD RESOURCES FUND II**, a trust governed by the laws of Australia (“**Fund II Trust**”)

- and -

PACIFIC ROAD CAPITAL MANAGEMENT GP II LIMITED, as general partner of **PACIFIC ROAD RESOURCES FUND II L.P.**, a limited partnership governed by the laws of England (“**Fund II LP**”)

(each of Fund II Trust and Fund II LP, a “**Purchaser**”, and collectively, the “**Purchasers**”)

- and -

CUORO RESOURCES CORP., a corporation governed by the laws of the Province of British Columbia (the “**Company**”).

RECITALS

- A. The authorized capital of the Company consists of an unlimited number of Common Shares, of which 30,495,620 Common Shares are issued and outstanding as at the date hereof.
- B. The Purchasers (severally, not jointly) wish to purchase and the Company wishes to issue and sell Common Shares and Purchase Warrants, pursuant to the terms of this Agreement.
- C. The Parties wish to set out the rights and obligations of the Parties relating to the ownership of the Common Shares and Purchase Warrants by the Purchasers.

NOW THEREFORE in consideration of the mutual covenants and agreements contained in this Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

ARTICLE 1 DEFINITIONS AND PRINCIPLES OF INTERPRETATION

1.1 Definitions

Whenever used in this Agreement, the following terms shall have the meanings set out below:

“**Act**” means the *Business Corporations Act* (British Columbia), as now enacted or as the same may from time to time be amended, re-enacted or replaced;

“**Additional Securities**” has the meaning given in Section 7.3;

“**Affiliate**” and “**Affiliated**” means, with respect to any Person, any Person Controlled by, Controlling, or under common Control with, such Person;

“**Agreement**” means this Agreement, including all schedules, and all amendments or restatements as permitted, and references to “**Article**” or “**Section**” mean the specified Article or Section of this Agreement;

“**Board**” means the Board of Directors of the Company;

“**Business Day**” means any day, other than a Saturday or Sunday, on which the main branch of the Royal Bank of Canada in Vancouver, British Columbia is open for commercial banking business during normal banking hours;

“**Canadian Demand Distribution Right**” has the meaning given in Section 7.6(a);

“**Canadian Offering**” has the meaning given in Section 7.7(a);

“**Canadian Securities Commissions**” means the securities commissions or other similar regulatory bodies of any applicable province or territory of Canada;

“**Common Share**” means a common share in the capital of the Company;

“**Company Material Adverse Effect**” means any change, effect, event, occurrence or state of facts that is, or would reasonably be expected to be, material and adverse to the assets, liabilities (including any contingent liabilities that may arise through outstanding, pending or threatened litigation or otherwise), business, Project, operations, capitalization or financial condition (including cash resources) of the Company, other than changes, effects, events, occurrences or state of facts relating solely to any change, effect, event, occurrence or state of facts relating to the North American economy or securities markets in general;

“**Confidentiality Agreement**” means the confidentiality agreement dated August 30, 2011 between PRCM and the Company;

“**Control**” means:

- (a) in relation to a corporation, the beneficial ownership at the relevant time of shares of such corporation carrying more than 50% of the voting rights ordinarily exercisable at meetings of shareholders of the corporation where such voting rights are sufficient to elect a majority of the directors of the corporation or, with respect to a corporation without share capital, the sole control of such corporation;
- (b) in relation to a Person that is a partnership, limited liability company or joint venture, the beneficial ownership at the relevant time of more than 50% of the ownership interests of the partnership, limited liability company or joint venture

in circumstances where it can reasonably be expected that the Person can direct the affairs of the partnership, limited liability company or joint venture; and

- (c) in relation to a trust, the beneficial ownership at the relevant time of more than 50% of the property settled under the trust;

and the words “**Controlled by**”, “**Controlling**” and similar words have corresponding meanings; the Person who Controls a Controlled Entity shall be deemed to Control a corporation, partnership, limited liability company, joint venture or trust which is Controlled by the Controlled Entity, and so on;

“**Corporate Transaction**” means: (i) a reclassification or redesignation of the Common Shares, any change of the Common Shares into other shares or securities or any other capital reorganization involving the Common Shares; (ii) a consolidation, amalgamation, arrangement or merger of the Company with or into another body corporate which results in a reclassification or redesignation of the Common Shares or a change of the Common Shares into other shares or securities; (iii) the transfer of the undertaking or assets of the Company as an entirety or substantially as an entirety to another company or entity; or (iv) any other similar transaction;

“**Covered Persons**” has the meaning given in Section 8.1(a);

“**Demand Prospectus Shares**” has the meaning given in Section 7.6(a);

“**Distribution**”, “**Distribute**” and “**Distributed**” means the qualification of the distribution of securities of the Company in one or more of the provinces and territories of Canada by way of a public offering on a bought-deal or fully-marketed basis pursuant to a prospectus prepared in accordance with Securities Laws;

“**Eligible Securities**” means: (i) the Common Shares, (ii) the Underlying Securities; (iii) any additional Common Shares acquired by the Purchasers as a result of the exercise of its rights under Section 7.3; and (iv) any shares of the Company issued as a dividend or other distribution with respect to, or in exchange for or in replacement of, the shares referred to in (i), (ii) or (iii) above;

“**Feasibility Study**” means a “feasibility study” as defined in NI 43-101 that satisfies the requirements of independent third party financial institutions who are in the business of providing project financing that is sufficient for such financial institutions, acting reasonably, to provide project financing for the development of the Project;

“**Fully Diluted Basis**” at any time means that all Shares (other than Common Shares), Purchase Warrants and all rights of any kind to acquire Common Shares and all securities convertible or exchangeable (directly or indirectly) into Common Shares outstanding at that time shall be deemed to have been fully exercised, converted or exchanged, as the case may be, (provided that Out-of-the-Money options granted under the Company’s employee stock option plan and any outstanding Out-of-the-Money warrants to acquire Common Shares shall be excluded) and the Common Shares issuable as a result thereof shall be deemed to have been fully issued and to form part of the holdings of the Person(s) entitled to receive such Common Shares;

“**Indemnitees**” has the meaning given in Section 8.2;

“**Market Purchases**” has the meaning given in Section 2.1(a);

“**Net Proceeds**” has the meaning given in Section 2.7;

“**NI 43-101**” means National Instrument 43-101 – *Standards of Disclosure for Mineral Projects*;

“**Nominee**” has the meaning given in Section 7.1;

“**Out-of-the-Money**” means, with respect to options or warrants to acquire Common Shares issued by the Company, that the exercise price of such option or warrant on the date of calculation of the number of Common Shares on a Fully Diluted Basis is less than or equal to the closing price for the Common Shares on the TSXV on the last trading day prior to the calculation date; provided that if on such calculation date the Common Shares are not then trading on the TSXV then any outstanding options or warrants to acquire Common Shares will be deemed Out-of-the-Money;

“**P1 Units**” has the meaning given in Section 2.1;

“**P1 Warrants**” has the meaning given in Section 2.1;

“**P2 Units**” has the meaning given in Section 2.2;

“**P2 Warrants**” has the meaning given in Section 2.2;

“**Parties**” means the Purchasers and the Company collectively, and “**Party**” means any one of them;

“**Person**” means any individual, sole proprietorship, partnership, firm, entity, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate, limited liability company, unlimited liability company, government, government regulatory authority, governmental department, agency, commission, board, tribunal, dispute settlement panel or body, bureau, court and, where the context requires, any of the foregoing when they are acting as trustee, executor, administrator or other legal representative;

“**Phase 1 Closing**” means the closing of the purchase of the P1 Units by the Purchasers on the Phase 1 Closing Date;

“**Phase 1 Closing Date**” means the later of (i) 10 Business Days following the date on which the Company receives the Phase 1 Notice and (ii) 10 Business Days following the date of satisfaction or waiver of all conditions precedent provided in Sections 4.1 and 4.2;

“**Phase 1 Fee Amount**” has the meaning given in Section 2.6(b);

“**Phase 1 Nominee**” has the meaning given in Section 7.1;

“**Phase 1 Notice**” has the meaning given in Section 2.1;

“**Phase 1 Option**” has the meaning given in Section 2.1;

“**Phase 1 Option Commencement Date**” has the meaning given in Section 2.1;

“**Phase 1 Purchase Price**” has the meaning given in Section 2.1;

“**Phase 2 Closing**” means the closing of the purchase of the P2 Units by the Purchasers on the Phase 2 Closing Date;

“**Phase 2 Closing Date**” means the later of (i) 10 Business Days following the date on which the Company receives the Phase 2 Notice and (ii) 10 Business Days following the date of satisfaction or waiver of all conditions precedent provided in Sections 4.1 and 4.2;

“**Phase 2 Fee Amount**” has the meaning given in Section 2.6(c);

“**Phase 2 Nominee**” has the meaning given in Section 7.1;

“**Phase 2 Notice**” has the meaning given in Section 2.2;

“**Phase 2 Option**” has the meaning given in Section 2.2;

“**Phase 2 Option Period**” has the meaning given in Section 2.2;

“**Phase 2 Purchase Price**” has the meaning given in Section 2.2;

“**Piggyback Notice**” has the meaning given in Section 7.7(a);

“**PRCM**” means Pacific Road Capital Management Pty Ltd.;

“**Pre-Feasibility Study**” means a pre-feasibility study as defined in NI 43-101 in respect of the Project;

“**Preliminary Economic Assessment**” means a preliminary economic assessment as defined in NI 43-101 in respect of the Project;

“**Price Threshold Event**” has the meaning given in Section 2.1(c);

“**Project**” means the mining licence to develop the Company’s Santa Elena property in Colombia;

“**Prospectus**” has the meaning given in Section 7.6(a);

“**Prospectus Request**” has the meaning given in Section 7.6(a);

“**Purchaser Indemnified Parties**” has the meaning given in Section 8.1(a);

“**Purchase Warrants**” means the P1 Warrants and the P2 Warrants;

“**Qualification Expenses**” means all expenses incurred by the Company and the Purchasers to comply with the provisions of Sections 7.6 and 7.7, including all filing fees, printing expenses, fees and disbursements of counsel to the Company, reasonable fees and disbursements of counsel for the Purchasers and the expense of any special auditors or reports incident to or required in connection with any prospectus;

“Regulatory Approval” means (i) the approval of the TSXV of the transactions contemplated under this Agreement, as required, including, without limitation, the issuances of Common Shares and Purchase Warrants on the Phase 1 Closing and Phase 2 Closing, the issuance of the Common Shares upon exercise of the Purchase Warrants, the issuance of the Common Shares on exercise of the rights granted under Section 7.3, the fees payable to PRCM and the listing on the TSXV of (A) the Common Shares issued on the Phase 1 Closing and Phase 2 Closing and the Common Shares for which the Purchase Warrants may be exercised and (B) the Common Shares issuable on exercise of the rights granted under Section 7.3, and (ii) any other approval which may be required for such transactions pursuant to any law or regulation or stock exchange or by or from any governmental authority;

“Resource Statement” means a resource statement compliant with NI 43-101 in respect of the Project;

“Respective Proportion” has the meaning given in Section 2.8;

“Securities Laws” means all applicable securities laws in each of the provinces and territories of Canada and the respective regulations, rules and forms thereunder together with applicable orders, rulings and published policy statements of the Canadian Securities Administrators and the Canadian Securities Commissions in each of the provinces and territories of Canada;

“Shareholder Approval” means (i) the approval by the requisite majority of the Company’s shareholders of the transactions contemplated under this Agreement, including, without limitation, the issuances of Common Shares and Purchase Warrants on the Phase 1 Closing and Phase 2 Closing, the issuance of the Common Shares upon exercise of the Purchase Warrants, the issuance of the Common Shares on exercise of the rights granted under Section 7.3, the fees payable to PRCM and the creation of the Purchasers as a “control person” under the rules of the TSXV, and (ii) any other security holder approval which may be required for such transactions pursuant to any law or regulation or stock exchange or by or from any governmental authority;

“Shares” means the Common Shares and other shares in the capital of the Company includes any additional shares in the capital of the Company that may be created;

“Subsidiary” means a Person Controlled directly or indirectly by the Company;

“Supplemental Prospectus Notice” has the meaning given in Section 7.7(b);

“Supplemental Prospectus Shares” has the meaning given in Section 7.7(b);

“Term Sheet” means the term sheet entered into between PRCM and the Company on February 22, 2012;

“Third Party Transaction” means: (i) a take-over bid or third party proposal to effect an acquisition of Control of the Company, (ii) the acquisition of Control of the Company by a third party or (iii) a binding agreement or commitment to effect an acquisition of Control of the Company by a third party entered into by the Company;

“TSXV” means the TSX Venture Exchange;

“**Underlying Securities**” means Common Shares for which the Purchase Warrants are exercisable; and

“**Units**” means the P1 Units and the P2 Units.

1.2 Certain Rules of Interpretation

In this Agreement:

- (a) **Consent** – Whenever a provision of this Agreement requires an approval or consent and the approval or consent is not delivered within the applicable time limit, then, unless otherwise specified, the Party whose consent or approval is required shall be conclusively deemed to have withheld its approval or consent.
- (b) **Headings** – Headings of Articles and Sections are inserted for convenience of reference only and do not affect the construction or interpretation of this Agreement.
- (c) **Including** – Where the word “including” or “includes” is used in this Agreement, it means “including (or includes) without limitation”.
- (d) **No Strict Construction** – The language used in this Agreement is the language chosen by the Parties to express their mutual intent, and no rule of strict construction shall be applied against any Party.
- (e) **Number and Gender** – Unless the context otherwise requires, words importing the singular include the plural and *vice versa* and words importing gender include all genders.
- (f) **Severability** – If, in any jurisdiction, any provision of this Agreement or its application to any Party or circumstance is restricted, prohibited or unenforceable, such provision shall, as to such jurisdiction, be ineffective only to the extent of such restriction, prohibition or unenforceability without invalidating the remaining provisions of this Agreement and without affecting the validity or enforceability of such provision in any other jurisdiction or without affecting its application to other Parties or circumstances.
- (g) **Statutory References** – A reference to a statute includes all regulations and rules made pursuant to the statute and, unless otherwise specified, the provisions of any statute, regulation or rule which amends, supplements or supersedes any such statute, regulation or rule.
- (h) **Time** – Time is of the essence in the performance of the Parties’ respective obligations.
- (i) **Time Periods** – Unless otherwise specified, time periods within or following which any payment is to be made or act is to be done, shall be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the next Business Day following if the last day of the period is not a Business Day.

- (j) **Purchasers** – Unless otherwise specified (including where specified to be acting severally and not jointly), references to the “Purchasers” means the Purchasers acting jointly.

1.3 Knowledge

Any reference to the knowledge of any Party means to the best of the knowledge, information and belief of the Party after reviewing all relevant records and making due inquiries regarding the relevant matter of all relevant directors, officers and employees of such Party and, in the case of the knowledge of the Company, the relevant senior managers of the Company.

1.4 Entire Agreement

This Agreement, the agreements and other documents required to be delivered pursuant to this Agreement, and the Confidentiality Agreement constitute the entire agreement between the Parties and set out all the covenants, promises, warranties, representations, conditions and agreements between the Parties in connection with the subject matter of this Agreement and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, pre-contractual or otherwise, including the Term Sheet. There are no covenants, promises, warranties, representations, conditions or other agreements, whether oral or written, pre-contractual or otherwise, express, implied or collateral, whether statutory or otherwise, between the Parties in connection with the subject matter of this Agreement except as specifically set forth in this Agreement, any document required to be delivered pursuant to this Agreement and the Confidentiality Agreement.

1.5 Schedules

The following schedules form an integral part of this Agreement:

- Schedule A – Purchasers’ Representations and Warranties
- Schedule B – Company Representations and Warranties
- Schedule C – Company Options and Warrants Outstanding
- Schedule D – Form of Purchase Warrants

ARTICLE 2 PURCHASE AND SALE OF UNITS

2.1 Phase 1 Option

- (a) Subject to satisfaction or waiver of the applicable conditions set out in Section 4.1, the Purchasers covenant and agree to complete the acquisition of a minimum of 2,000,000 Common Shares and no more than 3,000,000 Common Shares through market purchases, block trades or other means (“**Market Purchases**”) within the earlier of (i) 120 days from the date that Shareholder Approval for the issuance of the P1 Units and P2 Units is obtained and (ii) two years from the date of this Agreement. In the event that the Purchasers do not complete the Market Purchases within the time periods prescribed by this Section 2.1(a) and the Phase 1 Option Commencement Date does not otherwise occur, then this Agreement

will terminate and the Company shall have no further recourse or remedies against the Purchasers.

- (b) Notwithstanding Section 2.1(a) above, if (i) the Price Threshold Event (as defined in Section 2.1(c) below) occurs or (ii) a Third Party Transaction occurs prior to the Purchasers completing the Market Purchases, then the Purchasers shall have the right, but not the obligation, to complete the acquisition of a minimum of 2,000,000 Common Shares and no more than 3,000,000 Common Shares through Market Purchases and to exercise the Phase 1 Option (as described in Section 2.1(c) below).
- (c) At any time following the earlier of (i) the date the Purchasers provide written notice to the Company of the Purchasers having acquired a minimum of 2,000,000 Common Shares through Market Purchases and (ii) the closing market price of the Company's Common Shares on the TSXV is equal to or exceeds \$2.00 per Common Share (the "**Price Threshold Event**") (either (i) or (ii) being the "**Phase 1 Option Commencement Date**"), the Purchasers shall have the right (the "**Phase 1 Option**"), but not the obligation, to purchase from the Company units ("**P1 Units**"). Each P1 Unit shall consist of one Common Share and one half of a Common Share purchase warrant (each whole warrant, a "**P1 Warrant**") and, if the Phase 1 Option is exercised, shall be subscribed for in an amount of no less than 2,500,000 P1 Units and no more than 3,750,000 P1 Units, at a price equal to \$2.00 per P1 Unit (the "**Phase 1 Purchase Price**"), provided that if the Phase 1 Purchase Price is lower than the maximum discount to the market price permitted under the TSXV rules on the news release date in connection with announcing receipt of the Phase 1 Notice then the Phase 1 Purchase Price will be increased such that it is equal to the maximum discount permitted under the TSXV rules. If the Phase 1 Option is not exercised by the Purchasers by written notice to the Company (the "**Phase 1 Notice**") specifying the number of P1 Units to be purchased within 15 days following the Phase 1 Option Commencement Date, the Parties agree that this Agreement shall terminate.
- (d) If the Purchasers exercise the Phase 1 Option, then the Phase 1 Notice shall be delivered to the Company promptly following the close of trading on the TSXV on the day that the Purchasers decide to exercise the Phase 1 Option. The Company shall promptly file a news release announcing receipt of the Phase 1 Notice and shall file a TSXV Private Placement Notice Form (Form 4B) with the TSXV no later than 3:30 p.m. E.S.T. on the Business Day following receipt from the Purchasers of a Phase 1 Notice.
- (e) If the Purchasers exercise the Phase 1 Option, then in reliance upon the representations and warranties set out in Schedules A and B, the conditions precedent provided in Sections 4.1 and 4.2 having been satisfied or waived in accordance with such Sections, and upon and subject to the terms and conditions hereof, the Purchasers (severally, not jointly) shall purchase from the Company, and the Company shall to sell to the Purchasers on the Phase 1 Closing Date, the number of P1 Units indicated in the Phase 1 Notice at the Phase 1 Purchase Price. Each Purchaser shall purchase its Respective Proportion of the P1 Units and pay

its Respective Proportion of the aggregate Phase 1 Purchase Price in accordance with Sections 2.3 and 2.4 of this Agreement.

2.2 Phase 2 Option

- (a) Subject to Section 2.2(e) below, at any time within 45 days of the earlier of (i) the Company completing and delivering to the Purchasers a Resource Statement, Preliminary Economic Assessment and Pre-Feasibility Study together with all supporting documentation, including all geological and engineering data and analyses and (ii) the Company completing and delivering to the Purchasers a Resource Statement and either a Preliminary Economic Assessment or a Pre-Feasibility Study (but not both) together with all supporting documentation, including all geological and engineering data and analyses and the Purchasers having waived in writing the requirement to receive the undelivered Preliminary Economic Assessment or Pre-Feasibility Study (either (i) or (ii) being the “**Phase 2 Option Period**”), the Purchasers shall have the right (the “**Phase 2 Option**”), but not the obligation, to purchase from the Company up to a maximum of \$40,000,000 of units (the “**P2 Units**”). Each P2 Unit shall consist of one Common Share and one half of a Common Share purchase warrant (each whole warrant, a “**P2 Warrant**”) and, if the Phase 2 Option is exercised, shall be issued at a price per P2 Unit equal to the 20-day volume-weighted average closing price of the Company’s Common Shares on the TSXV on the date prior to the date the Phase 2 Option is exercised (the “**Phase 2 Purchase Price**”). If the Phase 2 Purchase Price as so determined is less than the maximum discount from the market price of the Common Shares permitted by the TSXV rules then the Phase 2 Purchase Price shall be increased to be equal to the price determined by applying the maximum discount from the market price of the Common Shares permitted by the TSXV rules. If the Phase 2 Option is not exercised by the Purchasers by written notice to the Company (the “**Phase 2 Notice**”) specifying the number of P2 Units to be purchased during the Phase 2 Option Period, the Phase 2 Option shall terminate and the covenant of the Company in Section 7.7 shall terminate. For clarity, all rights and obligations of the Parties under this Agreement, other than the Phase 2 Option and the covenant of the Company in Section 7.7, shall remain in force if the Purchasers do not exercise the Phase 2 Option.
- (b) If the Purchasers exercise the Phase 2 Option, then the Phase 2 Notice shall be delivered to the Company promptly following the close of trading on the TSXV on the day that the Purchasers decide to exercise the Phase 2 Option. The Company shall promptly issue a news release announcing receipt of the Phase 2 Notice and shall file a TSXV Private Placement Notice Form (Form 4B) with the TSXV no later than 3:30 p.m. E.S.T. on the Business Day following receipt from the Purchasers of a Phase 2 Notice.
- (c) If the Purchasers exercise the Phase 2 Option, then in reliance upon the representations and warranties set out in Schedules A and B, the conditions precedent provided in Sections 4.1 and 4.2 having been satisfied or waived in accordance with such Sections, and upon and subject to the terms and conditions hereof, the Purchasers (severally, not jointly) shall purchase from the Company, and the Company shall to sell to the Purchasers on the Phase 2 Closing Date, the

number of P2 Units indicated in the Phase 2 Notice at the Phase 2 Purchase Price. Each Purchaser shall purchase its Respective Proportion of the P2 Units and pay its Respective Proportion of the aggregate Phase 2 Purchase Price in accordance with Sections 2.3 and 2.4 of this Agreement.

- (d) The Purchasers acknowledge and agree that, during the Phase 2 Option Period, the Purchasers shall not offer, sell, agree to sell, issue or otherwise dispose of any Shares or Purchase Warrants without the prior written consent of the Company.
- (e) For certainty, the Phase 2 Option is not exercisable until 65 days have passed since the Phase 1 Closing Date.
- (f) The Purchasers' right to exercise the Phase 2 Option shall expire five years from the date of this Agreement.

2.3 Payment of Purchase Prices

- (a) On the Phase 1 Closing Date, each Purchaser shall pay its Respective Proportion of the aggregate Phase 1 Purchase Price by wire transfer of immediately available funds to an account designated in writing by the Company.
- (b) On the Phase 2 Closing Date, each Purchaser shall pay its Respective Proportion of the aggregate Phase 2 Purchase Price by wire transfer of immediately available funds to an account designated in writing by the Company.

2.4 Certificates

- (a) Upon payment by the Purchasers of the aggregate Phase 1 Purchase Price on the Phase 1 Closing Date, the Company shall deliver to each Purchaser on the Phase 1 Closing Date certificates evidencing the Common Shares and the P1 Warrants in the amounts determined under Section 2.1. The Common Shares issued on the Phase 1 Closing Date will rank *pari passu* with all Common Shares of the Company issued and outstanding on the date of issue. The certificates evidencing the P1 Warrants will be in the form attached as Schedule D to this Agreement.
- (b) Upon payment by the Purchasers of the aggregate Phase 2 Purchase Price on the Phase 2 Closing Date, the Company shall deliver to each Purchaser on the Phase 2 Closing Date certificates evidencing the Common Shares and the P2 Warrants in the amounts determined under Section 2.2. The Common Shares issued on the Phase 2 Closing Date will rank *pari passu* with all Common Shares of the Company issued and outstanding on the date of issue. The certificates evidencing the P2 Warrants will be in the form attached as Schedule D to this Agreement.

2.5 Exercise of Purchase Warrants

- (a) Each whole P1 Warrant will be exercisable for a period of two years from the Phase 1 Closing Date at an exercise price of \$2.50 per Common Share, provided that if the exercise price is lower than the market price permitted under the TSXV rules on the news release date in connection with announcing receipt of the Phase

1 Notice then the exercise price will be increased such that it is equal to the market price as permitted under the TSXV rules. Notwithstanding the foregoing, the P1 Warrants will not be exercisable during the 65 day period immediately following the Phase 1 Closing Date. The Common Shares issuable on exercise of such P1 Warrants will rank *pari passu* with all Common Shares of the Company issued and outstanding on the date of exercise.

- (b) Each whole P2 Warrant will be exercisable for a period of two years from the Phase 2 Closing Date at an exercise price equal to 125% of the Phase 2 Purchase Price, provided that if the exercise price is lower than the market price permitted under the TSXV rules on the news release date in connection with announcing receipt of the Phase 2 Notice then the exercise price will be increased such that it is equal to the market price as permitted under the TSXV rules. The Common Shares issuable on exercise of such P2 Warrants will rank *pari passu* with all Common Shares of the Company issued and outstanding on the date of exercise.

2.6 Fees

- (a) The Company shall reimburse PRCM for PRCM's reasonable out of pocket legal, due diligence and evaluation costs in connection with making its investment, up to an aggregate maximum of \$200,000. The Company shall pay up to a maximum of \$70,000 of such costs during the period commencing the date the Purchasers acquire at least \$500,000 of Common Shares through Market Purchases and ending the date the Purchasers complete the Market Purchases, promptly upon receiving from the Purchasers breakdowns and invoices of such costs. The Company shall pay any such remaining costs after completion of Market Purchases by the Purchasers, the Phase 1 Closing and the Phase 2 Closing, respectively, promptly upon receiving from the Purchasers breakdowns and invoices of such costs, up to the aggregate maximum of \$200,000.
- (b) The Company shall pay to PRCM at the Phase 1 Closing an amount equal to 3.5% of the aggregate Phase 1 Purchase Price (the "**Phase 1 Fee Amount**"), provided that if the aggregate Phase 1 Purchase Price, after subtracting the Phase 1 Fee Amount, generates an effective price per Phase 1 Unit that is below the maximum discount from the market price per Common Share permitted by the TSXV rules, then the Phase 1 Fee Amount shall be reduced such that the effective Phase 1 Purchase Price, after subtracting the reduced Phase 1 Fee Amount, shall be equal to the price determined by applying the maximum discount from the market price of the Common Shares permitted by the TSXV rules.
- (c) The Company shall pay to PRCM at the Phase 2 Closing an amount equal to 3.5% of the aggregate Phase 2 Purchase Price (the "**Phase 2 Fee Amount**"), provided that if the aggregate Phase 2 Purchase Price, after subtracting the Phase 2 Fee Amount, generates an effective price per Phase 2 Unit that is below the maximum discount from the market price per Common Share permitted by the TSXV rules, then the Phase 2 Fee Amount shall be reduced such that the effective Phase 2 Purchase Price, after subtracting the reduced Phase 2 Fee Amount, shall be equal to the price determined by applying the maximum discount from the market price of the Common Shares permitted by the TSXV rules.

- (d) The Company shall pay to PRCM at the closing of the issuance of shares, pursuant to the rights granted under Section 7.3, the fees indicated therein.
- (e) Amounts payable to PRCM referred to in this Section 2.6 shall be paid by wire transfer of immediately available funds to an account designated in writing by PRCM.

2.7 Use of Proceeds

- (a) The Company acknowledges and agrees that the proceeds from the issuance and sale of P1 Units and the P2 Units, less any fees payable pursuant to Section 2.6 (the “**Net Proceeds**”), are to be used to (i) further the exploration and evaluation of the Project (including preparation of a Resource Statement, Preliminary Economic Assessment, Pre-Feasibility Study and Feasibility Study or studies) and (ii) fund the daily operation of the projects in South America, as outlined in the Company’s operational budgets approved by the Board.
- (b) The Purchasers and the Company agree that up to a maximum of 25% from the Net Proceeds from the sale of P1 Units and up to 15% (up to a maximum of \$5 million) from the Net Proceeds from the sale of P2 Units may be used at the Company’s discretion for exploration and evaluation of projects other than the Project, provided that such expenditures are for projects in South America only and exclude projects in Argentina, Venezuela, Ecuador and Bolivia, where none of the Net Proceeds may be spent.

2.8 Allocation

At least two Business Days prior to the Phase 1 Closing Date or Phase 2 Closing Date, as the case may be, the Purchasers shall give notice to the Company as to the amount of Units which each of them shall purchase, which amounts will aggregate to the Phase 1 Purchase Price and aggregate to the Phase 2 Purchase Price, as the case may be. The proportion of the total number of Units to be purchased by a Purchaser is referred to as its “**Respective Proportion**”.

2.9 Adjustments to Options

In the event that the Company completes a Corporate Transaction after the date the Purchasers have acquired at least 2,000,000 Common Shares through Market Purchases or have exercised the Phase 1 Option, then necessary adjustments will be made to the Phase 1 Option and Phase 2 Option, as applicable, such that (i) the Phase 1 Option and Phase 2 Option, as applicable, will become exercisable for voting securities and Purchase Warrants of the successor or surviving entity resulting from such Corporate Transaction and (ii) corresponding adjustments will be made to the exercise price of, or number of shares and Purchase Warrants comprising, the P1 Units and the P2 Units, as applicable, to reflect the relative value of the currently contemplated investment in the Company pursuant to the terms of this Agreement, being the purchase of a minimum of \$5,000,000 and a maximum of \$7,500,000 in P1 Units under the Phase 1 Option and the purchase of up to a maximum of \$40,000,000 in P2 Units under the Phase 2 Option. Equitable adjustments will also be made to the Phase 1 Option and Phase 2 Option in the event of share consolidation, share split, stock dividend or similar event.

ARTICLE 3 REPRESENTATION AND WARRANTIES

3.1 Representations and Warranties of the Purchasers

By executing this Agreement, each Purchaser severally (and not jointly) represents and warrants to the Company each of the matters contained in Schedule A hereto as of the date hereof, as of the Phase 1 Closing Date (if the Phase 1 Option is exercised) and as of the Phase 2 Closing Date (if the Phase 2 Option is exercised) except as such representations and warranties as of the Phase 2 Closing Date may be affected by the occurrence of events or transactions expressly contemplated and permitted by this Agreement or as shall occur in the ordinary course of business, and acknowledges that the Company is relying on such representations and warranties in connection with entering into this Agreement and the transactions contemplated herein.

3.2 Representations and Warranties of the Company

By executing this Agreement, the Company represents and warrants to the Purchasers each of the matters contained in Schedule B hereto as of the date hereof, as of the Phase 1 Closing Date (if the Phase 1 Option is exercised) and as of the Phase 2 Closing Date (if the Phase 2 Option is exercised) except as such representations and warranties as of the Phase 2 Closing Date may be affected by the occurrence of events or transactions expressly contemplated and permitted by this Agreement or as shall occur in the ordinary course of business (and provided that the representations in paragraphs (f) and (g) of Schedule B speak only as of the date hereof), and acknowledges that the Purchasers are relying on such representations and warranties in connection with entering into this Agreement and the transactions contemplated herein.

ARTICLE 4 CONDITIONS PRECEDENT

4.1 Purchasers' Conditions Precedent for Market Purchases, Phase 1 Closing and Phase 2 Closing

Each Purchaser's obligation to make Market Purchases as described in Section 2.1(a), purchase the P1 Units on the Phase 1 Closing Date, as applicable, and purchase the P2 Units on the Phase 2 Closing Date shall be subject to the following conditions:

- (a) the accuracy of the representations and warranties of the Company contained in this Agreement as of the Phase 1 Closing Date and as of the Phase 2 Closing Date, except as such representations and warranties as of the Phase 2 Closing Date may be affected by the occurrence of events or transactions expressly contemplated and permitted by this Agreement or as shall occur in the ordinary course of business, and the performance by the Company of its obligations under this Agreement (all as confirmed by a certificate of an officer of the Company dated and delivered to the Purchasers on the Phase 1 Closing Date and the Phase 2 Closing Date);
- (b) the Company shall deliver to the Purchasers (i) a certificate of status; (ii) certified copies of the Company's articles of incorporation, the Company's bylaws, the Board resolution approving the transactions contemplated by this Agreement and

the shareholder resolution approving the transactions contemplated by this Agreement; (iii) a copy of the letter from the TSXV consenting to, or not objecting to, as the case may be, the transactions contemplated by this Agreement and (iv) copies of any necessary third party consents (only in the case of the Phase 1 Closing Date and the Phase 2 Closing Date, as applicable), in all cases in forms satisfactory to the Purchasers, acting reasonably, and the Purchasers shall have received copies of all such documentation or other evidence as it may reasonably request in order to establish the consummation of the transactions contemplated by this Agreement and the taking of all corporate proceedings in connection with such transactions in compliance with these conditions, in form (as to certification and otherwise) and substance satisfactory to the Purchasers, acting reasonably;

- (c) the Board shall have resolved to authorize the transactions contemplated by this Agreement and shall not have withdrawn, modified, changed or resolved to withdraw, modify, or change its recommendations or determinations regarding the transactions contemplated by this Agreement;
- (d) with respect to the Phase 1 Closing and Phase 2 Closing only, there shall not be the occurrence of a Third Party Transaction; provided, however, that if the Purchasers waive this Section 4.1(d) then Section 2.9 shall apply such that any necessary adjustments will be made to the Phase 1 Option and Phase 2 Option;
- (e) with respect to the Phase 1 Closing and Phase 2 Closing only, the Purchasers shall have received an opinion from counsel to the Company dated the Phase 1 Closing Date or Phase 2 Closing Date, as applicable, subject to reasonable qualifications, as to, among other things, the due issuance of the Common Shares, the P1 Warrants, the P2 Warrants and the Common Shares on exercise of the P1 Warrants and the P2 Warrants, as applicable, the enforceability of the P1 Warrants and the P2 Warrants, and as to the receipt of any approvals required to consummate the purchase and sale of the P1 Units or P2 Units, as applicable, in form and substance acceptable to the Purchasers, acting reasonably;
- (f) the Purchasers shall have received an opinion from Colombian counsel to the Company dated the date of this Agreement, the Phase 1 Closing Date and Phase 2 Closing Date, as applicable, subject to reasonable qualifications, as to, among other things, (i) the Company having good and marketable title to the Project, free and clear of any and all encumbrances and (ii) the sufficiency and validity of, and compliance with, Project permits and licenses, and compliance with environmental and health and safety regulations, in form and substance acceptable to the Purchasers, acting reasonably;
- (g) all consents, approvals or authorizations of any Person (including, without limitation, Regulatory Approval for the exercise of the Phase 1 Option or Phase 2 Option, as applicable, and Shareholder Approval, subject to Section 5.3(d)) required in connection with the completion of the transactions contemplated by this Agreement shall have been obtained on the terms stated herein and as acceptable to the Purchasers, acting reasonably, and there shall be no issued or pending order, injunction, proceeding, judgement or ruling filed or imposed by any governmental or regulatory authority for the purpose of enjoining, delaying,

restricting or preventing the consummation of the transactions contemplated in this Agreement or claiming that such transactions are improper;

- (h) no Company Material Adverse Effect shall have occurred, as determined by the Purchasers, acting reasonably;
- (i) the continued employment by the Company of a qualified project geologist to develop, implement and execute a systematic drill programme for the Project, as is acceptable to the Purchasers, acting reasonably.

The Purchasers will not be required to effect Market Purchases unless and until the foregoing conditions are satisfied (except for those conditions expressly provided to be applicable to the Phase 1 Closing or the Phase 2 Closing only) and if at any time such conditions cease to be satisfied the Purchasers may elect by written notice to the Company to not complete the Market Purchases. If any of the foregoing conditions in this Section 4.1 have not been fulfilled by the Phase 1 Closing Date or the Phase 2 Closing Date, as applicable, the Purchasers may elect not to complete the purchase of the Phase 1 Units or Phase 2 Units, as applicable, by notice in writing to the Company. The Purchasers may waive compliance with any condition in whole or in part if they see fit to do so, without prejudice to their rights in the event of non-fulfilment of any other condition, in whole or in part, or to their rights to recover damages for the breach of any representation, warranty, covenant or condition contained in this Agreement.

4.2 Company's Conditions Precedent for Phase 1 Closing and Phase 2 Closing

The Company's obligation to sell the P1 Units on the Phase 1 Closing Date and the P2 Units on the Phase 2 Closing Date shall be subject to the following conditions:

- (a) the accuracy of the representations and warranties of the Purchasers contained in this Agreement as of the Phase 1 Closing Date and as of the Phase 2 Closing Date, except as such representations and warranties as of the Phase 2 Closing Date may be affected by the occurrence of events or transactions expressly contemplated and permitted by this Agreement or as shall occur in the ordinary course of business, and the performance by the Purchasers of their obligations under this Agreement (all as confirmed by a certificate of an officer of each Purchaser dated and delivered to the Company on the Phase 1 Closing Date and the Phase 2 Closing Date);
- (b) all consents, approvals or authorizations of any Person (including, without limitation, Regulatory Approval and Shareholder Approval, subject to Section 5.3(d)) required in connection with the completion of the transactions contemplated by this Agreement shall have been obtained on terms acceptable to the Company, acting reasonably, and there shall be no issued or pending order, injunction, proceeding, judgement or ruling filed or imposed by any governmental or regulatory authority for the purpose of enjoining, delaying, restricting or preventing the consummation of the transactions contemplated in this Agreement or claiming that such transactions are improper; and
- (c) if required (i) by the TSXV, or (ii) to update the information contained therein, delivery by the Purchasers to the Company of all requisite Forms 4C "Corporate

Placee Registration Form” and such other documents as may be required by the TSXV, as applicable.

If any of the foregoing conditions in this Section 4.2 has not been fulfilled by the Phase 1 Closing Date or the Phase 2 Closing Date, as applicable, the Company may elect not to complete the sale of the Phase 1 Units or Phase 2 Units, as applicable. The Company may waive compliance with any condition in whole or in part if it sees fit to do so, without prejudice to its rights in the event of non-fulfilment of any other condition, in whole or in part, or to its rights to recover damages for the breach of any representation, warranty, covenant or condition contained in this Agreement.

ARTICLE 5 COVENANTS

5.1 Actions to Satisfy Closing Conditions

Each of the Parties shall take reasonable commercial efforts to ensure satisfaction of each of the conditions set forth in Article 4.

5.2 Disclosure of Non-Public Information

The Company covenants that, to the extent the Purchasers receive any material, undisclosed information from the Company (i) prior to the date of this Agreement or (ii) after the date of this Agreement but prior to the end of the period during which the Purchasers are entitled to make Market Purchases the Company shall disclose such information publicly promptly after such information is received by the Purchasers.

5.3 Consents, Approvals and Authorizations

- (a) The Company covenants that it shall prepare, file and diligently pursue all necessary consents, approvals and authorizations of any Person and make such necessary filings, as are required to be obtained under applicable law with respect to this Agreement and the transactions contemplated hereby (including, for greater certainty, Regulatory Approval and Shareholder Approval). The Company shall keep the Purchasers informed regarding the status of such approvals, and the Purchasers, its representatives and counsel shall have the right to participate in any substantive discussions with the TSXV and any other applicable regulatory authority that go to the nature of the transactions contemplated by this Agreement and to provide input into any applications for approval and related correspondence which input will be incorporated by the Company, acting reasonably. The Company will provide reasonable notice to the Purchasers (and their counsel) of any proposed substantive discussions with the TSXV that go to the nature of the transactions contemplated by this Agreement. Each Purchaser covenants that it shall cooperate with the Company and make all commercially reasonable efforts to obtain such consents, approvals, authorizations or make such filings. On the date all such consents, approvals and authorizations have been obtained by the Company and all such filings have been made by the Company, the Company shall notify the Purchasers of same.

- (b) Without limiting the foregoing, the Company shall promptly make all filings required by the TSXV to approve the exercise of the Phase 1 Option and the Phase 2 Option, including, but not limited to, the filings described in Sections 2.1(d) and 2.2(b). If the approval of the TSXV is “conditional approval” subject to the making of customary deliveries to the TSXV after the Phase 1 Closing Date and/or the Phase 2 Closing Date, as applicable, the Company shall ensure that such filings are made as soon as possible after such closing date and in any event within the time frame contemplated in the conditional approval letter from the TSXV.
- (c) Without limiting the foregoing, the Company shall, as soon as possible after the date hereof, seek the consent of each Person which is required in connection with the transactions contemplated hereby, including, but not limited to, Shareholder Approval or any other shareholder approval. The Company will use all commercially reasonable efforts to obtain Shareholder Approval. The Company shall seek Shareholder Approval by written consent and the Company shall include in the request for written shareholder consent a unanimous Board recommendation that shareholders consent to the transactions described in this Agreement. If Shareholder Approval cannot be obtained by written consent, the Company shall promptly call and hold a shareholders meeting, in which case the Company shall include in the management information circular and any related public disclosure documents a unanimous Board recommendation that shareholders vote in favour of the transactions described in this Agreement.
- (d) If at any time Shareholder Approval required for the issuance to the Purchasers of any Shares under this Agreement has not been obtained, the Purchasers may elect, notwithstanding anything else herein to the contrary and subject to Regulatory Approval, to proceed with an issuance of Shares under the Phase 1 Option and/or the Phase 2 Option to the Purchasers in a lesser amount that does not require Shareholder Approval and may (in the Purchasers’ discretion) require that the Company continue to use commercially reasonable efforts to obtain Shareholder Approval. Upon obtaining Shareholder Approval, the balance of the issuance of the Shares to the Purchasers will be completed, with that subsequent date of issuance deemed to be an additional Phase 1 Closing Date or Phase 2 Closing Date, as applicable, for purposes of Article 2.

5.4 Pre-Feasibility Study and Preliminary Economic Assessment

The Company shall use reasonable commercial efforts to complete a Resource Statement, Preliminary Economic Assessment and Pre-Feasibility Study for the Project (as determined by the Board) as soon as possible after the Phase 1 Closing Date and to develop the geological, engineering, environmental and other technical information required to produce the same and will deliver each of the Resource Statement, Preliminary Economic Assessment and Pre-Feasibility Study to the Purchasers together with all supporting documentation, including all geological and engineering data and analyses as contemplated in Section 2.2(a).

5.5 Stock Exchange Listing

The Company will remain a reporting issuer in good standing in Ontario, British Columbia and Alberta and will remain listed on the TSXV for a period of at least two years from the Phase 2 Closing Date or the date that the Purchasers determine not to exercise the Phase 2 Option. The Company may move its listing to the Toronto Stock Exchange only if all of the Purchasers' rights are preserved (including for certainty obtaining comfort from the Toronto Stock Exchange satisfactory to the Purchasers, acting reasonably, that the terms and conditions of the Phase 1 Option and Phase 2 Option as set out in this Agreement will be accepted by the Toronto Stock Exchange) and thereafter references to TSXV in this Agreement will mean and refer to the Toronto Stock Exchange.

ARTICLE 6 TERMINATION

6.1 Termination

This Agreement shall terminate upon:

- (a) the written agreement of the Parties;
- (b) written notice of the Purchasers in accordance with Section 4.1;
- (c) written notice of the Company in accordance with Section 4.2; or
- (d) written notice of the Purchasers on the dissolution or bankruptcy of the Company or any its Subsidiaries or the making by the Company or any of its Subsidiaries of an assignment under the provisions of the *Bankruptcy and Insolvency Act* (Canada) or the taking of any proceeding by or involving the Company or any of its Subsidiaries under the *Companies Creditors' Arrangement Act* (Canada) or any similar legislation of any jurisdiction.

ARTICLE 7 POST-CLOSING COVENANTS

7.1 Board Representation

The Company agrees and acknowledges that:

- (a) from and after the Phase 1 Closing Date, the Purchasers shall have the right to have one director appointed or elected to the Board (each director nominee of the Purchasers, a "**Nominee**", and the Nominee appointed or elected following the Phase 1 Closing Date, the "**Phase 1 Nominee**") and, subject to TSXV approval of the Phase 1 Nominee, the Company will ensure that the Phase 1 Nominee is appointed to the Board as soon as possible after the Phase 1 Closing Date and in any event within 20 days following the Phase 1 Closing Date (by way of resignation and replacement of an existing Board member by the Phase 1 Nominee), provided that if the Phase 1 Nominee is not so appointed or elected within 20 days then the Company shall cause a shareholder meeting to be held as soon as possible for the purposes of seeking approval to effect same;

- (b) from and after the Phase 2 Closing Date, the Purchasers shall have the right to have appointed or elected to the Board a number of Nominees (the “**Phase 2 Nominees**”) which results in representation of the Purchasers on the Board which is at least proportionate to the proportion of the total number of Common Shares held by the Purchasers calculated on the basis of the number of the Company’s issued and outstanding Common Shares, rounded to the nearest whole number; subject to TSXV approval of the Phase 2 Nominees, the Company will ensure that such Phase 2 Nominees are appointed to the Board as soon as possible after the Phase 2 Closing Date and in any event within 20 days of such date (by way of resignation and replacement of existing Board member(s) by the Phase 2 Nominee(s)), provided that if the Phase 2 Nominee(s) are not so appointed or elected within 20 days then the Company shall cause a shareholder meeting to be held as soon as possible for the purposes of seeking approval to effect same;
- (c) during the term hereof the Company shall ensure that the Nominees of the Purchaser are included in the group of individuals which are nominated by the Company (or the Board or management of the Company) at each shareholder meeting of the Company during the term hereof which is held, and that the number of such nominees put forward for election does not exceed the then current Board size;
- (d) subject to Section 7.1(i), should a Nominee of the Purchasers or any Purchaser be put forward for election as a director to the Board by the Company, or be appointed to the Board by the Board at a time when the Purchasers are not entitled to such appointment or election under this Section 7.1, such appointment or election shall nevertheless be valid and such director need not resign;
- (e) the Board shall have no more than six directors and the Board shall not (i) resolve to increase the number of directors to more than six directors, except where required by applicable Canadian Securities Commissions or the TSXV and where the new Board member is unanimously approved by the Board or (ii) present a list of directors to the shareholders of the Company for election that is greater than six directors;
- (f) for so long as the Purchasers have the right hereunder to the appointment or election of one or more Nominees to the Board, the Company shall ensure that at least one Nominee is appointed to each committee of the Board and each other committee formed by the Company (or the Board or management of the Company), the mandate of which includes considering or advising on the development of the Project or the Company’s other mining projects and/or technical matters relating to the Project or such mining projects, evaluating and recommending project financing and issuance of any equity securities of the Company, management appointments or compensation policies;
- (g) the Purchasers shall be entitled to replace Nominees upon notice to the Company, and upon such notice or upon the death, inability to act or resignation of any Nominee, the Company shall ensure that one or more different Nominees nominated by the Purchasers shall be appointed as a director by filling the vacancy created by the resignation of such Nominee to be replaced;

- (h) the Company shall maintain reasonable and customary directors' and officers' liability insurance coverage for any Nominees as directors of the Company. The Company shall ensure that the indemnification arrangements in place for other Board members apply equally to the Nominees; and
- (i) the right to have Nominee(s) appointed or elected to the Board under this Section 7.1 shall apply from the Phase 1 Closing Date and shall continue to apply for so long as the Purchasers (and their permitted transferees) hold at least 50% of the Common Shares acquired from the Company under this Agreement (including, if applicable, Common Shares acquired pursuant to the exercise of Purchase Warrants). After such time, if the Purchasers (and their permitted transferees) hold less than 50% of such Common Shares, the right to have Nominee(s) appointed or elected to the Board under this Section 7.1 shall cease to apply and the Company shall have the right to request that the Nominee(s) resign their positions as directors and, if so requested, the Nominee(s) shall resign from their positions as directors.

7.2 Shareholder Meetings

Other than Shareholder Approval and Regulatory Approval, the Company represents and warrants that there are currently no shareholder or regulatory approvals required to carry out the terms of this Agreement. The Company shall, and shall cause its transfer agent, to complete any exercise of Purchase Warrants (including the issuance of share certificates) as quickly as possible after notice of exercise is submitted by a Purchaser to the Company or its transfer agent.

7.3 Issuances of Additional Shares

- (a) If at any time following the Phase 1 Closing Date, any additional Shares, options to purchase Shares or securities exercisable for or convertible into Shares (collectively referred to as "**Additional Securities**") are to be issued by the Company, the Company shall provide notice to the Purchasers of the Company's intention to issue Additional Securities, the number of such Additional Securities to be issued and the price and other terms and conditions of such Additional Securities. The Purchasers shall have the right to purchase all or any part of the Additional Securities so offered so as to maintain their proportionate amounts of Common Shares in the Company based upon the number of Common Shares beneficially owned by all the shareholders of the Company on a Fully Diluted Basis at the date notice is given of such offer, provided, however, that if the Purchasers own less than 19.9% of the Company's outstanding Common Shares on a Fully Diluted Basis they will be entitled to purchase more than their proportionate amount until their ownership level reaches 19.9% of the outstanding Common Shares on a Fully Diluted Basis. The Purchasers shall have 10 Business Days from the date such notice is given to give notice to the Company of the intention to purchase all or any part of the Additional Securities to which they are entitled and shall indicate in such notice the number of Additional Securities which the Purchasers will purchase (which number may be less than what is needed for the Purchasers to maintain their proportionate amounts of Common Shares in the Company). Such Additional Securities may be allocated among the Purchasers as the Purchasers decide.

- (b) The Company shall not complete the issuance of Additional Securities unless any applicable Regulatory Approvals are first obtained which will permit the Purchasers to exercise their rights under this Section 7.3, including, if applicable, Shareholder Approval. The Company will use commercially reasonable efforts to obtain any such approvals, including, if necessary, holding a shareholders meeting, in which case the Company shall recommend in the management information circular and any related public disclosure documents that shareholders vote in favour of the resolution described in this Section 7.3. If the Company is unable to obtain all necessary Regulatory Approvals and Shareholder Approvals, then the number of Additional Securities the Purchasers may purchase under this Section 7.3 shall be reduced to that number which the Purchasers could purchase without such approvals becoming necessary or as permitted by the approvals which are obtained, as applicable. Only after determination of the Additional Securities which the Purchasers will purchase shall the Additional Securities be offered to other potential investors.
- (c) The transaction of any purchase and sale by the Company to the Purchasers under this Section 7.3 shall be completed on the date specified by the Board, subject to any required Regulatory Approvals or Shareholder Approvals. Any Additional Securities not taken up by the Purchasers may be issued to such other Persons as the Board determines within three months of such Additional Securities having been first offered to the Purchasers, at not less than the price and on terms substantially the same offered to the Purchasers.
- (d) Notwithstanding Section 7.3(a) above, (i) in the event of a private placement of Additional Securities where the Company engages a selling agent, the Company will ensure that the selling agent does not receive a fee (including by way of cash, warrants or other securities issued by the Company) in respect of the portion of the Additional Securities purchased by the Purchasers, and (ii) in the event of a public offering of Additional Securities, the Company will ensure that the Purchasers may purchase their Additional Securities on a non-brokered private placement basis concurrent with the public offering (or in the public offering, at the election of the Purchasers) and that the underwriter of such public offering does not receive a fee (including by way of cash, warrants or other securities issued by the Company) in respect of the portion of the Additional Securities purchased by the Purchasers. Any fee that otherwise would be payable to the agents in respect of such financing (including cash, warrants or other securities issued by the Company, other than broker's warrants) will, subject to Regulatory Approval, be payable to PRCM such that the fee to PRCM shall be payable at the same rate as payable to the agents in respect of securities issued to other purchasers in such financing (the "**Agent's Percentage**"), based on the number of Additional Securities that the Purchasers have elected to purchase under this Section 7.3. If the Company approaches the Purchasers to provide such financing (and has not otherwise engaged an agent), PRCM shall be entitled a fee equal to 3.5% of the proceeds of sales of such securities. In the event that the aggregate amount of fees payable to PRCM under this Section 7.3 for a private placement or public offering of Additional Securities, after being subtracted from the aggregate purchase price for such securities, results in an effective price per Additional

Security that is below the maximum discount from the market price per Additional Security permitted by the TSXV rules, then the aggregate fees payable to PRCM shall be reduced such that the effective aggregate purchase price, after subtracting the reduced aggregate fees payable, shall be equal to the price determined by applying the maximum discount from the market price of the Additional Securities permitted by the TSXV rules.

- (e) The rights granted to the Purchasers by this Section 7.3 shall not apply (i) to the existing participation rights granted by the Company and held by HudBay Minerals Inc., (ii) to any acquisition, amalgamation or other form of business combination involving the Company, provided that such transaction receives the approval of the Board and the shareholders of the Company, (iii) issuance by the Company of securities to acquire property, provided that such transaction receives the approval of the Board; (iv) upon the exercise of conversion or exchange rights attached to other securities previously issued by the Company as of the date of this Agreement or in compliance with Section 7.3(a) above; or (v) pursuant to the approved option plan of the Company then in effect.
- (f) For the 12 month period following the Phase 1 Closing Date and for the 12 month period following the Phase 2 Closing Date (but only if closing has occurred on either of such dates), the Company will not raise equity or issue convertible securities at a price less than the Phase 1 Purchase Price or the Phase 2 Purchase Price, respectively, without the prior written consent of the Purchasers, acting reasonably.
- (g) The right to participate in additional share issuances under this Section 7.3 shall apply from the Phase 1 Closing Date and shall continue to apply until (i) the Purchasers (and their permitted transferees) no longer hold at least 10% of the Common Shares acquired from the Company under this Agreement (including, if applicable, Common Shares acquired pursuant to the exercise of Purchase Warrants) and (ii) the Purchasers first decline to exercise their rights under this Section 7.3 to participate in additional share issuances. After such time, the right to participate in additional share issuances under this Section 7.3 shall cease to apply.

7.4 Information Rights and Reporting Obligations

- (a) The Company shall keep the Purchasers informed about the Company's efforts with respect to the exploration, evaluation and future development of the Project and with respect to the Company's other properties including, without limitation, the status of the Resource Statement, Preliminary Economic Assessment, Pre-Feasibility Study, Feasibility Study, and any other prefeasibility study, feasibility study, work programme and/or budget for any other property of the Company and shall, at the Purchasers' request, provide copies of all technical and financial information and each such prefeasibility study, feasibility study, work programme and/or budget and supporting documents for same and other relevant documents relating to the Project and each such other property. The Purchasers shall have the right from time to time on reasonable notice to enter any property of the Company and also have the right to consult with key personnel of the Company (and its

Subsidiaries) from time to time, in each case at the Purchasers' cost. Without limiting the foregoing:

- (i) The Purchasers shall have the right to review the books, records and accounts related thereto and of the Company generally.
- (ii) The Company shall provide monthly summary reports on the status of the Project, in form acceptable to the Purchasers, acting reasonably.
- (iii) The Company shall provide quarterly project management reports and financial accounts for the Project in form acceptable to the Purchasers, acting reasonably.
- (iv) The Company shall deliver, within 120 days of each financial year end of the Company, one copy of its annual audited financial statements, including the balance sheet and statements of income, retained earnings and changes in financial position, together with all supporting schedules, together with the report thereon by the Company's auditor.
- (v) Prior to the end of each financial year end of the Company, the Company shall deliver to the Purchasers a copy of the Company's business plan for the following fiscal year.
- (vi) The Company shall provide such other financial and business information as the Purchasers may reasonably request from time to time.
- (vii) At the Purchasers' request, representatives of the Purchasers may conduct one or more site visits at the Project, or any other property held (directly or indirectly) by the Company, which visit will provide an update with respect to, among other things:
 - (A) project drilling results and scope of the relevant resource statements, assessments and studies;
 - (B) the status of required permits for drilling and plan to procure permits (including environmental, explosives, water rights and access, land use, construction/operating) to implement project development/construction/ operation;
 - (C) project power consumption, access to local grid and alternatives; and
 - (D) any other project related technical, environmental, government and public relations information and updates.

7.5 Exit

The Parties acknowledge that each Purchaser is a ten year closed-end investment fund with (i) restrictions in its constating documents (and any amendments thereto), and (ii) obligations to its investors with respect to termination and redemption of the fund.

7.6 Registration Rights – Demand Rights

- (a) The Purchasers shall have the right at any time after the Phase 1 Closing Date to make a written request (a “**Prospectus Request**”) that the Company effect the filing of a preliminary prospectus and a final prospectus (collectively, a “**Prospectus**”) with any of the Canadian Securities Commissions (which request shall specify the Canadian Securities Commissions with which the Prospectus shall be filed) to qualify for Distribution any or all Eligible Securities beneficially owned by the Purchasers (the Eligible Securities so requested to be qualified are the “**Demand Prospectus Shares**”, and the right of the Purchasers to make such a request under this Section 7.6(a) is the “**Canadian Demand Distribution Right**”), provided, however, that such request shall specify the intended method of disposition of Eligible Securities (which may include by way of an underwritten public offering) by the Purchasers and shall cover in the aggregate at least a number of Eligible Securities equal to 50% of the Common Shares held by the Purchasers after the Phase 1 Closing Date.
- (b) The Company shall not be obligated to effect, or to take any action to effect, any such registration pursuant to this Section 7.6 if the Company furnishes to the Purchasers a certificate signed by the President of the Company stating that in the good faith judgment of the Board, either: (i) the effect of the filing would materially impede the ability of the Company to consummate a significant transaction which is underway or under consideration by the Board; or (ii) there exists at the time material non-public information relating to the Company the disclosure of which would be seriously detrimental to the Company, and that, in each case, it is on that basis alone, in the best interests of the Company to defer the filing of such prospectus at such time, then the Company’s obligation to use its reasonable best efforts to register, qualify or comply under this Section 7.6 shall be deferred for a period of not more than 90 days from the date of receipt of the request of the Purchasers in accordance with Section 7.6(a).
- (c) The Purchasers are entitled to exercise their rights under Section 7.6(a) one time. If, following a Prospectus Request the Distribution of Demand Prospectus Shares is not completed, such Prospectus Request shall be considered to have been withdrawn and shall not be considered to be the Prospectus Request to which the Purchasers are entitled pursuant to Section 7.6(a) in the event that such non-completion is due to the withdrawal of the request by the Purchasers, if the Purchasers agree to bear the Qualification Expenses in respect thereof.
- (d) Subject to Section 7.6(a), in the event that the Canadian Demand Distribution Right is exercised, the Company shall in a timely manner, use commercially reasonable efforts to cause the Demand Prospectus Shares to be qualified for Distribution pursuant to a Prospectus filed with the Canadian Securities Commissions identified in the Prospectus Request and to effect and to comply with all such regulatory qualifications, compliances and requirements as may be necessary to permit the offer and sale or other transfer of the Demand Prospectus Shares in the manner described in the Prospectus Request, provided, however, that if, at the time the Canadian Demand Distribution Right is exercised, the Demand Prospectus Shares may be sold immediately without complying with the

prospectus and registration requirements under applicable Securities Laws or the rules thereunder with respect to “control distributions” (as defined in National Instrument 45-102 promulgated under the *Securities Act* (British Columbia) or any successor or replacement thereof), and counsel to the Company delivers a legal opinion to such effect, addressed and reasonably acceptable to the Purchasers and the Company’s transfer agent, then the Company shall not be required to take any action with respect to such Prospectus Request or other steps contemplated hereby with respect to such Demand Prospectus Shares. The Company hereby agrees to indemnify the Purchasers against, and hold them harmless from, all damages, losses, liabilities (including liability for rescission), costs and expenses that are directly and solely attributable to the sale of such Demand Prospectus Shares by it in reliance upon such opinion as a result of such opinion being incorrect.

- (e) In the event that the Canadian Demand Distribution Right is exercised and, in connection therewith, the Purchasers make a distribution of Eligible Securities to any of its investors, partners or Affiliates, any Prospectus previously filed in connection therewith shall be supplemented or amended, as applicable, to provide for the resale by such investors, partners or Affiliates, if so requested by the Purchasers within 30 days after such distribution.
- (f) If the Purchasers intend to effect the Distribution of the Demand Prospectus Shares by means of an underwritten offering, they shall so advise the Company in the Prospectus Request, as applicable. In such event, the Company and the Purchasers shall enter into an underwriting agreement in customary form with the representative of the underwriter or underwriters selected for such underwriting by the Purchasers, which underwriter or underwriters shall be reasonably acceptable to the Company.
- (g) No additional shareholders of the Company shall be permitted to sell any Shares or other securities of the Company as part of any Distribution to which this Section 7.6 applies unless, and only to the extent that, the Purchasers consent in writing.
- (h) The Purchasers agree to use commercially reasonable efforts to assist the Company with such Distribution to the extent reasonably necessary for the completion of such Distribution.
- (i) All Qualification Expenses incurred in connection with any Distribution pursuant to this Section 7.6 shall be borne as to half of such amounts, to a maximum of \$200,000, by the Purchasers, and to the balance by the Company.

7.7 Registration Rights - Piggyback Rights

- (a) In the event that, at any time, the Company proposes to file a Prospectus with the Canadian Securities Commissions to qualify the Distribution of any Shares to be issued by the Company (a “**Canadian Offering**”), then the Company shall give to the Purchasers at least 15 days written notice (a “**Piggyback Notice**”) prior to the filing of any Prospectus with any of the Canadian Securities Commissions to be

used in connection with a Canadian Offering and specifying the date, which shall not be less than 15 days from the date of the Piggyback Notice, by which the Supplemental Prospectus Notice referred to in Section 7.7(b) below must be returned to the Company.

- (b) In the event that a Piggyback Notice shall have been so given, the Purchasers, at their election, may give to the Company a written notice (a “**Supplemental Prospectus Notice**”):
- (i) specifying the number of Eligible Securities (“**Supplemental Prospectus Shares**”) proposed to be sold or otherwise transferred by the Purchasers; and
 - (ii) requesting the inclusion thereof for Distribution under such Prospectus, as applicable;

provided, however, that such Supplemental Prospectus Notice shall be so given by the Purchasers not later than the date specified in the Prospectus Notice.

- (c) From and after receipt of a Supplemental Prospectus Notice given by the Purchasers in connection with a Canadian Offering, the Company shall in a timely manner cause the Supplemental Prospectus Shares of the Purchasers to be qualified for Distribution pursuant to the Prospectus filed with the Canadian Securities Commissions in connection with such Canadian Offering and to effect and to comply with all such regulatory qualifications, compliances and requirements as may be necessary to permit the offer and sale or other transfer of the Supplemental Prospectus Shares, including pursuant to any underwriting of the Canadian Offering.
- (d) If the Purchasers exercise their rights pursuant to this Section 7.7 in connection with an underwritten Canadian Offering, the Company and the Purchasers shall enter into an underwriting agreement in customary form with the representative of the underwriter or underwriters selected for such underwriting by the Company or another shareholder, as the case may be.
- (e) If the lead underwriter of such offering advises the Company and the Purchasers that the inclusion of some or all of the Supplemental Prospectus Shares would, in such lead underwriter’s judgment, materially interfere with the proposed Canadian Offering or:
- (i) in the case of a Canadian Offering initiated by the Company, the number of Shares that may be included shall be allocated (A) first to the Company, (B) second to the Purchasers, and (C) third to any other shareholder with piggyback rights; and
 - (ii) in the case of a Canadian Offering initiated by the Purchasers or another shareholder, if any, with demand registration rights,

then the number of Shares that may be included shall be allocated first to the Purchasers or the shareholder making the demand, as the case may be, then allocated to the Purchasers, the Company and the other shareholder with piggyback rights, as the case may be, *pro rata* based on the number of Shares requested to be included by such Person, as the case may be.

- (f) Notwithstanding any of the provisions contained in this Section 7.7, the Company shall have the right to delay or abandon any Canadian Offering proposed by it pursuant to Section 7.7(a) at any time in the event that the Board determines in good faith that such delay or abandonment is in the best interest of the Company, and the Company shall have no obligations or liabilities hereunder upon any such determination.
- (g) The Purchasers may withdraw all or part of their Supplemental Prospectus Shares at any time.
- (h) All Qualification Expenses incurred in connection with any Distribution pursuant to this Section 7.7 shall be borne by the Company.
- (i) The right to exercise piggyback rights under this Section 7.7 shall apply from the Phase 1 Closing Date and shall continue to apply for so long as the Purchasers (and their permitted transferees) hold at least 10% of the Common Shares acquired from the Company under this Agreement (including, if applicable, Common Shares acquired pursuant to the exercise of Purchase Warrants). After such time, the right to exercise piggyback rights under this Section 7.7 shall cease to apply.

7.8 Protection of Purchasers' Rights

After the date hereof, the Company shall not grant to any Person registration rights more favourable than those in effect in favour of the Purchasers under this Agreement at the relevant time nor shall it reduce the Shares the Purchasers can include in a Canadian Offering without the Purchasers' prior written consent.

ARTICLE 8 INDEMNIFICATION

8.1 General Indemnification

- (a) The Company shall indemnify and save harmless the Purchasers, their directors, officers, agents, Nominees, employees and shareholders (collectively referred to as the "**Purchaser Indemnified Parties**") from and against all claims, whether or not arising due to third party claims, which may be made or brought against the Purchaser Indemnified Parties, or which they may suffer or incur, directly or indirectly, as a result of or in connection with or relating to:
 - (i) any non-fulfilment or breach of any covenant or agreement on the part of the Company contained in this Agreement or in any certificate or other

document furnished by or on behalf of the Company pursuant to this Agreement; and

- (ii) any misrepresentation or any incorrectness in or breach of any representation or warranty of the Company contained in this Agreement or in any certificate or other document furnished by or on behalf of the Company pursuant to this Agreement, disregarding any knowledge, materiality or other qualification contained in any such representation or warranty.

8.2 Indemnification by the Company

In the event of any Prospectus filed pursuant to Sections 7.6 or 7.7 covering Eligible Securities beneficially owned by the Purchasers, the Company will indemnify and hold harmless the Purchasers, each of their officers, directors, partners and each Person, if any, who controls the Purchasers within the meaning of the Securities Laws, as the case may be, (collectively, the “**Indemnitees**”) against any losses, claims, damages, costs, expenses (including legal fees reasonably incurred, as incurred) or liabilities (or actions, proceedings or settlements in respect thereof) to which such Indemnitees become subject, under the Securities Laws or otherwise, insofar as such losses, claims, damages, costs, expenses or liabilities (or actions, proceedings or settlements in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in the related Prospectus or any related document incidental thereto, or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances in which they were made or any violation by the Company of the Securities Laws or any other applicable securities laws and relating to action or inaction required of the Company in connection with any qualification or compliance contemplated hereby; provided, however, that the Company will not be liable in any such case to an Indemnitee to the extent that any such loss, claim, damage, cost, expense, liability or action arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in such Prospectus or amendment or supplement thereto, in reliance upon and in conformity with written information furnished by such Indemnitee specifically for use therein. The Company also agrees to reimburse each Indemnitee for any legal or other expenses reasonably incurred by such Indemnitee in connection with investigating or defending any such loss, claim, damage, liability or action.

8.3 Indemnification Procedure

- (a) Promptly after receipt by an indemnified party under Section 8.1 of notice of the commencement of any action, such indemnified party shall, if a claim in respect thereof is to be made against any indemnifying party under Section 8.1, notify the indemnifying party of the commencement thereof; provided, however, that failure to so notify the indemnifying party shall not affect an indemnifying party’s obligations hereunder, except to the extent that the indemnifying party is materially prejudiced by such failure. The indemnifying party shall be entitled to appoint counsel of the indemnifying party’s choice at the indemnifying party’s expense to represent the indemnified party in any action for which indemnification is sought (in which case the indemnifying party shall not thereafter be responsible for the fees and expenses of any separate counsel

retained by the indemnified party or parties except as set forth below); provided, however, that such counsel shall be reasonably satisfactory to the indemnified party. Notwithstanding the indemnifying party's election to appoint counsel to represent the indemnified party in an action, the indemnified party shall have the right to employ separate counsel (including local counsel), and the indemnifying party shall bear the reasonable fees, costs and expenses of such separate counsel if (i) the use of counsel chosen by the indemnifying party to represent the indemnified party would present such counsel with a conflict of interest, (ii) the actual or potential defendants in, or targets of, any such action include both the indemnified party and the indemnifying party and the indemnified party shall have reasonably concluded that there may be legal defences available to it and/or other indemnified parties which are different from or additional to those available to the indemnifying party, (iii) the indemnifying party shall not have employed counsel reasonably satisfactory to the indemnified party to represent the indemnified party within a reasonable time after notice of the institution of such action, or (iv) the indemnifying party shall authorize the indemnified party to employ separate counsel at the expense of the indemnifying party.

- (b) No indemnifying party shall, without the prior express written consent of the indemnified party, consent to any judgment or effect any settlement of any pending or threatened action, suit or proceeding in respect of which any indemnified party is or could have been a party and indemnity could have been sought hereunder by such indemnified party, unless such settlement includes an unconditional release of such indemnified party from all liability on claims that are the subject matter of such action, suit or proceeding.

8.4 Contribution

If the indemnification provided for in this Article 8 is held by a court of competent jurisdiction to be unavailable to an indemnified party with respect to any losses, claims, damages, costs, expenses or liabilities referred to herein, the indemnifying party, in lieu of indemnifying such indemnified party hereunder, shall contribute to the amount paid or payable by such indemnified party as a result of such loss, claim, damage, cost, expense, liability or action in such proportion as is appropriate to reflect the relative fault of the indemnifying party on the one hand and of the indemnified party on the other in connection with matters that resulted in such loss, claim, damage, cost, expense, liability or action, as well as any other relevant equitable considerations. The relative fault of the indemnifying party and of the indemnified party shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission to state a material fact relates to information supplied by the indemnifying party or by the indemnified party and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

ARTICLE 9 GENERAL

9.1 Assignment

This Agreement shall not be assignable by the Company without the prior written consent of the Purchasers. Each Purchaser may assign this Agreement in whole or in part to any Affiliate or

other designee of such Purchaser without the prior written consent of the Company, but shall notify the Company in advance of any such assignment, and provided that such Affiliate agrees to be bound by this Agreement. Any such assignment of this Agreement by a Purchaser shall not relieve the Purchaser from any liability for its obligations under this Agreement. For certainty, two or more Purchasers may assign their rights hereunder to a common vehicle.

9.2 Confidentiality

Effective as of the date of this Agreement, the Confidentiality Agreement shall be separately amended to permit the Purchasers to purchase up to 3,000,000 of the Company's issued and outstanding Common Shares from third parties in the open market, pursuant to block trades or otherwise in compliance with relevant exchange rules and Securities Laws, provided the Purchasers do not trigger a requirement for a formal take-over bid or formal insider-bid to be made pursuant to any of Part XX of the *Securities Act* (Ontario), Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* or Multilateral Instrument 62-104 *Take-Over Bids and Issuer Bids*.

9.3 Survival

Each Party hereto acknowledges that the representations, warranties and agreements made by it herein are made with the intention that they may be relied upon by the other Parties. The Parties further agree that the representations, warranties and agreements shall survive the purchase and sale of the Units and shall continue in full force and effect for a period of two years from the Phase 2 Closing Date or the date that the Purchasers determine not to exercise the Phase 2 Option, notwithstanding any subsequent disposition by any Purchaser of the Units or any termination of this Agreement. This Agreement shall be binding upon and shall enure to the benefit of the Parties hereto, their respective successors, assigns and legal representatives.

9.4 Currency

All references to dollars in this Agreement are references to Canadian currency, except where indicated to be in U.S. dollars.

9.5 Further Assurances

Each of the Parties shall promptly do, make, execute, deliver, or cause to be done, made, executed or delivered, all such further acts, documents and things as the other Parties may reasonably require from time to time for the purpose of giving effect to this Agreement and shall use reasonable efforts and take all such steps as may be reasonably within its power to implement to their full extent the provisions of this Agreement.

9.6 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable in Ontario.

9.7 Public Notices/Press Releases

All public notices to third parties and all other publicity concerning the transactions contemplated by this Agreement shall be jointly planned by the Parties and no Party shall act

unilaterally in this regard without the prior written approval of the other Parties, such approval not to be unreasonably withheld, except where disclosure is required by law or by the applicable regulations or policies of any regulatory agency of competent jurisdiction or any stock exchange in circumstances where prior consultation with the other Parties is not practicable.

9.8 Notices

All notices, requests, demands and other communications under this Agreement (in this Section referred to as “**Notice**”) shall be deemed to have been duly given and made if in writing and if served by personal delivery upon the Party for whom it is intended or delivered, or if sent by facsimile transmission or E-mail, upon confirmation that such transmission has been properly effected, to the Person at the address set forth below, or such other address as may be designated in writing hereafter, in the same manner, by such Person. The date of receipt of any such notice or other communication if delivered personally shall be deemed to be the date of delivery thereof, or if sent by facsimile transmission or E-mail, the date of such transmission if sent on a business day, failing which it shall be deemed to have been received on the next business day.

- (a) in the case of a Notice to the Company at:

1305-1090 W Georgia St.
Vancouver, BC
V6E 3V7

Attention: Nick DeMare
Fax: (604) 683-1585
E-mail: ndemare@chasemgt.com

With a copy in the case of Notice to the Company (which shall not constitute Notice) to:

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

Attention: Andrea FitzGerald
Facsimile: (416) 640-3194
E-mail: afitzgerald@casselsbrock.com

- (b) in the case of a Notice to Fund II Trust at:

Level 23
Goldfields House
1 Alfred Street
Sydney, NSW 2000
Australia

Attention: Company Secretary
Facsimile: +612 9241 2255

in the case of a Notice to Fund II LP at:

89 Nexus Road
Camana Bay
Grand Cayman, KY1-9007
Cayman Islands

Attention: Company Secretary
Facsimile: +1 345 949 9877

With a copy in the case of Notice to Fund II Trust and Fund II LP (which shall not constitute Notice) to:

Osler, Hoskin & Harcourt LLP
P.O. Box 50,
1 First Canadian Place
Toronto, Ontario
M5X 1B8

Attention: John Groenewegen
Facsimile: (416) 862-6666
E-mail: jgroenewegen@osler.com

9.9 Counterparts

This Agreement may be signed by facsimile or by E-mailed scanned copy and in counterparts and each such counterpart shall constitute an original document and such counterparts, taken together, shall constitute one and the same instrument.

[Remainder of the page intentionally left blank]

IN WITNESS WHEREOF the Parties hereto have executed this Agreement as of the date first above written.

**PACIFIC ROAD CAPITAL II PTY
LIMITED, as trustee for PACIFIC ROAD
RESOURCES FUND II**

By: "Gregory Dick"

Name: Gregory Dick

Title: Director

**PACIFIC ROAD CAPITAL
MANAGEMENT GP II LIMITED,
as general partner of
PACIFIC ROAD RESOURCES FUND II
L.P.**

By: "Evan Burtton"

Name: Evan Burtton

Title: Director

By: "Inderjit Singh"

Name: Inderjit Singh

Title: Director

CUORO RESOURCES CORP.

By: "Robert Sedgemore"

Name: Robert Sedgemore

Title: President and Chief Executive
Officer

By: "Dave Doherty"

Name: Dave Doherty

Title: Directo

SCHEDULE A
REPRESENTATIONS AND WARRANTIES OF THE PURCHASERS

Each Purchaser severally (and not jointly) represents and warrants to and in favour of the Company and acknowledges that the Company is relying on such representations and warranties in connection with the Agreement and the transactions contemplated therein:

- (a) this Agreement has been duly executed and delivered by the Purchaser and constitutes a legal, valid and binding contract of the Purchaser enforceable against the Purchaser in accordance with its terms and will not violate or conflict with the constating documents of the Purchaser or the terms of any restriction, agreement or undertaking to which the Purchaser is subject;
- (b) if the Purchaser is a corporation, the Purchaser is a valid and subsisting corporation, has the necessary corporate power and authority to execute and deliver this Agreement and to observe and perform its covenants and obligations hereunder and has taken all necessary corporate action in respect thereof;
- (c) if the Purchaser is a trust, the Purchaser is a valid and subsisting trust, the trustees have the necessary power and authority to execute and deliver this Agreement and to observe and perform the Purchaser's covenants and obligations hereunder and has taken all necessary action in respect thereof;
- (d) the Purchaser is entitled to purchase Units pursuant to the laws of the jurisdiction which it is resident and the Company is not required to file a prospectus or registration statement or similar document under such laws in order to sell the Units to such Purchaser;
- (e) the Purchaser is purchasing as principal and will purchase Units with an aggregate acquisition cost of at least \$150,000;
- (f) in evaluating the suitability of an investment in the Company, the Purchaser has not relied upon any representation or warranty (oral or written) of any Person, except those set forth in Schedule B. The Purchaser agrees that except for the representations and warranties made by the Company expressly set forth in Schedule B, neither the Company nor any of its Affiliates or representatives has made and will not be construed as having made to the Purchaser or to any to any Affiliate or representative thereof any representation or warranty of any kind. Without limiting the foregoing, the Purchaser agrees that neither the Company nor any Affiliate or representative thereof makes or has made any representation or warranty to the Purchaser or any Affiliate or representative thereof with respect to any information, statement or documents made available to the Purchaser or its Affiliates or representatives with respect to the Company or the Subsidiaries, or the business of the Company or the Subsidiaries;
- (g) the Purchaser is acquiring the Units (which for the purpose of this Section includes the Underlying Securities) without a view to immediate resale or distribution of any part thereof and will not resell or otherwise transfer or dispose

of the Units or any part thereof except in accordance with the provisions of applicable Securities Laws;

- (h) the Purchaser acknowledges and agrees that the sale and delivery of the Units to the Purchaser is conditional upon such sale being exempt from the requirements under applicable Securities Laws requiring registration and the filing of a prospectus or delivery of an offering memorandum in connection with the distribution of the Units. The Purchaser acknowledges and agrees that no securities regulatory authority has reviewed or passed upon the merits of the investments in the Units or the Underlying Securities;
- (i) the Purchaser has not been provided with, has not requested, and does not need to receive an offering memorandum as defined in applicable Securities Laws. The offer and sale to the Purchaser of the Units was not made through or as a result of, and the distribution of the Units is not being accompanied by, any advertisement in printed public media, of general and regular paid circulation, radio or television or telecommunications, including electronic display or any other form of advertisement;
- (j) the Purchaser has such knowledge and experience in financial and business affairs as to be capable of evaluating the merits and risks of the investment in the Units and is able to bear the economic risk of loss of such investment; and
- (k) prior to the execution of this Agreement, neither the Purchaser nor any Affiliate of the Purchaser owns, directly or indirectly, or exercises control or direction over, any securities of the Company.

SCHEDULE B
REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The Company represents and warrants to and in favour of the Purchasers and acknowledges that the Purchasers are relying on such representations and warranties in connection with the Agreement and the transactions contemplated therein:

- (a) Incorporation and Organization: the Company and each Subsidiary has been incorporated and organized and is a valid and subsisting corporation under the laws of its jurisdiction of incorporation and has all requisite corporate power and authority to carry on its business as now conducted and to own or lease and operate the property and assets thereof and the Company has all requisite corporate power and authority to enter into, execute and deliver this Agreement, issue the Common Shares and Purchase Warrants and to otherwise carry out its obligations hereunder;
- (b) Subsidiaries: the only Subsidiary of the Company is Minera CuOro S.A.S. of which the Company holds all outstanding shares in the capital of such Subsidiary;
- (c) Bankruptcy: the Company and each Subsidiary have not committed an act of bankruptcy, are not insolvent, have not proposed a compromise or arrangement to creditors generally, have not had a petition or a receiving order in bankruptcy filed against any of them, have not made a voluntary assignment in bankruptcy, have not taken any proceedings with respect to a compromise or arrangement, have not taken any proceedings to be declared bankrupt or wound-up, have not taken any proceedings to have a receiver appointed for any of property and have not had any execution or distress become enforceable or become levied upon any of property;
- (d) Extra-provincial Registration: the Company and each Subsidiary is licensed, registered or qualified as an extra-provincial or foreign corporation in all jurisdictions where the character of the property or assets thereof owned or leased or the nature of the activities conducted by it make licensing, registration or qualification necessary and is carrying on the business thereof in material compliance with all applicable laws, rules and regulations of each such jurisdiction;
- (e) Securities Laws: the Company has complied and will comply fully in all material respects with the requirements of all applicable corporate and Securities Laws in relation to the issue of the Common Shares and Purchase Warrants and in all matters hereunder; forthwith after the Phase 1 Closing Date and the Phase 2 Closing Date, as the case may be, the Company shall file such forms and documents as may be required under applicable Securities Laws which, without limiting the generality of the foregoing, shall include a Form 45-106F1 as prescribed by the National Instrument 45-106 of the Canadian Securities Administrators;
- (f) Authorized Capital: the Company is authorized to issue an unlimited number of Common Shares. Before giving effect to the issuance of the Common Shares and

Purchase Warrants, the only shares of the Company that are issued and outstanding shall be 30,495,620 Common Shares. All such Shares have been duly authorized and validly issued as fully-paid and non-assessable Shares;

- (g) Options and Warrants: except for as disclosed in Schedule C hereto, no person, firm or company has any agreement, option, right or privilege (whether pre-emptive, contractual or otherwise) capable of becoming an agreement, for the purchase, acquisition, subscription for or issue of any of the unissued shares or other securities of the Company or a Subsidiary;
- (h) Issue of Common Shares and Purchase Warrants: all necessary corporate action has been taken to authorize the issue and sale of, and the delivery of the Common Shares and Purchase Warrants. The Common Shares issuable on exercise of the Purchase Warrants, when issued, will be validly issued as fully-paid and non-assessable Shares;
- (i) First Trade: the sale by the Purchasers of the Common Shares, Purchase Warrants and any Underlying Securities will be exempt from the prospectus requirements of the applicable Securities Laws and no document will be required to be filed and no proceeding taken or approval, permit, consent, order or authorization obtained under the securities laws in connection with such first trade, provided that:
 - (i) the Company is and has been a reporting issuer in a jurisdiction of Canada for the four months immediately preceding the trade;
 - (ii) at least four months have elapsed from the Closing Date of distribution of the Common Shares and Purchase Warrants;
 - (iii) the certificates representing the Common Shares and Purchase Warrants and if applicable, the Underlying Securities, carry a legend stating:

“Unless permitted under securities legislation, the holder of the security must not trade the security before [**insert date that is 4 months and a day after the distribution date**].”
 - (iv) such trade is not a control distribution (as such term is defined in Multilateral Instrument 45-102);
 - (v) no unusual effort is made to prepare the market to create a demand for the securities that are the subject of the trade;
 - (vi) no extraordinary commission or consideration is paid to a person or company in respect of the trade; and
 - (vii) if the Purchaser is an insider, the selling security holder has no reasonable grounds to believe the Company is in default of securities legislation.
- (j) Consents, Approvals and Conflicts: none of the offering and sale of the Units, the issuance of the Underlying Securities, the execution and delivery of this Agreement, the compliance by the Company with the provisions of this

Agreement or the consummation of the transactions contemplated herein and the issue of the Common Shares and Purchase Warrants to the Purchasers, for the consideration and upon the terms and conditions as set forth herein, do or will (i) require the consent, approval, or authorization, order or agreement of, or registration or qualification with, any governmental agency, body or authority, court, stock exchange, securities regulatory authority or other Person, except (A) such as have been obtained, and (B) Regulatory Approval which will be obtained for the Phase 1 Closing by the Phase 1 Closing Date and for the Phase 2 Closing by the Phase 2 Closing Date, (ii) conflict with or result in any breach or violation of any of the provisions of, or constitute a default under, any indenture, mortgage, deed of trust, lease or other agreement or instrument to which the Company is a party or by which it or any of the properties or assets thereof is bound, or (iii) conflict with or result in any breach or violation of any provisions of, or constitute a default under the notice of articles or articles of the Company or any resolution passed by the directors (or any committee thereof) or shareholders of the Company, or any statute or any judgment, decree, order, rule, policy or regulation of any court, governmental authority, any arbitrator, stock exchange or securities regulatory authority applicable to the Company or any of the properties or assets thereof which could have a material adverse effect on the condition (financial or otherwise), business, properties or results of operations of the Company;

- (k) Authority and Authorization: the Company has full corporate power and authority to enter into this Agreement and to do all acts and things and execute and deliver all documents as are required hereunder to be done, observed, performed or executed and delivered by it in accordance with the terms hereof and the Company has taken all necessary corporate action to authorize the creation, execution, delivery and performance of this Agreement and to observe and perform the provisions of this Agreement in accordance with the provisions hereof including, without limitation, the sale of the Units to the Purchasers, the issuance of the Common Shares and the Purchaser Warrants, the issuance of the Underlying Securities on conversion of the Purchase Warrants, all for the consideration and upon the terms and conditions set forth herein;
- (l) Validity and Enforceability: this Agreement has been authorized, executed and delivered by the Company and constitutes a valid and legally binding obligation of the Company enforceable against the Company in accordance with its terms;
- (m) Material Changes: there is not currently any material change, as defined in the Securities Laws, relating to the Company or change in any material fact, as defined in the Securities Laws, relating to the Company which has not been or will not be fully disclosed in accordance with the requirements of the Securities Laws and the policies of the TSXV;
- (n) Cease Trading: no order or suspending trading in securities of the Company nor prohibiting the sale of such securities has been issued to and is outstanding against the Company or its directors, officers or promoters or against any other companies that have common directors, officers or promoters and no investigations or proceedings for such purposes have been threatened or, to the best of the Company's knowledge, are pending or contemplated;

- (o) Reporting Issuer: the Company is a “reporting issuer” in the provinces of British Columbia, Alberta and Ontario, is not in default in any material respect under any Securities Laws applicable in such provinces and is in compliance, in all material respects, with the by-laws, rules and regulations of the TSXV;
- (p) Disclosure Record: no portion of the disclosure in all prospectuses, financial statements, information circulars, press releases and material change reports filed in the past 12 months on SEDAR (the “**Disclosure Record**”) contains an untrue statement of a material fact as of the date thereof nor do they omit to state a material fact which, at the date thereof, was required to have been stated or was necessary to prevent a statement that was made from being false or misleading in the circumstances in which it was made;
- (q) Ownership of Assets: the Company and the Subsidiaries are the beneficial owners of the properties, business and assets or the interests in the properties, business or assets referred to in the Disclosure Record, all agreements by which the Company or any of the Subsidiaries holds an interest in property, business or assets are in good standing according to their terms and the properties by which the Company or any of the Subsidiaries holds an interest are in good standing under the applicable laws, rules and regulations of the jurisdictions in which they are situated;
- (r) Financial Statements: the financial statements of the Company contained in the Disclosure Record, filed with any of the Commissions, have all been prepared in accordance with generally accepted accounting principles, accurately reflecting the financial position and all material liabilities (accrued, absolute, contingent or otherwise) of the Company as of the date thereof, and no adverse material changes in the financial position of the Company have taken place since the date thereof;
- (s) Compliance with Laws, Licences and Permits: the Company and each Subsidiary has conducted and is conducting its business in compliance in all material respects with all applicable laws, rules, regulations, tariffs, orders and directives of each jurisdiction in which it carries on business and possesses all material approvals, consents, certificates, registrations, authorizations, permits and licences issued by the appropriate provincial, state, municipal, federal or other regulatory agency or body necessary to carry on the business currently carried on by it, is in compliance in all material respects with the terms and conditions of all such approvals, consents, certificates, authorizations, permits and licences and with all laws, regulations, tariffs, rules, orders and directives material to the operations, and neither the Company nor any of the Subsidiaries has received any notice of the modification, revocation or cancellation of, any intention to modify, revoke or cancel or any proceeding relating to the modification, revocation or cancellation of any such approval, consent, certificate, authorization, permit or licence which, singly or in the aggregate, if the subject of an unfavourable decision, order, ruling or finding, would materially and adversely affect the conduct of the business or operations of, or the assets, liabilities (contingent or otherwise), condition (financial or otherwise) or prospects of, the Company or any of the Subsidiaries;

- (t) Corporate Governance: the Company has delivered copies of the corporate governance policies of the Company to the Purchasers, including the Audit Committee Charter approved May 2, 2012, the Code of Business Conduct and Ethics approved May 2, 2012 and the Whistleblower Policy adopted May 2, 2012, and such policies include all policies and charters currently required for the Company pursuant to Canadian securities laws and the policies of the TSXV that are applicable to the Company;
- (u) Environmental: (i) to the knowledge of the Company, neither the Company nor any of the Subsidiaries is in violation of any applicable laws relating to pollution, occupational health and safety or the environment (including ambient air, surface water, ground water, land surface or sub-surface strata), including laws relating to the release or threatened release of chemicals, pollutants, contaminants, wastes, toxic substances, hazardous substances, petroleum or petroleum by-products (collectively, “**Hazardous Materials**”) or the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials (collectively, “**Environmental Laws**”); (ii) the Company and each of the Subsidiaries have all permits, authorizations and approvals required under any applicable Environmental Laws and the Company and each of the Subsidiaries is in material compliance with such permits, authorizations and approvals; (iii) there are no pending, or to the knowledge of the Company, threatened administrative, regulatory or judicial actions, suits, demands, claims, liens, notices of non-compliance or violation, investigation or proceedings relating to any Environmental Laws against the Company or any of the Subsidiaries; and (iv) to the knowledge of the Company, there are no events or circumstances that would reasonably be expected to form the basis of an order for clean-up or remediation, or an action, suit or proceeding by any private party or governmental body or agency, against or affecting the Company or any of the Subsidiaries relating to any Environmental Laws;
- (v) Employment: the execution of this Agreement and the consummation of the transactions contemplated in this Agreement will not trigger the rights of any employee of the Company or any of the Subsidiaries under the terms of any employment agreement, option agreement or option plan or any other compensation arrangement with the Company or any of the Subsidiaries, including but not limited to the right to terminate employment or exercise a “change of control” provision;
- (w) Property Agreements: any and all of the agreements and other documents and instruments pursuant to which the Company or any of the Subsidiaries holds the property and assets thereof are valid and subsisting agreements, documents or instruments in full force and effect, enforceable in accordance with terms and neither the Company nor any of the Subsidiaries is in default of any of the material provisions of any such agreements, documents or instruments nor has any such default been alleged;
- (x) No Litigation: there are no actions, suits, proceedings, inquiries or investigations existing, pending or, to the knowledge of the Company after due inquiry, threatened against or adversely affecting the Company or any of the Subsidiaries

or to which any of the property or assets thereof is subject, at law or equity, or before or by any court, federal, provincial, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, which may in any way materially adversely affect the condition (financial or otherwise), property, assets, operations or business of the Company or any of the Subsidiaries or the ability of the Company or any of the Subsidiaries to perform the obligations thereof and neither the Company nor any of the Subsidiaries is subject to any judgment, order, writ, injunction, decree, award, rule, policy or regulation of any governmental authority, which, either separately or in the aggregate, may result in a material adverse effect on the condition (financial or otherwise), property, assets, operations or business of the Company or any of the Subsidiaries or the ability of the Company to perform its obligations pursuant hereto;

- (y) Mining Title: applying customary standards in the Canadian mining industry, the Company and each Subsidiary has sufficient title, clear of any title defect or encumbrance, to the Project and any other properties (other than property to which it is lessee, in which case it has a valid leasehold interest) and has good and sufficient title to the real property interests including, without limitation, fee simple estate of and in real property, leases, easements, rights of way, permits or licences from landowners or authorities permitting the use of land by the Company or any of the Subsidiaries necessary to permit the operation of its business as presently owned and conducted. The Company and each Subsidiary holds all mineral rights required to continue its business and operations as currently conducted and as proposed to be conducted as set forth in the Disclosure Record. All mineral rights held by the Company and each Subsidiary are free and clear of all encumbrances and royalty burdens, and none of such mineral rights are subject to reduction by reference to mine payout or otherwise except for those created in the ordinary course of business;
- (z) Technical Report: the information set forth in the technical report titled “Technical Report on the Santa Elena Project, Department of Antioquia, Colombia” dated May 25, 2011 has been prepared in accordance with Canadian industry standards set forth in National Instrument 43-101 of the Canadian Securities Administrators and, to the best of the Company’s knowledge, there have been no material changes to such information since the date of delivery or preparation thereof except as disclosed in the Disclosure Record;
- (aa) Royalty Obligations: except for statutory requirements of the Government of Colombia under the Company’s mining licences, there are no royalty obligations or any other rights to the Project or any other properties of the Company or any of the Subsidiaries other than as set out in the Disclosure Record; and
- (bb) Disclosure: the Company has made available to the Purchasers all information relating to the Project which is in the possession of, or under the control of the Company or any of its Subsidiaries and which would be material to an investor in the Project. To the Company’s knowledge, all such information which has been provided to Purchasers is true and correct in all material respects.

HudBay Right to Maintain Pro Rata Interest

Pursuant to the terms of a subscription agreement (the “**Subscription Agreement**”) between Blue Cove Capital Corp. (now CuOro Resources Corp. “**CuOro**” or the “**Company**”) and HudBay Minerals Inc. (“**HudBay**”), dated as of April 20, 2011, in connection with a private placement of units by CuOro to HudBay, CuOro granted to HudBay the right (the “**Subscriber’s Right**”) to maintain the percentage of issued and outstanding common shares of CuOro held by HudBay and its affiliates, collectively (the “**Subscriber Percentage**”) in the event that CuOro issues any common shares or securities convertible into or exercisable or exchangeable for the common shares, including, without limitation, convertible debt securities (the “**Equity Securities**”) pursuant to an “**Equity Financing**” (as such term is defined in the Subscription Agreement). All capitalized terms used in this section and not otherwise defined shall have the meaning ascribed thereto in the Subscription Agreement, which has been provided to the Purchasers.

In the event the Subscriber Percentage falls below 5% for a continuous period of at least thirty days, the Subscriber’s Right granted in section 4.1 of the Subscription Agreement shall terminate and be of no further force and effect.

For so long as the Subscriber’s Right continues to be in effect, in the event that CuOro proposes to issue Equity Securities in connection with an Equity Financing:

- (a) the Company shall deliver a notice to the Subscriber in writing as soon as possible prior to the public announcement of the Equity Financing, but in any event at least five Business Days prior to the proposed closing date of the Equity Financing (the “**Equity Financing Notice**”) specifying: (i) the total number of Outstanding Equity Securities; (ii) the total number of Equity Securities which are proposed to be offered for sale; (iii) the rights, privileges, restrictions, terms and conditions of the Equity Securities proposed to be offered for sale; (iv) the consideration for which the Equity Securities are proposed to be offered for sale; and (v) the proposed closing date of the Equity Financing;
- (b) the Subscriber shall have the right to subscribe for and purchase that number of Equity Securities of the Company that the Company proposes to offer for sale as described in the Equity Financing notice such that the Subscriber and its affiliates collectively may maintain the Subscriber percentage immediately prior to the first public announcement of the proposed Equity Financing for the consideration and on the same terms and conditions as offered to the other potential purchasers all as set forth in the Equity Financing Notice. If the Subscriber elects to subscribe for such Equity Securities, the Subscriber shall provide written notice to the Company by the close of business on the second Business Day following the day upon which the Equity Financing Notice is received by the Company.

**SCHEDULE D
FORM OF PURCHASE WARRANTS**

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE ●, 20●.

**WARRANTS TO PURCHASE COMMON SHARES OF
CUORO RESOURCES CORP.**

Warrant Certificate Number:

20●-●

Number of Warrants:

●

Date:

●

THIS CERTIFIES THAT, for value received, ● (the “**Holder**”) is entitled, at any time prior to the Expiry Time (as hereinafter defined), to purchase at the Exercise Price (as hereinafter defined) one fully paid, validly issued and non-assessable Common Share (as hereinafter defined) in the capital of Cuoro Resources Corp. (the “**Company**”), a company existing under the laws of the Province of British Columbia, for each whole Warrant (as hereinafter defined) represented by this certificate (the “**Warrant Certificate**”) or by a replacement certificate, by surrendering to the Company at its principal office at 1305-1090 W Georgia St., Vancouver, BC, V6E 3V7, this Warrant Certificate together with a Subscription Form (as hereinafter defined), duly completed and executed and cash or a certified cheque, money order, bank draft or wire transfer payable to or to the order of the Company for an amount equal to the Exercise Price multiplied by the number of Common Shares subscribed for, on and subject to the terms and conditions set out below.

Nothing contained herein shall confer any right upon the Holder to subscribe for or purchase any Common Shares at any time after the Expiry Time, and from and after the Expiry Time these Warrants and all rights hereunder shall be void and of no value.

1. Defined Terms

When used herein, the following terms shall have the following meanings, respectively:

“**Common Shares**” means the common shares in the capital of the Company.

“**Exercise Price**” means \$● per Common Share.

“**Expiry Time**” means 5:00 p.m. (Vancouver time) on ●, 20●.

“**Subscription Form**” means the form of subscription annexed hereto as Schedule “A”.

“**Warrants**” means the Common Share purchase warrants represented by this Warrant Certificate.

2. Issue of Warrants

That number of Warrants set out on the Warrant Certificate are hereby created and authorized to be issued.

3. Exercise of Warrants

The Warrants represented by this Warrant Certificate may be exercised by the Holder hereof, in whole or in part (but not as to a fractional Common Share), by the surrender of this Warrant Certificate, with the attached Subscription Form duly executed, at the principal office of the Company at 1305-1090 W Georgia St., Vancouver, BC, V6E 3V7 (or such other office of the Company as it may designate by notice in writing to the Holder hereof at the address of such Holder appearing on the books of the Company at any time during the period within which the Warrants represented by this Warrant Certificate may be exercised) and upon payment to it for the account of the Company, in cash or a certified cheque, money order, bank draft or wire transfer of the Exercise Price for such Common Shares. The Company agrees that the Common Shares so purchased shall be and be deemed to be issued to the Holder hereof as the registered owner of such Common Shares as of the close of business on the date on which this Warrant Certificate shall have been surrendered and payment made for such Common Shares as aforesaid. Certificates for the Common Shares so purchased shall be delivered to the Holder hereof within a reasonable time, not exceeding three business days, after the Warrants represented by this Warrant Certificate shall have been so exercised and, unless the Warrants have expired, a new Warrant Certificate representing the number of Common Shares, if any, with respect to which the Warrants shall not then have been exercised shall also be issued to the Holder hereof within such time.

4. Ability to Exercise

The Warrants may be exercised in whole or in part at any time and from time to time prior to the Expiry Time. In the event that the Holder subscribes for and purchases any such lesser number of Common Shares prior to the Expiry Time, the Holder shall be entitled to receive a replacement Warrant Certificate, without charge, representing the unexercised balance of the Warrants. After the Expiry Time, Warrants evidenced hereby, in respect of which the rights of subscription and purchase herein provided for shall not have been exercised, shall wholly cease and terminate and such Warrants shall be void and of no value or effect.

5. No Fractional Common Shares

No fractional Common Shares will be issuable upon any exercise of the Warrants and the Holder will not be entitled to any cash payment or compensation in lieu of a fractional Common Share.

6. Not a Shareholder

The holding of the Warrants shall not constitute the Holder a shareholder of the Company nor entitle the Holder to any right or interest in respect thereof, except as expressly provided in this Warrant Certificate.

7. Covenants and Representations of the Company

The Company hereby agrees as follows:

- (i) All Common Shares which may be issued upon the exercise of the Warrants will, upon issuance, be validly issued, fully paid and non-assessable, free from all taxes, liens and charges with respect to the issue thereof, except with respect to any applicable withholding taxes.
- (ii) During the period within which the Warrants represented by this Warrant Certificate may be exercised, the Company will at all times have authorized and reserved a sufficient number of its Common Shares to provide for the exercise of the Warrants represented by this Warrant Certificate.
- (iii) This Warrant Certificate is a valid and binding obligation of the Company, enforceable against the Company in accordance with its terms.

8. Anti-Dilution Protection

- (a) **Definitions:** For the purposes of this Section 7, unless there is something in the subject matter or context inconsistent therewith, the words and terms defined below shall have the respective meanings specified therefor in this Section 7:
 - (i) “**Adjustment Period**” means the period commencing on the date of issue of the Warrants and ending at the Expiry Time;
 - (ii) “**Current Market Price**” of the Common Shares at any date means the price per share equal to the weighted average price at which the Common Shares have traded on the TSX Venture Exchange or such other stock exchange or over-the-counter market as may be selected by the directors of the Company for such purpose, acting reasonably, during the period of any twenty consecutive trading days ending not more than five business days before such date; provided that the weighted average price shall be determined by dividing the aggregate sale price of all Common Shares sold on the said exchange or market, as the case may be, during the said twenty consecutive trading days by the total number of Common Shares so sold; and provided further that if the Common Shares are not then listed on any stock exchange or traded in the over-the-counter market, then the Current Market Price shall be determined by the auditors of the Company;
 - (iii) “**director**” means a director of the Company for the time being and, unless otherwise specified herein, a reference to action “by the directors” means action by the directors of the Company as a board or, whenever empowered, action by the executive committee of such board; and
 - (iv) “**trading day**” with respect to a stock exchange or over-the-counter market means a day on which such stock exchange or market is open for business.

(b) Adjustments: Subject to Section 7(5), the Exercise Price and the number of Common Shares issuable to the Holder upon the exercise of the Warrants shall be subject to adjustment from time to time in the events and in the manner provided as follows:

- (i) If at any time during the Adjustment Period the Company shall:
- (A) fix a record date for the issue of, or issue, Common Shares to the holders of all or substantially all of the outstanding Common Shares by way of a stock dividend;
 - (B) fix a record date for the distribution to, or make a distribution to, the holders of all or substantially all of the outstanding Common Shares payable in Common Shares or securities exchangeable for or convertible into Common Shares;
 - (C) subdivide the outstanding Common Shares into a greater number of Common Shares; or
 - (D) consolidate the outstanding Common Shares into a smaller number of Common Shares,

(any of such events in subsections (i), (ii), (iii) and (iv) above being herein called a “**Common Share Reorganization**”), the Exercise Price shall be adjusted on the earlier of the record date on which holders of Common Shares are determined for the purposes of the Common Share Reorganization and the effective date of the Common Share Reorganization to the amount determined by multiplying the Exercise Price in effect immediately prior to such record date or effective date, as the case may be, by a fraction:

- (1) the numerator of which shall be the number of Common Shares outstanding on such record date or effective date, as the case may be, before giving effect to such Common Share Reorganization; and
- (2) the denominator of which shall be the number of Common Shares which will be outstanding immediately after giving effect to such Common Share Reorganization (including in the case of a distribution of securities exchangeable for or convertible into Common Shares the number of Common Shares that would have been outstanding had such securities been exchanged for or converted into Common Shares on such date).

To the extent that any adjustment in the Exercise Price occurs pursuant to this Section 7(2)(a) as a result of the fixing by the Company of a record date for the distribution of securities exchangeable for or convertible into Common Shares, the Exercise Price shall be readjusted immediately after the expiry of any relevant exchange or conversion right to the Exercise Price which would then be in effect based upon the number of Common Shares actually issued and remaining issuable

after such expiry and shall be further readjusted in such manner upon the expiry of any further such right.

- (ii) If at any time during the Adjustment Period the Company shall fix a record date for the issue or distribution to the holders of all or substantially all of the outstanding Common Shares of rights, options or warrants pursuant to which such holders are entitled, during a period expiring not more than forty-five days after the record date for such issue (such period being the “**Rights Period**”), to subscribe for or purchase Common Shares or securities exchangeable for or convertible into Common Shares at a price per share to the holder (or in the case of securities exchangeable for or convertible into Common Shares, at an exchange or conversion price per share) at the date of issue of such securities of less than the Current Market Price of the Common Shares on such record date (any of such events being called a “**Rights Offering**”), the Exercise Price shall be adjusted effective immediately after the record date for such Rights Offering to the amount determined by multiplying the Exercise Price in effect on such record date by a fraction:
 - (A) the numerator of which shall be the aggregate of
 - (1) the number of Common Shares outstanding on the record date for the Rights Offering, and
 - (2) the quotient determined by dividing
 - A. either (a) the product of the number of Common Shares offered during the Rights Period pursuant to the Rights Offering and the price at which such Common Shares are offered, or (b) the product of the exchange or conversion price of the securities so offered and the number of Common Shares for or into which the securities offered pursuant to the Rights Offering may be exchanged or converted, as the case may be, by
 - B. the Current Market Price of the Common Shares as of the record date for the Rights Offering; and
 - (B) the denominator of which shall be the aggregate of the number of Common Shares outstanding on such record date and the number of Common Shares offered pursuant to the Rights Offering (including in the case of the issue or distribution of securities exchangeable for or convertible into Common Shares the number of Common Shares for or into which such securities may be exchanged or converted).

If by the terms of the rights, options, or warrants referred to in this Section 7(2)(b), there is more than one purchase, conversion or exchange price per Common Share, the aggregate price of the total number of additional Common Shares offered for subscription or purchase, or the aggregate conversion or exchange price of the convertible or exchangeable securities so offered, shall be

calculated for purposes of the adjustment on the basis of the lowest purchase, conversion or exchange price per Common Share, as the case may be. Any Common Shares owned by or held for the account of the Company shall be deemed not to be outstanding for the purpose of any such calculation. To the extent that any adjustment in the Exercise Price occurs pursuant to this Section 7(2)(b) as a result of the fixing by the Company of a record date for the issue or distribution of rights, options or warrants referred to in this Section 7(2)(b), the Exercise Price shall be readjusted immediately after the expiry of any relevant exchange, conversion or exercise right to the Exercise Price which would then be in effect based upon the number of Common Shares actually issued and remaining issuable after such expiry and shall be further readjusted in such manner upon the expiry of any further such right.

- (iii) If at any time during the Adjustment Period the Company shall fix a record date for the issue or distribution to the holders of all or substantially all of the outstanding Common Shares of:
- (A) shares of the Company of any class other than Common Shares;
 - (B) rights, options or warrants to acquire Common Shares or securities exchangeable for or convertible into Common Shares (other than rights, options or warrants pursuant to which holders of Common Shares are entitled, during a period expiring not more than forty-five days after the record date for such issue, to subscribe for or purchase Common Shares or securities exchangeable for or convertible into Common Shares at a price per share (or in the case of securities exchangeable for or convertible into Common Shares at an exchange or conversion price per share) at the date of issue of such securities to the holder of at least the Current Market Price of the Common Shares on such record date);
 - (C) evidences of indebtedness of the Company; or
 - (D) any property or assets of the Company;

and if such issue or distribution does not constitute a Common Share Reorganization or a Rights Offering (any of such non-excluded events being herein called a “**Special Distribution**”), the Exercise Price shall be adjusted effective immediately after the record date for the Special Distribution to the amount determined by multiplying the Exercise Price in effect on the record date for the Special Distribution by a fraction:

- (1) the numerator of which shall be the difference between
 - A. the product of the number of Common Shares outstanding on such record date and the Current Market Price of the Common Shares on such record date, and
 - B. the fair value, as determined in good faith by the directors of the Company, to the holders of Common Shares of the

shares, rights, options, warrants, evidences of indebtedness or property or assets to be issued or distributed in the Special Distribution, and

- (2) the denominator of which shall be the product obtained by multiplying the number of Common Shares outstanding on such record date by the Current Market Price of the Common Shares on such record date.

Any Common Shares owned by or held for the account of the Company shall be deemed not to be outstanding for the purpose of such calculation. To the extent that any adjustment in the Exercise Price occurs pursuant to this Section 7(2)(c) as a result of the fixing by the Company of a record date for the issue or distribution of rights, options or warrants to acquire Common Shares or securities exchangeable for or convertible into Common Shares referred to in this Section 7(2)(c), the Exercise Price shall be readjusted immediately after the expiry of any relevant exercise, exchange or conversion right to the amount which would then be in effect based upon the number of Common Shares issued and remaining issuable after such expiry and shall be further readjusted in such manner upon the expiry of any further such right.

(iv) If at any time during the Adjustment Period there shall occur:

- (A) a reclassification or redesignation of the Common Shares, any change of the Common Shares into other shares or securities or any other capital reorganization involving the Common Shares other than a Common Share Reorganization;
- (B) a consolidation, amalgamation, arrangement or merger of the Company with or into another body corporate which results in a reclassification or redesignation of the Common Shares or a change of the Common Shares into other shares or securities;
- (C) the transfer of the undertaking or assets of the Company as an entirety or substantially as an entirety to another Company or entity;

(any of such events being called a “**Capital Reorganization**”), after the effective date of the Capital Reorganization the Holder shall be entitled to receive, and shall accept, for the same aggregate consideration, upon exercise of the Warrants, in lieu of the number of Common Shares to which the Holder was entitled thereunder upon the exercise of the Warrants, the kind and aggregate number of shares and other securities or property resulting from the Capital Reorganization which the Holder would have been entitled to receive as a result of the Capital Reorganization if, on the effective date thereof, the Holder had been the registered holder of the number of Common Shares which the Holder was theretofore entitled to purchase or receive upon the exercise of the Warrants. If necessary, as a result of any such Capital Reorganization,

appropriate adjustments shall be made in the application of the provisions of this Warrant Certificate with respect to the rights and interests thereafter of the Holder to the end that the provisions shall thereafter correspondingly be made applicable as nearly as may reasonably be possible in relation to any shares or other securities or property thereafter deliverable upon the exercise of the Warrants.

- (v) If at any time during the Adjustment Period any adjustment or readjustment in the Exercise Price shall occur pursuant to the provisions of Sections 7(2)(a), (b), or (c) of this Warrant Certificate, then the number of Common Shares purchasable upon the subsequent exercise of the Warrants shall be simultaneously adjusted or readjusted, as the case may be, by multiplying the number of Common Shares purchasable upon the exercise of the Warrants immediately prior to such adjustment or readjustment by a fraction which shall be the reciprocal of the fraction used in the adjustment or readjustment of the Exercise Price.
- (c) Rules: Subject to Section 7(5), the following rules and procedures shall be applicable to adjustments made pursuant to Section 7.2 of this Warrant Certificate:
 - (i) Subject to the following sections of this Section 7(3), any adjustment made pursuant to Section 7.2 of this Warrant Certificate shall be made successively whenever an event referred to therein shall occur.
 - (ii) No adjustment in the Exercise Price shall be required unless such adjustment would result in a change of at least one per cent in the then Exercise Price and no adjustment shall be made in the number of Common Shares purchasable or issuable on the exercise of the Warrants unless it would result in a change of at least one one-hundredth of a Common Share; provided, however, that any adjustments which except for the provision of this subsection (ii) would otherwise have been required to be made shall be carried forward and taken into account in any subsequent adjustment. Notwithstanding any other provision of Section 7.2 of this Warrant Certificate, no adjustment of the Exercise Price shall be made which would result in an increase in the Exercise Price or a decrease in the number of Common Shares issuable upon the exercise of the Warrants (except in respect of a consolidation of the outstanding Common Shares).
 - (iii) If at any time during the Adjustment Period the Company shall take any action affecting the Common Shares, other than an action or event described in Section 7.2 of this Warrant Certificate, which in the opinion of the directors would have a material adverse effect upon the rights of the Holder, the Exercise Price and/or the number of Common Shares purchasable under the Warrants shall, subject to any necessary regulatory approval, be adjusted in such manner and at such time as the directors may determine to be equitable in the circumstances.
 - (iv) If the Company sets a record date to determine holders of Common Shares for the purpose of entitling such holders to receive any dividend or distribution or any subscription or purchase rights and shall thereafter and before the distribution to such holders of any such dividend, distribution or subscription or purchase rights legally abandon its plan to pay or deliver such dividend, distribution or

subscription or purchase rights, then no adjustment in the Exercise Price or the number of Common Shares purchasable under the Warrants shall be required by reason of the setting of such record date.

- (v) No adjustment in the Exercise Price or in the number or kind of securities purchasable on the exercise of the Warrants shall be made in respect of any event described in Section 8 of this Warrant Certificate if the Holder is entitled to participate in such event on the same terms *mutatis mutandis* as if the Holder had exercised the Warrants prior to or on the record date or effective date, as the case may be, of such event. Any such participation by the Holder is subject to applicable regulatory approval.
- (vi) In any case in which this Warrant Certificate shall require that an adjustment shall become effective immediately after a record date for an event referred to in Section 7.2 hereof, the Company may defer, until the occurrence of such event:
 - (A) issuing to the Holder, to the extent that the Warrants are exercised after such record date and before the occurrence of such event, the additional Common Shares issuable upon such exercise by reason of the adjustment required by such event; and
 - (B) delivering to the Holder any distribution declared with respect to such additional Common Shares after such record date and before such event;

provided, however, that the Company shall deliver to the Holder an appropriate instrument evidencing the right of the Holder upon the occurrence of the event requiring the adjustment, to an adjustment in the Exercise Price or the number of Common Shares purchasable upon the exercise of the Warrants and to such distribution declared with respect to any such additional Common Shares issuable on the exercise of the Warrants.

- (d) Notice: Subject to Section 7(5), at least 21 days prior to the earlier of the record date or effective date of any event which requires or might require an adjustment in any of the rights of the Holder under this certificate, including the Exercise Price or the number of Common Shares which may be purchased under this certificate, the Company shall deliver to the Holder a certificate of the Company specifying the particulars of such event and, if determinable, the required adjustment and the calculation of such adjustment. In case any adjustment for which a notice in this Section 7(4) has been given is not then determinable, the Company shall promptly after such adjustment is determinable deliver to the Holder a certificate providing the calculation of such adjustment. The Company hereby covenants and agrees that the register of transfers and share transfer books for the Common Shares will be open, and that the Company will not take any action which might deprive the Holder of the opportunity of exercising the Warrants provided for in this Warrant Certificate, during such 21 day period.
- (e) Board Discretion: Notwithstanding any of the foregoing provisions of this Section 7, the board of directors of the Company may, subject to any required regulatory approval, vary the procedures described in this Section 7 if it determines in good faith having received the advice of its legal advisors and having regard to the intentions underlying these

provisions that such procedures would yield an unintended result, provided that such varied procedures are not prejudicial to the interests of the Holder, and the Holder is provided with notice of such proposed variation and the consequences thereof.

- (f) Preservation of Purchase Rights Upon Merger, Consolidation, etc.: In connection with any (i) reclassification or redesignation of the Common Shares, any change of the Common Shares into other shares or securities or any other capital reorganization involving the Common Shares other than as set forth in this Section 7; (ii) consolidation, amalgamation, arrangement or merger of the Company with or into another body corporate which results in a reclassification or redesignation of the Common Shares or a change of the Common Shares into other shares or securities (including, without limitation, pursuant to a “take-over bid”, “tender offer” or other acquisition of all or substantially all of the outstanding Common Shares); or (iii) sale, transfer or lease to another corporation of all or substantially all the property or assets of the Company, the Holder shall have the right thereafter, upon payment of the Exercise Price in effect immediately prior to such action, to purchase upon exercise of each Warrant the kind and amount of shares and other securities and property which it would have owned or have been entitled to receive after the happening of such reclassification, redesignation, consolidation, amalgamation, arrangement, merger, sale, transfer or lease had such Warrant been exercised immediately prior to such action, and the Holder shall be bound to accept such shares and other securities and property in lieu of the Common Shares to which it was previously entitled; provided, however, that no adjustment in respect of dividends, interest or other income on or from such shares or other securities and property shall be made during the term of a Warrant or upon the exercise of a Warrant. If necessary, as a result of any actions contemplated by this Section, appropriate adjustments shall be made in the application of the provisions of this Warrant Certificate with respect to the rights and interests thereafter of the Holder to the end that the provisions shall thereafter correspondingly be made applicable as nearly as may reasonably be possible in relation to any shares or other securities or property thereafter deliverable upon the exercise of the Warrants. The provisions of this paragraph shall similarly apply to successive consolidations, mergers, amalgamation, sales, transfers or leases.

9. Authorized Shares

As a condition precedent to the taking of any action which would require an adjustment pursuant to Section 7 of this Warrant Certificate, the Company shall take any action which may be necessary in order that the Company has issued and reserved in its authorized capital, and may validly and legally issue as fully paid and non-assessable, all of the Common Shares which the Holder of the Warrants is entitled to receive on the exercise hereof.

10. Mutilated or Missing Warrant Certificate

Upon receipt of evidence satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant Certificate and, in the case of any such loss, theft or destruction, upon delivery of a bond or indemnity satisfactory to the Company, or, in the case of any such mutilation, upon surrender or cancellation of this Warrant Certificate, the Company will issue to the Holder hereof a new warrant certificate of like tenor, in lieu of this Warrant Certificate, representing the right to subscribe for and purchase the number of Common Shares which may be subscribed for and purchased hereunder.

11. Legend

Any certificate representing Common Shares issued upon the exercise of the Warrants prior to ●, 20● will bear the following legend:

Unless permitted under securities legislation, the holder of this security must not trade the security before ●, 20●.

Without prior written approval of TSX Venture Exchange and compliance with all applicable securities legislation, the securities represented by this certificate may not be sold, transferred, hypothecated or otherwise traded on or through the facilities of TSX Venture Exchange or otherwise in Canada or to or for the benefit of a Canadian resident until ●, 20●.

provided that at any time subsequent to the date which is after ●, 20●, any certificate representing such Common Shares may be exchanged for a certificate bearing no such legends.

12. Amendment

This Warrant Certificate may only be amended with the prior written consent of the Holder.

13. Severability

If any one or more of the provisions or parts thereof contained in this Warrant Certificate should be or become invalid, illegal or unenforceable in any respect in any jurisdiction, the remaining provisions or parts thereof contained herein shall be and shall be conclusively deemed to be, as to such jurisdiction, severable therefrom and:

- (i) the validity, legality or enforceability of such remaining provisions or parts thereof shall not in any way be affected or impaired by the severance of the provisions or parts thereof severed; and
- (ii) the invalidity, illegality or unenforceability of any provision or part thereof contained in this Warrant Certificate in any jurisdiction shall not affect or impair such provision or part thereof or any other provisions of this Warrant Certificate in any other jurisdiction.

14. Governing Law

This Warrant Certificate shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

15. Transferability

The Warrants represented by this Warrant Certificate are transferable and the term “Holder” shall mean and include any successor, transferee or assignee of the current or any future Holder. The Warrants may be transferred by the Holder completing and delivering to the Company the transfer form attached hereto as Schedule “B”. The rights and obligations of the parties hereunder shall be binding upon and enure to the benefit of their successors and permitted assigns.

16. Further Assurances

The Company hereby covenants and agrees that it will do, execute, acknowledge and deliver, or cause to be done, executed, acknowledged and delivered, all and every such other act, deed, assurance as the Holder shall reasonably require for the better accomplishing and effectuating of the intentions and provisions of this Warrant Certificate.

[Remainder of this page intentionally left blank]

IN WITNESS WHEREOF the Company has caused this Warrant Certificate to be executed by a duly authorized signatory effective as of the date first written above.

CUORO RESOURCES CORP.

By: _____
Name:
Title:

SCHEDULE "A"

SUBSCRIPTION FORM

TO: CUORO RESOURCES CORP.

Terms which are not otherwise defined herein shall have the meanings ascribed to such terms in the Warrant Certificate held by the undersigned and issued by Cuoro Resources Corp. (the "**Company**").

The undersigned hereby exercises the right to acquire _____ Common Shares of the Company in accordance with and subject to the provisions of such Warrant Certificate and herewith makes payment of the purchase price in full for the said number of Common Shares.

The Common Shares are to be issued and registered as follows:

Name: _____

Address in full: _____

Note: If further nominees are intended, please attach (and initial) a schedule giving these particulars.

DATED this _____ day of _____, 20__.

(Signature of Warrantholder)

Print full name

Print full address

Instructions:

The registered holder may exercise its right to receive Common Shares by completing this form and surrendering this form and the Warrant Certificate representing the Warrants being exercised to the Company.

If any Warrants represented by this certificate are not being exercised, a new Warrant certificate will be issued and delivered to the Holder with the Common Share certificates.

SCHEDULE "B"
TRANSFER FORM

TO: CUORO RESOURCES CORP.

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

_____ (include name and address of the transferee) Warrants exercisable for common shares of Cuoro Resources Corp. (the "**Company**") registered in the name of the undersigned on the register of the Company maintained therefor, and hereby irrevocably appoints _____ the attorney of the undersigned to transfer the said securities on the books maintained by the Company with full power of substitution.

DATED this _____ day of _____, 20_____.

(Signature of Warrantholder)

Print full name

Print full address