

PURCHASE AGREEMENT

BETWEEN

CONFEDERATION MINERALS LTD.

AND

MAGNA RESOURCES LTD.

November 21, 2011

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PURCHASE AGREEMENT

THIS AGREEMENT, dated for reference November 21, 2011, is made

BETWEEN:

CONFEDERATION MINERALS LTD., a company existing under the laws of British Columbia and having an address at 1980 – 1075 West Georgia Street, Vancouver, B.C., V6E 3C9

(the “**Vendor**”)

AND:

MAGNA RESOURCES LTD., a company existing under the laws of British Columbia and having an office at 1901 – 1111 Alberni Street, Vancouver, B.C., V6E 4V2

(the “**Purchaser**”)

WHEREAS:

The Vendor is the legal and beneficial owner of a 50% membership interest (the “**Interest**”) in American Potash LLC, a private limited liability company organized in the State of Nevada (the “**Company**”).

The Purchaser is the legal and beneficial owner of the remaining 50% membership interest in the Company.

The Company holds certain potash leases and an option in respect of certain potash lease applications in the State of Utah pursuant to the Sweetwater Option Agreement (as hereinafter defined).

Pursuant to a letter agreement dated September 25, 2011 between the Vendor and the Purchaser (the “**Letter Agreement**”), the Vendor has agreed to sell, transfer and assign to the Purchaser and the Purchaser has agreed to purchase and acquire from the Vendor, all of the Vendor’s Interest in the Company, subject to and in accordance with the terms and conditions as hereinafter set forth (the “**Acquisition**”).

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the premises and the mutual agreements and covenants herein contained (the receipt and adequacy of which consideration is hereby mutually admitted by each party), the parties hereby covenant and agree as follows:

SECTION 1 INTERPRETATION

1.1 Definitions

In this Agreement the following words and phrases will have the meanings set forth after each:

“Acquisition”	has the meaning given to such term in the recitals to this Agreement;
“Affiliate”	has the meaning given to such term in the <i>Business Corporations Act</i> (British Columbia);
“Agreement”	means this purchase agreement together with the schedules attached hereto, as it may be supplemented, amended or restated from time to time;
“Applicable Laws”	means, in respect of either party, any Canadian or foreign federal, provincial, state, local or municipal statute, law (including common law), ordinance, rule having the force of law, regulation, by-law or order of any Governmental Authority or rule or policy of any stock exchange or securities commission that applies in whole or in part to that party;
“Business Day”	means a day other than Saturday or Sunday or a statutory holiday on which Canadian chartered banks are open for the transaction of domestic business in Vancouver, British Columbia;
“Closing”	means the completion of the sale to, and purchase by, the Purchaser of the Interest and all other transactions contemplated by this Agreement;
“Closing Date”	means December 30, 2011 or such earlier or later date agreed to by the parties;
“Closing Time”	means 2:00 p.m. (Vancouver time) on the Closing Date or such other time on the Closing Date as the parties may agree in writing;
“CNSX”	the Canadian National Stock Exchange;
“Company”	means American Potash LLC, a limited liability company incorporated under the laws of the State of Nevada;
“Concurrent Financing”	means the purchase by the Vendor of the Financing Shares at a price of \$0.30 per share for aggregate gross proceeds to the Purchaser of \$2,000,000;
“Consideration Shares”	means the 22,420,000 common shares of the Purchaser to be issued to the Vendor, together with the Consideration Warrants, as consideration for the Interest;

“Consideration Warrants”	means the 2,400,000 common share purchase of warrants of the Purchaser to be issued to the Vendor, together with the Consideration Shares, pursuant to the Acquisition, each whole warrant entitling the holder thereof to purchase an additional common share of the Purchaser at price of \$0.10 until February 25, 2016 (such exercise price being subject to the approval of the CNSX);
“Distribution”	means the proposed distribution by the Vendor to its shareholders, of all of shareholdings in the Purchaser, by way of a dividend in specie or otherwise, including any distribution of Magna securities by way of plan of arrangement;
“Encumbrances”	means any encumbrance of any kind whatsoever (registered or unregistered) and whether contingent or otherwise and includes a security interest, mortgage, easement, encroachment, adverse claim, restrictive covenant, title retention agreement, option or privilege, lien, hypothec, pledge, hypothecation, assignment, charge, security or security interest;
“Financing Shares”	means the 6,666,666 common shares of the Purchaser to be issued to the Vendor pursuant to the Concurrent Financing;
“Governmental Authority”	means any Canadian or foreign authority, whether federal, provincial, state, territorial, municipal or local governmental regulatory or administrative authority, tribunal, court, commission (including a securities commission) or any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing, or any court, tribunal, judicial or arbitral body, or any stock exchange or securities commission, having jurisdiction;
“Income Tax Act”	means the <i>Income Tax Act</i> (Canada) in effect on the date of this Agreement;
“Interest”	means, collectively, (a) the Vendor’s 50% membership interest in the Company, representing the Vendor’s share of net profits and net losses of the Company, the Vendor’s ownership interest in the assets of the Company, the right to receive distribution of the Company’s assets and the right to vote, and (b) the aggregate principal amount of all loans from the Vendor to the Company outstanding as at the Closing Date;
“Letter Agreement”	has the meaning given to such term in the recitals to this Agreement;

“Person”	means an individual, corporation, body corporate, partnership, joint venture, association, trust or unincorporated organization, Governmental Authority, or any trustee, executor, administrator or other legal representative thereof;
“Properties”	means the Utah Applications (as such terms are defined in the Sweetwater Option Agreement) and all other mineral or property rights or interests owned, leased or licensed by the Company as of the Closing Date;
“Purchase Price”	has the meaning attributed to that term in Section 4.2;
“Purchaser”	means Magna Resources Ltd.;
“Purchaser Financial Statements”	means, collectively, the Purchaser’s consolidated audited financial statements for the year ended July 31, 2010, including the notes and the related auditors’ report thereon, and the Purchaser’s consolidated unaudited financial statements for the nine-month period ended on April 30, 2011;
“Purchaser Public Documents”	means all financial statements, management’s discussion and analysis, management information circulars and material change reports filed by the Purchaser under its’ SEDAR profile since January 1, 2010;
“Purchaser’s Solicitors”	means McCullough O’Connor Irwin LLP;
“Securities Laws”	has the meaning attributed to that term in Section 3.1(k);
“SEDAR”	means the System for Electronic Document Analysis and Retrieval;
“Stock Split”	means the 2 for 1 stock split of the outstanding common shares of the Purchaser;
“Subsidiary”	has the meaning given to such term in the <i>Business Corporations Act</i> (British Columbia);
“Sweetwater Option Agreement”	means the option agreement made effective as of May 13, 2009 among the Company, the Vendor, the Purchaser and Sweetwater River Resources LLC as amended by Amendment No. 1 to the Sweetwater Option Agreement made as of the 2nd day of November, 2010;
“Vendor”	means Confederation Minerals Ltd.; and
“Vendor’s Solicitors”	means Lawson Lundell LLP.

1.2 Interpretation

For the purpose of this Agreement, except as otherwise expressly provided herein:

- (a) all references in this Agreement to a designated “Section”, “paragraph”, “subparagraph” or other subdivision, or to a Schedule, is to the designated Section, paragraph, subparagraph or other subdivision of or Schedule to this Agreement, unless otherwise specifically stated;
- (b) the words “herein”, “hereof” and “hereunder” and other words of similar import refer to this Agreement as a whole and not to any particular Section, paragraph, subparagraph or other subdivision or Schedule;
- (c) the singular of any term includes the plural and vice versa and the use of any term is equally applicable to any gender and where applicable a body corporate;
- (d) the word “or” is not exclusive and the word “including” is not limiting (whether or not non-limiting language such as “without limitation” or “but not limited to” or other words of similar import is used with reference thereto);
- (e) any words used herein will, unless otherwise defined herein or unless there is something in the subject matter or context inconsistent therewith, have the meanings ascribed to such words in the British Columbia *Business Corporations Act*;
- (f) all accounting terms not otherwise defined have the meanings assigned to them in accordance with generally accepted accounting principles applicable in Canada and applied on a basis consistent with prior years;
- (g) except as otherwise provided, any reference to a statute includes and is a reference to such statute and to the regulations made pursuant thereto with all amendments made thereto and in force from time to time, and to any statute or regulations that may be passed which have the effect of supplementing or superseding such statute or such regulations;
- (h) where the phrase “to the best of the knowledge of” or phrases of similar import are used in this Agreement, such phrase shall be deemed to be a reference to the knowledge of Rudy de Jonge, in the case of the Purchaser, and Kenneth Holmes and Lawrence Dick in the case of the Vendor, and in each case after making due enquiry as is reasonably necessary to enable such representative to make the statement or disclosure;
- (i) the headings to the sections of this Agreement are inserted for convenience only and do not form a part of this Agreement and are not intended to interpret, define or limit the scope, extent or intent of this Agreement or any provision hereof;
- (j) any reference to a corporate entity includes and is also a reference to any corporate entity that is a successor to such entity;
- (k) the language in all parts of this Agreement will in all cases be construed as a whole and neither strictly for nor strictly against any of the parties;

- (l) all references to money in this Agreement are or will be to money in lawful money of Canada;
- (m) the Financing Shares and the Consideration Shares and Consideration Warrants assume, and are calculated on the basis of, completion of the Share Split; and
- (n) unless otherwise specified, time periods within or following which a payment is to be made or other action is to be taken under this Agreement shall be calculated by excluding the day on which the period commences and including the day on which the period ends. Whenever any payment is to be made or an action is to be taken on a day that is not a Business Day, such payment shall be made or action taken on the next following Business Day.

SECTION 2

REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE VENDOR

2.1 Representations and Warranties

The Vendor hereby represents and warrants to the Purchaser as follows, and acknowledges that the Purchaser is relying on such representations and warranties in connection with the transactions contemplated in this Agreement:

- (a) Organization and Good Standing. The Vendor is a corporation duly incorporated, organized and validly existing and is in good standing under the laws of British Columbia and has the corporate power and authority to carry on its business as presently conducted and to own and dispose of the Interest;
- (b) Proceedings. No act or proceeding has been taken or authorized by the Vendor, or, to the Vendor's knowledge, by any other Person against the Vendor, with respect to the bankruptcy, insolvency, liquidation, dissolution or winding up of the Vendor;
- (c) Authority. The Vendor has the corporate power, authority and capacity to enter into this Agreement and such other agreements and instruments to be executed by it as contemplated in this Agreement and to perform its obligations under this Agreement and under such other agreements and instruments. The execution and delivery of this Agreement and such other agreements and instruments and the completion of the transactions contemplated by this Agreement and such other agreements and instruments has been duly authorized by all necessary corporate action on the part of the Vendor;
- (d) Agreement Valid. This Agreement constitutes a valid and binding obligation of the Vendor enforceable against the Vendor in accordance with its terms. The Vendor is not a party to, bound by or subject to any indenture, mortgage, lease, agreement, instrument, statute, regulation, order, judgment, decree or law which would be violated, contravened or breached by or under which any default would

occur as a result of the execution and delivery by the Vendor of this Agreement or the performance by the Vendor of any of the terms hereof;

- (e) Residency of Vendor. The Vendor is not a non-resident of Canada for the purposes of the Income Tax Act;
- (f) Consents and Approvals. Except for the approval of the TSX Venture Exchange to the Acquisition and the Concurrent Financing, no consent, approval, order, authorization, registration or declaration of, or filing with, any Governmental Authority or other Person is required by the Vendor in connection with:
 - (i) the Closing; or
 - (ii) the observance and performance by the Vendor of its obligations under this Agreement;
- (g) Litigation. The Vendor is not subject to any outstanding or, to the knowledge of the Vendor, threatened actions, suits or claims or any outstanding judgment, order, writ, injunction or decree that could reasonably be expected to materially impede the Closing;
- (h) Ownership Interest. The Vendor is the legal and beneficial owner of the Interest, with good and marketable title thereto, free and clear of all Encumbrances. The Interest constitutes 100% of the Vendor's membership interest in the Company;
- (i) Absence of Options, Etc. No Person other than the Purchaser has any oral or written agreement, option, right, privilege or any other right capable of becoming any of the foregoing (whether legal, equitable, contractual or otherwise) to acquire any of the Interest;
- (j) Indebtedness to Company. The Vendor is not indebted to the Company;
- (k) Compliance with Sweetwater Option Agreement. The Vendor is not in default of any of the material terms of the Sweetwater Option Agreement; and
- (l) Finder's Fees. No finder's fees, commissions or other payments are payable by the Vendor in relation to the transactions contemplated herein;

and the Vendor covenants, represents and warrants with and in favour of the Purchaser that all of the representations and warranties set forth in this Section 2.1 will be true and correct at the Closing Time as if made on the Closing Date.

2.2 Survival

The representations and warranties of the Vendor contained in this Agreement will survive the Closing and the payment of the Purchase Price and, notwithstanding the Closing and the payment of the Purchase Price, will survive the Closing and will continue in full force and effect for a period of one (1) year from the Closing Date.

2.3 Consents and Approvals

Commencing forthwith after the date hereof the Vendor shall use reasonable commercial efforts to obtain, at or prior to the Closing Time, all consents and regulatory approvals required to be obtained by the Vendor in connection with the transactions contemplated hereby.

2.4 Bridge Financing

Subject to any required regulatory approval, the Vendor agrees to provide to the Purchaser, from time to time prior to the Closing and upon provision to the Vendor of reasonable evidence of the need for same, one or more non-interest bearing loans, the proceeds of which will be used for the advancement of operations at the Properties and for general working capital purposes and for no other purpose. The Purchaser shall repay such loans, if any, in full upon the earlier of (a) the termination of this Agreement (in which case the Purchaser shall have sixty (60) days to make such repayment); and (b) the date of the closing of the Concurrent Financing.

SECTION 3 REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE PURCHASER

3.1 Representations and Warranties

The Purchaser hereby represents and warrants to the Vendor as follows, and acknowledges that the Vendor is relying on such representations and warranties in connection with the transactions contemplated in this Agreement:

- (a) Organization and Good Standing. The Purchaser is a corporation duly incorporated, organized and validly existing and is in good standing under the laws of British Columbia and has the corporate power and capacity to carry on its business as presently conducted and to own or lease its assets. The Purchaser is duly qualified, authorized or licensed and is in good standing under the laws of (i) each jurisdiction in which it conducts its business or owns leases or has a right, title or interest in and to real property, and (ii) each other jurisdiction in which the conduct of its business or the ownership of its properties requires such qualification, authorization or licence; and the Purchaser does not have any Subsidiaries, whether directly or indirectly owned;
- (b) Proceedings. No proceedings have been taken or authorized by the Purchaser or, to the Purchaser's knowledge, by any other Person against the Purchaser, with respect to the bankruptcy, insolvency, liquidation, dissolution or winding up of the Purchaser, or with respect to any amalgamation, merger, consolidation, arrangement or reorganization relating to the Purchaser or any of its shares;
- (c) Authority. The Purchaser has the corporate power, authority and capacity to enter into this Agreement and such other agreements and instruments to be executed by it as contemplated in this Agreement and to perform its obligations under this Agreement and under such other agreements and instruments. The execution and delivery of this Agreement and such other agreements and instruments and the

completion of the transactions contemplated by this Agreement and such other agreements and instruments has been duly authorized by all necessary corporate action on the part of the Purchaser;

- (d) Agreement Valid. This Agreement constitutes a valid and binding obligation of the Purchaser enforceable against the Purchaser in accordance with its terms. The Purchaser is not a party to, bound by or subject to any indenture, mortgage, lease, agreement, instrument, statute, regulation, order, judgment, decree or law which would be violated, contravened or breached by or under which any default would occur as a result of the execution and delivery by the Purchaser of this Agreement or the performance by the Purchaser of any of the terms thereof;
- (e) Investment Canada. The Purchaser is not a “non-Canadian” within the meaning of the *Investment Canada Act*;
- (f) Consents and Approvals. Except for the approval of the CNSX to the Acquisition, the Stock Split and the Concurrent Financing and the approval of the Purchaser’s shareholders’ to the Stock Split, no consent, approval, order, authorization, registration or declaration of, or filing with, any Governmental Authority or other Person is required by the Purchaser in connection with:
 - (i) the Closing; and
 - (ii) the observance and performance by the Purchaser of its obligations under this Agreement;
- (g) Material Interests of Control Shareholders. Except as disclosed in the Purchaser Public Documents, none of the officers or employees of the Purchaser or any Person who owns, directly or indirectly, more than 10% of any class of securities of the Purchaser or securities of any Person exchangeable for more than 10% of any class of securities of the Purchaser, or any associate or Affiliate of any of the foregoing, had or has any material interest, direct or indirect, in any transaction or any proposed transaction (including, without limitation, any loan made to or by any such Person) with the Purchaser;
- (h) Share Capital. As at the date hereof, the authorized capital of the Purchaser consists of an unlimited number of common shares, of which 11,210,000 common shares are outstanding; all outstanding shares have been duly authorized, validly issued, are fully paid and non-assessable and have been issued in compliance with all Applicable Laws and not issued in violation of any pre-emptive rights;
- (i) No Options, etc. As of the date hereof, there are 857,500 options and 1,200,000 warrants of the Purchaser outstanding. There are no other options, warrants, conversion privileges or other rights, agreements, arrangements or commitments (whether by law, pre-emptive right or contract) of any character whatsoever requiring or which may require the issuance, sale or transfer by the Purchaser of any securities of the Purchaser or any securities or obligations convertible into, or exchangeable or exercisable for, or otherwise evidencing a

right or obligation to acquire any securities of the Purchaser and there are no outstanding contractual or other obligations of the Purchaser to repurchase, redeem or otherwise acquire any of its securities with respect to the voting or disposition of any outstanding securities of the Purchaser;

- (j) Compliance with Securities Regulatory Authorities. The Purchaser is, and for at least four months preceding the date of this Agreement has been, a reporting issuer in British Columbia, Alberta and Ontario not in default under any Securities Laws applicable to it or the rules, by-laws or policies of any stock exchange on which any securities of the Purchaser are listed; and; (i) the Purchaser has filed with all applicable securities regulatory authorities in Canada, all forms, reports and documents required to be filed by it pursuant to such Securities Laws and published policies of such regulatory authorities on a timely basis; (ii) all such filings when made complied in all material respects with then-applicable legal and regulatory requirements; (iii) as of their respective dates, none of these filings contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading; and (iv) no confidential disclosure has been made under any Securities Laws applicable to it;
- (k) Exemption from Prospectus Requirements. The issuance and delivery by the Purchaser to the Vendor of the Consideration Shares, the Financing Shares, the Consideration Warrants and the common shares issuable on due exercise of the Consideration Warrants is exempt from the prospectus requirements of the *Securities Act* (British Columbia) and such other securities laws that are applicable to the Purchaser (the “**Securities Laws**”);
- (l) Listing. The outstanding common shares in the capital of the Purchaser are listed and posted for trading on the CNSX;
- (m) No Suspension Orders. No orders suspending the sale or ceasing the trading of any securities issued by the Purchaser have been issued by any Governmental Authority, and no proceedings for such purpose are pending or, to the knowledge of the Purchaser, threatened;
- (n) Transfer Agent. Computershare Investor Services Inc., at its principal offices in Vancouver, has been duly appointed as registrar and transfer agent for the common shares of the Purchaser;
- (o) Consideration Shares and Financing Shares. Upon payment thereof, the Consideration Shares and Financing Shares will be validly issued as fully paid and non-assessable common shares in the capital of the Purchaser;
- (p) Consideration Warrants. As of the Closing Time, the Consideration Warrants will have been duly authorized and validly created and issued by the Purchaser and the common shares to be issued pursuant to the exercise in whole or in part of the

Consideration Warrants will have been duly and validly created, reserved, allotted and authorized to be issued as fully paid and non-assessable common shares upon due exercise of the Consideration Warrants and receipt by the Purchaser of full payment therefor;

- (q) Shareholdings. As of Closing Time and after giving effect to the Concurrent Financing, the Vendor will hold common shares of the Purchaser representing 54.26% of the issued and outstanding common shares of the Purchaser, on a fully-diluted basis;
- (r) No Material Indebtedness or Liabilities. The Purchaser has no material obligations, indebtedness or liabilities other than as disclosed in the Purchaser Public Documents;
- (s) Financial Statements. The Financial Statements have been prepared in accordance with generally accepted accounting principles in Canada, present fairly in all material respects the consolidated financial position, results of operations and cash flows of the Purchaser as at the date and for the periods indicated in accordance with generally accepted accounting principles in Canada. Since their date, there has been no change in the financial condition, assets, liabilities or business of the Purchaser other than changes in the ordinary course of business that neither individually nor in the aggregate would have a material adverse effect on the Purchaser. There has been no change in the accounting policies of the Purchaser since July 31, 2010 except as has been publicly disclosed by the Purchaser prior to the date hereof in the Purchaser Public Documents. There has been no material adverse change with respect to the Purchaser since July 31, 2010;
- (t) Material Obligations. The Purchaser is not in violation of its constating documents or in default of the performance or observance of any material obligation, agreement, covenant or condition contained in any agreement, contract or instrument to which it is a party or by which it or its property may be bound;
- (u) Company Membership Interest. The Purchaser is the legal and beneficial owner of a 50% membership interest in the Company and such interest is free and clear of all Encumbrances. No person has any written or oral agreement or option or any right or privilege, whether by law or contract, capable of becoming an agreement or option for the purchase or acquisition from the Purchaser of any of such interest;
- (v) Compliance with Applicable Laws. To the best of its knowledge, the Purchaser has and is conducting its business in material compliance with all Applicable Laws and the Purchaser is not in breach of any of such Applicable Laws, the failure to comply with which would materially adversely effect the Purchaser's business;

- (w) Taxes. The Purchaser has paid all taxes that are due and payable by it and any interest, penalties and fines in connection therewith, properly due and payable, and has paid all of same in connection with all known assessments, reassessments and adjustments;
- (x) Litigation. Other than as disclosed in the Purchaser Public Documents, there are no outstanding, pending or, to the knowledge of the Purchaser, threatened, actions suits or claims affecting or pertaining to the Purchaser or its assets or any part thereof or that challenges the validity of this Agreement or the transactions contemplated hereby, nor to the knowledge of the Purchaser, is there any reasonable basis for any such actions, suits or claims; and
- (y) Finder's Fees. No finder's fees, commissions or other payments are payable by the Purchaser in relation to the transactions contemplated herein;

and the Purchaser covenants, represents and warrants with and in favour of the Vendor that, except with respect to those matters specified as at a specific date, all of the representations and warranties set forth in this Section 3.1 will be true and correct at the Closing Time as if made on the Closing Date.

3.2 Survival

The representations and warranties of the Purchaser contained in this Agreement will survive the Closing and the purchase of the Interest, and notwithstanding the Closing and the purchase of the Interest, the representations, warranties and covenants of the Purchaser will continue in full force and effect for the benefit of the Vendor for a period of one (1) year from the Closing Date.

3.3 Consents and Approvals

Commencing forthwith after the date hereof the Purchaser shall use reasonable commercial efforts to obtain, at or prior to the Closing Time, all consents and regulatory approvals required to be obtained by the Purchaser in connection with the transactions contemplated hereby.

3.4 Indemnification

The Purchaser agrees to indemnify and release the Vendor from any and all costs, liabilities and obligations which may be incurred by the Vendor as a result of facts, events or circumstances howsoever occurring or arising subsequent to the Closing Date in connection with the Sweetwater Option Agreement (including the amendments thereof contemplated in subsection 6.1(d) hereof) or the Properties.

3.5 Ordinary Course of Business

The Purchaser agrees that until the earlier of the Closing Date and the termination of the Agreement in accordance with its terms it will carry on its business in the usual and ordinary course consistent with past practice and in a manner consistent with industry practice and in compliance, in all material respects, with all Applicable Laws.

3.6 Pooling Arrangement

The Purchaser will use reasonable commercial efforts to cause each of Darryl Yea, Rudy de Jonge, John Greig, Alec Peck and Michael O'Brian on or before the Closing Date, to enter into an agreement, in a form mutually acceptable to the Vendor and the Purchaser, acting reasonably, pursuant to which each of them will agree to escrow (and not transfer) all of the common shares in the capital of the Purchaser beneficially owned by each of them (or acquired by each of them after the date hereof and prior to completion by the Vendor of the Distribution upon the exercise of currently outstanding convertible securities of the Purchaser) until such time as the Vendor has completed the Distribution, following which date the escrowed shares will be released from escrow pursuant to the same release schedule to be agreed upon by the Vendor and Purchaser, acting reasonably, for the release of the Purchaser's common shares distributed to the Vendor's shareholders pursuant to the Distribution.

Notwithstanding the foregoing, if the Vendor does not complete the Distribution on or before December 31, 2012, then the escrow will terminate and all shares then escrowed will be unconditionally released.

SECTION 4 PURCHASE AND SALE

4.1 Membership Interest

Based and relying on the representations and warranties set forth in Section 2 and Section 3 hereof, the Purchaser hereby agrees to purchase and acquire the Interest from the Vendor and the Vendor hereby agrees to sell and transfer the Interest to the Purchaser free and clear of all Encumbrances and the Purchaser hereby agrees to pay the Purchase Price on the terms and conditions of this Agreement.

4.2 Purchase Price

The aggregate purchase price payable by the Purchaser to the Vendor for the Interest (the "**Purchase Price**") is the sum of \$4,480,000, the payment of which shall be satisfied by the delivery of the Consideration Shares and Consideration Warrants referred to in Section 4.3 and 4.4.

4.3 Payment

At the Closing Time, and in satisfaction of the Purchase Price, the Purchaser shall issue to the Vendor from treasury the Consideration Shares and the Consideration Warrants registered in the name of the Vendor (or an Affiliate of the Vendor, as the Vendor may direct).

4.4 Deliveries

The Vendor shall deliver to the Purchaser at the Closing Time all documents or instruments, if any, necessary to transfer the Interest to the Purchaser, and the Purchaser shall issue and deliver to the Vendor, at the Closing Time, a share certificate representing the Consideration Shares and a warrant certificate representing the Consideration Warrants in form acceptable to the Vendor,

acting reasonably, duly issued and registered in the name of the Vendor (or an Affiliate of the Vendor, as the Vendor may direct).

SECTION 5 CLOSING

5.1 Effect of Closing

Effective upon the Closing, the Vendor shall be deemed to have transferred the Interest to the Purchaser free of Encumbrances and shall cease to have any rights or obligations as a member of the Company.

5.2 Closing Date and Location

The transactions contemplated herein will be completed at the Closing Time at the offices of the Purchaser's Solicitors, Suite 2610, 1066 West Hastings Street, Vancouver, British Columbia, V6E 3X1, or at such other time or at such other location as may be mutually agreed upon in writing by the parties hereto.

SECTION 6 CONDITIONS OF CLOSING

6.1 Conditions for the Benefit of the Purchaser

The obligations of the Purchaser to consummate the transactions herein contemplated, including the sale and purchase of the Interest in accordance with the terms of this Agreement, are subject to the full satisfaction of the conditions precedent set out in this Section 6.1, each of which is hereby declared to be for the exclusive benefit of the Purchaser. Each of such conditions may be waived, in whole or in part, by the Purchaser at any time and, if not so waived is to be satisfied in full at or prior to the Closing Time. The Vendor covenants and agrees to use its best efforts to cause each of such conditions that are within their control to be fulfilled at or prior to the Closing Time.

- (a) Truth and Accuracy of Representations of Vendor at Closing. The representations and warranties of the Vendor made in Section 2 hereof will be true, accurate, and correct in all material respects as at the Closing and with the same effect as if made at and as of the Closing Time.
- (b) Performance of Obligations. The Vendor will have performed and complied, in all material respects, with all its obligations, covenants and agreements hereunder.
- (c) Absence of Material Change. No event will have occurred or condition or state of facts of any character will have arisen and no legislation (whether by statute, rule, regulation, by-law or otherwise) will have been introduced or proposed nor any policy announced by any Governmental Authority which, in the reasonable

opinion of the Purchaser, could reasonably be expected to have a material adverse effect upon the financial condition, business, operations or assets of the Company.

- (d) Amendment to Sweetwater Option Agreement. The Sweetwater Option Agreement will have been amended effective the Closing Date such that (i) Magna will assume Confederation's rights and obligations under the Sweetwater Option Agreement on terms substantially the same (and not adverse to Magna) as the existing terms of the Sweetwater Option Agreement, and (ii) Magna shall have the right to complete all remaining cash payments and share issuances in accordance with the schedule set forth in section 2.2.1 of the Sweetwater Option Agreement and section 2.3.2 thereof shall not apply. In addition, such amendments will have been approved, where so required, by any Governmental Authority having jurisdiction.
- (e) Closing Documentation. The Purchaser will have received from the Vendor and, where applicable, the Company, the following closing documentation:
 - (i) all documents or instruments, if any, necessary to transfer the Interest to the Purchaser free of all Encumbrances;
 - (ii) a release, signed by the Vendor, fully discharging the entire amount of all outstanding loans from the Vendor to the Company and releasing and forever discharging the Company of such debt and from any and all claims, past, present or future, which the Vendor has or may have in the future against the Company for or by reason of or in any way arising under or in respect of such a debt;
 - (iii) certified copy of a resolution of the directors of the Vendor approving this Agreement, the Concurrent Financing, the transfer to the Purchaser (or an Affiliate of the Purchaser, as the Purchaser may direct) of the Interest and the release contemplated in Section 6.1(e)(ii);
 - (iv) resolutions of the managers of the Company, authorizing the transfer of the Interest to the Purchaser signed by the Vendor's nominees thereto, in such form as the Purchaser and Vendor shall agree, acting reasonably;
 - (v) a certificate of an officer of the Vendor, acting in his/her capacity as officer of the Vendor and not in his/her personal capacity, certifying, to the best of his knowledge that the representations and warranties of the Vendor set forth in Section 2.1 hereof are true, accurate, and correct in all material respects as of the Closing Date, and certifying that the Vendor has fulfilled and/or performed, when required, all of its obligations contained in this Agreement to be fulfilled and/or performed on or before the Closing Date; and
 - (vi) a certified cheque, wire transfer, bank draft or solicitors trust cheque payable to the Purchaser's Solicitors, in trust, for \$2 million, representing the proceeds of the Concurrent Financing.

6.2 Conditions for the Benefit of the Vendor

The obligations of the Vendor to consummate the transactions herein contemplated, including the sale and purchase of the Interest in accordance with the terms of this Agreement, are subject to the full satisfaction of the conditions precedent set out in this Section 6.2, each of which is hereby declared to be for the exclusive benefit of the Vendor. Each of such conditions may be waived, in whole or in part, by the Vendors, on behalf of the Vendor, at any time and, if not so waived, is to be satisfied in full at or prior to the Closing Time. The Purchaser covenants and agrees to use its best efforts to cause each of such conditions that are within its control to be fulfilled at or prior to the Closing Time.

- (a) Truth and Accuracy of Representations of Purchaser at Closing. The representations and warranties of the Purchaser made in Section 3 hereof will be true, accurate and correct in all material respects as at the Closing and with the same effect as if made at and as of the Closing Time.
- (b) Performance of Obligations. The Purchaser will have performed and complied, in all material respects, with all of its obligations, covenants and agreements hereunder.
- (c) Absence of Material Change. No event will have occurred or condition or state of facts of any character will have arisen and no legislation (whether by statute, rule, regulation, by-law or otherwise) will have been introduced or proposed nor any policy announced by any Governmental Authority which, in the reasonable opinion of the Vendor, could reasonably be expected to have a material adverse effect upon the financial condition, business, operations or assets of the Purchaser.
- (d) Listing. The CNSX shall have conditionally approved (subject only to the filing of required documents that cannot be filed prior to the Closing Time) the listing of the Consideration Shares, the Financing Shares and the common shares issuable upon due exercise of the Consideration Warrants, and satisfactory evidence of such approval shall have been furnished to the Vendor on or prior to the Closing Date.
- (e) Completion of Stock Split. The Stock Split shall have been completed such that, immediately prior to the Closing Time, the Purchaser shall have 22,420,000 common shares issued and outstanding, 2,400,000 common share purchase warrants and 1,715,000 stock options all on the same terms and conditions as those securities are subject to today (other than any adjustment in the exercise price thereof required to reflect the Stock Split), subject to any adjustment in the outstanding securities on the account of the exercise of warrants and options between the date of this Agreement and Closing).
- (f) Board of Directors of the Purchaser. The Purchaser will have taken all corporate steps necessary such that, immediately after Closing, the board of directors of the Purchaser will be composed of six directors, three of whom will be nominated by the Vendor and acceptable to the Purchaser, acting reasonably.

- (g) Closing Documentation. The Vendor will have received on the Closing Date from the Purchaser the following closing documentation:
- (i) share certificate(s) representing the Consideration Shares registered in the name of the Vendor (or an Affiliate of the Vendor, as the Vendor may direct);
 - (ii) share certificate(s) representing the Financing Shares registered in the name of the Vendor (or an Affiliate of the Vendor, as the Vendor may direct);
 - (iii) warrant certificate(s) representing the Consideration Warrants registered in the name of the Vendor (or an Affiliate of the Vendor, as the Vendor may direct) in a form acceptable to the Vendor, acting reasonably;
 - (iv) resolutions of the board of directors of the Company, signed by the Purchaser's nominees thereto, authorizing the transfer of the Interest to the Purchaser, in such form as the Purchaser and Vendor shall agree, acting reasonably;
 - (v) certified copy of a resolution of the directors of the Purchaser approving this Agreement, the Stock Split, the Concurrent Financing, the purchase of the Interest and the issue of the Consideration Shares and Consideration Warrants;
 - (vi) a certificate of an officer of the Purchaser, acting in his/her capacity as officer of the Purchaser and not in his personal capacity, certifying, to the best of his/her knowledge that the representations and warranties of the Purchaser set forth in Section 3.1 hereof are true, accurate, and correct as of the Closing Date in all material respects, and certifying that the Purchaser has fulfilled and/or performed, when required, all of its obligations contained in this Agreement to be fulfilled and/or performed on or before the Closing Date; and
 - (vii) a letter from Computershare Investor Services Inc. dated the Closing Date confirming the number of common shares of the Purchaser outstanding as at the Closing Date.

6.3 Mutual Conditions

The obligations of the parties to complete the purchase and sale of the Interest will also be subject to the satisfaction of, or compliance with, at or before the Closing Time, of the following conditions precedent, which conditions are for the mutual benefit of the parties to this Agreement and may be waived by the parties, acting jointly, in writing in whole or in part on or before the Closing Date:

- (a) Absence of Injunctions, etc. No injunction or restraining order of any Governmental Authority will be in effect prohibiting the transactions

contemplated hereby and no action or proceeding at law or in equity will have been instituted to restrain or prohibit the transactions between the parties contemplated hereby or otherwise.

- (b) Regulatory Approval. On or before the Closing Date, this Agreement and all of the transactions contemplated hereby shall have been approved, where so required, by the TSX Venture Exchange and the CNSX, by any other Governmental Authority having jurisdiction.

SECTION 7 OTHER COVENANTS BY THE PARTIES

7.1 Joint Election

The Vendor and the Purchaser shall jointly execute an election pursuant to the provisions of subsection 85(1) of the Income Tax Act in the manner and within the time prescribed in accordance with the Income Tax Act so that the Vendor's proceeds of disposition of the Interest and the cost to the Purchaser of the Interest shall be deemed, pursuant to the provisions of subsection 85(1) of the Income Tax Act, to be equal to the cost amount to the Vendor of the Interest.

7.2 Further Action

Until the Closing, the parties shall use their reasonable commercial efforts to cause and facilitate the prompt satisfaction of all conditions in Section 6 and for greater certainty and without limitation, the Vendor shall provide its reasonable assistance, at the request of the Purchaser, in connection with the procurement by the Purchaser of the approval of the CNSX and its shareholders. From and after the Closing, all of the parties shall execute and deliver such documents and other papers and take such further actions as may be reasonably required to carry out the provisions of this Agreement and give effect to the transactions contemplated hereby and thereby.

7.3 Cooperation

The parties shall cooperate fully in good faith with each other and their respective representatives in connection with any steps required to be taken as part of their respective obligations under this Agreement.

SECTION 8 TERMINATION

8.1 Termination by Vendor or Purchaser

- (a) This Agreement may be terminated at any time prior to the Closing Date:
- (i) by mutual written consent and agreement of the Vendor and the Purchaser;

- (ii) by either party, upon written notice to the other party, if:
 - (A) any of the conditions set forth in Section 6.3 are not satisfied or waived on or before the Closing Date;
 - (B) the other party is in default of a covenant or obligation hereunder, provided that the party seeking to terminate this Agreement is not then in breach of this Agreement so as to cause any condition in favour of both parties or in favour of the other party not to be satisfied; or
- (iii) by the Purchaser, upon written notice to the Vendor:
 - (A) if any of the conditions set forth in Section 6.1 are not satisfied or waived on or before the Closing Date; or
 - (B) any representation or warranty of the Vendor under this Agreement is untrue or incorrect or shall have become untrue or incorrect such that the condition contained in Section 6.1(a) would be incapable of satisfaction, provided that the Purchaser is not then in breach of this Agreement so as to cause any condition in favour of both parties or in favour of the Vendor not to be satisfied; or
- (iv) by the Vendor, upon written notice to the Purchaser:
 - (A) if any of the conditions set forth in Section 6.2 are not satisfied or waived on or before the Closing Date; or
 - (B) any representation or warranty of the Purchaser under this Agreement is untrue or incorrect or shall have become untrue or incorrect such that the condition contained in Section 6.2(a) would be incapable of satisfaction, provided that the Vendor is not then in breach of this Agreement so as to cause any condition in favour of both parties or in favour of the Purchaser not to be satisfied.

8.2 Automatic Termination

This Agreement shall automatically terminate without further action by either Party if the Closing Date does not occur by January 31, 2012.

SECTION 9 GENERAL

9.1 Public Notice

The parties will consult with each other before issuing any press release or making any other public announcement with respect to this Agreement or the transactions contemplated herein and neither

the Vendor nor the Purchaser will issue any press release or make any public announcement without the prior consent of the other except to the extent required by law.

9.2 Expenses

All costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby will be paid by the party incurring such expenses.

9.3 Time

Time will be of the essence hereof.

9.4 Notices

Any notice required or authorized to be given under this Agreement shall be in writing and shall be delivered (a) in person, (b) by facsimile, (c) by electronic mail, (d) by registered mail, return receipt requested, or (e) by reputable courier service. Notices shall be effective upon the date of delivery, if delivered prior to 5:00 p.m. at the recipient's location, or on the next Business Day if delivered after such time. Notices shall be addressed to the Parties as follows:

Magna Resources Ltd.
1901 – 111 Alberni Street
Vancouver, British Columbia
V6E 4V2

Attention: Rudy de Jonge
Email: rudydejonge@hotmail.com

with a copy to Purchaser's Solicitors at:

McCullough O'Connor Irwin LLP
#2610 - 1066 West Hastings Street
Vancouver, British Columbia
V6E 3X1

Attention: Angela Austman
Fax: 604-687-7099
Email: aaustman@moisolicitors.com

(a) If to the Vendor at:

Confederation Minerals Ltd.
1980 – 1075 West Georgia Street
Vancouver, British Columbia
V6E 3C9

Attention: Kenneth Holmes
Fax: 778-329-9361
Email: krholmes@shaw.ca

with a copy to Vendor's solicitors at:

Lawson Lundell LLP
Suite 1600, Cathedral Place
925 West Georgia Street
Vancouver, British Columbia
V6C 3L2

Attention: Joanna Cameron
Fax: 604-631-9159
Email: mjcameron@lawsonlundell.com

Either party may change its address by notice to the other party given in the same in the manner as provided in this section.

9.5 Governing Law

This Agreement will be governed by and construed in accordance with the laws of the Province of British Columbia and the parties hereto submit and attorn to the jurisdiction of the Courts of the Province of British Columbia.

9.6 Severability

If any one or more of the provisions contained in this Agreement should be invalid, illegal or unenforceable in any respect in any jurisdiction, the validity, legality and enforceability of such provision or provisions will not in any way be affected or impaired thereby in any other jurisdiction and the validity, legality and enforceability of the remaining provisions contained herein will not in any way be affected or impaired thereby, unless in either case as a result of such determination this Agreement would fail in its essential purpose.

9.7 Entire Agreement

This Agreement constitutes the entire agreement between the parties hereto and supersede all prior agreements, understandings, representations and warranties, oral or written, by and between any of the parties hereto with respect to the subject matter hereof, including the Letter Agreement.

9.8 Further Assurances

The parties hereto will with reasonable diligence do all such deeds, acts and things and provide all such reasonable assurances as may be required in the reasonable opinion of the Purchaser's Solicitors and the Vendor's Solicitors to consummate the transactions contemplated hereby, and each party hereto will provide such further documents or instruments required by the other party as may be reasonably necessary or desirable to effect the purpose of this Agreement and carry out its provisions whether before or after the Closing Date.

9.9 Enurement

This Agreement and each of the terms and provisions hereof will enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, personal representatives, successors and assigns.

9.10 Counterparts

This Agreement may be executed in as many counterparts as may be necessary or by facsimile and each such agreement or facsimile so executed will be deemed to be an original and such counterparts together will constitute one and the same instrument.

IN WITNESS WHEREOF the parties hereto have hereunto duly executed this Agreement as of the day and year first above written.

CONFEDERATION MINERALS LTD.

“Lawrence Dick”

Authorized Signatory

MAGNA RESOURCES LTD.

“Rudy de Jonge”

Authorized Signatory