

SETTLEMENT AGREEMENT AND RELEASE

This Settlement Agreement and Release (the "Agreement") is entered into this 3rd day of July, 2014 (the "Effective Date"), by and among the following parties (the "Parties"):

- FIRE RIVER GOLD CORP.**, a British Columbia corporation ("FAU");
- MYSTERY CREEK RESOURCES, INC.**, an Alaska corporation ("MCR"); and
- WATERTON GLOBAL VALUE, L.P.**, a British Virgin Islands limited partnership ("Waterton")

RECITALS

WHEREAS, on March 30, 2012, FAU requested, and Waterton agreed, to establish in favour of FAU a US\$12,750,000 senior secured, non-revolving credit facility (as amended, supplemented and modified from time to time, the "Credit Agreement");

WHEREAS, to secure FAU's Obligations under the Credit Agreement, Waterton received a perfected lien and first security interest in all of the assets (including personal property, securities, and real property) then owned and thereafter acquired by FAU, MCR (a wholly-owned subsidiary of FAU and a guarantor of FAU's obligations under the Credit Agreement) and Fire River Gold Corp., USA (a wholly-owned subsidiary of FAU and a guarantor of FAU's obligations under the Credit Agreement, which entity has, as of the date hereof, been wound-up) (the "Security");

WHEREAS, as part of the Security, Waterton received a security interest in all of the issued and outstanding shares of MCR held and controlled by FAU (the "Pledged Shares");

WHEREAS, as of October 4, 2013, FAU owed Waterton, under the Credit Agreement and a related Gold and Silver Supply Agreement dated March 30, 2012, the aggregate amount of US\$32,750,702 (the "Indebtedness");

WHEREAS, following FAU's acknowledgement that it was unable to repay the Indebtedness, on October 7, 2013, Waterton delivered to FAU: (a) a formal demand for payment of the Indebtedness; (b) a Notice of Intention to Enforce Security; and (c) a proposal to take, in full and final satisfaction of the Indebtedness, the Pledged Shares pursuant to section 61 of the British Columbia *Personal Property Security Act* (the "PPSA");

WHEREAS, by letter dated October 15, 2013, FAU's legal counsel confirmed that FAU was unable to repay the Indebtedness and unable to take steps to assign and deliver the Pledged Shares to Waterton;

WHEREAS, on December 3, 2013, Waterton filed a Petition (the "Petition") in the Supreme Court of British Columbia (the "Court") under Action No. S138966, Vancouver Registry (the "Proceeding"), seeking, among other things, an order that FAU assign and deliver the Pledged Shares to Waterton;

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WHEREAS, after filing the Petition, Waterton determined that it also wished to enforce its security as against all amounts owing from MCR to FAU, including that certain unsecured intercompany debt by and between MCR (as debtor) and FAU (as lender) in the amount of US\$55,426,265.12 (the "Intercompany Debt"), and FAU took the position that MCR was not entitled to do so (the "Enforcement Dispute");

WHEREAS, on April 25, 2014, Waterton filed a Notice of Application (the "Notice of Application") with the Court in the Proceeding seeking, among other things, orders that the Petition be amended and that both the Pledged Shares and the Intercompany Debt be assigned and delivered to Waterton;

WHEREAS, the Petition and the Notice of Application have not, to this date, been adjudicated by the Court and the Parties wish to finally resolve and fully settle, in a prompt and efficient manner, the Enforcement Dispute on the terms and conditions set forth below; and

WHEREAS, capitalized terms used but not otherwise defined in this Agreement shall have the meaning given to each such term in the Credit Agreement.

NOW, THEREFORE, FOR GOOD AND VALUABLE CONSIDERATION, the receipt and sufficiency of which are hereby acknowledged by the Parties, and in exchange for the mutual covenants set forth in this Agreement, the Parties agree as follows:

AGREEMENT

1. Acknowledgements.

FAU hereby agrees and acknowledges and represents and warrants to Waterton that:

- (a) as of October 4, 2013, FAU was, and as of the date of this Agreement FAU continues to be, in Default of its Obligations under the Credit Agreement due to non-payment of the Indebtedness (the "Event of Default");
- (b) pursuant to section 9.3 of the Credit Agreement and as a result of the Event of Default, Waterton was entitled to exercise all rights and remedies available to it under the Credit Documents and/or Applicable Law, including (without limitation) the commencement of foreclosure and enforcement proceedings under the Credit Documents; and

FAU and Waterton each hereby agrees and acknowledges and represents and warrants to the other that, given the Enforcement Dispute, it is ultimately commercially reasonable that the Enforcement Dispute be finally resolved and fully settled in an efficient and prompt manner and pursuant to the terms set forth below.

2. Settlement of the Enforcement Dispute.

FAU and Waterton hereby agree to finally settle and forever resolve the Enforcement Dispute as follows:

- (a) FAU shall endorse the Pledged Shares for transfer to Waterton;

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- (b) FAU shall, and hereby does, permanently and irrevocably assign, transfer and convey to Waterton any principal, interest, fees, penalties and other costs or obligations payable or owed to FAU by MCR including, but not limited to, the Intercompany Debt;
- (c) FAU hereby permanently and irrevocably assigns, transfers and conveys to Waterton all of its rights, title and interest in and to the Pledged Shares (sub-paragraphs (b) and (c), collectively, the "Transferred Property");
- (d) Waterton hereby irrevocably receives, accepts and/or takes assignment of the Transferred Property in full and final satisfaction of the Indebtedness pursuant to section 61 of the PPSA and that certain General Security Agreement between FAU and Waterton dated March 29, 2012 (sub-paragraphs (a), (b) and (c), collectively, the "Transfer");
- (e) Waterton is hereby irrevocably entitled to hold or dispose of the Transferred Property free from all rights, title and interest of FAU; and
- (f) FAU hereby irrevocably agrees to forthwith deliver, or cause to be delivered, to Waterton all corporate minute books of MCR and other documents and information pertaining to MCR that are in FAU's possession or control as Waterton may reasonably request.

The Parties further agree that for the purposes of the Audit and the Return (as such terms are defined below), the Transfer shall be deemed to have occurred on October 7, 2013 (the "Deemed Early Transfer"). FAU and MCR hereby expressly acknowledge that nothing in this paragraph or this Agreement shall be deemed or understood to impose onto Waterton any liability, obligation or other responsibility potentially arising or resulting from or relating to the Deemed Early Transfer and Waterton hereby expressly denies, disclaims and rejects the assumption of any such liability, obligation or other responsibility in relation to the Deemed Early Transfer arising prior to the Effective Date.

3. Consideration for the Settlement.

As consideration for FAU agreeing to a prompt, efficient and final settlement of the Enforcement Dispute pursuant to the terms and conditions of this Agreement, Waterton hereby agrees to: (i) immediately instruct its legal counsel to endorse and deliver to legal counsel for FAU a Notice of Discontinuance, discontinuing the Proceeding on a without costs basis (which Notice of Discontinuance may be filed with the Court by FAU); and (ii) make payment to FAU (by wire transfer of immediately available funds) of the following amounts on the following dates:

- (a) CAD\$160,000, on the Effective Date;
- (b) the aggregate costs incurred by FAU in completing its fiscal 2013 audit (the "Audit"), following the completion of the Audit and delivery to Waterton of documentation evidencing the costs incurred in the completion thereof;
- (c) the aggregate costs incurred by FAU in completing its fiscal 2013 Canadian federal and provincial corporate tax return (the "Return"), following the completion of the Return and delivery to Waterton of documentation evidencing the costs incurred in the completion

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thereof; and

- (d) up to an aggregate of CAD\$31,164.89 (paid out in one or more installments, as needed), following receipt by Waterton of documentation, satisfactory to Waterton acting reasonably, evidencing the full and final settlement of all disputes between FAU and each of Colliers Macaulay Nicolls Inc. and NAI Commercial Real Estate Inc. (collectively, the "Claimants") for amounts owed by FAU to the Claimants prior to the Effective Date; *provided that*, FAU hereby agrees to use commercially reasonable efforts to settle its disputes with the Claimants on the most economical terms possible.

4. Compromise of Dispute and No Admission of Liability.

It is expressly understood and agreed that this Agreement is a compromise of the Enforcement Dispute, and it is not to be construed as an admission of liability or wrongdoing or responsibility by the Parties, by each of whom all wrongdoing, liability, or responsibility is expressly denied.

5. Release of Claims.

Subject to the timely and complete performance by Waterton of its obligations under this Agreement, FAU and MCR, on behalf of themselves and their successors and assigns, hereby completely and forever release and discharge Waterton, its successors and assigns and its and their associated and affiliated entities, directors, officers, employees, managers and principals from all past, present and future actions, causes of action, controversies, claims, damages, demands, debts, liabilities, obligations, expenses, compensation, suits and variances, whether known or unknown, in law or at equity, based on a tort, contract, or other theory of recovery, and whether for compensatory or punitive damages, which FAU, MCR or their successors or assigns ever had or now may have in any way connected with, arising out of, concerning, or related to the Credit Documents, the Enforcement Dispute, the settlement of the Enforcement Dispute and/or this Agreement (including the negotiation and execution thereof).

Subject to the timely and complete performance by FAU of its obligations under this Agreement, Waterton, on behalf of itself and its successors and assigns, hereby and completely and forever releases and discharges FAU, its successors and assigns and its and their associated and affiliated entities, directors, officers, employees, managers and principals from all past, present and future actions, causes of action, controversies, claims, damages, demands, debts, liabilities, obligations, expenses, compensation, suits and variances, whether known or unknown, in law or at equity, based on a tort, contract, or other theory of recovery, and whether for compensatory or punitive damages, which Waterton or its successors or assigns ever had or now may have in any way connected with, arising out of, concerning, or related to the Credit Documents, the Enforcement Dispute, the settlement of the Enforcement Dispute and/or this Agreement (including the negotiation and execution thereof).

6. Representations, Warranties and Covenants of the Parties.

Each of the Parties hereby represents, warrants and covenants to each of the other Parties, acknowledging and confirming that the other Parties are relying on such representations, warranties and covenants to enter into this Agreement, that:

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- (a) it is a corporate entity duly formed, organized and validly existing under the laws of its jurisdiction of incorporation or organization;
- (b) it has all requisite consents and full corporate power and authority to enter into and perform its obligations under this Agreement and each other agreement, document, instrument or certificate contemplated by this Agreement or to be executed by it in connection with the consummation of the Transfer and the final settlement of the Enforcement Dispute (the "Ancillary Document(s)");
- (c) the execution, delivery and performance of its obligations under this Agreement and each Ancillary Document has been duly authorized by all necessary corporate action on its behalf;
- (d) this Agreement constitutes, and each Ancillary Document when so executed and delivered shall constitute, legal, valid and binding obligations of the Party, enforceable against it in accordance with their respective terms;
- (e) the execution, delivery and performance of its obligations hereunder, and compliance with the terms, conditions and provisions of this Agreement and any Ancillary Documents, do not and will not conflict with or result in a breach of any of the terms or conditions of the Party's constating or organizational documents, Applicable Law, or any of the Party's existing contractual obligations, subject to applicable bankruptcy, insolvency and other similar laws; and
- (f) this Agreement shall not be construed against any Party as the author or drafter, all Parties having had the opportunity to discuss and review the terms hereof.

7. Notices.

All notices under this Agreement shall be in writing, sent by fax, electronic transmission (including email) or certified mail, to the respective Parties and the following addresses:

FAU and MCR: Blane Wilson
469 Stageline Loop,
Elko, NV 89801,
USA

With a copy to: Fasken Martineau DuMoulin LLP
Attn: Kibben Jackson
2900 - 550 Burrard Street
Vancouver, BC V6C 0A3

Waterton: Folio House, Road Town,
Attn: P. Poole
Tortola, VG1110
British Virgin Islands

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With a copy to: Borden Ladner Gervais LLP
Attn: William E. J. Skelly
1200 Waterfront Centre,
200 Burrard Street
P.O. Box 48600, Vancouver,
BC, Canada V7X 1T2

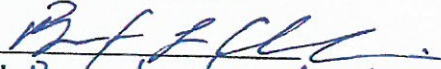
8. General Provisions.

- (a) The Parties hereby agree that notwithstanding section 10.5(a) of the Credit Agreement, each Party to this Agreement shall bear its own fees and costs, including attorneys' fees, resulting from or related to this Agreement, the Ancillary Documents and all the actions contemplated hereunder.
- (b) This Agreement shall be binding upon and enure to the benefit of all successors-in-interest and permitted assigns of the Parties.
- (c) Neither the failure, nor any delay, on the part of any Party to this Agreement to exercise any right, remedy, power or privilege under this Agreement shall operate as a waiver of that right, remedy, power or privilege. No waiver of any right, remedy, power or privilege with respect to any particular occurrence shall be construed as a waiver of such right, remedy, power or privilege with respect to any other occurrence.
- (d) No amendment or waiver of any provision or condition in this Agreement shall be effective unless in writing signed by all of the applicable Parties.
- (e) Each of the Parties agrees to execute such further Ancillary Documents and take such further actions as may be reasonably necessary or desirable to effectuate the terms set forth in this Agreement.
- (f) This Agreement may be executed simultaneously in one or more counterparts, each of which shall be deemed an original, but all of which, when taken together, shall constitute one and the same agreement. Facsimile, scanned or photocopied signatures to this Agreement shall be as effective as originals and may be delivered by electronic transmission (including email).
- (g) This Agreement shall be governed by and interpreted in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein without regard to the conflict of laws rules thereof.
- (h) This Agreement constitutes the final written expression of all of the agreements between the Parties with respect to the subject matter discussed herein and is a complete and exclusive statement of the terms thereof. There are no representations, warranties, covenants, promises, or undertakings except those expressly provided herein.
- (i) No third party who is not a party to this Agreement shall be entitled to claim any third party beneficiary obligations as a result hereof.


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IN WITNESS HEREOF, the Parties, through their duly authorized signatories, have executed this Agreement as of the Effective Date.

FIRE RIVER GOLD CORP.

By: 
Name: Brent Chamberlain
Title: Director

MYSTERY CREEK RESOURCES, INC.

By: 
Name: BLANE W. WILSON
Title: PRESIDENT

**WATERTON GLOBAL VALUE, L.P., BY ITS
INVESTMENT MANAGER, ALTITUDE
MANAGEMENT LIMITED**

By: _____
Name:
Title:

IN WITNESS HEREOF, the Parties, through their duly authorized signatories, have executed this Agreement as of the Effective Date.


FIRE RIVER GOLD CORP.

By: _____
Name:
Title:

MYSTERY CREEK RESOURCES, INC.

By: _____
Name:
Title:

**WATERTON GLOBAL VALUE, L.P., BY ITS
INVESTMENT MANAGER, ALTITUDE
MANAGEMENT LIMITED**

By:  _____
Name: Douglas A. Ryan
Title: Authorized Signatory