

Dated February 24, 2012

Rae-Wallace Mining Company
610 South Rock Boulevard
Reno, NV
89509

Attention: Mr. George Cole, Chief Executive Officer

Dear Sir:

RE: Issue and Sale of Securities of Rae-Wallace Mining Company

Raymond James Ltd. (the "**Agent**") understands that Rae-Wallace Mining Company (the "**Corporation**") proposes to issue and sell a minimum of 8,333,333 units of the Corporation (the "**Units**") ("**Minimum Offering**") and up to a maximum of 13,333,333 Units at a price of \$0.30 per Unit for gross proceeds of up to \$4,000,000 (the "**Offering**"). Each Unit consists of one ordinary share (a "**Unit Share**") in the capital of the Corporation and one-half of one ordinary share purchase warrant of the Corporation. Each whole ordinary share purchase warrant (a "**Warrant**") shall permit the holder thereof to purchase one ordinary share (a "**Warrant Share**") of the Corporation at an exercise price of \$0.40 per Warrant Share for a period of 24 months following the Closing Date (as defined herein).

The Agent also understands that the Corporation has prepared and filed the Preliminary Prospectus (as defined below), the Amended and Restated Preliminary Prospectus (as defined below) and all necessary related documentation with respect to the Units with the Securities Commissions (as defined below) in the Offering Provinces (as defined below) and has received the Preliminary Receipt (as defined below) and the Amended Preliminary Receipt (as defined below). The Agent also understands that the Corporation intends to file, without delay and on the terms and conditions set out herein, with the Securities Commissions the Prospectus (as defined below) and all necessary related documentation in order to qualify the Units for distribution in each of the Offering Provinces (as defined below).

Subject to the terms and conditions hereof, the Agent agrees to act as, and the Corporation appoints the Agent as, the sole and exclusive agent of the Corporation to offer a minimum of 8,333,333 Units and up to a maximum of 13,333,333 Units for sale to the public in the Offering Provinces (as defined below) at the price of \$0.30 (Cdn.) per Unit and to use its commercially reasonable efforts to secure subscriptions therefor, provided that the Agent shall be under no obligation to purchase any of such Units as principal. The Agent shall be entitled (but not obligated) in connection with the sale of the Units to retain as sub-agent other securities dealers and may receive (for delivery to the Corporation at the Closing Time) subscriptions for Units from other securities dealers. The Agent shall have the exclusive right to select such sub-agent and the fee payable to such sub-agent shall be for the account of the Agent.

If, for whatever reason, the Minimum Offering is not completed by the date which is 90 days after the issuance of the Final Receipt (as defined below), or such later date as agreed to by

the Corporation, the Agent and the subscribers and on such terms as may be prescribed by the Securities Commissions, all subscription funds shall be returned to the subscribers without interest or deduction, unless such subscribers have otherwise instructed the Agent.

In consideration for their services hereunder the Agent shall be entitled to the commission and expenses provided for in paragraph 9. For greater certainty, except as provided for in paragraph 9, the services provided by the Agent in connection herewith will not be subject to Goods and Services Tax ("GST") and taxable supplies will be incidental to the exempt financial services provided.

The following are the terms and conditions of this Agreement:

1. Definitions

In this Agreement:

- (a) **"Agent"** means Raymond James Ltd.;
- (b) **"Agent's counsel"** means Burstall Winger LLP, or such other legal counsel as the Agent, with the consent of the Corporation, may appoint;
- (c) **"Agent's Fee"** means the cash fee payable by the Corporation to the Agent equal to 9% of the aggregate gross proceeds of the Offering;
- (d) **"Agreement"** means this agency agreement among the Corporation and the Agent, and words such as **"hereof"**, **"hereto"**, **"herein"** and **"hereby"** refer to this Agreement as the context requires;
- (e) **"Amended and Restated Preliminary Prospectus"** means the amended and restated preliminary long form prospectus of the Corporation dated January 26, 2012 and any amendments thereto, in respect of the qualification for distribution of the Units in the Offering Provinces;
- (f) **"Amended Preliminary Receipt"** means a receipt for the Amended and Restated Preliminary Prospectus issued in accordance with the Passport System;
- (g) **"Applicable Securities Laws"** includes, collectively, all applicable securities, corporate and other laws, rules, regulations, notices, instruments, blanket orders, decision documents, and published procedures and policies in force in the Offering Provinces;
- (h) **"Broker Warrants"** means the warrants to be granted to the Agent to purchase a number of Common Shares at \$0.30 per share, in an amount equal to 9% of the aggregate number of Units sold pursuant to the Offering, as compensation for the Agents' services in connection with the Offering. Each Broker Warrant will be exercisable into one Broker Warrant Share upon payment of \$0.30 per Broker Warrant Share at any time prior to the date which is 24 months from the Closing Date;

- (i) **"Broker Warrant Shares"** means the Ordinary Shares issued pursuant to the due exercise of the Broker Warrants;
- (j) **"business day"** means a day which is not Saturday, Sunday or a legal holiday in the City of Toronto, Ontario;
- (k) **"Closing Date"** means the closing of the Offering on such date or dates as the Agent and the Corporation may agree;
- (l) **"Closing Time"** means 10:00 a.m. (Calgary time), or such other time, on the Closing Date, as the Agent and the Corporation may agree;
- (m) **"Corporate Finance Shares"** means the 80,000 Ordinary Shares issued to the Agent in connection with the completion of the Offering;
- (n) **"Corporation"** means Rae-Wallace Mining Company, a corporation continued as a Cayman Islands company under the *Companies Law* (Revised);
- (o) **"Corporation's auditors"** means MartinelliMick PLLC, in Spokane, Washington or such other firm of accountants appointed by the shareholders of the Corporation as the auditors of the Corporation from time to time;
- (p) **"Corporation's counsel"** means Irwin Lowy LLP, or such other legal counsel as the Corporation, with the consent of the Agent, may appoint;
- (q) **"December 2010 Private Placement"** means the private placement financing of the Corporation which closed (in two tranches) on December 7, 2010 and December 31, 2010 respectively, in which the Corporation issued 2,893,000 December PP Units at a price of \$0.25 per December PP Unit for aggregate gross proceeds of \$723,250;
- (r) **"December PP Unit"** the units issued by the Corporation pursuant to the December 2010 Private Placement, each unit entitling the subscriber to one Ordinary Share, one December PP Warrant and one Liquidity Entitlement;
- (s) **"December PP Warrant"** means the warrants forming part of the December PP Unit, which entitles the holder thereof to purchase one Ordinary Share for a period of 24 months following a Liquidity Event at a price equal to the lesser of \$0.50 and the exercise price of any warrants issued in connection with a Liquidity Event;
- (t) **"Due Diligence Sessions"** shall have the meaning set out in subparagraph 2(f);
- (u) **"Exchange"** means the TSX Venture Exchange;
- (v) **"Final Receipt"** means the final decision document in respect of the Prospectus issued in accordance with MI 11-102 and NP 11-202 by the OSC on its own behalf and on behalf of the regulators in the Offering Jurisdictions (other than the OSC);

- (w) **"Financial Statements"** means the financial statements contained in the Prospectuses;
- (x) **"Indemnified Persons"** means the Agent and the sub-agent of the Agent, and the directors, officers, employees, shareholders and consultants or Agent of the Agent and the sub-agent of the Agent;
- (y) **"Liquidity Event"** means the completion by the Corporation of each of the items listed under either 1, 2, and 3 or 4 and 5 below:
1. an initial public offering in Canada;
 2. becoming a reporting issuer in the Province of Ontario, and taking all necessary steps and proceedings (including, if necessary, the clearing with applicable securities regulatory authorities of a prospectus) to ensure that the Ordinary Shares will be freely tradeable securities in the offering jurisdictions without restrictions as of the time of closing of the initial public offering, except for those restrictions which may be imposed by the agent(s) of the initial public offering consistent with industry practice and not to exceed 180 days; and
 3. obtaining conditional approval for the listing of the Ordinary Shares on a recognized Canadian stock exchange; or
 4. a transaction which provides holders of the Ordinary Shares with comparable liquidity that such holders would have received if the initial public offering occurred, whether by means of a reverse take-over, merger, amalgamation, arrangement, take-over bid, insider bid, reorganization, joint venture, sale of all or substantially all assets, exchange of assets or similar transaction or other combination with a public corporation; and
 5. obtaining conditional approval for the listing of the Ordinary Shares on a recognized Canadian stock exchange;
- (z) **"Liscay Technical Report"** means the compliant technical report prepared by John A. Brophy, P.Ge, an independent person of the Corporation and a "Qualified Person", as defined in NI 43-101;
- (aa) **"Material Agreements"** means the contracts in the Prospectuses listed under the heading "Material Contracts";
- (bb) **"MI 11-102"** means Multilateral Instrument 11-102 *Passport System* of the Canadian Securities Administrators, as amended or replaced;
- (cc) **"Minimum Offering"** means aggregate gross proceeds of \$2,500,000;
- (dd) **"NI 43-101"** means National Instrument 43-101 *Standards of Disclosure for Mineral Projects*;

- (ee) **"NP 11-202"** means National Policy 11-202 *Process for Prospectus Reviews in Multiple Jurisdictions*, as amended or replaced;
- (ff) **"Offering"** means the initial public offering of the Corporation of a minimum of 8,333,333 Units up to a maximum of 13,333,333 Units pursuant to the Prospectus;
- (gg) **"Offering Provinces"** means British Columbia, Alberta and Ontario, and elsewhere where permitted by applicable law, and **"Offering Province"** means any one of them;
- (hh) **"Ordinary Share"** means an ordinary share in the capital of the Corporation;
- (ii) **"OSC"** means the Ontario Securities Commission;
- (jj) **"Passport System"** means the system and procedures for the filing of prospectuses and related materials in one or more Canadian jurisdictions pursuant to MI 11-102 and NP 11-202;
- (kk) **"PP Broker Warrants"** means 13,000 broker warrants issued by the Corporation in conjunction with the December Private Placement, with each PP Broker Warrant entitling its holder thereof to purchase on December PP Unit at a price of \$0.25 per December PP Unit for a period of 24 months following a Liquidity Event;
- (ll) **"Preliminary Receipt"** means a receipt for the Preliminary Prospectus issued in accordance with the Passport System;
- (mm) **"Preliminary Prospectus"** means the preliminary long form prospectus of the Corporation dated July 8, 2011 and any amendments thereto, in respect of the qualification for distribution of the Units in the Offering Provinces;
- (nn) **"Prospectus"** means the (final) long form prospectus of the Corporation and any amendments thereto, in respect of the qualification for distribution of the Units in the Offering Provinces;
- (oo) **"Prospectuses"** means, collectively, the Preliminary Prospectus, the Amended and Restated Preliminary Prospectus and the Prospectus;
- (pp) **"Public Record"** means all information filed by or on behalf of the Corporation or the Subsidiary with the Securities Commissions, including without limitation, the Prospectuses, any Supplementary Material and any other information filed with the Securities Commissions, or any other securities commission or similar regulatory authority in compliance, or intended compliance, with any Applicable Securities Laws, the laws of the Cayman Islands or the laws of Peru;
- (qq) **"Securities"** means, collectively, the Ordinary Shares, the Warrants, Warrant Shares, Broker Warrants and Broker Warrant Shares;

- (rr) **"Securities Commissions"** means the securities commission or similar regulatory authority in each of the Offering Provinces, as the case may be;
- (ss) **"Special Share"** means a special share in the capital of the Corporation;
- (tt) **"Subsidiary"** means Rae Wallace Peru S.A.C.;
- (uu) **"Supplementary Material"** means, collectively, any amendment to the Prospectuses, any amended or supplemental Prospectuses or any ancillary material, information, evidence, return, report, application, statement or document which may be filed by or on behalf of the Corporation with the Securities Commissions in compliance or intended compliance with the Applicable Securities Laws;
- (vv) **"Tax Act"** means the *Income Tax Act* (Canada), as amended from time to time and any and all rules and regulations made pursuant thereto;
- (ww) **"Technical Reports"** means collectively, the Liscay Technical Report and the Toro Blanco Technical Report;
- (xx) **"Toro Blanco Technical Report"** means the compliant technical report prepared by John A. Brophy, P. Geo, an independent person of the Corporation and a "Qualified Person", as defined in NI 43-101;
- (yy) **"Transfer Agent"** means Equity Financial Trust Company;
- (zz) **"Units"** means units issued by the Corporation pursuant to the Offering, each Unit entitling the holder to one Unit Share and ½ of one Warrant;
- (aaa) **"Unit Share"** means one Ordinary Share of the Corporation comprising a part of the Units;
- (bbb) **"Warrant"** means an Ordinary Share purchase warrant of the Corporation with an exercise price of \$0.40 per Warrant Share for a period of 24 months following the Closing Date;
- (ccc) **"Warrant Indenture"** means the warrant indenture dated the Closing Date between the Corporation and the Transfer Agent in respect of the creation of the Warrants;
- (ddd) **"Warrant Share"** means the Ordinary Shares issued pursuant to the exercise of a Warrant; and

"affiliate", "associate", "distribution", "insider", "misrepresentation", "material change" and "material fact" shall have the meanings ascribed thereto under the Applicable Securities Laws.

Capitalized terms not otherwise defined in this Agreement shall have the meaning set out in the Prospectus.

2. Covenants as to Creation and Qualification

The Corporation:

- (a) agrees that the Securities will be duly and validly authorized and issued;
- (b) shall elect and comply in all material respects with the Passport System and will:
 - (1) file the Prospectus and other documents required under the Applicable Securities Laws with the Securities Commissions in each of the Offering Provinces; and
 - (2) obtain from the OSC the Final Receipt, evidencing that a receipt for the Prospectus has been issued in Alberta and British Columbia and has been deemed to have been issued in each of the Offering Provinces other than Alberta and British Columbia, or otherwise obtained a receipt for the Prospectus from each of the Securities Commissions;

and shall have taken all other steps and proceedings that may be necessary on its part in order to qualify the Units for distribution in each of the Offering Provinces by the Agent who are registered in a category permitting them to distribute the Units under the Applicable Securities Laws and who comply with the Applicable Securities Laws;

- (c) covenants that it will use its reasonable commercially efforts to obtain the Final Receipt not later than February 29, 2012, and if not obtained by such date, the Corporation will continue to use its reasonable commercially efforts to obtain the Final Receipt;
- (d) covenants that it will use its reasonable commercially efforts to obtain, on or prior to the issuance of the Final Receipt, all necessary approvals of the Exchange for the listing on the Exchange of the Ordinary Shares (including the Warrant Shares and Broker Warrant Shares), subject only to satisfaction of conditions of the Exchange satisfactory to the Agent, acting reasonably, and thereafter maintain its listing on the Exchange;
- (e) shall, prior to the filing of the Prospectus and, during the period of distribution of the Units, prior to the filing with any Securities Commissions of any Supplementary Material, have allowed the Agent and the Agent's counsel to participate fully in the preparation of and to approve the form of such documents (such approval not to be unreasonably withheld);
- (f) prior to the filing of the Prospectus or any Supplementary Material and the Closing Time, will allow the Agent to participate fully in the preparation of such documents and will allow the Agent and the Agent's counsel, advisors and representatives to conduct all additional due diligence investigations, which they may reasonably require in order to fulfill their obligations as Agent in connection with the

distribution of the Units and in order to enable them to execute the certificate required to be executed by them in the Prospectus and any Supplementary Material, which may include investigations conducted up to the Closing Time, including the holding of one or more due diligence sessions to be held at or prior to the Closing Time (collectively, the "**Due Diligence Sessions**") with officials of the Corporation, Subsidiary, outside counsel, auditors and Qualified Persons (as defined in NI 43-101). The Agent shall distribute a list of written questions to be answered in advance of such Due Diligence Sessions and the Corporation and Subsidiary shall provide written responses to such questions and shall use its best efforts to have their outside counsel, its auditors and Qualified Persons (as defined in NI 43-101) provide written responses to such questions in advance of the Due Diligence Sessions. The Agent may waive holding actual due diligence sessions and instead rely on the written responses to such questions, in which case Due Diligence Sessions will mean the written responses;

- (g) shall use its reasonable commercial efforts to take or cause to be taken all such steps and proceedings, including fulfilling all legal, regulatory and other requirements as required under Applicable Securities Laws to qualify the Units, Broker Warrants and Corporate Finance Shares for distribution in the Offering Provinces, and shall not withdraw the Prospectus from the Offering Provinces without the prior written consent of the Agent; and
- (h) shall duly, faithfully and punctually perform all the obligations to be performed by it pursuant to this Agreement and shall comply with its covenants and agreements hereunder.

3. Delivery of Prospectus and Related Documents

The Corporation shall deliver or cause to be delivered without charge to the Agent and the Agent's counsel the documents set out below at the respective times indicated:

- (a) prior to or contemporaneously, as nearly as practicable, with the filing with the Securities Commissions of each of the Prospectuses:
 - (i) copies of the Prospectuses, signed as required by the Applicable Securities Laws; and
 - (ii) if requested by the Agent, acting reasonably, copies of any documents referred to therein which have not previously been delivered to the Agent;
- (b) as soon as they are available, copies of any Supplementary Material, if required, signed as required by the Applicable Securities Laws;
- (c) a "long-form" comfort letter or comfort letters dated the date of the Prospectus, in form and substance satisfactory to the Agent, addressed to the Agent from the Corporation's auditors, and based on a review completed not more than two Business Days prior to the date of the Prospectus, with respect to certain financial and accounting information relating to the Corporation in the Prospectus, which

letter shall be in addition to the auditors' reports contained in the Prospectus and any auditors' comfort letters addressed to the Securities Commissions;

- (d) comfort letters and other documents substantially similar to those referred to in subparagraph 3(c) of this Agreement will be delivered to the Agent and the Agent's counsel with respect to any Supplementary Material or other relevant document, concurrently with the filing of the Supplementary Material or other relevant document; and
- (e) prior to the filing of the Prospectus, evidence satisfactory to the Agent, acting reasonably, of the approval of the listing for trading on the Exchange of the Ordinary Shares (including the Warrants Shares and Broker Warrant Shares).

4. Material Change and Certain Other Covenants

The Corporation and the Subsidiary, as applicable, agree:

- (a) that during the period of distribution of the Units, they will promptly inform the Agent with full particulars of:
 - (i) any material change (actual, anticipated or threatened) in or affecting the business, operations, revenues, capital, properties, assets, liabilities (absolute, accrued, contingent or otherwise), condition (financial or otherwise) or results of operations of the Corporation or the Subsidiary;
 - (ii) any change in any material fact contained or referred to in the Public Record; and
 - (iii) the occurrence of a material fact or event which, in any such case, is, or may be, of such a nature as to:
 - (A) render any portion of the Public Record untrue, false or misleading in any material respect;
 - (B) result in a misrepresentation in the Public Record; or
 - (C) result in the Public Record not complying with the Applicable Securities Laws,

provided that if the Corporation or the Subsidiary is uncertain as to whether a material change, change, occurrence or event of the nature referred to in this section has occurred, the Corporation and the Subsidiary shall promptly inform the Agent of the full particulars of the occurrence giving rise to the uncertainty and shall consult with the Agent as to whether the occurrence is of such nature;

- (b) that during the period of distribution of the Units, they will promptly inform the Agent with full particulars of:

- (i) any request of the Securities Commissions or any similar regulatory authority for any amendment to, or to suspend or prevent the use of the Prospectus, any Supplementary Material or any other part of the Public Record or for any additional information;
 - (ii) the issuance by the Securities Commissions or similar regulatory authority, the Exchange, or by any other competent authority of any order to cease or suspend trading of any securities of the Corporation or of the institution or threat of institution of any proceedings for that purpose; or
 - (iii) the receipt by the Corporation or the Subsidiary of any communication from the Securities Commissions, or similar regulatory authority, the Exchange or any other competent authority, relating to the Prospectuses, any Supplementary Material, any other part of the Public Record, the distribution of the Units, or the listing of the Ordinary Shares (including the Warrant Shares and Broker Warrant Shares) on the Exchange;
- (c) they will promptly comply to the reasonable satisfaction of the Agent and the Agent's counsel with Applicable Securities Laws with respect to any material change, change, occurrence or event of the nature referred to in subparagraphs 4(a) or (b) above and the Corporation will prepare and file promptly at the Agent's request any amendment to the Prospectus or Supplementary Material as may be required under Applicable Securities Laws, provided that the Corporation shall have allowed the Agent and the Agent's counsel to participate fully in the preparation of any Supplementary Material, and to conduct all due diligence investigations which the Agent may reasonably have required in order to fulfil their obligations as Agent and in order to enable the Agent to execute the certificate required to be executed by them in, or in connection with such Supplementary Material;
- (d) that during the period from the effective date hereof until the completion of the distribution of the Units, they will promptly provide to the Agent for review by the Agent and the Agent's counsel prior to filing or issuance:
 - (i) any financial statement of the Corporation;
 - (ii) any document intended to be filed as part of the Public Record;
 - (iii) any press release of the Corporation; and
 - (iv) any amendment to the Prospectus;
- (e) that during the period commencing the effective date hereof and ending 90 days after the Closing Date, the Corporation shall not, except for:
 - (i) issuances of stock options and other securities pursuant to Corporation's stock option plan or similar Ordinary Share compensation plan or

arrangement described in the Prospectus, and the issuance of the Ordinary Shares issuable pursuant to the exercise thereof;

- (ii) issuances of Ordinary Shares or securities convertible into Ordinary Shares in connection with convertible securities existing as of the date hereof and described in the Prospectus; or
- (iii) issuances of Ordinary Shares as contemplated pursuant to the Material Agreements;

issue or agree to issue any Ordinary Shares, or any securities exchangeable or convertible into Ordinary Shares, without the prior written consent of the Agent, not to be unreasonably withheld; and

- (f) that no press release or similar public announcement concerning this Agreement or any other instrument relating hereto, or the relationship between the Corporation and the Agent shall be made without the prior written consent of the Agent, such consent not to be unreasonably withheld.

5. Agent's Covenants

The Agent represents, warrants, covenants and agrees with the Corporation that it:

- (a) will offer the Units for sale to the public in the Offering Provinces, directly and through sub-agents, if any, in compliance with the Applicable Securities Laws and upon the terms and conditions set forth in this Agreement. The Agent shall be obligated only to use their commercially reasonable efforts to effect the distribution of the Units and shall be under no obligation to purchase any Units as principal, or to retain any sub-agent. Notwithstanding the foregoing, the Agent will not be liable to the Corporation under this subparagraph 5(a) with respect to a default by any sub-agent under this subparagraph 5(a) if the Agent are not themselves also in default;
- (b) will not solicit subscriptions for the Units, trade in Units or otherwise do any act in furtherance of a trade of Units in any jurisdictions outside of the Offering Provinces and will cause a similar covenant to be contained in any agreement entered into with any sub-agent, if any, established in connection with the distribution of the Units;
- (c) will conduct activities in connection with the proposed offer and sale of the Units in compliance with all the Applicable Securities Laws and upon the terms and conditions set forth in the Prospectus and this Agreement and cause a similar covenant to be obtained from sub-agent, if any, in connection with the distribution of the Units and will indemnify the Corporation from all losses incurred by it as a result of a violation by the Agent of Applicable Securities Laws;
- (d) it is a corporation incorporated and existing under the laws of its jurisdiction or incorporation;

- (e) it will refrain from advertising the Offering in (A) printed public media of general and regular paid circulation, (B) radio, (C) television or (D) telecommunications, including electronic display and not make use of any green sheet or other internal marketing document without the consent of the Corporation, such consent to be promptly considered and not to be unreasonably withheld;
- (f) it will comply with, and ensure that its directors, officers, employees and affiliates comply with all applicable market stabilization rules and requirements of the Securities Commissions and Applicable Securities Laws; and
- (g) it is and will be, at the Time of Closing, duly registered under the Applicable Securities Laws under a category that permits it to sell the Units in the Offering Provinces.

6. Representations and Warranties of the Corporation

The Corporation and the Subsidiary, as applicable, represents and warrants to the Agent and acknowledges that the Agent and the Agent's counsel are relying upon such representations and warranties, that:

- (a) delivery of each of the Prospectuses or any Supplementary Material shall constitute a representation and warranty to the Agent by the Corporation and the Subsidiary that:
 - (i) all of the information and statements contained in the Prospectuses, Public Record or any Supplementary Material, as the case may be:
 - (1) are at the respective dates of such documents, true and correct in all material respects;
 - (2) contain no misrepresentation; and
 - (3) constitute full, true and plain disclosure of all material facts relating to the Corporation and the Subsidiary, and the distribution of the Units;

other than any information or statements relating solely to the Agent and furnished to the Corporation and the Subsidiary by the Agent in writing expressly for inclusion in the Prospectuses or the Supplementary Material;
 - (ii) the Prospectuses or any Supplementary Material, as the case may be, comply in all material respects with the Applicable Securities Laws;
 - (iii) there has been no intervening material change (actual, proposed or prospective, whether financial or otherwise), from the date of the Prospectuses and any Supplementary Material to the time of delivery thereof in the business, operations, capital, properties, assets, liabilities

(absolute, accrued, contingent or otherwise), condition (financial or otherwise) or results of operations of the Corporation and the Subsidiary;

- (iv) the Financial Statements fairly present, in all material respects and in accordance with internal financial reporting standards consistently applied, the financial position and condition of the Corporation and the Subsidiary on a consolidated basis as at the dates thereof and the results of the operations of the Corporation and the Subsidiary on a consolidated basis for the periods then ended and reflect all liabilities (absolute, accrued, contingent or otherwise) of the Corporation and the Subsidiary on a consolidated basis as at the dates thereof, in all material respects, and in accordance with internal financial reporting standards consistently applied;
 - (v) based upon representations made by the Corporation's auditors to the Corporation, the Corporation's auditors are independent chartered accountants with respect to the Corporation as required by Applicable Securities Laws; and
 - (vi) there has not been any reportable disagreement (within the meaning of Section 4.11 of National Instrument 51-102 - *Continuous Disclosure Obligations* of the Canadian Securities Administrators) with the Corporation's auditors;
- (b) the Corporation has been duly incorporated and is valid and subsisting under the laws of the Cayman Islands, and the Corporation has all requisite power and authority to carry on its business as now conducted by it and to own, lease and operate its properties and assets. The Corporation has no subsidiaries other than the Subsidiary and the Corporation owns all of the issued and outstanding securities of the Subsidiary;
 - (c) the Subsidiary has been duly incorporated and is valid and subsisting under the laws of Peru, and the Subsidiary has all requisite power and authority to carry on its business as now conducted by it and to own, lease and operate its properties and assets;
 - (d) the Corporation and the Subsidiary are qualified to carry on business under the laws of each jurisdiction in which they carry on a material portion of their respective businesses;
 - (e) the Corporation and the Subsidiary, as applicable, have full power and authority to enter into the Material Agreements, Warrant Indenture and Broker Warrant certificates and to perform their obligations set out herein (including, without limitation, to issue the Securities) and the Material Agreements, Warrant Indenture and Broker Warrant certificates have been or will be duly authorized, executed and delivered by the Corporation and the Subsidiary, as the case may be, and the Material Agreements, Warrant Indenture and Broker Warrant certificates are legal, valid and binding obligations of the Corporation and the Subsidiary, as the case

may be, enforceable against the Corporation and the Subsidiary, as the case maybe, in accordance with their respective terms subject to the general qualification that:

- (i) the enforceability may be limited by bankruptcy, insolvency, moratorium, reorganization or other similar laws of general application affecting creditors' rights;
 - (ii) equitable remedies, including the remedies of specific performance and injunctive relief, are available only in the discretion of the applicable court;
 - (iii) the enforceability of any provision exculpating a party from liability or duty otherwise owed by it may be limited under applicable law;
 - (iv) the enforceability of provisions which purport to sever any provision which is prohibited or unenforceable under applicable law without affecting the enforceability or validity of the remainder of such document would be determined only in the discretion of the court;
 - (v) the equitable or statutory powers of the courts in Canada having jurisdiction to stay proceedings before them and the execution of judgments;
 - (vi) rights to indemnity and contribution hereunder may be limited under applicable law; and
 - (vii) the enforceability may be limited by applicable laws regarding limitation of actions;
- (f) at the date of issuance, the Ordinary Shares comprising the Units to be issued pursuant to this Agreement will, upon issuance, be issued as fully paid and non-assessable Ordinary Shares. The Warrant Shares issuable upon exercise of the Warrants in the accordance with the Warrant Indenture and the Broker Warrant Shares issuable upon exercise of the Broker Warrants will be validly issued as fully paid and non-assessable Ordinary Shares;
- (g) neither, the Corporation nor the Subsidiary is in default or breach of, and the execution and delivery of, and the performance of and compliance with the terms of this Agreement and the Material Agreements by the Corporation and the Subsidiary, as applicable, or any of the transactions contemplated hereby, do not and will not result in any breach of, or constitute a default under, and do not and will not create a state of facts which, after notice or lapse of time or both, would result in a breach of or constitute a default under, any term or provision of the articles, by-laws, other constating documents or resolutions of the directors or shareholders of the Corporation or the Subsidiary or any indenture, mortgage, note, contract, agreement (written or oral), instrument, lease or other document, to which the Corporation or the Subsidiary, as the case may be, are a party or by which they are bound, or any judgment, decree, order, statute, rule or regulation applicable to the Corporation or the Subsidiary, which default or breach might reasonably be expected to materially adversely affect the business, operations, capital or

condition (financial or otherwise) of the Corporation or the Subsidiary, or their respective properties and assets;

- (h) the Corporation and the Subsidiary maintain a system of internal accounting controls sufficient to provide reasonable assurance that transactions are recorded as necessary to facilitate preparation of financial statements in conformity with internal financial reporting standards to maintain accountability for assets;
- (i) the Corporation and the Subsidiary are insured against loss or damage by insurable hazards or risks on a replacement cost basis. Such insurance coverage is of a type and in an amount typical to the business in which the Corporation or the Subsidiary operates as conducted by a reasonably prudent person based on the advice of reputable insurance brokers consulted by such persons;
- (j) to the knowledge of the Corporation and the Subsidiary, there are no material actions, suits, proceedings or inquiries pending or threatened against or affecting the Corporation or the Subsidiary at law or in equity or before or by any federal, provincial, municipal or other governmental department, commission, board, bureau, agency or instrumentality which in any way materially adversely affects, or may in any way materially adversely affect, the business, operations, capital or condition (financial or otherwise) of the Corporation or the Subsidiary or their respective assets or which affects or may affect the distribution of the Units, and the Corporation and the Subsidiary are not aware of any existing ground on which such action, suit, proceeding or inquiry might be commenced with any reasonable likelihood of success;
- (k) there has not been any material change in the capital, assets, liabilities or obligations (absolute, accrued, contingent or otherwise) of the Corporation and the Subsidiary from the position set forth in the Financial Statements except as contemplated by the Prospectuses and there has not been any adverse material change in the business, operations, capital, properties, assets, liabilities (absolute, accrued, contingent or otherwise), condition (financial or otherwise) or results of operations of the Corporation or the Subsidiary since September 30, 2011; and since that date there have been no material facts, transactions, events or occurrences which could materially adversely affect the business, operations, capital, properties, assets, liabilities (absolute, accrued, contingent or otherwise), condition (financial or otherwise) or results of operations of the Corporation or the Subsidiary which have not been disclosed in the Prospectuses
- (l) the authorized share capital of the Corporation consists of up to 100,000,000 Ordinary Shares and up to 10,000,000 Special Shares, of which 23,237,800 Ordinary Shares and no Special Shares are issued and outstanding. The Corporation also has Options to acquire up to 2,460,000 Ordinary Shares, 7,753,000 warrants exercisable to acquire Ordinary Shares and 13,000 PP Broker Warrants exercisable to acquire December PP Units outstanding;

- (m) the authorized share capital of the Subsidiary consists of 500 shares of which 500 shares are issued and outstanding;
- (n) no person holds any securities convertible or exchangeable into any unissued securities of the Corporation or the Subsidiary, or has any agreement, warrant, option, right or privilege being or capable of becoming an agreement, warrant, option or right for the purchase or other acquisition of any unissued securities of the Corporation or the Subsidiary, except as disclosed in the Prospectus;
- (o) the form and terms of definitive certificates representing the Ordinary Shares, Warrants and Broker Warrants have been duly approved and adopted by the Corporation and comply with all legal requirements relating thereto;
- (p) the Corporation and the Subsidiary have the necessary corporate power and authority to execute, deliver and file the Prospectuses and any Supplementary Materials and, prior to filing the Prospectuses or Supplementary Materials, as applicable, all requisite action will have been taken by the Corporation and the Subsidiary to authorize the execution, delivery and filing of the Prospectuses and Supplementary Materials;
- (q) neither the Securities Commissions, other securities commissions or similar regulatory authorities, the Exchange or any other stock exchanges have issued any order which is currently outstanding ceasing, halting, suspending or preventing trading in any securities of the Corporation or the Subsidiary, no such proceeding is, to the knowledge of the Corporation and the Subsidiary, pending, contemplated or threatened;
- (r) the Corporation and the Subsidiary are not in default of any requirement of Applicable Securities Laws in any material respect;
- (s) to the knowledge of the Corporation, no insider of the Corporation has a present intention to sell any securities of the Corporation;
- (t) the Corporation and the Subsidiary do not owe any money to, nor have the Corporation and the Subsidiary any present loans to, or borrowed any monies from, are or otherwise indebted to any officer, director, employee, shareholder, partner, any person not dealing at "arm's length" (as such term is defined in the Tax Act) with the Corporation and the Subsidiary, general manager, power of attorney appointee or any person with similar powers and authorities as those listed above, except for usual employee reimbursements and compensation paid in the ordinary and normal course of the business of the Corporation and the Subsidiary;
- (u) the Corporation and the Subsidiary are not parties to any contract, agreement or understanding with any officer, director, employee, shareholder, any other person not dealing at "arm's length" (as such term is defined in the Tax Act) with the Corporation and the Subsidiary), general manager, power of attorney appointee or any person with similar powers and authorities as those listed above, which may have a material adverse effect on the conduct of the business, operations, financial

condition or income of the Corporation or the Subsidiary on a consolidated basis, except as disclosed herein (including the Material Agreements) or in the Prospectus;

- (v) the minute books of the Corporation are, in all material respects, true and correct and contain copies of all minutes of all meetings and all resolutions of the directors, committees of directors and shareholders of the Corporation and all such meetings were duly called and properly held and all consent resolutions were properly adopted;
- (w) the minute books of the Subsidiary are, in all material respects, true and correct and contain copies of all minutes of all meetings and all resolutions of the directors, committees of directors and shareholders, general manager, power of attorney appointee or any person with similar powers and authorities of the Subsidiary and all such meetings were duly called and properly held and all consent resolutions were properly adopted;
- (x) the books of account and other records of the Corporation and the Subsidiary, whether of a financial or accounting nature or otherwise, have been maintained in accordance with prudent business practices;
- (y) the information and statements set forth in the Public Record, as such relate to the Corporation and the Subsidiary, were true, correct and complete in all material respects and did not contain any misrepresentation as of the respective dates of such information or statements, the Public Record complies with Applicable Securities Laws in all material respects, no material change has occurred in relation to the Corporation and the Subsidiary which is not disclosed in the Public Record;
- (z) other than as provided for in this Agreement, the Corporation and the Subsidiary have not incurred any obligation or liability, contingent or otherwise, for brokerage fees, finders fees, commissions or other similar forms of compensation with respect to the transactions contemplated in this Agreement;
- (aa) there is presently no material plan in place for retirement bonus, pension benefits, unemployment benefits, deferred compensation, severance or termination pay, insurance, sick leave, disability, salary continuation, legal benefits, vacation or other employee incentives or compensation that is contributed to or required to be contributed to by the Corporation or the Subsidiary for the benefit of any current or former director, officer, employee, consultant or partner of the Corporation or the Subsidiary;
- (bb) the Corporation and the Subsidiary are not a party to or bound by any agreement of guarantee, indemnification or any other like commitment of the obligations, liabilities (contingent or otherwise) of indebtedness of any other person;
- (cc) no officer, director, employee, partner or any other person not dealing at arm's length with the Corporation and the Subsidiary, any associate or affiliate of any such person, owns, has or is entitled to any royalty or any other encumbrances or

claims of any nature whatsoever on the properties or other assets of the Corporation and the Subsidiary or any revenue or rights attributed thereto;

- (dd) except as disclosed in the Prospectus, neither the Corporation nor any of its holders of Ordinary Shares is a party to any shareholders agreement, escrow agreement, pooling agreement, voting trust or other similar type of arrangements in respect of outstanding securities of the Corporation;
- (ee) to the knowledge of the Corporation and the Subsidiary, the Corporation and the Subsidiary have not entered into any agreements or made any covenants with any parties, including without limitation any rights of first refusal, that would restrict the Corporation or the Subsidiary from entering into this Agreement;
- (ff) the Corporation and the Subsidiary have conducted and are conducting their businesses in compliance in all material respects with all applicable laws, rules and regulations and, in particular, all applicable licensing and environmental legislation, regulations or by-laws or other lawful requirement of any governmental or regulatory bodies applicable to them of each jurisdiction in which they carry on businesses and hold all licenses, registrations and qualifications in all jurisdictions in which they carry on businesses which are necessary or desirable to carry on the businesses as now conducted and as presently proposed to be conducted and all such licenses, registrations or qualifications are valid and existing and in good standing and none of such licenses, registrations or qualifications contain any burdensome term, provision, condition or limitation which has or is likely to have any material adverse effect on the businesses of the Corporation and the Subsidiary, as now conducted or as proposed to be conducted and the Corporation and the Subsidiary are not aware of any legislation, regulation, rule or lawful requirements presently in force or proposed to be brought into force which the Corporation or the Subsidiary anticipates the Corporation and the Subsidiary will be unable to comply with without materially adversely affecting the Corporation and the Subsidiary on a consolidated basis;
- (gg) the Corporation and the Subsidiary are in compliance with all their material obligations, covenants and terms contained in any banking, mortgage or other financing agreements which they are a party to;
- (hh) no authorization, approval or consent of any court or governmental authority or agency is required to be obtained by the Corporation in connection with the sale and delivery of the Units hereunder, except such as may be required under the Applicable Securities Laws;
- (ii) the Transfer Agent, at its principal offices in the City of Toronto, in the Province of Ontario is the duly appointed registrar and transfer agent for the Ordinary Shares;
- (jj) the Corporation or the Subsidiary, as the case may be, are in material compliance with the terms of the Material Agreements and the Corporation and the Subsidiary

are not aware of any default or breach of a material nature under any of such Material Agreements by any other party thereto;

- (kk) to the knowledge of the Corporation and the Subsidiary, the Technical Reports do not contain a material misrepresentation and the Corporation and the Subsidiary have no knowledge of a material adverse change in any information provided to the author of the Technical Reports since the date that such information was so provided. The Corporation and the Subsidiary have no reason to believe the Technical Reports do not fully comply with the requirements set out in NI 43-101;
- (ll) although they do not warrant title, except as set out in the Prospectus:
 - (i) the Corporation and the Subsidiary do not have reason to believe that the Corporation and the Subsidiary do not have title to or the irrevocable right to prospect, explore for, mine and sell such minerals contained on or in the properties described in the Prospectuses (for the purposes of this subparagraph, the foregoing are referred to as the “**Interests**”) and do represent and warrant that the Interests are free and clear of adverse claims created by, through or under the Corporation and the Subsidiary, or those arising in the ordinary course of business which are not material in the aggregate;
 - (ii) the Corporation and the Subsidiary are not aware of any defects, failures or impairments in the title of the Corporation and the Subsidiary to their Interests, whether or not an action, suit, proceeding or inquiry is pending or threatened and whether or not discovered by any third party, which in aggregate could have a material adverse affect on the Interests; and
- (mm) except to the extent that any violation or other matter referred to in this subsection does not have a material adverse effect on the business, financial condition, assets, properties, liabilities or operations of the Corporation and the Subsidiary:
 - (i) the Corporation and the Subsidiary are not in violation of any applicable federal, provincial, state, municipal or local laws, regulations, orders, government decrees or ordinances with respect to environmental, health or safety matters (collectively, “**Environmental Laws**”);
 - (ii) the Corporation and the Subsidiary have operated their businesses at all times and have received, handled, used, stored, treated, shipped and disposed of all contaminants without violation of Environmental Laws;
 - (iii) there have been no spills, releases, deposits or discharges of hazardous or toxic substances, contaminants or wastes into the earth, air or into any body of water or any municipal or other sewer or drain water systems by the Corporation and the Subsidiary that have not been remedied;

- (iv) no orders, directions or notices have been issued and remain outstanding pursuant to any Environmental Laws relating to the business or assets of the Corporation and the Subsidiary;
- (v) the Corporation and the Subsidiary have not failed to report to the proper governmental body the occurrence of any event which is required to be so reported by any Environmental Law;
- (vi) the Corporation and the Subsidiary hold all licences, permits and approvals required under any Environmental Laws in connection with the operation of their respective businesses and the ownership and use of their respective assets, all such licences, permits and approvals are in full force and effect, and the Corporation and the Subsidiary have not received any notification pursuant to any Environmental Laws that any work, repairs, constructions or capital expenditures are required to be made by them as a condition of continued compliance with any Environmental Laws, or any licence, permit or approval issued pursuant thereto, or that any licence, permit or approval referred to above is about to be reviewed, made subject to limitation or conditions, revoked, withdrawn or terminated; and
- (vii) the Corporation and the Subsidiary have not received any notice of, or been prosecuted for any offence alleging, material non-compliance with any Environmental Laws, and the Corporation and the Subsidiary have not settled any allegation of material non-compliance short of prosecution;
- (nn) any and all operations of the Corporation and the Subsidiary and, to the knowledge of the Corporation, any and all operations by third parties, on or in respect of the assets and properties of the Corporation and the Subsidiary have been conducted in accordance with good mining industry practices and in material compliance with applicable laws, rules, regulations, orders and directions of governmental and other competent authorities;
- (oo) in respect of the assets and properties of the Corporation and the Subsidiary that are operated by them, if any, the Corporation and the Subsidiary hold all valid licences, permits and similar rights and privileges that are required and necessary under applicable laws to operate the assets and properties of the Corporation and the Subsidiary as presently operated; and
- (pp) the responses given by the Corporation, the Subsidiary and their directors, officers, general manager or power of attorney appointees, as applicable, in the Due Diligence Sessions were true and correct where they relate to matters of fact, and the Corporation, the Subsidiary and its directors, officers, general manager or power of attorney appointees, as applicable, have responded in as thorough and complete fashion as possible, having regard to the nature of the questions and the time period that existed to address the due diligence questions and provide responses. Where the responses reflect the opinion or view of the Corporation, the Subsidiary or its directors, officers, general manager or power of attorney

appointees, as applicable, such opinions or views were honestly held at the time they were given.

7. Conditions

The obligations of the Agent hereunder shall be conditional upon the Agent receiving on or prior to the Closing Date:

- (a) a legal opinion of the Corporation's and the Subsidiary's counsel, as applicable, addressed to the Agent in form and substance reasonably satisfactory to the Agent and Agent's counsel, with respect to such matters as the Agent may reasonably request relating to the Offering, including, without limitation, that:
 - (i) the Corporation has been duly incorporated and is valid and subsisting under the laws of the Cayman Islands, and the Corporation has all requisite power and authority to carry on its business as now conducted by it and to own, lease and operate its properties and assets. The Corporation has no subsidiaries other than the Subsidiary and the Corporation owns all of the issued and outstanding securities of the Subsidiary;
 - (ii) the Subsidiary has been duly incorporated and is valid and subsisting under the laws of Peru, and the Subsidiary has all requisite power and authority to carry on its business as now conducted by it and to own, lease and operate its properties and assets;
 - (iii) the form and terms of the certificates representing the Ordinary Shares, Warrants and Broker Warrants have been approved and adopted and comply with all legal requirements relating thereto;
 - (iv) the Corporation and the Subsidiary, as applicable, have full corporate power and authority to enter into this Agreement, Warrant Indenture, Broker Warrant certificates and to perform their obligations set out herein and therein and this Agreement, Warrant Indenture, Broker Warrant certificates have been duly authorized, executed and delivered by the Corporation and the Subsidiary and constitutes their legal, valid and binding obligations of the Corporation and the Subsidiary enforceable against the Corporation and the Subsidiary in accordance with its terms, except that the validity, binding effect and enforceability of the terms of agreements and documents are subject to the qualification that such validity, binding effect and enforceability may be limited by: (i) applicable bankruptcy, insolvency, moratorium, reorganization or other laws affecting creditors' rights generally; (ii) equitable remedies, including the remedies of specific performance and injunctive relief, being available only in the discretion of the applicable court; (iii) the statutory and inherent powers of a court to grant relief from forfeiture, to stay execution of proceedings before it and to stay executions on judgments; (iv) the applicable laws regarding limitations of actions; (v) enforceability of provisions which purport to sever any

provision which is prohibited or unenforceable under applicable law without affecting the enforceability or validity of the remainder of such document would be determined only in the discretion of the court; (vi) enforceability of the provisions exculpating a party from liability or duty otherwise owned by them may be limited under applicable law; and (vii) the rights to indemnity, contribution and waiver under the documents which may be limited or unavailable under applicable law;

- (v) the execution and delivery of this Agreement, Warrant Indenture and Broker Warrant certificates and the fulfillment of the terms hereof by the Corporation and the Subsidiary, as applicable, and the performance of and compliance with the terms of this Agreement, Warrant Indenture and Broker Warrant certificates by the Corporation and the Subsidiary, as applicable, do not and will not result in a breach of, or constitute a default under, and does not and will not create a state of facts which, after notice or lapse of time or both, will result in a breach of or constitute a default under: (a) any applicable laws of the Cayman Islands or Peru applicable therein; (b) any term or provision of the articles, by-laws or other constating documents, as applicable, of the Corporation and the Subsidiary; (c) of which counsel is aware, any resolutions of the shareholders or directors (or any committee thereof) of the Corporation or the Subsidiary; (d) of which counsel is aware, any indenture, mortgage, note, contract, agreement (written or oral), instrument, lease or other document to which the Corporation or the Subsidiary is a party or by which they are bound; or (e) of which counsel is aware, any judgment, decree or order, of any court, governmental agency or body or regulatory authority having jurisdiction over or binding the Corporation and the Subsidiary or their properties or assets;
- (vi) the Ordinary Shares comprising the Units have been duly authorized and when issued in accordance with the terms hereof, will be validly issued as fully paid and non-assessable Ordinary Shares. The Warrant Shares issuable upon exercise of the Warrants in accordance with the Warrant Indenture and the Broker Warrant Shares issuable upon exercise of the Broker Warrants will be validly issued as fully paid and non-assessable Ordinary Shares;
- (vii) all Applicable Securities Laws of the Offering Provinces and other laws applicable to the Corporation in connection with the creation, offering, issuance and sale of the Securities have been complied with;
- (viii) the Corporation and the Subsidiary have the necessary power and authority to execute and deliver the Prospectuses and all necessary action has been taken by the Corporation and the Subsidiary to authorize the execution and delivery by them of the Prospectuses and the filing thereof, as the case may be, in each of the Offering Jurisdictions in accordance with the Applicable Securities Laws;

- (ix) all necessary documents will have been filed, all necessary proceedings will have been taken and all legal requirements will have been fulfilled as required under the Applicable Securities Laws of each of the Offering Provinces in order to qualify the Units for distribution in each of such Offering Provinces;
- (x) all necessary documents will have been filed, all necessary proceedings will have been taken and all legal requirements will have been fulfilled as required under the Applicable Securities Laws in order to qualify the Broker Warrants for distribution;
- (xi) the first trade of the Warrant Shares and Broker Warrant Shares;
- (xii) the Ordinary Shares (including the Warrant Shares and the Broker Warrant Shares) sold pursuant to this Agreement are conditionally listed and, upon notification to the Exchange of the issuance and sale thereof, will be posted for trading on the Exchange;
- (xiii) the Transfer Agent, at its principal office in Toronto has been duly appointed as the transfer agent and registrar for the Ordinary Shares; and
- (xiv) the eligibility of the Ordinary Shares as an investment by Registered Retirement Savings Plans or similar tax plans;

and additionally, relating to the authorized and issued capital of the Corporation and Subsidiary and as to all other legal matters, including compliance with the laws of the Cayman Islands, Peru and Applicable Securities Laws of the Offering Provinces, in any way connected with the disclosure of the Corporation and the Subsidiary in the Prospectuses and the distribution of the Units, as the Agent may reasonably request. For greater certainty, the Corporation and Subsidiary shall provide the Agent with legal opinions from the Cayman Islands and Peru, as applicable, with respect to compliance with corporate matters, including but not limited to, due incorporation, authorized share capital, corporate power and authority and such other matters as the Agent may reasonably request.

It is understood that the respective counsel may rely on the opinions of local counsel acceptable to them as to matters governed by the laws of jurisdictions other than the jurisdiction of residence of such counsel and on certificates of officers of the Corporation, the Transfer Agent and the Corporation's auditors as to relevant matters of fact;

- (b) a certificate of the Corporation and the Subsidiary dated the Closing Date, addressed to the Agent and signed on the Corporation's behalf by its Chief Executive Officer and Chief Financial Officer or such other officers or directors of the Corporation and the Subsidiary satisfactory to the Agent, acting reasonably, certifying that:

- (i) the Corporation and the Subsidiary have complied with and satisfied all terms and conditions of this Agreement and the Material Agreements on their part to be complied with or satisfied at or prior to the Closing Time other than those which have been waived by the Agent;
 - (ii) the representations and warranties of the Corporation and the Subsidiary set forth in this Agreement are true and correct at the Closing Time, as if made at such time;
 - (iii) no event of a nature referred to in subparagraphs 13(a), (b), (c), (f) or (g) has occurred or to the knowledge of such officers is pending, contemplated or threatened, except in the case where the Corporation and the Subsidiary has consulted with the Agent pursuant to subparagraph 4(a);
 - (iv) the Corporation and the Subsidiary have made and/or obtained, on or prior to the Closing Time, all necessary filings, approvals, consents and acceptances under Applicable Securities Laws, and under any applicable agreement or document to which the Corporation and the Subsidiary are a party or by which they are bound in respect of the execution and delivery of this Agreement, the offering and sale of the Units and the consummation of the other transactions contemplated hereby, subject to the completion of filings with the Securities Commissions following the Closing Date;
- (c) a "long-form" comfort letter of the Corporation's auditors addressed to the Agent and dated as at the Closing Date, satisfactory in form and substance to the Agent, acting reasonably, bringing the information contained in the comfort letter or letters referred to in subparagraph 3(c) and (d) hereof up to the Closing Time, which comfort letter shall be dated not more than two Business Days prior to the Closing Date;
 - (d) evidence satisfactory to the Agent that the Ordinary Shares (including the Warrant Shares and the Broker Warrant Shares) have been conditionally listed on the Exchange, and shall be posted for trading as at the opening of business on the Closing Date or such other date as the Corporation and the Agent may agree;
 - (e) an executed Warrant Indenture by the Corporation and the Transfer Agent in form and substance satisfactory to the Agent, acting reasonably;
 - (f) evidence that the Corporation is a "reporting issuer" in each of the Offering Jurisdictions and is not included on a list of defaulting reporting issuers maintained by the Securities Commissions where such a list is maintained; and
 - (g) such other certificates and documents as the Agent may request, acting reasonably.

The foregoing conditions are for the sole benefit of the Agent and may be waived in whole or in part by the Agent at any time and without limitation, and the Agent shall have the right, if any of the foregoing conditions are not met, on behalf of potential subscribers, to withdraw all Subscriptions Agreements delivered and not previously accepted by the Corporation or withdrawn

or rescinded by such persons. If any of the foregoing conditions are not met or waived on or before the Closing Date, the Agent may terminate their obligations under this Agreement without prejudice to any other remedies they may have.

8. Closing

The closing of the issue and sale of the Units shall be completed at the Closing Time at the offices of the Corporation's counsel in Toronto, Ontario or at such other place as the Corporation and the Agent may agree. Subject to the conditions set forth in paragraph 7, the Agent, on the Closing Date, shall deliver to the Corporation the net proceeds from the sale of the Units, less the amount payable in paragraph 9, either directly or indirectly by way of certified cheque, bank draft or wire transfer against delivery by the Corporation of:

- (a) definitive certificates representing, in the aggregate, all of the Ordinary Shares and Warrants subscribed for registered in such name(s) as directed by the Agent;
- (b) definitive certificate(s) representing the Broker Warrants registered in such name(s) as directed by the Agent; and
- (c) such further documentation as may be contemplated by this Agreement or that may reasonably be requested by the Agent.

Notwithstanding the foregoing, if the Agent requests that the Corporation issue all or part of the Ordinary Shares as a book-entry only security in accordance with the rules and procedures of CDS Clearing and Depository Services Inc. ("**CDS**"), then, as an alternative to the Corporation delivering to the Agent definitive certificates representing the Ordinary Shares in the manner and at the times set forth above:

- (a) the Agent will provide a direction to CDS with respect to the crediting of the Ordinary Shares to the accounts of the participants of CDS as shall be designated by the Agent in writing in sufficient time prior to the Closing Date to permit such crediting; and
- (b) the Corporation shall cause the Transfer Agent to deliver to CDS, on behalf of the Agent, one fully registered global certificate for the Ordinary Shares to be purchased hereunder, registered in the name of "CDS & Co." as the nominee of CDS, to be held by CDS as a book-entry only security in accordance with the rules and procedures of CDS.

9. Fees

In consideration for its services hereunder:

- (a) the Corporation will pay the Agent a cash fee of \$20,000 (the "**Corporate Finance Fee**") and has made a non-refundable payment to the Agent of \$10,000 towards the Corporate Finance Fee. The Corporation has also paid a deposit to the Agent in the amount of \$44,300 (the "**Deposit**") to be applied against the Agent's expenses and the fees, charges and expenses of the Agent's counsel;

- (b) if the Minimum Offering does not occur, the Agent shall retain the \$10,000 paid towards the Corporate Finance Fee and shall apply the Deposit against the Agent's expenses and the fees, charges and expenses of the Agent's counsel. If the Agent's expenses and the fees, charges and expenses of the Agent's counsel are less than the Deposit, any amount of the Deposit remaining shall be returned forthwith to the Corporation by the Agent or the Agent's counsel, without interest or further deduction. If the Agent's expenses and the fees, charges and expenses of the Agent's counsel exceed the Deposit, the Corporation shall immediately pay such excess upon invoice by the Agent or Agent's counsel, as the case may be; or
- (c) if a closing of the Minimum Offering does occur:
 - (i) the Agent shall apply the Deposit at the Time of Closing against the expenses of the Agent and the fees, charges and expenses of the Agent's counsel, and the Corporation will pay the expenses of the Agent and the fees, charges and expenses of the Agent's counsel in excess of the Deposit at the Time of Closing by the Agent deducting such amount from the gross proceeds of the Offering;
 - (ii) the Corporate Finance Fee less the payment received by the Agent pursuant to subparagraph 9(a) shall be paid by the Agent deducting such amount from the gross proceeds of the Offering at the Time of Closing;
 - (iii) the Corporation shall pay to the Agent, a cash commission equal to 9.0% of the gross proceeds for all of the Units subscribed and Corporation will pay the commission at the Time of Closing by the Agent deducting such amount from the gross proceeds of the Offering; and
 - (iv) the Corporation shall issue to the Agent, or as directed by the Agent, the Corporate Finance Shares; and
 - (v) the Corporation shall create and issue to the Agent, or as directed by the Agent, the Broker Warrants.

10. Right of First Refusal

If the Minimum Offering is completed, the Corporation hereby irrevocably grants to the Agent a right of first refusal to:

- (a) act as the exclusive and sole agent or underwriter of the Corporation, from the date hereof until twelve months from the Closing Date (the "**ROFR Period**"), in respect of brokered financings through the issuance of Ordinary Shares (or other equity securities) or securities convertible, exercisable or exchangeable into such shares, whether by way of private placement or public offering, proposed by the Corporation. The Corporation shall give the Agent written notice ("**Notice**") of any such financing it proposes to undertake setting forth the terms thereof, and, where a financing is proposed by an investment advisor or other market intermediary, the term sheet proposed by the investment advisor or other market intermediary shall

be attached to the notice. The Agent shall have a period of five (5) business days following receipt by the Agent of the Notice (the "**Prescribed Period**") within which to give written notice (the "**ROFR Notice**") to the Corporation that it wishes to exercise the right of first refusal and accept the terms of the proposed financing on the terms set forth in the Notice. If the ROFR Notice is delivered by the Agent, the Corporation will retain the Agent as the sole and exclusive underwriter or agent for the proposed financing (unless the Agent otherwise agrees in writing). If the ROFR Notice is not delivered by the Agent within the Prescribed Period or the Agent otherwise advises the Corporation that it will not exercise the right of first refusal, the Corporation shall be entitled to pursue the financing on the terms set forth in the Notice, provided that if such financing is not completed within a 90 day period following the date on which the Notice prescribed herein is given to the Agent by the Corporation, the right of first refusal shall apply again in respect of such proposed financing and shall continue for the balance of the ROFR Period; and

- (b) act as the Corporation's financial advisor with respect to any change of business, reverse take-over, restructuring, merger, arrangement, amalgamation, corporate acquisition, sale of all or substantially all of the Corporation's assets, take-over bid or any other business combination or reorganization of the Corporation, or any proposal to do so (a "**Reorganization**") for the ROFR Period. If the Corporation wishes to effect a Reorganization, it shall provide the Agent with written notice thereof setting for the proposed terms thereof, including the proposed terms and conditions relative to the compensation of the financial advisor and the Agent shall have five (5) business days after receipt of such notice within which to notify the Corporation of its election to exercise its rights hereunder. If the Agent elects not to exercise its rights hereunder or the Corporation and the Agent are unable to agree to the terms of engagement in relation to a proposed Reorganization within such five (5) business day period, then the Corporation may proceed with the engagement of a financial advisor and agent in relation to a Reorganization without the Agent's participation, provided that the terms and conditions of such Reorganization are not less favourable to the Corporation and the terms and conditions relevant to the compensation of the financial advisor are not more favourable to such financial advisor than the terms and conditions proposed by the Corporation to the Agent which the Agent rejected.

11. Expenses

Whether or not the transactions contemplated herein shall be completed, all reasonable costs and expenses of or incidental to the distribution of the Units shall be borne by the Corporation, including, without limitation, all costs and expenses of or incidental to the distribution of the Units, and the preparation, filing and reproduction of the Prospectuses and Supplementary Material, the fees and expenses of the Corporation's counsel, the fees and expenses of the Corporation's auditors, the Corporation's "Qualified Persons" (as defined in NI 43-101) and all other reasonable costs and expenses relating to this transaction. Notwithstanding the foregoing, the expenses of the Agent will be paid in accordance with subparagraphs 9(a), (b) and (c).

12. Waiver

The Agent may waive in whole or in part any breach of, default under or non-compliance with any representation, warranty, covenant, term or condition hereof, or extend the time for compliance therewith, without prejudice to any of their rights in respect of any other representation, warranty, covenant, term or condition hereof or any other breach of, default under or non-compliance with any other representation, warranty, covenant, term or condition hereof, provided that any such waiver or extension shall be binding on the Agent only if the same is in writing and signed by the Agent.

13. Termination Events

The Agent may, without liability, terminate its obligations hereunder, by written notice to the Corporation, in the event that after the date hereof and at or prior to the Closing Time:

- (a) any order to cease or suspend trading in any securities of the Corporation, or prohibiting or restricting the distribution of the Securities is made, or proceedings are announced or commenced for the making of any such order, by the Securities Commissions, any other securities commissions or similar regulatory authority, or the Exchange, and has not been rescinded, revoked or withdrawn;
- (b) any inquiry, investigation (whether formal or informal) or other proceeding in relation to the Corporation or the Subsidiary, or any of its directors or senior officers is announced or commenced by the Securities Commissions, any other securities commission or similar regulatory authority, or the Exchange, if, in the opinion of the Agent acting reasonably, the announcement or commencement materially adversely affects the trading or distribution of the Units;
- (c) there is any change of law or the interpretation or administration thereof, including without limitation the taxation laws, if, in the opinion of the Agent acting reasonably, the change materially adversely affects the trading or distribution of the Units;
- (d) there should develop, occur, come into effect or existence or be announced any event, action, state, condition or major financial occurrence of national or international consequence or any law or regulation which in the opinion of the Agent, acting reasonably, materially adversely affects, or involves, or will materially adversely affect or involve, the financial markets, the commodity markets or the business or affairs of the Corporation or the Subsidiary, or the state of the financial markets is such that in the reasonable opinion of the Agent the Units cannot be profitably marketed;
- (e) there should occur or be discovered any material change, change of a material fact, occurrence or event of the nature referred to in subparagraph 4(a) which, in the opinion of the Agent, acting reasonably, would reasonably be expected to have a material adverse effect on the market price or value of the Units;

- (f) the Corporation shall be in breach of, default under or non-compliance with any material representation, warranty, term or condition of this Agreement or the other Material Agreements; or
- (g) as a result of investigations after the effective date hereof, the Agent determines that there exists any fact, information or circumstances not generally disclosed to the public by the Corporation or the Subsidiary, at the date hereof, which would have, in the opinion of the Agent acting reasonably, a material adverse effect on the market price or value of the Units.

14. Continuation of Termination Right

The Agent may exercise any or all of the rights provided for in paragraphs 7, 12 or 13 up to the Closing Time notwithstanding any material change, change, event or state of facts and notwithstanding any act or thing taken or done by the Agent or any inaction by the Agent, whether before or after the occurrence of any material change, change, event or state of facts including, without limitation, any act of the Agent related to the Offering or continued Offering of the Units for sale and the Agent shall only be considered to have waived or be estopped from exercising or relying upon any of its rights under or pursuant to paragraphs 7, 12 or 13 if such waiver or estoppel is in writing and specifically waives or estops such exercise or reliance.

15. Exercise of Termination Right

Any termination pursuant to the terms of this Agreement shall be effected by notice in writing delivered to the Corporation, provided that no termination shall discharge or otherwise affect any obligations of the Corporation under paragraphs 9(a), 11, 15, 16, 17, 18 or 19. The rights of the Agent to terminate its obligation hereunder are in addition to, and without prejudice to, any other remedies they may have.

16. Survival

All representations, warranties, terms and conditions herein or contained in certificates or documents submitted pursuant to or in connection with the transactions contemplated herein shall survive the payment by the Agent for the Units, the termination of this Agreement and the distribution of the Units and shall continue in full force and effect for the benefit of the Agent regardless of any investigation by or on behalf of the Agent with respect thereto.

17. Indemnity

The Corporation and the Subsidiary, as applicable, shall indemnify and save each of the Indemnified Persons harmless against and from all liabilities, claims, demands, losses (other than losses of profit in connection with the distribution of the Units), costs, damages and expenses to which any of the Indemnified Persons may be subject or which any of the Indemnified Persons may suffer or incur, whether under the provisions of any statute or otherwise, in any way caused by, or arising directly or indirectly from or in consequence of:

- (a) any information or statement contained in the Public Record (other than any information or statement relating solely to the Agent and furnished to the Corporation or the Subsidiary by the Agent in writing expressly for inclusion in the Public Record), which is or is alleged to be untrue or any omission or alleged omission to provide any information or state any fact the omission of which makes or is alleged to make any such information or statement untrue or misleading in light of the circumstances in which it was made;
- (b) any misrepresentation or alleged misrepresentation (except a misrepresentation which is based upon information relating solely to the Agent and furnished to the Corporation or the Subsidiary by the Agent in writing expressly for inclusion in the Public Record);
- (c) any prohibition or restriction on trading in the securities of the Corporation or any prohibition or restriction affecting the distribution of the Units imposed by any competent authority if such prohibition or restriction is based on any misrepresentation or alleged misrepresentation of a kind referred to in subparagraph 17(b);
- (d) any order made or any inquiry, investigation (whether formal or informal) or other proceeding commenced or threatened by any one or more competent authorities (not based upon the activities or the alleged activities of the Agent or sub-agent, if any) relating to or materially affecting the trading or distribution of the Units;
- (e) any breach of, default under or non-compliance by the Corporation or the Subsidiary with any representation, warranty, term or condition of this Agreement or the Material Agreements, any requirement of Applicable Securities Laws or any requirement; or
- (f) the exercise by any subscriber or permitted assignee of a subscriber, of any contractual, statutory or common law right of rescission or damages in connection with the purchase of the Units, including without limitation any right of rescission or damages granted pursuant to the Prospectuses, provided that this indemnity shall not apply if the rescission or damage arises out of, or is based upon a misrepresentation made by the Agent or the failure of the Agent to deliver the Prospectuses or Supplementary Material within the time required under Applicable Securities Laws.

Provided that in the event and to the extent that a court of competent jurisdiction in a final judgment from which no appeal can be made or a regulatory authority in a final ruling from which no appeal can be made shall determine that such claims, demands, actions, suits, investigations and proceedings and all losses (other than loss of profits), costs, expenses, fees, damages, obligations, payments and liabilities resulted solely from the fraud or willful misconduct of any Indemnified Person (or any such Indemnified Person's affiliates, shareholders, directors, officers, partners, employees or Agent), claiming indemnity, this indemnity shall cease to apply.

The Corporation and the Subsidiary hereby waives their right to recover contribution from the Agent and any Indemnified Persons with respect to any liability of the Corporation or the Subsidiary, as applicable, by reason of or arising out of any misrepresentation in the Public Record, including without limitation the Prospectuses or the Supplementary Material provided, however, that such waiver shall not apply in respect of liability caused or incurred by reason of or arising out of: (i) any misrepresentation which is based upon information relating solely to the Agent contained in such document and furnished to the Corporation or the Subsidiary by the Agent expressly for inclusion in such document; (ii) any failure by the Agent to provide to prospective purchasers of Units any document which the Corporation or the Subsidiary, as applicable, is required to provide to such prospective purchasers and which the Corporation or the Subsidiary, as applicable, has provided to the Agent; or (iii) any fraud or willful misconduct of the Agent or Indemnified Persons.

The Corporation and the Subsidiary agree that in case any legal proceedings or investigation shall be brought against or initiated against the Corporation or the Subsidiary by any governmental commission, regulatory authority, exchange, court or other authority with respect to the offering of Units hereunder and an Indemnified Person or other representative of the Agent shall be required to testify or respond to procedures designed to discover information regarding, in connection with or relating to the performance of professional services rendered to the Corporation or the Subsidiary by the Agent, the Corporation and the Subsidiary shall pay the Agent the reasonable costs (including an amount to reimburse the Indemnified Person for the time spent by its personnel in connection therewith on a per diem basis and out of pocket expenses) in connection therewith, other than any legal proceeding or investigations relating to information or statements relating solely to the Agent, and furnished to the Corporation or the Subsidiary by the Agent in writing expressly for inclusion in the Public Record.

18. Notice of Indemnity Claim

If any claim contemplated by paragraph 17 shall be asserted against any of the Indemnified Persons in respect of which indemnification is or might reasonably be considered to be provided for in such paragraph, such Indemnified Person shall notify the Corporation and the Subsidiary, as applicable, as soon as reasonably practical of the nature of such claim and the Corporation and the Subsidiary, as applicable, shall be entitled (but not required) to assume the defence of any suit brought to enforce such claim, provided however, that the defence shall be through legal counsel selected by the Corporation and the Subsidiary, as applicable, and acceptable to the Indemnified Person acting reasonably and that no admission of liability or settlement may be made by the Corporation or the Subsidiary, as applicable, or the Indemnified Person without the prior written consent of the other, such consent not to be unreasonably withheld. The Indemnified Person shall have the right to retain its own counsel in any proceeding relating to a claim contemplated by paragraph 17 if:

- (a) the Indemnified Person has been advised by counsel that there may be a material legal defence available to the Indemnified Person which is different from or additional to a defence available to the Corporation or the Subsidiary, as applicable, (in which case the Corporation or the Subsidiary shall not have the right to assume the defence of such proceedings on the Indemnified Person's behalf);

- (b) the Corporation or the Subsidiary shall not have taken the defence of such proceedings and employed counsel within ten days after notice of commencement of such proceedings; or
- (c) the employment of such counsel has been authorized by the Corporation or the Subsidiary, as applicable, in connection with the defence of such proceeding;

and, in any such event, the reasonable fees and expenses of such Indemnified Person's counsel shall be paid by the Corporation or the Subsidiary, as applicable; provided that the Corporation or the Subsidiary, as applicable, shall not be obligated to pay fees and expenses of more than one separate legal firm for all Indemnified Persons, as a group.

It is the intention of the Corporation and the Subsidiary to constitute the Agent as trustee for the Indemnified Persons for the purposes of paragraphs 17 and 18 and the Agent agrees to accept such trust and to hold and enforce such covenants on behalf of such persons.

19. Right of Contribution

In order to provide for just and equitable contribution in circumstances in which the indemnification provided for in this Agreement is due in accordance with its terms but is (in whole or in part), for any reason, held by a court to be unavailable from the Corporation or the Subsidiary, on grounds of policy or otherwise, each of the Corporation, the Subsidiary and the party or parties seeking indemnification shall contribute to the aggregate liabilities, claims, demands, losses (other than losses of profit in connection with the distribution of the Units), costs, damages and expenses (or claims, actions, suits or proceedings in respect thereof) to which they may be subject or which they may suffer or incur:

- (a) in such proportion as is appropriate to reflect the relative benefit received by the Corporation or the Subsidiary on the one hand and by the Agent on the other hand from the offering of the Units or any part thereof; or
- (b) if the allocation provided by subparagraph (a) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in subparagraph (a) above but also to reflect the relative fault of the party or parties seeking indemnity, on the one hand, and the parties from whom indemnity is sought, on the other hand, in connection with the statement, omission, misrepresentation or alleged misrepresentation, order, inquiry, investigation or other matter or thing which resulted in such liabilities, claims, demands, losses, costs, damages or expenses, as well as any other relevant equitable considerations.

The relative benefits received by the Corporation and the Subsidiary, on the one hand, and the Agent, on the other hand, shall be deemed to be in the same proportion that the total proceeds of the Offering received by the Corporation (net of fees but before deducting expenses) bear to the commission and fees received by the Agent.

The amount paid or payable by an Indemnified Person as a result of liabilities, claims, demands, losses (other than losses of profit in connection with the distribution of the Units), costs,

damages and expenses (or claims, actions, suits or proceedings in respect thereof) referred to above shall, without limitation, include any legal or other expenses reasonably incurred by the Indemnified Person in connection with investigating or defending such liabilities, claims, demands, losses, costs, damages and expenses (or claims, actions, suits or proceedings in respect thereof), whether or not resulting in any action, suit, proceeding or claim.

The Corporation and the Subsidiary agree that it would not be just and equitable if contributions pursuant to this Agreement were determined by pro rata allocation or by any other method of allocation which does not take into account the equitable considerations referred to in the immediately preceding paragraphs. The rights to contribution provided in this paragraph 19 shall be in addition to, and without prejudice to, any other right to contribution which the Agent may have.

Any liability of the Agent or Indemnified Party under this paragraph 19 shall be limited to the amount actually received by the Agent pursuant to paragraph 9.

20. Notices

Any notice or other communication to be given hereunder shall, in the case of notice to be given to the Corporation be addressed to:

Rae-Wallace Mining Company
610 South Rock Boulevard
Reno, Nevada
89509
Attention: Mr. George Cole
Facsimile: (775) 453-2209

Any notice or other communication to be given hereunder shall, in the case of notice to be given to the Subsidiary be addressed to:

Rae-Wallace Peru S.A.C.
610 South Rock Boulevard
Reno, Nevada
89509
Attention: Mr. Stephen Friberg
Facsimile: (775) 453-2209

and a copy to:

Irwin Lowy LLP
Suite 1010, 130 Adelaide Street West
Toronto, Ontario
M5H 3P5
Attention: Mr. Matthew Husson
Facsimile No.: (416) 361-2519

and in the case of notice to be given to the Agent, addressed to:

Raymond James Ltd.
Suite 2200, 925 West Georgia Street
Vancouver, British Columbia
V6C 3L2
Attention: Mr. David Melillo
Facsimile No.: (604) 659-8398

and a copy to:

Burstall Winger LLP
Barristers and Solicitors
3100, 324 - 8th Avenue S. W.
Calgary, Alberta
T2P 2Z2
Attention: Mr. V. E. Dale Burstall
Facsimile No.: (403) 266-6016

or to such other address as the party may designate by notice given to the others. Each communication shall be personally delivered to the addressee or sent by facsimile transmission to the addressee, and:

- (a) a communication which is personally delivered shall, if delivered before 4:30 p.m. (local time) on a business day, be deemed to be given and received on that day and, in any other case be deemed to be given and received on the first business day following the day on which it is delivered; and
- (b) a communication which is sent by facsimile transmission or electronically shall, if sent on a business day before 4:30 p.m. (local time), be deemed to be given and received on that day and, in any other case be deemed to be given and received on the first business day following the day on which it is sent.

21. Obligations of the Agent

The Corporation and the Subsidiary: (i) acknowledge and agree that the Agent has certain statutory obligations as registrants under the Applicable Securities Laws and has fiduciary relationships with its clients; and (ii) consents to the Agent acting hereunder while continuing to act for its clients. To the extent that the Agent's statutory obligations as registrants under Applicable Securities Laws or fiduciary relationships with its clients conflicts with its obligations hereunder, the Agent shall be entitled to fulfill its statutory obligations as registrants under Applicable Securities Laws and its duties to its clients. Nothing in this Agreement shall be interpreted to prevent the Agent from fulfilling its statutory obligations as registrants under Applicable Securities Laws or to act as fiduciaries of its clients.

22. Severance

If one or more of the provisions contained herein shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement, but this Agreement shall be construed as if such invalid, illegal or unenforceable provision or provisions had never been contained herein.

23. Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. Each of the Agent, the Corporation and the Subsidiary irrevocably attorns to the jurisdiction of the courts of the Province of Ontario with respect to all matters arising out of this Agreement and the transactions contemplated herein.

24. Time of the Essence

Time shall be of the essence of this Agreement.

25. Counterpart Execution

This Agreement may be executed in one or more counterparts each of which so executed shall constitute an original and all of which together shall constitute one and the same agreement. The parties hereto shall be entitled to rely on delivery of a facsimile or electronic copy of this executed Agreement and such facsimile copy shall be legally effective to create a valid and binding agreement.

26. Entire Agreement

It is understood that the terms and conditions of this Agreement supersede any previous verbal or written agreement between the Agent, the Corporation and the Subsidiary with respect to the issuance of the Securities by the Corporation.

[remainder of page intentionally left blank]

If the foregoing is in accordance with your understanding and is agreed to by you, please confirm your acceptance by signing the enclosed copies of this letter at the place indicated and returning same to Raymond James Ltd.

RAYMOND JAMES LTD.

Per: "David Melillo"
David Melillo
Senior Vice President, Venture Corporate
Finance

ACCEPTED AND AGREED as of the date of this Agreement.

RAE-WALLACE MINING COMPANY

Per: "George Cole"
George Cole
Chief Executive Officer

RAE-WALLACE PERU S.A.C.

Per: "Robert S. Friberg"
Robert S. Friberg
General Manger