

SUBSCRIPTION AGREEMENT

THIS SUBSCRIPTION and PARTICIPATION AGREEMENT (this "Agreement") is dated as of July 22, 2010, between Rae-Wallace Mining Company, an Idaho corporation (the "Company"), and Fronteer Gold Inc., an Ontario corporation (the "Investor").

Recitals

A. The Investor and the Company have agreed that the Investor will purchase, and the Company will issue and sell, 2,000,000 shares of common stock of the Company (the "Shares") at a price per Share of \$0.25 (the "Share Price"), on the terms stated in this Agreement;

B. The Investor and the Company have also agreed that the Company will deliver to the Investor ½ of a warrant (a "Warrant") with each Share, and each whole Warrant will be redeemable for one additional Share (a "Warrant Share"), on the terms stated in this Agreement;

C. The Company has entered into an option to purchase agreement (the "Option Agreement"), dated July 8, 2010, with Geologix Explorations Inc. ("GIX") Geologix (Peru) S.A. ("GIX-Peru") and Rae Wallace Peru S.A.C. (the "Subsidiary"), pursuant to which the Company, through the Subsidiary, has been granted a right to acquire a 100% interest in and to the Concessions and the Property (as defined in the Option Agreement) (the "Option");

D. The Company may exercise the Option by (a) making a cash payment to GIX-Peru, such cash payment having been made; and (b) within 10 days after the Company completes a private placement of shares of common stock or completes a public financing, but no later than September 30, 2010, delivering to GIX that number of shares of common stock of the Company (the "Option Shares") required to make the total value of the Option Shares delivered equal to \$250,000, together with ½ of a warrant (an "Option Warrant") for each Option Share, on the terms stated in the Option Agreement;

E. In accordance with the Option Agreement, the Option Shares are to be issued at a price equal to the last price of the shares of common stock of the Company issued in a private placement or to the public preceding the delivery of the Option Shares (the "Last Price"); and

F. For the purpose of the Option Agreement, the Share Price shall be the Last Price.

Subscription Agreement

In consideration of the mutual covenants contained in this Agreement, and for other good and valuable consideration the receipt and adequacy of which are hereby acknowledged, the Company and the Investor agree as follows:



1. **Definitions.**

In addition to the terms defined elsewhere in this Agreement, for all purposes of this Agreement, the following terms have the meanings below:

“1934 Act” means the U.S. Securities Exchange Act of 1934, as amended.

“Business Day” means any day except Saturday, Sunday and any day which is a federal legal holiday or a day on which banking institutions in New York or Lima are authorized or required by law or other governmental action to close.

“Closing” means the closing of the purchase and sale of the Shares and issuance of the Warrants pursuant to Section 2.2(a).

“Closing Date” means the date on which the Closing occurs. It is anticipated that the Closing will occur on _____, 2010.

“Commission” means the U.S. Securities and Exchange Commission.

“Encumbrances” means any mortgage, charge, pledge, hypothecation, security interest, assignment, lien (statutory or otherwise), charge, title retention agreement or arrangement, royalty, restrictive covenant, seizure, governmental sanction or procedure, or other encumbrance of any nature or any agreement to give or create any of the foregoing.

“Escrow Agent” means Irwin Lowy LLP.

“Escrow Agreement” means the escrow agreement, dated July 16, 2010, among the Company, the Investor and the Escrow Agent.

“Material Adverse Effect” means a material and adverse effect on the results of operations, assets, business or condition (financial or otherwise) of the Company and its subsidiaries, taken as a whole.

“Person” means an individual or corporation, partnership, trust, incorporated or unincorporated association, joint venture, limited liability company, joint stock company, government (or an agency or subdivision thereof) or other entity of any kind.

“Pink Sheet Posted Information” has the meaning set forth in Section 2.9.

“Registerable Securities” means the Shares and the Warrant Shares issuable upon exercise of the warrants.

“Registration Statement” means the registration statement of the Company to be filed with the Commission, as amended and supplemented, in order to register resales of the Registerable Securities, from time to time, by the Investor or its transferees or assigns pursuant to the Securities Act.

“Securities Act” means the U.S. Securities Act of 1933, as amended.

“\$” or “Dollar” means Dollars of the United States of America.

2. Purchase and Sale.

2.1 Purchase and Sale. Subject to the terms and conditions set forth in this Agreement, the Company shall sell the Shares to the Investor, and the Investor shall purchase the Shares from the Company, and the Company shall issue ½ Warrant with each Share, with each whole Warrant exercisable into a Warrant Share at an exercise price of \$0.375 per Warrant Share for a period of two years following the Closing Date.

2.2 Closing and Escrow.

(a) At the Closing, the Investor shall deliver or cause to be delivered to the Escrow Agent, to be held in accordance with the Escrow Agreement, the sum of \$500,000 (the “Subscription Funds”) in immediately available funds, by wire transfer to an account designated in writing by the Escrow Agent for such purpose, and the Company shall deliver or cause to be delivered:

(i) to the Escrow Agent, to be held in accordance with the Escrow Agreement, the following certificates (the “Certificates”):

(A) a certificate evidencing 2,000,000 Shares registered in the name of the Investor; and

(B) a certificate evidencing 1,000,000 Warrants registered in the name of the Investor; and

(ii) to the Investor, copies of duly certified and adopted resolutions of the board of directors of the Company approving of the execution, delivery and performance of this Agreement and the transactions contemplated hereby, in each case certified by the Secretary or other officer of the Company to be in full force and effect on the Closing.

(b) Within 30 Business Days of the Closing Date, the Company shall:

(i) issue 1,000,000 Option Shares at a price per Option Share of the Share Price to GIX;

(ii) issue 500,000 Option Warrants to GIX, with each whole Option Warrant exercisable into a share of common stock of the Company at an exercise price of \$0.375 until September 30, 2012; and

(iii) cause the Subsidiary to become the sole registered and beneficial owner of the Concessions and the Property and deliver to the Investor evidence that the Contract of Transfer of Mining Concessions, attached to the Option

Agreement as Exhibit "C", has been validly registered in a Public Notary in Lima, Peru and submitted to the Peruvian Mining Public Registry

(c) If the Company satisfies the conditions set out in Section 2.2(b) within 30 Business Days of the Closing Date, the Subscription Funds shall be released to the Company and the Certificates shall be released to the Investor, all as more particularly set out in the Escrow Agreement.

(d) If the Company does not satisfy the conditions set out in Section 2.2(b) within 30 Business Days of the Closing Date, the Subscription Funds shall be released to the Investor and the Certificates shall be released to the Company, all as more particularly set out in the Escrow Agreement. Upon receipt of the Certificates in accordance with this Section 2.2(d), the Company shall immediately cancel the 2,000,000 Shares and 1,000,000 Warrants evidenced thereby.

Representations and Warranties of the Company The Company hereby makes the following representations and warranties to the Investor:

2.3 Organization and Qualification. The Company is duly incorporated, validly existing and in good standing under the laws of the State of Idaho, with the requisite power and authority to own and use its properties and assets and to carry on its business as currently conducted. The Company is not in violation of any of the provisions of its articles of incorporation or bylaws. The Company is duly qualified to conduct its businesses and is in good standing as a foreign corporation or other entity in each jurisdiction in which the nature of the business conducted or property owned by it makes such qualification necessary, except where the failure to be so qualified or in good standing, as the case may be, could not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect and no proceeding has been instituted in any such jurisdiction revoking, limiting or curtailing, or seeking to revoke, limit or curtail, such power and authority or qualification.

2.4 Subsidiary. Subsidiary is a wholly-owned subsidiary of the Company, and all of the shares of Subsidiary are held by the Company free and clear of all Encumbrances.

2.5 Authorization; Enforceability. The Company has the requisite corporate power and authority to enter into this Agreement and to sell the Shares and issue the Warrants as contemplated by this Agreement. The execution and delivery of this Agreement by the Company and the sale of the Shares and issuance of the Warrants contemplated hereby have been duly authorized by all necessary action on the part of the Company and no further action is required by the Company in connection therewith. This Agreement has been duly executed by the Company and, when delivered in accordance with the terms hereof, will constitute the valid and binding obligation of the Company enforceable against the Company in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, liquidation or similar laws relating to, or affecting generally the enforcement of, creditors' rights and remedies or by other equitable principles of general application.

2.6 No Conflicts. The execution, delivery and performance of this Agreement by the Company and the consummation by the Company of the transactions contemplated hereby do not and will not (i) conflict with or violate any provision of the Company's articles of incorporation or bylaws, or (ii) conflict with, or constitute a default (or an event that with notice or lapse of time or both would become a default) under, or give to others any rights of termination, amendment, acceleration or cancellation (with or without notice, lapse of time or both) of, or result in the imposition of any restriction whatsoever upon any of the material properties or assets of the Company pursuant to, any agreement, credit facility, debt or other instrument (evidencing a Company debt or otherwise) or other understanding to which the Company is a party or by which any property or asset of the Company is bound or affected, except, such as could not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect.

2.7 Capitalization. Schedule 2.7 sets forth (i) the authorized capital stock of the Company on the date hereof; (ii) the number of shares of capital stock issued and outstanding; (iii) the number of shares of capital stock issuable pursuant to the Company's stock plans; and (iv) the number of shares of capital stock issuable and reserved for issuance pursuant to securities (other than the Shares) exercisable for, or convertible into or exchangeable for any shares of capital stock of the Company. The Company is authorized to issue 100,000,000 shares of its common stock. All shares of common stock are equal to each other with respect to voting, liquidation, dividend, and other rights. Owners of shares are entitled to one vote for each share owned at any shareholders' meeting. Holders of shares are entitled to receive such dividends as may be declared by the Board of Directors out of funds legally available therefore; and upon liquidation, are entitled to participate pro rata in a distribution of assets available for such a distribution to shareholders. The common stock of the Company does not have cumulative voting rights. Except as described on Schedule 2.6, no Person is entitled to pre-emptive or similar statutory or contractual rights with respect to any securities of the Company. Except as described on Schedule 2.6, there are no outstanding warrants, options, convertible securities or other rights, agreements or arrangements of any character under which the Company is or may be obligated to issue any equity securities of any kind and except as contemplated by this Agreement. Except as described on Schedule 2.6, there are no voting agreements, buy-sell agreements, option or right of first purchase agreements or other agreements of any kind among the Company and any of the security holders of the Company relating to the securities of the Company held by them. Except as described on Schedule 2.6, the issuance and sale of the Shares, Warrants and, upon exercise of the Warrants, any Warrant Shares hereunder will not obligate the Company to issue securities to any other Person and will not result in the adjustment of the exercise, conversion, exchange or reset price of any outstanding security.

2.8 Reports, Consents and Approvals. The Company is not required to obtain any approval, consent, waiver, authorization or order of, give any notice to, or make any filing or registration with, any court or other federal, state, local or other governmental authority or other Person in connection with the execution, delivery and performance by the Company of this Agreement and the consummation of the transactions contemplated hereby, other than (i) filings that may required by state



securities laws, (ii) the filing, if required, of a Notice of Sale of Securities on Form D with the Commission under Regulation D of the Securities Act, and (iii) those that have been made or obtained prior to the date of this Agreement.

2.9 Issuance of the Shares. The Shares, Warrants and Warrant Shares have been duly authorized and, when paid for in accordance with this Agreement (and, in the case of the Warrant Shares, in accordance with the certificate representing the Warrants), will be duly and validly issued, fully paid and nonassessable, free and clear of all of all encumbrances and restrictions (other than those created by the Investor), except for restrictions on transfer imposed by applicable securities laws.

2.10 Company Information; Financial Statements. The Company has made available to the Investor through its posting on the Pink Sheets website <http://www.otcmarkets.com/pink/quote/quote.jsp?symbol=raew>, true and complete copies of the Company's most recent Annual Report containing audited financial statements for the fiscal years ended June 30, 2009 and 2008 (the "Annual Report"), and all other reports filed by the Company on the Pink Sheets website since the filing of the Annual Report and prior to the date hereof (collectively, "Pink Sheet Posted Information"). The Pink Sheet Posted Information and any other materials supplied to the Investor by the Company does not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading. The financial statements of the Company have been prepared in accordance with generally accepted accounting principles ("GAAP") applied on a consistent basis during the periods involved, except as may be otherwise specified in such financial statements or the notes thereto, and fairly present in all material respects the financial position of the Company and its consolidated subsidiaries as of and for the dates thereof and the results of operations and cash flows for the periods then ended, subject, in the case of unaudited statements, to normal, immaterial, year-end audit adjustments. Except as otherwise disclosed in this Subscription Agreement, there have been no material changes in the Company's affairs not disclosed in the Pink Sheet Posted Information

2.11 No Material Changes. Since the date of the latest audited financial statements included within the Pink Sheet Posted Information, except as specifically disclosed in the Pink Sheet Posted Information, (i) there has been no event, occurrence or development that has had or that could reasonably be expected to result in a Material Adverse Effect, (ii) the Company has not incurred any liabilities (contingent or otherwise) other than (A) trade payables, accrued expenses and other liabilities incurred in the ordinary course of business consistent with past practice and (B) liabilities not required to be reflected in the Company's financial statements pursuant to GAAP or required to be disclosed in filings made with the Commission, (iii) the Company has not altered its method of accounting or the identity of its auditors, (iv) the Company has not declared or made any dividend or distribution of cash or other property to its stockholders or purchased, redeemed or made any agreements to purchase or redeem any shares of its capital stock, and (v) the Company has not issued any equity securities to any officer, director or affiliate, except pursuant to existing Company stock option plans.

2.12 Litigation. There is no Action which adversely affects or challenges the legality, validity or enforceability of this Agreement or the Company's business or financial condition. For purposes of this Agreement, "Action" means any action, suit, inquiry, notice of violation, proceeding (including any partial proceeding such as a deposition) or investigation pending or, to the knowledge of the Company, threatened in writing against the Company or any of its properties before or by any court, arbitrator, governmental or administrative agency or regulatory authority (federal, state, county, local or foreign).

2.13 Certain Fees. No brokerage or finder's fees or commissions are or will be payable by the Company to any broker, financial advisor or consultant, finder, placement agent, investment banker, bank or other Person with respect to the transactions contemplated by this Agreement. The Investor shall have no obligation with respect to any fees or with respect to any claims (other than such fees or commissions owed by an Investor pursuant to written agreements executed by such Investor which fees or commissions shall be the sole responsibility of such Investor) made by or on behalf of other Persons for fees of a type contemplated in this Section that may be due in connection with the transactions contemplated by this Agreement. The Company shall pay, and hold Investor harmless against, any liability, loss or expense (including, without limitation, attorney's fees and out-of-pocket expenses) arising in connection with any claim for any such fees.

2.14 Private Offering. Assuming the correctness of the representations and warranties of the Investor set forth in this Agreement, the offer and sale of the Shares and the issuance of the Warrants hereunder is exempt from registration under the Securities Act, and the issuance of any Warrant Shares upon exercise of the Warrants will be exempt from registration under the Securities Act.

2.15 Use of Proceeds. The proceeds from this offering will be utilized for exploration activity on the Company's mineral properties and for general working capital purposes.

2.16 Compliance with Laws. The Company has complied with, or will comply with, all applicable securities laws and applicable corporate laws and regulations in connection with the offer, sale and issuance of the Shares, Warrants and, upon exercise of the Warrants, any Warrant Shares.

2.17 Company Not an Issuer with No or Nominal Non-Cash Assets. The Company is not:

(a) an issuer, other than a business combination related shell company, as defined in Rule 405 of the Securities Act, or an asset-backed issuer, as defined in Item 1101(b) of Regulation AB that has:

- (i) no or nominal operations; and
- (ii) either:

- (A) no or nominal assets;
 - (B) assets consisting solely of cash and cash equivalents; or
 - (C) assets consisting of any amount of cash and cash equivalents and nominal other assets; or
- (b) an issuer that has been at any time previously an issuer described in clause (a) above.

3. **Representations and Warranties of the Investor.** The Investor hereby represents and warrants to the Company as follows:

3.1 **Investment Intent.** The Investor is acquiring the Shares as principal for its own account for investment purposes only and not with a view to or for distributing or reselling the Shares, without prejudice, however, to the Investor's right at all times to sell or otherwise dispose of all or any part of the Shares in compliance with applicable federal and state securities laws. The Investor does not have any agreement or understanding, directly or indirectly, with any Person to distribute any of the Shares. If the Investor elects to sell the Shares, it will notify the Company thereof and the Company will have the first option for fifteen (15) days to purchase the Shares or seek a third party purchaser of the Shares.

3.2 **Investor Status.** At the time such Investor was offered the Shares and Warrants, it was, and at the date hereof it is, an "accredited investor" as defined in Rule 501(a) under the Securities Act. The Investor is not a registered broker-dealer under Section 15 of the 1934 Act.

3.3 **Restricted Securities.** The Investor understands that the Shares, the Warrants and any Warrant Shares issuable upon exercise of the Warrants have not been registered pursuant to the Securities Act, or any state securities act, and thus are "restricted securities" as defined in Rule 144 promulgated by the Commission. Therefore, since the Company is presently not subject to the reporting of the 1934 Act, under current interpretations and applicable rules, the Investor will have to retain such securities for a period of at least 12 months and at the expiration of such period, if it is deemed to be an affiliate of the Company, its sales will be confined to brokerage transactions of limited amounts requiring certain notification filings with the Commission and such disposition may be available only if the Company is current in its filings with the Commission under the 1934 Act, or other public disclosure requirements. Accordingly, the Investor hereby acknowledges that it is prepared to hold such securities for an indefinite period. If the Company becomes subject to the reporting of the 1934 Act at or about the time the Investor seeks to sell any such securities or any portion thereof, the Investor may have to retain such securities for a period of at least six months, not 12 months.

3.4 **Limitations on Resale; Restrictive Legend.** The Investor acknowledges that it will not sell, assign, hypothecate, or otherwise transfer any rights to,

or any interest in, the Shares, the Warrants or any Warrant Shares except (i) pursuant to an effective registration statement under the Securities Act, or (ii) in any other transaction which, in the opinion of counsel acceptable to the Company, is exempt from registration under the Securities Act, or the rules and regulations of the Commission thereunder.

3.5 Information. The Investor has been furnished (i) with all requested materials relating to the business, finances, and operations of the Company; (ii) with information deemed material to making an informed investment decision; and (iii) with additional requested information necessary to verify the accuracy of any documents furnished to the undersigned by the Company. A designated representative of the Investor has been afforded the opportunity to ask questions of the Company and its management and to receive answers concerning the terms and conditions of this offering.

3.6 Documents. The Investor has had the opportunity to review copies of the Pink Sheet Posted Information, including the exhibits thereto, if any. The Investor has relied upon the information contained therein and has not been furnished any other documents, literature, memorandum, or prospectus.

3.7 Knowledge and Experience in Business and Financial Matters. The individual representing the Investor has such knowledge and experience in business and financial matters that he or she is capable of evaluating the risks of the prospective investment. The financial capacity of the Investor is of such proportion that the total cost of its commitment in the Shares would not be material when compared with its total financial capacity.

3.8 No Advertisements. The Investor is not entering into this Agreement as a result of or subsequent to any advertisement, article, notice, or other communication published in any newspaper, magazine, or similar media or broadcast on television or radio, or presented at any seminar or meeting.

3.9 Relationship to Company. The Investor, through its representative(s), has a preexisting personal or business relationship with the Company or one of its officers, directors, or controlling persons.

4. Pre-Emptive Right. The Company hereby grants the Investor a pre-emptive right to purchase up to that proportion of any New Shares that the Company may issue during the period commencing on the Closing Date and ending three years following the Closing Date so as to enable the Investor over time to maintain its percentage ownership of issued and outstanding shares that it holds immediately prior to the issuance of such New Shares except for existing dilutives as set forth below. Such pre-emptive right (the "Pre-Emptive Right") shall operate as follows:

(a) "New Shares" means any equity securities including Share Rights which are issued by the Company for any reason after the date hereof; provided, however, that "New Shares" will not include: (i) shares issuable upon conversion of, or with respect to, convertible securities, including warrants and stock options, outstanding as of the date hereof; (ii) shares or Share Rights issued pursuant to compensation plans



that have been approved by the shareholders of the Company; (iii) shares issued in connection with any stock split, stock dividend, or recapitalization by the Company in which all shareholders are recipients or affected equally; (iv) shares issued in connection with the exercise, exchange or conversion of Share Rights; (v) shares issued in payment or satisfaction of bona fide arm's length indebtedness or for services; (vi) shares issued as a bona fide commission or finder's fee; (vii) shares issued pursuant to any shareholder rights plan adopted by the Board of Directors; or (viii) Share Rights issued pursuant to the Option Agreement. "Share Rights" means warrants, stock options, exchangeable or convertible securities, subscriptions or other like rights to purchase or otherwise acquire New Shares. Where New Shares and Share Rights are offered in combination such as in what are customarily referred to as "units", the Investor may only elect to exercise the Pre-Emptive Right in respect of such securities in the same combination and on the same basis as all other offerees. The acquisition by the Investor of New Shares and Share Rights pursuant to its Pre-Emptive Right will be subject to the same regulatory and shareholders' approval requirements as are applicable to this Subscription Agreement and the issuance of the New Shares and Share Rights to other purchasers thereof; and

(b) In the event that the Company proposes to undertake an issuance of New Shares, it shall give the Investor written notice of its intention, describing the offering of New Shares including the price and the general terms upon which the Issuer proposes to issue New Shares. The Investor shall have five Business Days, from the date of receipt of any such notice to agree to exercise the Pre-Emptive Right to the extent of the percentage referred to in this section 4 and to purchase New Shares for the price and upon the general terms specified in the notice by giving written notice of exercise to the Issuer. Failure of the Investor to timely respond to the notice within said five Business Day period shall be deemed an election to decline to exercise the Pre-Emptive Right.

5. Other Agreements of the Parties.

5.1 Legends. Certificates evidencing the Shares and Warrants to be delivered at the Closing, and any Warrant Shares issued upon exercise of Warrants, provided that such certificates are delivered prior to a registration statement becoming effective, will contain the following legend:

THESE SECURITIES HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS AS EVIDENCED BY A LEGAL

OPINION OF COUNSEL TO SUCH EFFECT, THE SUBSTANCE OF WHICH SHALL BE REASONABLY ACCEPTABLE TO THE COMPANY.

5.2 Rule 144. With a view to making available to the Investor the benefits of Rule 144 under the Securities Act, the Company agrees to use its best efforts to:

- (i) comply with the provisions of paragraph (c)(1) of Rule 144; and
- (ii) make available adequate current information available as that term is defined under both the 1933 Act and the 1934 Act to permit sales of, its Shares pursuant to Rule 144.

5.3 Registration of Securities for Resale. The Company hereby covenants and agrees to diligently prepare and file the Registration Statement with the Commission, at the Company's expense, in a timely manner, and to use its reasonable commercial efforts to cause the Registration Statement to be declared effective by the Commission within four months from the Closing Date herein. Upon the Registration Statement becoming effective, the Company will use commercially reasonable efforts to cause a registered broker-dealer to submit, on the Company's behalf, an application with the Financial Industry Regulatory Authority to have the Registerable Securities approved for trading on the Over-the-Counter Bulletin Board.

6. Conditions Precedent to Closing.

6.1 Conditions Precedent to the Obligations of the Investor to Purchase Shares. The obligation of the Investor to acquire the Shares at the Closing is subject to the satisfaction or waiver by the Investor, at or before the Closing, of each of the following conditions:

- (a) **Representations and Warranties.** The representations and warranties of the Company contained herein shall be true and correct in all material respects as of the date when made and as of the Closing Date as though made on and as of such date;
- (b) **Performance.** The Company shall have performed, satisfied and complied in all material respects with all covenants, agreements and conditions required by this Agreement to be performed, satisfied or complied with by it at or prior to the Closing;
- (c) **No Injunction.** No statute, rule, regulation, executive order, decree, ruling or injunction shall have been enacted, entered, promulgated or endorsed by any court or governmental authority of competent jurisdiction that prohibits the consummation of any of the transactions contemplated by this Agreement;
- (d) **Section 2.2(a) Conditions.** The Company shall have delivered the certificates and other documents provided in Section 2.2(a).

6.2 Conditions Precedent to the Obligations of the Company to Sell the Shares and Issue the Warrants. The obligation of the Company to sell the Shares and issue the Warrants at the Closing is subject to the satisfaction or waiver by the Company, at or before the Closing, of each of the following conditions:

(a) Representations and Warranties. The representations and warranties of the Investor contained herein shall be true and correct in all material respects as of the date when made and as of the Closing Date as though made on and as of such date;

(b) Performance. The Investor shall have performed, satisfied and complied in all material respects with all covenants, agreements and conditions required by this Agreement to be performed, satisfied or complied with by the Investor at or prior to the Closing;

(c) No Injunction. No statute, rule, regulation, executive order, decree, ruling or injunction shall have been enacted, entered, promulgated or endorsed by any court or governmental authority of competent jurisdiction that prohibits the consummation of any of the transactions contemplated by this Agreement;

(d) Section 2.2(a) Conditions. With respect to the First Closing only, the Investor shall have delivered its First Closing purchase price in accordance with Section 2.2(a).

7. Miscellaneous.

7.1 Fees and Expenses. Each party shall pay all fees and expenses incurred by such party, including, but not limited to fees and expenses of its advisers, counsel, accountants and other experts, if any, incident to the negotiation, preparation, execution, delivery and performance of this Agreement. The Company shall pay all stamp and other taxes and duties levied in connection with the sale of the Shares and issuance of the Warrants.

7.2 Entire Agreement. This Agreement contains the entire understanding of the parties with respect to the subject matter hereof and supersedes all prior agreements, understandings, discussions and representations, oral or written, with respect to such matters, which the parties acknowledge have been merged into such documents and exhibits.

7.3 Notices. Any and all notices or other communications or deliveries required or permitted to be provided hereunder shall be in writing and shall be deemed given and effective on the earliest of (a) the date of transmission, if such notice or communication is delivered via facsimile (provided the sender receives a machine-generated confirmation of successful transmission) at the facsimile number specified in this Section prior to 5:00 p.m. (New York time) on a Business Day, (b) the next Business Day after the date of transmission, if such notice or communication is delivered via facsimile at the facsimile number specified in this Section on a day that is not a Trading Day or later than 5:00 p.m. (New York time) on any Business Day, (c) the Business Day



following the date of mailing, if sent by U.S. nationally recognized overnight courier service, or (d) upon actual receipt by the party to whom such notice is required to be given. The address for such notices and communications shall be as follows (or such other address as may be designated in writing hereafter, in the same manner, by such Person):

If to the Company:

Rae-Wallace Mining Company
610 S Rock Blvd Ste. 205
Sparks NV 89431 USA

If to the Investor:

Fronteer Gold Inc.
Suite 1650
1055 West Hastings St.
Vancouver BC V6E 2E9 CANADA

7.4 Amendments; Waivers; No Additional Consideration. No provision of this Agreement may be waived or amended except in a written instrument signed by the Company and by the Investor. No waiver of any default with respect to any provision, condition or requirement of this Agreement shall be deemed to be a continuing waiver in the future or a waiver of any subsequent default or a waiver of any other provision, condition or requirement hereof, nor shall any delay or omission of either party to exercise any right hereunder in any manner impair the exercise of any such right.

7.5 Construction. The headings herein are for convenience only, do not constitute a part of this Agreement and shall not be deemed to limit or affect any of the provisions hereof. The language used in this Agreement will be deemed to be the language chosen by the parties to express their mutual intent, and no rules of strict construction will be applied against any party. This Agreement shall be construed as if drafted jointly by the parties, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provisions of this Agreement.

7.6 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties and their successors and permitted assigns. Neither party may assign this Agreement or any rights or obligations hereunder without the prior written consent of the other party.

7.7 No Third-Party Beneficiaries. This Agreement is intended for the benefit of the parties hereto and their respective successors and permitted assigns and is not for the benefit of, nor may any provision hereof be enforced by, any other Person.



7.8 **Governing Law.** All questions concerning the construction, validity, in accordance with the internal laws of the State of Idaho, without regard to the principles of conflicts of law thereof.

7.9 **Execution.** This Agreement may be executed in two counterparts, both of which when taken together shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to the other party, it being understood that both parties need not sign the same counterpart. In the event that any signature is delivered by facsimile transmission, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile signature page were an original thereof.

7.10 **Severability.** If any provision of this Agreement is held to be invalid or unenforceable in any respect, the validity and enforceability of the remaining terms and provisions of this Agreement shall not in any way be affected or impaired thereby and the parties will attempt to agree upon a valid and enforceable provision that is a reasonable substitute therefor, and upon so agreeing, shall incorporate such substitute provision in this Agreement.

7.11 **Remedies.** In addition to being entitled to exercise all rights provided herein or granted by law, including recovery of damages, each of the Investor and the Company will be entitled to specific performance under this Agreement. The parties agree that monetary damages may not be adequate compensation for any loss incurred by reason of any breach of obligations described in the foregoing sentence and hereby agrees to waive in any action for specific performance of any such obligation the defense that a remedy at law would be adequate.


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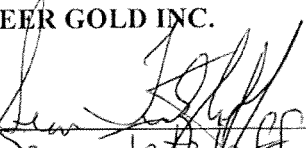
7.12 **Authorization.** By signing below on behalf of the respective entities, each individual executing this Agreement represents and warrants to the party to this Agreement that (i) the represented entity is duly authorized to enter into this Agreement; (ii) he or she is duly authorized to represent the entity in this offering; and (iii) he or she is duly authorized to execute this Agreement on behalf of such entity.

In Witness Whereof, the parties hereto have caused this Agreement to be duly executed by their respective authorized signatories as of the date first indicated above.

RAE-WALLACE MINING COMPANY.

By: 
Name: GEORGE COLE
Title: PRESIDENT/CFO

FRONTEER GOLD INC.

By: 
Name: Sean Leffler
Title: CFO & Secretary

Schedule 2.7

Capitalization of the Company

Authorized Shares of Common Stock: 100,000,000

Issued and Outstanding Common Shares: 13,645,500 as of 1/13/2010

Shares Issuable pursuant to Outstanding Warrants: 0

Shares Issuable under Outstanding Non-Plan Options: 0

