

DEBT SETTLEMENT AGREEMENT

THIS AGREEMENT is made as of the 20th day of July, 2011

BETWEEN:

FAR RESOURCES LTD., a company incorporated under the laws of British Columbia having an office at 2255 William Street, Vancouver, B.C. V5L 2S5

(the "Company")

AND:

LEON F. ANDERSON, of 2255 William Street, Vancouver, B.C. V5L 2S5

(the "Creditor")

WHEREAS:

- A. The Company is indebted to the Creditor in the aggregate amount of \$38,078 as of March 31, 2011 on account of accrued management and/or administrative fees (the "**Indebtedness**");
- B. The Company is seeking to file a prospectus (the "**Prospectus**") in connection with the qualification for sale to the public in the provinces of British Columbia, Alberta and Ontario, by way of an initial public offering, a minimum of 3,000,000 common shares and a maximum of 4,000,000 common shares in the capital stock of the Company at a price of \$0.15 per share (the "**IPO**") and the listing of such shares for trading on the Canadian National Stock Exchange (the "**Exchange**"); and
- C. The Creditor and the Company have agreed to settle the Indebtedness for a combination of cash and common shares in the capital of the Company, subject to the terms and conditions hereinafter set forth (the "**Debt Settlement**").

NOW THEREFORE THIS AGREEMENT WITNESSES THAT in consideration of the foregoing and of the mutual covenants and provisos herein contained, the parties agree as follows:

1. The Company confirms and acknowledges the Indebtedness and that it is justly due and owing to the Creditor.
2. Upon Closing (as hereinafter defined), the Company agrees to pay and the Creditor agrees to accept a total of \$19,078 cash and 126,666 common shares in the capital of the Company (the "**Shares**") at a deemed price of \$0.15 per share in full and final satisfaction of the Indebtedness.
3. The Debt Settlement is subject to and conditional upon the completion of the IPO by the Company and closing of the Debt Settlement (the "**Closing**") will take place concurrently with the completion of the IPO. In the event the Company does not complete the IPO for any reason whatsoever on or before December 15, 2011 (the "**IPO Deadline**"), this Agreement shall automatically terminate and be of no further force or effect as of 12:01 a.m. on the first day

immediately following the IPO Deadline, unless otherwise extended by mutual agreement of the parties.

4. The Company agrees to use its reasonable commercial efforts to qualify the distribution of the Shares to the Creditor under the Prospectus.
5. The Creditor acknowledges, represents and warrants to the Company that as of the date hereof:
 - (a) the Creditor is acquiring the Shares as principal and has a pre-existing relationship with the Company as a director and/or officer of the Company so as to enable the Creditor to be aware of the character, business acumen and general business and financial circumstances of the Company;
 - (b) the Creditor has the legal capacity and competence to enter into and to execute this Debt Settlement Agreement and to observe and perform his covenants and obligations hereunder;
 - (c) he has such knowledge in financial and business affairs as to be capable of evaluating the merits and risks of an investment in the Shares and is able to bear the economic risk of loss of his entire investment;
 - (d) the Company has only recently commenced active business operations and is in the start-up phase, there is no assurance that the Company will raise sufficient funds to adequately capitalize the business or that the business will be profitable in the future and the Creditor fully understands that an investment in the Shares involves a high degree of risk and may result in the total loss of the investment;
 - (e) the Creditor has been advised to consult its own legal and tax advisors with respect to applicable resale restrictions, if any, and tax considerations in the jurisdiction in which the Creditor resides, he is solely responsible for compliance with applicable resale restrictions and applicable tax legislation and confirms that no representation has been made respecting the applicable hold periods for the Shares and is aware of the risks and other characteristics of the Shares and of the fact that the Creditor may not be able to resell the Shares except in accordance with the applicable securities legislation;
 - (f) the Creditor is not a U.S. Person, as such term is defined in Regulation S of the United States *Securities Act of 1933* (the "**1933 Act**"), and is not and will not be acquiring the Shares for the account or benefit of any U.S. Person and:
 - (i) the offer was not made to the Creditor when the Creditor was in the United States and, at the time the Creditor's acceptance of the Debt Settlement was made to the Company, the Creditor was outside the United States;
 - (ii) the current structure of this transaction and all transactions and activities contemplated hereunder is not a scheme to avoid the registration requirements of the 1933 Act; and
 - (iii) the Creditor has no intention to distribute either directly or indirectly any of the Shares in the United States, except in compliance with the 1933 Act;

- (g) this Debt Settlement Agreement has been duly executed and delivered by the Creditor and constitutes a legal, valid and binding agreement of the Creditor enforceable against the Creditor;
 - (h) the Creditor is not acquiring the Shares as a result of any oral or written representation by any person in addition to or contrary to the representations set forth herein; and
 - (i) if required by applicable securities legislation or by any securities commission, stock exchange (including the Exchange) or other regulatory authority, the Creditor will execute, deliver, file and otherwise assist the Company in filing, such reports, undertakings and other documents with respect to the issuance of the Shares as may be required.
6. The acknowledgements, representations and warranties of the Creditor in this Debt Settlement Agreement are made by the Creditor with the intent that they be relied upon by the Company in determining his suitability to acquire the Shares in settlement of the Indebtedness and such acknowledgements, representations and warranties will survive the completion of the transactions contemplated herein.
7. The Creditor acknowledges that the Company is seeking to apply for a listing, by way of IPO, of its common shares on the Exchange and in such event the Creditor agrees to deposit all or part of his Shares in escrow or pool or subject to resale and enter into, execute and deliver such form of escrow, pooling or restrictive resale agreement (the “**Escrow/Pooling/Resale Agreement**”) as may be required by the Exchange or applicable securities legislation as a condition of such listing. The Creditor hereby irrevocably authorizes and directs the President of the Company, with full right of substitution, to be the Creditor’s due and lawful attorney to enter into, execute and deliver the Escrow/Pooling/Resale Agreement for and on behalf of the Creditor, together with such other agreements, forms, instruments, certificates or documents as may be required by, or as a condition of, the listing of the Company’s common shares on the Exchange.
8. Notwithstanding section 8, the Creditor acknowledges that the Company is making no representations, warranties or assurances that the Shares will in fact be listed for trading on the Exchange or elsewhere or that an application for such listing will be made by the Company.
9. The Creditor hereby consents to the collection, use and disclosure by the Company of the personal information of the Creditor contained in this Debt Settlement Agreement (the “**Personal Information**”) for the purposes of the issuance of the Shares and otherwise required in connection with the business and administration of the Company, the IPO, the listing of the Company’s common shares on the Exchange or as otherwise permitted or required by law. The Creditor further consents to the disclosure of the Personal Information by the Company to all applicable securities regulatory authorities having jurisdiction including, but not limited to, the Exchange or any other recognized exchange in Canada or elsewhere on which the Company may, in the future, apply to list its Shares for trading.
10. Upon Closing of the Debt Settlement, the Company shall deliver the following documents to or to the order of the Creditor:
- (a) the sum of \$19,078 by way of cheque; and
 - (b) a certificate representing the Shares.

- 11. The parties hereto agree to execute all such further and other documents or assurances as may be required in order to carry out this Agreement according to its true intent.
- 12. This Agreement and the rights and obligations of the parties hereunder are not assignable by either party.
- 13. This Agreement shall enure to the benefit of and be binding on the parties hereto and their respective heirs, executors, administrators and successors.
- 14. Wherever the singular or masculine are used herein, the same shall be deemed to mean and include the plural, feminine or body politic, and vice versa, as the context may require.
- 15. In this Debt Settlement Agreement, unless otherwise specified, currencies are indicated in Canadian dollars.
- 16. This Agreement may be executed in two or more counterparts and delivered via facsimile or scanned email attachment, each of which will be deemed to be an original and all of which will constitute one agreement, effective as of the date given above.

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

FAR RESOURCES LTD.

Per: *“Cyrus Driver”*

Authorized Signatory

SIGNED, SEALED AND DELIVERED)
 by **LEON F. ANDERSON**)
 in the presence of:)
)
 _____)
 Witness)
)
 _____)
 Address)
)
 _____)
)
 _____)
 Occupation)

“Leon F. Anderson”

LEON F. ANDERSON