

PURCHASE AGREEMENT

THIS AGREEMENT is made the 13th day of December, 2010,
BETWEEN:

WILLIAM C. HOOD
(the "**Vendor**"),

-and-

STINTON EXPLORATION LTD.
(the "**Purchaser**").

RECITALS:

- A. The Vendor is the holder of certain mineral claims described in the attached Schedule "A" (the "**Claims**").
- B. The Vendor has agreed to sell to the Purchaser, and the Purchaser has agreed to purchase from the Vendor, a 25% interest in the Claims (the "**Purchased Interest**"), reserving only a royalty interest therein to the Vendor;
- C. The Vendor has further agreed to grant to the Purchaser an option to purchase the Vendor's remaining 75% interest in the Claims (the "**Optioned Interest**"), reserving only a royalty interest therein to the Vendor.

For good and valuable consideration, the receipt and sufficiency of which is acknowledged by each of the parties, the parties covenant and agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions. In this agreement, unless otherwise provided:

- (a) "**Agreement**" means this purchase and sale agreement;
- (b) "**Business Day**" means a day on which banks are generally open for business in Winnipeg, Canada;
- (c) "**Closing**" means the closing of the Sale Transaction;
- (d) "**Encumbrance**" means any mortgage, pledge, hypothecation, security interest, assignment, lien (statutory or otherwise), charge, title retention agreement or arrangement, royalty, restrictive covenant or other encumbrance of any nature, but does not include any Other Rights;
- (e) "**Option**" has the meaning given to it in section 3.1 hereof;
- (f) "**Option Notice**" has the meaning given to it in section 3.2 hereof;
- (g) "**Other Rights**" means any encumbrances recorded by the Province of Manitoba or the Federal Crown, as the case may be, in the normal course of granting and recording mineral rights in the Province of Manitoba that relate solely to third

party non-mineral rights to land access and use, including timber rights, Hydro rights-of-way and trappers' rights;

- (h) "**Royalty**" means the royalty to which the Vendor will be entitled pursuant to the Royalty Agreement;
- (i) "**Royalty Agreement**" means the royalty and participation agreement in the form attached as Schedule "B" to this Agreement, delivered by the Purchaser to the Vendor at the Closing;
- (j) "**Shares**" means fully paid and non-assessable common shares without par value in the capital of the Purchaser, as such shares are constituted as of the date of this Agreement; and
- (k) "**Sale Transaction**" means the transaction for the purchase and sale of the Purchased Interest, as contemplated hereunder.

1.2 Schedules. The following schedules, which are attached to this Agreement, are by this reference incorporated into and form part of this Agreement:

Schedule "A" - Claims
Schedule "B" - Royalty Agreement

1.3 Severability. Each term of this Agreement is severable from the others, and if any term hereof is at any time declared by a court of competent jurisdiction to be void or unenforceable, the same will not extend to make void or unenforceable any other term of this Agreement.

1.4 Governing Laws and Attornment. This Agreement will be interpreted and enforced in accordance with the laws of the Province of Manitoba and the laws of Canada applicable in the Province of Manitoba. The parties hereby attorn to the non-exclusive jurisdiction of the courts of Manitoba in respect of the interpretation of, and any relief sought under, this Agreement.

1.5 No Contra Proferentem. This Agreement has been negotiated and approved by the parties and, despite any rule or maxim of law or construction to the contrary, any ambiguity or uncertainty will not be construed against either of the parties by reason of the authorship of any of the provisions of this Agreement.

1.6 Other Matters of Interpretation. In this Agreement:

- (a) the singular includes the plural and vice versa;
- (b) the masculine includes the feminine and vice versa;
- (c) references to "article", "section" and "subsection" are to articles, sections and subsections of this Agreement, respectively;
- (d) all provisions requiring a party to do or refrain from doing something will be interpreted as the covenant of that party with respect to that matter despite the absence of the words "covenants" or "agrees" or "promises";
- (e) all provisions requiring a party to do something will be interpreted as including the covenant of that party to cause that thing to be done when the party cannot directly perform the covenant but can indirectly cause that covenant to be performed, whether by an affiliate under its control or otherwise;

- (f) the headings and division of this Agreement into articles, sections, subsections, clauses and any lower divisions are for convenience only, and will not affect the construction or interpretation of this Agreement
- (g) all dollar amounts expressed herein refer to lawful currency of Canada; and
- (h) the words "hereto", "herein", "hereby", "hereunder", "hereof" and similar expressions when used in this Agreement refer to the whole of this Agreement and not to any particular article, part, section, exhibit or portion thereof.

ARTICLE 2 PURCHASE AND SALE OF CLAIMS

2.1 Purchase and Sale. The Vendor hereby agrees to sell the Purchased Interest to the Purchaser, in consideration of the issue to the Vendor of 700,000 Shares. The Purchaser agrees to purchase from the Vendor all of the Purchased Interest, and for such purpose to issue 700,000 Shares to the Vendor. The Sale Transaction will be completed at a closing conducted in accordance with ARTICLE 5.

ARTICLE 3 OPTION TO PURCHASE

3.1 Option. Subject to the provisions of this Agreement, the Vendor hereby grants to the Purchaser an option (the "**Option**") to purchase all, but not less than all, of the Optioned Interest, in consideration of the Purchaser issuing to the Vendor 1,300,000 Shares.

3.2 Exercise of Option. The Option may be exercised by the Purchaser at any time from the date of this Agreement to and including the second anniversary of the date of this Agreement. If it elects to exercise the Option granted hereby, the Purchaser shall give written notice to the Vendor of its intention (the "**Option Notice**"). On the 10th Business Day following delivery of the Option Notice, or such other date as the parties may otherwise agree in writing:

- (a) the Purchaser shall deliver to the Vendor a share certificate representing 1,300,000 Shares in the name of the Vendor; and
- (b) the Vendor shall deliver a transfer or transfers of the Optioned Interest, duly executed by the Vendor and sufficient to transfer to the Purchaser all of the Optioned Interest, free and clear of all Encumbrances, reserving only the Royalty.

ARTICLE 4 REPRESENTATIONS AND WARRANTIES

4.1 Vendor's Representations and Warranties. The Vendor represents and warrants to and in favour of the Purchaser that:

- (a) the Claims, and any Encumbrances in relation thereto, are properly and accurately described in Schedule "A" attached;
- (b) the Claims are in good standing under the laws applicable in the Province of Manitoba as to the incurring of expenditures and the payment of taxes or other money to the expiry dates shown in Schedule "A" attached, and all work in

relation to the Claims that is eligible for credit under such laws has been properly and accurately filed;

- (c) to the best of the Vendor's knowledge the Claims have been duly and validly staked and registered or otherwise properly and legally acquired;
- (d) the Vendor is the sole registered holder and sole beneficial owner of the Claims, free and clear of all Encumbrances except those specifically identified in Schedule "A" attached, and the Vendor is in exclusive possession of the Claims;
- (e) other than a Benefits Agreement made between the Vendor and Indicator Exploration Ltd. there are no outstanding agreements or options to acquire or purchase the Claims or any portion thereof, no person has any royalty or other interest whatsoever in production therefrom, and the Vendor has no current knowledge of any actual, alleged, potential or future adverse claim or challenge against or to the ownership of or title to any of the Claims or any portion thereof, nor to the best of the Vendor's knowledge is there any basis therefor;
- (f) the Vendor has full power and authority to enter into this Agreement, to consummate the Sale Transaction, and to grant the Option;
- (g) there are no orders or directions relating to environmental matters requiring any work, repairs, construction or capital expenditures with respect to any of the Claims or the conduct of the business related thereto, nor to the best of the Vendor's knowledge have any activities on the Claims been in violation of any environmental law, regulations or regulatory prohibition or order, and to the best of the Vendor's knowledge, conditions on and relating to the Claims are in compliance with such laws, regulations, prohibitions and orders;
- (h) none of the execution and delivery of this Agreement, the granting of the Option, and the consummation of the Sale Transaction conflicts with, results in the breach of, or accelerates the performance required by, any agreement to which the Vendor is a party;
- (i) this Agreement constitutes a legal, valid and binding obligation of the Vendor enforceable against him in accordance with its terms;
- (j) the Vendor has received no notice and has no knowledge of any proposal to terminate or vary the terms of or rights attaching to any of the Claims from any government or other regulatory authority, or of any challenge to the Vendor's right, title or interest in any of the Claims; other than aboriginal land claims of general application in the relevant areas; and
- (k) the Vendor is not a "non-resident" of Canada within the meaning of the *Income Tax Act* (Canada).

4.2 Purchaser's Representations and Warranties. The Purchaser represents and warrants to and in favour of the Vendor that:

- (a) it is a body corporate duly incorporated or continued and duly organized and validly subsisting under the laws of its organizational jurisdiction;
- (b) it has full power and authority to carry on its business and to enter into this Agreement;

- (c) neither the execution and delivery of this Agreement nor the consummation of the Sale Transaction conflicts with, results in the breach of, or accelerates the performance required by, any agreement to which the Purchaser is a party;
- (d) the execution and delivery of this Agreement does not violate or result in the breach of the laws of any jurisdiction applicable to the Purchaser or pertaining thereto or of its organizational documents;
- (e) all corporate and regulatory authorizations have been obtained by the Purchaser for the execution of this Agreement and for the performance of its obligations hereunder;
- (f) this Agreement constitutes a legal, valid and binding obligation of the Purchaser enforceable against it in accordance with its terms;
- (g) the authorized share capital of the Purchaser consists of an unlimited number of Shares without par value; and
- (h) 700,000 Shares of the Purchaser have been reserved for issue to the Vendor, which Shares, when so issued, will be duly and validly issued as fully paid and non-assessable.

4.3 Survival. All representations and warranties made by the Vendor and the Purchaser in this Agreement survive any investigation made at any time with respect to any of the foregoing and are not merged in or superseded or prejudiced by the execution, delivery of this Agreement or the Closing, and will survive the Closing and continue in full force and effect, subject to the following:

- (a) any claim which is based on the representations and warranties as to title or which is based on intentional misrepresentation or fraud by the Vendor may be brought by the Purchaser at any time prior to the expiration of applicable statutory time limits; and
- (b) any claim other than as described in subsection (a) above may only be made or brought by a party at any time within two (2) years following the Closing Date.

ARTICLE 5 CLOSING

5.1 Closing Date. The Closing will be held on December 13th, 2010, or such other date as the parties may agree in writing.

5.2 Conditions of Purchaser. The obligation of the Purchaser to complete the Sale Transaction is subject to the fulfilment of the following conditions:

- (a) the representations and warranties of the Vendor contained in this Agreement will be true on and as of the Closing in all material respects with the same effect as though such representations and warranties had been made as of the time of Closing;

- (b) all of the covenants and agreements of the Vendor to be performed on or before the Closing pursuant to this Agreement will have been duly performed in all material respects; and
- (c) the Vendor will have delivered transfers of the Purchased Interest, duly executed by the Vendor and sufficient to transfer to the Purchaser all of the Vendor's right, title and interest in the Purchased Interest, free and clear of all Encumbrances, reserving only the Royalty.

The foregoing conditions are inserted for the exclusive benefit of the Purchaser and may be waived in whole or in part by the Purchaser at any time. If any of the foregoing conditions are not satisfied or waived by the Purchaser on or before the Closing Date, the Purchaser may terminate this Agreement by written notice given to the Vendor, in which event the Vendor and the Purchaser will each be released from all obligations under this Agreement.

5.3 Conditions of Vendor. The obligation of the Vendor to complete the Sale Transaction and to grant the Option is subject to the fulfillment of the following conditions:

- (a) the representations and warranties of the Purchaser contained in this Agreement will be true on and as of the Closing in all material respects with the same effect as though such representations and warranties had been made as of the time of Closing;
- (b) all of the covenants and agreements of the Purchaser to be performed on or before the Closing pursuant to this Agreement will have been duly performed in all material respects;
- (c) the Purchaser will have delivered a share certificate in the name of the Vendor representing 700,000 Shares; and
- (d) the Purchaser will have executed and delivered to the Vendor such registration documents or other instruments, as contemplated under section 2.3(c) of the Royalty Agreement, as the Vendor may have reasonably requested prior to Closing.

The foregoing conditions are inserted for the exclusive benefit of the Vendor and may be waived in whole or in part by the Vendor at any time. If any of the foregoing conditions are not satisfied or waived by the Vendor on or before the Closing Date, the Vendor may terminate this Agreement by written notice given to the Purchaser, in which event the Vendor and the Purchaser will each be released from all obligations under this Agreement.

5.4 Completion of Closing. The Closing will be accomplished and the Sale Transaction will have been completed upon the concurrent release by each of the parties to the other of the shares, documents and other instruments delivered by it under this ARTICLE 5, together with such other evidence of the fulfillment of the conditions of Closing under this ARTICLE 5 as such other party may reasonably request. The Closing will be accomplished by having the respective legal counsel to each of the parties exchange all documents required for Closing pursuant to solicitor's undertakings.

ARTICLE 6 INDEMNITIES

6.1 Indemnity by Vendor. The Vendor agrees that he will defend, indemnify, reimburse and hold harmless the Purchaser and its successors and assigns (in this section, collectively the

"Indemnified Parties"), and each of them, from and against any and all claims, demands, liabilities, actions and proceedings, which may be made or brought against any of them or which any of them may sustain, pay or incur that result from or relate to operations conducted on or in respect of the Claims prior to the time of Closing.

ARTICLE 7 MISCELLANEOUS

7.1 Notices.

- (a) Every notice given pursuant to this Agreement must be given in writing, to the addresses listed below:
 - (i) if to the Vendor: 508 Elm Street, Beausejour, MB R0E 0C0, P.O. Box 1722
 - (ii) if to the Purchaser: Suite 300, 840 6th Avenue SW, Calgary, AB 3E5 T2P
- (b) Notice will be sufficiently given only if:
 - (i) served by personal delivery on the party to whom it is being given, or delivered via courier, in which case notice will be deemed to have been given on the date of delivery; or
 - (ii) mailed by prepaid registered mail (with acknowledgement of receipt requested) addressed to the party to whom it is being given, in which case notice will be deemed to have been given on the earlier of actual receipt and the third day (other than a Saturday, a Sunday or a statutory holiday) following the date of mailing.
- (c) Either party may change his or its address for the giving of notice by notice given to the other party.

7.2 Entire Agreement. This Agreement, including the exhibit hereto, constitutes the entire agreement of the parties with respect to the subject matter hereof, all previous agreements and promises in respect thereto being hereby expressly rescinded and replaced hereby. No modification or alteration of this Agreement will be effective unless in writing executed subsequent to the date hereof by both parties. No prior written or contemporaneous oral promises, representations or agreements are binding upon the parties. There are no implied covenants contained herein.

7.3 No Waivers. No waiver of or with respect to any term or condition of this Agreement will be effective unless it is in writing and signed by the waiving party, and then such waiver will be effective only in the specific instance and for the purpose of which given. No course of dealing among the parties, nor any failure to exercise, nor any delay in exercising, any right, power or privilege hereunder will operate as a waiver thereof, nor will any single or partial exercise of any specific waiver of any right, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

7.4 Time of the Essence. Time is of the essence in the performance of any and all of the obligations of the parties.

7.5 Counterparts. This Agreement may be executed in multiple counterparts, each of which will constitute an original, but all of which together will constitute one and the same instrument.

7.6 Parties in Interest. This Agreement will enure to the benefit of and be binding on the parties and their respective successors and permitted assigns.

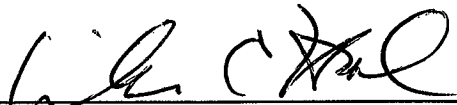
IN WITNESS WHEREOF, the parties have caused this Agreement to be executed and delivered as of the date first set forth above.

STINTON EXPLORATION LTD.

By: 

Name: S. MARK FRANCIS

Title: DIRECTOR


WILLIAM C. HOOD

Schedule "A" to an Agreement dated December 13th, 2010,
between Stinton Exploration Ltd. and William C. Hood

CLAIMS

Buffalo Project Claims; Oct.18/10

<u>Claim Name</u>	<u>Claim Number</u>	<u>Area (ha)</u>	<u>Expiry Date</u>
JAM 1	SV 11366	17	Oct.18/11
JAM 2	SV 10916	52	Jun.18/12
JAM 13	SV 11744	261	Jul.26/12
JAM 14	SV 11745	254	Jul.26/12
MOS 3	SV 11588	279	Apr.3/12
MOS 7	SV 11589	274	Apr.3/12
MOS 11	SV 11740	266	Jul.26/12
MOS 12	SV 11741	269	Jul.26/12
MOS 14	SV 11747	239	Jul.26/12
MOS 15	SV 11742	272	Jul.26/12
MOS 16	SV 11743	274	Jul.26/12
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11 claims		2457 ha	

Current Schedule A' and Exhibit 1 of Schedule 'B'

August 09, 2012

Stinton Exploration Ltd.-Bill Hood Purchase Agreement of Buffalo Nickel project claims

To whom it may concern;

As Vendor of the subject claims, I verify that the following information is correct.

**Amended "Schedule A" to a Purchase Agreement
Between Stinton Exploration Ltd. And William C. Hood**

CLAIMS

Buffalo Project Claims; Feb.13/11

<u>Claim Name</u>	<u>Claim Number</u>	<u>Area (ha)</u>	<u>Expiry Date</u>
JAM 1	SV 11366	17	Oct.18/13
JAM 2	SV 10916	52	Jun.18/13
JAM 13	SV 11744	261	Jul.26/13
JAM 14	SV 11745	254	Jul.26/13
JAM 15	SV 11763	269	Feb.13/13
JAM 16	SV 11746	269	Jul.26/13
MOS 3	SV 11588	279	Apr.4/13
MOS 7	SV 11589	274	Apr.4/13
MOS 11	SV 11740	266	Jul.26/13
MOS 12	SV 11741	269	Jul.26/13
MOS 14	SV 11747	239	Jul.26/13
MOS 15	SV 11742	272	Jul.26/13
MOS 16	SV 11743	274	Jul.26/13

13 claims		2995 ha	

and

**Amended "Exhibit 1 of Schedule B" to a Purchase Agreement
Between Stinton Exploration Ltd. And William C. Hood**

CLAIMS

Buffalo Project Claims; Feb.13/11

<u>Claim Name</u>	<u>Claim Number</u>	<u>Area (ha)</u>	<u>Expiry Date</u>
JAM 1	SV 11366	17	Oct.18/13
JAM 2	SV 10916	52	Jun.18/13
JAM 13	SV 11744	261	Jul.26/13
JAM 14	SV 11745	254	Jul.26/13

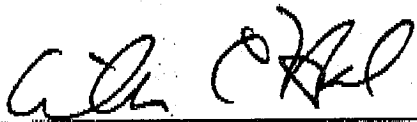
JAM 15	SV 11763	269
JAM 16	SV 11746	269
MOS 3	SV 11588	279
MOS 7	SV 11589	274
MOS 11	SV 11740	266
MOS 12	SV 11741	269
MOS 14	SV 11747	239
MOS 15	SV 11742	272
MOS 16	SV 11743	274

Feb.13/13
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Apr.4/13
Apr.4/13
Jul.26/13
Jul.26/13
Jul.26/13
Jul.26/13
Jul.26/13

13 claims

2995 ha

Sincerely,



Bill Hood

William C. (Bill) Hood

Schedule "B" to an Agreement dated December 13th, 2010,
between Stinton Exploration Ltd. and William C. Hood

ROYALTY AGREEMENT

THIS AGREEMENT is made the 13th day of December, 2010,
BETWEEN:

WILLIAM C. HOOD
(the "Royalty Holder"),

-and-

STINTON EXPLORATION LTD.
(the "Owner").

For good and valuable consideration, the receipt and sufficiency of which is acknowledged by each of the parties, the parties covenant and agree as follows:

**ARTICLE 1
INTERPRETATION**

1.1 **Definitions.** In this agreement, unless otherwise provided:

- (a) **"Affiliate"** means any person that directly or indirectly controls, is controlled by, or is under common control with, a party. For purposes of the preceding sentence, "control" means possession, directly or indirectly, of the power to direct or cause direction of management and policies through ownership of voting securities, contract, voting trust or otherwise, and includes an entity which is in partnership, joint venture or strategic alliance with a party;
- (b) **"Agreement"** means this royalty agreement;
- (c) **"Allowable Deductions"** means, for any Month, all costs, charges and expenses paid, incurred, or deemed incurred by the Owner during that Month for or with respect to Products including:
 - (i) charges for treatment in the smelting, refining and other beneficiation processes (including handling, processing, interest, and provisional settlement fees, weighing, sampling, assaying umpire and representation costs, penalties, and other processor deductions);
 - (ii) actual costs of transportation (including loading, freight, insurance, security, transaction taxes, handling, port, demurrage, delay, and forwarding expenses incurred by reason of or in the course of transportation) of Products from the Properties to the place of treatment and then to the place of Sale,
 - (iii) costs or charges of any nature for or in connection with insurance, storage, or representation at a smelter or refinery for Products or refined metals, and

- (iv) sales, use, severance, excise, net proceeds of mine, and ad valorem taxes and any tax on or measured by mineral production, but not including income taxes of the Owner or Royalty Holder,

provided that whether Products are processed on or off the Properties in a facility wholly or partially owned by the Owner or by an Affiliate of the Owner or an Affiliate of a shareholder of the Owner, Allowable Deductions will not include any costs that are in excess of those which would be incurred on an arm's length basis, or which would not be Allowable Deductions if those Products were processed by an independent third party;

- (d) "**Arbitration Notice**" has the meaning given to it in section 7.1 hereof;
- (e) "**Area of Interest**" means the entire area is depicted in NTS map sheet 52 E/3 and which lies within Manitoba;
- (f) "**Business Day**" means a day on which banks are generally open for business in Winnipeg, Canada;
- (g) "**Claims**" means the Mineral Rights described in Exhibit "1" attached hereto;
- (h) "**Commencement Date**" has the meaning given to it in section 2.2 hereof;
- (i) "**Copper Production**" means the quantity of refined copper outturned during a Month to the Owner's pool account by an independent third party refinery in respect of Products, on either a provisional or final settlement basis;
- (j) "**Gold Production**" means the quantity of refined gold outturned during a Month to the Owner's pool account by an independent third party refinery in respect of Products, on either a provisional or final settlement basis;
- (k) "**Gross Proceeds**" means, for any Month, proceeds received or deemed to be received by the Owner for the Sale of Products from the Properties, whether processed on or off of the Properties, determined as follows, but subject to section 5.5:
 - (i) if Products are sold by the Owner in the form of ore, doré, or concentrates, then the Gross Proceeds in respect of such ore, doré or concentrates will be equal to the amount of the proceeds actually received by the Owner during the Month from the sale of such raw ore, doré or concentrates;
 - (ii) if Products are sold by the Owner in the form of refined copper, then such copper will be deemed to have been sold at the Monthly Average Copper Price for the Month in which it was produced, and the Gross Proceeds in respect of copper will be determined by multiplying Copper Production for the Month by the Monthly Average Copper Price for the Month;
 - (iii) if Products are sold by the Owner in the form of refined gold, then such gold will be deemed to have been sold at the Monthly Average Gold Price for the Month in which it was produced, and the Gross Proceeds in respect of gold will be determined by multiplying Gold Production for the Month by the Monthly Average Gold Price for the Month;

- (iv) if Products are sold by the Owner in the form of refined silver, then such silver will be deemed to have been sold at the Monthly Average Silver Price for the Month in which it was produced, and the Gross Proceeds in respect of silver will be determined by multiplying Silver Production for the Month by the Monthly Average Silver Price for the Month; and
- (v) if Products are sold by the Owner in the form of refined metals other than copper, gold or silver then the Gross Proceeds will be equal to the amount of the proceeds actually received by the Owner during the Month from the sale of such refined metal;

provided that if Products are sold by the Owner to an Affiliate of the Owner or an Affiliate of a shareholder of the Owner, then Gross Proceeds will be the greater of the Gross Proceeds, as determined above, and the amount which would be realized on an arm's length basis if those Products were sold to an independent third party;

- (l) "**Indemnified Party**" and "**Indemnified Parties**" each have the meaning given to it in section 6.1 hereof;
- (m) "**Mineral Rights**" means prospecting licences, mineral claims, mining leases and other forms of mineral tenure or other rights to minerals, or to work upon lands for the purpose of searching for, developing or extracting minerals under any forms of mineral title recognized under the laws applicable in the Province of Manitoba or any subdivision thereof, whether contractual, statutory or otherwise, or any interest therein;
- (n) "**Month**" means calendar month;
- (o) "**Monthly Average Copper Price**" means the average "Comex High Grade First Position Copper" price as published monthly in Platts Metals Week (or, should that publication cease, a comparable price from another similar publication acceptable to the parties or, if they cannot agree, determined by arbitration hereunder);
- (p) "**Monthly Average Gold Price**" means the average London Bullion Market Association "P.M. Gold Fix" (or should that quotation cease, another similar quotation acceptable to the parties or, if they cannot agree, determined by arbitration hereunder), calculated by dividing the sum of all such prices reported for the Month by the number of days for which such prices were reported;
- (q) "**Monthly Average Silver Price**" means the average "New York Silver Price" as published daily by Handy & Harman (or, should that publication cease, a comparable price from another similar publication acceptable to the parties or, if they cannot agree, determined by arbitration hereunder), calculated by dividing the sum of all such prices reported for the Month by the number of days for which such prices were reported;
- (r) "**Net Smelter Returns**" for any Month means for any Product the Gross Proceeds for such Month from the Sale of such Product less Allowable Deductions for such Month related to such Product;
- (s) "**New Claim**" has the meaning given to it in section 3.4 hereof;

- (t) "**Offer**" has the meaning given to it in subsection 4.1(a) hereof;
- (u) "**Offered Interest**" has the meaning given to it in subsection 4.1(a) hereof;
- (v) "**Option**" means an option to purchase a 75% interest in the Properties, as granted by the Royalty Holder to the Owner pursuant to the terms of a purchase agreement made between them as of the date hereof;
- (w) "**Proceedings**" has the meaning given to it in section 6.1 hereof;
- (x) "**Products**" means the Owner's share of all ores mined from the Properties and all concentrates and other mineral products, metals or minerals which are derived therefrom, whether on or off the Properties;
- (y) "**Properties**" means the Claims, any Mineral Rights hereafter acquired by the Owner in the Area of Interest, and any other form of successor or substitute title for such Claims or Mineral Rights, but excludes any Mineral Rights that have been surrendered, abandoned or transferred pursuant to section 3.3 hereof;
- (z) "**Re-Purchased Royalty**" has the meaning given to it in section 2.5 hereof;
- (aa) "**Royalty**" means a royalty of two percent (2.0%) of the Net Smelter Returns on all Products;
- (bb) "**Sale**" means a sale of a Product by or on behalf of the Owner or any Affiliate of the Owner to a Person who is not an Affiliate of the Owner; and
- (cc) "**Silver Production**" means the quantity of refined silver outturned during a Month to the Owner's pool account by an independent third party refinery in respect of Products, on either a provisional or final settlement basis.

1.2 Schedules and Exhibits. Exhibit 1, which is attached to this Agreement, is by this reference incorporated into and forms part of this Agreement.

1.3 Severability. Each term of this Agreement is severable from the others, and if any term hereof is at any time declared by a court of competent jurisdiction to be void or unenforceable, the same will not extend to make void or unenforceable any other term of this Agreement.

1.4 Governing Laws and Attornment. This Agreement will be interpreted and enforced in accordance with the laws of the Province of Manitoba and the laws of Canada applicable in the Province of Manitoba. Subject to any provisions contained in this Agreement pertaining to arbitration to be conducted in accordance with *The Arbitration Act* (Manitoba), the parties hereby attorn to the non-exclusive jurisdiction of the courts of Manitoba in respect of the interpretation of, and any relief sought under, this Agreement.

1.5 No Contra Proferentem. This Agreement has been negotiated and approved by the parties and, despite any rule or maxim of law or construction to the contrary, any ambiguity or uncertainty will not be construed against either of the parties by reason of the authorship of any of the provisions of this Agreement.

1.6 Other Matters of Interpretation. In this Agreement:

- (a) the singular includes the plural and vice versa;

- (b) the masculine includes the feminine and vice versa;
- (c) references to "article", "section" and "subsection" are to articles, sections and subsections of this Agreement, respectively;
- (d) all provisions requiring a party to do or refrain from doing something will be interpreted as the covenant of that party with respect to that matter despite the absence of the words "covenants" or "agrees" or "promises";
- (e) all provisions requiring a party to do something will be interpreted as including the covenant of that party to cause that thing to be done when the party cannot directly perform the covenant but can indirectly cause that covenant to be performed, whether by an affiliate under its control or otherwise;
- (f) the headings and division of this Agreement into articles, sections, subsections, clauses and any lower divisions are for convenience only, and will not affect the construction or interpretation of this Agreement
- (g) all dollar amounts expressed herein refer to lawful currency of Canada; and
- (h) the words "hereto", "herein", "hereby", "hereunder", "hereof" and similar expressions when used in this Agreement refer to the whole of this Agreement and not to any particular article, part, section, exhibit or portion thereof.

ARTICLE 2 ROYALTY DESCRIPTION

2.1 Royalty Reserved. Subject to the terms and conditions hereof (and in particular section 2.2 hereof), the Owner agrees to pay the Royalty to the Royalty Holder.

2.2 Commencement of Payment of Royalty. Despite the foregoing section 2.1, the Royalty will accrue and become payable only in respect of Net Smelter Returns arising from the date on which the Option has been exercised and the optioned interest in the Properties has been transferred to the Owner (the "**Commencement Date**").

2.3 Interest in Land. The parties intend that, to the extent permitted under the laws applicable in the Province of Manitoba, the Royalty will constitute an interest in land and specifically in the Properties, and accordingly agree that:

- (a) the Royalty will run with the Properties, and every portion thereof and interest therein;
- (b) any sale or other disposition of any interest in the Properties or any portion thereof will be effective only in accordance with section 4.2 hereof;
- (c) the Owner will upon request sign and deliver to the Royalty Holder, and the Royalty Holder may register or otherwise record against titles to the Properties, the form of notice or other document or instrument as the Royalty Holder may reasonably request to give notice of the existence of the Royalty and this Agreement to third parties, to secure payment of the Royalty and the Owner's obligations hereunder and to protect the Royalty Holder's right to receive the Royalty and other benefits contemplated herein; and

- (d) if any Mineral Rights hereafter become a part of the Properties as contemplated in section 3.4 hereof, the Owner agrees to execute and deliver such document or documents as the Royalty Holder may reasonably request to acknowledge that the Royalty is applicable thereto including, without limitation, any document or instrument of the nature contemplated in subsection 2.3(c) hereof.

2.4 Security. As security for the obligations of the Owner under this Royalty Agreement, the Owner hereby grants to the Royalty Holder a security interest in the rights of the Owner to the Properties, in the Products and in the proceeds from such rights and products. Such security interest will attach upon the Owner acquiring rights in the collateral, and will be enforceable upon any default by the Owner hereunder by any method permitted by law. The Owner will execute and deliver such instruments, financing statements or other documents as the Royalty Holder may reasonably request to evidence, perfect and register the security interest hereby constituted. Such security interest is not intended to impede or impair any Sale of Products by or on behalf of the Owner.

2.5 Purchase for Cancellation. The Owner may, at any time, elect by notice in writing delivered to the Royalty Holder to purchase for cancellation from the Royalty Holder a 1% Royalty (the "**Re-purchased Royalty**") and, upon such election being made, the Royalty Holder will sell the Re-purchased Royalty to the Owner upon the Owner paying \$1,000,000 to the Royalty Holder, by way of certified cheque or bank draft delivered to the Royalty Holder within thirty (30) days of such election by the Owner.

ARTICLE 3 OPERATION OF THE PROPERTIES

3.1 Owner to Determine Operations. The Owner may, but will not be obligated to, treat, mill, heap leach, sort, concentrate, refine, smelt, or otherwise process, beneficiate or upgrade the ores, concentrates, and other Products at sites located on or off the Properties, prior to sale, transfer, or conveyance to a purchaser, user or consumer. The Owner will owe the Royalty Holder no duty to explore, develop or mine the Properties, or to do so at any rate or in any manner other than that which the Owner may determine in its sole and unfettered discretion, subject only to its obligations under this section 3.1. The Owner will have complete discretion concerning the nature, timing and extent of all exploration, development, mining and other operations conducted on or for the benefit of the Properties and may suspend operations and production on the Properties at any time it considers prudent or appropriate to do so, provided that the Owner will be obliged:

- (a) to keep the Properties in good standing and neither to surrender nor abandon any of the Properties except in accordance with section 3.3 hereof; and
- (b) to conduct all of its operations and activities on the Properties in accordance with applicable law and in a prudent and professional manner as would be customary in the Canadian mining industry.

3.2 Commingling. The Owner will not commingle of Products from the Properties with other ores, doré, concentrates, mineral products, metals or minerals produced elsewhere, unless the parties have agreed upon procedures for the weighing, sampling, assaying and other measuring or testing necessary to fairly allocate valuable metals contained in such Products and in the other ores, doré, concentrates, mineral products, metals and minerals.

3.3 Abandonment. If the Owner proposes to surrender or abandon any Mineral Rights comprised in the Properties, then it will notify the Royalty Holder of its intent. Thereafter, the Owner may surrender or abandon any such Mineral Rights, unless the Royalty Holder has,

within 60 days after receipt of such notice, notified the Owner that it elects to have such Mineral Rights transferred to it, at the Owner's cost and expense and free and clear of Encumbrances. Promptly after receipt of such election notice, the Owner will effect such transfer of the relevant Mineral Rights. Failing such election, the Mineral Rights may be abandoned or surrendered as proposed by the Owner. Following a transfer, surrender or abandonment under this section, the Mineral Rights so transferred or abandoned will thereafter cease to form part of the Properties but will remain a part of the Area of Interest and therefore subject to the obligations of the Owner under section 3.4 hereof.

3.4 Additional Properties. If the Royalty Holder, the Owner, or an Affiliate of the Owner, acquires any Mineral Rights covering an area within the Area of Interest (a "**New Claim**"), by staking and application for mineral claims or through an underlying agreement or otherwise, the party which acquired the New Claim will promptly give the other party hereto notice, accompanied by all material information and data in his or its possession or control regarding the New Claim. If the acquiring party is the Royalty Holder, the New Claim will be transferred to the Owner forthwith on the Owner paying to the Royalty Holder its staking costs related to the New Claim, and the New Claim will thereafter automatically become one of the Properties hereunder for all purposes of this Agreement. If the acquiring party is the Owner or an Affiliate of the Owner, the New Claim will automatically become one of the Properties hereunder for all purposes of this Agreement.

ARTICLE 4 ASSIGNMENT

4.1 Assignment by the Royalty Holder. The Royalty Holder may convey or assign all or any undivided portion of the Royalty payable either for a stated term of years or up to a specified dollar amount, provided that:

- (a) the Royalty Holder must, prior to disposing of all, or any undivided portion of the Royalty (an "**Offered Interest**"), first, offer to sell such Offered Interest to the Owner for a cash consideration but upon such other terms and conditions as the Royalty Holder deems fit (an "**Offer**");
- (b) if, within 45 days of the receipt of an Offer, the Owner does not by written notice to the Royalty Holder, accompanied by a certified cheque or bank draft in the amount of the purchase price for such Offered Interest, elect to purchase such Offered Interest upon the terms and conditions of such Offer, then the Royalty Holder will be free to dispose of such Offered Interest to a third party at any time within 120 days after such Offer was received by the Owner, but only for a cash consideration equal to or greater than the cash consideration stated, and upon other terms and conditions no less favourable to the Royalty Holder than those contained in such Offer; and
- (c) any remaining Royalty not disposed of by the Royalty Holder pursuant to this section 4.1 will remain subject to the provisions of this Agreement.

4.2 Multiple Parties. Despite any assignment by the Royalty Holder, the Owner will not be or become liable to make payments in respect of the Royalty to, or to otherwise deal in respect of this Agreement with, more than one person. If the interests of the Royalty Holder hereunder are at any time owned by more than one person, such owners will, as a condition of receiving payment hereunder, nominate one person to act as agent and common trustee for receipt of monies payable hereunder and to otherwise deal with the Owner in respect of such interests (including, without limitation, the giving of notice to take or cease taking in kind) and no royalty

owner will be entitled to administer or enforce any provisions of this Agreement except through such agent and trustee. In such events, the Owner will, after receipt of notice respecting the nomination of such agent and trustee, thereafter make and be entitled to make payments due hereunder in respect of the Royalty to such agent and trustee and to otherwise deal with such agent and trustee as if it were the sole holder of the Royalty hereunder.

4.3 Assignment by Owner. The Owner may transfer, sell, assign or otherwise dispose of all or any portion of its interest in the Properties (including, without limitation, by grant of an option, entry into a joint venture or by operation of law through an amalgamation or other legal mechanism) provided that such disposition will not be effective until the purchaser or other successor in interest to the Owner has delivered to the Royalty Holder a written undertaking agreeing to be bound, to the extent of the interest disposed of, by all of the terms and conditions of this Agreement.

In any event, the Owner will not be released from its obligations hereunder by any sale, assignment or other disposition, unless such sale, assignment or other disposition is of all (but not less than all) of its interest in the Properties to a *bona fide* party acting at "arm's length" (within the meaning of that term under the *Income Tax Act* of Canada) to the Owner.

ARTICLE 5 PAYMENTS

5.1 Payment Obligation. The obligation to pay the Royalty will accrue after the Commencement Date when there has been a Sale of Products, provided that after the Commencement Date there will be deemed to have been a Sale of refined metals upon the outturn of metals from such Products by the treatment facility to the account of the Owner.

5.2 Provisional Settlements. Where the outturn of refined metals or a Sale of other Products is made on a provisional basis, the amount of the Royalty payable will be based upon the amount of metal or other Products credited by such provisional settlement, but will be adjusted to account for the amount of metal or other Products established by final settlement with the treatment facility or with the purchaser of other Products, as the case may be.

5.3 Due Date. Royalty payments will be due and payable quarterly on the last day of the Month next following the end of the calendar quarter in which the same accrued.

5.4 Royalty Statements. Royalty payments will be accompanied by a statement showing in reasonable detail on a Product by Product basis for the relevant quarter:

- (a) the quantities and grades of Products produced and for which there was a Sale in the quarter;
- (b) the actual proceeds of Sale received in the quarter;
- (c) the Allowable Deductions in the quarter; and
- (d) other pertinent information in sufficient detail to explain the calculation of the Royalty payment.

5.5 Adjustments. Subject to section 5.2 hereof, all Royalty payments will be considered final and in full satisfaction of all obligations of the Owner with respect thereto, unless the Royalty Holder gives the Owner notice describing and setting forth a specific objection to the determination thereof within one year after receipt by the Royalty Holder of the quarterly Royalty

statement. If the Royalty Holder objects to a particular quarterly statement as herein provided, then:

- (a) the Royalty Holder will have the right, upon reasonable notice and at a reasonable time, to have the Owner's accounts and records relating to the calculation of the Royalty in question audited by a chartered accountant selected by the Royalty Holder and who enters into a confidentiality undertaking substantially on the terms of section 8.2 hereof;
- (b) if such audit determines that there has been a deficiency or an excess in the payment made to the Royalty Holder, such deficiency or excess will be resolved by adjusting the next quarterly Royalty payment due hereunder. If production has ceased, settlement will be made between the parties by cash payment; and
- (c) the Royalty Holder will pay all costs of such audit unless a deficiency of three percent or more of the amount due to the Royalty Holder is determined to exist. The Owner will pay the costs of such audit if a deficiency of 3% or more of the amount due is determined to exist.

Failure on the part of the Royalty Holder to make claim on the Owner for adjustment in such one year period will establish the correctness of the payment and preclude the filing of exception thereto or making of claims for adjustment thereon.

5.6 Payment Method. Payments hereunder will be made without demand, notice, set-off, or reduction, by wire transfer, or such other means as may be mutually agreed upon by parties, in good, immediately available funds, to such account or accounts as the Royalty Holder may designate pursuant to written instructions provided by the Royalty Holder to the Owner not less than three (3) Business Days prior to the date upon which such a payment is to be made.

5.7 Trading Activities of Owner. The Owner will have the right to market and sell refined metals and other Products in any manner it may elect, and will have the right to engage in forward sales, futures trading or commodity options trading and other price hedging, price protection, and speculative arrangements ("**Trading Activities**") which may involve the possible physical delivery of Products. The Royalty will not apply to, and the Royalty Holder will not be entitled to participate in, the proceeds generated by the Owner, an Affiliate of the Owner, or an Affiliate of a shareholder of the Owner, either in Trading Activities or in the actual marketing or sales of Products. In determining the net proceeds from any Products subject to the Royalty, the Owner will not be entitled to deduct from Gross Proceeds any losses suffered by the Owner, its Affiliate or its shareholder's Affiliate in Trading Activities. In the event that the Owner engages in Trading Activities, the Royalty will be determined on the basis of the value of Products produced and without regard to the price or proceeds actually received by the Owner, for or in connection with the sale, or the manner in which a sale to a third party is made by the Owner. In the event that the Owner engages in Trading Activities in respect of Products other than refined metals, the Gross Proceeds will be determined on the basis of the value of such Products ex headframe or mine site loading facility in the case of ores or ex mill or other treatment facility in the case of other Products.

5.8 Books and Records. All books and records used by the Owner to calculate the Royalty due hereunder will be kept according to Canadian generally accepted accounting principles, consistently applied.

ARTICLE 6 INDEMNITY

6.1 Indemnity. Subject to section 6.2 hereof, the Owner agrees that it will defend, indemnify, reimburse and hold harmless the Royalty Holder and its successors and assigns (individually an "**Indemnified Party**" and collectively the "**Indemnified Parties**"), and each of them, from and against any and all claims, demands, liabilities, actions and proceedings (collectively, "**Proceedings**"), which may be made or brought against the Royalty Holder or which he may sustain, pay or incur that arises from any occurrence in, upon or at the Properties, or the occupancy or use by the Owner of the Properties, or any part thereof, or occasioned wholly or in part by any fault, default, negligence, act or omission of the Owner or by any person permitted to be on the Properties by the Owner or over whom the Owner (i) may reasonably be expected to exercise control, and (ii) is in law responsible. Without limiting the generality of the foregoing, the Owner agrees that it will defend, indemnify, reimburse and hold harmless the Indemnified Parties, and each of them, from and against any Proceedings arising out of either or both of the following:

- (a) the Owner's operations on the Properties that relate to the mining, handling, transportation, smelting or refining of the Products or the handling of transportation of the Products; and
- (b) all actions or field work conducted by or on behalf of the Owner in the course of exploring the Claims.

6.2 Limitation. The indemnity provided in section 6.1 hereof is limited to Proceedings that may be made or taken against the Royalty Holder in his capacity as holder of the Royalty and will not include any indemnity in respect of any Proceedings against the Royalty Holder in any other capacity.

ARTICLE 7 DISPUTE RESOLUTION

7.1 Arbitration. If a dispute arises among the parties hereto concerning any question relating to this Agreement, the dispute will be settled by arbitration and the following provisions will apply:

- (a) the arbitration will be initiated by one party giving notice (the "**Arbitration Notice**") to the other party of his desire to have a matter arbitrated in accordance with this section, which Arbitration Notice must state the matter which the initiating party wishes to have arbitrated;
- (b) the matter requiring arbitration will be referred to a single arbitrator if one can be mutually agreed upon by the parties within seven (7) Business Days of the Arbitration Notice being given;
- (c) if the parties cannot agree upon a single arbitrator, then each party shall name one (1) arbitrator within a further period of seven (7) Business Days, and the arbitrators so named shall appoint one more arbitrator, unless the appointing of one more arbitrator would result in there being an even number of arbitrators;
- (d) if one of the parties refuses or neglects to appoint an arbitrator within the period herein set out, then the arbitrator(s) appointed by the other party or parties to the

arbitration shall sit and hear the arbitration, unless there is an even number of arbitrators, in which case the arbitrators shall name one (1) more arbitrator;

- (e) if the arbitrators named by the parties cannot agree upon the additional arbitrator or arbitrators as provided in subsection (c) and (d) above, within seven (7) Business Days of the date of the appointment of the last of them, then, after the expiry of such seven (7) Business Day period, any one of the parties may apply to a judge of the Court of Queen's Bench of Manitoba or its successor to appoint the additional arbitrator or arbitrators to sit and hear the arbitration;
- (f) the arbitrator or arbitrators, as the case may be, shall promptly fix a date and venue for the arbitration proceedings and settle the procedure and manner in which the arbitration will be conducted, having regard to the provisions of any relevant or applicable legislation in the Province of Manitoba in regard to arbitration. In fixing a date and venue for the arbitration proceedings and settling the procedure and manner in which the arbitration will be conducted, the arbitrator(s) will be instructed to have regard as well for the principle that the arbitration be commenced and completed as quickly as is practicable after it is demanded;
- (g) the arbitrator(s) shall decide the dispute between the parties based on evidence submitted by the parties at the arbitration proceeding, and both parties will be given an opportunity to present their case and to respond to the other party's case;
- (h) the arbitrator(s) will be entitled to make such award, including an award for specific performance, damages or penalty or otherwise as the arbitrator(s), in his, her or their absolute discretion, deems proper and appropriate, having regard to the provisions of this Agreement;
- (i) the provisions of this section will be deemed to be an arbitration agreement within the provisions of *The Arbitration Act* (Manitoba); and
- (j) the parties agree that any award made by the arbitrator(s):
 - (i) will be final and binding on them, and no appeal will lie therefrom;
 - (ii) will be carried into effect; and
 - (iii) may be made an order of any court which has jurisdiction over the party against which the order is being enforced, on the application of either party to the arbitration proceedings.

ARTICLE 8 MISCELLANEOUS

8.1 Other Activities and Interests. Subject to section 3.4 hereof:

- (a) this Agreement and the rights and obligations of the parties hereunder are strictly limited to the Properties; and
- (b) each party will have the free and unrestricted right to enter into, conduct and benefit from any and all business ventures of any kind whatsoever, whether or not competitive with the activities undertaken pursuant hereto, without disclosing such activities to the other party or inviting or allowing the other to participate

therein including activities involving mineral claims or mineral leases adjoining the Properties.

8.2 Confidentiality. All information, data, reports, records, feasibility studies and test results relating to the Properties and the activities of the Owner or any other party thereon and the terms and conditions of this Agreement, all of which will hereinafter be referred to as "confidential information", will be treated by the Royalty Holder as confidential and will not be disclosed to any Person not a party to this Agreement, except in the following circumstances:

- (a) the Royalty Holder may disclose confidential information to its auditors, legal counsel, institutional lenders, brokers, underwriters, investment bankers and prospective purchasers, provided that such non-party users are advised of the confidential nature of the confidential information, undertake to maintain the confidentiality thereof and are strictly limited in their use of the confidential information to those purposes necessary for such non-party users to perform the services for which they were retained by the Royalty Holder;
- (b) the Royalty Holder may disclose confidential information where that disclosure is necessary to comply with its disclosure obligations and requirements under any securities law, rules or regulations or stock exchange listing agreements, policies or requirements or in relation to proposed credit arrangements, provided that the proposed disclosure is limited to factual matters and that the Royalty Holder will have availed itself of the full benefits of any laws, rules, regulations or contractual rights as to disclosure on a confidential basis to which it may be entitled; and
- (c) with the approval of the Owner.

Any confidential information that becomes part of the public domain by no act or omission in breach of this section 8.2 will cease to be confidential information for the purposes of this section 8.2.

8.3 No Partnership. This Agreement is not intended to, and will not be deemed to, create any partnership relation between the parties including, without limitation, a mining partnership or commercial partnership. The obligations and liabilities of the parties will be several and not joint and neither party will have or purport to have any authority to act for or to assume any obligations or responsibility on behalf of the other party. Nothing herein contained will be deemed to constitute a party the partner, agent or legal representative of the other party.

8.4 Notices.

- (a) Every notice given pursuant to this Agreement must be given in writing, to the addresses listed below:
 - (i) if to the Owner:
 - (ii) if to the Royalty Holder:
- (b) Notice will be sufficiently given only if:
 - (i) served by personal delivery on the party to whom it is being given, or delivered via courier, in which case notice will be deemed to have been given on the date of delivery;
 - (ii) transmitted by facsimile facilities to the party to whom it is being given, so long as such facsimile facilities confirm that the material so transmitted has

been received at a receiving facsimile facility at the facsimile number of the party to whom it is being given, in which case notice will be deemed to have been given at 9:00 A.M. (local time) on the first Business Day following transmission; or

- (iii) mailed by prepaid registered mail (with acknowledgement of receipt requested) addressed to the party to whom it is being given, in which case notice will be deemed to have been given on the earlier of actual receipt and the third day (other than a Saturday, a Sunday or a statutory holiday) following the date of mailing.

- (c) Either party may change his or its address for the giving of notice by notice given to the other party.

8.5 Entire Agreement. This Agreement, including the exhibit hereto, constitutes the entire agreement of the parties with respect to the subject matter hereof, all previous agreements and promises in respect thereto being hereby expressly rescinded and replaced hereby. No modification or alteration of this Agreement will effective unless in writing executed subsequent to the date hereof by both parties. No prior written or contemporaneous oral promises, representations or agreements are binding upon the parties. There are no implied covenants contained herein.

8.6 Further Assurances. Each party will, at the request of another party and at the requesting party's expense, execute all such documents and take all such actions as may be reasonably required to effect the purposes and intent of this Agreement.

8.7 Entire Agreement. This Agreement, including the exhibit hereto, constitutes the entire agreement of the parties with respect to the subject matter hereof, all previous agreements and promises in respect thereto being hereby expressly rescinded and replaced hereby. No modification or alteration of this Agreement will effective unless in writing executed subsequent to the date hereof by both parties. No prior written or contemporaneous oral promises, representations or agreements are binding upon the parties. There are no implied covenants contained herein.

8.8 No Waivers. No waiver of or with respect to any term or condition of this Agreement will be effective unless it is in writing and signed by the waiving party, and then such waiver will be effective only in the specific instance and for the purpose of which given. No course of dealing among the parties, nor any failure to exercise, nor any delay in exercising, any right, power or privilege hereunder will operate as a waiver thereof, nor will any single or partial exercise of any specific waiver of any right, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

8.9 Time of the Essence. Time is of the essence in the performance of any and all of the obligations of the parties.

8.10 Counterparts. This Agreement may be executed in multiple counterparts, each of which will constitute an original, but all of which together will constitute one and the same instrument.

8.11 Parties in Interest. This Agreement will enure to the benefit of and be binding on the parties and their respective successors and permitted assigns.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed and delivered as of the date first set forth above.

STINTON EXPLORATION LTD.

By: 

Name: S. MARK FRANCIS

Title: DIRECTOR


WILLIAM C. HOOD

**EXHIBIT 1
CLAIMS**

Buffalo Project Claims; Oct.18/10

<u>Claim Name</u>	<u>Claim Number</u>	<u>Area (ha)</u>	<u>Expiry Date</u>
JAM 1	SV 11366	17	Oct.18/11
JAM 2	SV 10916	52	Jun.18/12
JAM 13	SV 11744	261	Jul.26/12
JAM 14	SV 11745	254	Jul.26/12
MOS 3	SV 11588	279	Apr.3/12
MOS 7	SV 11589	274	Apr.3/12
MOS 11	SV 11740	266	Jul.26/12
MOS 12	SV 11741	269	Jul.26/12
MOS 14	SV 11747	239	Jul.26/12
MOS 15	SV 11742	272	Jul.26/12
MOS 16	SV 11743	274	Jul.26/12
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11 claims		2457 ha	

Buffalo Project Claims; Dec.13/10

<u>Claim Name</u>	<u>Claim Number</u>	<u>Area (ha)</u>	<u>Expiry Date</u>
JAM 1	SV 11366	17	Oct.18/11
JAM 2	SV 10916	52	Jun.18/12
JAM 13	SV 11744	261	Jul.26/12
JAM 14	SV 11745	254	Jul.26/12
JAM 15	pending	274	pending *
JAM 16	SV 11746	269	Jul.26/12
MOS 3	SV 11588	279	Apr.3/12
MOS 7	SV 11589	274	Apr.3/12
MOS 11	SV 11740	266	Jul.26/12
MOS 12	SV 11741	269	Jul.26/12
MOS 14	SV 11747	239	Jul.26/12
MOS 15	SV 11742	272	Jul.26/12
MOS 16	SV 11743	274	Jul.26/12

13 claims

3000 ha *