

THIS VENDING AGREEMENT made as of the 1st day of November, 2007.

B E T W E E N:

CANADA ENERCO CORP., a corporation
incorporated under the laws of the Province of
Ontario,

(herein called the "Vendor");

OF THE FIRST PART

- AND -

APIA ENERGY CORP., a corporation
incorporated under the federal laws of Canada,

(herein called the "Corporation")

OF THE SECOND PART

WHEREAS the Vendor is the owner of a one hundred percent (100%) interest in 61 mining claims known as the Elliott Lake Property located in Beange, Bolger, Bouck, Buckles, Gunterman and Joubin Townships, Sault Ste. Marie Mining Division, in the Province of Ontario (the "**Property**"), subject to the terms of the EMC Agreement as defined herein, which are more particularly described in **Schedule "A"** hereto;

AND WHEREAS the Vendor is willing to sell the Property to the Corporation on the terms set out herein;

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the premises and for other good and valuable consideration and the payment of Ten (\$10.00) Dollars by each party to the other, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby covenant and agree each with the other as follows:

1. The Vendor warrants and represents to the Corporation, upon which warranties and representations the Corporation relies, as follows:

- (a) that the Vendor is the sole, exclusive and beneficial owner of the Property;
- (b) subject to section 4, the Vendor has not granted or entered into any agreement, option, understanding or commitment or any encumbrance of any nature of or

disposal of the Property or any right or privilege capable of becoming an agreement or option with respect to the Property and will not do so prior to the date of Closing, except as set out in Schedule "A";

- (c) that the Vendor has the right and authority to enter into this Agreement, to sell the Property and to perform his obligations under this Agreement;
- (d) that the Property is in good standing under the laws of the Province of Ontario;
- (e) that the claims comprising the Property are properly staked and will remain in good standing until at least May 2, 2008;
- (f) that the Vendor has paid for all taxes and all other governmental levies and charges which may have accrued against or upon the Property and that such taxes, levies and charges will have been paid to the date of Closing;
- (g) that the Property is free and clear of all liens, charges and encumbrances of every nature and kind and is not subject to any restriction of any kind which would prevent the completion of the transaction herein contemplated;
- (h) to the best of the Vendor's knowledge without having undertaken any investigation, there are no environmental issues relating to the Property, except as set out in Schedule "A"; and
- (i) that the Corporation shall have quiet possession of the Property.

2. Subject to the provisions of paragraph 4, the Vendor hereby sells, grants, transfers and assigns all of its right, title and interest in and to the Property for a total purchase price of twenty five million dollars (\$25,000,000) (the "**Purchase Price**") in consideration for the following:

- (a) the issuance of 35,000,000 common shares (the "**Initial Common Shares**") of the Corporation's capital stock, at an ascribed value of twenty four million nine hundred ninety-nine thousand and nine hundred ninety-nine dollars (\$24,999,999), to the Vendor ("**Common Shares**"), which shall be registered in the name of Canada Enerco Corp, deliverable on Closing; and
- (b) the 1% Uranium Production Payment Royalty and the 1% Net Smelter Returns Royalty in respect of precious and base metals, as defined in **Schedule "B"**, in the Property shall be reserved in favour of the Vendor, at an ascribed value of one dollar (\$1.00), (collectively referred to as the "**Royalty**").

3. At the request of the Corporation, the Vendor shall forthwith deliver to the Corporation a registrable transfer of the Property in the name of Appia Energy Corp. which the Corporation shall register. Until such request is received, the Vendor shall hold the Property in trust for the Corporation. This agreement shall be deemed to be an absolute transfer of all right, title and interest of the Vendor in and to the Property to the Corporation and its successors in interest subject to the provisions of subparagraphs 2(b) and (c), the EMC Agreement and paragraph 7 herein.

4. The Corporation acknowledges that EMC holds the right, for a period of time, to maintain a 9.9% interest in the Corporation, as set out in the Agreement between EMC and the Vendor (the “**EMC Agreement**”) annexed hereto as **Schedule “C”**, upon payment of its pro-rata share of any pre IPO or IPO financing of the Corporation.

5. Subject to compliance with all applicable laws and regulations, the Corporation, its servants, agents and workmen shall have the exclusive right forthwith of access to and from and to enter upon and to take possession of and prospect, develop and mine the Property in such manner as they in their sole discretion may deem advisable and shall have the right to remove and ship therefrom all ore, bullion, concentrates and minerals recovered in any manner therefrom and to dispose of the same as they shall think fit.

6. (a) “Area of Interest” means the area within twenty (20) kilometres from the existing boundaries of the Property as of the date of this Agreement.

(b) During the term of this Agreement, if the Vendor (the **Acquiring Party**) acquires, directly or indirectly, any interest in any mining claims (including by way of staking, option or joint venture) (“**Acquired Claims**”) within the Area of Interest, any such claims shall be included in the definition of “Property”, and shall be vended to the Corporation in consideration for the reimbursement of the costs of acquiring, defending (including litigation costs) and maintaining the interests in such Acquired Claims by the Acquiring Party. Notwithstanding the foregoing, the Corporation may refuse to accept the Acquired Claims and the Acquiring Party shall be free to deal with such claims (the “**Rejected Claims**”) as it deems fit. This Area of Interest clause shall apply in respect of any and all subsequent Acquired Claims whether contiguous to the Rejected Claims or otherwise.

7. Subject to the terms of paragraph 9 of the EMC Agreement, to preserve the Vendor’s rights in respect of the Royalty, if the Corporation abandons or surrenders its interest in the Property or any part thereof it shall return the Property or part thereof to the Vendor in good standing for one (1) year.

8. Any notice required or permitted to be given hereunder shall be given by hand delivery, facsimile transmission or by registered mail, postage prepaid, addressed to the parties at their respective addresses set forth below:

(a) If to the Vendor:

Canada Enerco Corp.
17 Didrickson Drive
Toronto, Ontario
M2P 1J7

(b) If to the Corporation:

Appia Energy Corp.
25 Adelaide Street East Suite 1010
Toronto, Ontario
M5C 3A1

Telefax: (416) 218-9772

and any such notices given by hand delivery or by facsimile transmission shall be deemed to have been received on the date of delivery or transmission and if given by prepaid registered mail, shall be deemed to have been received on the third business day immediately following the date of mailing. The parties shall be entitled to give notice of changes of address from time to time in the manner hereinbefore provided for the giving of notice.

9. The parties hereto agree that they shall execute all such other documents and further assurances as may reasonably be required to give effect to the intent expressed herein.

10. This Agreement shall be construed in accordance with the laws of the Province of Ontario.

11. This Agreement and its Schedules supersede all prior negotiations, undertakings and agreements between the parties with respect to the subject matter hereof, and this Agreement and its Schedules constitute the entire agreement of the parties respecting the matters herein contained.

12. No amendment, modification, alteration, or waiver of the terms of this Agreement shall be binding unless made in writing and executed by the parties hereto or their successors or assigns.

13. Subject to the terms and provisions hereof, this Agreement shall be binding upon and enure to the benefit of the parties hereto, their respective heirs, executors, administrators, successors and assigns, as the case may be.

14. Wherever the singular or masculine are used throughout this Agreement, the same shall be construed as being the plural or feminine or neuter where the context so requires.

15. The Corporation or the Vendor shall be entitled to register this Agreement or notice thereof against the Property.

16. The Vendor acknowledges that this Agreement and the Schedules hereto require the Vendor to provide certain personal information to the Corporation. Such information is being collected by the Corporation for the purposes of completing filings required by any stock exchange or securities regulatory authority. The Vendor's personal information, including name, address, telephone number and any other information contained in this Agreement may be disclosed by the Corporation to: (a) stock exchanges or securities regulatory authorities; and (b) the Corporation's registrar and transfer agent. By executing this Agreement, the Vendor is deemed to be consenting to the foregoing collection, use and disclosure of the Vendor's personal information. The Vendor also consents to the filing of copies or originals of any of the Vendor's documents referred to in this Agreement as may be required to be filed with any stock exchange or securities regulatory authority in connection with the transactions contemplated herein. The Purchaser acknowledges that the Ontario Securities Commission has authority to collect the information contained herein indirectly under authority granted pursuant to the *Securities Act* (Ontario) for the purposes of the administration and enforcement of securities legislation in Ontario. The Vendor is advised that it may contact the Administrative Assistant to the Director of Corporate Finance of the Ontario Securities Commission at Suite 1903, Box 55, 20 Queen Street West, Toronto, Ontario M5H 3S8, (416) 593-8086 for further information concerning the collection of personal information by the Ontario Securities Commission.

17. The recitals set out above shall form an integral part of this Agreement.

18. This Agreement may be executed by facsimile and in one or more counterparts, each of which shall be considered an original but all of which together shall constitute one and the same agreement.

19. The parties agree that they will jointly make an election pursuant to subsection 85(1) of the *Income Tax Act* (Canada) with respect to the sale transaction relating to the Property. The elected amount will be fixed at an amount that will be within the parameters prescribed by subsection 85(1) of the *Income Tax Act* (Canada), which amount will be determined by the Vendor.

20. The parties hereto agree, subject to confirmation by the directors of the Corporation, that it is their intention that the amount to be added to the Corporation's stated capital account for the common shares with respect to the issue of the Initial Common Shares as consideration hereunder is Two Hundred Eighteen Thousand and Two Hundred Twelve Dollars (\$218, 212.00).

21. The parties hereto confirm their intention that the Purchase Price for the Property be equal to the fair market value of the Property as at the date hereof and that they have made a bona fide attempt to determine the fair market value of the Property based upon what they consider to be generally accepted accounting and valuation principles.

- 22. If any taxing authority having jurisdiction alleges that the Purchase Price for the Property is not the fair market value of the Property as of the date hereof, or proposes to make an assessment of tax on the basis that any gift, benefit or advantage is or has been conferred on any person by reason of the issuance of any common share in the capital of the Corporation, or takes any other steps or makes any other rulings which may be prejudicial to any of the parties hereto, the Corporation and the Vendor may, after consultation with such taxing authority, adjust the Purchase Price for the Property to such other amount as may be determined by the Corporation and the Vendor after such consultation so that the Purchase Price for the Property shall mean such adjusted amount and make such other adjustments as may be reasonable or necessary under the circumstances, all of which adjustments shall be deemed to have been made, nunc pro tunc.
- 23. Such other adjustments referred to in paragraph 22 shall require in the circumstances (a) the purchase for cancellation by the Corporation for the sum of one dollar (\$1) of such number of Initial Common Shares, or (b) the issuance by the Corporation of such number of additional common shares of the Corporation, as will properly reflect the adjustment in the Purchase Price as required pursuant to paragraph 22 and the stated capital of the class of common shares of the Corporation shall be adjusted as required.

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

SIGNED, SEALED and DELIVERED)
) **CANADA ENERCO CORP.**
)
)
) *"Tom Drivas"*
) Per: _____
) **A.S.O.**
)
) **APPIA ENERGY CORP.**
)
)
) *"Tom Drivas"*
) Per: _____
) **A.S.O.**

SCHEDULE "A"

TO THE VENDING AGREEMENT DATED NOVEMBER 1, 2007 BETWEEN CANADA ENERCO CORP. (the "Vendor") AND APIIA ENERGY CORP (the "Corporation").

DESCRIPTION OF PROPERTY

The following is a summary of the claims comprising the Property

Township	Claim Number	Recording Date	Claim Due Date
BEANGE	4201498	2005-May-02	2008-May-02
BEANGE	4201499	2005-May-02	2008-May-02
BEANGE	4201500	2005-May-02	2008-May-02
BEANGE	4201501	2005-May-02	2008-May-02
BEANGE	4201502	2005-May-02	2008-May-02
BEANGE	4201503	2005-May-02	2008-May-02
BEANGE	4201504	2005-May-02	2008-May-02
BEANGE	4205717	2005-Jun-28	2008-Jun-28
BEANGE	4207326	2005-May-02	2008-May-02
BEANGE	4219904	2007-Mar-27	2009-Mar-27
BEANGE	4219907	2007-Mar-27	2009-Mar-27
BEANGE	4219941	2007-Mar-27	2009-Mar-27
BEANGE	4219969	2007-Mar-27	2009-Mar-27
BEANGE	4219977	2007-Mar-27	2009-Mar-27
BOLGER	4219968	2007-Mar-27	2009-Mar-27
BOUCK	3019176	2006-Dec-21	2008-Dec-21
BOUCK	3019177	2006-Dec-21	2008-Dec-21
BOUCK	3019230	2006-Dec-21	2008-Dec-21
BOUCK	3019231	2006-Dec-21	2008-Dec-21
BOUCK	3019232	2006-Dec-21	2008-Dec-21
BOUCK	3019233	2006-Dec-21	2008-Dec-21
BOUCK	3019234	2006-Dec-21	2008-Dec-21
BOUCK	4205718	2005-Jun-28	2009-Jun-28
BOUCK	4207259	2006-Dec-21	2008-Dec-21
BOUCK	4207262	2006-Dec-21	2008-Dec-21
BOUCK	4215011	2007-Feb-27	2009-Feb-27
BOUCK	4215012	2007-Feb-27	2009-Feb-27
BOUCK	4215013	2007-Feb-27	2009-Feb-27
BOUCK	4215302	2006-Dec-29	2008-Dec-29
BOUCK	4219908	2007-Mar-30	2009-Mar-30
BOUCK	4221243	2004-Oct-19	2008-May-19

BOUCK	4221244	2004-Oct-19	2008-May-19
BOUCK ⁽¹⁾	4221245	2004-Oct-19	2008-May-19
BUCKLES	3009193	2004-Oct-19	2008-Mar-19
BUCKLES	4201526	2004-Nov-16	2008-Nov-16
BUCKLES	4202357	2004-Oct-19	2008-May-19
BUCKLES	4202381	2004-Oct-19	2008-May-19
BUCKLES ⁽²⁾	4205719	2005-Jun-28	2009-Jun-28
BUCKLES	4215303	2006-Dec-29	2008-Dec-29
BUCKLES	4219974	2007-Apr-13	2009-Apr-13
BUCKLES	4219978	2004-Oct-19	2008-May-19
BUCKLES	4219979	2004-Oct-19	2008-May-19
BUCKLES	4219980	2004-Oct-19	2008-May-19
BUCKLES ⁽¹⁾	4221246	2004-Oct-19	2008-May-19
BUCKLES ⁽²⁾	4221249	2004-Oct-19	2008-May-19
BUCKLES	4221250	2004-Oct-19	2008-May-19
BUCKLES	4221251	2004-Oct-19	2008-May-19
BUCKLES	4221252	2004-Oct-19	2008-May-19
GUNTERMAN	3019178	2006-Dec-21	2008-Dec-21
GUNTERMAN	3019179	2006-Dec-21	2008-Dec-21
GUNTERMAN	3019180	2006-Dec-21	2008-Dec-21
GUNTERMAN	4215008	2007-Feb-27	2009-Feb-27
GUNTERMAN	4215009	2007-Feb-27	2009-Feb-27
GUNTERMAN	4215010	2007-Feb-27	2009-Feb-27
GUNTERMAN	4215014	2007-Feb-27	2009-Feb-27
GUNTERMAN	4215015	2007-Feb-27	2009-Feb-27
JOUBIN	4205720	2005-Jun-28	2008-Jun-28
JOUBIN ⁽²⁾	4214928	2007-Feb-27	2009-Feb-27
JOUBIN	4215016	2007-Feb-27	2009-Feb-27
JOUBIN ⁽²⁾	4221247	2004-Oct-19	2008-May-19
JOUBIN ⁽²⁾	4221248	2004-Oct-19	2008-May-19

⁽¹⁾ **SURFACE RIGHTS EXCLUSION**

With respect to paragraph 1(b) of the Vending Agreement, the surface rights of these two (2) claims are the subject of an agreement between Canada Enerco Corp. and the Corporation of the City of Elliott Lake annexed hereto as **Schedule “1”**.

⁽²⁾ **ENVIRONMENTAL EXCLUSION**

With respect to paragraph 1(h) of the Vending Agreement, the Corporation acknowledges that these five (5) claims are the subject of a Canada Nuclear Safety Commission decommissioning licence.

Schedule "1"

This Agreement Dated November 1, 2005

Between:

The Corporation of the City of Elliot Lake
(Elliot Lake)

And

Canada Enerco Corp.
(Enerco)

Agreement

Whereas Enerco hold the mining rights to unpatented mining claims Nos. SSM 3009177 and SSM 3009178;

And whereas Elliot Lake requires certain of the surface rights therein for the purpose of a road to some cottage lots and a portion of the cottage lots themselves contained on the claim;

And whereas Section 51(1) of the Mining Act reads:

Where the holder of an unpatented mining claim consents to the disposition of the surface rights under the Public Lands Act, the recorder shall make an entry on the record of the claim respecting the consent, and thereupon the surface rights may be dealt with as provided in the Public Lands Act;

NOW THEREFORE THE PARTIES AGREE AS FOLLOWS:

1. For the sum of [REDACTED] plus reasonable legal fees, not to exceed [REDACTED] Canada Enerco shall execute a "Consent to the Disposition of Surface Rights" in the form attached hereto for those lands set out in red on the survey of the property by Paul H. Torrance Surveying Ltd. on June 1, 2005 as reference no. 202.079.Q9.
2. The parties hereto agree that Canada Enerco Corp., its agents, contractors and/or employees will have the right to enter and use the Disposition of Surface Rights area at any time or times without notice or cost.

3. Payment shall be made within seven (7) days from the date of recorder confirming that the entry respecting the consent has been made on the record of the claim, and proof of the account for legal fees.

DATED AT TORONTO, ONTARIO this 22nd day of November, 2005.

CANADA ENERCO CORP.

Per: *TOM DRIVAS, PRESIDENT*



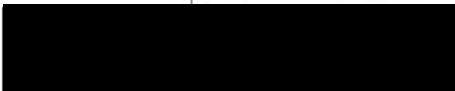
We have authority to bind the Corporation

DATED AT ELLIOT LAKE, ONTARIO this day of November, 2005

THE CORPORATION OF THE CITY OF ELLIOT LAKE
Per:



George Farkouh, Mayor



Lesley Sprague, Clerk

NOV 22 2005 11:20 FR MNDM PRO SUDBURY 705 670 5681 TO 914162189772 P.02



Ontario

Ministry of Northern Development and Mines

Consent to the Disposition of Surface Rights

Under the Mining Act, R.S.O. 1990, Chapter M.14 or the Public Lands Act, R.S.O. 1990, Chapter P.43

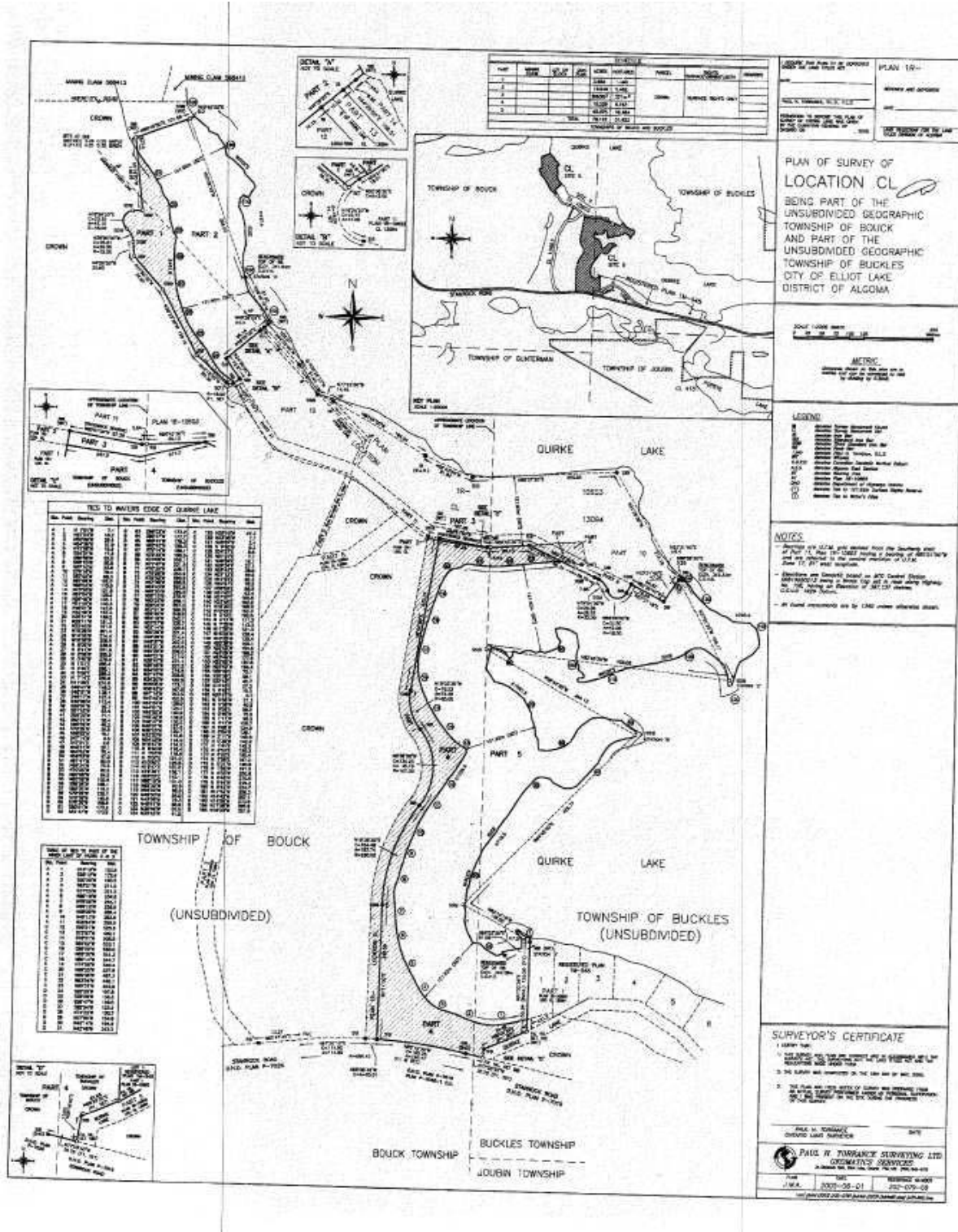
TO THE PROVINCIAL MINING RECORDER:

RE: MINING CLAIM (numbers) SSM 3009177 AND SSM 3009176

I/we the claim holder(s) CANADA ENERCO CORP., hereby consent to the disposition of the surface rights and waive my/our first rights to use the surface rights as provided in under Subsection 51(1) of the Mining Act for all or part(s) thereof, as shown outlined in red on the attached sketch, of the above noted claim(s). ONLY PART 1 AND PART 4 SHOWN OUTLINED IN RED ON THE ATTACHED JUNE 1, 2005 SURVEY BY PAUL H. TORRANI
REF # 202-079-09

Signature of Recorded Holder or Company Officer 	Date <u>Nov. 22, 2005</u>
Signature of Recorded Holder or Company Officer <u>PER: TOM BRIVAS, PRESIDENT</u> <u>I HAVE THE AUTHORITY TO BIND THE CORPORATION</u>	Date
Signature of Witness 	Date <u>Nov. 22/05</u>

(July 2003)



SCHEDULE "B"

TO THE VENDING AGREEMENT DATED NOVEMBER 1, 2007 BETWEEN CANADA ENERCO CORP. (the "Vendor") AND APPIA ENERGY CORP (the "Corporation").

The Vendor is hereby granted the following two (2) royalties:

1% URANIUM PRODUCTION PAYMENT ROYALTY AGREEMENT

THIS 1% URANIUM PRODUCTION PAYMENT ROYALTY AGREEMENT ("Royalty Agreement") is made and entered into effective November 1, 2007, by and between Canada Enerco Corp. (the "Vendor") and Appia Energy Corp. (the "Corporation").

Recitals

This Royalty Agreement is granted and delivered in furtherance of the Corporation's obligations to the Vendor under the Vending Agreement.

Agreement

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, the Corporation and the Vendor agree as follows:

1.0 Definitions. Unless otherwise defined, all capitalized terms shall have the following meanings.

1.1 "**Commercial Production**" shall occur when production from the Elliot Lake Property has been operating at 60% or more of its design capacity per day for sixty consecutive days.

1.2 "**Effective Date**" shall mean November 1, 2007.

1.3 "**Elliott Lake Property**" means the Property as defined in the Vending Agreement.

1.4 "**Gross Value**" shall have the meaning set forth in Section 3.0.

1.5 "**Initial Processing**" shall have the meaning set forth in Section 7.0.

1.6 "**Market Value U₃O₈**" shall have the meaning set forth in Section 3.0.

1.7 "**Notices**" shall have the meaning set forth in Section 10.5.

1.8 "**Other Mineral Products**" shall mean all minerals mined or extracted primarily for values derived from their content of minerals other than for Products, in the form

of ores, mine waters, leachates, pregnant liquors, pregnant slurries, concentrated slurries, precipitates, whether in dry or slurry state, concentrates, or products beneficiated, upgraded or refined further than concentrates, and whether occurring in intimate depositional relationship with uranium and recovered as secondary values during the mining, extraction, processing, or treatment of Products.

1.9 “**Products**” shall mean uranium concentrates in the form commonly known as “yellowcake” or “ U_3O_8 concentrates” produced and processed either through an ion exchange or conventional processing produced and processed from metals, minerals, ores, mine waters, leachates, pregnant liquors and slurries, precipitates and concentrates in whatever form from the Elliot Lake Property.

1.10 “**Quarterly Statement**” shall have the meaning set forth in Section 4.1.

1.11 “**Royalty**” shall mean the Royalty as defined in Section 2.0.

1.12 “**Sale**” shall have the meaning set forth in Section 4.1.

1.13 “**Vending Agreement**” means that agreement between the Vendor and the Corporation dated November 1, 2007 in respect of the Elliot Lake Property to what this Royalty Agreement is annexed.

2.0 Grant of Production Payment Royalty.

2.1 *Production Payment Royalty.* If and when the spot price of uranium (U_3O_8) is greater than US\$130, from and after Commercial Production, the Corporation shall pay to the Vendor a production payment royalty in the amount of one percent (1%) of the Gross Value of the Products produced at and sold from the Elliot Lake Property.

2.2 *No Milling Obligation.* The Corporation may, but is not obligated to, beneficiate, mill, sort, concentrate, refine, smelt, or otherwise process and upgrade any ores, concentrates and other mineral products from the Elliot Lake Property. The Corporation shall have the sole and exclusive right to determine the timing and the manner of any production of the Elliot Lake Property.

2.3 *No Burden on Ores; No Royalty in Kind.* The Royalty is a grant to a share of the proceeds of production from the Elliot Lake Property. The Royalty is not intended, and nothing in this Royalty Agreement shall be interpreted, to grant to the Vendor any legal or beneficial ownership rights to or a burden upon any ores, concentrates or products located or produced from the Elliot Lake Property. The Vendor shall have no right to take, or elect to take, the Royalty or value of the Royalty in kind by physical delivery of ores, concentrates or Products.

3.0 Gross Value.

3.1 *Sale of Products.* In the event the Corporation sells Products, “**Gross Value**” shall mean the actual proceeds of sale of such Products received by the Corporation.

3.2 *Disposal to Affiliate.* In the event the Corporation sells Products to a corporate affiliate, partner, or joint venturer; such Products shall be deemed to be disposed

of without sale and Gross Value as hereinafter defined in this Section 3.2 shall apply to such disposal without sale.

(a) In the event of disposal without sale of any Products, "**Gross Value**" shall mean the Market Value of U_3O_8 (as hereinafter defined in this Section 3.2(a)) multiplied by the amount stated in pounds of uranium oxide (U_3O_8) contained in the particular Products so disposed of without sale. For purposes of this Royalty Agreement, "**Market Value of U_3O_8** " shall mean the average " **UxU_3O_8 Price**" as quoted in U.S dollars in the Ux Weekly for the calendar month immediately preceding the month of such disposal without sale. In the event that such prices or quotations, or their substantial equivalent, are not published therein or such publication ceases or is suspended, then "**Market Value of U_3O_8** " shall mean the price or quotation for yellowcake for immediate delivery as reported in such other publication or source as is generally recognized in the mining industry as reflecting the price or quotation at which yellowcake is being offered for sale and purchase.

(b) In the absence of any such publication referenced in Section 3.2(a) above, "**Market Value of U_3O_8** " shall be the mean of the domestic prices or quotations at which yellowcake is or was being offered for sale and purchase for immediate and forward delivery from the uranium mill or processing facility nearest the Elliot Lake Property or, in the event such prices or quotations are unavailable from said uranium mill or processing facility, the "**Market Value of U_3O_8** " shall be determined by such other means as may establish such prices or quotations at the mean of the domestic prices or quotations at which yellowcake is being offered for sale and purchase for immediate and forward delivery.

3.3 *Hedging Profits and Losses Not Included in Gross Value.*

Notwithstanding any other provision of this Royalty Agreement, the Corporation and the Vendor intend and agree that for purposes of determination of the Royalty due hereunder, Gross Value shall mean the proceeds received by the Corporation from the sale and delivery of Product, including delivery made pursuant to a forward sales contract; but shall not include any profits, losses or transaction costs for any futures trading or commodity options trading or any other price hedging, price protection, derivative or speculative arrangements which may involve the possible delivery of Products produced from the Elliot Lake Property.

4.0 Manner of Payment.

4.1 *Royalty Payments.* Royalties shall accrue at the time of sale of Products from the Elliot Lake Property and in the amount as provided in Section 3.0 above. For purposes of this Section 4.1, "**sale**" means the date on which the Corporation receives payment for the sale of Products. Royalty payments shall become due and payable quarterly on the fifteenth day of the month following the last day of the calendar quarter in which the same accrue. Royalty payments shall be by the Corporation's cheque or wire transfer, and shall be accompanied by a settlement sheet showing the quantities and grades of Products produced from the Elliot Lake Property for sale or processing, proceeds of sale, costs, and other pertinent information in sufficient detail to explain the calculation of the Royalty payment ("**Quarterly Statement**").

4.2 *Objections to Payments.* All Royalty payments shall be considered final and in full satisfaction of all obligations of the Corporation with respect thereto unless the

Vendor gives the Corporation written notice describing and setting forth a specific objection to the calculation thereof within ninety (90) days after receipt by the Vendor of the Quarterly Statement herein provided for. If the Vendor objects to a particular Quarterly Statement as herein provided, the Vendor shall, for a period of one hundred and twenty (120) days after the Vendor's receipt of the Quarterly Statement, have the right to have the Corporation's accounts and records relating to calculation of the Quarterly Statement in question audited by a certified public accountant acceptable to the Vendor and to the Corporation and subject to mutually acceptable confidentiality protection. The Corporation shall account for any deficits or excess in the payment made to the Vendor pursuant to the Quarterly Statement in question which may be confirmed by such an audit by adjusting the next Quarterly Statement following completion of such audit to account for such deficits or excess. If the variation between the amount of a particular Royalty payment made to the Vendor hereunder as calculated by the audit provided for herein exceeds five percent (5%), the Corporation shall pay all costs of such audit. If such variation is five percent (5%) or less, the Vendor shall pay all costs of such audit. For the purpose of determining the amount of royalties payable hereunder, all figures, accounts, and records used in connection with the calculation of royalties shall be determined in accordance with generally accepted accounting principles and from accounts maintained by the Corporation in connection with its operations at the Elliot Lake Property. Failure on the part of the Vendor to make claim on the Corporation for adjustment in such 90 day period shall establish the correctness of the particular Quarterly Statement and preclude the filing of exceptions to such Quarterly Statement or making of claims for adjustment to such Quarterly Statement, and in the absence of fraud, the Vendor expressly waives any claim or cause of action with respect to such Quarterly Statement.

5.0 Commingling of Ores. The Corporation shall have the right of mixing or commingling, either underground, at the surface, or at any processing mill, any ores, mine waters, leachates, pregnant liquors, pregnant slurries, or other products or compounds containing minerals mined or extracted from any sources or mining properties with any similar substances derived from other sources, lands or properties; provided that the Corporation shall weigh and sample such ores, products or compounds in accordance with sound mining and metallurgical practice for moisture and metal content before the same are so mixed or commingled. In computing the Royalty, ownership of the Product shall be allocated between the Corporation ore and other ore on the basis of the metal content and weight of the concentrate from each ore.

6.0 Sampling, Assay, and Analysis. Any determination of weight, volume, moisture content, amenability, or pay metal content, and any sampling and analysis shall be made in accordance with sound mining and metallurgical practices and standard sampling and analysis procedures prevailing in the uranium mining and milling industry. The Vendor shall have the right to have a representative present at the time samples are taken. The Vendor shall be furnished at the Vendor's request with a portion of all samples taken for analysis of ore, leachates, pregnant liquors, or pregnant slurries or other compounds or products owned by the Corporation processed from the Elliot Lake Property. Split samples shall be retained by the Corporation for later analysis by an independent referee selected by mutual agreement of the parties and, in the event of a dispute concerning the Corporation's assay of samples, Royalty payments shall be based on the assay results determined by the independent referee. All statements or reports wherein the Corporation's assay of samples are set forth shall be conclusively presumed to be true and correct, unless, within sixty (60) days after such

statements or reports are delivered to the Vendor, the Vendor makes written objection thereto and demands an assay by the independent referee; and unless such objection and demand is made within such sixty-day period, the Corporation shall have no duty to preserve the split samples after the end of such sixty-day period. The cost of the independent referee shall be paid by the party whose assay shows the greatest variance from that of the independent referee.

7.0 Waste Rock, Spoil and Tailings. Except for the Royalty payable on products provided here, the Vendor shall have no rights, title or interest in all residue or tailings remaining after Initial Processing (defined below) and minerals from the Elliot Lake Property, or any subsequent processing of ores, such or other products or compounds of minerals. "**Initial Processing**" shall mean all processing of ores, mine waters, leachates, pregnant liquors, pregnant slurries, or other products or compounds of mineral prior to the time any residue thereof shall be first deposited in a tailings containment facility. The Corporation shall not be liable for mineral values lost in mining or processing pursuant to sound mining and metallurgical engineering practices. The Royalty shall be payable only on Products. All waste rock, spoil, tailings, or other mine wastes and residue shall be the sole property of the Corporation. The Corporation shall have the sole right to dump, deposit, sell, dispose of, or reprocess such waste rock, spoil, tailings, or other mine wastes and residues.

8.0 Access to Elliot Lake Property. Subject to the confidentiality provisions of this Royalty Agreement and all health and safety requirement imposed by the Corporation, which shall be enforced at the Corporation's sole discretion, the Vendor and its representatives shall, at their sole risk and expense, upon reasonable advance notice to and prior approval from the Corporation have access to operations conducted by or on behalf of the Corporation at the Elliot Lake Property for the purposes of viewing or inspecting the same, provided that the Vendor and its representatives shall indemnify the Corporation for any claims, losses or damages that arise out of or result from the Vendor's presence or activities at the Elliot Lake Property.

9.0 Confidentiality. All information developed or acquired by the Vendor under or pursuant to this Royalty Agreement relating to without limitation mineral discoveries, ore reserves, mining methods, plans and production schedules, terms of agreements, ownership interests and all other information relating to the ownership and operation of the Elliot Lake Property, as a result of the Vendor's exercise of its rights hereunder, including its right to visit the Elliot Lake Property or audit the Corporation records relating to preparation of Quarterly Statements, shall be treated and kept as confidential and shall not be released or made public without the Corporation's express prior written consent, which consent may be withheld at the Corporation's sole discretion, provided, however, that nothing herein shall be construed to interfere with any responsibility of the Vendor to make reasonable disclosures required under applicable securities or other laws. The Vendor acknowledges and agrees that in the event of a breach of this covenant of confidentiality the remedy at law may be inadequate and, without limiting any other remedy available at law or equity, the Corporation may enforce this covenant through injunction, specific performance or other form of equitable relief or money damages or any combination thereof. The Corporation shall be entitled to recover the cost of enforcing this provision, including, without limitation, reasonable attorneys' fees and court costs.

10.0 General.

10.1 *Applicable Law.* This Royalty Agreement shall be governed by and interpreted in accordance with the laws of the Province of Ontario without regard to the conflict of laws provisions thereof.

10.2 *Waiver.* The failure of either the Corporation or the Vendor to insist on the strict performance of any provision of this Royalty Agreement or to exercise any right, power or remedy upon a breach hereof shall not constitute a waiver of any provision of this Royalty Agreement or limit the Corporation's or the Vendor's right thereafter to enforce any provision or exercise any right hereunder. A waiver of any provision of this Royalty Agreement shall not be effective unless in writing and signed by the party against whom it is to be enforced.

10.3 *Amendment.* No modification or amendment of this Royalty Agreement shall be valid unless made in writing and duly executed by the Corporation and the Vendor.

10.4 *Severability.* If any term or other provision of this Royalty Agreement is invalid, illegal or incapable of being enforced by any rule of law or public policy, all other conditions and provisions of this Royalty Agreement shall nevertheless remain in full force and effect so long as the economic and legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Royalty Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner to the end that transactions contemplated hereby are fulfilled to the extent possible.

10.5 *Notices.* All notices and other required communications ("*Notices*") to the parties to this Royalty Agreement shall be in writing, and shall be addressed respectively as follows:

(a) If to the Vendor: Canada Enerco Corp.
17 Didrickson Drive
Toronto, Ontario
M2P 1J7

(b) If to the Corporation: Appia Energy Corp.
25 Adelaide Street East Suite 1010
Toronto, Ontario
M5C 3A1

Telefax: (416) 218-9772

All Notices shall be given (a) by personal delivery to the another party, (b) by electronic communication, with a confirmation sent by registered or certified mail, return receipt requested, or (c) by registered or certified mail, return receipt requested. Notices shall be effective and shall be deemed delivered on receipt if delivered during normal business hours,

and, if not delivered during normal business hours, on the next business day following delivery. A party may change its address by Notice to the other parties.

10.6 *Entire Agreement.* This Royalty Agreement contains the entire understanding of the Corporation and the Vendor and supersedes all prior agreements and understandings between the Corporation and the Vendor relating to the subject matter hereof.

10.7 *Assignment and Binding Effect.*

(a) The Royalty shall be assignable by the Vendor. No change or division in the ownership of the Royalty or payment of proceeds attributable to the Royalty shall enlarge the obligations or diminish the rights of the Corporation. The Vendor covenants that any change in ownership shall be accomplished in such a manner that the Corporation shall be required to make payments and to give notices to a single party or entity representing, and with the agency to act for, the owner or owners of the Royalty. Upon breach of this covenant, the Corporation may retain all payments of Royalty otherwise due to the Vendor, its successors and assigns, until the breach has been cured. No change or division in ownership shall be binding on the Corporation until thirty (30) days after the Vendor has given the Corporation a certified copy of the recorded instrument evidencing the change or division together with an enforceable agreement among the royalty owners appointing a single party as agent with the authority to act for all owners.

(b) The Corporation may assign all of its obligations and duties under this Royalty Agreement (i) upon transfer of fifty-one percent (51%) or greater of the Corporation's interest in the Elliot Lake Property, or (ii) with the prior written consent of the Vendor, which consent shall not be unreasonably withheld, and in each case upon a written assumption by the assignee of the Corporation's obligations and duties hereunder.

(c) This Royalty Agreement shall be binding upon and inure to the benefit of the respective successors and assigns of the Corporation and the Vendor.

10.8 *Further Assurances.* Each party hereto shall take such actions and sign such documents reasonably requested by any other party hereto to enable such requesting party to enjoy the intended rights and benefits hereof.

10.9 *Third Parties.* Nothing herein expressed or implied is intended or shall be construed to confer upon or give to any person or entity other than the parties and their successors or assigns, any rights or remedies under or by reason of this Royalty Agreement.

10.10 *Counterparts.* This Royalty Agreement may be executed in two or more counterparts, each of which shall be considered one and the same agreement and shall become effective when counterparts have been signed by each of the parties and delivered to the other parties, it being understood that all parties need not sign the same counterpart.

IN WITNESS WHEREOF, the parties hereto have executed this Royalty Agreement as of the Effective Date.

CANADA ENERCO CORP.

By: “Tom Drivas”
Title: President and CEO

APPIA ENERGY CORP.

By: “Tom Drivas”
Title: President and CEO

1% NET SMELTER RETURNS ON PRECIOUS OR BASE METALS

1. If the selling price of Uranium (U₃O₈) or other spot or long term price is greater than or equal to USD \$130 and if Uranium is mined from the Property and milled or concentrated by the Corporation or its successors in interest, it shall pay to the Vendor or its successors in interest a royalty equal to one (1%) per cent of the net smelter returns realized, or deemed to be realized as hereinafter provided, from the sale or other disposition of concentrates, other than Uranium, derived from any precious or base metals associated with the Uranium mined or processed (referred to herein as “ore”). For the purposes hereof “net smelter returns” means the net amount paid by the smelter purchasing such concentrates, after deduction of the treatment charges, penalties and such other deductions made by the smelter from the full metal content of economically recoverable minerals contained in such concentrates and after deductions of the cost of delivering such concentrates from the concentrator to such smelter. In the event that such concentrates are sold to or further processed by the Corporation or the Vendor or any affiliate or associate (within the meaning of the *Securities Act* (Ontario), as amended from time to time) of either of them or their respective successors in interest, the net smelter returns realized shall be deemed to be equal to the fair market value of such concentrates F.O.B. the concentrator, which shall be determined by using the prices and terms quoted by the smelter closest to the mine dealing at arm’s length with the Corporation and the Vendor and their respective successors in interest, making due allowances for the cost of delivering such concentrates from the concentrator to such smelter. In the event that ore mined from the Property is sold, as such, to the Vendor or to a purchaser not dealing at arm’s length with the Corporation or to their respective successors in interest, the net smelter returns realized shall be deemed to be equal to the gross metal value of economically recoverable

minerals contained in such ore after deduction of the cost of delivering such Uranium from the minehead to the said purchaser.

2. Payments of the net smelter returns royalty shall be made at least quarterly within thirty (30) days after the calendar quarter for which the royalty is payable and shall be accompanied by reasonable details concerning the basis on which it was computed. The amount of any quarterly royalty may be estimated. Payment for the last quarter of the calendar year shall be subject to adjustment, further payments or repayments of royalty as the case may be by the party affected. The statement of net smelter returns royalty for the calendar year shall be audited at the expense of the Corporation or its successors in interest within ninety (90) days of the calendar year end by a firm of chartered accountants, which may be a firm used otherwise by the Corporation or its successors in interest. The Vendor or their successors in interest shall have ninety (90) days after receipt of the audited statement for the calendar year to object thereto, and failing such objection the audited statement shall be final. In the event any objections so raised by the Vendor or their successors in interest cannot be amicably resolved within sixty (60) days, they shall have the right to conduct, at their expense, an independent audit by another firm of chartered accountants, which may be a firm used otherwise by them, and if any objections remain after such audit has been conducted, the matter in dispute shall be submitted to arbitration, as provided for in this Schedule. Any payments or repayments or royalty required by any final audit shall be made immediately by the party affected.

3. Any dispute concerning the calculation of the 1% net smelter returns royalty payable herein shall be finally settled by arbitration.

4. It shall be a condition precedent to the right of either the Corporation or the Vendor or their respective successors in interest to submitting any matter to arbitration pursuant to the provisions hereof, that such party shall have given not less than ten (10) days prior written notice of its intention to do so to the other party. On the expiration of such ten (10) days the party who gave such notice (the “**Referring Party**”) may proceed to refer the dispute to arbitration as herein provided:

- (a) the Referring Party shall proceed to refer the dispute to arbitration by appointing one arbitrator (the “**Referring Party’s Arbitrator**”), and shall notify the other party (the “**Responding Party**”), of such appointment, and the Responding Party, within fifteen (15) days after receiving notice of the appointment of the Referring Party’s Arbitrator, shall appoint one arbitrator (the “**Responding Party’s Arbitrator**”), and the arbitrators so named, before proceeding to act and within thirty (30) days of their appointment, shall agree unanimously on the appointment of a third arbitrator to act with them and be chairman (the “**Chairman**”) of the arbitration and proceed to determine the matter as herein provided;

- (b) if the Referring Party's Arbitrator and the Responding Party's Arbitrator shall be unable to agree on the appointment of the Chairman, a judge of a court of competent jurisdiction in the Province of Ontario shall appoint a Chairman, on the application of either party;
- (c) if the Responding Party shall fail to appoint an arbitrator within fifteen (15) days after receiving notice of the appointment of the Referring Party's Arbitrator, then the Referring Party's Arbitrator shall act to appoint a second arbitrator who shall be Chairman of the arbitration and the Referring Party's Arbitrator and the Chairman so appointed shall proceed to determine the matter as provided herein;
- (d) the Chairman shall fix a time and place in Toronto, Ontario for the purpose of hearing the evidence and representations of the parties, and he shall preside over the arbitration and determine all questions of procedure not herein provided for. After hearing any evidence and representations that each party may submit, the arbitrators shall make an award and reduce the same to writing and deliver one copy thereof to each party. Each party agrees that the award of a majority of the arbitrators shall be final and binding upon each of them and there shall be no appeal therefrom. The cost of the arbitration shall be paid as specified in the award. A judgment may be entered upon the award made pursuant to such arbitration in a court of competent jurisdiction;
- (e) the Vendor and their successors in interest shall collectively be entitled to appoint one arbitrator, and the Corporation and its successors in interest shall collectively be entitled to appoint one arbitrator.

**SIGNED SEALED and
DELIVERED**

) **CANADA ENERCO CORP.**
)
)
) *"Tom Drivas"*
) Per: _____
) **A.S.O.**

)
) **APPIA ENERGY CORP.**
)
) *"Tom Drivas"*
) Per: _____
) **A.S.O.**
)

SCHEDULE "C"

TO THE VENDING AGREEMENT DATED NOVEMBER 1, 2007 BETWEEN CANADA ENERCO CORP. (the "Vendor") AND APPIA ENERGY CORP (the "Corporation").

ENERGY METALS CORPORATION
Suite 1238 – 200 Granville Street
Vancouver, BC V6C 1S4
Tel: (604) 685-1964
Fax: (604) 961-2479
Email: pm@energymetalscorp.com

June 4, 2007

Canada Enerco Corp.
17 Dickenson Drive
Toronto, Ontario M2P 1J7
Canada

Attention: Tom Drivas

Dear Sirs:

ELLIOT LAKE OPTION AGREEMENT

Under the terms of an option agreement between Quincy Gold Corp. ("QGC"), a wholly-owned subsidiary of Energy Metals Corporation ("EMC"), and Canada Enerco Corp. ("CEC") executed on May 12, 2005 but effective February 10, 2005 (the "**Elliot Lake Option Agreement**"), CEC granted to QGC an option to earn up to a 75% interest in and to certain mineral claims known as the Elliot Lake Property described in Schedule "A". CEC, EMC and QGC wish to cooperate take CEC public or to incorporate a new company ("**Newco**") and effect the transfer to Newco of all mineral claims and interests owned by each of CEC and QGC relating to the Elliot Lake property, suspend or terminate the Elliot Lake Option Agreement, arrange an equity financing for CEC or Newco, as the case may be, and seek a listing of the common shares of CEC or Newco, as the case may be, on a stock exchange by way of initial public offering or a reverse take over (a "**Going Public Transaction**"). The purpose of this letter agreement is to describe the rights, and obligations of the parties in respect of the Elliot Lake Option Agreement and CEC or Newco.

In consideration of the mutual promises and agreements set out hereunder, the parties agree as follows:

1) CEC shall either:

- (a) maintain or effect the transfer to CEC of 100% of (i) the Elliot Lake Property, and (ii) the additional mineral claims described in Schedule "B" (the "**Additional Mineral Claims**"); or
- (b) transfer or option the Elliot Lake Property and the Additional Mineral Claims to Newco,

free and clear of all liens, charges and encumbrances in consideration of common shares of Newco and or other consideration provided that until the consideration is paid CEC shall have security over the Elliot Lake Property and the Additional Mineral Claims.

- 2) CEC and QGC shall suspend the Elliot Lake Option Agreement and CEC will grant to EMC or cause Newco to grant a \$250,000 credit (the "OGC Credit") which EMC or its designated nominee may apply toward the purchase up to 9.9% of the issued common shares of CEC or Newco, as the case may be, in accordance with the terms of this Letter Agreement.
 - 3) In the event that CEC or Newco, as the case may be, conducts an equity financing of securities (the "Initial Financing") EMC or its designated nominee shall have the right to purchase of up to 9.9% of the securities of CEC or Newco, as the case may be, issued under the Initial Financing of CEC or Newco, as the case may be, at the same price and terms as other subscribers of the Initial Financing of CEC or Newco, as the case may be. Upon completion of the Initial Financing the Elliot Lake Option Agreement shall terminate and be of no further force or effect.
 - 4) In the event that CEC or Newco, as the case may be, is unable to complete the Initial Financing by December 31, 2007, CEC shall immediately assign and transfer all of the Elliot Lake Properties back to CEC and reinstate the Elliot Lake Option Agreement as of January 1, 2008 and CEC agrees to extend all Elliott Lake option agreement dates by six months as follows:
 - (a) in the fourth line of Section 5.1, the date "September 1, 2008" shall be changed to "March 1, 2009";
 - (b) in Section 5.1(d), the date "September 1, 2007" shall be changed to "March 1, 2008";
 - (c) in Sections 5.1(e), the date "February 8, 2008" shall be changed to "August 8, 2008";
 - (d) in Section 5.1 (f) the date "September 1, 2008" shall be changed to "March 1, 2009";
 - (e) in the sixth line of Section 5.3, the date "September 1, 2009" shall be changed to "March 1, 2010"
 - (f) in Section 5.3(a), the date "February 8, 2009" shall be changed to "August 8, 2009";
 - (g) in Section 5.3(b), the date "September 1, 2009" shall be changed to "March 1, 2010"; and
 - (h) in the second line of Section 6.2, the date "February 8, 2009" shall be changed to "August 8, 2009".

For greater certainty, CEC, EMC and Quincy confirm that the obligations described in Sections 5.2 of the Elliot Lake Option Agreement have been satisfied.
 - 5) If the Going Public Transaction of CEC or Newco, as the case may be, is conducted by way of initial public offering ("IPO"), EMC or its designated nominee shall have the right to purchase up to 9.9% of the securities of CEC or Newco, as the case may be, issued under the IPO.
 - 6) If the Going Public Transaction of CEC or Newco, as the case may be, is conducted by way of a reverse-take-over, merger or other form of business combination ("RTO") with a company listed on a recognized stock exchange (a "Pubco"), EMC or its designated nominee shall have the right to purchase on closing of the RTO up to 9.9% of the securities of the resulting company ("Amalco") at the same price per share issued to shareholders of CEC or Newco, as the case may be, under the terms of the RTO.
-

- 8) EMC or its designated nominee shall be entitled in its sole discretion to apply the Credit to purchase securities of CEC or Newco, as the case may be, in respect of the Initial Financing, the IPO or the RTO at the same price and terms as other subscribers of the Initial Financing of CEC or Newco or under the same price per share issued to shareholders of CEC or Newco under the terms of an RTO as the case may be.
 - 9) In the event that CEC or Newco, as the case may be, decides to surrender some or all of the mineral claims comprising the Elliot Lake Properties (the Elliot Lake Properties the "Properties") up to the earlier of: (a) the date of expiry of this Agreement (as a result of CEC or Newco not completing the Initial Financing by December 31, 2007), or (b) the date of the Going Public Transaction, CEC or Newco, as the case may be, shall deliver a written notice (the "Surrender Notice") to EMC of its intention to surrender or abandon such mineral claims comprising the Properties. EMC shall have the option (the "Transfer Option") within 30 days following the date of delivery of the Surrender Notice (the "Option Period") to provide a written request to CEC or Newco, as the case may be, to obtain the transfer by CEC or Newco, as the case may be, of such mineral claims described in the Surrender Notice for nominal consideration (i.e. \$1.00). During the Option Period, CEC or Newco, as the case may be, shall maintain the mineral claims described in the Surrender Notice in good standing. Upon exercise by EMC of the Transfer Option, CEC or Newco, as the case may be, shall transfer all mineral claims described in the Surrender Notice to EMC or its designated nominee. Following the transfer of such mineral claims by CEC or Newco, as the case may be, pursuant to the Transfer Option, or failure of EMC to exercise the Transfer Option within the Option Period, CEC or Newco, as the case may be, shall have no further obligations in respect of such mineral claims identified in the Surrender Notice, and such mineral claims shall no longer form part of the Properties covered by this Letter Agreement. Prior to the Initial Financing, CEC or Newco will do its best efforts to keep all Additional Mineral Claims in good standing. CEC acknowledges that it has filed work to keep the Additional Mineral Claims in good standing until at least December 31, 2007 but such work has not been accepted by the Mining Recorder's office. In the event that some of the work filed is rejected resulting in the loss of any of the claims comprising the Additional Mineral Claims then such lost claims shall be excluded from the Additional Mineral Claims and CEC shall have no liability in respect of such lost claims.
 - 10) In the event that the shareholders of Newco or CEC, as the case may be, who participated in the Initial Financing are required to enter into a voluntary pooling arrangement or an escrow arrangement pursuant to the rules and policies of the TSX Venture Exchange with respect to the securities of Newco or CEC, as the case may be, purchased under the Initial Financing, EMC or its designated nominee shall enter into such voluntary pooling arrangement or escrow arrangement on the same terms and conditions as such other shareholders of Newco or CEC, as the case may be.
 - 11) Upon the incorporation of Newco and transfer or option of the Properties to Newco, CEC shall cause Newco to enter into an agreement (the "Newco Agreement") with EMC, QGC and CEC substantially in the form of this Letter Agreement which incorporates the terms and conditions of this Letter Agreement and obligates Newco, CEC, QGC and EMC to comply with the terms and conditions provided for hereunder.
 - 12) Time is of the essence.
 - 13) The Option Agreement and this Letter Agreement is the entire agreement between CEC, EMC and QGC in respect of the matters referred to herein and no amendment to this Letter Agreement or the Option Agreement will be binding on either of the parties unless same is in writing executed by all of the parties hereto.
-

14) This Letter Agreement shall inure to the benefit of, and be binding upon each of CEC, EMC and QGC and their respective successors and permitted assigns.

This Letter Agreement may be executed in counterparts, each of which shall be deemed an original and all of which counterparts together shall constitute one and the same instrument. In order to facilitate the execution of this Letter Agreement, signatures may be exchanged via facsimile with the same effect as original signatures being delivered by the parties to each other.

Please signify the agreement of CEC to this Letter Agreement by counter signature below.

Yours truly,

~~ENERGY METALS CORPORATION~~



By: _____
Name: PAUL MATYSOK
Title: President, CEC

~~QUINCY GOLD CORP.~~



By: _____
Name: _____
Title: _____

Agreed to and accepted this 13th day of July, 2007

~~CANADA ENERCO CORP.~~



By: _____
Name: Tom Drivas
Title: Director



Schedule "A"
ELLIOT LAKE PROPERTY

Township	Claim Number	Recording Date	Claim Due Date
BUCKLES	<u>4221249</u>	2004-Oct-19	2007-Oct-19
BUCKLES	<u>4221250</u>	2004-Oct-19	2007-Oct-19
BUCKLES	<u>4221252</u>	2004-Oct-19	2007-Oct-19
BUCKLES	<u>4202357</u>	2004-Oct-19	2007-Oct-19
BUCKLES	<u>4219980</u>	2004-Oct-19	2007-Oct-19
BUCKLES	<u>4219979</u>	2004-Oct-19	2007-Oct-19
BUCKLES	<u>4219978</u>	2004-Oct-19	2007-Oct-19
BUCKLES	<u>4201526</u>	2004-Nov-16	2007-Nov-16
BUCKLES	<u>4202381</u>	2004-Oct-19	2007-Oct-19
BUCKLES	<u>4221251</u>	2004-Oct-19	2007-Oct-19

Schedule "B"			
ELLIOT LAKE PROPERTY - Additional Mineral Claims			
Township	Claim Number	Recording Date	Claim Due Date
BEANGE	<u>4201500</u>	2005-May-02	2007-May-02
BEANGE	<u>4201501</u>	2005-May-02	2007-May-02
BEANGE	<u>4201502</u>	2005-May-02	2008-May-02
BEANGE	<u>4201503</u>	2005-May-02	2007-May-02
BEANGE	<u>4201504</u>	2005-May-02	2007-May-02
BEANGE	<u>4205717</u>	2005-Jun-28	2007-Jun-28
BEANGE	<u>4207326</u>	2005-May-02	2007-May-02
BEANGE	<u>4219904</u>	2007-Mar-27	2009-Mar-27
BEANGE	<u>4219907</u>	2007-Mar-27	2009-Mar-27
BEANGE	<u>4219941</u>	2007-Mar-27	2009-Mar-27
BEANGE	<u>4219969</u>	2007-Mar-27	2009-Mar-27
BEANGE	<u>4219977</u>	2007-Mar-27	2009-Mar-27
BOLGER	<u>4219968</u>	2007-Mar-27	2009-Mar-27
BOUCK	<u>3019176</u>	2006-Dec-21	2008-Dec-21
BOUCK	<u>3019177</u>	2006-Dec-21	2008-Dec-21
BOUCK	<u>3019230</u>	2006-Dec-21	2008-Dec-21
BOUCK	<u>3019231</u>	2006-Dec-21	2008-Dec-21
BOUCK	<u>3019232</u>	2006-Dec-21	2008-Dec-21
BOUCK	<u>3019233</u>	2006-Dec-21	2008-Dec-21
BOUCK	<u>3019234</u>	2006-Dec-21	2008-Dec-21
BOUCK	<u>4205718</u>	2005-Jun-28	2007-Jun-28
BOUCK	<u>4207259</u>	2006-Dec-21	2008-Dec-21
BOUCK	<u>4207262</u>	2006-Dec-21	2008-Dec-21

BOUCK	<u>4215011</u>	2007-Feb-27	2009-Feb-27
BOUCK	<u>4215012</u>	2007-Feb-27	2009-Feb-27
BOUCK	<u>4215013</u>	2007-Feb-27	2009-Feb-27
BOUCK	<u>4215302</u>	2006-Dec-29	2008-Dec-29
BOUCK	<u>4219908</u>	2007-Mar-30	2009-Mar-30
BOUCK	<u>4221243</u>	2004-Oct-19	2007-Mar-19
BOUCK	<u>4221244</u>	2004-Oct-19	2007-Mar-19
BOUCK	<u>4221245</u>	2004-Oct-19	2007-Mar-19
BUCKLES	<u>3009193</u>	2004-Oct-19	2008-Mar-19
BUCKLES	<u>4205719</u>	2005-Jun-28	2007-Jun-28
BUCKLES	<u>4215303</u>	2006-Dec-29	2008-Dec-29
BUCKLES	<u>4219974</u>	2007-Apr-13	2009-Apr-13
BUCKLES	<u>4221246</u>	2004-Oct-19	2007-Mar-19
GUNTERMAN	<u>3019178</u>	2006-Dec-21	2008-Dec-21
GUNTERMAN	<u>3019179</u>	2006-Dec-21	2008-Dec-21
GUNTERMAN	<u>3019180</u>	2006-Dec-21	2008-Dec-21
GUNTERMAN	<u>4215008</u>	2007-Feb-27	2009-Feb-27
GUNTERMAN	<u>4215009</u>	2007-Feb-27	2009-Feb-27
GUNTERMAN	<u>4215010</u>	2007-Feb-27	2009-Feb-27
GUNTERMAN	<u>4215014</u>	2007-Feb-27	2009-Feb-27
GUNTERMAN	<u>4215015</u>	2007-Feb-27	2009-Feb-27
JOUBIN	<u>4205720</u>	2005-Jun-28	2007-Jun-28
JOUBIN	<u>4214928</u>	2007-Feb-27	2009-Feb-27
JOUBIN	<u>4215016</u>	2007-Feb-27	2009-Feb-27
JOUBIN	<u>4221247</u>	2004-Oct-19	2007-Mar-19
JOUBIN	<u>4221248</u>	2004-Oct-19	2007-Mar-19
