

**THIS VENDING AGREEMENT** made as of the 27 day of February, 2008.

**B E T W E E N :**

**DAN PATRIE EXPLORATION LTD.,** a  
corporation incorporated under the laws of the  
Province of Ontario

(herein called the "Vendor")

OF THE FIRST PART

- and -

**APPIA ENERGY CORP.,**  
a corporation incorporated under the laws of Canada,

(herein called the "Corporation")

OF THE SECOND PART

**WHEREAS** the Vendor is the registered and beneficial owner of a one hundred percent (100%) interest in six (6) claims comprised of fifty claim units located in Buckles and Joubin Townships in Sault Saint Marie Mining Division in the Province of Ontario (**the "Claims"**) as more particularly described in Schedule "A" hereto;

**AND WHEREAS** the Vendor is willing to sell the Claims 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 dollars (\$10.00) 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 Claims;
- (b) that the Vendor has not heretofore dealt with its right, title and interest in and to the Claims;
- (c) that the Vendor has the right and authority to enter into this Agreement;



- (d) that all of the Claims are presently in good standing under the laws of the Province of Ontario until at least December 21, 2008;
- (e) that all taxes and all other governmental levies and charges which may have accrued against or upon the Claims have been paid to the date of Closing (as defined herein);
- (f) that the Claims are free and clear of all liens, charges and encumbrances of every nature and kind, save and except for the Royalty set out in paragraph 8 and are not subject to any restriction of any kind which would prevent the completion of the transaction herein contemplated;
- (g) no environmental proceedings have been brought against the Vendor under any legislation applicable to the Claims; and
- (h) that the Corporation shall have quiet possession of the Claims.

2. The Vendor covenants and agrees to provide to the Corporation, at the Corporation's cost, copies of all reports, maps, assessment work, dill logs, assay results, data and other information relating to the Claims in the possession or control of the Vendor on or before ten (10) business days following delivery by the Corporation of the consideration referred to in paragraph 4.

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

- (a) that the Corporation is a company duly incorporated under the laws of the Province of Ontario;
- (b) that the Corporation has the right and authority to enter into this Agreement and to carry out the terms and conditions contained herein; and
- (c) that the Shares to be issued in accordance with paragraph 4 hereof will, upon issuance, be validly issued as fully paid and non-assessable common shares in the capital of the Corporation.

4. The Vendor hereby sells, grants, transfers and assigns all of its right, title and interest in and to the Claims to the Corporation in consideration for the payment by the Corporation to the Vendor of the sum of \$20,000 and issuance by the Corporation of 50,000 Common Shares of the Corporation (the "Shares") to the Vendor.

5. The Shares issued pursuant to paragraph 4 shall be legended and restricted from trading for an indefinite period if issued prior to the Corporation becoming a reporting issuer in a jurisdiction in Canada. The Shares will be free trading if as and when the Corporation obtains a final receipt for a prospectus from a securities commission in Canada or otherwise becomes a reporting issuer in a

A handwritten signature in black ink, located in the bottom right corner of the page. The signature is stylized and appears to be a first name followed by a last name, though the specific characters are not clearly legible.

jurisdiction in Canada subject to any escrow requirements required under applicable securities laws. The Vendor further agrees to consent to be subject to any voluntary escrow restrictions on the shares agreed to by other shareholders of the Corporation who acquired common shares of the Corporation prior to the Corporation becoming a reporting issuer in a jurisdiction in Canada.

6. Closing shall be effected upon delivery by the Corporation to the Vendor of the consideration set out in paragraph 4 hereof and the Vendor delivering to the Corporation registrable transfers of the Claims which the Corporation shall register.

7. Upon Closing, all right, title and interest of the Vendor in and to the Claims shall pass to the Corporation and its successors in interest absolutely subject only to the payment of the Royalty referred to in paragraph 8.

8. The Vendor and the Corporation agree that a 1% Uranium Production Payment Royalty as defined in Schedule "B" hereto in the Claims shall be reserved in favour of the Vendor (**the "Royalty"**) which Royalty will only be paid when uranium is sold from the Claims at a price of at least US\$130 per pound. The Corporation shall have the right and option at any time to purchase one-half (½) of the Royalty from the Vendor on the payment of \$1,000,000.00. If the Vendor wishes to sell the remaining Royalty to a third party, it shall first offer the remaining Royalty to the Corporation on the same terms on which they have received an offer from a bona-fide third party which they are prepared to accept.

9. 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:

P.O. Box 45  
Massey, Ontario  
P0P 1P0

Telecopier No.: 705-844-2113

(b) If to the Corporation:

Suite 1010  
25 Adelaide Street East  
Toronto, Ontario  
M5C 3A1

Telecopier No.: (416) 218-9772

and any such notices given by hand delivery or by facsimile transmission, with a hard copy by ordinary mail, 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.

10. 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.

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

12. This Agreement and its Schedule 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.

13. 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.

14. 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.

15. 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.

16. Any party hereto shall be entitled to register this Agreement or notice hereof against the title to the Claims.

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. This Agreement supersedes and replaces Term Sheet dated February 14, 2008 between the parties hereto.

20. The Vendor acknowledges that this Vending Agreement and the Schedule 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 the acquisition of the Claims, which includes, without limitation, determining the Vendor=s eligibility to the Shares under applicable securities legislation, preparing and registering certificates representing the Shares to be issued to the Vendor and 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 Vending Agreement may be disclosed by the Corporation to: (a) stock exchanges or securities regulatory authorities; (b) the Corporation=s registrar and transfer agent; and

(c) any of the other parties involved in the issuance of the Common Shares, including legal counsel and may be included in record books in connection with the acquisition of the Claims. By executing this Vending 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 Vending Agreement as may be required to be filed with any stock exchange or securities regulatory authority in connection with the transactions contemplated herein. The Vendor acknowledges that the OSC 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 OSC 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 OSC.

21. The Vendor hereby represents and warrants to the Corporation and acknowledges and agrees that it had the opportunity to seek and was not prevented nor discouraged by the Corporation from seeking independent legal advice prior to the execution and delivery of this Agreement and that, in the event that it did not avail itself of that opportunity prior to signing this Agreement, it did so voluntarily without any undue pressure and agrees that its failure to obtain independent legal advice shall not be used by it as a defence to the enforcement of its obligations under this Agreement.

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

<b>SIGNED, SEALED and DELIVERED</b>	)	<b>DAN PATRIE EXPLORATION LTD.</b>
	)	
	)	
	)	
	)	<i>"Dan Patrie"</i>
	)	Per: _____
	)	<b>A.S.O.</b>
	)	
	)	<b>APPIA ENERGY CORP.</b>
	)	
	)	
	)	<i>"Tom Drivas"</i>
	)	Per: _____
	)	<b>A.S.O.</b>

**SCHEDULE "A"**  
**TO THE VENDING AGREEMENT DATED FEBRUARY 27, 2008 BETWEEN DAN PATRIE EXPLORATION LTD. (THE "VENDOR") AND APPIA ENERGY CORP. (THE "CORPORATION")**

**DESCRIPTION OF CLAIMS**

The following is a summary of the Claims:

Claim No.	Number of Units	Township	Due Date
4215315	1	Buckles	December 21, 2008
4215314	5	Buckles	December 21, 2008
3019313	9	Joubin	February 2, 2009
4215313	9	Joubin	February 2, 2009
4215309	12	Joubin	December 29, 2008
3019312	15	Joubin	December 21, 2008



**SCHEDULE "B"**

**TO THE VENDING AGREEMENT DATED FEBRUARY 27, 2008 BETWEEN DAN PATRIE EXPLORATION LTD. (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 February 27, 2008, by and between Dan Patrie Exploration Ltd. (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 Claims has been operating at 60% or more of its design capacity per day for sixty consecutive days.

1.2 "**Claims**" has the meaning ascribed to it in the Vending Agreement.

1.3 "**Effective Date**" shall mean February 27, 2008.

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 U<sub>3</sub>O<sub>8</sub>**" 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 Claims.

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 February 27, 2008 in respect of the Claims 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 Claims.

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 Claims. The Corporation shall have the sole and exclusive right to determine the timing and the manner of any production of the Claims.

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 Claims. 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 Claims. 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<sub>3</sub>O<sub>8</sub>*" 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<sub>3</sub>O<sub>8</sub>*" 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 Claims or, in the event such prices or quotations are unavailable from said uranium mill or processing facility, the "*Market Value of U<sub>3</sub>O<sub>8</sub>*" 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 Claims.

## 4.0 Manner of Payment.

4.1 *Royalty Payments.* Royalties shall accrue at the time of sale of Products from the Claims 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 Claims 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 Claims. 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 Claims. 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 Claims, 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 Claims. 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 Claims 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 Claims.

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 Claims, as a result of the Vendor's exercise of its rights hereunder, including its right to visit the Claims 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.

*Handwritten signature*

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: DAN PATRIE EXPLORATION LTD.  
P.O. Box 45  
Massey, Ontario  
P0P 1P0

**Telecopier No.: 705-844-2113**

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

**Telecopier No: (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 Claims, 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.

**DAN PATRIE EXPLORATION LTD.**

*"Dan Patrie"*

By: \_\_\_\_\_  
Title: President

**APPIA ENERGY CORP.**

*"Tom Drivas"*

By: \_\_\_\_\_  
Title: President