

**MINING CLAIM PURCHASE AND SALE AGREEMENT**

**THIS AGREEMENT** made as of the 7 day of January, 2013 (the "Effective Date").

*AV*

**BETWEEN:**

**PELE MOUNTAIN RESOURCES INC.**, a corporation  
governed by the laws of the Province of Ontario,

(hereinafter referred to as the "Vendor")

**OF THE FIRST PART**

- and -

**ZARA RESOURCES INC.**, a corporation governed by the  
laws of the Province of Ontario,

(hereinafter referred to as the "Purchaser")

**OF THE SECOND PART**

**WHEREAS** the Vendor owns certain mining claims located in the Pigeon River area of Northwest Ontario, about 80 kilometers to the west of Thunder Bay, as more completely described in Schedule "A" annexed hereto (the "Property");

**AND WHEREAS** the Vendor wishes to sell to the Purchaser and the Purchaser wishes to purchase from the Vendor the Property, subject to a royalty to be paid by the Purchaser to the Vendor with respect to the Property;

**NOW THEREFORE THIS AGREEMENT WITNESSETH** that in consideration of the mutual covenants contained herein, the sum of \$1.00 now paid by each of the parties to the other and other good and valuable consideration (the receipt and sufficiency of which is being hereby acknowledged), the parties hereto agree as follows:

**ARTICLE 1  
PURCHASE AND SALE OF PROPERTY**

- 1.1 Subject to and in accordance with the terms and conditions set out herein, the Vendor covenants and agrees to sell, assign and transfer the Property to the Purchaser free and clear of any encumbrance, lien, charge, mortgage, security interest, adverse claim, option or right (in each case an "Encumbrance") other than the encumbrances set out in Schedule "C" attached to this Agreement (the "Permitted Encumbrances") and the Purchaser covenants and agrees to purchase the Property from the Vendor, in each case for the consideration set out in Section 1.2 below.

- 1.2 The consideration for the purchase and sale of the Property shall be satisfied, at the Time of Closing (as hereinafter defined), by:
- (a) the Purchaser paying to the Vendor the amount of \$700,000, to be satisfied by the issuance to the Vendor of 2,250,000 common shares of the Purchaser at an attributed issue price of \$0.10 per share (the "Zara Common Shares") and 4,750,000 non-voting preference Series B Preferred Shares of the Purchaser (the "Zara Preferred Shares") having the right, privileges, restrictions and conditions set forth in Schedule "E", registered in the name of the Vendor or as it may otherwise direct in writing; and
  - (b) the Purchaser granting to the Vendor a royalty (the "Pele Royalty") equal to 0.5% of the value of all ores, minerals, precious stones and mineral resources produced from the Property, calculated in accordance with the royalty agreement annexed hereto as Schedule "B" to be entered into by the Purchaser and the Vendor on the Closing Date (the "Pele Royalty Agreement"). The parties acknowledge and agree that the Pele Royalty shall constitute an Encumbrance on the Property and shall bind and run with the Property and every portion thereof and in the event of any subsequent sale or transfer of the Property or any portion thereof, the Purchaser shall obtain a written agreement from the purchaser or transferee thereof agreeing to be bound by and honour the terms and provisions of the Pele Royalty.
- 1.3 For the purposes of this Agreement, the "Time of Closing" means \_\_\_\_\_ a.m. (Toronto time) on the Closing Date or such other time as may be mutually acceptable to the parties hereto and "Closing Date" means January 11, 2013 or such earlier or later date as may be mutually acceptable to the parties hereto. *DL*
- 1.4 The issuance by the Purchaser to the Vendor of the Zara Common Shares will be issued at an agreed upon attributed value of \$0.10 per Zara Common Share or \$225,000 in the aggregate and the issuance by the Purchaser to the Vendor of the Zara Preferred Shares will be issued at an agreed upon attributed value of \$0.10 per Zara Preferred Share or \$475,000 in the aggregate and will be subject to receipt of the approval of the Canadian National Stock Exchange ("CNSX")(and such other applicable regulatory authority), which approval the Purchaser will, forthwith following the execution hereof by the Vendor, use its commercially reasonable efforts to obtain on or before the Closing Date, and are subject to compliance with all applicable securities laws, failing which approval or compliance, this Agreement shall terminate and be of no further force or effect. The Vendor acknowledges that the Zara Common Shares and the Zara Preferred Shares to be issued by the Purchaser to the Vendor will be subject only to statutory resale restrictions not to exceed four (4) months and a day from the date of issuance in accordance with applicable securities laws and the certificate(s) representing the Zara Common Shares and the Zara Preferred Shares shall bear appropriate legends to that effect, but otherwise the Zara Common Shares will be freely trading and listed for trading on the CNSX and the Purchaser shall arrange for delivery to the Vendor on the Effective Date a securities opinion from its solicitors in respect of the issuance of the Zara Common Shares and the Zara Preferred Shares to the Vendor in form and substance acceptable to the Vendor and its counsel, acting reasonably and in good faith (the "Zara Opinion").

- 1.5 The Purchaser acknowledges, agrees and consents to the registration and/or recording on title to the Property of the Pele Royalty and the Vanex Royalty and Pele Buy-Back Right (as those terms are defined and/or referred to in subsection 4.3(g) below) or notice thereof.

**ARTICLE 2  
REPRESENTATIONS AND WARRANTIES OF THE VENDOR**

- 2.1 The Vendor hereby represents and warrants to the Purchaser as follows and acknowledges that the Purchaser is relying upon such representations and warranties in connection with the entering into of this Agreement and the consummation of the transactions contemplated hereby:
- (a) the mineral claims and other interests comprising the Property are accurately described in Schedule "A", are currently in good standing under the laws of Ontario and are free and clear of all encumbrances, save and except for the Permitted Encumbrances;
  - (b) the Vendor has the exclusive right to dispose of the Property in accordance with the terms of this Agreement;
  - (c) the Vendor is the sole recorded and beneficial owner of the Property, subject to the Permitted Encumbrances;
  - (d) to the best of the Vendor's knowledge and belief, all mineral claims included in the Property have been properly and legally staked, recorded and tagged;
  - (e) the Vendor is not aware of any adverse claim or challenge exists against or to the ownership of or title to any of the mineral claims and other interests comprising the Property, nor to the knowledge of the Vendor is there any basis therefor or interest therein, and, save and except the Permitted Encumbrances, there are no outstanding agreements or options to acquire or purchase the Property or any portion thereof or any production therefrom, and no person has any royalty or other interest whatsoever in the Property or in production therefrom;
  - (f) all corporate authorizations required to have been obtained by the Vendor for the execution of this Agreement and for the performance of its obligations hereunder shall have been obtained on or before the Closing Date;
  - (g) the Vendor is not a non-resident of Canada under the *Income Tax Act* (Canada);
  - (h) the Vendor does not own or have any interest in any property that is adjacent to or contiguous with the Property;

- (i) the Property is not the whole or substantially the whole of the assets or undertaking of the Vendor;
- (j) the Vendor has all necessary right, power and authority to enter into, execute and deliver this Agreement and to perform its obligations hereunder;
- (k) the entry into, execution and delivery of this Agreement and all other agreements and documents required to be delivered by the Vendor hereunder, the performance by the Vendor of its obligations hereunder and the consummation of the transactions contemplated hereby:
  - (i) have been and will be duly authorized by all necessary action, corporate or otherwise required on behalf of the Vendor; and
  - (ii) do not or will not conflict with or constitute a breach of or a default under or create any Encumbrance in respect of the Property under (or would not with the passage of time or the giving of notice, or both, conflict with or constitute a breach of or a default under or create any Encumbrance in respect of the Property under) any of the terms or provisions of the constating documents, by-laws or resolutions of the Vendor or of any contractual or other right or obligation to which the Vendor is a party or by which the Vendor or any of its assets is bound or of any laws or regulations applicable to the Vendor or any of its assets;
- (l) each of this Agreement and all other agreements and documents required to be delivered by the Vendor hereunder constitutes, or on delivery will constitute, a legal, valid and binding obligation of the Vendor enforceable against it in accordance with its terms, subject however to limitations with respect to enforcement imposed by law in connection with bankruptcy, insolvency and creditors' rights generally and to general principles of equity, including the availability of equitable remedies such as specific performance and injunctive relief which are in the discretion of the court from which they are sought;
- (m) this Agreement has been duly executed and delivered by the Vendor;
- (n) save and except as disclosed by the Permitted Encumbrances, the Vendor is not subject to, or a party to, any charter or by-law restriction, Encumbrance, contractual or other right or obligation, law, rule, ordinance, regulation, or any other restriction of any kind or character that would prevent the consummation by the Vendor of the transactions contemplated by this Agreement or compliance by the Vendor with the terms, conditions and provisions hereof;
- (o) there are no consents, approvals, authorizations, orders, registrations or filings that should be obtained or made by the Vendor in order to complete the transactions contemplated by this Agreement (including without limitation any consents, approvals, authorizations, orders, registrations of or filings with any securities commission or stock exchange), that will not have been obtained by the Vendor on or before the Time of Closing; and

- (p) there are no suits, actions or other legal proceedings of any sort or claims or demands pending or threatened against the Vendor that would restrict or otherwise prevent the Vendor, in any manner, from effectively and legally transferring its title to the Property to the Purchaser free and clear of Encumbrances, save and except for the Permitted Encumbrances.

**ARTICLE 3  
REPRESENTATIONS AND WARRANTIES OF THE PURCHASER**

3.1 The Purchaser hereby represents and warrants to the Vendor as follows and acknowledges that the Vendor is relying upon such representations and warranties in connection with the entering into of this Agreement and the consummation of the transactions contemplated hereby:

- (a) the Purchaser is a corporation validly subsisting under the laws of the Province of Ontario;
- (b) the Purchaser has all necessary right, power and authority and has obtained all necessary authorizations to enter into, execute and deliver this Agreement and to perform its obligations hereunder;
- (c) the entry into, execution and delivery of this Agreement and all other agreements and documents required to be delivered by the Purchaser hereunder, the performance by the Purchaser of its obligations hereunder and the consummation of the transactions contemplated hereby:
  - (i) have been and will be duly authorized by all necessary action, corporate or otherwise required, on the part of the Purchaser; and
  - (ii) do not or will not conflict with or constitute a breach of or a default under or create any Encumbrance under (or would not with the passage of time or the giving of notice, or both, conflict with or constitute a breach of or a default under or create any Encumbrance under) any of the terms or provisions of the constating documents, by-laws or resolutions of the Purchaser or of any contractual or other right or obligation to which the Purchaser is a party or by which the Purchaser or any of its assets are bound or of any laws or regulations applicable to the Purchaser or any of its assets;
- (d) each of this Agreement and all other documents required to be delivered by the Purchaser hereunder constitute, or on delivery will constitute, a legal, valid and binding obligation of the Purchaser enforceable against it in accordance with its terms, subject however to limitations with respect to enforcement imposed by law in connection with bankruptcy, insolvency and creditors' rights generally and to general principles of equity, including the availability of equitable remedies such

as specific performance and injunctive relief which are in the discretion of the court from which they are sought;

- (e) this Agreement has been duly executed and delivered by the Purchaser;
- (f) the Purchaser is not subject to, or a party to, any charter or by-law restriction, Encumbrance, contractual or other right or obligation, law, rule, ordinance, regulation, or any other restriction of any kind or character which would prevent the consummation of the transactions contemplated by this Agreement or compliance by the Purchaser with the terms, conditions and provisions hereof;
- (g) there are no consents, approvals, authorizations, orders, registrations or filings that should be obtained or made by the Purchaser in order to complete the transactions contemplated by this Agreement (including without limitation any consents, approvals, authorizations, orders, registrations of or filings with any securities commission or stock exchange), that will not have been obtained by the Purchaser on or before the Time of Closing;
- (h) there are no suits, actions or other legal proceedings of any sort or claims or demands pending or threatened against the Purchaser that would restrict or otherwise prevent the Purchaser, in any manner, from effectively and legally accepting title to the Property from the Vendor free and clear of Encumbrances, save and except for the Permitted Encumbrances;
- (i) the Purchaser acknowledges having reviewed and being satisfied in all respects with its due diligence investigations with respect to the Property (including title thereto), the Permitted Encumbrances and the Vendor;
- (j) the Purchaser is entering into this Agreement and is acquiring the Property based on its own investigations and due diligence carried out by it up to the Closing Date and not based on any representations or warranties of the Vendor save and except as otherwise expressly set out herein;
- (k) the common shares of the Purchaser, including the Zara Common Shares, are currently listed for trading on the CNSX;
- (l) no regulatory authority (including, without limitation, the Ontario Securities Commission and CNSX) has issued any order preventing or suspending trading in the common shares or the non-voting preference shares of the Purchaser;
- (m) the Purchaser is a reporting issuer not in default under the *Securities Act* (Ontario) (the "Securities Act") and the applicable securities legislation of each of the other jurisdictions in which it is a reporting issuer or equivalent thereto and has made to date adequate disclosure of all material facts and material changes (as those terms are defined in the Securities Act) in relation to its operations in accordance with the requirements of applicable laws and regulatory authorities; and

- (n) the Zara Common Shares and the Zara Preferred Shares will be validly issued to the Vendor as fully paid and non-assessable shares in the capital of the Vendor at the Time of Closing.

**ARTICLE 4  
CONDITIONS PRECEDENT**

**4.1 Purchaser's Conditions Precedent.** The obligation of the Purchaser to complete the purchase of the Property hereunder shall be subject to the satisfaction of, or compliance with, at or before the Time of Closing, each of the following conditions precedent, each of which is separate, is provided for the exclusive benefit of the Purchaser and may be waived by the Purchaser at any time at its sole, absolute and unfettered discretion:

- (a) all of the representations and warranties of the Vendor contained herein or in any certificate or other document delivered or given pursuant to this Agreement shall be true and correct as at the Time of Closing and with the same effect as if made at and as of the Time of Closing, and the Purchaser shall have received a certificate from the President of the Vendor, on behalf of the Vendor and not in his personal capacity, confirming the truth and correctness of such representations and warranties, provided that the receipt thereof and the closing of the transactions contemplated herein shall not constitute a waiver of the representations and warranties of the Vendor that are contained in this Agreement;
- (b) the Vendor shall have fulfilled and/or complied with all terms, conditions, covenants and agreements herein contained to be performed or caused to be performed by it to the extent the same are to be performed at or prior to the Time of Closing and the Vendor shall have delivered a certificate executed by its President, on behalf of the Vendor and not in his personal capacity, to that effect, provided that the receipt thereof and the closing of the transactions contemplated herein shall not constitute a waiver of the covenants and agreements of the Vendor that are contained in this Agreement;
- (c) all documentation relating to the due authorization and completion of the sale and purchase hereunder of the Property and all actions and proceedings taken on or prior to the Time of Closing in connection with the performance by the Vendor of its obligations under this Agreement shall be satisfactory to the Purchaser, acting reasonably, and the Purchaser shall have received copies of all such documentation or other evidence as it may reasonably request in order to establish the consummation of the transactions contemplated hereby and the taking of all corporate proceedings in connection therewith in compliance with these conditions, in form (as to certification and otherwise) and substance satisfactory to the Purchaser, acting reasonably;
- (d) all consents, approvals, authorizations, orders, registrations, licences, permits and certificates of any persons (including, without limitation, CNSX) and all filings and notifications to any persons required in connection with the completion of the

transactions contemplated by this Agreement, the execution and delivery of this Agreement or the performance of any of the terms and conditions hereof shall have been obtained on or before the Time of Closing;

- (e) the Vendor shall have executed and delivered to the Purchaser a deed/transfer or transfers of the Property in registrable or recordable form and in form and content sufficient pursuant to the laws of the Province of Ontario to transfer a 100% undivided interest in the Property to the Purchaser free and clear of all Encumbrances other than Permitted Encumbrances;
- (f) the Vendor shall have executed and delivered to the Purchaser a copy of a termination and release agreement (the "Termination Agreement") dated as of the Closing Date between the Vendor and 2212150 Ontario Inc., operating as Vanex Exploration ("Vanex"), in substantially the form attached hereto as Schedule "F"; and
- (g) the Vendor shall have filed all the assessments outstanding on the Property, including, but not limited to those assessments due to be filed after January 1, 2013, which assessments will be confirmed by the Ministry of Northern Development and Mines ("MNDM") as accepted, and the MNDM online database indicates that all the claims consisting of the Property being acquired by the Purchaser have been maintained.

4.2 If any of the conditions contained in Section 4.1 shall not be performed or fulfilled at or prior to the Time of Closing and to the satisfaction of the Purchaser, the Purchaser may, by notice to the Vendor, terminate this Agreement and the obligations of the Purchaser under this Agreement. Any such condition may be waived in whole or in part by the Purchaser without prejudice to any claims that the Purchaser may have for breach of covenant, representation or warranty.

4.3 **Vendor's Conditions Precedent.** The obligations of the Vendor to complete the sale of the Property hereunder shall be subject to the satisfaction of, or compliance with, at or before the Time of Closing, each of the following conditions precedent each of which is separate, is provided for the exclusive benefit of the Vendor and may be waived by the Vendor at any time at its sole, absolute and unfettered discretion:

- (a) all of the representations and warranties of the Purchaser contained herein or in any certificate or other document delivered or given pursuant to this Agreement shall be true and correct in all material respects as at the Time of Closing and with the same effect as if made at and as of the Time of Closing, and the Vendor shall have received a certificate from the President of the Purchaser, on behalf of the Purchaser and not in his personal capacity, confirming, to the best of his knowledge, information and belief, the truth and correctness in all material respects of such representations and warranties, provided that the receipt thereof and the closing of the transactions contemplated herein shall not constitute a waiver of the representations and warranties of the Purchaser which are contained in this Agreement;



- (b) the Purchaser shall have fulfilled and/or complied with all terms, conditions, covenants and agreements herein contained to be performed or caused to be performed by it to the extent the same are to be performed at or prior to the Time of Closing and the Purchaser shall have delivered a certificate executed by its President, on behalf of the Purchaser and not in his personal capacity, to that effect, provided that the receipt thereof and the closing of the transactions contemplated herein shall not constitute a waiver of the covenants and agreements of the Purchaser which are contained in this Agreement;
- (c) all documentation relating to the due authorization and completion of the sale and purchase hereunder of the Property and all actions and proceedings taken on or prior to the Time of Closing in connection with the performance by the Purchaser of its obligations under this Agreement shall be satisfactory to the Vendor, acting reasonably, and the Vendor shall have received copies of all such documentation or other evidence as it may reasonably request in order to establish the consummation of the transactions contemplated hereby and the taking of all corporate proceedings in connection therewith in compliance with these conditions, in form (as to certification and otherwise) and substance satisfactory to the Vendor, acting reasonably;
- (d) the Zara Common Shares shall have been approved for listing on CNSX on or before the Closing Date;
- (e) all consents, approvals, authorizations, orders, registrations, licences, permits and certificates of any persons (including, without limitation, CNSX) and all filings and notifications to any persons required in connection with the completion of the transactions contemplated by this Agreement, the execution and delivery of this Agreement or the performance of any of the terms and conditions hereof shall have been obtained on or before the Time of Closing;
- (f) the Purchaser shall have delivered to the Vendor share certificates registered in the name of, or as directed by, the Vendor representing the Zara Common Shares and Zara Preferred Shares, together with an original executed Zara Opinion;
- (g) the Purchaser shall have executed and delivered to the Vendor a royalty agreement dated as of the Closing Date (the "**Vanex Royalty Agreement**"), in substantially the form attached hereto as Schedule "D", whereby the Purchaser grants a 1.5% net smelter return royalty in respect of the Property in favour of Vanex (the "**Vanex Royalty**"), and the Vendor being granted an exclusive right and option at anytime to purchase 1.0% of the portion of the Vanex Royalty for a purchase price of \$1,000,000.00 in the aggregate to be paid by Vendor to Vanex (the "**Pele Buy-Back Right**") in accordance with the provisions of the Vanex Royalty Agreement;
- (h) the Purchaser shall have executed and delivered to the Vendor a grant of the Pele Royalty in form and substance satisfactory to the Vendor, acting reasonably, and notice thereof, along with the Vanex Royalty and Pele Buy-Back Right (as these

terms are defined and/or referred to in subsection 4.3(g) above) shall have been registered and/or recorded on title to the Property; and

- (i) the Vendor and Vanex having entered into the Termination Agreement dated as of the Closing Date, in substantially the form attached hereto as Schedule "F".

- 4.4 If any of the conditions contained in Section 4.3 shall not be performed or fulfilled at or prior to the Time of Closing and to the satisfaction of the Vendor, acting reasonably, the Vendor may, by notice to the Purchaser, terminate this Agreement and the obligations of the Vendor under this Agreement. Any such condition may be waived in whole or in part by the Vendor without prejudice to any claims that the Vendor may have for breach of covenant, representation or warranty.

## **ARTICLE 5 MISCELLANEOUS**

- 5.1 **Closing.** The closing of the purchase and sale of the Property hereunder shall take place at the Time of Closing (or at such other time as the parties hereto may mutually agree upon) at the offices of WeirFoulds LLP, 4100 - 66 Wellington Street West, Toronto, Ontario.
- 5.2 **Survival.** All representations and warranties and covenants made herein or in any agreement, certificate or other document delivered or given pursuant to this Agreement (other than those which are expressly waived in writing as part of the closing herein) shall survive the execution and delivery of this Agreement and the completion of the transactions contemplated by this Agreement for a period of two years thereafter and, notwithstanding such completion or any investigation made by or on behalf of the party to whom or in whose favour such representations and warranties, covenants and provisions were made, shall continue in full force and effect for the respective benefit of the Purchaser, and the Vendor, as the case may be, following the Closing Date and shall be binding on the successors and assigns of each of the parties.
- 5.3 **Third Party Transfers of the Property.** It is hereby understood and agreed that, subject to the provisions of this Agreement, the Pele Royalty Agreement and the Vanex Royalty Agreement with respect to the Property, from and after the Closing Date the Purchaser may at any time sell, transfer or otherwise dispose of all or any portion of its interest in and to the Property to any other person or entity at the sole discretion of the Purchaser without the consent of the Vendor, provided that in the event of any sale, transfer or other disposition of any nature of kind whatsoever by the Purchaser of the Property or any interest therein or any part thereof to a party other than the Vendor (a "Third Party Purchaser"), the Purchaser will:
- (a) furnish to the Third Party Purchaser a true copy of the Pele Royalty Agreement and the Vanex Royalty Agreement;
  - (b) procure the written agreement of the Third Party Purchaser to be bound by and comply with the Pele Royalty Agreement and the Vanex Royalty Agreement and

pay the Pele Royalty to the Vendor and the Vanex Royalty to Vanex and if and when exercised, the Pele Buy-Back Right to the Vendor in accordance with the terms of this Agreement, the Pele Royalty Agreement and the Vanex Royalty Agreement, respectively; and

- (c) ensure that in any agreement or deed of sale, assignment or disposition of the Property to a Third Party Purchaser a covenant which would (i) bind the Third Party Purchaser and its heirs, administrators, successors and assigns to the same obligations and effect as this subsection; and (ii) oblige the Third Party Purchaser to register any such agreement, deed of sale, assignment or disposition at the public registers in which it is required or customary to register agreements pertaining to mining claims, is contained therein.

**5.4 Publicity.** Except as is required by law or by any stock exchange, neither of the parties hereto shall issue any press release or make any other public statement or announcement relating to or connected with or arising out of this Agreement or the matters contained herein without obtaining the prior written approval of the other party hereto, which approval shall not be unreasonably withheld or unduly delayed. The parties agree to cooperate and consult on a timely basis for purposes of issuing a joint press release announcing the execution of this Agreement and, if applicable, upon successful the closing of the transactions contemplated hereby.

**5.5 Further Assurances.** To the extent reasonably practicable in the circumstances or permitted by law, each of the parties hereto upon the request of the other party shall do, execute, acknowledge and deliver or cause to be done, executed, acknowledged or delivered all such further acts, deeds, documents, assignments, transfers, conveyances, and assurances as may be reasonably necessary or desirable to effect complete consummation of the transactions contemplated by this Agreement.

**5.6 Successors in Interest.** This Agreement and the provisions hereof shall enure to the benefit of and be binding upon the parties hereto and (as applicable) their respective heirs, executors, legal personal representatives, successors and permitted assigns.

**5.7 Notices.** Any notice, document or other communication required or permitted by this Agreement to be given by a party hereto shall be in writing and is sufficiently given if delivered personally or if transmitted by facsimile or e-mail to such party addressed as follows:

- (a) in the case of the Vendor at:

Pele Mountain Resources Inc.  
2200 Yonge Street, Suite 905  
Toronto, Ontario M4S 2C6

Attention: President  
Facsimile: (416) 368-7230  
e-mail: info@pelemountain.com

with a copy to:

WeirFoulds LLP  
Toronto-Dominion Centre  
4100 – 66 Wellington Street West  
P.O. Box 35  
Toronto, Ontario M5K 1B7

Attention: Steven Rukavina  
Facsimile: (416) 365-1876  
e-mail: rukavina@weirfoulds.com

(b) in the case of the Purchaser at:

Zara Resources Inc.  
208 Queens Quay West, Suite 2506  
Toronto, Ontario M5J 2Y5

Attention: President  
e-mail: dw@winstonresourcesinc.com

Any notice or other communication so given is deemed conclusively to have been given and received on the day of delivery when so personally delivered, on the day following the sending thereof by overnight courier, and on the same date when faxed unless the notice is sent after 5:00 p.m. (Toronto time) or on a day which is not a business day, in which case the fax will be deemed to have been given and received on the next business day after transmission. Either party may change any particulars of its name, address, contact individual or fax number for notice by notice to the other party in the manner set out in this Section 5.7. Neither party shall prevent, hinder or delay or attempt to prevent, hinder or delay the service on that party of a notice or other communication relating to this Agreement.

- 5.8 **Expenses.** All costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such costs and expenses.
- 5.9 **Broker's or Finder's Fees.** Each of the parties hereto represents and warrants to the other party that it has not done, and is not aware of, any act which might give rise to a claim for any finder's or brokerage fee in connection with this Agreement or any of the transactions contemplated herein.
- 5.10 **Assignment; Amendments.** This Agreement shall not be assigned by a party hereto without the prior written consent of the other party. Any assignment of this Agreement or any obligation under this Agreement shall not release a party hereto from its full obligations hereunder without the prior written consent of the other party. No supplement, modification, waiver or termination of this Agreement shall be binding unless executed in writing by the party to be bound thereby.

- 5.11 **Execution in Counterparts; Electronic Delivery.** This Agreement may be executed by the parties hereto in separate counterparts or duplicates each of which when so executed and delivered shall be an original, but all such counterparts or duplicates shall together constitute one and the same instrument. To evidence the fact that it has executed this Agreement, a party may send a copy of its executed counterpart to the other party by facsimile transmission or by electronic mail in Portable Document File (PDF) format. That party shall be deemed to have executed this Agreement on the date it sent such facsimile or electronic transmission to the other. In such event, such party shall forthwith deliver to the other party an original of the counterpart of this Agreement duly executed by such party.
- 5.12 **Entire Agreement.** This Agreement together with any agreements or other documents to be delivered pursuant hereto sets forth the entire agreement among the parties hereto pertaining to the specific subject matter hereof and replaces and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the parties, and there are no warranties, representations or other agreements, whether oral or written, express or implied, statutory or otherwise, between the parties hereto in connection with the subject matter hereof except as specifically set forth herein.
- 5.13 **Waiver.** No delay or failure of any party in exercising any right or remedy hereunder and no partial exercise of any such right or remedy shall be deemed to constitute a waiver of such right or remedy or any other rights or remedies of such party hereunder. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions (whether or not similar) nor shall such waiver constitute a continuing waiver unless otherwise expressly provided. Any consent by a party to or any waiver by a party of any breach of any provision of this Agreement shall not constitute a consent to or waiver of any subsequent, further or other breach of the provisions of this Agreement.
- 5.14 **Severability.** If any of the provisions of this Agreement should be invalid, illegal or unenforceable in any respect, the validity or legality or enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.
- 5.15 **Time; Gender and Number.** Time shall be of the essence hereof. Words used in this Agreement importing gender shall include the masculine, feminine and neuter genders and words used herein importing the singular number only shall include the plural and vice versa.
- 5.16 **Currency.** All references in this Agreement to dollars, unless otherwise specifically indicated, are expressed in Canadian currency
- 5.17 **Governing Law.** This Agreement shall be construed, interpreted and the rights of the parties hereto determined in accordance with the laws, other than the conflicts of laws rules, of the province of Ontario and shall be treated in all respects as an Ontario contract. The parties hereto hereby irrevocably attorn to the jurisdiction of the courts of Ontario.

5.18 **Business Day.** All references in this Agreement to "business day" or "Business Day" means any day which is not a Saturday or Sunday on which chartered Canadian banks in the City of Toronto are open for business.

**IN WITNESS WHEREOF** the parties hereto have executed this Agreement as of the Effective Date first above written.

**PELE MOUNTAIN RESOURCES INC.**

Per: 

Name: Alan Shefsky

Title: President & Chief Executive Officer

*I have authority to bind the Corporation.*

**ZARA RESOURCES INC.**

Per: 

Name: Danny Wettreich

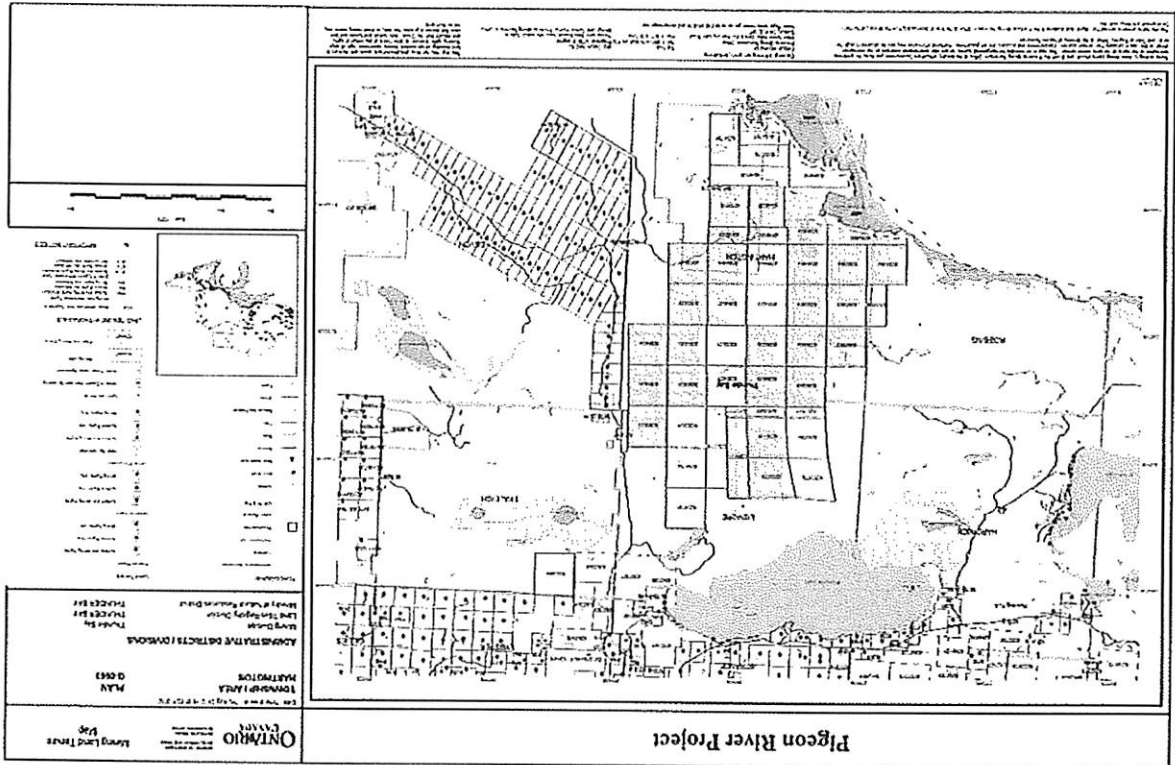
Title: Chairman & Chief Executive Officer

*I have authority to bind the Corporation.*

Township/Area	Claim Number	Recording Date	Claim Due Date	Status	Percent Option	Work Required	Total Applied	Total Reserve	Claim Bank
HARTINGTON	4206626	2009-Dec-31	2012-Dec-31	A	100%	\$6,400	\$6,400	\$0	\$0
HARTINGTON	4206628	2009-Dec-31	2012-Dec-31	A	100%	\$6,400	\$6,400	\$0	\$0
HARTINGTON	4206629	2009-Dec-31	2012-Dec-31	A	100%	\$6,400	\$6,400	\$0	\$0
HARTINGTON	4206630	2009-Dec-31	2012-Dec-31	A	100%	\$6,400	\$6,400	\$19,641	\$0
HARTINGTON	4206633	2009-Dec-31	2012-Dec-31	A	100%	\$6,400	\$6,400	\$0	\$0
HARTINGTON	4206634	2009-Dec-31	2012-Dec-31	A	100%	\$6,400	\$6,400	\$0	\$0
HARTINGTON	4206637	2009-Dec-31	2012-Dec-31	A	100%	\$6,400	\$6,400	\$0	\$0
HARTINGTON	4206638	2009-Dec-31	2012-Dec-31	A	100%	\$6,400	\$6,400	\$0	\$0
HARTINGTON	4206639	2010-Feb-23	2013-Feb-23	A	100%	\$4,800	\$4,800	\$0	\$0
HARTINGTON	4206655	2009-Dec-31	2012-Dec-31	A	100%	\$6,400	\$6,400	\$3,319	\$0
HARTINGTON	4206660	2009-Dec-31	2012-Dec-31	A	100%	\$6,400	\$6,400	\$0	\$0
HARTINGTON	4206661	2009-Dec-31	2012-Dec-31	A	100%	\$6,400	\$6,400	\$3,319	\$0
HARTINGTON	4206663	2009-Dec-31	2012-Dec-31	A	100%	\$2,800	\$2,800	\$1,452	\$0
HARTINGTON	4206664	2009-Dec-31	2013-Dec-31	A	100%	\$6,400	\$12,800	\$18,725	\$0
HARTINGTON	4206665	2009-Dec-31	2012-Dec-31	A	100%	\$6,400	\$6,400	\$3,319	\$0

THUNDER BAY Mining Division - 302937 - PELE MOUNTAIN RESOURCES INC.

The Property is comprised of the following mining claims:



**SCHEDULE "A"**  
**DESCRIPTION OF PROPERTY**

HARTINGTON	4206666	2009-Dec-31	2012-Dec-31	A	100%	\$6,400	\$6,400	\$3,319	\$0
HARTINGTON	4246028	2010-Jan-07	2013-Jan-07	A	100%	\$5,600	\$5,600	\$344	\$0
HARTINGTON	4253562	2009-Dec-31	2012-Dec-31	A	100%	\$6,400	\$6,400	\$3,319	\$0
HARTINGTON	4253563	2009-Dec-31	2012-Dec-31	A	100%	\$6,400	\$6,400	\$3,319	\$0
HARTINGTON	4253564	2009-Dec-31	2012-Dec-31	A	100%	\$6,400	\$6,400	\$3,319	\$0
HARTINGTON	4253566	2009-Dec-31	2012-Dec-31	A	100%	\$6,400	\$6,400	\$3,319	\$0
HARTINGTON	4253610	2010-Jan-07	2013-Jan-07	A	100%	\$6,400	\$6,400	\$3,319	\$0
HARTINGTON	4254800	2010-Feb-23	2013-Feb-23	A	100%	\$5,200	\$5,200	\$0	\$0
LISMORE	4206616	2009-Dec-31	2012-Dec-31	A	100%	\$6,400	\$6,400	\$3,319	\$0
LISMORE	4206617	2009-Dec-31	2012-Dec-31	A	100%	\$6,400	\$6,400	\$3,319	\$0
LISMORE	4206623	2009-Dec-31	2012-Dec-31	A	100%	\$6,400	\$6,400	\$212	\$0
LISMORE	4253579	2009-Dec-31	2012-Dec-31	A	100%	\$6,400	\$6,400	\$0	\$0
LISMORE	4253582	2009-Dec-31	2012-Dec-31	A	100%	\$1,600	\$1,600	\$0	\$0



**SCHEDULE "B"**

**PELE ROYALTY AGREEMENT**

## **SCHEDULE "C"**

### **PERMITTED ENCUMBRANCES**

**"Permitted Encumbrance" means:**

- (a) all reservations, limitations, provisos and conditions expressed in the original grant of title of the lands and premises comprising the Property from the Crown;
- (b) any liens for taxes, levies and assessments not yet due or payable;
- (c) all rights of expropriation of any federal, provincial or municipal authority or agency;
- (d) mechanic's, carrier's, workmen's, repairmen's or other similar liens (inchoate or otherwise) arising or incurred in the ordinary course of business in respect of obligations which are not overdue;
- (e) minor title defects or irregularities consisting of minor surveyor exceptions and other unrecorded easements or rights-of-way or other restrictions as to the use of the Property which title defects, irregularities or restrictions do not, either individually or in the aggregate, materially impair the present or proposed use of the Property;
- (f) any easement or right-of-way to any utility (either municipal, private or public) whether it be for gas, water, electricity and/or telephone for service to the Property;
- (g) the Vanex Royalty;
- (h) the Pele Royalty; and
- (i) all interests of public record as disclosed by registered and/or recorded title to the Property as of the Effective Date.

**SCHEDULE "D"**

**VANEX ROYALTY AGREEMENT**

**SCHEDULE "E"**

**ZARA PREFERRED SHARE PROVISIONS**

**SCHEDULE "F"**  
**TERMINATION AGREEMENT**