REPORT ON PROSPECTING AND SURFACE SAMPLING
PIGEON LAKE AND BRUSH LAKE AREA

PIGEON LAKE AND DUGGAN-TEMEX PROPERTY
LARDER LAKE MINING DIVISION
KNIGHT TOWNSHIP, ONTARIO

UTM Grid Zone 17, NAD 83
NTS Map Sheet 41P/11 and 41P/10

for
CRESO EXPLORATION INC
Montreal, Quebec

Prepared by:
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Montreal, QC
November 30, 2011

Amended: May 31, 2012
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1.0 Introduction

This report has been prepared for Creso Exploration Inc. ("Creso" or "the Company"), a Quebec Corporation with offices at 1801 McGill College Avenue, Suite 1325, Montreal, Quebec H3A 2N4. Since 2007, Creso has been acquiring mining claims in the Shining Tree area of north-eastern Ontario, Larder Lake Mining Division. At the current time, the Company has interests in claims exceeding 300 square kilometres in and around the Shining Tree district either directly or through option agreements and joint ventures.

This report presents the results of a prospecting and bedrock sampling program conducted on the Pigeon Lake and Duggan-Temex properties between July and September 2011. The two properties are located in Knight Township and comprise seven contiguous mining claims totalling 653 hectares. The work program was carried out on claims 4210625, 4244864 and 1219455 and was designed to complete a preliminary assessment and initial reconnaissance of the Pigeon Lake and Brush Lake areas.

The initial report was completed on November 30, 2011 and filed with the MNDM on February 14, 2012. On April 19, 2012, the MNDM notified the Company that the report required revisions to comply with the Regulation. This report, dated May 31, 2012, is the amended version to satisfy the MNDM requests.

2.0 Property Description and Location

The properties are sited in the Shining Tree mining camp of north-eastern Ontario, Larder Lake Mining Division. The area is approximately equidistant from Timmins to the north (100 km), Sudbury to the south (105 km) and Kirkland Lake to the northeast (85 km). The properties are located in southwest Knight Township and cover the south-eastern extension of Pigeon Lake (Figure 1). The closest towns to the project area are Gowganda, located approximately 18 km to the east and Shining Tree, 26 km to the west along provincial Highway 560.

The work described in this report was performed on claims 4210625, 4244864 and 1219455.

2.1 Pigeon Lake Property

The Pigeon Lake property consist of five contiguous mining claims (17 units) covering an area of approximately 280 hectares straddling across part of the south-eastern section of the lake. It is bounded to the south by the Duggan-Temex property. The property encompasses the historic Wahbic gold (copper-molybdenum) occurrence listed by the Ontario Mineral Deposit Inventory. The mining claims were acquired by staking by Mr. David F. Burda in 2007 and 2009. On November 11, 2009, Creso entered into an option agreement with the owner whereby the Company could earn a 100% interest in the property in consideration of a combination of cash payments, work commitment and the issuance of Creso shares within 30 months of signing the agreement. Upon Creso earning a 100% interest in the properties, the owner will be entitled to a 2% NSR royalty subject to possible buyback by the Company. The terms of the agreement are provided in Appendix. The property holdings are listed below and illustrated on Figure 2.

Table 1. Pigeon Lake Property Holdings

<table>
<thead>
<tr>
<th>Claim Number</th>
<th>Township</th>
<th>Recording Date</th>
<th>Due Date</th>
<th>Units</th>
<th>Holder</th>
</tr>
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<tr>
<td>4210625</td>
<td>Knight</td>
<td>2007-11-05</td>
<td>2012-11-05</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>4210626</td>
<td>Knight</td>
<td>2007-11-05</td>
<td>2012-11-05</td>
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<td></td>
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<tr>
<td>4210627</td>
<td>Knight</td>
<td>2007-11-05</td>
<td>2013-11-05</td>
<td>1</td>
<td>Burda, D.F. (100%)</td>
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<tr>
<td>4210628</td>
<td>Knight</td>
<td>2007-11-05</td>
<td>2012-11-05</td>
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<td></td>
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<td>4244864</td>
<td>Knight</td>
<td>2009-06-02</td>
<td>2012-06-02</td>
<td>2</td>
<td></td>
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</tbody>
</table>
2.2 Duggan-Temex Property

The Duggan-Temex property consist of a contiguous group of two mining claims (24 units) covering an area of approximately 374 ha. The property is bounded to the north by the Pigeon Lake property and to the south by the Duggan and Tyranite deposits owned by Creso. The property host the Brush Lake gold (chromium-copper-nickel) occurrence listed by the Ontario Mineral Deposit Inventory. The prospect is located on the shores of Brush Lake in the northwest corner of the property, and within a 200 meters radius of the Pigeon Lake claim boundary. The eastern claim is crossed by the south-eastern section of Pigeon Lake.

On September 5, 2007, Creso entered into an option and joint venture agreement with Temex Resources Corp. ("Temex") whereby the Company could earn a 75% undivided interest in the property in consideration of work commitment for no less than $250,000 to be completed before September 15, 2010. On September 14, 2010, Creso exercised its option thus triggering the formation of a joint venture with Temex to develop the property on a 25% participating interest for Temex and 75% for Creso. The terms of the agreement are provided in Appendix. The property holdings are listed below and illustrated on Figure 2.

Table 2. Duggan-Temex Property Holdings

<table>
<thead>
<tr>
<th>Claim Number</th>
<th>Township</th>
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<th>Units</th>
<th>Holder (%)</th>
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<td>1219456</td>
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<td>2007-11-05</td>
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<td>12</td>
<td>Creso (75%)</td>
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</tbody>
</table>

3.0 Access, Climate and Physiography

The properties can be reached by traveling west along Highway 560 for approximately 105 km from Temiskaming Shores (Hwy 11) or east from Hwy 144 through Shining Tree. Access to Pigeon Lake is gained through a secondary road heading north past the Tyrante Mine site, approximately 18 km west of Gowganda, and unto the southwest shore of the lake from where the properties are reached by boat. Alternatively, the Pigeon Lake property can be accessed by road using a network of logging roads and all-terrain vehicle trails, starting at the Hydro Creek crossing on Highway 560, to the west shore of Pigeon Lake.

The climate in the region is suitable for year round exploration and mining development activities. The average winter temperature (December to February) is -9° C and the average summer temperature (June to August) is +16°C. The average annual winter snowfall is 285 cm and the average annual rainfall is 805 mm.

The region is typical of that part of the Canadian Shield with a moderate relief and an elevation ranging from approximately 360 m to a maximum of 460 m above sea level. The area consists of low rolling hills and swamps covered by sandy glacial outwash and thin till veneer. The vegetation is characterized by northern boreal forest and comprises stands of spruce, jackpine, aspens, alder, birch, poplar and local stands of white pine. Part of the area has been cut over and now contains mixed vegetation at various stages of growth.

The overall drainage is northerly and easterly via the West Montreal River in eastern Knight Township to the Montreal River, which drains eastward ultimately into the Ottawa and St. Lawrence River.

4.0 Exploration History

The following is a brief summary of previous work reported by Carter (1983) and from various assessment work reports pertaining to the properties available on the MNDF website.
Recorded exploration activity in Knight Township began in 1930 with early exploration carried out primarily for gold and later, from 1965, for nickel. Initial work in 1930 was conducted by McIntyre Porcupine Mines at the northern end of McIntyre Lake, and immediately south of the properties, on the Duggan prospect currently owned by Creso. Since the 1970s, gold mineralization has been the focus of the majority of the exploration activities.

1931 – 1937

In 1931, prospecting and trenching by C.F. Hurst led to the discovery of gold, molybdenite, pyrite and chalcopyrite near the southern end of Pigeon Lake exposing a quartz vein of approximately 20 feet long with a maximum width of 2 feet.

In 1935, J.B. Moyneur carried out trenching on the north-east shore of Brush Lake where narrow quartz veins hosted in metavolcanic rocks and crosscut by bands of cherty material returned high grade gold.

In the period 1935-1937, Erie Canadian Mines Limited mapped the Hurst discovery and carried out trenching and a detailed examination of properties in the vicinity of Brush Lake, in the south-western part of Knight Township where gold had been discovered by Moyner.

1965 – 1971

In 1965 Whitegate Mining Company drilled four holes near the southern end of Pigeon Lake on the north-eastern shore. The logs of only two of these holes are available and indicate a total drill length of 382 m. The purpose of this program was to intersect two parallel northwest-trending shear zones reported to be mineralized with pyrite, gold and copper. The holes intersected mostly serpentinized peridotite, carbonate rock, and graphite schist. Mineralization in both these holes consisted of pyrite, pyrrhotite and sulphides. The core was assayed for gold and the best assay was 0.07 ounces per ton over 2 m.

Two additional holes were drilled in 1967, for a total length of 316 m. These holes encountered mainly peridotite with associated granodiorite, andesite, and feldspar porphyry. No assays for this core were reported.

In 1967, Timiskaming Nickel Limited diamond drilled two holes on the shores of Brush Lake for a total length of 225 m, one near the northern end of the lake, the other at the north-eastern shore. The objective of the drilling was not indicated but the occurrence of gold on the Moyneur property may have prompted the work. The hole on the north-eastern shore intersected rhyolite, peridotite, aplite and a granitic dike, and meta-sedimentary rocks. Mineralization consisted of pyrite and pyrrhotite. The hole on the northern end of the lake intersected peridotite with minor rhyolite. No assay data are available in the company's files.

In 1968, Wahbic Explorations Limited diamond drilled three holes totalling 497 m on their property at the southern end of Pigeon Lake on the former Whitegate property in mainly ultramafic rocks. No assays were reported. The property was also covered by a magnetic and electromagnetic survey in 1969.

In 1971, Amax Potash Limited carried out a ground magnetometer survey on the north-eastern shore of Pigeon Lake, north of Wahbic property. The survey revealed two N-S trending areas inferred to be underlain by mafic and ultramafic intrusive bodies. Later, a vertical ground electromagnetic (Radem) survey was conducted outlining a 1200 m conductor. The EM conductor did not coincide with any of the magnetic anomalies. Geological and geochemical surveys were subsequently conducted in 1972 but the results were considered not to warrant drilling.
1998 – 2010

No work is recorded between that time and 1998 when Temex Resources Ltd carried out a combined ground magnetic and HLEM surveys on the Pigeon Lake property. The geophysical survey was followed up in the same year with geological mapping.

Between 2002 and 2004, D. Burda and Bear Paw Resources Inc. conducted ground magnetic and IP surveys, trenching and stripping on a showing located approximately 400 m southwest of Brush Lake on the adjacent claim west of Duggan-Temex property. Mineralization consisted of chalcopirite with minor pyrite and bornite hosted in meta-volcanics. Nine drill holes totalling 2,480 feet were completed. The best intercept returned 1.15% Cu across an apparent width of 101 feet.

In 2008, Creso completed a high resolution fixed-wing airborne horizontal gradient magnetic, XDS VLF-EM and radiometric survey along north-south lines at 100 m spacing over the Tyranite, Minto, Duggan, Pigeon Lake and Duggan-Temex properties. The program was followed up in 2010 as part of a broader regional survey along East-West lines in addition to a detailed 30 m spacing airborne helicopter survey.

5.0 Geological Setting

The Shining Tree area is located in the southwest Abitibi Greenstone Belt within the Abitibi sub-province of the Superior Province of the Canadian Shield. The Abitibi sub-province is one of the most prolific areas for gold and base metal deposits in the world. A strong spatial relationship exists between gold deposits and major regional faults. A number of world-class gold deposits occur to the north in the Timmins camp and eastwards into Quebec, with all being associated with the Destor Porcupine Fault. To the south, another major trend of world-class gold deposits occurs along the regional Larder Lake–Cadillac fault at the Kirkland Lake camp and eastwards into Quebec. The Larder Lake–Cadillac structure is interpreted to extend westward through the Shining Tree area.


5.1 Regional Geology

The Early Precambrian rocks include a suite of metavolcanic rocks and associated intrusions, metasedimentary rocks, felsic to intermediate plutonic rocks, and diabase dikes. The metavolcanic rocks belong to a subalkalic and alkalic metavolcanic rock series. Volcanic rocks include komatites, dunites and peridotites and their metasomatized equivalents, plus a mafic to felsic series consisting of calcalkalic suites. Both flows and pyroclastics are present, but pyroclastics are rare amongst the mafic rock types. The mafic and intermediate flows were extruded subaequously as they show pillowed structures. Pyroclastic rocks occur predominantly as intermediate rocks: They are mainly tuffs and crystal tuffs that were deposited subaequously. Well-preserved sedimentary structures comprising graded bedding, load casting and ball and flame structures are common. Some of these sedimentary rock units grade upwards into a green cherty rock which is rhyolitic in composition. The metavolcanic and metasedimentary rocks are folded about a synclinal axis which trends and plunges N50W and is located in central Natal Township. The synclinal axis is sinuous and in the northwestern part of Natal Township it swings northwards. On the basis of this structure, the rocks in Knight and northeastern Natal Townships occur on the northeastern limb of the syncline and the rocks in southwestern Natal Township
occur on the southwestern limb. Stratigraphically, tholeiitic and calcalkalic metavolcanic rocks in the northeastern part of Knight Township form the lowest exposed rocks in the map-area.

These are succeeded by komatitic ultramafic and rocks which are subsequently overlain by interlayered calcalkalic and alkaline volcanic rocks. All the rocks have been affected by regional greenschist metamorphism.

Intermediate plutonic rocks in the area occur mainly as two masses: the Lafricain pluton located in northeastern Knight Township and the Milly Creek pluton located at the middle part of the southern boundary of Knight Township. The Lafricain pluton is believed (Carter, 1989) to be the southwestern end of the Round Lake batholith. Both plutons are elongated in the direction of the regional trend of the metavolcanic-meta-sedimentary rocks. The most common rock types observed in both plutonic rocks are a grey, or pink to brown, medium-grained massive hornblende granitoid. The pink granitoid may be porphyritic locally, where feldspar or feldspar and hornblende occur as phenocrysts.

Matachewan diabase dikes most of which are 30-45 m wide and trend north-northwest are present in the area.

Proterozoic rocks comprise mostly sediments and are observed in east-central Knight Township where the northern end of Metikemado Lake connects with West Montreal River. Here the slates are associated with a north-south lineament and a north south reach of the river.

The Huronian sedimentary rocks include slate, siltstone, wackes arenites, orthoconglomerates and paraconglomerates. Nipissing-type mafic intrusive rocks occur primarily as an arcuate concave-eastwards sill about 214 m thick and dipping approximately 25° east, within the Gowganda sediments, in east-central Knight Township.

Sand, gravel and alluvium comprise the Pleistocene and Recent deposits of the Cenozoic in the map area. They occur as blanket deposits and as eskers. The blanket deposits occur in southwestern Natal Township and central and north-central Knight Township. In the latter area extensive swamp deposits occur consisting of muskeg and fine yellow silty deposits. Coarse sand and gravel occur as eskers aligned north-south in southwestern and south-central Natal Township, and in southeastern and southwestern Knight Township.

The Precambrian rocks are folded about a plunging regional synclinal axis located in Natal Township; the axial trace of which trends N60°W over most of the township. In the northwestern part of the township the axial trace trends generally northward, and the plunge is about northwesterly. Rocks in northeastern Natal Township and in Knight Township are on the northeastern limb of the syncline, whilst those in southwestern Natal Township are on the southwestern limb. The rocks are steeply dipping, the dip varying from 35-85 degrees.

Several major faults cross the map area in a northwest direction.

5.2 Local Geology

The underlying lithologies on the Pigeon Lake Property are Early Precambrian ultramafic to intermediate metavolcanics. The volcanics are tentatively correlated with the lower mafic sequences of the Natal Volcanic Complex proposed by Carter (1987). These volcanics are bounded to the east by unconformably overlying Middle Precambrian sediments of the Gowganda Formation. The western margin is bounded by the Pigeon Lake Fault. Intrusive activity is limited to small granitic stocks related to the Milly Creek Pluton and later Matachewan diabase dykes. The Milly Creek Pluton is a multi-phased intrusion varying from alkali gabbro to syenitic composition, about 10 square kilometres in size.

Mafic to intermediate metavolcanic flows with minor dacitic flow material predominates. A few
aphanitic diabase dykes are observed on the property. Structurally the property area is crosscut by at least two quartz-carbonate breccia zones trending approximately north-south. These zones appear to be related to the regionally dominant Pigeon Lake Fault despite the lack of evidence indicating any strike-slip motion along this major structure. These breccia structures are characterized by weak to moderate alteration and variable shear intensity. At their most intense, the breccia zones are yellow to green sericite-iron carbonate schists. The breccia zones are observed to be weakly schistose at their presumed centres and rapidly decreasing in intensity to their hydraulically fractured margins. Folding, although regionally known, was not observed in outcrop, nor were many contact, banding, bedding, or foliation type features. The metamorphic grade in the Early Precambrian lithologies about Pigeon Lake is greenschist and this is reflected by the predominately chloritic exposures.

On the Pigeon Lake property, gold is found within quartz-graphite veins within the granitic stock exposed at the south end of the property. These veins appear to have an association with mafic volcanic xenoliths within the stock. Gold appears unrelated to local weak pyritic mineralization found elsewhere on the property.

6.0 Work Program

A cursory program of reconnaissance, prospecting and bedrock sampling aimed to locate and examine historic workings in the Pigeon Lake and Brush Lake areas was carried out during the period July 27-31, 2011. The program was conducted by Chris Albert, Cresco geologist, assisted of a crew of two. The program was supervised by Robert J. Casaceli, consulting geologist. The trail to Pigeon Lake from the Tyranite mine site had to be partly re-opened to allow access to the boat. Field checks and follow-up work was completed in August and September. Compilation of results, transcription from field books and report writing was finalized in November 2011.

A total of 29 grab samples were collected including 16 samples on the Pigeon Lake property and 13 samples around Brush Lake on the Duggan-Temex property (Figure 3). Numerous pits and trenches were identified on both prospects during this reconnaissance program. Since the targeted areas were not surveyed with systematic traverses, the identification of historic workings is not exhaustive. The position of the trenches, pits and samples was recorded by GPS. No geological mapping of the trenches and outcrops of the surrounding areas was undertaken during this first pass reconnaissance program. All samples were submitted to ALS Canada for gold by fire assay-AAS finish with follow-up gold analyses by fire assay-gravimetric finish or metallic screen for sample > 10 g/t Au, and ICP multi-element analysis using a four-acid digestion.

Table 3 Daily Log Descriptions

<table>
<thead>
<tr>
<th>Date</th>
<th>Geologist</th>
<th>Log</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jul 27, 2011</td>
<td>C. Albert</td>
<td>Access by boat to the peninsula on the east shore of Pigeon Lake to investigate a Au-Cu-Mo anomaly reported by Carter (1983). Samples were taken from N-S trending trench, roughly 83 m long. The footwall of the vein is possibly a syenite of Milly Creek Stock and mafic/ultramafic volcanics on the hanging wall. Molybdenite, malachite and possible visible gold observed.</td>
</tr>
<tr>
<td>Jul 28, 2011</td>
<td>C. Albert</td>
<td>Access by boat to Brush Lake to investigate northeast side of the lake. Brush Lake is roughly 640 m SW of trench on east side of Pigeon Lake. Several pits and trenches were located while cutting through the bush. Samples were taken from these as they were encountered. The area is predominantly underlain by mafic to ultramafic volcanics. Some pyrite mineralization.</td>
</tr>
<tr>
<td>Jul 29, 2011</td>
<td>C. Albert</td>
<td>Access by boat to the west side of Pigeon Lake to evaluate and sample old prospects near the shoreline where Carter also reported the presence of Au. Several pits and trenches were located.</td>
</tr>
</tbody>
</table>
Samples were taken from these as they were encountered. The area is predominantly underlain by mafic to ultramafic volcanics. Weak mineralization. Hiked further south, encountered a trench with strongly altered volcanics.

| Jul 30, 2011 | C. Albert | Went back by boat to Brush Lake area to further investigate areas. Additional trenches and pits located on north side of lake. Several NE-SW trending trenches were encountered with the longest approximately 30 x 1m; smaller N-S trending trenches roughly 7x1m running perpendicular where these longer trenches were terminated. The outcrop noted in this area is strongly oxidized. Predominantly mafic volcanics with typically 5-10% pyrite mineralization. |
| Aug 9, 2011 | R. Casaceli | On August 9, 2011 I went by boat with Mitch Pilon to re-visit the site on the east side of Pigeon Lake where the OGS (OGS Rpt 225, 1983) reported Au, Cu, Mo, Py mineralization, and where Chris Albert had sampled old workings on quartz veins cutting syenite. We prospected several hundred square meters around the exposed quartz vein, within the syenite, and found no other signs of mineralization on or near the East Pigeon Lake occurrence. Mitch and I took an additional 4 rock-chip samples from different parts of the quartz vein that Chris and Mitch had sampled before, as well as some from the syenite wall rock. I took samples of molybdenite in quartz vein and relatively fresh syenite for possible age dating by John Ayer, Chief Scientist-Discover Abitibi Project. I travelled to the west side of Pigeon Lake (West Pigeon Lake Prospect Area) to evaluate and sample old prospects near the shoreline where the OGS also reported the presence of gold. At the same time, we hiked SSW to the NE side of Brush Lake, where the same OGS Rpt noted the presence of "spectacular free gold". We sampled several sites where prospect pits had been dug along and near Brush Lake, particularly on a NE-trending fault zone that we identified as linking the east Pigeon Lake occurrence with the Brush Lake occurrences. |

7.0 Interpretation and Discussion of Results

Analysis of the 29 samples returned gold values up to 2.43 g/t Au (Table 3). Only six samples reported gold values above detection limit and three of them above 1 g/t Au. All significant results were obtained from samples collected on a north-south trending trench, roughly 83 m long, on the east shore of Pigeon Lake (Figure 3). A quartz vein is exposed in the trench at the contact of intrusive and volcanic rocks. The footwall of the vein consists of Milly Creek stock and the hanging wall of mafic/ultramafic volcanics. One sample returned 0.19% Mo.

Other samples collected on the west shore of Pigeon Lake were collected approximately 640 m north-west of the above mentioned trench. Several pit and trenches where located and sampled. Weakly anomalous Cr, up to 0.2% and Ni, up to 0.12% values were obtained from weakly altered volcanics showing up to 5-10% disseminated pyrite.

On the north-east end shore of Brush Lake, several northeast-southwest trending trenches were encountered with the longest averaging a length of 30 m and 1m wide. These trenches are terminated with north-south trenches roughly 7x1m running perpendicular. Samples were collected from predominantly mafic and ultramafic volcanics locally displaying strong oxidation and silicification with up to 5-10% disseminated pyrite. Fuchsite was also observed in several samples. The highest gold value in the Brush Lake area returned 0.14 g/t Au with similar weakly anomalous Cr and Ni values obtained at Pigeon Lake.
Table 4. Summary of sampling results

<table>
<thead>
<tr>
<th>Sample</th>
<th>Au g/t</th>
<th>Ag ppm</th>
<th>Co ppm</th>
<th>Cr ppm</th>
<th>Cu ppm</th>
<th>Mo ppm</th>
<th>Ni ppm</th>
<th>Pb ppm</th>
<th>Zn ppm</th>
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<tr>
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<td>13.8</td>
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The limited work conducted on the properties and analytical results support earlier observations made by Bonner (1998) in that pyrite mineralization does not appear to be associated with gold. Gold mineralization was found associated with quartz veining at the contact or within granitic/syenitic intrusion. Detailed results and sample description are appended to the report.

8.0 Conclusions and Recommendations

The initial reconnaissance program conducted by Creso on the Pigeon Lake and Brush Lake areas confirmed the presence of gold-bearing occurrences associated with or at proximity of intrusive rocks related to the Milly Creek stock. Historical work in the area appears to have focused unsuccessfully on the quartz-carbonate breccia zones as demonstrated by the frequency of trenching observed on the two properties (Bonner, 1998). Current and past analytical work demonstrates that gold is associated with quartz veins in brittle intrusive environments but not with brittle-ductile ultramafic hosted breccia zones. Similar intrusive material to the south, at the Tyranite Gold Mine, suggests that the most favourable area is on the unexposed margins of the stock in Pigeon Lake.

At this stage, further exploration to evaluate the potential of the properties is warranted. It is recommended to pursue and deepen the compilation and study of historical data to guide future exploration work. A number of EM anomalies identified by Temex should be investigated.
9.0 References


STATEMENT OF QUALIFICATIONS

I, Christophe Le Noan, of 4525 Kensington Avenue, Montreal, Quebec, hereby certify:

1. I hold a B.Sc. in Geology (1997) from the Université du Québec à Montréal (UQAM) and a
M.Sc. in Mineral Exploration (1998) from Queen's University.

2. I currently practice as a self-employed consulting geologist and have been practicing my
profession since graduation.

3. The information contained in this report is based on information provided by Creso
Exploration Inc. and on discussions with Creso Exploration Inc. personnel.

Dated at Montreal, Quebec, this 30th day of November, 2011.

"/s/ C. Le Noan"
Christophe Le Noan, M.Sc.
APPENDIX I

SURFACE SAMPLES
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<th>SAMPLE</th>
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<th>NORTHING</th>
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<th>Au g/t</th>
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<td>498180</td>
<td>5282091</td>
<td>Pigeon Lake East shore</td>
<td>Grab</td>
<td>0.05</td>
<td>French: 39-40cm white/grey qtz vein, oxidized on selvages, 340/72E, possible VG noted, kspar noted up to 2mm, ribbons of moly and/or chl, 0.5% moly with 0.1% py.</td>
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<td>4948</td>
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<td>Pigeon Lake East shore</td>
<td>Grab</td>
<td>2.14</td>
<td>French: volcanics on HW of qtz vein. Strongly oxidized, greenish grey, aphanitic, porphyritic breccia noted ~35% fgdiss py noted, sld/s, kspar present, locally cherty??</td>
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<td>4949</td>
<td>498178</td>
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<td>Pigeon Lake East shore</td>
<td>Grab</td>
<td>&gt;0.05</td>
<td>French: 30-40cm white/grey qtz vein, weakly laminated. Predominantly, mineralization associated with laminations. Weakly brecciated. May/malachite/chl/kspar with minor Mtky Creek syenite clasts.</td>
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<tr>
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<td>498182</td>
<td>5282091</td>
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<td>0.17</td>
<td>French: discolorated melt py with 2m of sample 4947; white milky qtz with 0.5cm oxidized &quot;onul&quot; on selvages, blebs of py/malachite up to 1.2% noted.</td>
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<td>498179</td>
<td>5282067</td>
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<td>2.43</td>
<td>French: 5cm dyke dipping @ 72°E on contact vein in a strongly oxidized, qtz saturated syenite?? Oxidized yellow/orange/maroon, 0.5%-1% py and 0.5% moly, Iron carbonate associated with qtz vein.</td>
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<td>498182</td>
<td>5282113</td>
<td>Pigeon Lake East shore</td>
<td>Grab</td>
<td>1.94</td>
<td>French: 2-4cm qtz vein @ 012/76W with 16cm shear zone noted on the HW. Vein is white/grey with weak kspar alteration. Moly noted along selvages with smeared py noted along fractures.</td>
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<td>5281711</td>
<td>Duggan-Temex NE Brush Lake</td>
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<td>Pt 1: 3.2x1.1m, green/grey matic/ultramatic breccia with qtz/calcite matrix. Subrounded clasts up to 4cm, py not seen but there is localized oxidation on outer surface.</td>
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<td>5281704</td>
<td>Duggan-Temex NE Brush Lake</td>
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<td>Pt 2: 2x1.2m, greenish grey volcanic, silicified, mod chloritized, 3.5% disss py, weakly to strongly magnetic.</td>
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<td>Pt 3: 2.4x0.8m, dark green/black ultramatic, appears serpentinized, chl/chlst h alt, strongly magnetic, 1-2% disss py.</td>
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<td>French: at the start appears to be predominantly syenite becoming more volcanic. Sampled volcanic, weak/mod magnetic overall greyish green, silicified weak porphyritic breccia, 3-5% disss py.</td>
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<td>Grab of volcanic of Cliffside, greenish grey, weak sar/chl/d alteration, fg, moly present, non magnetic.</td>
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<td>Grab from pit, light greyish green, silicified, weak chloritized &amp; moderately carbonated, 1%-10% disseminated pyrite.</td>
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<td>Pigeon Lake West shore</td>
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<td>Grab from trench. Greenish grey, strongly sld, 3-5% tabular hornblendes? With 2-3% disseminated/bllby py, moderate to strongly carbonated.</td>
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<td>Grab from pit, green/grey volcanic, weakly magnetic, weak sar/chl/d 0.2% py</td>
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<td>Grab of volcanic breccias, 2-3cm clasts are sub-angular to sub-rounded. Calcite matrix appears barren, clasts contain 2-5% disss py.</td>
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<td>Grab of fg/gray/grey greenish grey volcanic, moderately carbonated with 1-2% qtz/calcite strings, 0.5% py.</td>
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<td>497775</td>
<td>5281872</td>
<td>Pigeon Lake West shore</td>
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<td>French contains no bedrock, sampling loose volcanic amongst the soil. Dark green/black, weak kspar/d chl/chlst alt, non magnetic, contains 0.2% py.</td>
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<td>Same trench as above, dark green/black matic/ultramatic, strongly magnetic, possibly tholeiite? Dental vfg silvery mineral noted on fractures. Strongly chloritized with 1-2% fg py.</td>
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<td>Dark green/black ultramatics, spinifex breccia noted, strongly serpentinized, locally strongly sld with 1.2% py.</td>
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<td>Appears greyish green fg/sand sediment (possible conglomerate). Rounded to sub-angular clasts of qtz/diorite from mm to 3cm, 20% qtz/carb strings.</td>
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<td>Qtz/carb veining up to 1cm width, sample is 90% veining with remaining 10% fg sediment noted above. Chelrize azure blue mineral ~1%.</td>
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APPENDIX II

ASSAY CERTIFICATES
CERTIFICATE  TM11146053

Project: Pigeon Lake Ba1
P.O. No.:  
This report is for 25 Rock samples submitted to our lab in Timmins, ON, Canada on 31-JUL-2011.

The following have access to data associated with this certificate:

CHRIS ALBERT  BOB CASCELI  LARRY HILLESLAND

SAMPLE PREPARATION

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<td>SPL-21</td>
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ANALYTICAL PROCEDURES

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This is the Final Report and supersedes any preliminary report with this certificate number. Results apply to samples as submitted. All pages of this report have been checked and approved for release.

Signature: Colin Ramshaw, Vancouver Laboratory Manager
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Project: Pigeon Lake Ba1
P.O. No.: This report is for 25 Rock samples submitted to our lab in Timmins, ON, Canada on 31-JUL-2011.
The following have access to data associated with this certificate:
CHRIS ALBERT BOB CASCELL LARRY HILLESLAND

To: CRESO EXPLORATION INC.
ATTN: CHRIS ALBERT
1801 MCGILL COLLEGE AVENUE
SUITE 1325
MONTREAL QC H3A 2N4

This is the Final Report and supersedes any preliminary report with this certificate number. Results apply to samples as submitted. All pages of this report have been checked and approved for release.

Signature: Colin Ramshaw, Vancouver Laboratory Manager
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**Project:** Pigeon Lake Ba1

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#### Additional Notes

- **See Appendix Page for comments regarding this certificate**
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**** See Appendix Page for comments regarding this certificate ****
## CERTIFICATE OF ANALYSIS

**TM11146055**

### CERTIFICATE COMMENTS

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CERTIFICATE  TM11206724

Project: PIGEON LAKE (Ba1)
P.O. No.:
This report is for 4 Rock samples submitted to our lab in Timmins, ON, Canada on 9- OCT- 2011.
The following have access to data associated with this certificate:

CHRIS ALBERT
LARRY HILLESLAND
BOB CASCELI
MIKE WHITE
VERN DRYLIE

SAMPLE PREPARATION

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ANALYTICAL PROCEDURES

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To: CRESO EXPLORATION INC.
ATTN: CHRIS ALBERT
1801 MCGILL COLLEGE AVENUE
SUITE 1325
MONTREAL QC H3A 2N4

This is the Final Report and supersedes any preliminary report with this certificate number. Results apply to samples as submitted. All pages of this report have been checked and approved for release.

Signature:
Colin Ramshaw, Vancouver Laboratory Manager
### Project: PIGEON LAKE (Ba1)

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**** See Appendix Page for comments regarding this certificate ****
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### Analytes

- Fe
- Ga
- Ge
- Hf
- In
- K
- La
- Li
- Mg
- Mn
- Mo
- Na
- Nb
- Ni
- P
- Nb
- Ni
- P

### Units

- %
- ppm

### Notes

- Finalized Date: 8-NOV-2011
- Account: CRSEXPR

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**** See Appendix Page for comments regarding this certificate ****
## Project: PIGEON LAKE (Ba1)

### CERTIFICATE OF ANALYSIS  
**TM11206724**

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PROPERTY OPTION TO PURCHASE AGREEMENT ENTERED INTO ON THE 10TH DAY OF NOVEMBER 2009

AMONG:

CRESO RESOURCES INC., a corporation duly incorporated according to law, having its principal place of business at 600 de Maisonneuve West, Suite 2750, Montreal, Quebec H3A 3J2, herein represented by Marc Filion, its President,

(hereinafter referred to as "Creso")

AND:

DAVID BURDA, business person, domiciled and residing at 50 Pheasant Run Drive, Nepean, Ontario K2J 2R4,

(hereinafter referred to as the "Optionor")

WHEREAS Creso and the Optionor have agreed that, subject to the terms and conditions set forth herein, the Optionor grants to Creso an option to purchase properties registered under the name of the Optionor with the Minister of Northern Development and Mines (Ontario) described in Schedule A hereto (the "Property Group");

NOW, THEREFORE, the parties hereto agree as follows:

1. **Option to Purchase the Property Group.** Subject to the terms and conditions set forth herein, the Optionor hereby grants to Creso the option (the "Purchase Option") to purchase all of the Optionor's rights, title and interest in and to the Property Group.

2. **Payment of Option Price.** In consideration for the grant of the Purchase Option, Creso (i) concurrently with the execution of this Agreement makes a payment to Optionor in the sum of $25,000 and (ii) within 10 days of the execution of this Agreement shall issue 50,000 common shares to Optionor.

3. **Duration of Option Method of Exercise of Option.** The Purchase Option may be exercised 30 months after the execution of this Agreement (the "Option Period"). During the Option Period, in order to exercise the Option, Creso shall make payments, issue shares and complete work commitments by the dates indicated in the following table (collectively, the "Conditions of Exercise"): 
Cresco may, after May 10, 2012, given that the Conditions of Exercise are satisfied, exercise the Option by written notice to Optionor ("Notice of Exercise"). Upon reception of Notice of Exercise from Cresco, Optionor shall execute the appropriate forms and documents giving effect to the purchase and sale of the Property Group and register same in the appropriate registers in the name of Cresco.

4. Default in Conditions of Exercise. In the event that Cresco defaults in any of the Conditions of Exercise and Cresco has not remedied such defect within 15 days after having received a written notice of default setting out the exact nature of the default from the Optionor, then the Optionor can, at its option, terminate this Agreement and cancel the exercise of the Purchase Option by written notice to this effect to Cresco, whereupon Cresco shall have no further rights or interest in the Property Group and all amounts previously paid by Cresco on account of the purchase price for the Property Group shall be retained by the Optionor as liquidated damages, in the place and stead of any and all claims of Optionor against Cresco, whether contractual or not, arising out of the subject matter of this Agreement.

5. Representations and Warranties of the Optionor. The Optionor hereby represents and warrants to Cresco as follows:

5.1 The Optionor has the necessary capacity, power and authority to execute this Agreement and perform its obligations hereunder. None of the execution and delivery of this Agreement by the Optionor or its performance of the transactions contemplated hereby will, with or without the giving of notice or the passage of time, or both (i) conflict with or constitute a default under any applicable laws, require any action, consent, approval or authorization of, any declaration, filing or registration with, or notification to, any person or government agency or department, or any action or consent under any applicable law or (ii) result in the termination, cancellation, modification, amendment, variation or renegotiation of, the loss of any right under, conflict with, constitute a default under, or accelerate the date of performance of any obligation under, any permit, license, grant, certificate, authorisation, approval, right, privilege, consent, concession or franchise issued, created, conferred or otherwise created by a governmental agency or department or any other contract to which the Optionor may be a party or by which the Optionor or any of its respective assets may be bound or give rise to any encumbrance of whatsoever nature, upon any of the assets of the Optionor. This Agreement constitutes a valid and binding obligation of the Optionor enforceable against it in accordance with its terms, except as enforcement of remedies may be limited by applicable laws relating to bankruptcy, insolvency and other laws affecting the enforcement of creditors rights generally and subject to general equitable principles.
5.2 The Optionor is the legal and beneficial owner of, and has good and marketable title to, and validly possesses the Property Group, free and clear of any encumbrance of whatsoever nature other than those imposed as a result of the original concession grants by the government.

5.3 There is no existing, pending or threatened claim, demand, suit, action, cause of action, dispute, proceeding, litigation, investigation, grievance, arbitration, governmental proceeding or other proceeding against or by the Optionor and, to the knowledge of the Optionor, there is no state of facts which could provide a valid basis for any of the foregoing. There is no outstanding order, judgement, injunction, decree, award or writ of any government agency or department which adversely affects the Property Group or the Optionor or relates to this Agreement or the transactions contemplated hereby.

5.4 The Optionor has not received any notice of expropriation of any of the Property Group. There is no expropriation proceeding pending or, to the knowledge of the Optionor, threatened against or affecting the Property Group.

5.5 The Property Group is in compliance with all material permits, licenses, grants, certificates, authorisations, approvals, rights, privileges, consents, concessions or franchises issued, created, conferred or otherwise created by a governmental agency or department.

6. **Net Smelter Return.** The Optionor shall be entitled to a 2% NSR in respect of the Property Group in the event that Creso exercises the Purchase Option, provided that Creso shall be entitled at any time during the term hereof and after the acquisition of the Property Group upon the exercise of the Purchase Option, to reduce the NSR to 1% upon the payment to the Optionor of the sum of $1,000,000. For the purposes of this Agreement “NSR” means the actual proceeds received from any mint, smelter, refinery or other purchaser for the sale of minerals, rare earth metals, elements and any other minerals normally subject to net smelter returns or concentrates produced from the Property Group and sold, after deducting from such proceeds the following charges to the extent that they were not deducted by the purchaser in computing payment: smelting and refining charges; penalties; smelter assay costs and umpire assay costs; cost of freight and handling of ores, metals or concentrates from the Property Group, as the case may be, to any mint, smelter, refinery, or other purchaser; insurance on all such ores, metals or concentrates; customs duties, or mineral taxes or the like and export and import taxes or tariffs payable in respect of said ores, metals or concentrates. Any charges to be deducted hereunder must be on commercially reasonable terms.

7. **Right of First Refusal Over NSR.** In the event that the Optionor shall at any time wish to sell, transfer or assign to a third party its rights, title and interest in and to the NSR specified herein, the Optionor shall first offer to Creso the right of first refusal to so acquire such right, title and interest on the same terms and conditions as those offered by the third party.

8. **Force Majeure.** The obligations of a party shall be suspended to the extent and for the period that performance is prevented by any cause, whether foreseeable or unforeseeable, beyond its reasonable control, including, without limitation, labour
disputes (however arising and whether or not employee demands are reasonable or within the power of the party to grant); acts of God; laws, regulations, orders, proclamations, instructions or requests of any government or governmental entity; judgments or orders of any court; inability to obtain on reasonably acceptable terms any public or private license, permit or other authorization; curtailment or suspension of activities to remedy or avoid an actual or alleged, present or prospective violation of federal, state or local environmental standards; acts of war or conditions arising out of or attributable to war, whether declared or undeclared; riot, civil strife, insurrection or rebellion; fire, explosion, earthquake, storm, flood, sink holes, drought or other adverse weather conditions; delay or failure by suppliers or transporters of materials, parts, supplies, services or equipment or by contractors' or subcontractors' shortage of, or inability to obtain labour, transportation, materials, machinery, equipment, supplies, utilities or services; accidents; breakdown of equipment, machinery or facilities; or any other cause similar to the foregoing (collectively, a "Force Majeure Event"). The affected party shall promptly give notice to the other party of the Force Majeure Event stating therein the nature of the suspension, the reasons thereof, and the expected duration thereof. The affected party shall resume performance as soon as reasonably possible. The affected party shall use all reasonable diligence to remedy the Force Majeure Event as quickly as practicable. However, this requirement of reasonable diligence shall not require the settlement of strikes, lock-outs or other labour difficulties by the party involved therein on terms not acceptable to it. The manner of dealing with any such labour difficulties shall be entirely within the discretion of the party so involved.


9.1 Any reference in this Agreement to any gender shall include both genders and the neuter, and words importing the singular number only shall include the plural and vice versa.

9.2 The division of this Agreement into Sections, and the insertion of headings, are for convenience of reference only and shall not affect or be utilized in the construction or interpretation of this Agreement.

9.3 Any Section of this Agreement which is, or becomes, illegal, invalid or unenforceable shall be severed therefrom and shall be ineffective to the extent of such illegality, invalidity or unenforceability and shall not affect or impair the remaining Sections hereof, which Sections shall be severed from such illegal, invalid or unenforceable Section of this Agreement.

9.4 This Agreement constitutes the entire agreement among the parties pertaining to the subject matter hereof and supersedes and replaces all prior agreements, understandings, negotiations, and discussions, whether oral or written, among the parties in connection therewith.

9.5 No amendment of this Agreement shall be binding unless set forth in a writing duly executed by each of the parties affected by such amendment.

9.6 Any waiver of, or consent to depart from, the requirements of any provision of this Agreement shall be effective only if it is in writing and signed by the party giving
It, and only in the specific instance and for the specific purpose for which it has been given. No failure on the part of any party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right. No single or partial exercise of any such right shall preclude any other or further exercise of such right or the exercise of any other right.

9.7 This Agreement shall be governed by and interpreted and enforced in accordance with the laws of the Province of Quebec (excluding any conflict of laws rule or principle which might refer such interpretation to the laws of another jurisdiction) and the laws of Canada applicable therein.

9.8 Any tender of documents or money hereunder may be made upon the parties or their respective counsel and money shall be tendered in immediately available funds by wire transfer, by bank draft or by certified or trust cheque.

9.9 Unless otherwise specified, all references to dollar amounts in this Agreement are to the lawful currency of Canada.

9.10 Each of the parties agrees to perform such acts and execute and deliver such writings as may be necessary or desirable, from time to time, in order to give full effect to the provisions hereof, including the timely furnishing of all information.

9.11 Each of the parties shall be responsible for all expenses incurred by it in connection with the transactions contemplated hereby.

9.12 Time shall be of the essence in this Agreement.

9.13 This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same document. Signatures may be delivered by facsimile or electronically for the purpose of evidencing the execution of this Agreement by a party hereto.

9.14 No party shall, without the prior written consent of the other parties, make any public statement or issue any press release concerning the transactions contemplated by this Agreement, except Creso which shall be permitted to make such statements and issue such releases in connection with its financing activities.

9.15 The Parties have requested that this Agreement be drafted in the English language. Les parties aux présentes ont exigé que la présente convention soit rédigée en anglais.

(SIGNATURE PAGE FOLLOWS)
IN WITNESS WHEREOF the parties have executed this Purchase and Sale Agreement as of the date indicated below.

SIGNED IN MONTREAL ON THIS 11th DAY OF NOVEMBER 2009

CRESO RESOURCES INC.

Per: __________________________
Marc Filion
President

DAVID BURDA
SCHEDULE A

DESCRIPTION OF PROPERTY GROUP

PIGEON LAKE CLAIMS IN KNIGHT TOWNSHIP, LARDER LAKE DISTRICT, PROVINCE OF ONTARIO

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THIS OPTION & JOINT VENTURE AGREEMENT made as of the 5th day of September, 2007
BETWEEN:

TEMEX RESOURCES CORP.
141 Adelaide Street West, Suite 901
Toronto, ON M5H 3L5
(herein called “Temex”)

PARTY OF THE FIRST PART

-and-

CRESO RESOURCES INC.
630, boul. Rene-Levesque O., suite 2930
Montreal (Quebec) H3B 1S6
(herein called “Creso”)

PARTY OF THE SECOND PART

WHEREAS, Temex owns 2 mining claims in Knight Township, in the Larder Lake Mining Division, in the Province of Ontario (collectively the “Claims”, as defined in section 1.1 below) ; and

WHEREAS Creso wishes to earn an undivided 75% interest in the Claims and then to form a joint venture with Temex to jointly explore the Claims;

NOW, THEREFORE, THIS AGREEMENT WITNESSES that, in consideration of the mutual covenants and agreements herein contained, Temex and Creso agree as follows:

ARTICLE 1 - INTERPRETATION

1.1 Definitions - In this Agreement and the schedule hereto, unless the context otherwise requires, the words and expressions set forth in this Section 1.1 shall have the meanings respectively assigned to them, as follows:

“Acceptance Period” shall have the meaning ascribed thereto in Section 9.1;

“Accounting Procedure” means the accounting and financial procedures set out in Schedule “A”;

“affiliate” shall have the meaning ascribed thereto in the Securities Act (Ontario);

"Agreement” means this Option & Joint Venture Agreement and all schedules and exhibits and all amendments made hereto by written agreement of the Parties;

“Approved Program” means each Program and Budget established as an Approved Program pursuant to the provisions of Article 7;

“arbitration” means arbitration as provided for in Article 13;
“arm's length” means arm's length for purposes of the Income Tax Act (Canada);
"Assets” means the property, assets and undertaking of the Joint Venture and includes, without limitation, the Claims, all supplies and equipment related to operations hereunder and any and all assets acquired or held by the Parties with respect thereto or acquired or held pursuant to this Agreement, as the same may exist from time to time;

“business day” means any day on which the Toronto Stock Exchange is open for trading;

“Budget” means a written estimate prepared by the Operator with respect to the cost of Exploration & Development Expenditures to be incurred in carrying out a Program, together with a pro forma schedule of Cash Calls to be made by the Operator during the relevant period covered by such Budget;

“Cash Call” means a requisition from the Operator to advance funding for an Approved Program in accordance with a Budget;

“Claims” means mining claim numbers L 1219455 and L 1229456, each comprising 12 claim units, in the Larder Lake Mining Division, in the Province of Ontario, including without limitation, mining claims or any other interest derived from or into which any such claims may have been or may become converted; and from time to time thereafter “Claims” shall mean the mining claims then comprising the subject-matter of this Agreement after giving effect to the abandonment or transfer of any of such mining claims;

“Closure Fund” shall have the meaning ascribed thereto in Section 6.6;

“Commercial Production” generally means the removal, extraction, production, concentration and processing of minerals from the Claims, but shall not include production for purposes of sampling, assaying, testing, analysis or evaluation, which may include test mining and the taking of reasonable quantities of minerals by way of bulk sample for metallurgical testing; and specifically, “Commercial Production” means the mining and treating of ores from the Claims for the purposes of earning revenues, and “commencement of Commercial Production” means the first day following the first period of 90 consecutive days during which any mill or other processing facility located on the Claims operates at a rate of at least 60% of its design capacity during such period (or other rate or quantity of production as specified in a feasibility study or as may be agreed as constituting the commencement of Commercial Production) and, if no mill or other processing facility is located on the Claims, “commencement of Commercial Production” shall mean the day following the first period of 30 consecutive days during which ores have been shipped from the Claims on a reasonably regular basis for the purpose of earning revenues; however, no period of time during which ores or concentrates are shipped from the Claims for testing purposes and
no period of time during which milling operations are undertaken as initial mill tune-up shall be taken into account in determining the date of commencement of Commercial Production;

“Confidential Information” shall have the meaning ascribed thereto in Article 12;

“Cost Share” means the portion (expressed as a percentage) that a Party is obligated to pay of all costs and expenses incurred with respect to the activities of the Joint Venture pursuant to an Approved Program or in respect of the Claims in accordance with its Participating Interest therein;

"Damages" means any loss, injury, damages (including, without limitation, consequential, special, punitive and incidental damages and loss of profits), claims, demands, judgments, settlements, expenses and costs (including those relating to any investigation or any defence or prosecution of any proceedings, and reasonable fees and expenses of lawyers, accountants, experts and consultants);

“Development” means all preparation (other than Exploration) for the removal and recovery of Products, including the construction or installation of a mill or any other improvements to be used for the mining, handling, milling, beneficiation or other processing of Products;

“Diamond Rights” means the mining rights to diamonds and other gems reserved exclusively to Temex in accordance with the provisions of Section 3.10;

“Earn-in” shall have the meaning ascribed thereto in Section 3.1;

“Earn-in Date” shall have the meaning ascribed thereto in Section 3.1;

"Effective Date" means the date of execution and delivery of this Agreement;

“Environmental Liabilities” means any and all liability for claims, demands, costs and expenses, (including without limitation, settlement costs and all reasonable legal fees and disbursements, accounting and other expenses for investigating or defending any enforcement or other proceedings), or actions or causes of action commenced or threatened by third parties, which are incurred or suffered by the Parties as a result of, or in respect to, or in connection with, any contravention, or alleged contravention, of any applicable federal, provincial or municipal laws, rules, regulations, ordinances or other requirements with respect to the discharge, generation, removal, transportation, storage and handling of hazardous or toxic wastes or substances, or any environmental liability arising on, in, or in respect of, the Claims, or which causes injury to persons or damage to property; or any other liability, which requires actions to be taken by the Joint Venture in compliance with any applicable laws, regulations, orders, judgments, decrees, (including without limitation, all applicable federal, provincial and municipal legislation) by reason of its ownership, possession, use or occupation of the Claims, or by reason of any incident, problem, rupture, spill,
deposition, flow, accretion, or other occurrence alleged to have occurred on, in, or with respect of the Claims;

“**Environmental Standards**” means all laws, orders, rules and regulations of whatever authority, as they may apply to and affect environmental and pollution control standards in effect, whether federal, provincial or municipal;

“**event of force majeure**” means any cause or event which is beyond the control of the Party affected, including, without limitation, an act of God, strike, lockout or other industrial disturbance, act of public enemy, terrorist action, war declared or undeclared, blockade, revolution, riot, insurrection, civil commotion, lightning, fire, storm, earthquake or other action of the elements, explosion, governmental restraint, embargoes, acts of any groups asserting aboriginal rights or any environmental agencies or pressure groups, inability to obtain or delay in obtaining approvals, permits, licenses or allocations from any Governmental Body, or other governmental regulation or restraint (including but not limited to, land use and/or environmental controls or the inability to obtain necessary permits), unavailability of equipment, inability to obtain access to the Claims, dispute by a third Party or otherwise or the existence of potential claims as to a Party's ownership rights to or interests in the Claims (including but not limited to claims asserted by any owner of mining or surface rights) which, if successful, could reasonably be anticipated to have a material adverse effect on the economic benefits potentially derivable by the Parties from the Claims and any other cause which is not reasonably within the control of the Party claiming the occurrence of an event of force majeure whether of the kind specifically enumerated above or otherwise. For greater certainty, any lack of funds by a Party shall be deemed not to be an event of force majeure. and any other cause.

“**Exploration**” means all geo-technical work expedient to ascertain the existence, location, extent or quantity and quality of any deposit of minerals on the Claims employing geological, geochemical and geophysical techniques;

"**Exploration & Development Expenditures**" means all costs, expenses, obligations and liabilities of whatever kind or nature spent or incurred in connection with Exploration or Development which were expended on or for the benefit of the Claims, computed in accordance with generally accepted accounting principles consistently applied;

“**Feasibility Study**” shall have the meaning ascribed thereto by NI 43-101; provided, however, that such feasibility study shall contain such information as a senior financial institution would reasonably require
for the purposes of financing Development on the Claims and such report shall have no technical
deficiencies which may be identified as a reason why such senior financial institution would be unwilling
to make a Financing Commitment to finance Development of the Claims; and provided further that in the
event the report recommends further advanced Exploration be undertaken, the Parties shall conduct such
further advanced Exploration, and if such senior financial institution identifies any other technical
deficiencies in the report, the Parties shall rectify such deficiencies before the Management Committee is
asked to make a Production Decision;
“Geo-technical Data” shall have the meaning ascribed thereto in Subsection 2.1.7;
"Governmental Body" means any multinational, national, federal, state, provincial, municipal or other
government, any subdivision, department, agency, board, court, entity, commission or authority thereof, or
any quasi-governmental or private body exercising any regulatory, taxing, importing or other governmental
authority;
“GST” shall have the meaning ascribed thereto in Section 14.5;
“Hazardous Conditions” means all unprotected open mine shafts, mine openings or workings, open pits
or other such conditions located on the Claims;
“Initial Contribution” means the amounts deemed to have been contributed by each of the Parties to the
Joint Venture in accordance with the provisions of Section 3.6;
“Initial Program” has the meaning ascribed thereto in Section 3.2;
“Joint Venture” means the association of the Parties pursuant to the provisions of this Agreement for the
joint exploration, development and production of minerals from the Claims;
“Joint Account” means the accounts of the Joint Venture administered by the Operator in accordance with
the Accounting Procedure and generally accepted accounting principles showing the respective charges and
credits accruing to the Parties;
"Lien" means any mortgage, pledge, royalty, security interest, encumbrance, right of first refusal, option,
lien or charge of any kind (including, without limitation, any agreement to give any of the foregoing, any
conditional sale or other title retention agreement, any lease in the nature thereof governing the taking or
giving of security over personal or intangible property in any jurisdiction), limitation on transfer or use or
assignment, or licensing (unless otherwise provided for in this Agreement), or any claim, agreement or
restriction which restricts, affects, limits or imposes a condition on the use or possession of the Assets,
including any restriction on the ownership, use, transfer, possession, receipt of income or other exercise of
any attributes of ownership of the Assets (whether tangible, intangible, or personal);

“Management Committee” means a committee of Parties in the Joint Venture with the authority and responsibility set forth in Article 6 to manage the undertaking and affairs of the Joint Venture;

“Mine and Plant” shall mean any pits, openings, shafts and/or mine workings on the Claims all ore extraction, milling and other facilities constructed or installed (or proposed to be constructed and installed, as the context requires) on the Claims relating to Commercial Production including, without restricting the generality of the foregoing, all buildings, plant, structures, machinery, equipment, supplies, inventories, housing, town site, power, fuel and water supply, storage, mill processing and tailings disposal facilities, living accommodation, waste disposal, roads and other transportation or access facilities, loading and unloading facilities, and all other Property, facilities and infrastructure relating thereto;

“Mining Act” means the Mining Act, R.S.O. 1990, c. M-14 and all regulations made thereunder;

“minerals” shall have the meaning ascribed thereto in the Mining Act;

“Mineral Resource” shall have the meaning ascribed thereto in NI 43-101;

“Mining” means the mining, extracting, producing, handling, milling or other processing of Products;

“NI 43-101” means National Instrument 43-101 of the Canadian Securities Administrators;

“Net Revenues” for any period means the cumulative net proceeds of sale and other revenues received (or deemed to have been received) during such period from the sale or other disposition of Products produced in Commercial Production from the Claims plus any insurance proceeds, any grants from a Governmental Body and any proceeds received during such period from the sale or other disposition of any Assets the cost of which had been included in Exploration & Development Expenditures;

“Non-Operator” means the Party other than the Operator;

“Non-Participating Party” shall have the meaning ascribed thereto in Section 7.5;

“Offering Notice” shall have the meaning ascribed thereto in Section 9.1;

“operations” means the activities carried out under this Agreement by the Operator;

“Operator” means the Party appointed as operator of the Joint Venture pursuant to the provisions of Section 5.1;

“Option” shall have the meaning ascribed thereto in Section 3.1;

“Party” shall mean a party to this Agreement and its successors and permitted assigns;

“Participating Interest” means the undivided percentage ownership interest (correct to 2 decimal places)
from time to time of a Party in the Claims, subject to adjustment and forfeiture of such Participating Interest as provided herein;

“Prime Rate” shall have the meaning ascribed thereto in Section 1.11;

“Production Decision” means a decision to place a Mineral Resource located on the Claims into Commercial Production in accordance with a Feasibility Study;

“Products” means minerals mined from the Claims, including without limitation all ores, concentrates, precipitates, bullion, doré and other materials or solutions derived from beneficiating or other mineral processing and delivered for further treatment or sale or stockpiled for further processing, including any tailings, residues or other materials derived from operations on the Claims and reprocessed; provided, however, that if such ores, concentrates, precipitates, bullion, doré and other materials or solutions derived from beneficiating or other mineral processing are to be subjected to further on-site treatment as part of normal operations on the Claims, then such ores, concentrates, precipitates, bullion, doré and other materials or solutions derived from beneficiating or other mineral processing shall not constitute Products until such further treatment has occurred;

“Program” means a written work proposal to carry out Exploration or Development prepared by the Operator with respect to the Claims;

“Purchaser” shall have the meaning ascribed thereto in Section 9.1;

“Secured Party” shall have the meaning ascribed thereto in Section 9.6;

“Vendor” shall have the meaning ascribed thereto in Section 9.1;

“Vitiating Factor” shall have the meaning ascribed thereto in Section 8.1; and

“Work Commitment” shall have the meaning ascribed thereto in Subsection 3.1.2.

1.2  _Headings_ - Headings are inserted for convenience only and do not form a part of this Agreement nor are they intended to interpret, define or limit the scope, extent or intent of this Agreement or any portion thereof. The division of this Agreement into articles, sections and sub-sections shall not affect the construction or interpretation of this Agreement. The terms "this Agreement", "hereof", “herein”, "hereunder" and similar expressions refer to this Agreement and not to any particular article, section or sub-section or other portion hereof and include any agreement supplemental hereto. Unless something in the subject matter or context is inconsistent therewith, references herein to articles, sections or sub-sections are to articles, sections or sub-sections of this Agreement.
1.3 **Extended Meanings** - In this Agreement words importing the singular number only shall include the plural and *vice versa*, and words importing persons shall include individuals, partnerships, associations, trusts, unincorporated organizations and corporations. The terms "provision" and "provisions" refer to terms, conditions, provisions, covenants, obligations, undertakings, warranties and representations in this Agreement.

1.4 **Ambiguities** - The Parties hereto agree that each of them has participated in the draughting of this Agreement and that any rule of construction to the effect that ambiguities are to be resolved against the draughting Party shall not apply to the interpretation of this Agreement.

1.5 **Ownership** - For the purposes of this Agreement all references to ownership of an interest in the Claims by a Party shall refer to the equitable ownership of the undivided interest or aliquot share of such Party in the Claims rather than to the legal ownership, registered or recorded title to the Claims.

1.6 **Accounting Principles** - Wherever in this Agreement reference is made to a calculation to be made in accordance with generally accepted accounting principles, such reference shall be deemed to be to the generally accepted accounting principles from time to time approved by the Canadian Institute of Chartered Accountants, or any successor institute, applicable as at the date on which such calculation is made or required to be made in accordance with generally accepted accounting principles.

1.7 **Schedules** - An Accounting Procedure is annexed hereto as Schedule “A” and is incorporated by reference and deemed to be part hereof.

1.8 **Currency** - All references to currency mean Canadian currency.

1.9 **Statutes** - Except as otherwise expressly provided or unless the context otherwise requires, a reference to a statute includes all regulations made under that statute, all amendments to such statute or regulations in force from time to time, and any statute or regulation which supplements or supersedes such statute or regulations.

1.10 **Approvals, Authorizations and Consents** - Except as otherwise expressly provided or unless the context otherwise requires, a reference to "approval", "authorization" or "consent" means written approval, authorization or consent.

1.11 **Interest on Accounts Payable** - Wherever interest is chargeable under this Agreement, unless otherwise specifically provided, interest will be at the specified rate per annum, calculated daily and compounded on the last day of each calendar month. For the purposes hereof, the “Prime Rate” in effect for each day of a calendar month shall be a variable rate of interest per annum equal to the rate of interest
Option & Joint Venture Agreement made as of the 5th day of September, 2007 between Temex Resources Corp. and Creso Resources Inc. with respect to mining claims in Knight Township

published by The Toronto Dominion Bank from time to time as its prime rate for Canadian dollar loans made in Canada, being a variable rate per annum reference rate adjusted automatically upon change by the bank. For greater certainty, the daily interest rate chargeable will be the specified per annum rate divided by the number of days in that calendar year.

1.12 **No Implied Covenants or Conditions** - It is expressly understood and agreed that no implied covenant or condition, other than the covenant of good faith and fair dealing, shall be read into this Agreement or to any obligation of the Parties hereunder.

1.13 **Severability** - The invalidity of any particular Article, Section, Subsection, clause, subclause, subparagraph or part or parts thereof, of this Agreement shall not affect the validity of any other provisions hereof and this Agreement shall subsequently be construed as if such invalid provision were omitted and did not form part hereof.

**ARTICLE 2 - REPRESENTATIONS AND WARRANTIES**

2.1 **Temex’s Representations and Warranties** - Temex represents and warrants to Creso that:

2.1.1 Temex is the recorded and beneficial owner of the Claims;

2.1.2 by order of the Mining Recorder made September 12, 2007 no further work is required to be filed in respect of the Claims until and including March 23, 2008;

2.1.3 to the best of its knowledge and belief the mining claims comprising the Claims have been properly staked out and are in good standing under the Mining Act;

2.1.4 to the best of its knowledge and belief there are no agreements or adverse claims relating to the use of the surface rights to the Claims, which would encumber, limit or restrict in any way whatsoever, or cause interference with, the right to carry out Exploration, Development or Mining of the Claims;

2.1.5 to the best of its knowledge and belief, there are no material authorizations, consents, approvals or waivers required to be obtained or made (which have not been obtained or made) by Temex in connection with this Agreement;

2.1.6 to the best of its knowledge and belief, there are no material outstanding obligations or liabilities, contingent or otherwise, under any applicable environmental, mining or other law, including reclamation or rehabilitation work, associated with the Claims or arising out of past exploration activities carried out thereon by or on its behalf;
2.1.7 Temex has delivered to Creso copies of all material geo-technical reports, data and materials in its possession or control (“Geo-technical Data”) relating to the Claims, including without limitation, access to all diamond drill core recovered from previous drilling on the Claims by or on its behalf, and Temex has made available to Creso all other material information in its possession or control which could possibly be considered to be materially significant in indicating whether the Claims might or might not have potential for economic mineralization;

2.1.8 Temex is not aware of any pending or threatened litigation or adverse claims against or challenges:

2.1.8.1 to its recorded and beneficial title to the Claims by any person whatsoever, nor is it aware of any basis therefore, nor is it aware of any third party who claims to own or have any beneficial interest in the Claims;

2.1.8.2 made by any Governmental Body in respect to the Claims nor is it aware of any action or proceeding by a Governmental Body or of any other fact or condition, which would materially limit access to, or which would result in a termination, cancellation or forfeiture of, the mining claims comprising the Claims; or

2.1.8.3 to any activities conducted on or in the Claims by or on its behalf;

2.1.9 Temex is duly licensed, registered or otherwise qualified in the Province of Ontario to the extent required to enable it to own the Claims and all such licenses, registrations and other qualifications are valid and subsisting and in good standing as at the date hereof;

2.1.10 there are no commissions and no broker’s, finder’s or other similar fees payable by Temex in connection with the transactions contemplated by this Agreement; and

2.1.11 Temex is not aware of any material facts or circumstances that have not been disclosed in this Agreement, which should be disclosed to Creso.

2.2 Creso’s Representations and Warranties - Creso represents and warrants to Temex that:

2.2.1 there are no material authorizations, consents, approvals or waivers required to be obtained or made (which have not been obtained or made) by Creso in connection with this Agreement;

2.2.2 Creso is duly licensed, registered or otherwise qualified in the Province of Ontario to the extent required to enable it to own the Claims and all such licenses, registrations and other
Option & Joint Venture Agreement made as of the 5th day of September, 2007 between Temex Resources Corp. and Creso Resources Inc. with respect to mining claims in Knight Township

qualifications are valid and subsisting and in good standing as at the date hereof; and

2.2.3 Creso is not aware of any material facts or circumstances that have not been disclosed in this Agreement, which should be disclosed to Temex.

2.3 Mutual Representations and Warranties as to Capacity. Each Party represents and warrants to the other as follows:

2.3.1 it is a corporation duly created, qualified to transact business, and in good standing under the laws of its jurisdiction with respect to all acts to maintain its corporate existence;

2.3.2 it has the corporate power and capacity to enter into and to perform its obligations under this Agreement, the execution, delivery and performance of this Agreement has been duly authorized by all necessary corporate action on the part of each of them and this Agreement has been duly executed and delivered by each of them and is a legally valid and binding obligation of each of them enforceable in accordance with its terms;

2.3.3 neither the execution and delivery of this Agreement nor the performance of its terms results in a breach of or creates a state of facts which, after notice or lapse of time or both, will result in a breach of, or conflict with, any of the terms, conditions or provisions of its charter documents or by-laws or any applicable law or any indenture, agreement or other instrument to which it is a party or by which it is bound; and

2.3.4 it is not a non-resident for the purposes of and pursuant to section 116 of the Income Tax Act (Canada).

2.4 Representations and Warranties are Conditions - Each of Parties agrees that the other is entering into this Agreement relying upon the representations and warranties made to it herein, and the correctness of each such representation and warranty is a condition upon which the Party to whom such representation is made is entering into this Agreement, each of which conditions may be waived in whole or in part solely by such party. It is also agreed that all such representations and warranties shall survive the execution and delivery of this Agreement. Notwithstanding the closing, nor any investigation made by or on behalf of a Party, nor any knowledge of a Party, all such representations and warranties shall continue in full force and effect for a period of one year and shall then expire. Any claim by a Party hereunder for a breach of a representation or warranty shall be preserved, provided that, notice of such claim is given, in accordance with Article 11.
2.5 **Indemnities for Misrepresentation** - Each of the Parties agrees to indemnify and save harmless the other and its officers, directors, employees, agents and shareholders (collectively the “Indemnified Parties”) in such capacities (for whom each Party holds such indemnity in trust and as agent therefor) from and against any misrepresentation existing as at the Effective Date which, but for any delay in discovery thereof, or the effluxion of time, would violate or constitute a breach of any representation, warranty made or given by or on behalf of such party in this Article 2 or in any certificate, document or instrument delivered to the other Party in connection herewith. For greater certainty, the indemnities herein referred to shall not merge upon the execution and delivery of a transfer of the Claims to the Joint Venture pursuant to the provisions of Section 4.6.

**ARTICLE 3 - OPTION & EARN-IN**

3.1 **Grant of Option & Right to Earn-in** - Temex hereby grants to Creso an exclusive and irrevocable option (the “Option”) to earn an undivided 75% interest in and to the Claims, together with all mining rights appertaining thereto except as provided in Section 3.10. The Option shall be exercisable at any time on or before September 15, 2010 (the “Earn-in Date”). To exercise the Option and earn an undivided 75% beneficial interest in and to Temex’s interest in the Claims (the “Earn-in”) Creso shall:

3.1.1 pay to Temex on the Effective Date the sum of $2,000; and
3.1.2 incur as a firm commitment not less than $250,000 in Exploration & Development Expenditures on or in respect of the Claims (the “Work Commitment”) on or before the Earn-in Date; and

provided that Creso has fulfilled the requirements of Subsections 3.1.1 and 3.1.2, then (subject to the provisions of Section 3.2) on or before the Earn-in Date Creso may exercise the Option and confirm the Earn-in by notice to Temex certifying fulfilment of the Work Commitment. If the Option is exercised Creso shall be deemed to have earned an undivided 75% interest in and to Temex’s interest in the Claims, as a tenant in common with Temex, free and clear of all Liens.

3.2 **Initial Program** - Creso shall complete an initial program of Exploration field work (the “Initial Program”) incurring not less than $250,000 in Exploration & Development Expenditures on or in respect of the Claims on or before the Earn-in Date in fulfilment of the Work Commitment pursuant to the provisions of Subsection 3.1.2. The Initial Program shall be funded solely by Creso. Creso shall manage all Exploration during the Initial Program under the supervision of a technical committee, to be formed within
10 days of execution and delivery of this Agreement and to remain constituted for the duration of the Initial Program, comprised of two representatives from each of Temex and Creso. Creso shall prepare a work plan and budget for review and comment by the technical committee, but approval thereof shall be given by Creso during the period it is solely funding the Initial Program.

3.3 **Creso’s Responsibilities during the Initial Program** - During the Initial Program Creso shall:

3.3.1 carry out all Exploration in accordance with the Mining Act and all other applicable legislation;

3.3.2 comply with all environmental laws and regulations, including without limitation, Environmental Standards, and if required in accordance with the provisions of the Mining Act, prepare and file a closure plan to rehabilitate and remediate all advanced exploration activities;

3.3.3 permit Temex representatives to have reasonable access to the Claims at their sole risk and expense to review work being carried out thereon, and the results obtained therefrom provided, however, that such access shall not unduly interfere with or disrupt Creso’s activities and Creso shall be indemnified and saved harmless by Temex for any mishap that may occur or be incurred by the representatives of Temex reso during the course of such visits;

3.3.4 ensure that all safety measures required by the Mining Act and all other applicable laws and regulations with respect to workplace safety are complied with in respect of the Claims; and

3.3.5 furnish Temex with copies of the relevant governmental reports prepared and filed by Creso with respect of the Claims;

provided that the provisions of this Section 3.3 shall survive the termination of this Agreement.

3.4 **Failure of Creso to Earn-in** - In the event Creso fails to fund the Initial Program as required by Section 3.2 it shall be deemed to be in default, and if Creso continues in default for 5 business days following the receipt of notice of default (or such longer period as may reasonably be necessary to remedy such default, provided that Creso proceeds diligently to do so throughout such period) Creso shall be deemed to have forfeited its right to exercise the Option.

3.5 **Formation of the Joint Venture** - Subject to compliance with the requirements of Sections 3.1 and 3.2, the Parties shall be deemed to have formed the Joint Venture as at the actual Earn-in Date and to
possess the following initial Participating Interests as of the Earn-in Date:

- Temex: 25%
- Creso: 75%

3.6 Each Party’s Initial Contribution to the Joint Venture - Subject to compliance with the requirements of Sections 3.1 and 3.2, each of the Parties shall contribute to the Joint Venture all of its right, title and interest in and to the Claims free and clear of all Liens, other than the Underlying Royalties.

3.7 Value of Initial Contributions - For the purposes of recalculating from time to time the Participating Interest of Creso in accordance with the provisions of Section 7.8, the value of Creso’s initial contribution to the Joint Venture shall be deemed to be $187,500 (its “Initial Contribution”). For the purposes of recalculating from time to time the Participating Interest of Temex in accordance with the provisions of Section 7.8, the value of Temex’s initial contribution to the Joint Venture shall be deemed to be $62,500 (its “Initial Contribution”).

3.8 Cost Sharing - Following the formation of the Joint Venture the Parties shall jointly fund all further Exploration & Development Expenditures in accordance with their respective Cost Share as at the date they each elect to participate in the Approved Program, provided that their respective Participating Interests shall first be adjusted in accordance with the provisions of Section 7.8 in the event a Party shall fail or refuse to advance its Cost Share of any Approved Program in accordance with the provisions of Article 7. Each Party shall be liable for its Cost Share of all costs, debts, liabilities or obligations arising from joint operations hereunder from the time incurred by the Operator in proportion to its Participating Interest in the Claims.

3.9 Commencement of Joint Funding - Upon fulfilment of the Work Commitment, the Operator shall propose a Program and Budget for the period following the Earn-in, which unless the Parties otherwise agree shall not exceed $1,000,000 on an annualized basis. The Parties recognize that there will be a delay between the time when Exploration & Development Expenditures are actually incurred or paid by the Operator and when its monthly accounting reports become available for the related Program and Budget. Accordingly, all Exploration & Development Expenditures incurred by the Operator subsequent to the Earn-in (when the Parties shall commence joint funding) shall be charged to the Parties according to their respective Participating Interests.

3.10 Temex Reserves the Right to Explore the Claims for Diamonds & Other Gems - Notwithstanding any other provision of this Agreement and irrespective of the exercise of the Option, Temex reserves to itself exclusively the sole and irrevocable right to independently explore the Claims for diamonds and other
gems (collectively the “Diamond Rights”) for its own account and benefit. The Parties agree and acknowledge that they will both be free to concurrently conduct Exploration, Development and Mining operations from time to time on or in respect of the Claims in accordance with their respective mining rights in the Claims. However, the mining rights to all minerals (other than the Diamond Rights) and the right to conduct Exploration, Development and Mining operations from time to time on or in respect of the Claims for such minerals shall take precedence to and be superior to the rights of Temex to explore for and exploit its Diamond Rights on the Claims. Temex shall consult with Creso with respect to any work proposed to be undertaken by Temex with respect to its Diamond Rights and shall receive Creso’s permission prior to commencing such work, such permission not to be unreasonably withheld; provided that it shall not be unreasonable for Creso to withhold such permission if there will be a conflict with work undertaken on the Claims pursuant to this Agreement for other minerals (other than diamonds and other gems) and the work proposed to be undertaken by Temex with respect to its Diamond Rights. All costs incurred by Temex in connection with exploitation of its Diamond Rights shall be solely for the account of Temex; provided that if the Parties concurrently conduct Exploration operations on or in respect of the Claims any costs incurred pursuant to this Agreement for Exploration of minerals (other than diamonds and other gems), if it also benefits Temex with respect to exploitation of its Diamond Rights, shall require the Parties to make a fair and equitable allocation of any such costs.

ARTICLE 4 - RELATIONSHIP OF THE PARTIES

4.1 Scope of Joint Venture Operations - Except as provided in Section 3.10, the Joint Venture shall serve in relation to the Claims as the exclusive means by which the Parties, or either of them:
   4.1.1 conduct Exploration for all minerals other than diamonds and other gems;
   4.1.2 evaluate and undertake Development;
   4.1.3 engage in Mining; and
   4.1.4 sell or otherwise dispose of Products produced from the Claims;
as contemplated herein.

4.2 Joint Venture Programs - All Programs undertaken by the Joint Venture shall be conducted in accordance with the provisions of this Agreement including, without limitation, all matters necessary or incidental to such activities in accordance with the provisions of the Mining Act.
4.3 **Ownership Interests in the Joint Venture** - The Parties shall maintain ownership interests in the Joint Venture equal to their respective Participating Interests from time to time.

4.4 **Recorded Title to the Claims** - Until the Earn-in Date Temex shall maintain recorded title to the Claims; provided that Temex agrees to record at the request of Creso any necessary statements or documents acknowledging that beneficial ownership of the Claims is held by Temex, subject to the rights of Creso to earn an undivided 75% interest in the Claims in accordance with the provisions of this Agreement.

4.5 **Taking Mining Claims to Lease** - If at any time after the Earn-in Date the Claims are taken to lease pursuant to the provisions of the Mining Act, nothing herein contained shall prevent a Party from registering notice of this Agreement and its Participating Interest against the title to the Claims or such mining lease in the appropriate land registry office.

4.6 **Title to Joint Venture Assets After the Earn-in Date** - After the Earn-in Date title to all Assets shall be held in the name of the Joint Venture, or such other entity as the Management Committee shall designate, in trust for and on behalf of the Parties in accordance with the terms and conditions of this Agreement. Regardless of the name in which the Assets are held, all Assets shall be for the sole and exclusive use and benefit of the Joint Venture, subject to the provisions of this Agreement. At any time following the Earn-in Date, the Parties may elect to have all Assets not yet registered in the name of the Joint Venture conveyed and assigned to and appropriately recorded or registered in the name of the Joint Venture, or the Management Committee may elect at any time to have all Assets conveyed and assigned to a corporation, trust or other entity to hold bare legal title to such Assets. Notwithstanding conveyance of bare legal title to such Assets to a corporation, trust or other entity, the Parties shall be deemed to own or possess fractional undivided interests in such Assets corresponding to their respective Participating Interests, subject to adjustment from time to time pursuant to the provisions of Section 7.8. For greater certainty, notwithstanding the registered or recorded title in which Assets may from time to time be held, all Assets shall be owned by the Parties in proportion to their respective Participating Interests from time to time.

4.7 **Interests of the Parties in the Proceeds of Joint Venture Assets** - Mineral production, revenues, expenses, assets or liabilities resulting from or attributable to Commercial Production and the proceeds from the sale or other disposition of the Assets shall be borne by, and allocated between, the Parties in proportion to their respective Participating Interests therein, in accordance with the applicable provisions of this Agreement and the Accounting Procedure.
4.8 **Repudiation of Partnership** - The rights and obligations of the Parties pursuant to the provisions of this Agreement shall be several and shall not be or be construed to be either joint or joint and several. Nothing contained in this Agreement, except to the extent specifically authorized hereunder, shall be deemed to constitute a Party a partner, an agent or legal representative of the other Party to this Agreement. It is intended that this Agreement shall not create the relationship of a partnership between the Parties and that no act done by a Party pursuant to the provisions hereof shall operate to create such a relationship.

4.9 **Freedom of Contract** - Each Party shall devote such time as may be required to fulfil any obligation assumed by it hereunder, and except as the Parties have otherwise agreed in Section 3.10:

4.9.1 each Party shall be at liberty to engage in any other business or activity not governed by the Joint Venture, including the ownership and operation of any other mining lands, and the Parties agree that each Party is at liberty, alone or in concert with any other person, to explore, acquire, lease, option or otherwise deal for its own account in any mining lands not comprising part of the Claims, without any obligation to the other Party hereunder;

4.9.2 no Party shall be under any fiduciary or other obligation to the other Party which shall prevent or impede such Party from participating in, or enjoying the benefits of, competing endeavours of a nature similar to the business or activity undertaken by the Joint Venture constituted hereunder regardless of whether or not such Party has access to, or knowledge of, information derived from endeavours undertaken by the Joint Venture and utilizes such knowledge or information for its own or its affiliate’s use and benefit, including, but not limited to, acquisition of any mining claim or other property or rights not comprising part of the Claims; and

4.9.3 the legal doctrines of "corporate opportunity" or "business opportunity" sometimes applied to persons occupying a relationship similar to that of the Parties shall not apply with respect to participation by the Parties in any business activity or endeavour affecting mining claims not comprising part of the Claims, or in any other business or activity not governed by the Joint Venture, and without implied limitation, a Party shall not be accountable to the other Party for participation in any such business activity or endeavour affecting mining claims not comprising part of the Claims, or not governed by the Joint Venture, which is in direct competition with the business or activity undertaken by the Joint Venture.
4.10 **Tax Deductions & Mineral Incentives** - Each Party shall be entitled for income and mining tax purposes and for purposes of any applicable provincial mining royalties, duties or other similar levies to take advantage of any deductions or incentives, or any elections which may be available, under the provisions of applicable federal and provincial tax laws, regulations and incentive programs in relation to the costs incurred by it in respect of Exploration or Development. Where any deductions, incentives, or elections are permitted to the Parties individually but a joint election is required, each Party agrees that it will join with the other to execute and deliver any documentation required in connection therewith and to otherwise furnish such information and take such action as may be reasonably requested by the other Party in connection therewith; provided, however, that nothing herein contained shall require a Party to take any action which in the opinion of counsel for that party is likely to be detrimental to that Party’s tax position.

4.11 **Remedying Non-monetary Defaults** - Except as expressly provided in Section 7.11 with respect to multiple defaulted cash calls, if a Party shall default in the performance of any material obligation (excluding obligations which can be satisfied by the payment of money) such Party shall be entitled to remedy such default within 30 days following notice given by the other Party demanding that such default be remedied; provided, however, that if such default is of such nature that it cannot be reasonably cured within such period, such defaulting Party shall be entitled to commence to remedy such default within the said 30 day period and to proceed thereafter with due diligence until such default is cured. If a Party is unable to cure such default because of the nature of such default or because it is impractical or uneconomic to do so, then such Party shall have the right to elect to pay liquidated damages to the non-defaulting Party in lieu of curing the default, such liquidated damages to be determined by arbitration in accordance with the provisions of Article 13 if the Parties hereto cannot agree on the amount thereof.

4.12 **Modifying or Enhancing Tenure** - If required by any law under which title to the Claims is held, or with the approval of the Management Committee, the Operator may from time to time apply to the appropriate authorities to acquire further rights, modify existing rights or remedy any title defect or dispute (including but not limited to problems concerning issuances of certificates of record, questions as to the correctness of original staking, avoidance of fractions or overlaps and inclusion of ground inadvertently omitted from within claim boundaries) with respect to the Claims or any part thereof, including without limitation, renewals, extensions, permits, leases, patents, fees, ownership and licenses and any and all such rights shall be included in the references herein to the Claims. In taking such action, the Operator may reduce the area of the Claims and may exclude any portion of the area formerly included within the Claims. If any area previously included within the Claims will no longer be subject to the provisions of this Agreement, the Operator shall, to the extent feasible in the circumstances and to the extent permitted by law,
deal with such land in the same manner as it is required to deal with any Claims which it chooses to surrender or let lapse under the provisions of Section 4.13. If any of the above action is unsuccessfully taken by the Operator, it shall not be liable to the Non-Operator for any loss arising therefrom, provided the Operator proceeded in good faith in taking such action. Each Party shall cooperate in the taking of any action required of it under this section, including the execution of any and all documentation.

4.13 **Surrender or Lapse of Claims** - No mining claim comprising part of the Claims shall be surrendered or be permitted to lapse without the approval of the Management Committee. If the Operator intends to surrender or let lapse a mining claim comprising part of the Claims it shall give 30 days notice of its intention and the Non-Operator shall have 20 days after receipt of such notice within which to elect to acquire such mining claim, failing which the Operator shall proceed to surrender or let such mining claim lapse, and such surrendered or lapsed mining claim shall no longer be considered part of the Claims. The Operator covenants and agrees that any mining claim which the Non-Operator elects to acquire pursuant to the provisions of this Section 4.13 shall have not less than 60 days assessment credits filed before such mining claim is transferred to the Non-Operator. The Party acquiring a surrendered or lapsed mining claim shall pay all costs relating to the transfer to it of such mining claim and shall be entitled to copies of all data, maps, materials and other information directly relating to work carried out on or in respect of such mining claim.

4.14 **Taking In Kind** - Each Party shall take delivery *in kind* and shall separately dispose of its proportionate share of all Products unless otherwise agreed by the Parties. The terms of delivery to the Parties shall be F.O.B. transport carrier at the concentrator, smelter or refinery as the case may be, and as Product is produced. Any costs incurred by reason of the Parties taking *in kind* and making separate dispositions shall be paid by each Participating Party directly and not through the Operator. For greater certainty, notwithstanding any other provision of this Agreement, only a Party who maintains a Participating Interest shall be entitled to receive any Products derived from operations and any Net Revenues derived therefrom shall first be deducted from the costs incurred by the Parties. The Operator shall weigh (or calculate by volume), sample and assay, all in accordance with sound mining and metallurgical practices, all Products prior to delivery to or on behalf of the Parties. The Operator shall keep records of weights (or calculations, as the case may be) and sample and assay results. Each Party shall be entitled to use, dispose of or otherwise deal with its proportionate share of Products as it sees fit. From the time of delivery, each Party shall have ownership of, and title to, its proportionate share of Products separate from, and not as tenant in common with, the other Party. In the event a Party shall elect to stockpile its proportionate share of Products, such Party shall construct, operate and maintain (all at its own cost and risk) any and all
facilities which may be necessary to receive, store and dispose of such Products at the rate the same are produced, failing which the Operator shall (at the sole cost and risk of that Party) store in any location where it will not interfere with operations, the Products owned by that Party. All of the costs involved in arranging and providing storage shall be billed directly to, and be the sole responsibility of, the Party whose share of Products is so stored. Nothing in this Section 4.14 shall be deemed to abridge or restrict the right of a Party to enter into hedging contracts affecting any part or all of its proportionate share of Products produced or to be produced; however, for greater certainty, any such hedging contracts shall be subject to the terms and conditions of this Agreement.

4.15 Joint Venture Does Not Extend Beyond Mining and Concentrating Stage - Notwithstanding anything to the contrary, expressed or implied herein, the Parties acknowledge and agree that any processing facilities or infrastructure beyond that required to produce concentrates, suitable for smelting in the case of base metals or, in the case of precious metals, beyond that required to produce a doré suitable for further refining at a mint, are expressly excluded from the scope of the undertaking of the Joint Venture.

ARTICLE 5 - DUTIES & RESPONSIBILITIES OF OPERATOR

5.1 Appointment of Operator - The Parties hereby appoint Creso as the Operator of the Joint Venture with overall management responsibility for operations. Subject to the provisions of Section 7.6, Creso shall remain as Operator until it resigns pursuant to Section 5.2, or until its Participating Interest falls below 50% and is replaced in accordance with the provisions of Section 5.3. The Operator from time to time shall have the powers and rights herein conferred upon it and shall be subject to the duties and obligations herein imposed upon it.

5.2 Resignation of Operator - After the Earn-in Date the Operator may, by notice in writing to the Non-Operator, resign at any time. An Operator that resigns shall not be released from its obligations hereunder for a period of 90 days after its resignation unless a successor Operator shall have been appointed and shall have arranged to take over as Operator prior to the expiration of such 90 day period. The successor Operator shall be chosen by votes of the Parties at a Management Committee meeting within such 90 day period and shall assume the duties and obligations of Operator forthwith upon the expiry of such 90 day period (or such earlier date as the new Operator takes over).

5.3 Replacement of Operator - A Party holding a majority of the Participating Interests may replace the Operator without cause at any time after the Earn-in Date by notice to the Operator signed by such majority of the Participating Interests.
5.4 **Successor Operator** - In the event of replacement of the Operator, the incumbent Operator shall cooperate fully with the successor Operator and shall do all things necessary to promptly transfer to such successor the Assets in its possession or held in its name as Operator. Upon the appointment of a successor Operator, the former incumbent shall be released and discharged from all its duties and obligations as Operator on the effective date of its replacement. The successor Operator shall assume all of the rights, duties, obligations and status of the former incumbent but shall not be required to retain or hire any of the employees of the former incumbent except as may be required pursuant to any applicable collective agreement or applicable law, and the successor Operator shall not be required to indemnify the former incumbent for any costs incurred as a result of the termination of the employment of any of the former incumbent’s employees as a result of such replacement of the Operator.

5.5 **Insolvency of Operator** - Notwithstanding any other provisions contained herein, the Non-Operator shall have the right to immediately replace the incumbent Operator by notice if the Operator admits in writing its inability to pay its debts as they become due, or makes an assignment for the benefit of creditors, or a receiver or a receiver and manager is appointed for all or a substantial part of its Claims, or if the Operator files, or has filed against it, a petition in bankruptcy, or a petition for its winding up, which it does not contest within 15 days of receipt by it of notice of any such petition being filed, or if the Operator seeks any relief provided in the Bankruptcy Act or other legislation respecting bankruptcy or insolvency, or is adjudicated a bankrupt or insolvent. The Operator's appointment as Operator shall terminate automatically upon its receipt of the aforesaid notice from a Non-Operator.

5.6 **General Powers and Rights** - The Operator shall, subject to the overall control and direction of the Management Committee, have the following general powers and rights:

(i) to direct and control all day to day operations of the Joint Venture and to exercise exclusive custody of all Assets;

(ii) to conduct and direct all ancillary activities and operations permitted or required hereunder for the benefit of the Joint Venture;

(iii) to manage and carry out Programs and Budgets as approved by the Management Committee;

(iv) to be responsible for implementing Exploration, Development, preparing a Feasibility Study and obtaining all necessary approvals and permits for the construction of a Mine and Plant on behalf of the Parties in accordance with good mining and construction practice;

(v) to negotiate any and all agreements and administer, direct and supervise construction including site investigations and engineering and design in the manner contemplated in any
Option & Joint Venture Agreement made as of the 5th day of September, 2007 between Temex Resources Corp. and Creso Resources Inc. with respect to mining claims in Knight Township

approved Feasibility Study;

(vi) to nominate an affiliated party to act as Operator on its behalf hereunder and/or to transfer and/or delegate any and/or all duties as Operator to an affiliated company or other competent third party; provided however, the Operator shall remain subject to and liable for all obligations of any such affiliated company or third party transferee or delegatee hereunder;

(vii) to expend moneys in doing work or otherwise or as required for the purpose of protecting or keeping in good standing title to Claims and Assets, for preventing waste, for dealing with emergencies, for protecting life, limb or property, for complying with any contractual obligation or any applicable law, regulation, order or requirement of a Governmental Body; and

(viii) to receive funds in advance from the Parties for all outlays required to be made by the Operator on the basis that none of the duties or obligations of the Operator shall require or obligate the Operator to provide any funds or other form of financial support to the Joint Venture.

5.7 Specific Duties of the Operator of the Joint Venture - In the conduct of operations the Operator shall, subject to the general direction and control of the Management Committee:

(i) conduct the business and undertaking of the Joint Venture, Approved Programs and all operations on the Claims in a prudent and business-like manner and in accordance with all applicable statutory requirements as well as good mining practices and Environmental Standards;

(ii) keep at a convenient location or locations true and correct books, accounts and records of operations hereunder and permit at all reasonable times and with reasonable notice the inspection and examination thereof by Parties, and such books, accounts and records shall be kept segregated from the other books, accounts and records of the Operator, and after the Earn-in Date the Operator shall maintain one or more distinct bank accounts with a Canadian chartered bank to which all receipts and payments with respect to the Joint Venture shall be credited and from which all costs shall be paid;

(iii) consult freely with the Parties (through the Management Committee) concerning operations and keep the Parties advised of all material matters arising from operations;

(iv) provide the Parties with quarterly written reports on Exploration while any Approved Program is in progress and, within 90 days of the completion of any Approved Program
with a written report summarizing the results thereof, such report to include maps, sections, drill logs, assays and all other pertinent factual data and information, including the interpretation thereof, regarding the work conducted under such Approved Program;

(v) provide each Party at all reasonable times, but at its sole risk and expense, access to the Claims to inspect or observe operations and access to all available information, including all data, drill core, maps, materials and other information relating to the results of all Exploration or Development; provided, however, that in exercising the right of access to the Claims the representatives of a Party shall abide by the rules and regulations laid down by the Management Committee and by the Operator relating to matters of safety and efficiency, and if any representative of a Party is not an employee, the Party shall so advise the Operator so that the Operator may require such representative, before giving him access to the Claims or to data or information relating thereto, to sign an undertaking in favour of the Joint Venture (in form and substance satisfactory to the Operator) to maintain confidentiality to the same extent as each Party is required to do under Article 12;

(vi) comply with the provisions of the Mining Act so that such title or rights remain in good standing;

(vii) subject to the provisions of Section 9.6, keep the Assets free and clear of all Liens created by or arising from operations, except such as the Operator is disputing or contesting in good faith, and whenever required, proceed with diligence to contest and discharge any Lien which is filed;

(viii) review all invoices, pay all costs incurred in operations promptly as and when due and payable and make proper charges to each of the Parties for their proportionate Cost Share;

(ix) make all payments of taxes, royalties, rentals, filing fees and other payments required to be paid in connection with the Assets;

(x) prosecute, defend or settle all litigation arising out of operations provided, however, that any Party may join in the prosecution or defence of such litigation at its own expense;

(xi) hire any consultant to consider such matters related to operations or the preparation of any scoping study, Feasibility Study or other studies as the Operator deems appropriate;

(xii) obtain all requisite permits and authorizations (including environmental permits and authorizations) and prepare contract documents;

(xiii) prepare construction and spending schedules for all phases of construction of the Mine and Plant and review and revise if necessary such schedules on a quarterly basis;
supervise all aspects of the Mine and Plant, including the co-ordination of the overall engineering, design and construction thereof;

select, negotiate and contract with sub-contractors engaged in construction of and equipment erection for the Mine and Plant;

select, negotiate and contract with the sellers of machinery and equipment for the Mine and Plant;

approve samples, schedules, shop-drawings and other submissions of sub-contractors and suppliers of machinery and equipment for the Mine and Plant;

procure, provide and pay for all materials, supplies, labour, tools, lighting, power, transportation and other services and facilities requisite to the construction and operation of the Mine and Plant;

protect against defects and deficiencies in the work of anyone performing services for the Mine and Plant, including sub-contractors and machinery and equipment suppliers;

determine the amounts owing from time to time to sub-contractors, machinery and equipment suppliers and others supplying materials and/or performing services in respect of the Mine and Plant and make payments thereto;

take such action in an emergency affecting the safety of life of any person engaged by the Joint Venture in connection with the Mine and Plant as the Operator may deem necessary or advisable to prevent threatened loss or injury, and take all reasonable precautions in connection with the construction of the Mine and Plant for the safety of workmen and the public;

from and after a Production Commitment, prepare and furnish to each Party a written monthly general status report covering the overall progress of operations hereunder, including costs incurred and variances, if any, to budget to date and a quarterly detailed status report which shall include, but shall not be limited to, the progress of the engineering design and construction of, and procurement of the machinery and equipment for, the Mine and Plant and any scheduling changes;

prepare start-up and operating manuals for the Mine and Plant, where the Operator considers them to be necessary or advisable; and

carry a reasonably adequate amount of general liability and property damage insurance for the benefit of the Joint Account or such insurance as is specified by the Management Committee and furnish to each Party, upon request, a certificate from the relevant insurer(s)
confirming such insurance coverage and naming each Party as an additional insured; provided that, at the discretion of the Operator, such insurance may be included in the policies of insurance generally held by the Operator and each Party shall be charged its pro rata share of the premiums for such insurance.

5.8 Operations Contracts - Except as expressly provided herein, all operations shall be performed by the Operator using its own staff or staff otherwise retained for the purpose of the Joint Venture. Operations to be conducted by others shall, if practicable, be provided on a competitive contract basis. The Operator, if it so desires, may employ any affiliate and use its own machinery, tools and equipment in conducting such operations, and the charges or rates therefor shall be as provided in the Accounting Procedure.

5.9 Expenditures Without Approval - Subject to the provisions of Section 7.4, expenditures related to Exploration not in excess of 10% of the Budget for each Approved Program may be incurred by the Operator in connection with cost overruns and shall be paid for by the Parties who funded such Approved Program pro rata to their Participating Interests. As provided in Section 7.4, expenditures beyond this 10% allowance related to Exploration shall be to the Operator's sole account unless directly caused by an emergency or unexpected expenditure made pursuant to Section 5.16 or authorized or ratified unanimously by the Management Committee. For greater certainty, cost overruns under an Approved Program for Development before completion of a Feasibility Study shall not be incurred by the Operator, and each Party shall be liable for its pro rata share of all expenditures under an Approved Program for Development in accordance with its Participating Interest. The Operator shall immediately notify both Parties of any excess expenditures incurred in operations as soon as their occurrence appears reasonably foreseeable or becomes known to the Operator.

5.10 Status of Operator's Employees - The status of the Operator shall be that of an independent contractor. The number of employees to be used in operations conducted by the Operator, as well as the hours of labour and compensation of such employees, shall be determined by the Operator. The Operator shall hire, supervise and discharge all such employees and all such employees shall be the employees of the Operator (or an affiliate of the Operator) or its agents, and not of the Non-Operator.

5.11 Operator Entitled to Indemnification - Except as expressly provided in this Section 5.11, each Party shall indemnify and save the Operator harmless from and against damages arising out of any acts or omissions of the Operator. The obligation of each Party to indemnify and save the Operator harmless shall be in proportion to its Participating Interest as at the date that the damages were incurred. Under no circumstances, however, shall the Operator be indemnified or held harmless by the Parties for damages resulting from the gross negligence or wilful misconduct of the Operator; provided however, that any act
or omission of the Operator committed or omitted to be done at the direction, or with the concurrence, of the Management Committee to protect life or property shall not be deemed to be negligence or wilful misconduct on the part of the Operator. The Operator also shall not be liable to a Party nor shall a Party be liable to the Operator in contract, tort or otherwise for special, indirect or consequential damages, including, without limiting the generality of the foregoing, loss of profits or revenues, even if advised of the possibility of those damages.

5.12 **Operator’s Lien** - As security for the payment of all sums due to the Operator from a Party, the Operator is hereby given a Lien on Products and on the Participating Interest of each Party.

5.13 **Cost Reports** - The Operator shall deliver to each Party by the end of the first month following each calendar quarter, during which Exploration & Development Expenditures were incurred under any Approved Program for Exploration or Development, a statement of all costs incurred by the Operator in the prior calendar quarter summarized by appropriate classifications indicative of the nature of the charges and credits, including a reconciliation of costs actually incurred relative to the Cash Calls made by the Parties to cover such costs. After a Production Decision has been made the Operator shall deliver to each Party, by the 15th day of each month, a statement of all costs incurred by the Operator under any Approved Program for Development in the prior calendar month summarized by appropriate classifications indicative of the nature of the charges and credits, including a reconciliation of costs actually incurred by the Parties relative to the Cash Calls made to cover such costs.

5.14 **Financial Statements** - Unless waived by the Parties, the Operator shall have audited financial statements for the Joint Venture prepared on an annual basis after the Earn-in Date. The audited financial statements shall be presented within 120 days following the end of each calendar year to the Parties and be approved by the Management Committee. The auditor of the Joint Venture shall be determined from time to time by the Management Committee and may be the same public auditor as used by the Operator.

5.15 **Operator’s Standard of Care** - The Operator shall discharge its duties and conduct all Operations in a good, workmanlike and efficient manner, in accordance with sound mining, environmental and other applicable mining industry standards and practices and in material compliance with the terms and provisions of concessions, leases, licenses, permits, contracts and other agreements pertaining to the Assets. The Operator shall not be in default of its duties under this Agreement, if its inability to perform results from the failure of the Non-Operator to perform acts or to contribute its Cost Share to any Approved Program.

5.16 **Emergency Expenditures** - In case of emergency, the Operator may take any action it deems necessary to protect life, limb or property, to protect the Assets or to comply with law, regulation, order or requirement of any Governmental Body. The Operator may also make reasonable expenditures on behalf
of the Parties for unexpected events that are beyond its reasonable control. In the case of an emergency or unexpected expenditure, the Operator shall promptly notify the Parties of such expenditure, and the Operator shall be reimbursed therefore by the Parties in proportion to their respective Participating Interests at the time the emergency or unexpected expenditure is incurred.

ARTICLE 6 - MANAGEMENT COMMITTEE

6.1 Management Committee Appointees - The business and undertaking of the Joint Venture shall be under the general direction and control of a Management Committee. Except as otherwise expressly delegated to the Operator in Article 5, the Management Committee shall have plenary power and authority to determine all management issues arising under this Agreement and shall determine overall policies, objectives, procedures, methods and actions to be taken or observed by the Operator. Within 10 days of the Effective Date each Party shall nominate 2 members to the Management Committee both of whom shall be entitled to attend any Management Committee meeting. Each Party may appoint one or more alternates to act and vote in the absence of a regular member of the Management Committee. Subject to the provisions of Section 6.4, the chairman of the Management Committee shall be appointed by the Party having a majority of the Participating Interest, who shall be responsible for coordinating and directing all activities of the Management Committee. The chairman of the Management Committee shall appoint a secretary at each meeting, who shall take minutes of meetings and circulate copies thereof to each Party on a timely basis. The minutes, when signed by a member representing each Party, shall be the official record of decisions made by the Management Committee and shall be binding on the Parties.

6.2 Management Committee Meetings - The Management Committee shall meet at least once in each Operating Year. Regular meetings of the Management Committee shall be called by the Operator upon not less than 10 business days notice, unless such notice is waived by each Party. The notice of meeting shall be accompanied by any Program and Budget for which approval is sought at the meeting. A meeting of the Management Committee may be adjourned for a period of 5 business days, or for such other length of time as may be agreed upon by each Party, at the request of any member seeking such adjournment for the purpose of obtaining instructions from the Party such member represents. All meetings of the Management Committee shall be held in such locations as the Parties shall agree. Meetings, and attendance thereat, may also be held by conference telephone. Each notice of meeting shall include an itemized agenda prepared by the Operator, but any other matters may be considered with the consent of each Party. The Management Committee at each regular meeting shall review the status of operations in progress and any technical matters related thereto and give instructions to the Operator with respect thereto. A Party may call a special
Option & Joint Venture Agreement made as of the 5th day of September, 2007 between Temex Resources Corp. and Creso Resources Inc. with respect to mining claims in Knight Township

meeting of the Management Committee upon 7 business days notice to the Operator and the other Party unless such notice is waived by each of the Parties.

6.3 Quorum Requirements at Management Committee Meetings - A quorum of the Management Committee shall be constituted at any regular or special meeting only if a member representing each Party is present. If at any meeting a quorum is not present in person or by conference telephone at the commencement of business, the meeting shall stand adjourned to the fifth subsequent business day to reconvene then (provided that not less than 2 business days notice of the reconvening of the meeting has been given to any absent member) at the same time and place, whereupon a quorum shall be constituted by the member(s) present at such reconvened meeting. If a quorum is constituted at the commencement of business at any meeting then, notwithstanding the withdrawal of any member from the meeting so that a quorum is no longer present, the remaining member or members, as the case may be, shall be capable of making decisions. If as a result the member representing one Party acting alone at any meeting or adjourned meeting constitutes a quorum, any decision of such member shall be made by instrument in writing, executed by such member and delivered to the chairman.

6.4 Decisions of the Management Committee - At all meetings of the Management Committee, each member present shall have full power and authority to represent, bind and vote for the Party who appointed such member in all matters to be decided by the Management Committee. Each Party, acting through its appointed members, shall have votes on the Management Committee, in proportion to its Participating Interest. Except as provided in Section 7.4 (which requires unanimous ratification by the Management Committee of cost overruns exceeding an Approved Budget by more than 10%), all decisions or actions of the Management Committee shall be binding on all the Parties and shall be made by a majority of the votes cast at a meeting, or pursuant to the Operator having received the consent of each Party to such decision or action. However, a Party with a Participating Interest greater than 50% shall be entitled to cast a single ballot with respect to all matters coming before the Management Committee for decision from time to time. In the event of a tie vote while the Parties have equivalent Participating Interests, the Operator, notwithstanding any such prior deadlocked decision, shall have a deciding or casting vote of the Management Committee which shall resolve such deadlock. The Parties shall bear the expenses incurred by their respective members in attending meetings of the Management Committee. If personnel employed or engaged by the Operator in operations are required to attend a Management Committee meeting, reasonable costs incurred in connection with such attendance shall be a cost of the Joint Venture. All other costs shall be paid by the Parties individually. The Management Committee may from time to time make additional rules and adopt procedures for its proper functioning, provided such rules and procedures are not
inconsistent with the provisions of this Agreement.

6.5 **Negotiation of an Operating Agreement** - Within 30 days of making a Production Decision, the Parties covenant and agree that they shall meet to negotiate in good faith the terms and conditions of an operating agreement relating to the construction, commissioning and operation of a Mine and Plant with the intent that such operating agreement shall replace this Agreement, but unless and until such operating agreement is executed and delivered by the Parties, this Agreement shall remain in full force and effect.

6.6 **Closure Fund** - The Management Committee may establish and administer a closure fund (the “Closure Fund”) to be used by the Operator to fund ongoing rehabilitation and reclamation and Environmental Liabilities arising from operations on the Claims and to satisfy all legal obligations of the Parties in connection with any mine closure plan required under the provisions of the Mining Act and other applicable legislation including, without limitation, obligations for severance pay, pensions and other benefits for employees. Each Party shall fund its *pro rata* share of any such Closure Fund on an ongoing basis, including by way of letter of credit, bond or similar financial surety on terms reasonably acceptable to the Operator or any regulatory authority having jurisdiction. Accrued interest earned from time to time on any funds in the Closure Fund shall remain within and constitute part of the Closure Fund.

**ARTICLE 7 - PROGRAMS AND BUDGETS**

7.1 **Presentation & Approval of Programs and Budgets** - Operations shall be conducted only pursuant to an Approved Program. Proposed Programs and Budgets shall be prepared by the Operator and shall be for 6 month periods or any longer periods not to exceed one year. Each Approved Program regardless of length, shall be reviewed at least once per year at the annual meeting of the Management Committee. Within 60 days of completion of the last Approved Program, a proposed Program and Budget for the succeeding period shall be prepared by the Operator and submitted to the Parties. Within 20 days of receipt of the proposed Program and Budget, the Non-Operator may submit written comments to the Operator detailing revisions or modifications that it would like to have made to the proposed Program and Budget. If such written comments are received, the Operator, working with the Non-Operator, shall seek for a period of time not to exceed 15 days to develop a revised Program and Budget acceptable to both Parties. The Operator shall submit any revised proposed Program and Budget to the Parties at least 5 days prior to the next meeting of the Management Committee. At the meeting, the Management Committee shall consider and vote on the proposed Program and Budget. The Management Committee shall consider the Program and Budget submitted by the Operator, make such amendments thereto as it deems fit, and, if appropriate, approve a final Program and Budget which, if and when approved, shall constitute an Approved Program.
7.2 **Implementation of Approved Programs** - The Operator shall immediately implement each Approved Program; provided that the Management Committee shall be entitled, as it from time to time deems appropriate, to suspend or terminate prematurely an Approved Program prior to the completion thereof.

7.3 **Elections to Participate** - By notice to the Management Committee within 5 days after the final vote adopting an Approved Program, a Party may elect to contribute to such Program and Budget as follows:

7.3.1 its Cost Share based on its Participating Interest as of the beginning of the period covered thereby; or

7.3.2 to some lesser extent than its Participating Interest, or not at all, in which cases (except as provided in Section 7.5) its Participating Interest shall be recalculated as provided in Section 7.8, and such recalculated Participating Interest shall be effective the first day of the period covered by the Approved Program;

provided that, a Party which fails to provide notice to the Management Committee under this Section 7.3 shall be deemed to have elected to contribute to such Approved Program in proportion to its Participating Interest at the beginning of such Program. In the event both Parties elect pursuant to the provisions of Subsection 7.3.2 not to participate in such Approved Program, the Operator shall within 20 days prepare and present an alternative Program and Budget to the Parties pursuant to the provisions of Section 7.1, and the Operator shall call a Management Committee Meeting to consider and vote on such alternative Program and Budget.

7.4 **Budget Overruns; Program Changes** - The Operator shall immediately notify the Management Committee of any material departure from an Approved Program. If the Operator exceeds the total of the Budget for an Approved Program by more than 10%, then the excess over 10%, unless directly caused by an emergency or unexpected expenditure made pursuant to Section 5.16 or authorized or ratified unanimously by the Management Committee, shall be for the sole account of the Operator, and such excess shall not be included in the calculations of the Participating Interests pursuant to the provisions of Section 7.8. As provided in Section 5.9, Budget overruns of 10% or less in connection with an Approved Program for Exploration, but not for an Approved Program for Development before completion of a Feasibility Study, shall be borne by the Parties in proportion to their respective Participating Interests as of the time the overrun occurs.

7.5 **Where a Party Elects Not to Participate** - In the event of an election pursuant to the provisions of Subsection 7.3.2 by a Party (in this Section 7.5 called the “Non-Participating Party”) not to participate in an Approved Program, the Party which elected to participate may fund the portion of the Budget for such Approved Program which is not funded by the Non-Participating Party; provided however, that the Non-
Participating Party shall be entitled to revisit its election not to participate in such Approved Program and to elect to maintain its level of participation in the Joint Venture (as at the date such Approved Program was approved by the Management Committee) in any case where the aggregate expenditure actually incurred by the Operator in performing such Approved Program is less than 75% of the Budget for such Approved Program. The Operator shall give the Non-Participating Party notice of the actual expenditures incurred in carrying out such Approved Program and the Non-Participating Party shall have 30 days to pay its proportionate share of the actual costs incurred by the Operator in performing such Approved Program plus interest thereon accruing at an annual rate equal to the Prime Rate plus 3%. Such interest shall accrue to the benefit of and be payable to the Party which elected to participate, but shall not be deemed as amounts contributed by such Party if dilution occurs in accordance with Section 7.8. The Non-Participating Party shall deliver the appropriate amount (including interest) to the Party which elected to participate and funded such Approved Program within such 30 day period; provided that if the Non-Participating Party fails to pay its proportionate share of the actual costs incurred by the Operator in performing such Approved Program within such 30 day period, then the Operator shall recalculate the Participating Interests of the Parties pursuant to the provisions of Section 7.8. If the aggregate expenditure actually incurred by the Operator in performing an Approved Program is more than 75% of the Budget for such Approved Program, the Operator shall give the Non-Participating Party notice of the actual expenditures incurred in carrying out such Approved Program and the recalculated Participating Interests of the Parties pursuant to the provisions of Section 7.8. If the Party which elected to participate in the funding of the Approved Program does not elect to fund the portion of the Budget of such Approved Program which is not funded by the Non-Participating Party, the Operator shall within 20 days prepare and present an alternative Program and Budget to the Parties pursuant to the provisions of Section 7.1, and the Operator shall call a Management Committee Meeting to consider and vote on such alternative Program and Budget.

7.6 Failure of the Operator to Propose a Program and Budget - If within 90 days of the completion of any Approved Program the Operator shall fail to present a further Program (or, if such Program and Budget is submitted and either the Management Committee fails to approve such Program and Budget or the Operator fails to agree to participate therein), then the Non-Operator may propose a Program and Budget and submit it to the Management Committee for approval. Provided such Program and Budget shall be accepted by the Management Committee, then such Program and Budget shall become an Approved Program. Provided the incumbent Operator has elected to participate in such Approved Program, it shall be entitled to act as the Operator for such Approved Program. If the incumbent Operator has elected not to participate in such Approved Program, then the Party which proposed the Program shall be entitled to
become the Operator and to execute such Approved Program. Subject to the provisions of sections 5.3 and 5.5, the new Operator, upon completion of such Approved Program, shall be entitled to remain the Operator and to propose further Programs.

7.7 **Changes in Participating Interests** - A Party’s Participating Interest shall only be changed as follows:

7.7.1 upon an election pursuant to Section 7.3.2 to contribute to some lesser extent than its Participating Interest or not to contribute to an Approved Program in accordance with its Participating Interest;

7.7.2 as provided in Sections 7.5 or 7.8;

7.7.3 as provided in Section 7.10, in the event of default by a Party in paying its Cost Share of an Approved Program; or

7.7.4 pursuant to a transfer by a Party of all or a portion of its Participating Interest in accordance with Article 9.

7.8 **Voluntary Reduction in Participation Results In Dilution** - The Participating Interest of a Party which elects to participate in an Approved Program to some lesser extent than its Participating Interest or not to participate in any Approved Program or elects to participate in an Approved Program but who fails to pay its Cost Share of such Approved Program in accordance with its Participating Interest shall be recalculated, at the time of such election or failure to fund, by dividing:

7.8.1 the sum of:

(A) the value of that Party’s Initial Contribution; and

(B) the total of all that Party’s other outlays pursuant to the Option Agreement (without duplication) and its contributions to previous Approved Programs;

by:

7.8.2 the sum of subparagraphs 7.8.1 (A) and (B) above for both Parties;

and multiplying the result by 100, which can be expressed as a formula as follows:

\[
\frac{(A) + (B) \text{ of diluting Party}}{(A) + (B) \text{ of both Parties}} \times 100 = \text{Recalculated Participating Interest}
\]

7.8.3 the Participating Interest of the non-diluting Party shall thereupon become the difference between 100% and the Recalculated Participating Interest of the diluting Party.

7.8.4 as soon as practicable after the necessary information is available at the end of each period covered by an Approved Program, recalculation of each Party’s Participating Interest shall be made in accordance with the formula in this Section 7.8 to adjust, as necessary, the
recalculations made at the beginning of such period to reflect actual contributions made by the Parties during the period.

7.8.5 except as otherwise provided in Sections 7.3 and 7.11, a diluting Party shall retain all of its rights and obligations under this Agreement, including the right to participate in future Programs and Budgets at its recalculated Participating Interest.

7.8.6 The increased Participating Interest accruing to a Party as a result of the reduction of the other Party’s Participating Interest shall be free from all Liens arising by, through or under such other Party, other than those to which both Parties have given their written consent.

7.9 Cash Calls - On the basis of Approved Programs, the Operator shall submit to each Party, prior to the fifteenth day of each month, a Cash Call for its Cost Share of estimated cash requirements for the next month. Within 15 days after receipt of each billing, each Party shall advance to the Operator its Cost Share of the estimated amount. Time is of the essence of payment of such Cash Calls. The Operator may maintain a cash balance not to exceed the rate of aggregate cash disbursements for up to 2 months. After a decision has been made to begin Development, all funds in excess of immediate cash requirements shall be invested in interest-bearing accounts and credited to the Accounts for the benefit of the Parties.

7.10 Failure to Meet Cash Calls - A Party that fails to pay its Cost Share in the amount and at the times specified in Section 7.9 shall be in default, and the amounts of the defaulted Cash Call shall bear interest from the date due at an annual rate equal the Prime Rate plus 3%. Such interest shall accrue to the benefit of and be payable to the non-defaulting Party, but shall not be deemed as amounts contributed by the non-defaulting Party if dilution occurs in accordance with Section 7.8. If any Party fails to remedy a defaulted Cash Call within 30 days of receipt of notice of default, such Party’s Participating Interest shall be recalculated in accordance with the provisions of Section 7.8.

7.11 Multiple Defaulted Cash Calls - Notwithstanding any other provision of this Agreement, should either Party fail more than once to remedy a defaulted Cash Call by payment in full together with interest thereon as provided in Section 7.10 within 30 business days after receipt of notice from the Operator alleging such default, then on the second occurrence of failure to meet a Cash Call such Party shall have no right to remedy such default, and effective immediately upon issuance of such second notice of default by the Operator the Party in default shall forfeit its Participating Interest to the non-defaulting Party, the non-defaulting Party shall be deemed to own 100% Participating Interest and the Joint Venture shall be deemed terminated in accordance with the provisions of Section 10.5.

7.12 Recovery of Amounts Owing - Notwithstanding the forfeiture of the defaulting Party’s Participating Interest pursuant to Section 7.11, the non-defaulting Party shall have the right to independently exercise any
other rights or remedies available at law or in equity to recover any amount owing to it or to the Operator by the Party in default, which rights and remedies may be exercised in the alternative, concurrently or cumulatively. No delay or omission by the non-defaulting Party in exercising its rights and remedies under this Section 7.12 shall operate as a waiver thereof or of any other right or remedy and no single or partial exercise thereof shall preclude any other future exercise thereof or exercise of any other right or remedy. In addition, no Party shall have the right to participate in any Approved Program or be entitled to exercise its right to vote on any decision to be taken by the Management Committee if any undisputed sum is payable to the Operator and has been outstanding more than 60 days.

7.13 Variances in Cash Calls - Should the Cash Calls in any period be inadequate to cover all outlays made by the Operator each Party shall pay the Operator for its proportionate share of the shortfall according to its Participating Interest within 15 days of receiving an invoice therefor. Should the Parties share of the costs actually incurred be less than the aggregate Cash Calls as at the completion or other termination of an Approved Program, the Operator shall either refund to each Party its pro rata share of any such excess funds or apply such surplus cash to the respective Cost Share of each Party of the next succeeding Approved Program.

7.14 Accommodating Financing Requirements - Notwithstanding its approval of an Approved Program, each of the Parties shall be entitled to impose a moratorium on the activities of the Operator from time to time in order to arrange financing for its Cost Share of such Approved Program in accordance with the following parameters:

- 7.14.1 if a Party’s Cost Share exceeds $1,000,000, the Party shall be entitled to a 90 day moratorium to secure such financing;
- 7.14.2 if a Party’s Cost Share exceeds $2,000,000, the Party shall be entitled to a 120 day moratorium to secure such financing; and
- 7.14.3 if a Party’s Cost Share exceeds $5,000,000, the Party shall be entitled to a 180 day moratorium to secure such financing;

provided that, the Party requesting the moratorium must declare its intention to invoke the applicable provision of this Section 7.14 at the Management Committee meeting at which the Approved Program is approved, and if the requisite financing is secured before the expiration of the moratorium period the moratorium shall be deemed to terminate on the second business day following the date the Party announces the closing of such financing. All time periods, and any dates subsequent to the moratorium period shall be extended pro tanto for a commensurate period of time to take into account the delay arising out of such moratorium.
7.15 **Audits** - Upon request of a Party made within 24 months following the end of any calendar year (or, if the Management Committee has adopted an accounting period other than the calendar year, within 24 months after the end of such period), the Operator shall order an audit of the accounting and financial records for such calendar year (or other accounting period). All exceptions to the audit and claims upon the Operator for discrepancies disclosed by such audit shall be made in writing not later than 90 days after receipt of the audit report by the Party that requested the audit. A Party’s failure to make such exceptions or claims within the 90 day period shall:

- **7.15.1** mean that the accounting and financial records for such calendar year are deemed to be correct and they shall be binding upon the Parties, and
- **7.15.2** result in a waiver of any right to make claims for discrepancies disclosed by the audit.

Unless otherwise directed by the Management Committee the audit shall be conducted by a national firm of chartered accountants selected by the Operator and may be the firm which the Operator uses as external auditor. The cost of such audit shall be a Joint Venture expense. In addition each Party at its own expense shall have the right to conduct an independent audit at any time of all books, records and accounts relating to the Accounts. All exceptions to and claims upon the Operator for discrepancies disclosed by such independent audit shall be made in writing within 90 days after delivery of such audit, or they shall be deemed waived. Any challenged item that is not resolved within 180 days of the audit report relating thereto may be submitted to arbitration pursuant to the provisions of Article 13.

**ARTICLE 8 - FEASIBILITY STUDIES**

8.1 **Commissioning a Feasibility Study** - If and when the Management committee decides, based on a Mineral Resource report prepared on behalf of the Joint Venture, that the results of work conducted on the Claims are such that a Feasibility Study ought to be carried out thereon to determine the economic viability of making a Production Decision, the Management Committee shall instruct the Operator to commission such Feasibility Study. The Feasibility Study shall be performed by an independent firm of consulting mining engineers. Any such Feasibility Study undertaken by the Joint venture shall be targeted for completion within 24 months of being commissioned; provided that if the Management Committee reasonably concludes at any time that making a Production Decision would be premature because the Claims are not economically viable by reason of a **Vitiating Factor**, such as, deterioration of pertinent metal prices or other market conditions, the requirements of a Governmental Body, an event of force majeure, a recommendation by the engineering firm preparing such Feasibility Study that further advanced Exploration be undertaken or any other materially adverse development affecting the economic viability
of making a Production Decision, the Management Committee shall have the right to suspend the preparation of such Feasibility Study for whatever period is required to fully remedy, rectify or accommodate such Vitiating Factor, notwithstanding that it is not completed within such 24 month period.

A copy of the Feasibility Study shall be delivered to each Party as soon as issued. If the engineering firm preparing such Feasibility Study recommends that further advanced Exploration be undertaken before a Production Decision is made, the Operator shall submit a Program and Budget for such further advanced Exploration with a view to such becoming an Approved Program in the manner as set forth in Section 7.1.

8.2 **Approving a Feasibility Study** - Within 60 days following the completion of any Feasibility Study which recommends that the Claims be placed into Commercial Production, the Operator shall call a meeting of the Management Committee for the purpose of considering and, if deemed appropriate, approving the Feasibility Study and the manner in which the Feasibility Study is to be implemented. Upon any such approval being given by the Management Committee, such Feasibility Study and manner of implementation thereof shall constitute an Approved Program and the Parties shall be deemed to have made a Production Decision.

**ARTICLE 9 - TRANSFERS**

9.1 **Right of First Offer** - If a Party (in this Section 9.1 called a “Vendor”) wishes or seeks to transfer directly or indirectly all but not less than all its Participating Interest at any time during the term of this Agreement, such Vendor shall provide to the other Party (in this Section 9.1 called a “Purchaser”) notice (an “Offering Notice”) of such intention, of the consideration desired by the Vendor and of the other material terms of the proposed transfer. The Offering Notice shall for all purposes be deemed to be an offer by the Vendor to the Purchaser (irrevocable by the Vendor within the Acceptance Period) to transfer such Participating Interest for the consideration and on essentially the same terms specified in the Offering Notice. The Purchaser shall be entitled to acquire all but not less than all of the Participating Interest to be transferred by electing to do so within 60 days (the “Acceptance Period”) after receiving the Offering Notice. No Offering Notice may be given by a Vendor more than once in any 6 month period or for less than all the Participating Interest of a Vendor. If, within the Acceptance Period, the Purchaser does not advise the Vendor that it is electing to purchase such Participating Interest on the terms specified in the Offering Notice, the Vendor may, at any time within 60 days after the expiry of the Acceptance Period, transfer the said Participating Interest to a third party for the consideration and upon terms no more favourable to the third party than those referred to in the Offering Notice. In the event the Vendor does not so transfer such Participating Interest within such 60 day period, the provisions of this Section 9.1 shall again apply to any
subsequent transfer by the Vendor.

9.2 Non-Cash Consideration - If the third party offer received by the Vendor pursuant to Section 9.1 provides for any non-cash consideration to be paid to the Vendor, the Offering Notice shall specify the Vendor's good faith estimate of the cash equivalent of such non-cash consideration, which estimate, if not concurred in by the Purchaser, shall be submitted to arbitration for final determination pursuant to Article 13. Submission to arbitration, however, shall not affect the requirement that the Purchaser, should it wish to exercise its rights under Section 9.1 to make such election within the Acceptance Period. If the third party offer received by the Vendor provides for the Vendor to receive shares and/or other securities ("Shares") from or of the third party offeror, the Purchaser shall, pursuant to the exercise of its right of first offer in Section 9.1 be entitled to deliver to the Vendor at the Purchaser's option, as equivalent consideration therefor, cash equal to the cash equivalent value of such Shares (less a 20% discount if such Shares are not listed and posted for trading on any stock exchange and not therefore freely tradeable) or such number of common shares of the Purchaser having a cash equivalent value to such Shares (or a combination of cash and Purchaser's shares.) Such cash equivalent value for the Shares shall be determined by multiplying the number of Shares involved by the weighted average trading price per Share on the market, stock exchange or stock exchanges upon which such Shares are listed and posted for trading during the 20 consecutive trading days commencing on the 30th trading day immediately preceding the date of delivery of the Offer Notice. The cash equivalent value of any shares of the Purchaser issuable to the Vendor shall be determined in the same manner as for Shares.

9.3 Circumstances when Right of First Offer is Inapplicable - There shall be no right of first offer pursuant to Section 9.1 in those cases in which any Party wishes:

   (i) to transfer its entire Participating Interest by amalgamation, merger, corporate reorganization or sale of all or substantially all its assets; or

   (ii) to transfer all or part of its Participating Interest to an affiliated body corporate, provided the transferee shall assume the obligations of such Party and become a Party to this Agreement.

In addition, in the case of a transfer pursuant to item (ii) above, the transferor and transferee shall covenant and agree that such affiliate shall remain an affiliate of the transferor for a period of 2 years from the completion of such transfer (unless such affiliate shall prior thereto retransfer to the transferor the transferred Participating Interest back to the original transferor).

9.4 Novation - Any and all transfers of Participating Interests made by a Party shall be subject to the terms of this Agreement and all applicable laws and regulations. No transfer shall be effective until the
relevant transferee agrees to be bound by the terms and provisions of this Agreement as though it had been a Party in the first instance. For greater certainty, no transfer shall relieve the transferor from any obligation or liability accrued or accruing to it (including environmental, reclamation and rehabilitation obligations and liabilities) in consequence of operations performed pursuant to or arising out of this Agreement prior to such transfer and, in the case of any transfer specified in Section 9.3, after any such transfer, in other words, the transferor shall only be released and discharged from said obligations and liabilities accruing after a transfer and then only in the case of a transfer not specified in Section 9.3.

9.5 **Partition** - To the extent permitted by applicable law, each of the Parties hereby waives the benefit of all provisions of law, as now in effect, or as enacted in the future, relating to actions for partition or sale of real and personal property. Each of the Parties further agrees that it will not resort to any action at law or in equity to partition or sell any real or personal property subject to this agreement (or bring any other action seeking relief similar to, or having essentially the same effect as, partition) for the maximum time period (including renewals) permitted by applicable law.

9.6 **Mortgage of Participating Interest** - A Party shall be entitled to mortgage, encumber and/or charge its Participating Interest and/or assign its rights and obligations under this Agreement for the purpose of providing security to any bona fide lender(s) for funds borrowed, or guarantees given, by such Party (and/or an affiliate of such Party). Subject to the terms hereof, the Parties agree to sign such documents as may be reasonably required in connection with such mortgaging, encumbering and charging and the granting of security on the mortgagor's interest in the Assets; however, all its reasonable out-of-pocket costs (including legal fees) incurred in connection therewith shall be paid for by the mortgaging party. If such lender realizes on its security and acquires ownership of the mortgaged Participating Interest, such lender will have the same rights and be subject to the same obligations as the Party giving such mortgage or charge had or was subject to hereunder (including under this Article 9). All loan documents entered into by a Party shall reflect the application of this Agreement to the lender and, further, security shall not be given by any Party unless the proposed pledgee, mortgagee or holder of the charge or encumbrance (in this Section 9.6 called the “Secured Party”) first agrees, in form reasonably satisfactory to counsel for the Operator, that the security and the Secured Party’s interest therein will be subject to the provisions of this Agreement.

**ARTICLE 10 - TERM & TERMINATION**

10.1 **Termination in the event of Bankruptcy or Insolvency** - This Agreement may be terminated by either party by notice to the other party (the “Insolvent Party”) if the Insolvent Party shall dissolve, cease active business operations or liquidate and not continue business in another entity or form, or if the Insolvent Party
shall have been determined to be insolvent by a court of competent jurisdiction, or if voluntary bankruptcy, insolvency, winding up or reorganization proceedings shall have been commenced by the Insolvent Party, or if such proceedings shall have been brought against the Insolvent Party, or if the Insolvent Party shall have made a general assignment for the benefit of its creditors, or if a receiver of all or any substantial part of the Insolvent Party's assets shall have been appointed, or if the Insolvent Party shall have suffered or incurred any similar action in consequence of debt.

10.2  **Termination for Convenience** - If the Claims never vest or if, after the Earn-in Date, no Program is carried out on the Claims during a continuous period of 48 consecutive calendar months, either Party may at any time give notice to the other Party to terminate this Agreement for its convenience.

10.3  **Continuing Obligations of the Joint Venture** - If this Agreement is terminated pursuant to the provisions of either Section 10.1 or 10.2, the Joint Venture shall:

10.3.1 ensure that all reclamation, environmental and safety measures required by the Mining Act and all other applicable laws and regulations arising from the activities of the Joint Venture are complied with in respect of the Claims;

10.3.2 the Joint Venture shall surrender possession of and convey to each of the Parties their respective undivided interests in the Claims; provided that the Operator shall have the right of free entry into and upon the Claims for a period of 12 months after the date of such termination for the purpose of removing from the Claims all buildings, equipment, machinery and tools which it may have erected or placed thereon and which have not become fixtures; and

10.3.3 the provisions of this Section 10.3 shall survive the termination of this Agreement.

10.4  **Effective Date of Termination** - Notwithstanding the provisions of Section 10.3, when terminated pursuant to the provisions of either Section 10.1 or 10.2, this Agreement shall remain in full force and effect until all rehabilitation and reclamation work required by any applicable laws has been completed, all Assets have been fully disposed of and a final accounting of the Accounts has been rendered to the Parties, and only then shall this Agreement terminate.

10.5  **Termination for Cause** - If either Party elects for a second time pursuant to the provisions of Section 7.3 not to participate in an Approved Program, or if either Party fails for a second time to meet a Cash Call pursuant to the provisions of Section 7.11, this Agreement shall be terminated by notice from the innocent party to the non-participating Party or the party in default, as applicable.

10.6  **Effect of Termination of this Agreement** - The termination of this Agreement and the distribution of the Assets shall not relieve the Parties from any obligations or liabilities accrued or accruing to them under
this Agreement or in consequence of operations performed pursuant to or arising out of this Agreement prior to its termination.

ARTICLE 11 - NOTICE

11.1 Method of Giving of Notice and Documents - Any notice, payment or other documentation (collectively or individually, a “notice”) required or permitted to be given hereunder to a Party shall be in writing and shall be given by delivering such notice or payment to such Party or by sending such notice electronically by e-mail or fax to such Party at the following address:

To Temex:

Temex Resources Corp.
141 Adelaide Street West
Suite 901
Toronto, ON
M5H 3L5
Attention: Ian Campbell, President & CEO
Tel.: 416-862-2246
Fax.: 416-862-2244
E-mail: icampbell@temexcorn.com

To Creso:

Creso Resources Inc.
630, boul. Rene-Levesque O. suite 2930
Montreal (Quebec)
M3B 1S6
Attention: Sonia Carrasco
Tel.: 514-866-6001, ext. 239
Fax.: 514-866-6193
E-mail: scarrasco@creso.ca

or at such other address or e-mail or fax number as such Party shall have communicated to each other Party by notice. Any notice or document required or permitted to be given or sent hereunder to a party hereto shall be given or sent in the manner specified in this Section 11.1 for the giving of notice and shall be deemed to have been given at the time such notice or document is so delivered, e-mailed or faxed, as the case may be; provided, however, if such delivery, e-mail or fax occurs on any day which is not a business day, such notice shall be deemed to have been given on the first business day thereafter.

ARTICLE 12 - CONFIDENTIALITY

12.1 All Information is Confidential - Subject to Section 12.2, all information that the Parties may receive pursuant to the provisions of this Agreement shall be classified as secret and treated as proprietary
and shall not be shared with others without the prior consent of both Parties. Notwithstanding the foregoing, a Party may at any time and without the consent of the other Party share all or any part of such information with a company which is an affiliate of such Party, provided that such company so receiving such information shall agree with such Party to be bound by, and upon so receiving such information to observe, the provisions of this Article 12.

12.2 Exclusions - Without the prior approval of the Management Committee, the Parties (or their affiliates) shall not publish or disclose any information concerning the Joint Venture, the work conducted thereunder or the results thereof so long as they shall be a Party and for a period of 2 years thereafter other than:

12.2.1 as required by law or the rules, regulations and policies of any stock exchange, securities commission, Governmental Body or any other regulatory authorities having jurisdiction (including in connection with any public or private financing), together with any attendant public disclosure required by way of press release or otherwise;

12.2.2 as may be required by a Party in the prosecution or defence of a lawsuit or other proceedings;

12.2.3 as required by a financial institution or other similar entity in connection with any financing being undertaken by a Party required for purposes of this Agreement or otherwise;

12.2.4 as may be reasonably required by a third party in connection with the negotiation by such third party for the transfer of the Participating Interest of a Party, an interest in the Assets, or the acquisition of an equity or other interest in a Party;

12.2.5 information which is or becomes part of the public domain other than through a breach of this agreement;

12.2.6 information already in the possession of a Party (or its affiliates) prior to receipt thereof from the other Party (or its affiliates);

12.2.7 information lawfully received by a Party (or an affiliate) from a third party not under a binder of secrecy; or

12.2.8 information independently developed by a Party (or of an affiliate) who did not have access to information developed or acquired under this Agreement,

and, in the event of disclosure as contemplated in clause 12.2.1 above, the Party making such required disclosure shall first deliver a copy thereof to the other Party and, in the event of disclosure as contemplated in clauses 12.2.3 or 12.2.4 the person receiving the disclosed information shall agree to preserve the
confidential nature of such information except to the extent required to comply with any legal and/or regulatory requirement. Notwithstanding the foregoing, any Party may at any time and without the consent of the other Party share all or any of such data and information with a consultant provided that such consultant shall agree with such Party to preserve the confidential nature of such data and information. It is also understood and agreed that a Party shall not be liable to the other Party for the fraudulent or negligent disclosure of information by any of its employees, servants or agents; provided that such Party has taken reasonable steps to preserve, or complied with industry practice with respect to the preservation of, the confidential nature of such information.

12.3 Issuing Press Releases - A Party shall not issue any press release relating to the Claims or this Agreement except after having given the other Party an exposure draft thereof not less than 24 hours in advance of the publication, and the Party proposing to publish such press release shall make any reasonable changes to such proposed press release as may be timely requested by the non-issuing Party, provided, however, the Party proposing to publish such press release may without notice include in any such press release any information previously reported by the publishing Party. A Party shall not, without the consent of the other Party, issue any press release that implies or infers that the non-issuing Party endorses or joins the issuing Party in statements or representations contained in any press release.

ARTICLE 13 - MEDIATION & ARBITRATION

13.1 Submission of Disputes to Mediation and Arbitration - Subject to the provisions of Section 14.11, any dispute or difference between the Parties concerning this Agreement (whether or not specifically referred to in this Agreement as being subject to this Section 13.1) which cannot be resolved or settled by the Parties shall be submitted first to a mutually agreeable mediator for non-binding mediation of such dispute or difference. The Party desiring mediation shall notify the other Party of its intention to submit such dispute or difference to mediation and as well shall provide a brief description of the matter to be submitted for mediation and, if appropriate, the section(s) hereof pursuant to which such matter is submitted to mediation. The mediator chosen by the Parties shall be an Independent Expert, but such Independent Expert shall have no authority to bind the Parties. An Independent Expert, for the purposes of this Section 13.1 shall mean an independent consultant whose professional qualifications, including academic training and professional experience shall be apposite to the nature of the dispute or difference to be submitted to mediation, and such Independent Expert where practicable shall also have expertise with the mining exploration and/or mining business. On or before the 7th day following the appointment of the Independent Expert, each Party shall concurrently meet with the Independent Expert to explore the possibility of a
mediated resolution of their dispute or difference. Each Party shall make available all relevant data and information which the Independent Expert may reasonably request. The fees and expenses of the Independent Expert shall be borne by the Parties jointly. In the event that mediation efforts are unsuccessful, such dispute or difference shall be settled by arbitration. Any mediation or arbitration to be carried out under this Agreement shall be subject to the following provisions of this Article 13.

13.2 **Appointment of Arbitrator** - In the event that mediation does not result in a resolution of the dispute, the matters then outstanding shall immediately proceed to arbitration with no need for further notice between the Parties. No Independent Expert appointed to mediate a dispute or difference between the Parties pursuant to the provisions of Section 13.1 shall be appointed as an arbitrator pursuant to the provisions of this Section 13.2. Should the Parties fail to agree on an arbitrator to settle the relevant dispute within 15 days of failure of mediation, then the arbitrator shall be designated by the President or other officer of the Canadian Institute of Mining, Metallurgy and Petroleum, failing which appointment within 30 days thereafter the arbitrator shall be appointed by a Justice of the Ontario Superior Court of Justice on the application of either Party. The arbitrator appointed shall have professional qualifications, including academic training and professional experience, apposite to the nature of the dispute or difference to be submitted to arbitration and shall also have expertise with the mining exploration and/or mining business.

13.3 **Mechanics of Arbitration** - The arbitration shall take place in the City of Toronto, and the arbitrator shall fix the time and place for the purpose of hearing such evidence and representations as either of the Parties may present and, subject to the provisions hereof, the decision of the arbitrator shall be binding upon the Parties in respect of procedure, the conduct of proceedings and the final determination of the issues therein. The arbitrator shall be instructed to render his decision as soon as possible and, in any event, to use his reasonable best efforts to conduct the arbitration in such manner so as to be able to render such decision within 60 days of the conclusion of the hearing. The arbitrator may order any Party to produce documents prior to the arbitration or to submit a witness to discovery. After hearing any evidence and such representations that the Parties may submit, the arbitrator shall make his decision and reduce the same to writing and deliver one copy thereof to each of the Parties. The arbitrator may determine any matters of procedure for the arbitration not specified herein.

13.4 **Parties Financial Constrains Not Relevant** - In rendering an arbitration award, the arbitrator shall, where relevant to the subject matter of the dispute or difference, accommodate to the extent possible the reasonable, prudent and efficient exploration, development and operation of the Joint Venture and the Assets (with the financial constraints or condition of the Parties not being deemed relevant or considered in the determination of the arbitrator).
13.5 **Costs of Arbitration** - The costs of the arbitration shall be borne by the Parties as may be specified in the determination of the arbitrator.

13.6 **Award Specifically Enforceable** - The award of the arbitrator shall be non-appealable, conclusive and binding on the Parties and shall be specifically enforceable by any court having jurisdiction.

13.7 **Disputes Not to Interrupt Operations** - Notwithstanding the provisions of this Article 13, disputes or differences between the Parties shall not be allowed to interrupt activities or Commercial Production undertaken pursuant to this Agreement. In the event of any dispute or difference, activities contemplated herein or Commercial Production shall be conducted in the same manner as prior to such dispute or difference until the matter in dispute has been finally determined between the Parties. Upon final determination, the Parties shall make any payment or restitution which may be required under the terms of the settlement or final determination of the dispute.

**ARTICLE 14 - GENERAL**

14.1 **Further Assurances** - The Parties shall from time to time and at all times do such further acts and things and execute all such further documents and instruments as may be reasonably required in order to carry out and implement the true intent and meaning of this Agreement.

14.2 **Enurement** - This Agreement will be binding upon and enure to the benefit of the Parties and their respective successors and assigns as permitted. Nothing herein express or implied is intended to confer upon any person, other than the Parties hereto and their respective successors and permitted assigns, any rights, remedies, obligations or liabilities under or by reason of this Agreement.

14.3 **Time of the essence** - Time shall be of the essence hereof. Notwithstanding that time is of the essence, if the parties shall fix new dates for the completion of any of their obligations, time shall again be of the essence.

14.4 **Force Majeure** - If, as a result of an event of force majeure any Party is unable to perform fully or in part its obligations under this Agreement, the affected Party shall give the other Party prompt written notice describing such event of force majeure; thereupon, the obligations of the affected Party to the extent such obligations are affected by such event of force majeure, shall be suspended during the continuance of such event of force majeure. All time periods, and any dates subsequent to such extended period shall be extended for a commensurate period of time to take into account the extension and delay arising out of such event of force majeure. The affected party shall use all reasonable diligence to eliminate or overcome such event of force majeure as quickly as possible, but such requirement shall not require settlement of strikes or other labour difficulties against the judgment of the affected party or otherwise require the affected party
to undertake any commercially impracticable or unreasonable course of action.

14.5 **GST Registration** - Although each of the Parties to this agreement recognizes that it is responsible to separately account and, where necessary, register for the federal Goods and Services Tax ("GST"), it is agreed and the Parties elect that immediately following the Earn-in Date the Operator shall become the registrant for GST purposes with respect to the Joint Venture. The Operator shall account for the GST on all Assets, mining interests, goods and services acquired or supplied pursuant to the terms of this Agreement with all such actions to be deemed to have been made by the Operator, provided however, that in the event that the Operator is not a Party to this Agreement, the GST registrant shall be the Party having the greatest Participating Interest, or otherwise by mutual agreement. The Parties irrevocably authorize the Operator (or other GST registrant) to do such acts and execute such documents, and shall themselves do such further acts and execute and deliver such further documents as may be reasonably necessary or desirable to give effect to the election contained in this Section 14.5.

14.6 **Perpetuities** - If any right, power or interest of any Party under this Agreement would violate the rule against perpetuities, then such right, power or interest shall terminate at the earlier of the expiration of 21 years after the death of the last survivor of all the lineal descendants of Her Majesty, Elizabeth II, Queen of Canada, living on the date of execution of this Agreement, and such date as is otherwise required to render such right, power or interest effective pursuant to applicable law.

14.7 **Governing Law and Attornment** - This agreement shall be construed in accordance with and governed by the laws of Ontario and the laws of Canada applicable therein without reference to its conflict-of-law rules. The Parties hereby submit to the exclusive jurisdiction of the Courts of the Province of Ontario. Each of the Parties agrees not to commence any action, suit or proceeding against the other Party (or an affiliate of the other Party) or any of their employees, officers or directors in any jurisdiction other than Ontario.

14.8 **Supersession of Other Understandings** - This Agreement supersedes and replaces any and all written or oral agreements, arrangements, correspondence, conversations and documents relating to the subject matter hereof made or exchanged between the Parties prior to the execution of this Agreement.

14.9 **Covenants and Indemnities Continue in Effect:** The covenants and indemnities of the Parties shall survive the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby. Notwithstanding the transfer of ownership of the Claims nor any investigation made by or on behalf of a Party, nor any knowledge of a Party, all such covenants and indemnities shall continue in full force and effect without limitation.
14.10 **Set-Off** - In addition to all other rights and remedies of the Parties pursuant to this Agreement or otherwise, a Party shall be entitled to set-off the amount of any claim that it has against another Party pursuant to the provisions of this Agreement or otherwise, including a reasonable estimate of the amount of any Damages for which such other Party is or may be liable, against any amounts that may be payable hereunder to such other Party, provided that, in the event that subsequent to the time of set-off made by one Party, the liability of such other Party is determined to be less than the amount set-off by the first Party, the first Party shall pay to such other Party the excess amount of such set-off forthwith following such determination.

14.11 **Remedies** - Each of the Parties agrees that its failure to comply with the covenants and restrictions set out herein would constitute an injury and damage to the other party impossible to measure monetarily and, in the event of any such failure, the other Party shall, in addition and without prejudice to any other rights and remedies at law or in equity, be entitled to injunctive relief, specific performance or other equitable remedies restraining, enjoining or specifically enforcing any acquisition, sale, transfer, charge or encumbrance save in accordance with the provisions of this Agreement. A Party in breach of the provisions of this Agreement hereby waives any defence it might have in law or in equity to such injunctive or other equitable relief. A Party shall be entitled to seek injunctive relief in any court of competent jurisdiction in the event of a party’s failure or threat of a failure to comply with the covenants and restrictions set out herein. Notwithstanding anything to the contrary herein contained, all rights and remedies of each of the parties under this Agreement shall be cumulative and may be exercised singularly or concurrently.

IN WITNESS WHEREOF the parties hereto have executed this agreement under their respective corporate seals and the hands of their proper officers duly authorized in that behalf.

**TEMEX RESOURCES CORP.**

[c/o]

Ian Campbell, President & CEO

**CRESO RESOURCES INC.**

[c/o]

Marc Filion, Director
ACCOUNTING PROCEDURE

1. Interpretation

1.1 In this Schedule "A", the words and expressions used herein which are also defined in Article 1 of the Joint Venture Agreement made as of the 5th day of September, 2007 between Gresso Resources Inc. and Temex Resources Corp. are incorporated by reference and, unless the context otherwise requires, shall have the same meaning herein, and the following words and expressions shall have the meanings respectively assigned to them, as follows:

"Count" means a physical inventory count;

"Employees" means those employees of the Operator, including management, supervisory, administrative, clerical and other personnel, who are assigned to and/or directly engaged in the conduct of Exploration, Development or Mining operations, whether on a full-time or part-time basis, related to the Joint Venture;

"Employee Benefits" means the Operator's cost of holiday, vacation, sickness, disability benefits, field bonuses and any other customary allowances or payments, and the Operator's cost of plans for group life insurance, hospitalization, pension, retirement and other customary plans maintained for the benefit of Employees and Personnel, which costs, in the case of Employees or Personnel employed by the Operator, may be charged as a percentage assessment on the salaries and wages of Employees or Personnel on a basis consistent with the Operator's cost experience;

"Field Offices" means the necessary sub-office(s), camps, warehouses and other facilities in each place where an Approved Program is being administered or conducted;

"Government Contributions" means the costs or contributions made by the Operator pursuant to assessments imposed by any Governmental Body which are applicable to the salaries or wages of Employees or Personnel;

"Books of Account" means the books of account maintained by the Operator to record all costs, expenses, credits and other transactions arising out of or in connection with the Joint Venture;

"Material" means the personal property, equipment, inventories and supplies acquired or held, for use by the Joint Venture;

"Personnel" means those management, supervisory, administrative, clerical and other personnel of the Operator normally associated with a Supervision Office and whose salaries and wages are charged directly to the Supervision Office in question;

"Reasonable Expenses" means the reasonable expenses of Employees or Personnel for which those Employees or Personnel may be reimbursed under the Operator's usual expense account practice including, without limiting the generality of the foregoing, travelling, food and lodging expenses and any relocation expenses necessarily incurred in order to properly staff the Joint Venture; and

"Supervision Offices" means the Operator's offices or departments within the Operator's offices from which the Joint Venture is generally supervised (but, for greater certainty, excludes the head or executive offices of the Operator).
2. **Statements and Billings**

2.1 Advances and invoices and matters related thereto relating to Approved Programs shall be dealt with as set out in Article 7 of the Agreement.

3. **Direct and Indirect Charges**

3.1 In accordance with generally accepted accounting principles consistently applied, the Operator shall charge the Joint Account and record in the Books of Account the following items:

3.1.1 **Contractor's Charges** - all proper costs relative to the Joint Venture incurred under agreements or arrangements entered into by the Operator with third parties (including a Party to the Agreement);

3.1.2 **Labour Charges** -

   (i) the salaries and wages of Employees and Personnel in an amount calculated by taking the full salary or wage of each Employee or Personnel multiplied by that fraction which has as its numerator the total time for the month that the Employee or Personnel was directly engaged in the conduct of the business and undertaking of the Joint Venture and as its denominator the total normal working time for the month of the Employee or Personnel;

   (ii) the Reasonable Expenses of the Employees and Personnel;

   (iii) Employee Benefits and Government Contributions in respect of the Employees and Personnel in an amount proportionate to the charge made to the Joint Account in respect to their salaries and wages;

3.1.3 **Office Maintenance** -

   (i) the cost or a pro rata portion of the cost, as the case may be, of maintaining and operating the Field Offices and Supervision Offices (if any);

   (ii) the basis for charging the Joint Account for office maintenance costs shall be as follows:

      (a) the expense of maintaining and operating Field Offices; and

      (b) that portion of maintaining and operating the Supervision Offices which is equal to:

         (A) the total operating expenses of the Supervision Offices (excluding the salaries, wages, Reasonable Expenses, Employee Benefits and Government Contributions of Personnel directly charged to such Offices);

         divided by:
(B) the total staff man days for Personnel directly chargeable to such Office whether in connection with the Joint Venture or not;

multiplied by

(C) the actual total staff man days spent on the Joint Venture by Personnel directly chargeable to such Office;

(iii) The Operator shall be entitled to estimate, on a reasonable basis, and charge the Joint Account in advance for the foregoing office maintenance expenses; however, the Operator shall adjust office maintenance costs forthwith upon having determined the actual operating expenses and actual staff man days referred to above.

3.1.4 Material - the cost of Material purchased or furnished by the Operator for use in respect of the Joint Venture;

3.1.5 Transportation Charges - the cost of transporting Employees and Material necessary for the Joint Venture;

3.1.6 Service Charges -

(i) the cost of services and utilities procured from outside sources; and

use and service of equipment and facilities furnished by the Operator as provided

(ii) in Section 4.5 of this Schedule "B";

3.1.7 Damage to or Loss of Assets - All costs necessary for the repair or replacement of Joint Venture Property made necessary because of damage or losses incurred by fire, flood, storm, theft, accident or other cause. The Operator shall furnish each Party with written particulars of the damage or losses incurred as soon as practicable after the damage or loss has been discovered. The proceeds, if any, received on claims against any policies of insurance in respect of those damage or losses shall be credited to the Joint Account;

3.1.8 Legal Expense - All damages and costs of handling, investigating and settling litigation or recovering Assets, including without limiting the generality thereof, attorney's fees, court costs, costs of investigation or procuring evidence and amounts paid in settlement or satisfaction of any litigation or claims; provided, however, that, unless otherwise approved in advance by the Management Committee, no charge shall be made for the services of the Operator's legal staff;

3.1.9 Taxes - All taxes, duties, rates, fees, royalties or assessments (whether federal, provincial, or municipal) of every kind and nature (except income taxes) assessed, imposed or levied upon or in connection with the Property, the operations thereon or in respect of or measured by the Products thereof which have been paid by the Operator to any Governmental Body for the benefit of the Parties;
3.1.10 Insurance - Net premiums paid for:

(i) such policies of insurance on or in connection with the Joint Venture as may be required to be carried by law; and

(ii) such other policies of insurance as the Operator may carry for the protection of the parties, together with the applicable deductions in event of an insured loss;

3.1.11 Rentals - Fees, rentals, royalties and other similar charges required to be paid for acquiring, recording and maintaining the Property;

3.1.12 Permits - Permit costs, fees and other similar charges which are assessed by various Governmental Bodies;

3.1.13 Audit Fees - All costs of auditing the business and undertaking of the Joint Venture; and

3.1.14 Other Expenditures - Such other costs and expenses which are not covered or dealt with in the foregoing provisions of this Section 3.1 of this Schedule “B” and are necessary for the proper conduct of the Joint Venture or as may be otherwise contemplated in the Agreement or as are approved by the Management Committee.

3.2 Overhead Allowances - To cover a pro rata portion of the compensation or salaries, applicable payroll burden, employee benefits and other expenses of any management, supervisory, administrative, clerical or other personnel serving the Joint Venture which are not otherwise chargeable under Section 3.1 of this Schedule “B”, and a pro rata portion of the expenses of operating and maintaining the Operator’s offices and facilities not required exclusively for the Joint Venture, the Operator shall be entitled to charge the Joint Account the following:

(i) 10.0% of all costs of Exploration & Development Expenditures for Exploration, except contracts with a value exceeding $50,000, in which event the overhead allowance shall be charged at 3%;

(ii) 3.0% of the costs of all Development; and

(iii) after the commencement of Commercial Production 3.0% of all direct operating costs for Mining (excluding, for greater certainty, all depreciation, amortization and any other non-cash charges) and 3.0% of the costs of all Development.

4. Purchase of Material

4.1 Subject to Section 4.4 of this Schedule “B”, the Operator shall purchase all Materials and procure all services required by the Joint Venture.

4.2 Materials purchased and services procured by the Operator directly for the Joint Venture shall be charged to the Joint Account at the price paid by the Operator less all discounts actually received.
4.3 So far as it is reasonably practical and consistent with efficient and economical operations, the Operator shall purchase, furnish or otherwise acquire only such Material and Assets as may be required for immediate use. The Operator shall attempt to minimize the accumulation of surplus stocks of Material.

4.4 A Party may sell Material or services required by the Joint Venture to the Operator for such price and upon such terms and conditions (but not less favourable than competitive rates generally available in the area) as the Management Committee may reasonably approve, provided the Operator provides the Management Committee with clear evidence of the aforesaid competitive rates.

4.5 Notwithstanding the foregoing provisions of this Section 4, the Operator shall be entitled to supply for use in connection with the Joint Venture equipment and facilities which are owned by the Operator and to charge the Joint Account with reasonable costs commensurate with the ownership and use thereof.

5. Disposal of Material

5.1 The Operator, with the approval of the Management Committee, may sell any Material which has become surplus to the foreseeable needs of the Joint Venture for the best price and upon the most favourable terms and conditions available.

5.2 A Party may purchase from the Operator any Material which may become surplus to the foreseeable needs of the Joint Venture for such price (but not less than the fair market value thereof) and upon such terms and conditions as the Management Committee may reasonably approve.

5.3 The net revenues received from the sale of any Material to third parties or to a Party shall be credited to the Joint Account.

6. Inventories

6.1 The Operator shall maintain records of Material in reasonable detail.

6.2 The Operator shall perform Counts from time to time at reasonable intervals and shall, at least once in every operating year, reconcile each item of the inventory with the Books of Account and provide each Participating Party with a statement listing the overages and shortages. The Operator shall not be held accountable for any shortages of inventory except such shortages as may have arisen due to lack of reasonable diligence on the part of the Operator.

6.3 Each Party shall be entitled to perform a Count upon giving at least 10 business days advance notice thereof to the Operator, at the cost of such Party and during normal business hours. A Party who has not requested and taken a Count within 60 days of the fiscal year end of the Operator shall be deemed to have approved the inventory as determined by the Operator as at such year end.

7. Adjustments

7.1 The Operator shall not adjust any invoice or statement in favour of itself after the expiration of 12 months following the end of the operating year to which the invoice or statement relates.

7.2 The Operator may make adjustments to an invoice or statement which arise out of a Count.
Montreal, May 11, 2010

Mr. Ian Campbell
President and Chief Executive Officer
Temex Resources Corp.
141 Adelaide St. West, Suite 1660
Toronto, ON M5H 3L5

Subject: Option and Joint Venture Agreement between
Temex Resources Corp. and Creso Resources Inc. dated September 5, 2007

Dear Mr. Campbell:

This is to confirm between the parties that the definition of “Claims” in Article 1.1 of the Joint Venture Agreement referred to above and which reads as follows:

Quote: “Claims” means mining claim numbers L 1219455 and L 1229456, each comprising 12 claim units, in the Larder Lake Mining Division, in the Province of Ontario, including without limitation, mining claims or any other interest derived from or into which any such claims may have been or may become converted; and from time to time thereafter “Claims” shall mean the mining claims then comprising the subject-matter of this Agreement after giving effect to the abandonment or transfer of any of such mining claims; Unquote

Should have read and shall now read as follows:

Quote: “Claims” means mining claim numbers L 1219455 and L 1219456, each comprising 12 claim units, in the Larder Lake Mining Division, in the Province of Ontario, including without limitation, mining claims or any other interest derived from or into which any such claims may have been or may become converted; and from time to time thereafter “Claims” shall mean the mining claims then comprising the subject-matter of this Agreement after giving effect to the abandonment or transfer of any of such mining claims; Unquote

Best regards,

Marc Filion
President
Creso Resources Inc

Accepted by: Ian Campbell
President
Temex Resources Corp.