

STARFIRE MINERALS INC.
3B – 19299 94th Avenue
Surrey, BC V4N 4E6

April 7, 2011

LIAONING EDEN VENTURE INVESTMENTS LTD.
14C 328 Taylor Way
West Vancouver, BC V7T 2Y4

Attention: President

Dear Sirs/Mesdames:

Re: Corporate Joint Venture to explore and develop the Porphyry Pearl Property located in British Columbia

After friendly consultations, Liaoning Eden Venture Investments Ltd. (“**Liaoning**”) and Starfire Minerals Inc. (“**Starfire**”) hereby agree to jointly explore and develop (the “**Joint Venture**”) those certain minerals claims located in British Columbia and commonly referred to as the “**Porphyry Pearl Property**”, as more particularly described in Schedule “A” attached hereto and forming a material part of this letter agreement. This letter agreement sets forth the terms and conditions upon which the parties shall jointly explore and develop the Porphyry Pearl Property.

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

1. Within 10 days of the execution of this letter agreement, Starfire shall incorporate a British Columbia company with authorized capital of 1,000,000 common shares with no par value (“**NEWCO**”).
2. Within three months of the incorporation of NEWCO, Starfire, Liaoning and NEWCO shall execute the Subscription and Shareholders’ Agreement (the “**Shareholders’ Agreement**”) attached hereto as Schedule “B” and thereafter conduct of the parties under the corporate joint venture shall be governed by the Shareholders’ Agreement and this letter agreement. If there are any inconsistencies between this letter agreement and the Shareholders’ Agreement, the terms of the Shareholders’ Agreement shall prevail.
3. The parties agree to jointly work together to do and promote financing activities related to funding the Joint Venture.

4. The parties each represent and warrant to the other that:
- (a) it has been duly incorporated and is a valid and subsisting body corporate under the laws of its jurisdiction of incorporation;
 - (b) it has duly obtained all necessary governmental, corporate and other authorizations for its execution and performance of this letter agreement, and the consummation of the transactions contemplated herein shall not, with the giving of notice or the passage of time, or both, result in a breach of, constitute a default under, or result in the creation of any encumbrance on its assets under, the terms or provisions of any law applicable to it, its constating documents, any resolution of its directors or shareholders or any indenture, agreement or other instrument to which it is a party or by which it or its assets may be bound;
 - (c) no proceedings are pending for, and it is unaware of any basis for the institution of any proceedings leading to, its dissolution or winding up or the placing of it in bankruptcy or its subjection to any other law governing the affairs of bankrupt or insolvent persons; and
 - (d) it has full right, power and authority to enter into and accept the terms of this letter agreement and to carry out the transactions contemplated herein.

The representations and warranties of the parties set out herein are conditions upon which the parties have relied in entering into this letter agreement and shall survive the termination of this letter agreement, and each party shall indemnify and save the other harmless from all loss, damage, costs and expenses which may be suffered or incurred by the other as a result of or in connection with any breach or inaccuracy of any such representation and warranty made by such party.

5. At all times during the term of the Joint Venture, Starfire shall be responsible for ensuring that the mineral claims comprising the Porphyry Pearl Property are kept in good standing with the applicable regulatory authorities and any applicable costs relating thereto shall be borne by NEWCO.
6. At all times during the term of the Joint Venture, Starfire shall be responsible for ensuring that the exploration technology utilized to conduct exploration work programs on the Porphyry Pearl Property in accordance with any work programs approved by the Board of Directors

of NEWCO comply with applicable laws and industry standards and any applicable costs relating thereto shall be borne by NEWCO.

7. Starfire shall endeavour at all times during the term of the Joint Venture, to the best of its ability, to provide truthful and accurate geological report materials and data information to Liaoning, however, Liaoning acknowledges and agrees that neither Starfire nor any of its affiliates are providing any representation or warranty in respect of the accuracy, completeness or validity of the information relating to the Porphyry Pearl Property obtained by it from laboratories and other independent contractors and that no such representation or warranty shall be implied.
8. The parties acknowledge that in addition to the investment to be made in NEWCO pursuant to the Shareholders' Agreement, Liaoning may also invest in Starfire directly through the purchase of common shares of Starfire by way of a public financing or private placement financing made in accordance with all applicable laws.
9. This letter agreement may be terminated at any time by either party if NEWCO is not incorporated in accordance with the provisions of Section 1 above or if the Shareholders' Agreement is not executed in accordance with the provisions of Section 2. From and after the date that the Shareholders' Agreement is executed, this letter agreement shall automatically terminate concurrently with the termination of the Shareholders' Agreement, unless otherwise mutually agreed to by the parties.
10. All information concerning this letter agreement and any matters arising from or in connection herewith shall be treated as confidential by the parties and shall not be disclosed by either party to any other person (other than to an affiliate or to the directors, officers or employees of the disclosing party or its affiliate or to any legal, accounting, financial or other professional advisor of the disclosing party or its affiliate, provided that such persons are under obligation to maintain confidentiality with respect to such information) without the prior written consent of the other party, such consent not to be unreasonably withheld, except to the extent that such disclosure may be necessary for observance of applicable laws or stock exchange listing requirements or for the accomplishment of the purposes of this letter agreement. The provisions of this Section 10 shall survive any termination of this letter agreement.
11. Each party shall provide the other with a copy of any news release or other document containing exploration results or other information about the Porphyry Pearl Property or this letter agreement which it proposes to publish (including on any web-site or other electronic media) prior to publication of the same for the other party's consent which shall not be

unreasonably withheld or delayed in view of any timely disclosure obligations which may be applicable. Each party shall use reasonable efforts to respond to any request by the other party for such consent within two (2) business days, after which time failure to respond shall be deemed to be consent by such party.

12. No party shall be liable to the other party hereto and no party shall be deemed in default hereunder for any failure to perform or delay in performing any of its obligations under this letter agreement caused by or arising out of any event (a “**force majeure event**”) beyond the reasonable control of such party, excluding lack of funds but including lack of rights or permission by government authorities or indigenous peoples’ groups to enter upon the Porphyry Pearl Property to conduct exploration, development and mining operations thereon, war conditions, actual or potential, earthquake, fire, storm, flood, explosion, strike, labour trouble, accident, riot, unavoidable casualty, act of restraint, present or future, of any lawful authority, act of God, protest or demonstrations by environmental lobbyists or indigenous peoples’ groups, act of the public enemy, delays in transportation, breakdown of machinery, inability to obtain necessary materials in the open market or unavailability of equipment. No right of a party shall be affected for failure or delay of a party to perform any of its obligations under this letter agreement if the failure or delay is caused by a force majeure event. All times provided for in this letter agreement shall be extended for the period equal to the period of delay. The affected party shall take all reasonable steps to remedy the cause of the delay attributable to the events referred to above, provided that nothing contained in this section shall require any party to settle any labour dispute, protest or demonstration, or to question or test the validity of any governmental order, regulation, law or claim of right by indigenous peoples’ groups. The affected party shall promptly give notice to the other party of the commencement and termination of each period of force majeure event.
13. This letter agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein, without regard to the conflicts of laws principles thereof.
14. Any deadlock or dispute arising out of or in connection with this letter agreement among the parties shall be referred to arbitration pursuant to the following rules. There shall be a three-member panel. Each of the parties shall select one member of such panel and the third member shall be chosen by mutual agreement of the panel members chosen by the parties. The place of arbitration shall be Vancouver, British Columbia. The language of the arbitration shall be English. The arbitration shall be administered by and conducted in accordance with the rules of the British

Columbia International Commercial Arbitration Centre (“**BCICAC**”) or, if the BCICAC no longer is operative or is unwilling or unable to administer the arbitration, then it shall be administered by the ADR Institute of Canada, Inc. in accordance with its National Arbitration Rules.

15. Nothing in this letter agreement shall be deemed to constitute either party the partner, agent or legal representative of the other or to create any fiduciary relationship between them, for any purpose whatsoever.
16. Nothing in this letter agreement shall restrict in any way the freedom of either party, except with respect to its interest in the Porphyry Pearl Property, to conduct as it sees fit any business or activity whatsoever, whether in competition with the Joint Venture or otherwise, including the exploration for, or the development, mining, production or marketing of any mineral, without any accountability to the other party. No party which is the owner or operator of another mining property, mill or other facility shall be obliged to mill, beneficiate or handle any material from the Porphyry Pearl Property or otherwise deal with the Joint Venture.
17. This letter agreement is subject to TSX Venture Exchange approval.
18. All notices or other communications to be given hereunder shall be in writing and delivered by hand, facsimile or electronic transmission, and if delivered by hand, shall be deemed to have been given on the date of delivery or, if sent by facsimile or electronic transmission, on the date of transmission if sent before 5:00 p.m. (local time) and such day is a business day or, if not, on the first business day following the date of transmission.

Notices to Starfire shall be addressed to:

Starfire Minerals Inc.
3B – 19299 94th Avenue
Surrey, BC V4N 4E6

Attention: President
Fax: 604-455-0784

Notices to Liaoning shall be addressed to:

Liaoning Eden Venture Investments Ltd.
14C 328 Taylor Way
West Vancouver, BC V7T 2Y4

Attention: President
Fax: _____

Any Party may change its address for service aforesaid by notice to the other party specifying its new address for service hereunder.

19. The parties hereto shall from time to time do such further acts and things and execute such further documents and instruments as may be reasonably required in order to carry out and implement this letter agreement.
20. No modification, variation or amendment of this letter agreement shall be effective unless evidenced in writing, executed by both of the parties.
21. If any provision of this letter agreement shall be invalid, illegal or unenforceable in any respect under any applicable law, such provision may be severed from this letter agreement, and the validity, legality and enforceability of the remaining provisions hereof shall not be affected or impaired by reason thereof.
22. Time shall be of the essence of this letter agreement.
23. This letter agreement, including all schedules hereto, contains the entire understanding between the parties hereto dealing with the subject matter hereof and supersedes and replaces all negotiations, correspondence and prior agreements or understandings relating thereto.
24. This letter agreement is drawn up in the English language. This letter agreement may be translated into any language other than English provided, however, that the English text shall in any event prevail.

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25. This letter agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

If the terms set out in this letter agreement are acceptable to you, please sign the attached duplicate and return the same to my attention at your earliest convenience, and in any event by April 12, 2011. This letter agreement shall then constitute a binding agreement between us.

STARFIRE MINERALS INC.

per:

"Dan Mosher"
Authorized Signatory

Accepted and agreed to this _____ day of _____, 20__.

LIAONING EDEN VENTURE INVESTMENTS LTD.

per:

"Fred Eden"
Authorized Signatory

This is Schedule "A" to the Letter Agreement between
STARFIRE MINERALS INC.
and
LIAONING EDEN VENTURE INVESTMENTS LTD.
dated April 5, 2011

THE PORPHYRY PEARL PROPERTY

The Porphyry Pearl Property is comprised of the following mineral claims located in the Omineca Mining District, British Columbia:

<u>Claim Name</u>	<u>Record Number</u>	<u>Number Of Units</u>	<u>Hectare</u>	<u>Good to Date</u>
Pearl 1	406021	20	500	
Pearl 2	406022	20	500	
Pearl 3	406023	20	500	
Pearl 4	406024	16	400	
Pearl 5	409181	20	500	
Pearl 6	409182	20	500	
Pearl 7	409183	20	500	
Pearl	524927	CELL	1,669.202	
PP 1	414658	1	25	
PP 2	414659	1	25	
Pearl East 1	502951	CELL	434,748	
Pearl East 2	502954	CELL	173.900	
Pearl East 3	502957	CELL	208.669	
Pearl East 4	502961	CELL	86.929	

This is Schedule "B" to the Letter Agreement between
STARFIRE MINERALS INC.
And LIAONING EDEN VENTURE INVESTMENTS LTD.
dated April 5, 2011

THE SUBSCRIPTION AND SHAREHOLDERS' AGREEMENT

**SUBSCRIPTION AND
SHAREHOLDERS' AGREEMENT**

Among

STARFIRE MINERALS INC.

And

LIAONING EDEN VENTURE INVESTMENTS LTD.

And

[NEWCO]

[●], 2011

SUBSCRIPTION AND SHAREHOLDERS' AGREEMENT

THIS AGREEMENT is made as of the [●] day of [●], 2011,

AMONG:

STARFIRE MINERALS INC., a company incorporated and existing under the laws of British Columbia

(**"Starfire"**)

AND:

LIAONING EDEN VENTURE INVESTMENTS LTD., a company incorporated and existing under with the laws of British Columbia

(**"Liaoning"**)

AND:

[**NEWCO**], a company incorporated and existing under with the laws of British Columbia

(the **"Company"**)

WHEREAS:

- A. Starfire owns interests in certain mineral properties in the Province of British Columbia, as more particularly described in Exhibit "A" attached hereto (the **"Porphyry Pearl Property"**), which mineral properties it is prepared to transfer to the Company on the terms and conditions set out in the agreement attached as Exhibit "B";
- B. Pursuant to the terms of this Agreement, Starfire and Liaoning agree to become associated through the Company in order to explore and develop the Porphyry Pearl Property;
- C. Starfire and Liaoning agree that, upon completion of the transactions contemplated under the terms of this Agreement, each of Starfire and Liaoning shall hold such number of common shares in the capital of the Company so that Liaoning holds 51% of all outstanding shares and Starfire holds 49% of all outstanding shares; and
- D. The Parties wish to enter into this Agreement in order to govern the terms on which the Company shall be operated and the respective rights and obligations of the Shareholders in their capacity as shareholders of the Company.

NOW THEREFORE THIS AGREEMENT WITNESSES THAT in consideration of the premises and mutual covenants herein contained and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Parties agree as follows:

DEFINITIONS

1.1 Definitions. *The following terms shall have the following meanings:*

“Affiliate” means any Person which, directly or indirectly, controls, is controlled by, or is under common control with, a Party. For purposes of the preceding sentence, “control” means possession, directly or indirectly, of the power to direct or cause direction of management and policies through ownership of voting securities, contract, voting trust or otherwise.

“Agreement” means this Subscription and Shareholders’ Agreement, including all amendments and modifications thereof, and all schedules and exhibits, which are incorporated herein by this reference.

“Assets” means the Properties, Products and all other real and personal property, tangible and intangible, held by the Company.

“Board” or **“Board of Directors”** means the board of directors of the Company.

“British Columbia Corporate Law” means the Business Corporations Act (British Columbia), as amended, and regulations made thereunder.

“Business Day” means a day on which Canadian chartered banks are open for the transaction of regular business in the city of Vancouver, British Columbia.

“Chairman” means the chairman of the Board of Directors.

“Company” means [NEWCO], a British Columbia company.

“Continuing Obligations” means obligations or responsibilities that are reasonably expected to continue or arise after Operations on a particular area of the Porphyry Pearl Property has ceased or are suspended, such as future monitoring, stabilization, or Environmental Compliance.

“Development” means all preparation for the removal and recovery of Products, including the development, construction or installation of a Mine.

“Director” means a director of the Board; and for greater certainty includes any Representative.

“Effective Date” means _____, 2011, when the _____ Shares are issued to Liaoning pursuant to Section 3.1(a) herein.

“Environmental Compliance” means action performed during or after Operations to comply with the requirements of all Environmental Laws or contractual commitments related to reclamation of the Properties or other compliance with Environmental Laws applicable to the Properties, any Mine or the Company.

“Environmental Laws” means laws aimed at reclamation or restoration of the Properties; abatement of pollution; protection of the environment; protection of wildlife, including endangered species; ensuring public safety from environmental hazards; protection of cultural or historic resources; management, storage or control of hazardous materials and substances; releases or threatened release of pollutants, contaminants, chemicals or industrial, toxic or hazardous substances as wastes into the environment, including without limitation, ambient air, surface water and groundwater; and all other laws relating to the manufacturing, processing, distribution, use, treatment, storage, disposal, handling or transport of pollutants, contaminants, chemicals or industrial, toxic or hazardous substances or wastes.

“Environmental Liabilities” means any and all claims, actions, causes of action, damages, losses, liabilities, obligations, penalties, judgments, amounts paid in settlement, assessments, costs, disbursements, or expenses (including, without limitation, attorneys’ fees and costs, experts’ fees and costs, and consultants’ fees and costs) of any kind or of any nature whatsoever that are asserted against the Company or either Shareholder by any Person or entity other than the other Shareholder, alleging liability (including, without limitation, liability for studies, testing or investigatory costs, cleanup costs, response costs, removal costs, remediation costs, containment costs, restoration costs, corrective action costs, closure costs, reclamation costs, natural resource damages, property damages, business losses, personal injuries, penalties or fines) arising out of, based on or resulting from: (i) the presence, release, threatened release, discharge or emission into the environment of any hazardous materials or substances existing or arising on, beneath or above the Properties and/or emanating or migrating and/or threatening to emanate or migrate from the Properties to off-site properties; (ii) physical disturbance of the environment; or (iii) the violation or alleged violation of any Environmental Laws.

“Exploration” means all activities directed toward ascertaining the existence, location, quantity, grade or value of deposits of Minerals.

“Generally Accepted Accounting Principles” means accounting principles consistently applied and generally accepted in Canada, and recommended in the handbook of the Canadian Institute of Chartered Accountants, as those principles may be amended from time to time;

“Mine” means the workings, plant, facilities, infrastructure and improvements acquired, obtained or constructed in order to bring the Properties, or any portion thereof, into, and to maintain, the commercial production of Products.

“Minerals” means any minerals, precious or base, metallic or non-metallic, in, on or under the Porphyry Pearl Property which may lawfully be explored for, mined and sold.

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

“Operating Year” means a calendar year unless the Board of Directors determines otherwise.

“Operations” means every kind of work done by, or under the direction of, the Chief Executive Officer on or in respect of the Properties pursuant to a program and budget approved by the Board of Directors to carry out Exploration, if and when applicable to determine the feasibility of Development of a Mine, and, if approved by the Board, carry out Development of a Mine and to operate the Mine, in each case on behalf of or through the Company, including, without limitation:

- (a) surveying, mapping, sampling (including bulk or underground sampling), trenching, drilling and exploring (including geochemical and geophysical exploration);**
- (b) establishing drill sites, sample/core preparation and sample/core storage areas, pilot plant areas, temporary building areas, lay down areas and constructing such roads, airstrips, and other access as may be necessary to conduct Operations;**
- (c) transporting to and installing on the Properties, and removing from time to time, buildings, plant, equipment, machinery, tools, appliances, camp facilities, materials and supplies;**
- (d) engaging and transporting employees or contractors to work on the Properties;**
- (e) supplying food, lodgings and other reasonable needs for any employees or contractors engaged to work on the Properties;**
- (f) preparing reports, estimates and studies in respect of the Properties as the Board may deem necessary or as are required by terms set out herein;**
- (g) removing from the Properties reasonable quantities of rock and Minerals and to transport the same for purpose of sampling, testing, metallurgical testing, grading or assaying;**

- (h) **if and when applicable, designing a Mine;**
- (i) **if and when applicable, obtaining all permits, licences, approvals, government authorizations, rights of way and easements necessary in connection with Operations or the Development of a Mine, including environmental permits for tailings and waste disposal;**
- (j) **if and when applicable, securing all necessary ancillary lands, water rights and uses necessary in connection with Operations or the Development of a Mine, including local community negotiations and land and water purchases from individuals;**
- (k) **preparing and presenting to the Board of Directors programs and budgets and carrying out approved programs and budgets;**
- (l) **purchasing or otherwise acquiring all material, supplies, equipment, water, utility and transportation services required for Operations, such purchases and acquisitions to be made to the extent reasonably possible on the best terms available, taking into account all of the circumstances, and obtaining such customary warranties and guarantees as are available in connection with such purchases and acquisitions; and**
- (m) **if and when applicable, caring for and maintaining a Mine during periods in which the Mine is not in operation.**

“Parties” means Starfire, Liaoning, the Company and their respective permitted successors and assigns, and “Party” means any one of them.

“Person” means an individual, corporation, limited liability company, unlimited liability corporation, partnership, limited partnership, joint venture, firm, trust, unincorporated organization, government or any agency or political subdivision thereof or other entity or form of enterprise.

“Porphyry Pearl Property” has the meaning ascribed to it in Recital “A” above;

“Porphyry Pearl Property Agreement” means the agreement dated February 21, 2006, as amended August 4, 2006, July 30, 2009 and November 16, 2010, among Arne Birkeland, Starfire and Starfire Precious Metals Inc.

“Prime Rate” means the interest rate quoted as “[prime rate for loans to most favoured customers](#)” by the Royal Bank of Canada, at its head office [in British Columbia](#), as said rate

may change from day to day (which quoted rate may not be the lowest rate at which such bank loans funds).

“Products” means all Minerals (including concentrates derived therefrom) produced from the Properties.

“Properties” means those interests in the Porphyry Pearl Property and all other interests in mineral properties or real property which are acquired and held by the Company subject to this Agreement, less any mineral properties that are dropped or disposed of by the Company or added by acquisition or staking by the Company.

“Shareholders” means Starfire and Liaoning and any other Person who acquires Shares in accordance with the terms of this Agreement and **“Shareholder”** means any one of them.

“Shares” means the common shares in the capital of the Company with full voting rights.

“Transfer” means: (i) any transfer, sale, assignment, exchange, gift, donation or other disposition thereof whereby possession, legal title, direct ownership or the economic risk or return associated therewith passes directly or indirectly from one Person to another or to the same Person in a different legal capacity, whether or not for value, whether or not voluntary and however occurring; or (ii) any agreement, undertaking or commitment to effect any of the foregoing, but for greater certainty does not include the pledge by a Shareholder of its Shares to a creditor as security pursuant to a bona fide loan or similar agreement entered into by the Shareholder or any of its Affiliates.

REPRESENTATIONS AND WARRANTIES; TITLE TO PROPERTIES

Capacity of Shareholders. As of the Effective Date, each of the Shareholders represents and warrants as follows:

it is duly organized and existing and in good standing in its respective jurisdiction of incorporation, and is qualified to do business and is in good standing in those jurisdictions where necessary in order to carry out the purposes of this Agreement;

it has the capacity to enter into and perform this Agreement and all transactions contemplated herein and that all corporate and other actions required to authorize it to enter into and perform this Agreement have been properly taken;

it shall not breach any agreement, arrangement or its constating documents by entering into or performing this Agreement;

this Agreement has been duly executed and delivered by it and is valid and binding upon it in accordance with its terms; and

this Agreement is enforceable against it in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, and other laws of general application limiting the enforcement of creditors' rights generally and to the fact that specific performance is an equitable remedy available only in the discretion of a court.

Representations and Warranties of the Company. As of the Effective Date, the Company makes the following representations and warranties to Liaoning and Starfire:

the Company is a company duly organized and existing and in good standing in its jurisdiction of incorporation and is qualified to do business and is in good standing in those jurisdictions where necessary in order to carry out the purposes of this Agreement;

the Company has the capacity to enter into and perform this Agreement and all transactions contemplated herein and that all corporate and other actions required to authorize it to enter into and perform this Agreement have been properly taken;

the Company shall not breach any agreement, arrangement or its constating documents by entering into or performing this Agreement;

this Agreement has been duly executed and delivered by the Company and is valid and binding upon it in accordance with its terms;

this Agreement is enforceable against the Company in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, and other laws of general application limiting the enforcement of creditors' rights generally and to the fact that specific performance is an equitable remedy available only in the discretion of a court;

the Company's authorized share capital consists of 1,000,000 Shares without par value, of which, prior to the issuance of the full 510,000 Shares to Liaoning under the terms of this Agreement, 490,000 Shares shall be issued and outstanding and registered in the name of Starfire after completion of the transactions contemplated under Section 0;

no Person has any agreement, option, right or privilege (whether pre-emptive, contractual or otherwise) capable of becoming an agreement for the purchase, acquisition, subscription for or issue of any of the unissued Shares or other securities of the Company;

upon completion of the transaction under Section 0(c) of this Agreement, the Company shall hold 100% of the registered and beneficial title in the Porphyry Pearl Property, free and clear of all liens and encumbrances (subject to any royalty or similar agreements existing on the Effective Date in favour of government authorities or predecessors in title with respect to the Porphyry Pearl Property);

except as disclosed in this Agreement or otherwise in writing by Starfire to Liaoning prior to the Effective Date:

as of the time of the issuance of Shares of the Company to Liaoning pursuant to section 3.1(c) herein, the Company shall be in exclusive and peaceful possession of the Porphyry Pearl Property;

the Porphyry Pearl Property has been properly located and recorded in compliance with applicable British Columbia laws;

subject to the Porphyry Pearl Property Agreement, no Person, other than the Company, has any material interest in the Porphyry Pearl Property or any right to acquire such interest;

there are no earn-in rights, rights of first refusal, royalty rights or similar rights (other than those specified in the subject to the Porphyry Pearl Property Agreement) which would materially affect the Company's interest in the Porphyry Pearl Property;

the Company has not received any notice, whether written or oral, from any government authority of any revocation or intention to revoke the Company's interests in the Porphyry Pearl Property; and

the Porphyry Pearl Property is in good standing under applicable British Columbia law, and all work required under applicable British Columbia law to be performed thereon has been performed, all filings required to maintain the Porphyry Pearl Property in good standing have been properly and timely recorded or filed with appropriate governmental authorities, and all taxes, fees, expenditures and other payments in respect thereof have been paid or incurred, except where the failure to pay fees has been disclosed in writing to Liaoning and would not reasonably be expected to cause any of the mineral interests

comprising the Porphyry Pearl Property to no longer be in good standing;

there are no actions, suits, proceedings, inquiries or investigations existing, pending or threatened against or which adversely affect the Company or to which the Porphyry Pearl Property or the Company's assets is subject, at law or equity, or before or by any court, federal, provincial, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, which may in any way result in a material adverse effect on the condition (financial or otherwise), capital, property, assets, operations or business of the Company and is not subject to any judgment, order, writ, injunction, decree, award, rule, policy or regulation of any governmental authority, which, either separately or in the aggregate, may result in a material adverse effect on the condition (financial or otherwise), capital, property, assets, operations or business of the Company or the ability of the Company to perform its obligations under this Agreement;

the Company has complied with and is not in violation of any applicable laws, injunctions, orders, arbitral awards, judgments or decrees. The Company holds, and shall be in material compliance with the terms of, all licenses, permits, authorizations or similar approvals of any government authority required in connection with the Company's ownership of the Porphyry Pearl Property. The Company has not received any notice that any such permit, license, authorization or approval shall be terminated or modified or cannot be renewed in the ordinary course of business;

the Company has not entered into any agreement, arrangement, commitment or understanding (whether written or otherwise) that is currently in effect with respect to the Porphyry Pearl Property. The Company is not in default of any such agreements with respect to the Porphyry Pearl Property; and

to the Company's knowledge, after reasonable inquiry the conditions existing on or with respect to the Porphyry Pearl Property and the Company's ownership and operation of the Porphyry Pearl Property are not in violation of any applicable laws (including without limitation any Environmental Laws) nor causing or permitting any damage or Environmental Liabilities or impairment to the health, safety, or enjoyment of any Person at or on the Porphyry Pearl Property or in the general vicinity of the Porphyry Pearl Property.

Survival The representations and warranties contained in, and made as of the date of, this Agreement are conditions on which the Parties have relied in entering into this Agreement and shall survive the execution hereof.

ORGANIZATION, PURPOSES AND TERM

Subscription for Shares of the Company. Provided Starfire has transferred the Porphyry Pearl Property to the Company in accordance with the terms of the Agreement referred to in Section 0, Liaoning shall subscribe for a total of 510,000 Shares, which Shares shall represent 51% of the total issued and outstanding capital of the Company, by paying the aggregate amount of \$9,000,000 to the Company as follows:

\$3,000,000 shall be paid to the Company on the Effective Date, and forthwith after the receipt of said payment the Company shall allot and issue to Liaoning a share certificate for 170,000 Shares;

a further \$3,000,000 shall be paid on or before the date that is one year after the Effective Date, and forthwith after the receipt of said payment the Company shall allot and issue to Liaoning a share certificate for an additional 170,000 Shares (total: 340,000 Shares); and

a further \$3,000,000 shall be paid on or before the date that is two years after the Effective Date, and forthwith after the receipt of said payment the Company shall allot and issue to Liaoning a share certificate for an additional 170,000 Shares (total: 510,000 Shares).

Acquisition of the Porphyry Pearl Property by the Company

Starfire and the Company agree to enter into the shareholders' agreement attached as Schedule "A" hereto, under which, on or before the Effective Date, and subject to the exercise of the option and receipt of consent to transfer the interests of Starfire to the Company under the Porphyry Pearl Property Agreement, Starfire shall transfer to the Company the Porphyry Pearl Property free and clear of all liens, charges and encumbrances other than the underlying interests, including royalty interests, of predecessors in title as set out in the Porphyry Pearl Property Agreement.

Agreed Use of Subscription Funds. *Each of the Shareholders and the Company agrees that the Company shall use the aggregate \$9,000,000 of subscription proceeds to carry out work and tasks necessary for the purposes set out in Section 3.5 and for the Operations.*

General. *The Shareholders agree that all of their rights with respect to the Company and all of the Operations shall be subject to and governed by this Agreement. To the fullest extent permitted by British Columbia Corporate Law, this Agreement shall prevail as to any conflict between this Agreement and British Columbia Corporate Law or as to any matter provided for in this Agreement that is also provided for under British Columbia Corporate Law.*

Purposes. *The Company is formed for the following purposes and for no others, and the Company shall serve as the exclusive means by which the Shareholders, or either of them, accomplish such purposes:*

to conduct Exploration on the Porphyry Pearl Property;

to acquire additional mineral properties that may be necessary for Operations;

if and when applicable, to evaluate the Development and Mining of the Porphyry Pearl Property;

if and when applicable, to engage in Development, Mining and Operations on the Porphyry Pearl Property;

if and when applicable, to engage in marketing Products;

to complete and satisfy all Environmental Compliance obligations and Continuing Obligations affecting the Properties; and

to perform any other activity necessary, appropriate, or incidental to any of the foregoing.

At all times, the Party that is the majority Shareholder of the Company, shall take all reasonable commercial steps to cause the Company to carry out the foregoing purposes on sound mining and economic principles.

***Limitation.** Unless the Shareholders otherwise agree in writing, the Operations shall be limited to the purposes described in Section 3.5, and nothing in this Agreement shall be construed to enlarge such purposes.*

***Effective Date and Term.** This Agreement shall continue from the Effective Date and for so long thereafter until all Operations have ceased, all materials, supplies, equipment and infrastructure have been salvaged and disposed of, and any required Environmental Compliance is completed and accepted, unless this Agreement is earlier terminated, pursuant to Section 12.1.*

***Registered Office.** The registered and records office of the Company shall be located at such place in British Columbia as the Board of Directors of the Company shall determine from time to time.*

***Agreement to be Bound.** The Company covenants and agrees to carry on its business and operations in accordance with the provisions of this Agreement and to not take any action which would constitute a contravention of any of the terms or provisions hereof. Notwithstanding anything contained in this Agreement, however, the Company shall so conduct its business as to comply with British Columbia Corporate Law and any other applicable laws. Each Shareholder agrees to take all such steps as may reasonably be within such Shareholder's power, so as to comply with and act, and to cause its Affiliates and the Company to comply with and act, in a manner contemplated by the provisions of this Agreement and so as to give effect to the terms, intent and meaning of this Agreement and shall cause its Representatives on the Board of Directors to act accordingly and, if one or more of such Representatives fails to act accordingly, each Shareholder shall forthwith take such steps as may be within such Shareholder's power to immediately remove the non-complying Representative(s) from such position.*

***Interim Financial Statements.** The Company shall, as soon as possible after the last day of each fiscal quarter, prepare interim, unaudited financial statements for the Company consisting of a balance sheet dated as of the end of the fiscal quarter, a related statement of income or loss and a related statement of source and application of funds for such fiscal quarter, all of which shall be prepared in accordance with Generally Accepted Accounting Principles applied consistently from year to year and certified by management of the Company. A copy of such financial statements shall be furnished by the Company to the Shareholders within 60 days following the end of each fiscal quarter of the Company.*

RELATIONSHIP OF SHAREHOLDERS

No Partnership. *Nothing herein contained shall be construed as creating a partnership of any kind or as imposing upon any Shareholder any partnership duty, obligation or liability to any other Shareholder hereto. Except as otherwise agreed in writing by the Shareholders, neither Shareholder shall have any authority to act for the Company or another Shareholder or to assume any obligation or responsibility on behalf of the Company or the other Shareholder solely by virtue of being a Shareholder. Any Shareholder that takes any action or binds the Company in violation of this Section 0 shall be solely responsible for any loss and expense incurred by the Company or the other Shareholder as a result of the unauthorized action and shall indemnify and hold the Company and such other Shareholder harmless with respect to the loss or expense.*

No Holding Out. *No Shareholder shall, except when required by this Agreement or by any law, by-law, ordinance, rule, order or regulation, use, suffer or permit to be used, directly or indirectly, the name of any other Shareholder for any purpose related to the Porphyry Pearl Property or the Company.*

Other Business Opportunities. *Except as expressly provided in this Agreement, each Shareholder shall have the right independently to engage in and receive full benefits from business activities, whether or not competitive with the Operations, without consulting the other. The doctrines of "corporate opportunity" or "business opportunity" shall not be applied to any other activity, venture, or operation of either Shareholder, and neither Shareholder shall have any obligation to any other Shareholder with respect to any opportunity to acquire any mineral property outside the Porphyry Pearl Property at any time.*

Transfer of Shares. *Except as permitted by Article 7 of this Agreement, neither Shareholder shall Transfer all or any part of its Shares.*

Implied Covenants; No Additional Duties. *There are no implied covenants contained in this Agreement other than those contractual covenants of good faith and fair dealing.*

Extraordinary Resolutions. *The Company may not make a decision about, take action on or implement any of the following without the approval of the Shareholders (or Shareholder, as the case may be,) holding at least two-thirds (66 ²/₃) of the Shares in the aggregate, in addition to any Board of Directors or other approval required under British Columbia Corporate Law:*

amending or revoking the Constatng Documents of the Company in whole or in part or enacting any additional article except to resolve any conflict in favour of this Agreement;

increasing or reducing the authorized capital of the Company or increasing or reducing the issued capital of the Company by way of share split, share consolidation, conversion or exchange of securities or similar transaction;

amalgamating, merging or entering into an arrangement or other reorganization involving the Company;

purchasing, redeeming or acquiring any Shares or other securities of the Company;

selling all or substantially all of the Properties;

requiring or permitting any additional capital contribution by a Shareholder except as expressly provided for herein;

allotting, reserving, setting aside or issuing any Shares, except as expressly provided for herein;

determining the subscription price for Shares issued otherwise than in connection with a capital contribution and/or the value of any non-cash consideration contributed by a Shareholder;

creating, assuming or incurring any debt (other than capital leases or trade payables arising in the ordinary course of business) of the Company by:

entering into any loan arrangement with a Shareholder;

making any loan to any Person or guaranteeing the obligations of any Person; or

entering into any contract or other transaction with any Person who is not at arm's length to the Company or the Shareholders, except as expressly provided for herein; and

entering into any contract or agreement with either Party or an Affiliate of any Party hereto, other than as contemplated under the terms of this Agreement.

Form of Approval. Shareholders have ten (10) Business Days to give or decline any approval needed under Section 4.6 from the date such approval is requested in writing. If a Shareholder fails to respond within the specified time period, that Shareholder is deemed to have given the approval requested and shall take, or cause to be taken, all steps required under British Columbia Corporate Law, as may be necessary to give effect to these resolutions.

Labour Furnished by a Shareholder. Subject to the approval of the Board of Directors, any Shareholder shall be entitled to charge the Company for, and receive reimbursement therefor by the Company of:

- (a) salaries and wages of such Shareholder's employees directly engaged in Operations, including salaries or wages of employees who are temporarily assigned to and directly employed by same, and including without limitation the salary of the Chief Executive Officer and any other officer of the Company appointed by the Board of Directors;
- (b) the Shareholders' cost of holiday, vacation, sickness and disability benefits, and other customary allowances applicable to the salaries and wages chargeable under Section 4.8(a). Such costs may be charged on a "when and as incurred basis";
- (c) the Shareholder's actual cost of established plans for employees' group life insurance, hospitalization, pension, retirement, stock purchase, thrift, bonus (except production or incentive bonus plans under a union contract based on actual rates of production, cost savings and other production factors, and similar non-union bonus plans customary in the industry or necessary to attract competent employees, which bonus payments shall be considered salaries and wages under Section 4.8(a), rather than employees' benefit plans) and other benefit plans of a like nature applicable to salaries and wages chargeable under Section 4.8(a), provided that the plans are limited to the extent feasible to those customary in the industry; and
- (d) cost of assessments imposed by governmental authorities which are applicable to salaries and wages chargeable under Section 4.8(a), including all penalties except those resulting from the wilful misconduct or gross negligence of the Shareholder,

all on a pro-rata basis in respect of any employees that do not provide services to the Company on a full-time basis, provided that all payments to a Shareholder as set forth in this Section shall be made at a rate that is no less favourable to the Company than the rates available to the Company from qualified service providers that are at arms' length to the Company and its Shareholders and provide the same or substantially similar services.

CONTRIBUTIONS BY SHAREHOLDERS

Funding of the Company

Any funds required by the Company for Operations in excess of the subscription funds contributed by Liaoning under Section 0 as designated under Section 3.3 shall, to the greatest extent possible, be borrowed by the Company from a financial institution on terms acceptable to the Board or contributed by the Shareholders in proportion to their respective shareholdings in the Company ("Proportionate Share") in accordance with requests approved by the Board or shall be funded from the proceeds of sale of Products produced from Operations on the Properties, if applicable.

All funds in excess of immediate cash requirements received by the Company pursuant to cash calls shall be invested by the Company for the benefit of the Company in cash management accounts and investments selected at the discretion of the Board, which accounts may include, but are not limited to, money market investments and money market funds.

If both Shareholders contribute their Proportionate Shares of the Company's additional cash requirements as requested by the Board of Directors, each Shareholder shall be entitled to receive interest on that portion of its contribution that remains unpaid at a rate equal to the Prime Rate from the date of such contribution until it is repaid in full.

Subject to subsection 5.1(e), in the event that a Shareholder fails to advance cash to fund a cash call billing submitted by the Board, the other Shareholder (the "Funding Shareholder") shall have the right, but not the obligation, to fund all or part of the unpaid portion of the advance and for each \$1,000,000 that is advanced by the Funding Shareholder, such Funding Shareholder shall be allotted and issued such number of Shares as is equal to 8% of such Funding Shareholder's then shareholdings. (For example: if Liaoning owns 510,000 Shares at a time when it advances \$1,000,000 as a Funding Shareholder, then at the time of such advancement Liaoning shall be allotted and issued 40,800

Shares for the \$1,000,000 such that Liaoning shall then own a total of 550,800 Shares.)

The maximum Share ownership position that a Shareholder may attain through the funding cash calls pursuant to Subsection 5.1(d) is 90% of the Company.

BOARD OF DIRECTORS

General Responsibility and Authority. Subject to the terms and conditions set forth in this Agreement, the Board of Directors shall have the general responsibility and authority for the management of the affairs of the Company. Without limiting the generality of the foregoing, the Board of Directors shall:

establish objectives, policies and strategies relating to the Company and its Operations and for the supervision and carrying out of such objectives, policies and strategies;

consider proposed programs and budgets and to approve the same, with or without such amendments, additions, deletions and/or changes thereto as the Board of Directors may consider advisable;

appoint a Chief Executive Officer of the Company and any other officers of the Company and monitor and assess their performance periodically as the Board of Directors may consider advisable;

review ongoing programs and budgets, notwithstanding the prior approval thereof by the Board of Directors, and amend or change such ongoing programs and budgets as it considers advisable; and

review and consider data collected and reports produced in connection with Operations.

Appointment of Representatives. Subject to Sections 6.3 and 6.4, the Board of Directors shall be comprised from time to time of up to five (5) persons and Liaoning shall be entitled to appoint three (3) nominees and Starfire two (2) nominees (the “**Representatives**”) and one alternate director for each such nominee to the Board of Directors. Alternate directors may attend all meetings and an alternate director may act for any of a Shareholder’s Representatives in his or her absence. Each Shareholder may replace its Representatives or alternative Representatives by written notice to the other Shareholder and a resolution removing the Shareholder’s Representatives or alternative directors and appointing the Shareholder’s new Representatives or alternative directors, as the case may be, shall be adopted by consent, written resolution or at the next Shareholders’ meeting.

Reduction of Number of Representatives. In the event that Liaoning makes the payment contemplated by Subsection 3.1(a) but does not make the payments contemplated by Subsections 3.1(b) or 3.1(c) by the dates set forth therein or such later date as may be permitted pursuant to this Agreement, then Liaoning shall thereafter be entitled to appoint only one Representative and one alternate director and a sufficient number of Representatives appointed by Liaoning must resign or be removed (by vote of the Shareholders) in accordance with the requirements of British Columbia Corporate Law. In the event that Liaoning makes the payments contemplated by Subsections 3.1(a) and 3.1(b) but does not make the payment contemplated by Subsection 3.1(c) by the dates set forth therein or such later date as may be permitted pursuant to this Agreement, then Liaoning shall thereafter be entitled to appoint only two Representatives and an alternate director for each Representative and a sufficient number of Representatives appointed by Liaoning must resign or be removed (by vote of the Shareholders) in accordance with the requirements of British Columbia Corporate Law.

Resignation of Representatives. If a Shareholder Transfers all of its Shares under this Agreement (except to an Affiliate), the Representatives appointed by such Shareholder must resign or be removed (by vote of the Shareholders immediately prior to the Transfer) in accordance with the requirements of British Columbia Corporate Law. The new holder of the transferred Shares shall be entitled to the same rights to nominate Representatives as the transferring Shareholder had prior to such Transfer.

Frequency of Meetings. The Board of Directors shall meet at least once each calendar quarter either on dates fixed at an earlier meeting or as called by the Chairman; provided that up to three of the quarterly meetings per year may be cancelled if each of the Representatives consents to each such cancellation. If any event occurs between quarterly Board meetings and deferring discussion of the matter to the next Board meeting is not reasonable in the circumstances, a Representative may request the Chairman to call a meeting and the Chairman shall, within 15 days of being requested, call a meeting. Notwithstanding the foregoing, the requirement to hold any meeting may be dispensed with by consent of a Representative of each Shareholder. At least five days prior to calling a meeting, the Chairman shall circulate a draft agenda to each Representative. A Representative shall be entitled to have items added to the agenda upon delivering notice to the Chairman within two days of receiving the draft agenda. Otherwise, following the calling of a Board meeting, no item shall be added to the agenda nor dealt with at the Board meeting unless emergency items are brought forward by the Chairman, having given

as much advance notice as reasonably possible or unless a Representative from each Shareholder is present and agrees to the addition.

Notice of and Place of Meetings. *The Chairman shall give notice, specifying the time and place of, and the agenda and all relevant supporting financial and technical information for, each meeting of the Board of Directors, to all Representatives at least five days before the time appointed for the meeting. Notice of a meeting shall not be required if a Representative of each Shareholder is present, waives notice and agrees upon the agenda. The Board of Directors shall meet in a mutually agreeable place, and failing agreement, at the Company's principal office in British Columbia. Meetings of the Board of Directors may be held by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting by such communications equipment shall constitute presence in person at the meeting; provided, however, that all resolutions passed at any such meeting are unanimous and subsequently confirmed in writing.*

Quorum. *A quorum for any meeting of the Board of Directors shall consist of at least one Representative of each Shareholder present in person or by telephone. Subject to Section 0, if a quorum is present at the commencement of the meeting, the Board of Directors shall be competent to exercise all of the authorities, powers and discretion bestowed upon it.*

Adjournment for Lack of Quorum. *No business shall be transacted at any meeting of the Board of Directors unless a quorum is present. If a quorum is not present within half an hour from the time appointed for a meeting, the meeting shall, at the election of those Representatives who are present be dissolved or be adjourned to the same place but on a date and at a time to be fixed by the Chairman before the adjournment of the meeting, which shall be not less than 7 days following the original date for which the meeting was called. Notice of the adjourned meeting shall be given by the Chairman to all Representatives forthwith after the adjournment of the meeting. If a quorum is not present at the adjourned meeting within half an hour from the time appointed, the Representative or Representatives present and entitled to attend and vote at the meeting, shall constitute a quorum.*

Chairman and Secretary. *For so long as Liaoning makes the requisite payments within the requisite time periods set out in Section 3.1 above, then Liaoning shall be entitled to have one of its Representatives appointed as the Chairman of the Board of Directors. In all other circumstances, the Shareholder with greater than 50% of the Shares, shall be entitled to have one of its Representatives appointed as the Chairman of the Board of Directors. The Chairman shall be entitled to appoint the secretary for the meeting. The secretary of the meeting shall prepare minutes of that meeting and circulate copies thereof to each Representative within ten Business Days after the meeting. The minutes, when signed by all Representatives, shall be the official record of the decision made by the Board of Directors and shall be binding on the Operator and the Shareholders.*

Voting. *The Board of Directors shall decide every question submitted to it by a vote, with the Representatives of each Shareholder being entitled to cast one vote. The Chairman shall not be entitled to a casting vote. The Board of Directors shall make decisions by simple majority*

provided that any single expenditure or contractual commitment in excess of \$1,000,000 shall be made only by unanimous approval of all Representatives, such approval not to be unreasonably withheld.

Decision by Written Consent. Any action required or permitted to be taken at a meeting of the Board of Directors may be taken without a meeting and without prior notice if the action is evidenced by a written consent describing the action taken, signed by all of the Representatives. Action taken under this Section 6.11 shall be effective upon the signing by all Representatives of the consent, unless the consent specifies a different effective date.

Decisions Binding on Parties. Subject to this Agreement, decisions of the Board of Directors made in accordance with this Article 6 shall be binding upon all of the Shareholders.

Representatives' Expenses. Each Shareholder shall bear the expenses incurred by its Representatives in attending meetings of the Board of Directors. If personnel employed in Operations are required to attend a meeting of the Board of Directors, reasonable costs incurred in connection with such attendance shall be a cost to the Company.

Power to Establish Other Rules. The Board of Directors may, by agreement of all Representatives, establish such other rules of procedure, not inconsistent with this Agreement or with British Columbia Corporate Law, as the Board of Directors deems fit.

No Power to Bind. Except as set forth in this Agreement, no Representative (including the Chairman) shall have the power to bind the Company.

RESTRICTIONS

Restriction on Sales of Shares. Neither Party may sell its Shares in the Company for a period of three (3) years after the date hereof without the consent of the other Party, except as provided under the terms of this Agreement.

Right of First Refusal. A Shareholder shall not Transfer all or any part of its Shares which are held or acquired by it or any of its Affiliates, except pursuant to this Section 0.

Right of First Refusal – If a Shareholder or any of its Affiliates receives an offer from a third party to Transfer Shares to, or in favour of, such third party, which such Shareholder or such Affiliate (for the purposes of this Section, the “Disposing Party”) intends to accept, it shall not accept the same unless its acceptance is made conditional upon and until the Disposing Party has first irrevocably offered, by notice (the “ROFR Offer”), to Transfer such Shares to, or in favour of, the other Shareholder on the same terms and conditions as in the offer received (the “Right of First Refusal”). Such notice shall

include a true and complete copy of the third party offer received by the Disposing Party, including the third party's identity. To the extent the third party offer includes securities listed on a recognized North American, Australian, South African or Western European stock exchange (a "Listed Security"), the Disposing Party's notice to the other Shareholder shall include the Disposing Party's good faith estimate of the market value, in cash, of such Listed Securities and the other Shareholder may match the offer in respect of any Listed Securities by paying such estimate of the market value of the Listed Securities in cash. A Disposing Party may not Transfer Shares for consideration other than cash or Listed Securities. A Disposing Party may not Transfer Shares, unless all and not less than all of the Shares which are held by the Disposing Party or any of its Affiliates are being Transferred.

The other Shareholder shall have 60 days to provide notice to the Disposing Party that it accepts the ROFR Offer (the "**Acceptance Period**"). Failure to provide any acceptance notice within the Acceptance Period shall be deemed to be a rejection of the ROFR Offer.

If the other Shareholder does not accept the ROFR Offer within the Acceptance Period after delivery of written notice of the ROFR Offer, the Disposing Party shall then have 120 days to complete the Transfer to, or in favour of, the third party originally making the offer of all but not less than all of the Shares, on the same terms or terms no more favourable to the third party. In the event that the Disposing Party does not Transfer all of the Shares to, or in favour of, the third party on the same terms as offered to the other Shareholder or terms no more favourable to the third party within such 120 days, then the Disposing Party shall not proceed with any Transfer of such Shares without again complying with the Right of First Refusal.

If the other Shareholder delivers notice within the Acceptance Period that it accepts the ROFR Offer, such acceptance shall constitute a binding agreement of purchase and sale between the other Shareholder and the Disposing Party in respect of the Shares on the terms and conditions set out in the ROFR Offer (a "**Sale Transaction**").

Exceptions – The Right of First Refusal set out in this Section 0 shall not apply to:

a *bona fide* Transfer of all of its Shares by a Disposing Party to, or in favour of, any of its Affiliates. However, if the incoming Affiliate subsequently ceases to be an Affiliate of a Shareholder, the former Affiliate shall assign, transfer or sell all of the Shares back to the Disposing Party not later than contemporaneously with it ceasing to be an Affiliate of a Shareholder, provided that in the event the Disposing Party ceases to exist at such time, the former Affiliate shall assign, transfer or sell all of the Shares to a surviving entity that was

an Affiliate of the Disposing Party immediately prior to the Disposing Party ceasing to exist;

a *bona fide* corporate consolidation or reorganization or arrangement or amalgamation of a Shareholder by which the surviving entity or amalgamated entity shall possess substantially all of the stock or all of the property rights and interests, and be subject to substantially all of the liabilities and obligations of such Shareholder; and

a Transfer of all Shares held by a Shareholder that holds more than eighty percent (80%) of all of the issued and outstanding Shares.

Transferee Requirements – Any Transfer by a Shareholder (including to an Affiliate) of Shares shall be subject to the following limitations:

no transferee of all or any part of a Shareholder’s Shares shall have the rights of a Shareholder unless and until the Disposing Party has provided to the other Shareholder notice of the Transfer, and, except as provided in Section 0, the transferee, as of the effective date of the Transfer, has committed in writing to assume and be bound by this Agreement to the same extent as the Disposing Party;

neither Shareholder, without the consent of the other Shareholder, shall make a Transfer that shall violate any law, or result in the cancellation of any permits, licenses, or other similar authorization relating to the Assets; and

no Transfer permitted by this 0 shall relieve the transferring Shareholder of any liability of such transferring Shareholder under this Agreement, whether accruing before or after such Transfer.

Closing of a Sale Transaction – The closing of a Sale Transaction shall take place on the Closing Date. For purposes hereof, “Closing Date” means: (i) the date which is 30 days after the expiry of the Acceptance Period unless all filings, notices and authorizations necessary to complete the Sale Transaction have not been made, given or obtained by that date in which case the closing date shall be extended for up to 45 days in order to make, give or obtain the filings, notices and authorizations; or (ii) such earlier or later date as the parties to the Sale Transaction agree in writing. At 10:00 am (PST) on the Closing Date, the payment of the purchase price for the Shares (less any withholdings required by applicable law) shall be made by the other Shareholder against delivery by the Disposing Party of certificates representing its Shares, annotation of the Transfer in the Company’s register of members, and all such documents and instruments of transfer as may be required to effectively transfer the Shares from the Disposing Party to the

other Shareholder and the purchase of the Shares shall be deemed to have been fully completed and all right, title, benefit and interest, both at law and in equity, in and to the Shares or the relevant part thereof shall be conclusively deemed to have been transferred to and become vested in the other Shareholder and all right, title, benefit and interest, both at law and in equity, of the Disposing Party, or of any third party purporting to have any interest, legal or equitable, thereon or thereto, shall cease in respect of the Shares.

To the extent that the Disposing Party fails to execute or deliver all such assignments, transfers, deeds and instruments as may be necessary to effect a Sale Transaction contemplated in this Section 0, the Disposing Party hereby irrevocably constitutes and appoints the other Shareholder as its true and lawful attorney-in-fact and agrees for, in the name of and on behalf of the Disposing Party to execute and deliver in the name of the Disposing Party all such assignments, transfers, deeds and instruments as may be necessary effectively to transfer the Shares to the other Shareholder. Such appointment and power of attorney, being coupled with an interest, shall not be revoked by the insolvency or bankruptcy of the Disposing Party and the Disposing Party hereby ratifies and confirms and agrees to ratify and confirm all that the other Shareholder may lawfully do or cause to be done by virtue of the provisions hereof. In the event of exercise of this power of attorney, the other Shareholder shall satisfy payment of the purchase price for the Shares by paying such purchase price (less any withholdings required by applicable law) to the Disposing Party. If the purchase price has been so paid, then from the date of deposit, the Transfer to the other Shareholder is deemed to have been completed and all right, title, benefit and interest, both at law and in equity in and to the Shares is deemed to have been transferred to and become vested in the other Shareholder and all right, title, benefit and interest of the Disposing Party (or of any transferee or assignee thereof), in and to the Shares, immediately cease.

NO OTHER SHAREHOLDERS

No Other Shareholders. The Company shall not be entitled to issue Shares or instruments convertible, exercisable or exchangeable into Shares to any third party without the prior written approval of all Shareholders.

DISTRIBUTIONS

***Distributions.** At the end of the first quarter during which the Company receives proceeds from the sale of Product from the Mine following commencement of commercial production, each of the Shareholders shall, and shall cause its Representatives on the Board of Directors, to act in good faith and on a commercially reasonable basis to cause the Company, on a quarterly basis or such other time period as determined by the Board of Directors, to distribute its available cash, subject to the requirements of British Columbia Corporate Law, after allowing for funds to meet current and future obligations and reasonable reserves for future capital and operational expenses, including but not limited to taxes, and administrative and office expenses, in respect to the Operations and Mine closure and reclamation, by way of dividends or such other distributions (e.g., return of capital or contributed surplus) to the Shareholders pro rata in accordance with their respective shareholdings in the capital of the Company as the Board may decide, provided any such distribution by the Company shall be made at the same time and in amounts in accordance with each Shareholder's respective shareholdings in the capital of the Company.*

SHAREHOLDER MEETINGS

***Frequency of, Notice and Place of Meetings.** The Shareholders shall meet at least once a year either on dates fixed at an earlier meeting or as called by the Chairman. The Chairman shall give notice, specifying the time and place of each meeting of the Shareholders, and the agenda for such meeting, at least 10 days before the time appointed for the meeting, except for meetings called to deal with year-end results, in respect of which the Chairman shall give such notice at least 21 days before the time appointed for the meeting and include with the agenda for delivery to the Shareholders audited financial statements for the most recently completed financial year of the Company. Notice of a meeting shall not be required if all of the Shareholders are present, waive notice and agree upon the agenda. The Shareholders shall meet in a mutually agreeable place in British Columbia and failing agreement, at the Company's principal office in British Columbia. Meetings of the Shareholders may be held by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting by such communications equipment shall constitute presence in person at the meeting; provided, however, that (i) all resolutions passed at any such meeting are unanimous and subsequently confirmed by all Shareholders in writing; and (ii) a majority of the Shareholders that are present and participating in any such meeting must participate while being physically present in British Columbia.*

ABANDONMENT AND SURRENDER OF PROPERTIES

Surrender or Abandonment of Property. *The Board of Directors may authorize the Company, upon prior written notice of not less than 30 days being given to each of the Shareholders, to surrender or abandon part or all of the Properties. If the Board of Directors authorizes any such surrender or abandonment over the written objection of a Shareholder, the Company shall assign to the objecting Shareholder or an Affiliate designated by the Shareholder, by appropriate legal documentation and without cost to the surrendering Shareholder, all of the Company's interest in the part of the Properties to be abandoned or surrendered, and the abandoned or surrendered part of the Properties shall cease to be part of the Properties for purposes of this Agreement and the Company shall have no further right, title or interest therein.*

RESIGNATION AND DISSOLUTION

Termination. *This Agreement shall be terminated upon the occurrence of any of the following:*

on the later of the date that is 20 years after the date of this Agreement and the date that Products are no longer being commercially produced from the Properties, and all materials, supplies, equipment and infrastructure thereon have been salvaged and disposed of, and any required Environmental Compliance is completed and accepted; or

upon the unanimous written agreement of the Shareholders,

whereupon the Parties shall promptly proceed to dissolve or wind up the Company in accordance with British Columbia Corporate Law and any other applicable law.

Withdrawal from the Company. *A Shareholder may, at any time after it has completed its obligations under Sections 0 or 0, as the case may be, elect to withdraw from the Company by giving notice to the other Shareholder of the effective date of withdrawal, which shall be the later of the end of the then current program period or 30 days after the date of the notice. Subject to the foregoing sentence, 60 days following the withdrawal by a Shareholder, the withdrawing Shareholder shall be deemed to have Transferred to the remaining Shareholder all of its Shares. The withdrawing Shareholder shall execute and deliver all instruments as may be necessary in the reasonable judgement of the other Shareholder to effect the transfer of its Shares in the Company to the other Shareholder. If within a 60 day period both Shareholders elect to withdraw, then the Parties shall proceed to take all necessary action to dissolve or wind up the Company in accordance with British Columbia Corporate Law and any other applicable law.*

Liquidation and Termination After Dissolution. *As part of the dissolution or winding up of the Company, the Board or one or more liquidators appointed by the Shareholders shall take all action necessary to wind up the activities of the Company, including determining which Assets, if any, are to be distributed in kind, and shall sell or otherwise dispose of all other Assets of the Company. The Assets of the Company shall first be paid, applied, or distributed in satisfaction of all liabilities of the Company to third parties (or to making reasonable provision for the satisfaction thereof) and then to satisfy any debts, obligations, or liabilities owed to the Shareholders. Thereafter, any remaining cash and all other Assets shall be distributed to the Shareholders in accordance with the Constatting Documents of the Company and British Columbia Corporate Law. Each Shareholder shall have the right to designate another Person to receive any property that otherwise would be distributed in kind to that Shareholder pursuant to this Section 12.3.*

GENERAL PROVISIONS

13.1 Currency. Unless otherwise indicated, all dollar amounts referred to in this Agreement are expressed in Canadian funds.

13.2 Headings. The division of this Agreement into Articles, Sections, Subsections, other subdivisions and Appendices and the insertion of headings and a table of contents are for convenience of reference only and shall not affect the interpretation of this Agreement.

13.3 Number and Gender. In this Agreement, words importing the singular number only shall include the plural and *vice versa*, and words importing gender shall include all genders.

13.4 Governing Language. This Agreement is drawn up in the English language. This Agreement may be translated into any language other than English provided however that the English text shall in any event prevail.

13.5 Entire Agreement. This Agreement, including the agreements referenced in Schedule “B” hereto and Exhibit “A” thereto, constitutes the entire agreement between the Parties with respect to the subject matter hereof and supersedes all prior agreements, understandings, negotiations and discussions, whether written or oral. There are no conditions, covenants, agreements, representations, warranties or other provisions, express or implied, collateral, statutory or otherwise, relating to the subject matter hereof except as provided in this Agreement.

13.6 No Assignment. Subject to Section 0, no Party may assign this Agreement, whether by operation of law or otherwise.

13.7 Time of Essence. Time shall be of the essence of this Agreement.

13.8 Statutes. A reference to a statute, regulation or other legislation in this Agreement shall be deemed to extend to and include any amendments thereto and successor legislation.

13.9 “or” and “including”. In this Agreement the word “or” is not exclusive and the word “including” is not limiting (whether or not non-limiting language such as “without limitation”, “but not limited to” or other words of similar import are used with reference thereto).

13.10 Business Days. If any action is required to be taken under this Agreement on a day that is not a Business Day, such action shall be required to be taken on the next succeeding day which is a Business Day.

13.11 Severability. If any provision of this Agreement is or shall become illegal, invalid or unenforceable, in whole or in part, the remaining provisions shall nevertheless be and remain valid and subsisting and such remaining provisions shall be construed as if this Agreement had been executed without the illegal, invalid or unenforceable provision.

13.12 Schedules. The following Schedules are attached to and form an integral part of this Agreement:

Schedule “A”	Porphyry Pearl Property
Schedule “B”	Transfer Agreement – Porphyry Pearl Property

13.13 Notice. All notices or other communications to be given hereunder shall be in writing and delivered by hand, facsimile or electronic transmission, and if delivered by hand, shall be deemed to have been given on the date of delivery or, if sent by facsimile or electronic transmission, on the date of transmission if sent before 5:00 p.m. (local time) and such day is a Business Day or, if not, on the first Business Day following the date of transmission.

Notices to the Company shall be addressed to:

[NEWCO]
3B – 19299 94th Avenue
Surrey, BC V4N 4E6

Attention: President
Fax: 604-455-0784

Notices to Starfire shall be addressed to:

Starfire Minerals Inc.
3B – 19299 94th Avenue
Surrey, BC V4N 4E6

Attention: President
Fax: 604-455-0784

Notices to Liaoning shall be addressed to:

Liaoning Eden Venture Investments Ltd.

14C 328 Taylor Way
West Vancouver, BC V7T 2Y4

Any Party may change its address for service aforesaid by notice to the other party specifying its new address for service hereunder.

13.14 Waiver. No waiver of any breach of this Agreement shall be binding on a Party unless it is in writing and signed by that Party. Any waiver shall extend only to the particular breach so waived and shall not limit any rights with respect to any future breach.

13.15 Amendments. An amendment or variation of this Agreement shall only be binding upon a Party if evidenced in writing executed by that Party.

13.16 Enurement. This Agreement shall enure to the benefit of and be binding upon the Parties and their respective successors and permitted assigns.

13.17 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein, without regard to the conflicts of laws principles thereof.

13.18 Disputes. Any deadlock or dispute arising out of or in connection with this Agreement among Shareholders shall be referred to arbitration pursuant to the following rules. There shall be a three-member panel. Each of the Shareholders shall select one member of such panel and the third member shall be chosen by mutual agreement of the panel members chosen by the Shareholders. The place of arbitration shall be Vancouver, British Columbia. The language of the arbitration shall be English. The arbitration shall be administered by and conducted in accordance with the rules of the British Columbia International Commercial Arbitration Centre (“BCICAC”) or, if the BCICAC no longer is operative or is unwilling or unable to administer the arbitration, then it shall be administered by the ADR Institute of Canada, Inc. in accordance with its National Arbitration Rules.

13.19 Counterparts and Facsimile. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument. This Agreement and any counterpart thereof may be delivered by facsimile and when so delivered shall be deemed to be an original.

IN WITNESS WHEREOF the Parties hereto have executed this Agreement as of the date first above written.

STARFIRE MINERALS INC.

per:

**LIAONING EDEN VENTURE
INVESTMENTS LTD.**

per:

[NEWCO]

per:

SCHEDULE "A"

THE PORPHYRY PEARL PROPERTY

The Porphyry Pearl Property is comprised of the following mineral claims located in the Omineca Mining District, British Columbia:

<u>Claim Name</u>	<u>Record Number</u>	<u>Number Of Units</u>	<u>Hectare</u>	<u>Good to Date</u>
Pearl 1	406021	20	500	
Pearl 2	406022	20	500	
Pearl 3	406023	20	500	
Pearl 4	406024	16	400	
Pearl 5	409181	20	500	
Pearl 6	409182	20	500	
Pearl 7	409183	20	500	
Pearl	524927	CELL	1,669.202	
PP 1	414658	1	25	
PP 2	414659	1	25	
Pearl East 1	502951	CELL	434,748	
Pearl East 2	502954	CELL	173.900	
Pearl East 3	502957	CELL	208.669	
Pearl East 4	502961	CELL	86.929	

SCHEDULE "B"

PROPERTY TRANSFER AGREEMENT

PURCHASE AGREEMENT

THIS AGREEMENT (the “**Agreement**”) is dated as of the ♦ day of ♦, 2011

BETWEEN:

STARFIRE MINERALS INC., a company incorporated and existing under the laws of British Columbia

(the “**Seller**”)

AND

[NEWCO], a company incorporated and existing under the laws of British Columbia

(the “**Buyer**”)

WHEREAS

- A. Pursuant to the terms option agreement between Arne Birkeland, the Seller and Starfire Precious metals Inc., dated February 21, 2006, as amended August 4, 2006, July 30, 2009, and November 16, 2010 (the “**Option Agreement**”), a copy of which is attached hereto as Exhibit “A”, the Seller has the right to acquire, a 100% interest in those certain mineral properties located in British Columbia, Canada commonly referred to as the “**Porphyry Pearl Property**”, which mineral claims as more particularly described in Exhibit “B” attached hereto; and
- B. The Seller has agreed to sell and the Buyer has agreed to purchase the Porphyry Pearl Property from the Seller on the terms and conditions set out in this Agreement.

FOR GOOD AND VALUABLE CONSIDERATION, the receipt and sufficiency of which each party acknowledges, the parties agree as follows:

1. **Purchase Price.** The Seller sells and the Buyer purchases the Porphyry Pearl Property free and clear of all liens, charges and encumbrances other than as set out in paragraph 2 below, for and at a price equal to the fair market value of the Porphyry Pearl Property at the date of this Agreement (the “**Purchase Price**”), the best estimate of which is not less than \$[♦].
2. **Representations and Warranties.** The Seller warrants and represents to the Buyer that:
 - (a) It is duly incorporated and organized under the laws of the Province of British Columbia and has all necessary corporate power and capacity to enter into and to carry out the transactions contemplated under this Agreement and has taken all

necessary corporate proceedings to authorize the entering into of this Agreement;
and

- (b) It has the right to acquire a 100% interest under option that is in good standing and is assignable to the Buyer in and to the mineral properties comprised in the Porphyry Pearl Property and can transfer same to the Buyer free and clear of all liens, charges and encumbrances other than cash payments and the expenditures on the Porphyry Pearl Property required under the Option Agreement as noted in Exhibit "A" attached hereto.

3. **Consideration for Purchase of Porphyry Pearl Property.** In consideration of the transfer of the Porphyry Pearl Property to it by the Seller, the Buyer shall:

- (a) issue to the Seller 490,000 common shares without par value in the capital of the Buyer as fully paid and non-assessable; and
- (b) acknowledge receipt from the Seller of executed copies of the Option Agreement and its assignment to the Buyer and hereby agrees to assume, accept and carry out as and from the date of this Agreement all future obligations and liabilities, including, without limitation, all future payments and work program expenditures required to be made, by the optionee or its assignee under the Option Agreement that relate to the period after the date of this Agreement, with the Seller remaining liable for all obligations and liabilities that came due in or relate to the period prior to the date of this Agreement.

4. **Covenant and Agreement.** The Seller and the Buyer covenant and agree that:

- (a) the Purchase Price of the Porphyry Pearl Property shall be the fair market value of the Porphyry Pearl Property at the date of this Agreement; and
- (b) the Purchase Price as provided in paragraph 1 is the best estimate of the fair market value of the Porphyry Pearl Property currently available.

5. **Section 85 Election.** The Seller and the Buyer shall elect in the prescribed manner and within the prescribed time, under subsection 85(1) of the *Income Tax Act*, R.S.C. 1985 5th Supplement as amended (the "Act") to transfer the Porphyry Pearl Property at the agreed amount of \$[♦] (the "Agreed Amount").

6. **Assessment or Reassessment.** If any federal or provincial taxing authority (the "Taxing Authority") assesses or reassesses either of the parties for any income tax, sales tax, property purchase tax or any other tax on the basis of a determination by the Taxing Authority that:

- (a) the fair market value of the Porphyry Pearl Property differs from the estimate contained in paragraph 1; and

- (b) such determination is acceptable to the parties; or
- (c) such determination is disputed by the parties and a final settlement is reached by both parties with the Taxing Authority as to the fair market value of one or more Assets; or
- (d) such determination is disputed by either of the parties and a court of competent jurisdiction makes a final determination as to the fair market value of one or more Porphyry Pearl Property;

then:

- (e) the Purchase Price shall be adjusted retroactively to the date of this Agreement to an amount equal to the fair market value of one or more Porphyry Pearl Property determined as provided in this paragraph 6 (the “**Adjusted Values**”).
7. **Adjustments.** Any adjustments made under paragraph 6 **Error! Reference source not found.** shall be made with the same effect as if made at the date of this Agreement.
 8. **Further Assurances.** The Seller and the Buyer shall do all such further acts and things as may be necessary to give effect to the terms and conditions of this Agreement.
 9. **Enurement.** This Agreement shall enure to the benefit of and be binding upon the Seller and the Buyer and their respective heirs, successors and assigns.
 10. **Counterparts.** This Agreement may be signed by original or by facsimile or electronic transmission and executed in any number of counterparts, and each executed counterpart shall be considered to be an original. All executed counterparts taken together shall constitute one agreement.

TO EVIDENCE THEIR AGREEMENT each of the parties has executed this Agreement as of the date of this Agreement.

STARFIRE MINERALS INC.

per:

Authorized Signatory

[NEWCO]

per:

Authorized Signatory

EXHIBIT "A"
To the Purchase Agreement made between
Starfire Minerals Inc. and [NEWCO]
Dated [●], 2011

MINERAL PROPERTY OPTION AGREEMENT

EXHIBIT "B"
To the Purchase Agreement made between
Starfire Minerals Inc. and [NEWCO]
Dated [●], 2011

PORPHYRY PEARL PROPERTY

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