

AGREEMENT BETWEEN SAGUACHE COUNTY AND LEXAM
EXPLORATIONS (U.S.A.) INC. RELATING TO DRILLING AND
EXPLORATION ACTIVITIES IN SAGUACHE COUNTY, COLORADO

This Agreement is entered into this 17 day of April, 2007, by and between the County of Saguache, Colorado, a governmental entity ("County"), and Lexam Explorations (U.S.A.) Inc. ("Lexam").

WHEREAS, the County has the legal authority to adopt regulations establishing weight limitations and usage restrictions for roads which belong to the County; and

WHEREAS, the County had adopted a series of Resolutions in 1990 establishing weight limitations on County roads and certain usage restrictions. These Resolutions also established a permitting system and an excessive weight impact fee. The County and Lexam had entered into an agreement relating to those impact fees and certain activities then being conducted by Lexam in Saguache County; and

WHEREAS, those Resolutions, permit requirements and weight limitations have remained in effect since 1990; and

WHEREAS, Lexam is conducting certain activities with the County which have and will result in certain services being provided by the County which are not normally supplied to private entities and certain of Lexam activities will place an undue burden on the County roads; and

WHEREAS, the County adopted Resolution No. 2007 G-2 to update the weight limitations for the County road system and update the impact fees for use of the system to reflect current costs associated with undue impact by special activities and usage. The Resolution also provides that the County and entities whose activities will have an undue impact on the County roads may enter into an Agreement to address that impact; and

WHEREAS, the County and Lexam desire to enter into an Agreement to address the impact that Lexam's activities will and may have on the County roads and services, as well as other matters affecting the County created by Lexam's activities.

THEREFORE, in consideration for the mutual promises and covenants contained herein, and for such other good consideration, the sufficiency of which is hereby acknowledged, the parties agree as follows:

1. That the County will provide certain signage, at specified locations, as may be agreed to by Lexam and the County and that Lexam will pay the County Road and Bridge Department the sum of a minimum of \$100.00 for that signage.
2. That Lexam, to comply with the County road weight limitations, will weigh each truck that it owns, contracts for, or controls and uses for its activities within the County, and that will use any road in the County road system.
3. Lexam or its contractors will provide a copy of the weight ticket for each vehicle used or participating in its activities within the County, for each trip that the subject vehicle makes on the County road system, to the County's Road and Bridge Department.
4. Lexam agrees to pay to the County the sum of \$4.29 for each ton of weight that the vehicles Subject to this Agreement exceed the County road weight limit of 54,000 pounds.
5. That Lexam agrees to purchase a County Road Access Permit for accessing Saguache County Roads, from the Saguache County Road & Bridge Department, at the same cost charged by the County to other, similar users of County roads.
6. Said sum will be paid to the County on a monthly basis.
7. In order to minimize the cost and effort involved in disposing of cuttings from the drill sites and to minimize the impact that the drilling activities may have on Saguache County, Lexam further agrees that it will voluntarily test the "cuttings" which arise from the drilling of any exploration well or other exploration activities within the County of Saguache. Such testing shall be limited to those cuttings that visually exhibit substances other than dirt and rocks and for which Lexam proposes to permanently dispose in the County. These tests will be in addition to, or concurrent with, any other testing which may be required by Federal or State authority. The purpose of this testing is to determine if the cuttings can be safely used as website cover and/or road base materials, as well as to assist in determining if any special precautions are required for the permanent disposal of the cuttings. The testing will include:
 - .. Total petroleum hydrocarbons (TPH),
 - Sodium Adsorption Ratio (SAR),
 - Heavy metal concentrations,
 - pH level, and
 - Conductivity.

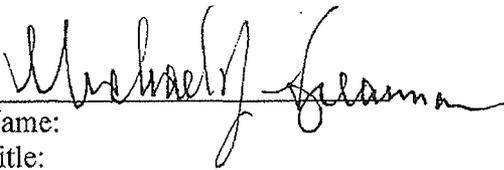
Lexam agrees that it will provide a report of the above tests and all other tests performed on the cuttings and fluids produced results from the drilling operation, as required by Federal or State agencies, to the County Land Use Department. Said testing will conform to the generally acceptable testing standards for the industry.

8. The County will discuss, following the receipt of the above tests, the possibility of potential uses for the cuttings from the drilling activities with Lexam.

9. The parties may modify the terms of this Agreement in a writing signed by authorized agents of both parties.

The undersigned, by executing this Agreement, hereby affirm that they have the authority to enter into this Agreement and to be bound by the terms contained herein.

SAGUACHE COUNTY:


Name:
Title:

LEXAM EXPLORATIONS
(U.S.A.) INC.:


Name: Stefan M. Spears
Title: VP Strategic Dev.