

**RIGHTS AGENCY AND CUSTODIAN AGREEMENT**

**THIS AGREEMENT MADE AS OF THE 25<sup>th</sup> day of April, 2007.**

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

**ST ANDREW GOLDFIELDS LTD.**, a corporation existing under the laws of the Province of Ontario,

(hereinafter called the “**Company**”)

- and -

**CIBC MELLON TRUST COMPANY**, a trust company existing under the laws of Canada and having an office in the City of Toronto, in the Province of Ontario

(hereinafter called “**CIBC Mellon**”)

**WHEREAS** the Company has resolved to issue rights (“**Rights**”) to purchase units (“**Units**”) of the Company (the “**Rights Offering**”);

**AND WHEREAS** each Unit consists of one common share of the Company (individually, a “**Common Share**” and collectively, the “**Common Shares**”) and one-half of one common share purchase warrant (each whole common share purchase warrant, a “**Warrant**” and collectively, the “**Warrants**”);

**AND WHEREAS** the Rights are to be issued to holders of Common Shares (the “**Shareholders**”) but delivered only to certain Shareholders as hereinafter described;

**AND WHEREAS** by a transfer agency agreement CIBC Mellon acts as registrar and transfer agent at its principal office in the City of Toronto, Ontario for the Common Shares;

**AND WHEREAS** the Company deems it expedient that CIBC Mellon act as registrar and transfer agent for the Rights, as custodian of monies tendered upon exercise of the Rights and as agent for the sale of certain of the Rights;

**AND WHEREAS** the foregoing recitals and statements of fact are made by the Company and not CIBC Mellon;

**NOW THEREFORE**, in consideration of the premises and mutual covenants set forth in this Agreement, the parties agree as follows:

## 1. Definitions

1.1 In this Agreement, unless there is something in the subject matter or context inconsistent therewith, the terms defined in this Section or elsewhere herein shall have the respective meanings specified in this Section or elsewhere herein:

- (a) “**Agreement**” means this rights agency and custodian agreement;
- (b) “**Additional Shares**” means the number of Common Shares available for subscription pursuant to the Additional Subscription Privilege after exercise of Rights;
- (c) “**Additional Subscription Privilege**” means the privilege of certain holders of Rights to subscribe for Additional Shares after the exercise of their Rights;
- (d) “**Common Shares**” has the meaning set out on the face page of this Agreement;
- (e) “**Creditors**” has the meaning set out in section 3.5;
- (f) “**Expiry Date**” means 4:00 p.m. (Toronto time), on May 31, 2007;
- (g) “**Non-Qualified Jurisdiction**” means anywhere other than the provinces of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario;
- (h) “**Non-Qualified Shareholders**” means all Shareholders whose addresses of record on the Record Date are in a Non-Qualified Jurisdiction;
- (i) “**OBCA**” has the meaning set out in section 6.2;
- (j) “**Record Date**” means as at the close of business on May 7, 2007;
- (k) “**Register**” has the meaning set out in section 2.2;
- (l) “**Rights**” has the meaning set out on the face page of this Agreement;
- (m) “**Rights Holder**” has the meaning set out in subsection 2.2(b);
- (n) “**Rights Offering**” has the meaning set out on the face page of this Agreement;
- (o) “**Rights Offering Prospectus**” means the rights offering prospectus of the Company dated April 25, 2007 under which the Rights are issued;
- (p) “**Shareholders**” means the holders from time to time of the Common Shares;
- (q) “**Subscription Funds**” means any and all monies tendered by eligible holders of Rights for the purchase of Units;
- (r) “**TAMI**” means managed accounts of Trapeze Asset Management Inc.;

- (s) “**TCC**” means managed accounts of Trapeze Capital Corp.;
- (t) “**Technifund**” means Technifund Inc.;
- (u) “**Warrants**” has the meaning set out on the face page of this Agreement.

## 2. **Appointment of Agent**

- 2.1 CIBC Mellon is hereby appointed as registrar and transfer agent for the Rights at its principal office and CIBC Mellon hereby accepts such appointment upon the terms hereinafter set forth.
- 2.2 CIBC Mellon shall keep the Company’s Rights register (the “**Register**”), a register of transfers and a supply of unissued Rights certificates and, subject to such instructions as may be from time to time given by the Company through any of its Chief Executive Officer, Chief Financial Officer, Corporate Secretary or other duly authorized officer, and in accordance with the Rights Offering Prospectus, CIBC Mellon shall:
  - (a) issue as of the Record Date, to the Shareholders, and hold on behalf of the Non-Qualified Shareholders, Rights certificates, as contemplated by the Rights Offering Prospectus, and record the issuance of such certificates on the Register;
  - (b) mail by first class insured mail (i) to each Shareholder, other than Non-Qualified Shareholders, a cover letter, the Rights certificate representing the Rights issued to the Shareholder, a copy of the Rights Offering Prospectus and a non-postage prepaid return envelope addressed to CIBC Mellon, and (ii) to each Non-Qualified Shareholder, a cover letter and a copy of the Rights Offering Prospectus;
  - (c) permit, in accordance with Section 3.3 of this Agreement, transfers of Rights to be made upon the Register by holders of Rights (the “**Rights Holder**”) or by their duly authorized representatives, and cancel Rights certificates surrendered upon such transfers;
  - (d) in accordance with the Rights Offering Prospectus, accept for exercise Rights from Rights Holders (other than Non-Qualified Shareholders subject to Section 3.2 hereof), along with Subscription Funds and cancel from the Register Rights certificates properly presented for exercise;
  - (e) until the Expiry Date, make such entries from time to time on the Register as may be necessary in order that the account of each Rights Holder may be properly and accurately kept;
  - (f) supply the Company from time to time, as requested in writing, lists of Rights Holders as shown on the Register, showing the name and last known address of each Rights Holder and the number of Rights held by each Rights Holder; and

- (g) forthwith after the Expiry Date and after all duly tendered subscriptions for Units have been calculated, cancel all Rights from the Register.

### **3. The Rights**

- 3.1 The Rights will be issued to all Shareholders shown on CIBC Mellon's Register on the Record Date, will be in fully registered form and will be freely transferable. The Rights will be exercisable in accordance with the Rights Offering Prospectus, but no Rights certificates will be delivered to Non-Qualified Shareholders (subject to Section 3.2 hereof).
- 3.2 CIBC Mellon shall be issued a single Rights certificate, in trust, representing all Rights of Non-Qualified Shareholders. CIBC Mellon shall hold such Rights until May 21, 2007 (ten days before the Expiry Date) in order to give the beneficial holders an opportunity to claim such Rights by satisfying the Company that the issue of Units pursuant to the exercise of Rights will not be in violation of the laws of the applicable jurisdiction.
- 3.3 CIBC Mellon agrees to transfer the Rights certificates of Rights Holders (other than Non-Qualified Shareholders subject to Section 3.2 hereof) who instruct CIBC Mellon to transfer their Rights pursuant to duly completed forms on their Rights certificates at any time or times prior to the Expiry Date.
- 3.4 In accordance with the Rights Offering Prospectus, CIBC Mellon shall accept subscriptions for Units from Rights Holders entitled to subscribe for Additional Shares pursuant to the exercise of the Additional Subscription Privilege along with the Subscription Funds and allocate the Additional Shares to those participants in the Additional Subscription Privilege in accordance with the terms and conditions set out in the Rights Offering Prospectus. CIBC Mellon shall send to each Rights Holder exercising the Additional Subscription Privilege and remitting excess funds, a cheque representing the amount of such excess funds (without interest or deduction) paid by such Rights Holder in respect of the subscription for Additional Shares not available to be issued to such Rights Holder.
- 3.5 CIBC Mellon acknowledges that, Technifund, TAMI and TCC (the "Creditors") are Shareholders that have advanced funds directly to the Company, and that the Creditors and the Company have agreed to set-off amounts owing by the Company to the Creditors in satisfaction of payment by the Creditors of Subscription Funds to CIBC Mellon, and upon receipt of a written direction of the Company, CIBC Mellon agrees to accept subscriptions for Units from the Creditors that are not accompanied by the applicable Subscription Funds.

### **4. Appointment of Custodian**

- 4.1 CIBC Mellon is hereby appointed as custodian for the receipt and holding of the Subscription Funds and CIBC Mellon hereby accepts such appointment.
- 4.2 CIBC Mellon is hereby appointed as custodian of Rights of all Non-Qualified Shareholders and CIBC Mellon hereby accepts such appointment. All such Rights are to

be held by CIBC Mellon in trust for the benefit of such persons and dealt with in accordance with Article 3 hereof.

- 4.3 Immediately upon receipt of any Subscription Funds, CIBC Mellon shall forthwith deposit the same in a non-interest bearing account maintained by CIBC Mellon for the Company.

**5. Delivery of Subscription Funds**

- 5.1 Any Subscription Funds which may be received by the Company will promptly be delivered or paid over to CIBC Mellon.
- 5.2 After the Expiry Date and after the calculation and tabulation of all properly tendered subscriptions, the Subscription Funds will be paid by CIBC Mellon to the Company and CIBC Mellon shall issue (as soon as practicable) certificates representing the Common Shares and the Warrants comprising the Units. The issuance of the Warrants comprising part of the Units is governed by a warrant indenture entered into between the Company and CIBC Mellon, as warrant agent, dated April 25, 2007.

**6. Subscription Funds**

- 6.1 CIBC Mellon may retain any cash balance held in connection with this Agreement and may, but need not, hold the same in its deposit department or the deposit department of one of its Affiliates or the deposit department of a Canadian Chartered Bank, but CIBC Mellon and its Affiliates or a Canadian Chartered Bank shall not be liable to account for any profit to the Company or any other person or entity other than at a rate, if any, established from time to time by CIBC Mellon, its Affiliates or a Canadian Chartered Bank.
- 6.2 For the purpose of this Section, "Affiliate" means affiliated companies within the meaning of the *Business Corporations Act* (Ontario) (the "OBCA"); and includes Canadian Imperial Bank of Commerce, CIBC Mellon Global Securities Services Company and Mellon Bank, N.A. and each of their affiliates within the meaning of the OBCA.

**7. Covenants by the Company**

- 7.1 The Company covenants with CIBC Mellon that:
- (a) it will pay CIBC Mellon's fees for its services hereunder in accordance with the fee schedule attached hereto as Schedule "A", and will repay to CIBC Mellon on request the amount of all expenses which CIBC Mellon reasonably incurs in the execution of its duties hereunder, including but not limited to postage, stationery, mailing insurance and telecommunications expenditures and Goods and Services Tax; and
  - (b) it will promptly give notice to CIBC Mellon of any and all changes to the terms and conditions of the Rights which it may resolve to make from time to time and

it will prepare and execute any and all documents to amend this Agreement pursuant to any such changes made.

## **8. Replacement of Lost Rights Certificates**

- 8.1 The authority of CIBC Mellon shall also extend to the issuance, as transfer agent and registrar of the Rights, of any Rights certificate(s), the issuance of which may be authorized, in writing, by the Company through its Chief Executive Officer, Chief Financial Officer, Corporate Secretary or other duly authorized officer, in lieu of a Rights certificate(s) claimed to have been lost, destroyed or stolen.
- 8.2 The applicant for the issuance of a new Rights certificate(s) pursuant to this Article 8 shall bear the cost of the issuance thereof and in case of loss, destruction or theft shall, as a condition precedent to the issuance thereof, furnish to the Company and to CIBC Mellon such evidence of ownership and of the loss, destruction or theft of the Rights certificate so lost, destroyed or stolen as shall be satisfactory to the Company and to CIBC Mellon in their sole discretion, and such applicant shall also be required to furnish an indemnity in amount and form satisfactory to the Company and CIBC Mellon in their sole discretion to save each of them harmless, and shall pay the expenses, charges and any taxes applicable thereto to the Company and CIBC Mellon in connection therewith.
- 8.3 No new Rights certificate(s) shall be issued in lieu of a Rights certificate(s) claimed to have been lost, destroyed or stolen until an indemnity bond naming CIBC Mellon and the Company as obligees and otherwise in amount and form satisfactory to the Company and CIBC Mellon in their sole discretion shall have been furnished to CIBC Mellon.

## **9. Indemnity of CIBC Mellon**

- 9.1 All Subscription Funds, while in the custody of CIBC Mellon, shall be and shall remain at the sole risk and responsibility of CIBC Mellon, and CIBC Mellon shall be liable to the Company for any loss, except a loss of profit, of the Subscription Funds while in the custody of CIBC Mellon. In no event will CIBC Mellon be liable for special, indirect, consequential or punitive loss or damages of any kind whatsoever (including, but not limited to, lost profits), even if CIBC Mellon has been advised of the possibility of such damages. Other than with respect to the Subscription Funds, CIBC Mellon's liability will be limited, in the aggregate, to an amount equal to its fee for acting under this Agreement.
- 9.2 The Company hereby indemnifies and saves harmless CIBC Mellon and its directors, officers, employees and agents from and against any and all liabilities, losses (except loss of profit), claims, damages, penalties, actions, suits, demands, levies, costs, expenses and disbursements, including any and all reasonable legal and advisory fees and disbursements, which may at any time be suffered by, imposed on, incurred by or asserted against CIBC Mellon, whether groundless or otherwise, howsoever arising from or out of any act, omission or error of CIBC Mellon in connection with its fulfilling its duties under this Agreement, provided CIBC Mellon has acted in good faith, without negligence and in accordance with its obligations hereunder. Notwithstanding any other

provision of this Agreement, this indemnity shall survive the removal or resignation of CIBC Mellon in connection with any or all of its duties under this Agreement and the termination of this Agreement.

- 9.3 Without in any way limiting the generality of the foregoing indemnity, CIBC Mellon may apply at any time to the Company, to counsel for the Company or to its own counsel at the expense of the Company for instructions or advice, and the Company will fully indemnify and hold CIBC Mellon harmless from any liability for any action taken by CIBC Mellon pursuant to such instructions or advice and any applicable legislation, regulation or order, provided it has acted in good faith, without negligence and in accordance with its obligations hereunder, or in accordance with or pursuant to such instructions or advice as may be given to it by the Chief Executive Officer, the Chief Financial Officer, the Corporate Secretary or other duly authorized officer of the Company or by counsel for the Company or by its own counsel. This indemnity shall survive the removal or resignation of CIBC Mellon in connection with any and all of its duties and obligations under this Agreement.

**10. Notices**

- 10.1 All payments and notices to be made or given pursuant to this Agreement shall be made in writing and mailed by first class insured letter postage prepaid, delivered by hand or, in the case of a notice, delivered by facsimile. Any payment or notice so mailed shall be deemed to have been given and received by the addressee on the third business day next following the day on which such payment or notice is mailed; any payment or notice so delivered shall be deemed to have been given on the delivery date; and, in the case of a notice which is delivered by facsimile, such notice shall be deemed to have been given upon receipt by the sender of a confirmation of successful transmission, at the offices and to the parties at the address shown below.

If mailed or delivered by hand to CIBC Mellon:

**By Mail:**

CIBC Mellon Trust Company  
320 Bay Street  
P.O. Box 1  
Toronto, Ontario, M5H 4A6  
Attention: Vice President, Client Services

**By Hand or by Courier:**

CIBC Mellon Trust Company  
320 Bay Street  
Ground Floor  
Toronto, Ontario, M5H 4A6  
Attention: Vice President, Client Services

If delivered by facsimile to CIBC Mellon:

Facsimile No.: (416) 643-5570  
Attention: Vice President, Client Services

If to the Company:

St Andrew Goldfields Ltd.  
1540 Cornwall Road, Suite 212  
Oakville, Ontario L6J 7W5  
Attention: Mary Quinn, Corporate Secretary  
Facsimile No.: (905) 815-9437

**11. General**

- 11.1 It is understood and agreed that any benefits accruing to Rights Holders at any time accrue to each and every holder as against the Company alone; in all respects, subject to Article 3 and Section 4.2 hereof, CIBC Mellon shall act as agent of the Company in the execution of its duties assumed hereunder.
- 11.2 Time shall be of the essence of this Agreement.
- 11.3 This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.
- 11.4 This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.
- 11.5 Subject headings used in this Agreement are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.
- 11.6 In the event of any inconsistency between the provisions of this Agreement (other than Article 9 hereto) and the Rights Offering Prospectus, the terms of the Rights Offering Prospectus shall govern.
- 11.7 This Agreement may be executed by facsimile transmission and in one or more counterparts, each of which shall be deemed an original and all of which, taken together, shall constitute one and the same instrument.

*[Remainder of page intentionally left blank. Signature page follows.]*



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

**ST ANDREW GOLDFIELDS LTD.**

Per: “Glenn Laing”  
Name: Glenn Laing  
Title: President and CEO

**CIBC MELLON TRUST COMPANY**

Per: “Warren Jansen”  
Name: Warren Jansen  
Title: Authorized Signatory

Per “Bruce Cornish”  
Name: Bruce Cornish  
Title: Authorized Signatory

**Schedule "A"**

**CIBC Mellon Fee Schedule**