

LOCK-UP AGREEMENT

THIS AGREEMENT is made the 21st day of July, 2006,

BETWEEN:

STORNOWAY DIAMOND CORPORATION, a corporation existing under the laws of the Province of British Columbia ("**Stornoway**")

AND:

AGNICO-EAGLE MINES LIMITED, a corporation existing under the laws of the Province of Ontario ("**Seller**")

WHEREAS the Seller is the registered and/or direct or indirect beneficial owner of the issued and outstanding Contact Shares (as defined herein) of Contact Diamond Corporation ("**Contact**") set forth opposite the Seller's name in Schedule A to this Agreement;

AND WHEREAS the Seller understands that Stornoway and Contact are, concurrent with the execution and delivery of this Agreement, executing and delivering the Support Agreement (as defined herein) providing for the Offer (as defined herein) to purchase all of the Contact Shares;

AND WHEREAS this Agreement sets out the terms and conditions of the agreement of the Seller (i) to tender the Seller's Contact Shares to the Offer and (ii) to abide by the other restrictions and covenants set forth herein;

AND WHEREAS the Seller acknowledges that (i) Stornoway would not enter into the Support Agreement but for the execution and delivery of this Agreement by the Seller and (ii) it is a condition of Stornoway's obligation under the Support Agreement to make the Offer that the Seller enters into this Agreement with Stornoway;

AND WHEREAS Stornoway acknowledges that the Seller would not enter into this Agreement but for the execution and delivery of the Support Agreement by Stornoway and Contact providing for the Offer to purchase all of the Contact Shares;

NOW THEREFORE this Agreement witnesses that, in consideration of the premises and the covenants and agreements herein contained, the parties hereto agree as follows:

ARTICLE 1 **INTERPRETATION**

1.1 Definitions

In this Agreement:

- (a) "**affiliates**" has the meaning ascribed thereto in the Securities Act;
- (b) "**business day**" means any day, other than a Saturday, a Sunday and a statutory holiday in Ontario, Canada;
- (c) "**Contact Shares**" means the common shares in the capital of Contact;
- (d) "**including**" means including without limitation, and "include" and "includes" have a corresponding meaning;
- (e) "**Seller's Contact Shares**" means the Contact Shares in the numbers set forth opposite the Seller's name in Schedule A to this Agreement, being all of the Contact Shares beneficially owned, directly or indirectly, by the Seller and its affiliates, and shall further include any Contact Shares otherwise acquired by the Seller after the date hereof; and

- (f) **"Support Agreement"** means the support agreement dated the date hereof between Stornoway and Contact, a true copy of which is attached hereto as Schedule B, as it may be amended from time to time in accordance with its terms.

Capitalized terms appearing herein, including the Recitals hereto, but not otherwise defined herein have the meaning ascribed thereto in the Support Agreement.

1.2 Actions on a Business Day

For the purposes of this Agreement, if the last day of a period of days is not a business day, the period shall be extended to the next following day which is a business day.

1.3 Definitions in Support Agreement

All terms used in this Agreement that are not defined in section 1.1 or elsewhere herein and that are defined in the Support Agreement shall have the respective meanings ascribed to them in the Support Agreement.

1.4 Schedules

The following Schedules attached hereto constitute an integral part of this Agreement:

Schedule A	-	Contact Shares of Seller
Schedule B	-	Support Agreement

ARTICLE 2 COVENANTS OF STORNOWAY

2.1 Offer for Contact Shares

Stornoway will make and use its commercially reasonable efforts to complete the Offer, either directly or through a wholly-owned subsidiary, to acquire all of the Contact Shares for consideration per Contact Common Share of 0.36 Stornoway Shares and otherwise on the terms and conditions set forth in the Support Agreement. Stornoway agrees to abide by and perform its obligations under (i) the Support Agreement in accordance with the terms and conditions of the Support Agreement and (ii) the Offer in accordance with the terms and conditions of the Offer.

If the Offer is made by a wholly-owned subsidiary of Stornoway, Stornoway agrees to guarantee the due and punctual performance of each and every obligation of its subsidiary under this Agreement.

2.2 Other Covenants relating to the Offer

Stornoway hereby covenants and irrevocably agrees in favour of the Seller that, from the date hereof until the earlier of (i) the Expiry Time and (ii) the termination of this Agreement in accordance with Article 5, Stornoway:

- (a) will not amend or waive any provision under the Support Agreement to provide for lesser consideration per Contact Share under the Offer or to change the form or nature of consideration payable under the Offer, or in any respect that is material and adverse to the interests of the Seller, including modifying the conditions of the Offer or imposing additional conditions to the Offer, or to amend Section 2.1, 2.3, 5.3 or 5.4 of the Support Agreement without the prior written consent of the Seller; provided that Stornoway may, in its sole discretion, amend the terms of the Offer (i) to increase the consideration (or the value of the consideration) offered under the Offer, (ii) to extend the Expiry Time from time to time in accordance with the Securities Laws to a date not later than the Outside Date or (iii) to waive any condition of the Offer;

- (b) will make the Offer for all Contact Shares as soon as practicable after the date hereof and, in any event, no later than the Mailing Date; and
- (c) will give the Seller and its counsel a reasonable opportunity to review and comment on the Offer Documents.

ARTICLE 3 **COVENANTS OF THE SELLER**

3.1 General

The Seller hereby covenants and irrevocably agrees in favour of Stornoway that, from the date hereof until the earlier of (i) the Expiry Time and (ii) the termination of this Agreement in accordance with Article 5, the Seller, except as permitted by this Agreement:

- (a) will not directly or indirectly solicit, initiate, assist or knowingly encourage (including by way of furnishing information or entering into any form of agreement, arrangement or understanding) the initiation or continuation of a potential Acquisition Proposal;
- (b) will immediately cease any existing discussions or negotiations that the Seller may be having with any parties (other than Stornoway) with respect to any potential Acquisition Proposal;
- (c) will promptly notify Stornoway of every communication received in connection with any potential bona fide Acquisition Proposal which could reasonably be considered to be comparable to the Offer, or more favourable to the Contact Shareholders than the Offer, and will promptly provide to Stornoway (i) a written description of the material terms and conditions of such potential Acquisition Proposal; and (ii) a written description of any change to the material terms or conditions of such potential Acquisition Proposal;
- (d) will not option, sell, transfer, pledge, encumber, grant a security interest in, hypothecate or otherwise convey any of the Seller's Contact Shares, or any right or interest therein (direct or indirect), to any person or group or agree to do any of the foregoing except pursuant to the Offer;
- (e) will not grant or agree to grant any proxy or other right to vote the Seller's Contact Shares, or enter into any voting trust, vote pooling or other agreement with respect to the right to vote, call meetings of shareholders or give consents or approval of any kind as to the Seller's Contact Shares;
- (f) will not take any other action of any kind which might reasonably be regarded as likely to reduce the success of, or delay or interfere with the completion of, the Offer and the other transactions contemplated by the Support Agreement;
- (g) will not tender or vote any of the Seller's Contact Shares in favour of any Acquisition Proposal;
- (h) will vote or cause to be voted any of the Seller's Contact Shares against any proposed action by Contact or its shareholders or affiliates or any other person (i) in furtherance of any Acquisition Proposal, (ii) which might reasonably be regarded as likely to prevent or delay the successful completion of the Offer or the other transactions contemplated by the Support Agreement and this Agreement or (iii) without limiting the generality of the foregoing, any resolution to remove or change any of the directors of Contact except with the prior written consent of Stornoway;

- (i) will use all commercially reasonable efforts in its capacity as a holder of Contact Shares to assist Contact and Stornoway successfully to complete the Offer and the other transactions contemplated by the Support Agreement and this Agreement;
- (j) will not purchase or obtain or enter into any agreement or right to purchase any additional Contact Shares or any other securities of Contact from and including the date hereof until the termination of this Agreement; and
- (k) will not, without the prior written consent of Stornoway, make any commitment or representation to any sales representative or employee of Contact or any of its affiliates as to incentive plans, retention plans or any other compensation or services that may be offered to such person prior to or following completion of the Offer or any of the other transactions contemplated by the Support Agreement.

For greater certainty, the Seller acknowledges that the proviso contained in the last phrase of Section 3.1(a) will not affect the Seller's obligation pursuant to Section 3.2 hereof.

3.2 Deposit of the Sellers' Contact Shares under the Offer

The Seller hereby agrees in favour of Stornoway that it will, on or before the fifth business day following the mailing of the Offer Documents to Contact Shareholders, cause all of the Seller's Contact Shares to be validly tendered in valid acceptance of the Offer, together with the letter of transmittal and, if applicable, notice of guaranteed delivery, and any other documents required in accordance with the Offer Documents, and will not withdraw the Seller's Contact Shares from the Offer except as expressly otherwise provided in this Agreement.

3.3 Alternative Transaction.

The Seller covenants and agrees that if: (a) Stornoway elects to effect a transaction similar to the Offer but requiring approval by the Contact Shareholders at a meeting of Contact Shareholders, such as an amalgamation or a plan of arrangement, and (b) such transaction provides for consideration per share equal to or greater than the consideration per Contact Share offered under the Offer, the Seller will enter into an agreement on substantially the same terms as this Agreement and in which the Seller will agree to vote its Contact Shares in favour of the Contact Shareholders' resolution to approve such transaction.

ARTICLE 4 REPRESENTATIONS AND WARRANTIES

4.1 Representations and Warranties of Seller

The Seller hereby represents and warrants to and covenants with Stornoway as follows, and acknowledges that Stornoway is relying upon such representations, warranties and covenants in entering into this Agreement:

- (a) **Incorporation; Authorization.** The Seller is duly incorporated and existing under the laws of its jurisdiction of incorporation. The Seller has all necessary power, authority, capacity and right to enter into this Agreement and to carry out each of its obligations under this Agreement. This Agreement has been duly executed and delivered by the Seller and constitutes a legal, valid and binding agreement enforceable by Stornoway against the Seller in accordance with its terms, subject, however, to limitations with respect to enforcement imposed by law in connection with bankruptcy or similar proceedings, the discretionary power of the courts to stay proceedings before them and the execution of judgments and to the extent that equitable remedies such as specific performance and injunction are in the discretion of the court from which they are sought.

- (b) Ownership of Contact Shares and Other Securities. The Seller is, and will be immediately prior to the Offer, the sole direct or indirect beneficial owner of the Seller's Contact Shares, with good and marketable title thereto, free and clear of any and all hypothecs, priority interests, mortgages, liens, charges, restrictions, security interests, adverse claims, pledges, encumbrances and demands or rights of others of any nature or kind whatsoever. The Seller's Contact Shares constitute all of the Contact Shares and other securities of Contact beneficially owned by the Seller. The Seller has the exclusive right to dispose of the Seller's Contact Shares as provided in this Agreement and the Seller is not a party to, bound or affected by or subject to, any charter or by-law, contract, provision, statute, regulation, judgment, order, decree or law which would be violated, contravened, breached by, or under which default would occur as a result of, the execution and delivery of this Agreement or the consummation of any of the transactions provided for in this Agreement.
- (c) No Agreements. No person has any agreement or option, or any right or privilege (whether by law, pre-emptive or contractual) capable of becoming an agreement or option, for the purchase, requisition or transfer of any of the Seller's Contact Shares, or any interest therein or right thereto, except pursuant to this Agreement.
- (d) Voting. None of Seller's Contact Shares is subject to any proxy, voting trust, vote pooling or other agreement with respect to the right to vote, call meetings of shareholders or give consents or approvals of any kind.
- (e) Consents. No consent, waiver, approval, authorization, exemption, registration, licence or declaration of or by, or filing with, or notification to any governmental administrative or regulatory authority which has not been made or obtained is required to be made or obtained by the Seller in connection with (i) the execution and delivery by the Seller and enforcement against the Seller of this Agreement or (ii) the consummation of any transactions by the Seller provided for herein, except for, in either case, the filing of insider trading and other reports under applicable securities legislation and those consents contemplated by the Support Agreement.
- (f) Residency. The Seller is not a non-resident of Canada, in each case for purposes of the *Income Tax Act* (Canada).
- (g) Legal Proceedings. There are no legal proceedings currently in progress or pending before any Governmental Entity or, to the Seller's knowledge, threatened against the Seller or any of its affiliates that would adversely affect in any manner the ability of the Seller to enter into this Agreement and to perform its obligations hereunder or the title of the Seller to any of the Seller's Contact Shares and there is no current and enforceable judgment, decree or order against the Seller that would adversely affect in any manner the ability of the Seller to enter into this Agreement and to perform its obligations hereunder or the title of the Seller to any of the Seller's Contact Shares.
- (h) Non-Arm's Length Transactions. There does not exist any guarantee or obligation or any agreement, understanding or commitment giving rise to any guarantee or obligation, financial or otherwise, on the part of Contact or any of its affiliates or associates to the Seller or any affiliate or associate of the Seller except as reflected in the Contact Financial Statements or disclosed in the Contact Public Disclosure Record.
- (i) Loans Outstanding. There are no loans or borrowing facilities of any type of, or for the benefit of, the Seller or any affiliates or associates of the Seller by Contact or any of its affiliates or associates other than as set out in the financial statements of Contact.

4.2 Representations and Warranties of Stornoway

Stornoway hereby represents and warrants to and covenants with the Seller as follows, and acknowledges that the Seller is relying upon such representations, warranties and covenants in connection with the entering into of this Agreement:

- (a) Authority Relative to this Agreement. Stornoway has the requisite corporate authority to enter into this Agreement and the Support Agreement and to carry out its obligations thereunder and pursuant to the Offer. The execution, delivery and performance of this Agreement and the Support Agreement and the making by Stornoway of the Offer have been duly authorized by the board of management and the supervisory board of Stornoway, and no other corporate proceedings on the part of Stornoway are necessary to authorize the execution and delivery by it of this Agreement or the Support Agreement or the making or completion of the Offer. Each of this Agreement and the Support Agreement has been duly executed and delivered by Stornoway and constitutes a legal, valid and binding obligation of Stornoway enforceable against it in accordance with its terms, subject to the qualification that such enforceability may be limited by bankruptcy, insolvency, reorganization or other laws of general application relating to or affecting rights of creditors and that equitable remedies, including specific performance, are discretionary and may not be ordered.
- (b) No Violations.
 - (i) Neither the execution and delivery of this Agreement or the Support Agreement by Stornoway nor the making or completion of the Offer nor compliance by Stornoway with any of the provisions hereof will violate, conflict with, or result in a breach of any provision of, require any consent, approval or notice under, or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) under (A) the statutes governing Stornoway or (B) any material contract or other instrument or obligation to which Stornoway or any of its subsidiaries is a party or to which any of them, or any of their respective properties or assets, may be subject or by which Stornoway or any of its subsidiaries is bound and, in each case, individually or in the aggregate, would materially adversely affect Stornoway's ability to perform its obligations under this Agreement.
 - (ii) (1) there is no legal impediment to the making or completion of the Offer by Stornoway, and (2) no filing or registration with, or authorization, consent or approval of, any Governmental Entity is required of Stornoway in connection with the making or completion of the Offer, except for such filings or registrations which, if not made, or for such authorizations, consents or approvals which, if not received, would not prevent or materially delay the making and completion of the Offer by Stornoway.

ARTICLE 5 TERMINATION

5.1 Termination by Stornoway

Stornoway, when not in material default in the performance of its obligations under this Agreement, may, without prejudice to any of its rights hereunder and in its sole discretion, terminate this Agreement by written notice to the Seller if:

- (a) any of the representations and warranties of the Seller under this Agreement shall not be true and correct in all material respects; or

- (b) the Seller shall not have complied with its covenants to Stornoway contained in this Agreement.

5.2 Termination by Sellers

The Seller, when not in material default in its performance of its obligations under this Agreement, may, without prejudice to any of its rights hereunder and in its sole discretion, terminate this Agreement by written notice to Stornoway if:

- (a) any of the representations and warranties of Stornoway under this Agreement shall not be true and correct in all material respects; or
- (b) Stornoway shall not have complied with its covenants to the Seller contained in this Agreement or its covenants with respect to the Offer contained in the Support Agreement.

5.3 Automatic Termination

Unless extended by mutual agreement of the Seller and Stornoway, this Agreement shall automatically terminate on the first to occur of:

- (a) the Expiry Time;
- (b) the termination, withdrawal or expiry of the Offer; and
- (c) the Outside Date.

5.4 Agreement to Terminate

This Agreement may be terminated by a written instrument executed by Stornoway and the Seller.

5.5 Effect of Termination

If this Agreement is terminated in accordance with this Article 5, the provisions of this Agreement will become void and no Party shall have liability or obligations to any other Party, except in respect of a breach of this Agreement which occurred prior to such termination, and the Seller shall be entitled to withdraw the Seller's Contact Shares from the Offer.

ARTICLE 6 **GENERAL**

6.1 Further Assurances

The Seller and Stornoway will, from time to time, execute and deliver all such further documents and instruments and do all such acts and things as the other party may, either before or after the Expiry Time, reasonably require and at the requesting party's cost to effectively carry out or better evidence or perfect the full intent and meaning of this Agreement.

6.2 Survival of Representations and Warranties

The representations and warranties of the Seller and Stornoway will survive for a period of one year after the Expiry Time, provided that there will be no termination of any representation or warranty to the extent that any misrepresentation has been made that is attributable to fraud. No investigations made by or on behalf of a party or any of its authorized agents at any time will have the effect of waiving, diminishing the scope of or otherwise affecting any representation or warranty or covenant made by the other party in or pursuant to this Agreement.

6.3 Disclosure

Stornoway agrees to provide a draft to the Seller of any public announcement or statement by it with respect to this Agreement prior to its release in order to afford the Seller a reasonable opportunity to comment thereon. Stornoway shall in good faith consider the Seller's comments before finalizing and issuing any such public announcement or statement. Except as required by the Securities Laws or other applicable laws or regulations, or as required by any competent governmental, judicial or other authority, or in accordance with the requirements of any stock exchange, in each case that are applicable to Stornoway or the Seller. The Seller agrees not to make any public announcement or statement with respect to this Agreement or the Offer without the prior written approval of Stornoway, which approval shall not be unreasonably withheld. The Seller hereby irrevocably agrees to details of this Agreement being set out in the Offer Documents or any press release of Stornoway relating to the Offer.

6.4 Binding Effect and Assignment

Stornoway may assign all or any part of its rights under this Agreement to, and its obligations under this Agreement may be assumed by, a subsidiary of Stornoway, provided that if such assignment and/or assumption takes place, Stornoway shall continue to be liable jointly and solidarily with such subsidiary for all of its obligations hereunder. This Agreement shall be binding on and shall enure to the benefit of the parties to this Agreement and their respective successors and permitted assigns. No third party, other than a permitted assignee, shall have any rights hereunder. Except as expressly permitted by the terms hereof, neither this Agreement nor any of the rights, interests or obligations hereunder may be assigned by any of the parties to this Agreement without the prior written consent of all of the other parties to this Agreement.

6.5 Time

Time shall be of the essence of this Agreement.

6.6 Currency

Unless specifically indicated to the contrary, all amounts of money referred to in this Agreement are stated in Canadian dollars.

6.7 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein, without reference to conflicts of laws.

6.8 Entire Agreement

This Agreement, including the schedules hereto, constitutes the entire agreement and understanding between and among the parties hereto with respect to the subject matter hereof and supersedes any prior agreement, representation or understanding with respect thereto.

6.9 Amendments

This Agreement may not be modified, amended, altered or supplemented, except upon the execution and delivery of a written agreement executed by all of the parties hereto.

6.10 Notices

Any notice, request, consent, agreement or approval which may or is required to be given pursuant to this Agreement shall be in writing and shall be sufficiently given or made if delivered or sent by facsimile or e-mail transmission, addressed as follows:

- (1) in the case of Stornoway:

Stornoway Diamond Corporation
Suite 860 – 625 Howe Street
Vancouver, BC, V6C 2T6

Attention: Eira M. Thomas, President & CEO
Facsimile: (604) 689-5041
E-mail: ethomas@stornowaydiamonds.com

with a copy to:

Blake, Cassels & Graydon (U.S.) LLP
Barristers & Solicitors
181 West Madison
Suite 3610
Chicago, Illinois
60602

Attention: Geoffrey S. Belsher
Facsimile: (312) 739-3611
E-mail: geoff.belsher@blakes.com

and

DuMoulin Black LLP
Barristers & Solicitors
10th Floor, 595 Howe Street
Vancouver, BC, V6C 2T5

Attention: C. Bruce Scott
Facsimile: (604) 687-8772
E-mail: bscott@dumoulinblack.com

- (2) and in the case of the Seller:

Agnico-Eagle Mines Ltd.
145 King Street East
Suite 500
Toronto, ON, M5C 2Y7

Attention: R. Gregory Laing, General Counsel, Vice President, Legal and
Corporate Secretary
Facsimile: 416 367-4681
E-mail: glaing@agnic-eagle.com

with a copy to:

Davies Ward Phillips & Vineberg LLP
Barristers & Solicitors
1 First Canadian Place, 44th Floor
Toronto, ON, M5X 1B1

Attention: Patricia L. Olasker
Facsimile: 416 367-4681
E-mail: polasker@dwpv.com

The date of receipt of any such notice, request, consent, agreement or approval shall be deemed to be the date of delivery or telecopy if made before 4:00 p.m. (local time) on a business day (or, if not, the next business day).

6.11 Specific Performance and other Equitable Rights

Each of the parties recognizes and acknowledges that this Agreement is an integral part of the transactions contemplated in the Support Agreement, that Stornoway would not enter into the Support Agreement unless this Agreement was executed, and that the Seller would not enter into this Agreement unless Stornoway and Contact enter into the Support Agreement, and accordingly acknowledges and agrees that a breach by a party of any covenant or other commitment contained in this Agreement will cause each of the other parties to sustain injury for which it would not have an adequate remedy at law for money damages. Therefore, each of the parties agrees that, in the event of any such breach, each aggrieved party shall be entitled to the remedy of specific performance of the covenants and commitments contained in this Agreement and preliminary and permanent injunctive and other equitable relief in addition to any other remedy to which it may be entitled, at law or in equity, and the parties further agree to waive any requirement for the securing or posting of any bond in connection with the obtaining of any such injunctive or other equitable relief.

6.12 Expenses

Each of the parties shall pay its respective legal, financial advisory and accounting costs and expenses incurred in connection with the preparation, execution and delivery of this Agreement and all documents and instruments executed or prepared pursuant hereto and any other costs and expenses whatsoever and howsoever incurred.

6.13 Counterparts

This Agreement may be executed in one or more counterparts, which, together, shall be deemed to constitute one valid and binding agreement, and delivery of the counterparts may be effected by means of a telecopied transmission.

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

STORNOWAY DIAMOND CORPORATION

AGNICO-EAGLE MINES LIMITED

Per:


Authorized Signature

Per:

Authorized Signature

The date of receipt of any such notice, request, consent, agreement or approval shall be deemed to be the date of delivery or telecopy if made before 4:00 p.m. (local time) on a business day (or, if not, the next business day).

6.11 Specific Performance and other Equitable Rights

Each of the parties recognizes and acknowledges that this Agreement is an integral part of the transactions contemplated in the Support Agreement, that Stornoway would not enter into the Support Agreement unless this Agreement was executed, and that the Seller would not enter into this Agreement unless Stornoway and Contact enter into the Support Agreement, and accordingly acknowledges and agrees that a breach by a party of any covenant or other commitment contained in this Agreement will cause each of the other parties to sustain injury for which it would not have an adequate remedy at law for money damages. Therefore, each of the parties agrees that, in the event of any such breach, each aggrieved party shall be entitled to the remedy of specific performance of the covenants and commitments contained in this Agreement and preliminary and permanent injunctive and other equitable relief in addition to any other remedy to which it may be entitled, at law or in equity, and the parties further agree to waive any requirement for the securing or posting of any bond in connection with the obtaining of any such injunctive or other equitable relief.

6.12 Expenses

Each of the parties shall pay its respective legal, financial advisory and accounting costs and expenses incurred in connection with the preparation, execution and delivery of this Agreement and all documents and instruments executed or prepared pursuant hereto and any other costs and expenses whatsoever and howsoever incurred.

6.13 Counterparts

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

STORNOWAY DIAMOND CORPORATION

AGNICO-EAGLE MINES LIMITED

Per: _____
Authorized Signature

Per: 
Authorized Signature

SCHEDULE A

CONTACT SHARES OF SELLER

Registered Name	Number of Contact Shares Held	Number of Warrants to Purchase Contact Shares Held
Agnico-Eagle Mines Limited	13,814,077	Nil

SCHEDULE B

SUPPORT AGREEMENT

THIS SUPPORT AGREEMENT dated the 21st day of July, 2006.

BETWEEN:

STORNOWAY DIAMOND CORPORATION, a corporation incorporated under the laws of the Province of British Columbia

("Stornoway")

- and -

CONTACT DIAMOND CORPORATION, a corporation existing under the laws of the Province of Ontario

("Contact")

THIS AGREEMENT WITNESSES THAT in consideration of the covenants and agreements herein contained and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the parties hereto covenant and agree as follows:

**ARTICLE I
INTERPRETATION**

1.1 Definitions

In this Agreement, unless the context otherwise requires:

- (a) "**Acquisition Proposal**" means, prior to the termination of this Agreement, any merger, amalgamation, take-over bid, tender offer, arrangement, recapitalization, liquidation, dissolution, share exchange, purchase, sale or joint venture of any material assets (or any lease, long term supply agreement or other arrangement having the same economic effect as a material purchase, sale or joint venture of assets) involving Contact and/or its subsidiaries in a single transaction or a series of related transactions, any acquisition of beneficial ownership of 20% or more of the Contact Shares (or rights or interests therein or thereto), in a single transaction or a series of related transactions or similar transactions, any agreement as to the marketing rights of any diamonds that may be produced by Contact and/or any of its subsidiaries, or a proposal or offer to any of the foregoing, or any modification or proposed modification of any of the foregoing, excluding the Offer, the transactions contemplated by this Agreement or any transaction to which Stornoway or an affiliate of Stornoway is a party;
- (b) "**affiliates**" has the meaning ascribed thereto in the *Securities Act*;
- (c) "**Ashton**" means Ashton Mining of Canada Inc.;
- (d) "**Ashton Offer**" means the offer by Stornoway to purchase all of the shares of Ashton on the terms to be announced concurrent with the announcement of the Offer;
- (e) "**Ashton Offer Circular**" means the take-over bid and the take-over bid circular of Stornoway provided to the holders of the common shares of Ashton in respect of the Ashton Offer, as it may be amended, supplemented or otherwise modified;
- (f) "**Ashton Offer Debt Financing**" means the loan in the amount of up to \$32,500,000 to be provided by Bank of Montreal to Stornoway in connection with the Ashton Offer and

on the terms set forth in a commitment letter from the Bank of Montreal dated July 21, 2006;

- (g) "**Ashton Offer Subscription Receipt Financing**" means the subscription and purchase by Agnico-Eagle Mines Ltd. of \$20,000,000 of Stornoway Class A Subscription Receipts and \$2,500,000 of Stornoway Class B Subscription Receipts in connection with the Ashton Offer on the terms set forth in a subscription agreement dated July 21, 2006;
- (h) "**business day**" means any day, other than a Saturday, a Sunday and a statutory holiday in Ontario, Canada;
- (i) "**Competition Act**" means *Competition Act* (Canada), as amended from time to time;
- (j) "**Compulsory Acquisition**" means an acquisition by Stornoway of Contact Shares not tendered to the Offer utilizing the provisions of Section 188 of the OBCA;
- (k) "**Confidentiality Agreement**" means the letter agreement dated May 25, 2006 between Stornoway and Contact providing Stornoway access to confidential information of Contact;
- (l) "**Contact Financial Statements**" has the meaning ascribed thereto in Section 3.1(i);
- (m) "**Contact Option**" means an option to purchase Contact Shares pursuant to the Contact Stock Option Plan;
- (n) "**Contact Public Disclosure Record**" means all press releases, material change reports, financial statements, management discussions and analyses of financial condition and results of operations, annual information forms and management information circulars filed by Contact on the System for Electronic Document Analysis and Retrieval (SEDAR) after December 30, 2003 and before July 21, 2006;
- (o) "**Contact Shareholders**" means the registered holders of Contact Shares;
- (p) "**Contact Shares**" means the common shares in the capital of Contact;
- (q) "**Contact Stock Option Plan**" means the stock option plan maintained by Contact;
- (r) "**Contact Warrants**" means a common share purchase warrant of Contact which entitles the holder to acquire Contact Shares on the terms set out therein;
- (s) "**Contract**" means any contract, agreement, license, franchise, lease, arrangement, commitment, understanding or other right or obligation to which Contact or any of its subsidiaries is a party or by which Contact or any of its subsidiaries is bound or affected or to which any of their respective properties or assets is subject;
- (t) "**Depository**" means the person which is appointed to act as depository by Stornoway;
- (u) "**Directors' Circular**" has the meaning ascribed thereto in Section 2.4;
- (v) "**Effective Date**" means the date on which Stornoway first takes up and pays for Contact Shares deposited to the Offer;
- (w) "**Effective Time**" means 12:01 a.m. (Eastern Time) on the Effective Date;
- (x) "**Exchange**" means the Toronto Stock Exchange;
- (y) "**Expiry Date**" means the expiry date for the Offer, as it may be extended by Stornoway from time to time;

- (z) "**Expiry Time**" means the time on the Expiry Date at which the Offer expires;
- (aa) "**Fairness Opinion**" means a written opinion of the financial advisors to the Board of Directors or the Special Committee of Contact that the consideration to be received by Contact Shareholders under the Offer is fair, from a financial point of view, to the Contact Shareholders other than Stornoway, in form and substance satisfactory to the Board of Directors of Contact and the Special Committee;
- (bb) "**Financial Indebtedness**" means, without duplication but excluding indebtedness between a person and its wholly-owned subsidiaries, (a) indebtedness for borrowed money (excluding any interest thereon), secured or unsecured, (b) obligations under conditional sale or other title retention Contracts relating to purchased property, (c) capitalized lease obligations, (d) obligations under interest rate cap, swap, collar or similar transactions or currency hedging transactions (valued at the termination value thereof), and (e) guarantees of any indebtedness of any other person;
- (cc) "**GAAP**" means Canadian generally accepted accounting principles;
- (dd) "**Governmental Entity**" means (a) any multinational, federal, provincial, state, regional, municipal, local or other government, governmental or public department, court, tribunal, commission, board, bureau or agency, domestic or foreign, (b) any subdivision, agent or authority of any of the foregoing or (c) any quasi-governmental or private body, including any tribunal, commission, regulatory agency or self-regulatory organization, exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing;
- (ee) "**including**" means including without limitation, and "include" and "includes" have a corresponding meaning;
- (ff) "**Law**" or "**Laws**" means all international trade agreements, codes and conventions, laws, by-laws, statutes, rules, regulations, principles of law and equity, orders, rulings, ordinances, judgements, injunctions, determinations, awards, decrees and the terms and conditions of any grant of approval, permission, authority or license of any Governmental Entity or self-regulatory authority (including the Exchange), and the term "applicable" with respect to such Laws and in a context that refers to one or more Parties, means such laws as are applicable to such Party or its business, undertaking, property or securities and emanate from a person having jurisdiction over the Party or Parties or its or their business, undertaking, property or securities;
- (gg) "**Lien**" means any hypothec, mortgage, lien, charge, security interest, encumbrance and adverse right or claim;
- (hh) "**Lock-Up Agreements**" means the binding lock-up agreements of even date herewith between Stornoway and Agnico-Eagle Mines Limited and of even date herewith among Stornoway and all of the directors of Contact;
- (ii) "**Mailing Date**" means a date which is as soon as practicable after the date hereof, but in no event later than August 21, 2006 or such other date as may be agreed to by the Parties, provided that in the event Stornoway shall not have been provided with the lists referred to in Section 2.2 in order to permit Stornoway to mail the Offer to holders of Contact Shares and Contact Options by such date, the Mailing Date shall be extended to the second business day following the receipt by Stornoway of such lists;
- (jj) "**Material Adverse Effect**" means, when used in connection with a person, any change, effect, event, occurrence or state of facts that is, or would reasonably be expected to be, material and adverse to the business, operations, results of operations, prospects, assets, liabilities, obligations or financial condition of that person and its subsidiaries, taken as a

whole, other than with respect to each of Contact and Stornoway, any change, effect, event, circumstance, fact or occurrence (i) relating to general political or economic conditions, (ii) affecting the diamond mining industry in general, (iii) affecting the securities market in general, (iv) attributable to the announcement of this Agreement and the transactions contemplated herein, (v) attributable to the announcement or completion of the Ashton Offer, the Ashton Offer Debt Financing or the Ashton Offer Subscription Receipt Financing and the transactions contemplated thereby, (vi) in applicable Laws or regulations or GAAP, or (vii) relating to changes in currency exchange rates;

- (kk) "**material fact**" means a fact that would reasonably be expected to have a significant effect on the market price or value of the Contact Shares;
- (ll) "**MD&A**" has the meaning ascribed thereto in Section 3.1(i);
- (mm) "**OBCA**" means the *Business Corporations Act* (Ontario) and the regulations made thereunder, as promulgated or amended from time to time;
- (nn) "**Offer**" means the offer to purchase all of the outstanding Contact Shares to be made by Stornoway to all of the Contact Shareholders on the terms and conditions summarized in this Agreement, including any Contact Shares which may become outstanding pursuant to the exercise of outstanding Contact Options, as amended from time to time;
- (oo) "**Offer Circular**" means the take-over bid and the take-over bid circular of Stornoway provided to the holders of the Contact Shares in respect of the Offer, as it may be amended, supplemented or otherwise modified;
- (pp) "**Offer Documents**" has the meaning ascribed thereto in Section 2.1(b);
- (qq) "**Outside Date**" means 180 days after the Mailing Date, provided that the Outside Date may be extended further to such later date as may be agreed upon by the Parties in writing;
- (rr) "**Parties**" means Contact and Stornoway, and "**Party**" means either of them;
- (ss) "**Permit**" means any license, permit, certificate, consent, order, grant, approval, registration, exemptions, waivers or other authorization of and from any Governmental Entity;
- (tt) "**person**" includes an individual, partnership, association, body corporate, trustee, executor, administrator, legal representative, government (including any Governmental Entity) or any other entity, whether or not having legal status;
- (uu) "**Regulatory Approvals**" means those sanctions, rulings, consents, orders, exemptions, permits and other approvals (including the lapse, without objection, of a prescribed time under a statute or regulation that states that a transaction may be implemented if a prescribed time lapses following the giving of notice without an objection being made) of Governmental Entities as set out in Schedule "A" hereto;
- (vv) "**Response Period**" has the meaning ascribed thereto in Section 7.2(1)(b);
- (ww) "**Returns**" means all reports, forms, elections, estimates, declarations of estimated tax, information statements and returns relating to, or required to be filed in connection with any Taxes;
- (xx) "**Securities Act**" means the *Securities Act* (Ontario) and the rules and regulations made thereunder, as now in effect and as they may be promulgated or amended from time to time;

- (yy) "**Securities Authorities**" has the meaning ascribed thereto in Section 2.1(b);
- (zz) "**Securities Laws**" has the meaning ascribed thereto in Section 2.1(b);
- (aaa) "**Special Committee**" means the special committee of the Board of Directors of Contact;
- (bbb) "**Stornoway Options and Warrants**" means an option or common share purchase warrant of Stornoway which entitles the holder to acquire Stornoway Shares on the terms set out therein;
- (ccc) "**Stornoway Public Disclosure Record**" means all press releases, material change reports, financial statements, management discussions and analyses of financial condition and results of operations, annual information forms and management information circulars filed by Stornoway on the System for Electronic Document Analysis and Retrieval (SEDAR) after December 30, 2003 and before July 21, 2006;
- (ddd) "**Stornoway Shares**" means the common shares in the capital of Stornoway;
- (eee) "**Subsequent Acquisition Transaction**" means any proposed statutory arrangement, amalgamation, merger, reorganization, consolidation, recapitalization or other transaction involving Contact and/or its subsidiaries and Stornoway or an affiliate of Stornoway which, if successfully completed, will result in Stornoway owning, directly or indirectly, all of the Contact Shares;
- (fff) "**subsidiary**" means, with respect to a specified body corporate, any body corporate of which more than 50% of the outstanding shares ordinarily entitled to elect a majority of the board of directors thereof (whether or not shares of any other class or classes shall or might be entitled to vote upon the happening of any event or contingency) are at the time owned directly or indirectly by such specified body corporate and shall include any body corporate, partnership, joint venture or other entity over which such specified body corporate exercises direction or control or which is in a like relation to a subsidiary;
- (ggg) "**Superior Proposal**" has the meaning ascribed thereto in Section 7.1(1);
- (hhh) "**Tax Act**" means the Income Tax Act (Canada), as amended from time to time;
- (iii) "**Taxes**" means all taxes, imposts, levies and withholdings, however denominated and instalments in respect thereof, including any interest, penalties, fines or other additions that have been, are or will become payable in respect thereof, imposed by any Governmental Entity; and
- (jjj) "**Valuation**" means a written formal valuation of the Contact Shares of the financial advisers to the Board of Directors or the Special Committee of Contact prepared in accordance with the requirements of Part 6 of Ontario Securities Commission Rule 61-501.

1.2 Interpretation Not Affected by Headings

The division of this Agreement into Articles, Sections, subsections and paragraphs and the insertion of headings are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement. Unless the contrary intention appears, references in this Agreement to an Article, Section, subsection, paragraph or Schedule by number or letter or both refer to the Article, Section, subsection, paragraph or Schedule, respectively, bearing that designation in this Agreement.

1.3 Number and Gender

In this Agreement, unless the contrary intention appears, words importing the singular include the plural and vice versa, and words importing gender include all genders.

1.4 **Date for Any Action**

If the date on which any action is required to be taken hereunder by a Party is not a business day, such action shall be required to be taken on the next succeeding day which is a business day.

1.5 **Currency**

Unless otherwise stated, all references in this Agreement to sums of money are expressed in lawful money of the Canada and "\$" refers to Canadian dollars.

1.6 **Accounting Matters**

Unless otherwise stated, all accounting terms used in this Agreement in respect of Contact shall have the meanings attributable thereto under GAAP and all determinations of an accounting nature in respect of Contact required to be made shall be made in a manner consistent with GAAP consistently applied.

1.7 **Knowledge**

In this Agreement, references to "**the knowledge of**" a party means the knowledge of the senior officers of the party.

1.8 **Schedules**

The following Schedules are annexed to this Agreement and are incorporated by reference into this Agreement and form a part hereof:

- Schedule "A" - Regulatory Approvals
- Schedule "B" - Conditions of the Offer

ARTICLE II THE OFFER

2.1 **Actions by Stornoway**

- (a) Stornoway agrees to make the Offer on or before the Mailing Date for consideration per Contact Common Share of 0.36 Stornoway Shares. Stornoway and Contact shall each publicly announce the transactions contemplated hereby following the execution of this Agreement by Stornoway and Contact, the text of each such announcement to be approved by Stornoway and Contact in advance, acting reasonably. The initial Expiry Time for the Offer will be 8:00 p.m. (Eastern Time) on the 36th day following the Mailing Date or, if such day is not a business day, on the next business day thereafter.
- (b) Stornoway shall prepare the Offer Circular and the related letter of acceptance and transmittal and notice of guaranteed delivery (collectively, the "**Offer Documents**") with respect to the Offer in both English and French in a form acceptable to Contact, acting reasonably, and in compliance with the Securities Act, all other applicable Canadian provincial and territorial securities laws, rules and regulations thereunder (collectively, the "**Securities Laws**"). Contact and its counsel shall be given a reasonable opportunity to review and comment on the Offer Documents, prior to the Offer Documents being mailed to Contact Shareholders and filed with the applicable securities commissions and other regulatory authorities in Canada (the "**Securities Authorities**"). Stornoway shall provide Contact with a final copy of the Offer Documents prior to the mailing to Contact Shareholders. Stornoway shall file the Offer Documents on a timely basis with the Securities Authorities. The Offer Documents, when filed by Stornoway with the Securities Authorities and mailed by Stornoway to the Contact Shareholders, shall contain all information which is required to be included therein in accordance with any applicable Law, and shall in all material respects comply with the requirements of

applicable Law. The terms of the Offer shall comply with the terms of this Agreement. At Stornoway's discretion, the Offer Circular and the Ashton Offer Circular may contain language of substantially the following effect with respect to the Offer and Ashton Offer, respectively, to the "U.S. Shareholders" (defined in the text below) of Contact and Ashton:

"Any [Contact/Ashton] Shareholder that is (i) a U.S. Person (as such term is defined in Regulation S under the United States Securities Act of 1933, as amended) or (ii) holds [Contact/Ashton] Shares on behalf of a U.S. Person (each a of (i) and (ii) a "U.S. Shareholder" and collectively "U.S. Shareholders") shall not be entitled to receive any Stornoway Shares in connection with the Offer. Instead, Stornoway Shares that would have otherwise been distributed to U.S. Shareholders will be deposited with the Depositary and sold in the market through an orderly sale and the net cash proceeds remitted to U.S. Shareholders."

2.2 Actions by Contact

- (a) Contact will prepare or cause to be prepared and provide to Stornoway lists of the holders of all classes and series of securities of Contact, including lists of the Contact Shareholders, the holders of Contact Options, the holders of Contact Warrants and the holders of any other rights, warrants or convertible securities currently outstanding (with full particulars as to the purchase, exercise or conversion price, vesting and expiry date), as well as a security position listing from each depositary of its securities, including The Canadian Depositary for Securities Limited, within five business days after the date hereof and will obtain and deliver to Stornoway thereafter on reasonable demand supplemental lists setting out any changes thereto, all such deliveries to be in printed form and, if available, in computer-readable format; and
- (b) As soon as practicable following its receipt of a final copy of the Offer Circular, Contact will convene a meeting of the Board of Directors of Contact to approve the Directors' Circular, which Directors' Circular shall include the recommendation of the Board of Directors of Contact that Contact Shareholders deposit their Contact Shares under the Offer and accept the Offer and a statement that each director of Contact intends to deposit his Contact Shares under the Offer and accept the Offer, subject to the other terms of this Agreement, provided that, notwithstanding any other provision of this Agreement, the Board of Directors of Contact may withdraw, modify or change its recommendation if such withdrawal, modification or change is permitted by, and made in accordance with, Section 7.1 hereof.

2.3 Conditions to Stornoway Making the Offer

The obligation of Stornoway to make the Offer is subject to the satisfaction or waiver by Stornoway of each of the following conditions on or before the Mailing Date:

- (a) all representations and warranties of Contact in this Agreement qualified as to materiality shall be true and correct and those not so qualified shall not, if not true and correct, have a Material Adverse Effect on Contact, in each case as of the Mailing Date as if made on and as of such date (except to the extent that such representations and warranties speak as of an earlier date which representations and warranties shall remain true and correct in all material respects or in all respects, as appropriate, as of that date) and any failure by Contact to perform the covenants to be performed by it under this Agreement shall not have a Material Adverse Effect on Contact;
- (b) (i) no act, action, suit or proceeding shall have been taken or commenced by any Governmental Entity or by any elected or appointed public official in Canada or elsewhere, whether or not having the force of Law, and (ii) no Law, decision or directive

(whether or not having the force of Law) shall have been enacted, promulgated, amended or applied, in the case of (i) or (ii) above:

- (A) to cease trade, enjoin, prohibit or impose material limitations or conditions on the purchase by or the sale to Stornoway of Contact Shares under the Offer or the rights of Stornoway to own or exercise full rights of ownership of Contact Shares or to complete a Compulsory Acquisition or Subsequent Acquisition Transaction or which could have such an effect; or
- (B) which has resulted in, or if the Offer or a Compulsory Acquisition or a Subsequent Acquisition Transaction were consummated, could have, a Material Adverse Effect on Contact;
- (c) the Board of Directors of Contact shall have unanimously recommended that all Contact Shareholders accept the Offer and shall not have withdrawn or modified its recommendation that the Contact Shareholders accept the Offer in a manner adverse to Stornoway; and
- (d) this Agreement shall not have been terminated pursuant to Article VIII.

The foregoing conditions to Stornoway's obligation to make the Offer set forth in this Section 2.3 are for the exclusive benefit of Stornoway and may be waived, in whole or in part, by Stornoway in writing at any time and, unless otherwise provided in the written waiver, will be limited to the specific condition waived. The foregoing conditions shall be deemed to be satisfied or waived by the mailing of the Offer Circular.

2.4 Directors' Circular

Contact shall (i) prepare a directors' circular in both English and French together with any other documents required of Contact or its directors by Securities Laws in connection with the Offer, in each case as they may be amended, supplemented or otherwise modified (collectively, the "**Directors' Circular**") in a form acceptable to Stornoway, acting reasonably, and in compliance with the Securities Laws; (ii) subject to acquiring any required Regulatory Approvals in connection with mailing the Directors' Circular, use its reasonable commercial efforts to cause the Directors' Circular to be sent to each holder of Contact Shares, together with the Offer Documents prepared and sent by Stornoway; and (iii) concurrently file the Directors' Circular with the Securities Authorities as required by Securities Laws. Stornoway and its counsel shall be given a reasonable opportunity to review the Directors' Circular and comment thereon and shall be provided a final copy thereof prior to its mailing to Contact securityholders and filing with the Securities Authorities.

2.5 Treatment of Contact Options and Contact Warrants

- (a) No offer shall be made by Stornoway for Contact Options. Subject to obtaining all necessary regulatory approvals, the board of directors of Contact may take the necessary actions to provide that each Contact Option holder shall receive upon the exercise of such options after a Subsequent Acquisition Transaction or a Compulsory Acquisition in accordance with the terms of such options, and shall accept in lieu of the number of Contact Shares otherwise issuable upon such exercise, the number of Stornoway Shares which such holder would have been entitled to receive as a result of the Offer, if such holder had been the registered holder of the number of Contact Shares to which such holder was entitled upon such exercise immediately prior to the effective time of a Subsequent Acquisition Transaction. Subject to receipt of all necessary regulatory approvals, the Board of Directors of Contact may take the necessary actions to provide that the Contact Options shall:

- (i) not expire prior to the date on which such options were to expire pursuant to their terms; and
 - (ii) fully vest, to the extent such Contact Options are not fully vested.
- (b) No Offer shall be made by Stornoway for Contact Warrants. Upon the exercise of any such warrants after a Subsequent Acquisition Transaction the holder of any such Contact Warrants shall in accordance with the terms of the Contact Warrants receive, in lieu of the number of Contact Shares otherwise issuable upon such exercise, that number of Stornoway Shares which such holder would have been entitled to receive as a result of the Offer, if such holder had been the registered holder of the number of Contact Shares to which such holder was entitled upon such exercise immediately prior to the effective time of a Subsequent Acquisition Transaction.
- (c) Stornoway shall use reasonable commercial efforts to take all steps (including seeking all necessary regulatory and shareholder approvals and executing assumption agreements) to ensure that all Contact Options and Contact Warrants (both vested and unvested) outstanding immediately prior to the effective time of a Subsequent Acquisition Transaction or Compulsory Acquisition Transaction will become securities of Stornoway exercisable to purchase Stornoway Shares on the basis described in paragraphs (a) and (b) above.

2.6 Preparation of Filings

- (a) Stornoway and Contact shall co-operate in the preparation of any application for the Regulatory Approvals and any other orders, registrations, consents, filings, rulings, exemptions, no-action letters and approvals and the preparation of any documents reasonably deemed by either of the Parties to be necessary to discharge its respective obligations or otherwise advisable under applicable Laws in connection with this Agreement, the Offer, any Compulsory Acquisition and any Subsequent Acquisition Transaction as promptly as practicable hereafter.
- (b) Stornoway shall ensure that the Offer Circular complies with all applicable Laws and, without limiting the generality of the foregoing, that the Offer Circular does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made (other than with respect to any information relating to and provided by Contact or any third party that is not an affiliate of Stornoway).
- (c) Contact shall ensure that the Directors' Circular complies with all applicable Laws and, without limiting the generality of the foregoing, that the Directors' Circular does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made (other than with respect to any information relating to and provided by Stornoway or any third party that is not an affiliate of Contact).
- (d) Each of Stornoway and Contact shall ensure that the information to be supplied by it for inclusion or incorporation by reference in the Offer Circular or the Directors' Circular, as the case may be, will, at the time of the mailing of such Offer Circular or Directors' Circular, not contain any material misstatement, untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading.

- (e) Each of Stornoway and Contact shall ensure that the information to be supplied by it for inclusion or incorporation by reference in the Ashton Offer Circular will, at the time of the mailing of such Ashton Offer Circular, not contain a misrepresentation (as defined in the Securities Act (Ontario)).
- (f) Stornoway shall prepare or arrange to have prepared, and Contact shall prepare, or arrange to have prepared, a French language version of all disclosure documents of Stornoway and Contact, respectively, incorporated by reference in the Offer Circular and obtain and deliver to the other, together with such translated versions, opinions of the translators of such documents as to the accuracy of the translation on or before the Mailing Date.
- (g) Contact agrees that upon confirming to Stornoway, directly or through its counsel, that it has no further comments on the Offer Circular and the Ashton Offer Circular, and that the comments it has made have been accommodated to its satisfaction, Contact shall be deemed to have represented and warranted to Stornoway that the information in respect of Contact included in, or incorporated by reference in, the Offer Circular and the Ashton Offer Circular, at such time:
 - (i) is accurate and complete; and
 - (ii) does not contain a misrepresentation (as defined in the Securities Act (Ontario)).
- (h) Each of Contact and Stornoway shall promptly notify the other if at any time before the Effective Time it becomes aware that the Offer Circular or the Directors' Circular, an application for a Regulatory Approval or any other order, registration, consent, ruling, exemption, no-action letter or approval or any circular or other filing under applicable Laws contains an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made, or that otherwise requires an amendment or supplement to the Offer Circular or the Directors' Circular, such application, registration statement, circular or filing, and the Parties shall co-operate in the preparation of such amendment or supplement as required.

2.7 Shareholder Communications

The initial press releases announcing the Offer and the entering into of this Agreement and the Lock-Up Agreement shall be in a form agreed to by Contact and Stornoway. Except as provided below in the case of each Party's overriding obligation to make any disclosure or filing required under applicable Laws and stock exchange rules, neither Party shall otherwise issue any press release or otherwise make public statements with respect to this Agreement, the Offer or any Compulsory Acquisition or Subsequent Acquisition Transaction without the prior consent of the other Party. Contact and Stornoway shall not make any filing with any Governmental Entity or with any stock exchange without advising each other prior thereto; provided, however, that the foregoing shall be subject to each Party's overriding obligation to make any disclosure or filing required under applicable Laws and stock exchange rules, and the Party desiring to make a disclosure or filing shall use all commercially reasonable efforts to give prior oral or written notice to the other Party and reasonable opportunity to review or comment on the disclosure or filing, and if such prior notice is not possible, to give such notice immediately following the making of such disclosure or filing.

2.8 Lock-Up Agreements

Contact acknowledges and consents to Stornoway on the date hereof entering into the Lock-Up Agreements and further acknowledges and agrees that Stornoway would not enter into this Agreement or be prepared to make the Offer without first having entered into the Lock-Up Agreements.

**ARTICLE III
REPRESENTATIONS AND WARRANTIES OF CONTACT**

3.1 Representations and Warranties

Contact hereby represents to and in favour of Stornoway as follows and acknowledges that Stornoway is relying upon such representations and warranties in connection with the entering into of this Agreement and the making of the Offer:

- (a) Board Approval. As of the date hereof, the Board of Directors of Contact, after consultation with its financial and legal advisors, has unanimously determined that the Offer is fair to the holders of Contact Shares and is in the best interests of Contact and has unanimously resolved to recommend to the Contact Shareholders that they deposit their Contact Shares under the Offer. The Board of Directors of Contact has unanimously approved the execution and performance of this Agreement. The Special Committee and the Board of Directors of Contact have received the Valuation of Orion Securities Inc. and the Fairness Opinion in respect of these matters from Orion Securities Inc. to the effect that the consideration to be received under the Offer is fair, from a financial point of view, to all Contact Shareholders (other than Stornoway).
- (b) Organization and Qualification. Contact is a corporation duly incorporated or an entity existing under the laws of its jurisdiction of incorporation, continuance or creation and has the requisite corporate power and authority to own its properties as now owned and to carry on its business as it is now being conducted. Contact is duly registered or otherwise authorized to do business and each is in good standing in each jurisdiction in which the character of its properties, owned, leased, licensed or otherwise held, or the nature of its activities makes such registration necessary except where such failure to be so qualified would not, individually or in the aggregate, have any Material Adverse Effect on Contact. Copies of the Articles of Arrangement of Contact (in its former name Sudbury Contact Mines Limited) dated February 11, 1999, as amended to change its name to Contact on September 30, 2004, together with all amendments to date and the by-laws of Contact furnished to Stornoway are accurate and complete and have not been amended or superseded and no steps or proceedings have been taken or are pending or contemplated to amend or supersede such constating documents.
- (c) Authority Relative to this Agreement. Contact has the requisite corporate authority to enter into this Agreement and to carry out its obligations hereunder. The execution and delivery of this Agreement has been duly authorized by the Board of Directors of Contact, and no other corporate proceedings on the part of Contact are necessary to authorize the execution and delivery by it of this Agreement. This Agreement has been duly executed and delivered by Contact and constitutes a legal, valid and binding obligation of Contact enforceable against Contact in accordance with its terms, subject to equitable principles and the qualification that such enforceability may be limited by bankruptcy, insolvency, reorganization or other laws of general application relating to or affecting rights of creditors.
- (d) No Violations.
 - (i) Neither the execution and delivery of this Agreement by Contact nor the completion of the Offer, a Compulsory Acquisition or a Subsequent Acquisition Transaction nor compliance by Contact with any of the provisions hereof will: (1) violate, conflict with, or result in a breach of any provision of, require any consent, approval or notice under, or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) or result in a right of termination or acceleration under, or result in the creation of any Lien upon, any of the properties or assets of Contact or any of its subsidiaries, or in any such Lien becoming (or being capable of becoming) enforceable against any such

properties or assets, or cause any indebtedness to come due before its stated maturity or cause any credit commitment or obligation to cease to be available or cause any payment or other obligation to be imposed on Contact or any of its subsidiaries under any of the terms, conditions or provisions of (A) their respective articles or by-laws or other comparable organizational documents or (B) any note, bond, mortgage, indenture, loan agreement, deed of trust, Lien, or other Contract to which Contact or any of its subsidiaries is a party or to which any of them, or any of their respective properties or assets, may be subject or by which Contact or any of its subsidiaries is bound; (2) subject to obtaining the Regulatory Approvals, (x) violate any Law applicable to Contact or any of its subsidiaries or any of their respective properties or assets; or (y) cause the suspension or revocation of any Permit currently in effect; or (3) other than as set out in the employment contracts of Matt Manson and Graham Long, result in any payment (including severance, unemployment compensation, golden parachute, bonus or otherwise) becoming due to any director or employee of Contact or any of its subsidiaries or result in any increase or acceleration of contributions, liabilities or benefits, or acceleration of vesting, under any Contact Plan or restriction imposed on any asset held in connection with a Contact Plan (except, in the case of each of clauses (1), (2) and (3) above, for such violations, conflicts, breaches, defaults, terminations, accelerations or creations of Liens which, or any consents, approvals or notices which if not given or received, would not, individually or in the aggregate, have any Material Adverse Effect on Contact).

(ii) Subject to obtaining the Regulatory Approvals and other than in connection with or compliance with the applicable corporate and securities Laws, (1) there is no legal impediment to the execution and delivery of this Agreement by Contact and the delivery of the Directors' Circular, and (2) no filing or registration with, or authorization, consent or approval of, any Governmental Entity is required of Contact or its subsidiaries in connection with the execution and delivery of this Agreement by Contact, the making or completion of the Offer, a Compulsory Acquisition or any Subsequent Acquisition Transaction by Stornoway or the delivery of the Directors' Circular, except for such filings or registrations which, if not made, or for such authorizations, consents or approvals which, if not received, would not have a Material Adverse Effect on Contact.

(e) Capitalization. The authorized share capital of Contact consists of an unlimited number of Contact Shares. As of the close of business on July 20, 2006 there are issued and outstanding 43,873,365 Contact Shares. As of the close of business on July 20, 2006, an aggregate of up to 5,202,000 Contact Shares are issuable upon the exercise of the Contact Options and Contact Warrants and except as set forth above, there are no options, warrants or other rights, shareholder rights plans, agreements or commitments of any character whatsoever requiring or which may require the issuance, sale or transfer by Contact of any shares in the capital of Contact (including Contact Shares) or any securities convertible into, or exchangeable or exercisable for, or otherwise evidencing a right to acquire, any shares in the capital of Contact (including Contact Shares). All outstanding Contact Shares have been duly authorized and validly issued, are fully paid and non-assessable and are not subject to, nor were they issued in violation of, any pre-emptive rights, and all Contact Shares issuable upon the exercise of rights under the Contact Options and Contact Warrants in accordance with their terms have been duly authorized and, upon issuance, will be validly issued as fully paid and non-assessable and will not be subject to any pre-emptive rights. Subject to the foregoing, there are no securities of Contact or of any of its subsidiaries outstanding which have the right to vote generally (or are convertible into or exchangeable for securities having the right to vote generally) with the Contact Shareholders on any matter. There are no outstanding contractual or other obligations of Contact or any subsidiary to repurchase, redeem or

otherwise acquire any of its securities or with respect to the voting or disposition of any outstanding securities of any of its subsidiaries.

- (f) Shareholder Rights Plan. Contact does not have or maintain any shareholder rights plan.
- (g) Reporting Status and Securities Laws Matters. Contact is a "reporting issuer" and not on the list of reporting issuers in default under the applicable Canadian provincial and territorial Securities Laws and is not in material default of any material requirements of any Securities Laws. No delisting, suspension of trading in or cease trading order with respect to any securities of Contact, and to the knowledge of Contact, no inquiry, review or investigation (formal or informal) of any Securities Authority, is in effect or ongoing or, expected to be implemented or undertaken. Contact does not have any class of securities registered under, and is not subject to any reporting requirements pursuant to, United States Securities Laws.
- (h) Ownership of Subsidiaries. Contact has no subsidiaries;
- (i) Reports. As of their respective dates, Contact's audited financial statements as at and for the fiscal years ended December 31, 2005 and December 31, 2004 and unaudited interim financial statements at and for the period ended March 31, 2006 (including the notes thereto and related management's discussion and analysis ("**MD&A**")), (collectively, the "**Contact Financial Statements**") were prepared in accordance with GAAP consistently applied (except (A) as otherwise indicated in such financial statements and the notes thereto, (B) in the case of unaudited interim statements, are subject to normal year-end adjustments and may omit notes which are not required by applicable Laws in the unaudited statements or (C) as items in such financial statements have been reclassified) and fairly present in all material respects the consolidated financial position, results of operations and changes in financial position of Contact and its subsidiaries on a consolidated basis as of the dates thereof and for the periods indicated therein (subject, in the case of any unaudited interim financial statements, to normal period-end adjustments) and reflect reserves required by GAAP consistently applied in respect of all material contingent liabilities, if any, of Contact and its subsidiaries on a consolidated basis. There has been no change in Contact's accounting policies, except as described in the notes to the Contact Financial Statements, since December 31, 2003.
- (j) Offering Documents. All documents filed by Contact with Securities Authorities or the Exchange since December 31, 2003: (1) did not at the time filed contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading; and (2) included all documents required to be filed in accordance with Securities Laws with Securities Authorities and the Exchanges and complied in all material respects with Securities Laws.
- (k) Taxes. Contact and each of its subsidiaries has duly and timely filed all Returns required to be filed by it prior to the date hereof, other than those which have been administratively waived, and all such Returns are complete and correct in all material respects. Each of them has paid on a timely basis all Taxes which are due and payable, all assessments and reassessments, and all other Taxes due and payable by it on or before the date hereof, other than those which are being or have been contested in good faith and in respect of which appropriate reserves have been provided in the most recently published Contact Financial Statements and has also remitted in a timely fashion to any competent Governmental Entity any withholding or deduction. Except as provided for in the Contact Financial Statements, no litigation or assessments exist with respect to Taxes of Contact. Contact is not a party to any action or proceeding for collection of Taxes and no such event has been asserted or, to the knowledge to Contact, threatened against Contact or any of its assets.

- (l) Absence of Undisclosed Liabilities. Except as disclosed in the Contact Public Disclosure Record or the Contact Financial Statements, neither Contact nor any of its subsidiaries has any material obligations or liabilities of any nature (matured or unmatured, fixed or contingent) other than liabilities incurred since March 31, 2006 in the ordinary course of business.
- (m) No Material Adverse Effect. Except as disclosed in the Contact Financial Statements or Contact Public Disclosure Record, since March 31, 2006 there has not been any Material Adverse Effect on Contact.
- (n) Property. Contact and each of its subsidiaries has good and valid title to its real and immovable property interests, including legal ownership of its owned real and immovable properties, easements, servitudes, rights of way and permits permitting the use of such land or premises by Contact and its subsidiaries, necessary to permit the operation of its current businesses, as they are now being or are proposed to be conducted, except for such failure of title in respect of any real or immovable property or failure to hold such easements, servitudes, rights of way or permits as would, individually or in the aggregate, not have a Material Adverse Effect on Contact.
- (o) Contracts. Except as disclosed in the Contact Public Disclosure Record, none of Contact, its subsidiaries nor, to the knowledge of Contact, any of the other parties thereto, is in default or breach of, nor has Contact or its subsidiaries received any notice of default or breach of, or termination under, any Contract, and, to the knowledge of Contact, there exists no state of facts which after notice or lapse of time or both would constitute a default or breach of such Contract except for such default or breach as would, individually or in the aggregate, not have a Material Adverse Effect on Contact.
- (p) Permits. Contact and each of its subsidiaries has obtained and is in compliance with all Permits required by applicable Laws, necessary to conduct its current businesses as they are now being conducted, other than where the absence of such Permits or the failure to comply would not, individually or in the aggregate, have a Material Adverse Effect on Contact.
- (q) Employment Agreements and Collective Agreements. Except as disclosed in the Contact Public Disclosure Record or in the employment contracts of Matt Manson and Graham Long, neither Contact nor any of its subsidiaries is a party to, is bound by or is subject to:
 - (i) any employment, retention or change of control agreement with any officer, consultant or employee or any written or oral agreement, arrangement or understanding providing for retention, severance or termination payments to any officer, consultant or employee of Contact or any of its subsidiaries; or
 - (ii) any actual claim, suit or demand arising out of or in connection with the employment of any employee by Contact or any of its subsidiaries or the termination thereof, except where such claim, demand or grievance would not, individually or in the aggregate, have a Material Adverse Effect on Contact.
- (r) Brokers' Fee. Except for Orion Securities Inc. and CIBC World Markets Inc., no broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission from, or to the reimbursement of any of its expenses by, Contact in connection with this Agreement or the Offer. No broker, finder, investment banker or any other person is entitled to any brokerage, finder's or other fee or commission from, or to the reimbursement of any of its expenses by, Contact in connection with any merger, amalgamation, take-over bid, tender offer, arrangement, share exchange, purchase or joint venture between Stornoway and Ashton.

3.2 Survival of Representations and Warranties

The representations and warranties of Contact contained in this Agreement shall expire and be terminated on the earlier of the Effective Date and the date on which this Agreement is terminated in accordance with its terms.

ARTICLE IV REPRESENTATIONS AND WARRANTIES OF STORNOWAY

4.1 Representations and Warranties

Stornoway hereby represents and warrants to and in favour of Contact as follows and acknowledges that Contact is relying upon such representations and warranties in connection with the entering into of this Agreement:

- (a) Organization and Qualification. Stornoway is a corporation duly incorporated or an entity existing under the laws of its jurisdiction of incorporation, continuance or creation and has the requisite corporate power and authority to own its properties as now owned and to carry on its business as it is now being conducted. Stornoway is duly registered or otherwise authorized to do business and is in good standing in each jurisdiction in which the character of its properties, owned, leased, licensed or otherwise held, or the nature of its activities makes such registration necessary except for such failure to be so qualified would not, individually or in the aggregate, have any Material Adverse Effect on Stornoway. Copies of the notice of articles and articles of Stornoway dated Stornoway January 30, 2006 filed on SEDAR (filing date June 6, 2006) are accurate and complete and have not been amended or superseded and no steps or proceedings have been taken or are pending or contemplated to amend or supersede such constating documents.
- (b) Authority Relative to this Agreement. Stornoway has the requisite corporate authority to enter into this Agreement and to carry out its obligations hereunder. The execution and delivery of this Agreement has been duly authorized by the Board of Directors of Stornoway, and no other corporate proceedings on the part of Stornoway are necessary to authorize the execution and delivery by it of this Agreement. This Agreement has been duly executed and delivered by Stornoway and constitutes a legal, valid and binding obligation of Stornoway enforceable against Stornoway in accordance with its terms, subject to equitable principles and the qualification that such enforceability may be limited by bankruptcy, insolvency, reorganization or other laws of general application relating to or affecting rights of creditors.
- (c) No Violations.
 - (i) Neither the execution and delivery of this Agreement by Stornoway nor the completion of the Offer, a Compulsory Acquisition or a Subsequent Acquisition Transaction nor compliance by Stornoway with any of the provisions hereof will: (1) violate, conflict with, or result in a breach of any provision of, require any consent, approval or notice under, or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) or result in a right of termination or acceleration under, or result in the creation of any Lien upon, any of the properties or assets of Stornoway or any of its subsidiaries, or in any such Lien becoming (or being capable of becoming) enforceable against any such properties or assets, or cause any indebtedness to come due before its stated maturity or cause any credit commitment or obligation to cease to be available or cause any payment or other obligation to be imposed on Stornoway or any of its subsidiaries under any of the terms, conditions or provisions of (A) their respective articles or by-laws or other comparable organizational documents or (B) any note, bond, mortgage, indenture, loan agreement, deed of trust, Lien, or other Contract to which Stornoway or any of its subsidiaries is a party or to

which any of them, or any of their respective properties or assets, may be subject or by which Stornoway or any of its subsidiaries is bound; (2) subject to obtaining the Regulatory Approvals, (x) violate any Law applicable to Stornoway or any of their respective properties or assets; or (y) cause the suspension or revocation of any Permit currently in effect; (3) result in any payment (including severance, unemployment compensation, golden parachute, bonus or otherwise) becoming due to any director or employee of Stornoway or any of its subsidiaries or result in any increase or acceleration of contributions, liabilities or benefits, or acceleration of vesting, under any Stornoway Plan or restriction imposed on any asset held in connection with a Stornoway Plan (except, in the case of each of clauses (1), (2) and (3) above, for such violations, conflicts, breaches, defaults, terminations, accelerations or creations of Liens which, or any consents, approvals or notices which if not given or received, would not, individually or in the aggregate, have any Material Adverse Effect on Stornoway).

- (ii) Subject to obtaining the Regulatory Approvals and other than in connection with or compliance with the applicable corporate and securities Laws, (1) there is no legal impediment to the execution and delivery of this Agreement by Stornoway and the delivery of the Directors' Circular, and (2) no filing or registration with, or authorization, consent or approval of, any Governmental Entity is required of Stornoway or its subsidiaries in connection with the execution and delivery of this Agreement by Stornoway, the making or completion of the Offer, a Compulsory Acquisition or any Subsequent Acquisition Transaction by Stornoway or the delivery of the Directors' Circular, except for such filings or registrations which, if not made, or for such authorizations, consents or approvals which, if not received, would not have a Material Adverse Effect on Stornoway.

- (d) Capitalization. The authorized share capital of Stornoway consists of an unlimited number of Stornoway Shares. As of the close of business on July 20, 2006 there are issued and outstanding 80,915,671 Stornoway Shares. As of the close of business on July 20, 2006, an aggregate of up to 4,498,296 Stornoway Shares are issuable upon the exercise of the Stornoway Options and Warrants and except as set forth above, there are no options, warrants or other rights, shareholder rights plans, agreements or commitments of any character whatsoever requiring or which may require the issuance, sale or transfer by Stornoway of any shares in the capital of Stornoway (including Stornoway Shares) or any securities convertible into, or exchangeable or exercisable for, or otherwise evidencing a right to acquire, any shares in the capital of Stornoway (including Stornoway Shares). All outstanding Stornoway Shares have been duly authorized and validly issued, are fully paid and non-assessable and are not subject to, nor were they issued in violation of, any pre-emptive rights, and all Stornoway shares issuable upon the exercise of rights under the Stornoway Options and Warrants in accordance with their terms have been duly authorized and, upon issuance, will be validly issued as fully paid and non-assessable and will not be subject to any pre-emptive rights. Subject to the foregoing, there are no securities of Stornoway or of any of its subsidiaries outstanding which have the right to vote generally (or are convertible into or exchangeable for securities having the right to vote generally) with the Stornoway Shareholders on any matter. There are no outstanding contractual or other obligations of Stornoway or any subsidiary to repurchase, redeem or otherwise acquire any of its securities or with respect to the voting or disposition of any outstanding securities of any of its subsidiaries.

- (e) Shareholder Rights Plan. Stornoway does not have or maintain any shareholder rights plan.

- (f) Reporting Status and Securities Laws Matters. Stornoway is a "reporting issuer" and not on the list of reporting issuers in default under the applicable Canadian provincial and territorial Securities Laws and is not in material default of any material requirements of

any Securities Laws. No delisting, suspension of trading in or cease trading order with respect to any securities of Stornoway, and no inquiry, review or investigation (formal or informal) of any Securities Authority, is in effect or ongoing or, to the knowledge of Stornoway, expected to be implemented or undertaken. Stornoway does not have any class of securities registered under, and is not subject to any reporting requirements pursuant to, United States Securities Laws.

- (g) Ownership Of Subsidiaries. Stornoway has no material subsidiaries.
- (h) Reports. As of their respective dates, Stornoway's audited financial statements as at and for the fiscal years ended April 30, 2006 and April 30, 2005 (including the notes thereto and related management's discussion and analysis ("MD&A")), (collectively, the "Stornoway Financial Statements") were prepared in accordance with GAAP consistently applied (except (A) as otherwise indicated in such financial statements and the notes thereto, or (B) as items in such financial statements have been reclassified) and fairly present in all material respects the consolidated financial position, results of operations and changes in financial position of Stornoway and its subsidiaries on a consolidated basis as of the dates thereof and for the periods indicated therein and reflect reserves required by GAAP consistently applied in respect of all material contingent liabilities, if any, of Stornoway and its subsidiaries on a consolidated basis. There has been no change in Stornoway's accounting policies, except as described in the notes to the Stornoway financial statements, since May 1, 2004.
- (i) Offering Documents. All documents filed by Stornoway with Securities Authorities or the Exchange since April 30, 2004: (1) did not at the time filed contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading; and (2) included all documents required to be filed in accordance with Securities Laws with Securities Authorities and the Exchanges and complied in all material respects with Securities Laws.
- (j) Taxes. Stornoway and each of its subsidiaries has duly and timely filed all Returns required to be filed by it prior to the date hereof, other than those which have been administratively waived, and all such Returns are complete and correct in all material respects. Each of them has paid on a timely basis all Taxes which are due and payable, all assessments and reassessments, and all other Taxes due and payable by it on or before the date hereof, other than those which are being or have been contested in good faith and in respect of which appropriate reserves have been provided in the most recently published Stornoway Financial Statements and has also remitted in a timely fashion to any competent Governmental Entity any withholding or deduction. Except as provided for in the Stornoway Financial Statements, no litigation or assessments exist with respect to Taxes of Stornoway. Stornoway is not a party to any action or proceeding for collection of Taxes and no such event has been asserted or, to the knowledge to Stornoway, threatened against Stornoway or any of its assets.
- (k) Absence of Undisclosed Liabilities. Except as disclosed in the Stornoway Public Disclosure Record or the Stornoway Financial Statements, neither Stornoway nor any of its subsidiaries has any material obligations or liabilities of any nature (matured or unmatured, fixed or contingent) other than liabilities incurred since April 30, 2006 in the ordinary course of business.
- (l) No Material Adverse Effect. Except as disclosed in the Stornoway Financial Statements or Stornoway Public Disclosure record, since April 30, 2006 there has not been any Material Adverse Effect on Stornoway.
- (m) Property. Stornoway and each of its subsidiaries has good and valid title to its real and immovable property interests, including legal ownership of its owned real and immovable

properties, easements, servitudes, rights of way and permits permitting the use of such land or premises by Stornoway and its subsidiaries, necessary to permit the operation of its current businesses, as they are now being or are proposed to be conducted, except for such failure of title in respect of any real or immovable property or failure to hold such easements, servitudes, rights of way or permits as would, individually or in the aggregate, not have a Material Adverse Effect on Stornoway.

- (n) Contracts. Except as disclosed in the Stornoway Public Disclosure Record, none of Stornoway, its subsidiaries nor, to the knowledge of Stornoway, any of the other parties thereto, is in default or breach of, nor has Stornoway or its subsidiaries received any notice of default or breach of, or termination under, any Contract, and, to the knowledge of Stornoway, there exists no state of facts which after notice or lapse of time or both would constitute a default or breach of such Contract except for such default or breach as would, individually or in the aggregate, not have a Material Adverse Effect on Stornoway.
- (o) Permits. Stornoway has obtained and is in compliance with all permits required by applicable Laws, necessary to conduct its current businesses as they are now being conducted, other than where the absence of such Permits or the failure to comply would not, individually or in the aggregate, have a Material Adverse Effect on Stornoway.
- (p) Employment Agreements and Collective Agreements. Except as disclosed in the Stornoway Public Disclosure Record neither Stornoway nor any of its subsidiaries is a party to, is bound or is subject to:
 - (i) any employment, retention or change of control agreement with any officer, consultant or employee or any written or oral agreement, arrangement or understanding providing for retention, severance or termination payments to any officer, consultant or employee of Stornoway or any of its subsidiaries; or
 - (ii) any actual claim, suit, grievance or demand arising out of or in connection with the employment of any employee by Stornoway or any of its subsidiaries or the termination thereof, except where such claim, demand or grievance would not, individually or in the aggregate, have a Material Adverse Effect on Stornoway.

4.2 Survival of Representations and Warranties

The representations and warranties of Stornoway contained in this Agreement shall expire and be terminated on the earlier of the Effective Date and the date on which this Agreement is terminated in accordance with its terms.

ARTICLE V COVENANTS

5.1 Covenants of Contact Regarding the Conduct of Business

Contact covenants and agrees that, during the period from the date of this Agreement until the earlier of the Effective Date and the time that this Agreement is terminated in accordance with its terms, unless Stornoway shall otherwise agree in writing, such agreement not to be unreasonably withheld or delayed, or as is otherwise expressly permitted or specifically contemplated by this Agreement or the Offer:

- (a) the business of Contact and its subsidiaries shall be conducted only, and Contact and its subsidiaries shall not take any action except, in compliance with any material Contracts to which it is a party and in the usual and ordinary course of business consistent with past practice, and Contact shall use its reasonable commercial efforts to maintain and preserve

its and its subsidiaries' business organization, assets, employees, goodwill and business relationships;

- (b) Contact shall not, and shall not permit any of its subsidiaries to, directly or indirectly:
 - (i) amend its articles or by-laws or other comparable organizational documents;
 - (ii) declare, set aside or pay any dividend or other distribution or payment (whether in cash, shares or property) in respect of the Contact Shares owned by any person or the securities of any subsidiary owned by a person other than Contact;
 - (iii) issue, grant, sell, pledge or hypothecate or agree to issue, grant, sell, pledge or hypothecate any shares of Contact or its subsidiaries, or securities convertible into or exchangeable or exercisable for, or otherwise evidencing a right to acquire, shares of Contact or its subsidiaries, other than (A) the issuance of Contact Shares issuable pursuant to the terms of the outstanding Contact Options, Contact Warrants and other outstanding convertible or exchangeable securities or existing obligations to issue Contact Shares, (B) as required under applicable Law;
 - (iv) redeem, purchase or otherwise acquire any of its outstanding securities, unless otherwise required by the terms of such securities;
 - (v) amend the terms of any of its securities;
 - (vi) adopt a plan of liquidation or resolution providing for the liquidation or dissolution of Contact or any of its subsidiaries, or undertake any merger, consolidation or a reorganization of Contact or any of its subsidiaries;
 - (vii) amend its accounting policies or adopt new accounting policies, in each case except as required in accordance with GAAP;
 - (viii) make any material Tax election or settle or compromise any material Tax liability; or
 - (ix) enter into, modify or terminate any Contract with respect to any of the foregoing;
- (c) Contact shall promptly notify Stornoway in writing of any circumstance or development that is or would reasonably be expected to constitute a Material Adverse Effect on Contact or any change in any material fact set forth in the Contact Public Disclosure Record;
- (d) Contact shall not, and shall not permit any of its subsidiaries to, directly or indirectly, except in the ordinary course of business consistent with past practice:
 - (i) sell, pledge, lease, dispose of, hypothecate or otherwise encumber any assets of Contact or of any subsidiary;
 - (ii) acquire (by merger, amalgamation, consolidation or acquisition of shares or assets) any corporation, partnership or other business organization or division thereof, or make any investment either by the purchase of securities, contributions of capital (other than to wholly-owned subsidiaries), property transfer, or purchase of any property or assets of any other person, if any of the foregoing would be material to Contact;
 - (iii) incur any indebtedness for borrowed money or any other liability or obligation or issue any debt securities or assume, guarantee, endorse or otherwise as an accommodation become responsible for the obligations of any other person, or make any loans or advances (there is an existing debt owed to Agnico-Eagle Mines Limited);
 - (iv) pay, discharge or satisfy any claims, liabilities or obligations other than the payment, discharge or satisfaction of liabilities reflected or reserved against in the Contact Financial Statements;
 - (v) waive, release, grant or transfer any rights of material value; or
 - (vi) authorize or propose any of the foregoing, or enter into or modify any Contract to do any of the foregoing;
- (e) Contact shall not, and shall not permit any of its subsidiaries to, directly or indirectly, enter into or modify any material Contract or series of Contracts resulting in a new Contract or series of related new Contracts or modifications to an existing material Contract or series of related existing Contracts outside the ordinary course of business, including, without limitation, any of the foregoing that would have a Material Adverse Effect on Contact;
- (f) except in the usual and ordinary course of business consistent with past practice and other than as is necessary to comply with applicable Laws, neither Contact nor any of its

subsidiaries shall grant to any officer, director or employee of Contact or any of its subsidiaries an increase in compensation in any form, grant any general salary increase, make any loan to any officer, director or employee of Contact or any of its subsidiaries, take any action with respect to the grant of any severance or termination pay to or enter into any employment agreement with any officer, director or employee of Contact or any of its subsidiaries, increase any benefits payable under its current severance or termination pay policies, or adopt or amend or make any modification to any Contact Plan or other bonus, profit sharing, option, pension, retirement, deferred compensation, insurance, incentive compensation, compensation or other similar plan, agreement, trust, fund or arrangement for the benefit of directors, officers or employees or former directors, officers, employees of Contact or any of its subsidiaries;

- (g) except as contemplated in Section 2.5(a) hereof, Contact shall not, whether through its Board of Directors or otherwise amend, vary or modify the Contact Stock Option Plan; and
- (h) Contact shall not, and shall not permit any of its subsidiaries to, settle or compromise (i) any action, claim or proceeding brought by any present, former or purported holder of its securities in connection with the transactions contemplated by this Agreement or the Offer or (ii) any other action, claim or proceeding brought against it and/or any of its subsidiaries for an amount that exceeds \$100,000 with respect to a single incident or that exceeds \$200,000 in the aggregate with respect to a series of related incidents.

5.2 Covenants of Stornoway Regarding the Conduct of Business

Stornoway covenants and agrees that, during the period from the date of this Agreement until the earlier of the Effective Date and the time that this Agreement is terminated in accordance with its terms, unless Contact shall otherwise agree in writing, such agreement not to be unreasonably withheld or delayed, or as is otherwise expressly permitted or specifically contemplated by this Agreement or the Offer:

- (a) Stornoway shall use its reasonable commercial efforts to maintain and preserve its and its subsidiaries' business organization, assets, employees, goodwill and business relationships;
- (b) Stornoway shall not directly or indirectly: (i) subdivide, split, combine, consolidate, or classify any of the Stornoway Shares; (ii) declare, set aside or pay any dividend or other distribution or payment (whether in cash, shares or property) in respect of the Stornoway Shares owned by any person or the securities of any subsidiary owned by a person other than Stornoway; (iii) redeem, purchase or otherwise acquire any of its outstanding securities, unless otherwise required by the terms of such securities; (iv) amend the terms of any of its securities; and
- (c) Stornoway shall promptly notify Contact in writing of any circumstance or development that is or would reasonably be expected to constitute a Material Adverse Effect on Stornoway or any change in any material fact set forth in the Stornoway Public Disclosure Record.

5.3 Covenants of Contact Regarding the Performance of Obligations

Contact shall and shall cause its subsidiaries to perform all obligations required or desirable to be performed by Contact or any of its subsidiaries under this Agreement, co-operate with Stornoway in connection therewith, and do all such other acts and things as may be necessary or desirable in order to consummate and make effective, as soon as reasonably practicable, the transactions contemplated in this Agreement and, without limiting the generality of the foregoing, Contact shall and, where appropriate, shall cause its subsidiaries to:

- (a) apply for and use its reasonable commercial efforts to obtain all Regulatory Approvals relating to Contact or any of its subsidiaries which are typically applied for by an offeree and, in doing so, keep Stornoway reasonably informed as to the status of the proceedings related to obtaining the Regulatory Approvals, including providing Stornoway with copies of all related applications and notifications excluding any part thereof constituting confidential information, in draft form, in order for Stornoway to provide its comments thereon; provided that Contact shall not make any commitments, provide any undertakings or assume any obligations, in each case that are or would reasonably be expected to be material to Contact or Stornoway without the prior written consent of Stornoway, which shall not be unreasonably withheld or delayed;
- (b) defend all lawsuits or other legal, regulatory or other proceedings against Contact challenging or affecting this Agreement or the consummation of the transactions contemplated hereby;
- (c) forthwith at the request of Stornoway upon confirmation that Stornoway beneficially owns more than 50% of the Contact Shares, use its reasonable commercial efforts to assist in effecting the resignations of the Contact directors and causing them to be replaced by persons nominated by Stornoway; and
- (d) if following the take-up of Contact Shares under the Offer, Stornoway or one of its subsidiaries sends a notice in the manner prescribed under Section 188(2) of the OBCA, then forthwith following the request of Stornoway, Contact shall complete the actions contemplated in Section 188(11) of the OBCA.

5.4 Covenants of Stornoway Regarding the Performance of Obligations

(1) Stornoway shall, and shall cause its subsidiaries to, perform all obligations required or desirable to be performed by Stornoway or any of Stornoway's subsidiaries under this Agreement, cooperate with Contact in connection therewith, and do all such other acts and things as may be necessary or desirable in order to consummate and make effective, as soon as reasonably practicable, the transactions contemplated in this Agreement and, without limiting the generality of the foregoing, Stornoway shall and where appropriate shall cause its subsidiaries to:

- (a) make the Offer in accordance with the provisions of this Agreement and in compliance with all applicable Laws;
- (b) subject to the terms and conditions hereof and of the Offer, take up the Contact Shares deposited under the Offer and pay for such Contact Shares in accordance with the Securities Laws;
- (c) if Stornoway acquires at least 90% of the Contact Shares outstanding on a fully-diluted basis, use reasonable commercial efforts to commence and complete forthwith a Compulsory Acquisition in accordance with applicable Law;
- (d) if Stornoway acquires at least 66% and less than 90% of the Contact Shares outstanding on a fully-diluted basis, use reasonable commercial efforts to commence and complete a Subsequent Acquisition Transaction in compliance with applicable Law within 120 days of the Effective Date on substantially the same terms, including price, as the Offer;
- (e) apply for and use all commercially reasonable efforts to obtain all Regulatory Approvals relating to Stornoway or any of Stornoway's subsidiaries and relating to Contact or any of Contact's subsidiaries which are typically applied for by an offeror and, in doing so, keep Contact reasonably informed as to the status of the proceedings related to obtaining the Regulatory Approvals, including providing Contact with copies of all related applications and notifications excluding any part thereof constituting confidential information, in draft form, in order for Contact to provide its reasonable comments thereon; provided that for

greater certainty, nothing contained in this Agreement shall restrict or limit Stornoway from making such commitments or providing such undertakings or assuming such obligations as it considers, in its sole discretion, necessary or desirable in order to obtain the Regulatory Approvals or any other sanctions, rulings, consents, orders, exemptions, permits and other approvals required by applicable antitrust or competition Law or shall require Stornoway to make any such commitments, provide any such undertakings or assume any such obligations; and

- (f) defend all lawsuits or other legal, regulatory or other proceedings against Stornoway challenging or affecting this Agreement or the making or completion of the Offer, a Compulsory Acquisition or a Subsequent Acquisition Transaction.

(2) Stornoway agrees that it will not impose additional conditions to the Offer or amend, modify or change the terms and conditions of the Offer in a manner that is adverse to the holders of Contact Shares without the prior written consent of Contact; provided, however, that (i) subject to the Outside Date, it may extend the Expiry Date from time to time if, on the Expiry Date on which the Offer is scheduled to expire, any of the conditions to the Offer shall not be satisfied or waived by Stornoway, until such time as such conditions are satisfied or waived by Stornoway or (ii) it may do so to comply with the legal obligations of Stornoway with respect to any amendment, modification or change of the Offer, including without limitation any notice of change or notice of variation in relation to the Ashton Offer and to report results of Stornoway's and its joint ventures' exploration programs. Stornoway shall provide a draft of any proposed amendment, modification or change to the Offer to Contact and shall consult with Contact, which shall be entitled to review and comment on the proposed amendment, modification or change, with respect to the terms and conditions of such proposed amendment, modification or change of the Offer.

(3) Notwithstanding Section 5.4(2), Stornoway may extend the Offer for a period of not more than 20 business days beyond the initial Expiry Date or any date to which the Expiry Date has been extended pursuant to Section 5.4(2) (which extension shall not be subject to the Outside Date) if (i) on such date there shall not have been tendered at least 90% of the Contact Shares outstanding on such date, (ii) all other conditions to the Offer have been satisfied or waived and (iii) Stornoway has taken up and paid for all Contact Shares tendered to the Offer.

5.5 Mutual Covenants

Each of the Parties covenants and agrees that, except as contemplated in this Agreement, during the period from the date of this Agreement until the earlier of the Effective Time and the time that this Agreement is terminated in accordance with its terms:

- (a) it shall, and shall cause its subsidiaries to, use all commercially reasonable efforts to satisfy (or cause the satisfaction of) the conditions precedent to its obligations hereunder as set forth in Article VI to the extent the same is within its control and to take, or cause to be taken, all other action and to do, or cause to be done, all other things necessary, proper or advisable under all applicable Laws to complete the Offer, including using its commercially reasonable efforts to: (i) obtain all Regulatory Approvals required to be obtained by it; (ii) effect all necessary registrations, filings and submissions of information requested by Governmental Entities required to be effected by it in connection with the Offer, a Compulsory Acquisition or any Subsequent Acquisition Transaction; (iii) oppose, lift or rescind any injunction or restraining order against it or other order or action against it seeking to stop, or otherwise adversely affecting its ability to make and complete, the Offer; and (iv) co-operate with the other Party in connection with the performance by it and its subsidiaries of their obligations hereunder; and
- (b) it shall not take any action, refrain from taking any commercially reasonable action, or permit any action to be taken or not taken, which is inconsistent with this Agreement or which would reasonably be expected to significantly impede the making or completion of

the Offer, a Compulsory Acquisition or any Subsequent Acquisition Transaction except as permitted by this Agreement.

5.6 Directors and Officers Insurance

From and after the Effective Date, Stornoway agrees that for the period from the Expiry Time until six years after the Expiry Time, Stornoway will cause Contact or any successor to Contact to maintain Contact's current directors' and officers' insurance policy or a policy reasonably equivalent subject in either case to terms and conditions no less advantageous to the directors and officers of Contact than those contained in the policy in effect on the date hereof, for all present and former directors and officers of Contact, covering claims made prior to or within six years after the Expiry Time provided, however, that in no event will Contact pay in excess of 300% of the annual premium currently paid by Contact for such coverage for the purchase of such insurance policy, and if the cost for such coverage is in excess of such amount, Contact shall only maintain such coverage as is available for such amount. From and after the Effective Date, Stornoway shall cause Contact (or its successor) to, indemnify the current and former directors and officers of Contact to the extent to which they are indemnified as of the date hereof under Contact's respective charter, by-laws, applicable Law and contracts of indemnity. In the event Contact or any of its successors or assigns (i) consolidates with or merges into any other person and shall not be the continuing or surviving corporation or entity of such consolidation or merger or (ii) transfers all or substantially all of its properties and assets to any person, then, and in such case, proper provision shall be made so that such successors and assigns of Contact or, at Stornoway's option, Stornoway, shall assume the obligations set forth in this Section 5.6.

ARTICLE VI CONDITIONS

6.1 Conditions of the Offer

(1) The obligations of Stornoway hereunder, including the obligations of Stornoway to take up and pay for any Contact Shares deposited to the Offer, are subject to each of the conditions set forth in Schedule B being satisfied or waived by Stornoway at or prior to the Expiry Time.

(2) The conditions set forth in Schedule B are for the exclusive benefit of Stornoway and may be waived, in whole or in part, by Stornoway in writing at any time, and, unless otherwise provided in the written waiver, will be limited to the specific condition waived. If any of such conditions shall not have been satisfied or waived by Stornoway on or before the date required for its performance, Stornoway may terminate this Agreement by written notice to Contact and shall have no other right or remedy against Contact except as may be provided by Article VII and Article VIII.

6.2 Notice and Cure Provisions

Each Party will give prompt notice to the other of the occurrence, or failure to occur, at any time from the date hereof until the earlier to occur of the termination of this Agreement and the Effective Time of any event or state of facts which occurrence or failure would, or would be likely to:

- (a) cause any of the representations or warranties of either Party contained herein qualified as to materiality to be untrue or inaccurate or any of those not so qualified to be untrue or inaccurate in any material respect on the date hereof, at the Mailing Date, the Expiry Date or at the Effective Date; or
- (b) result in the failure to comply in all material respects with or satisfy any covenant, condition or agreement to be complied with or satisfied by either Party hereunder prior to the Mailing Date or the Expiry Date or at the Effective Date.

No Party may elect not to complete the transactions contemplated hereby pursuant to the conditions set forth herein or any termination right arising therefrom and no payments are payable as a result of such election pursuant to Section 7.3 unless forthwith and in any event prior to the Effective

Date, the Party intending to rely thereon has delivered a written notice to the other Party specifying in reasonable detail all breaches of covenants, representations and warranties or other matters which the Party delivering such notice is asserting as the basis for the non-fulfilment or the applicable condition or termination right, as the case may be. If any such notice is delivered, provided that a Party is proceeding diligently to cure such matter and such matter is capable of being cured, no Party may terminate this Agreement until the expiration of a period of 20 business days from such notice.

6.3 Merger of Conditions

The conditions set out in Schedule B shall be conclusively deemed to have been satisfied or waived upon the taking up by Stornoway of any Contact Shares pursuant to the Offer.

ARTICLE VII ADDITIONAL AGREEMENTS

7.1 Non-Solicitation

(1) Contact shall not, directly or indirectly, through any officer, director, employee, representative or agent of Contact or any of its subsidiaries, (i) actively solicit, initiate or actively encourage (including by way of furnishing information or entering into any form of agreement, arrangement or understanding) the initiation of any inquiries or proposals regarding, constituting or that may reasonably be expected to lead to, an Acquisition Proposal, (ii) participate in any discussions or negotiations regarding an Acquisition Proposal, (iii) withdraw or modify, or propose publicly to withdraw or modify, in a manner adverse to Stornoway, the approval of the Board of Directors of Contact of the Offer, (iv) approve or recommend, or propose publicly to approve or recommend, any Acquisition Proposal or (v) accept or enter into, or propose publicly to accept or enter into, any agreement, understanding or arrangement in respect of an Acquisition Proposal; provided that nothing contained in this Agreement shall prevent the Board of Directors of Contact from taking any of the actions described in clauses (i) through (v) above in respect of a bona fide, written Acquisition Proposal received after the date hereof that:

- (a) did not result from a breach of any agreement between the person making such Acquisition Proposal and Contact or any of its subsidiaries, or this Section 7.1;
- (b) involves not less than 50.1 percent of the outstanding Contact Shares or 50.1 percent of the consolidated assets of Contact; and
- (c) in respect of which the Board of Directors of Contact determines in its good faith judgment, after consultation with its financial advisors and its outside counsel, that there is a reasonable likelihood that any required financing will be obtained and that the Acquisition Proposal would, if consummated in accordance with its terms, result in a transaction that: (A) is reasonably capable of completion in accordance with its terms without undue delay, taking into account all financial, legal, regulatory and other aspects of such Acquisition Proposal and the person making such Acquisition Proposal and (B) is more favourable to Contact Shareholders from a financial point of view than the Offer taking into account any approval requirements and all other financial, legal, regulatory and other aspects of such proposal.

(any such Acquisition Proposal being referred to herein as a "**Superior Proposal**").

(2) Contact shall, and shall cause the officers, directors, employees, representatives and agents of Contact and its subsidiaries to, immediately terminate any existing discussions or negotiations with any parties (other than Stornoway) with respect to any proposal that constitutes, or may reasonably be expected to constitute, an Acquisition Proposal. Contact agrees not to release any third party from any confidentiality agreement relating to a potential Acquisition Proposal to which such third party is a party. Contact further agrees not to release any third party from any standstill agreement or provision to which such third party is a party unless such third party has made the Superior Proposal.

(3) Contact shall immediately notify Stornoway of, at first orally and then in writing, any Acquisition Proposal or written inquiry that could lead to an Acquisition Proposal, in each case received after the date hereof of which any of its directors or officers become aware, or any amendments to the foregoing, or any request for non-public information relating to Contact or any of its subsidiaries in connection with an Acquisition Proposal or for access to the properties, books or records of Contact or any of its subsidiaries by any person that informs Contact or such subsidiary that it is considering making, or has made, an Acquisition Proposal and any amendment thereto and, provided Stornoway agrees to such requests as to the confidentiality to be afforded in respect of such Acquisition Proposal that the person proposing the Acquisition Proposal may reasonably request, a description of the material terms and conditions of any such Acquisition Proposal or inquiry, and shall provide the identity of the person making any such Acquisition Proposal or inquiry and such other details of the proposal or inquiry as Stornoway may reasonably request. Contact shall keep Stornoway (i) fully informed of the status, including any change to the material terms of any such Acquisition Proposal or inquiry; and (ii) provide Stornoway with copies of all correspondence and other written material sent or provided to Contact from any person in connection with any Acquisition Proposal or inquiry or sent or provided by Contact to any person in connection with any Acquisition Proposal or inquiry immediately after receipt or delivery thereof.

(4) If Contact receives a request for material non-public information from a person who proposes an unsolicited *bona fide* Acquisition Proposal and the Board of Directors of Contact determines that such proposal would be, if consummated in accordance with its terms, a Superior Proposal, then, and only in such case, the Board of Directors of Contact may, subject to the execution by such person of a confidentiality agreement having substantially the same terms as the Confidentiality Agreement, provide such person with access in accordance with subsection (1) to information regarding Contact; provided, however, that the person making the Acquisition Proposal shall not be precluded thereunder from making the Acquisition Proposal, and provided further that Contact sends a copy of any such confidentiality agreement to Stornoway immediately upon its execution and Stornoway is immediately provided with a list and copies of all information provided to such person not previously provided to Stornoway and is immediately provided with access to information similar to that which was provided to such person.

(5) Contact shall ensure that its officers and directors and those of its subsidiaries and any financial or other advisors or representatives retained by it are aware of the provisions of this Section, and it shall be responsible for any breach of this Section by any such person or its advisors or representatives.

(6) Nothing contained in this Section 7.1 shall prohibit the Board of Directors of Contact from making any disclosure to Contact Shareholders prior to the Expiry Date if, in the good faith judgment of the Board of Directors of Contact, after consultation with outside counsel, such disclosure is necessary for the Board of Directors to act in a manner consistent with its fiduciary duties or is otherwise required under applicable Laws.

7.2 Right to Match

(1) Subject to Section 7.2(2), Contact covenants that it will not accept, approve, recommend or enter into any agreement, understanding or arrangement in respect of a Superior Proposal (other than a confidentiality agreement permitted by Section 7.1(4)) unless:

- (a) Contact has complied with its obligations under Section 7.1 and the other provisions of this Article VII and has provided Stornoway with a copy of the Superior Proposal (provided Stornoway agrees to the request as to the confidentiality to be afforded in respect of that Superior Proposal that the person proposing such Superior Proposal may reasonably request); and
- (b) a period (the "**Response Period**") of five (5) business days shall have elapsed from the date on which Stornoway received written notice from the Board of Directors of Contact that the Board of Directors of Contact determined, subject only to compliance with this Section 7.2, to accept, approve, recommend or enter into a binding agreement to proceed with the Superior Proposal.

(2) During the Response Period, Stornoway will have the right, but not the obligation, to offer to amend the terms of the Offer. The Board of Directors of Contact will review any such proposal by Stornoway to amend the terms of the Offer, including an increase in, or modification of, the consideration to be received by the holders of Contact Shares, to determine whether the Acquisition Proposal to which Stornoway is responding would be a Superior Proposal when assessed against the Offer as it is proposed by Stornoway to be amended. If the Board of Directors of Contact does not so determine, the Board of Directors of Contact will promptly reaffirm its recommendation of the Offer as amended in the same manner as described in Section 2.4. If the Board of Directors of Contact does so determine, Contact may on termination of this Agreement in accordance with Section 8.2(1)(f) and payment of the fee to Stornoway pursuant to Section 7.3, approve, recommend, accept or enter into an agreement, understanding or arrangement to proceed with the Superior Proposal.

(3) Each successive amendment to any Acquisition Proposal that results in an increase in, or modification of, the consideration (or value of such consideration) to be received by the holders of Contact Shares shall constitute a new Acquisition Proposal for the purposes of this Section 7.2 and Stornoway shall be afforded a new Response Period in respect of each such Acquisition Proposal.

7.3 Termination Payments

Notwithstanding and in addition to any other provision relating to the payment of fees, including the payment of brokerage fees, if after the execution of this Agreement the Offer is not consummated because:

- (a) Stornoway shall have terminated this Agreement pursuant to Section 8.2(1)(d);
- (b) Contact shall have terminated this Agreement pursuant to Section 8.2(1)(f); or
- (c) Contact shall have intentionally and materially breached its obligations under Section 7.1 or Section 7.2,

then Contact shall pay to Stornoway, within two business days of the first to occur of (a), (b) or (c) above, the amount of \$500,000 in immediately available funds to an account designated by Stornoway.

7.4 Access to Information; Confidentiality

(1) From the date hereof until the earlier of the Effective Time and the termination of this Agreement, the Parties shall, and shall cause their subsidiaries and their respective officers, directors, employees, independent auditors, accounting advisers and agents to, afford to the other Party and to the officers, employees, agents and representatives of the other Party such access as may reasonably be required at all reasonable times, including for the purpose of facilitating integration business planning, to each other's officers, employees, agents, properties, books, records and Contracts, and shall furnish the other Party with all data and information as may reasonably be requested. Stornoway and Contact acknowledge and agree that information furnished pursuant to this Section shall be subject to the terms and conditions of the Confidentiality Agreement.

(2) Stornoway and Contact acknowledge that information received pursuant to Section 7.4 may be personal information under applicable Laws, or non-public or proprietary in nature and therefore all such information shall be deemed to be "Confidential Information" for purposes of the Confidentiality Agreement. Stornoway and Contact further acknowledge their obligation to maintain the confidentiality of such Confidential Information in accordance with the Confidentiality Agreement. If any material is withheld by Contact or Stornoway or any of their subsidiaries (the "**Disclosing Party**") because of the confidential nature of such material, or otherwise, the Disclosing Party or such subsidiary shall inform the other (the "**Receiving Party**") as to the general nature of what is being withheld and such information may, in the sole discretion of the Disclosing Party, be disclosed to external advisors of the Receiving Party.

ARTICLE VIII
TERM, TERMINATION, AMENDMENT AND WAIVER

8.1 Term

This Agreement shall be effective from the date hereof until the earlier of the Effective Time and the termination of this Agreement in accordance with its terms.

8.2 Termination

- (1) This Agreement may:
 - (a) be terminated either by Stornoway or by Contact if any Law makes the making or completion of the Offer or the transactions contemplated by this Agreement illegal or otherwise prohibited;
 - (b) subject to Section 6.2, be terminated by Stornoway if any condition contained in Section 2.3 is not satisfied or waived by Stornoway at or before the Mailing Date or any condition contained in Schedule B is not satisfied or waived by Stornoway at or before the Expiry Time;
 - (c) subject to Section 6.2, be terminated by Contact if any representation or warranty of Stornoway set out herein qualified as to materiality shall not be true and correct or any such representation or warranty not so qualified shall not be true and correct in all material respects as of the date of this Agreement and as of the Expiry Date as if made on and as of such date (except to the extent that any such representation and warranty speaks as of an earlier date which shall remain true and correct in all material respects or in all respects, as appropriate, as of that date) or Stornoway shall not have performed in all material respects any covenant to be performed by it under this Agreement, in each case except as would not have a Material Adverse Effect on Stornoway's ability to complete the Offer;
 - (d) be terminated by Stornoway if the Board of Directors of Contact shall have:
 - (i) withdrawn or modified in a manner adverse to Stornoway its approval or recommendation of the Offer and the transactions contemplated by this Agreement (unless Stornoway shall have made a misrepresentation at the date hereof or breached a covenant under this Agreement in such a manner that Contact would be entitled to terminate this Agreement in accordance with Section 8.2(1)(c)) or (ii) approved or recommended an Acquisition Proposal or entered into a binding written agreement in respect of an Acquisition Proposal (other than a confidentiality agreement permitted by Section 7.1(4));
 - (e) be terminated by Contact if (i) the Offer has not been made by the Mailing Date; (ii) the Offer (or any amendment thereto other than as permitted in accordance with Section 5.4(2) or any amendment thereof that has been mutually agreed to by the Parties) does not conform in all material respects with Schedule B or any amendment thereof that has been mutually agreed to by the Parties; or (iii) the Offer has been terminated, withdrawn or expires;
 - (f) be terminated by Contact in order to enter into a binding written agreement with respect to a Superior Proposal (other than a confidentiality agreement permitted by Section 7.1(4)), subject to compliance with Sections 7.1 and 7.2;
 - (g) be terminated either by Stornoway or by Contact if the Expiry Date does not occur on or prior to the Outside Date; or
 - (h) be terminated by Contact if there shall have been any Material Adverse Effect on Stornoway.

in each case, prior to the Effective Time.

(2) If this Agreement is terminated in accordance with the foregoing provisions of this Section, this Agreement shall forthwith become void and of no further force or effect and no Party shall have any further obligations hereunder except as provided in Sections 7.3 and 7.4 and the Confidentiality Agreement and as otherwise expressly contemplated hereby, and provided that neither the termination of this Agreement nor anything contained in this Section 8.2 shall relieve any Party from any liability for any breach by it of this Agreement, including from any inaccuracy in its representations and warranties and any non-performance by it of its covenants made herein.

8.3 Waiver

Any Party may (i) extend the time for the performance of any of the obligations or acts of the other Party, (ii) waive compliance with any of the other Party's agreements or the fulfilment of any conditions to its own obligations contained herein, or (iii) waive inaccuracies in any of the other Party's representations or warranties contained herein or in any document delivered by the other Party; provided, however, that any such extension or waiver shall be valid only if set forth in an instrument in writing signed on behalf of such Party and, unless otherwise provided in the written waiver, will be limited to the specific breach or condition waived.

ARTICLE IX GENERAL PROVISIONS

9.1 Notices

All notices and other communications given or made pursuant hereto shall be in writing and shall be deemed to have been duly given or made as of the date delivered or sent if delivered personally or sent by facsimile or e-mail transmission, or as of the following business day if sent by prepaid overnight courier, to the Parties at the following addresses (or at such other addresses as shall be specified by either Party by notice to the other given in accordance with these provisions):

- (1) if to Stornoway:

Stornoway Diamond Corporation
Suite 860 – 625 Howe Street
Vancouver, British Columbia
V6C 2T6

Attention: **President**
Facsimile: (604) 689-5041
E-mail: info@Stornowaydiamonds.com

with copies to:

DuMoulin Black LLP
Barristers & Solicitors
10th Floor, 595 Howe Street
Vancouver, British Columbia
V6C 2T5

Attention: **C. Bruce Scott**
Facsimile: (604) 687-8772
E-mail: bscott@dumoulinblack.com

and

Blake, Cassels & Graydon (U.S.) LLP
Barristers & Solicitors
181 West Madison
Suite 3610
Chicago, Illinois
60602

Attention: **Geoffrey S. Belsher**
Facsimile: (312) 739-3611
E-mail: geoff.belsher@blakes.com

(2) if to Contact:

Contact Diamond Corporation
145 King Street East
Suite 500
Toronto, Ontario
M5C 2Y7

Attention: **Matthew Manson**
Facsimile: 416 367-4681
E-mail: mmanson@contactdiamonds.com

with a copy to:

Cassels Brock & Blackwell LLP
Barristers & Solicitors
2100 Scotia Plaza
Toronto, Ontario
M5H 3C2

Attention: **Mark Bennett**
Facsimile: 416 350-6933
E-mail: mbennett@casselsbrock.com

9.2 Miscellaneous

This Agreement constitutes the entire agreement and supersedes all other prior agreements and understandings, both written and oral, between the Parties with respect to the subject-matter hereof save for the Confidentiality Agreement. The Parties shall be entitled to rely upon delivery of an executed facsimile or similar electronic copy of this Agreement, and such facsimile or similar electronic copy shall be legally effective to create a valid and binding agreement between the Parties.

9.3 Governing Law

This Agreement shall be governed, including as to validity, interpretation and effect, by the laws of the Province of Ontario and the laws of Canada applicable therein, and shall be construed and treated in all respects as a Ontario contract. Each of the Parties hereby irrevocably attorns to the non-exclusive jurisdiction of the Courts of the Province of Ontario in respect of all matters arising under and in relation to this Agreement and the Offer.

9.4 Injunctive Relief

The Parties agree that irreparable harm would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached for which money damages would not be an adequate remedy at law. It is accordingly agreed that the Parties

shall be entitled to an injunction or injunctions and other equitable relief to prevent breaches of this Agreement, any requirement for the securing or posting of any bond in connection with the obtaining of any such injunctive or other equitable relief hereby being waived.

9.5 Time of Essence

Time shall be of the essence in this Agreement.

9.6 Binding Effect and Assignment

Stornoway may assign all or any part of its rights under this Agreement to, and its obligations under this Agreement may be assumed by, a subsidiary of Stornoway, provided that if such assignment and/or assumption takes place, Stornoway shall continue to be liable jointly and solidarily with such subsidiary for all of its obligations hereunder. This Agreement shall be binding on and shall enure to the benefit of the Parties and their respective successors and permitted assigns. No third party shall have any rights hereunder. Except as expressly permitted by the terms hereof, neither this Agreement nor any of the rights, interests or obligations hereunder may be assigned by either of the Parties without the prior written consent of the other Party.

9.7 Severability

If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule or Law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any Party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the fullest extent possible.

9.8 Counterparts

This Agreement may be executed in two 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.

9.9 No Recourse

(1) Notwithstanding anything that may be expressed or implied in this Agreement, Contact covenants, agrees and acknowledges that no recourse under this Agreement shall be had against any current or future affiliates, shareholders or agents of Stornoway, as such, or any current or former director, officer, employee, member, general or limited partner or shareholder of any of the foregoing, as such, whether by the enforcement of any assessment or by any legal or equitable proceeding, or by virtue of any Law, it being expressly agreed and acknowledged that no personal liability whatsoever shall attach to, be imposed on or otherwise be incurred by any current or future affiliate, shareholder or agent of Stornoway, as such, or any current or future director, officer, employee, member, general or limited partner or shareholder of any of the foregoing, as such, for any obligation of Stornoway under this Agreement.

(2) Notwithstanding anything that may be expressed or implied in this Agreement, Stornoway covenants, agrees and acknowledges that, other than pursuant to the Lock-Up Agreements, no recourse under this Agreement shall be had against any current or future affiliates, shareholders or agents of Contact, as such, or any current or former director, officer, employee or shareholder of any of the foregoing, as such, whether by the enforcement of any assessment or by any legal or equitable proceeding, or by virtue of any Law, it being expressly agreed and acknowledged that no personal liability whatsoever shall attach to, be imposed on or otherwise be incurred by any current or future affiliate, shareholder or agent of Contact, as such, or any current or future director, officer, employee or shareholder of any of the foregoing, as such, for any obligation of Contact under this Agreement.

9.10 Fiduciary Duties of Directors

No provision of this Agreement shall require Contact to cause any of its directors to take any action, or refrain from taking any action, that is required by such individual to fulfill his/her fiduciary legal obligations as a director of Contact. The foregoing shall not be interpreted to diminish, limit, restrict or otherwise affect in any way any covenant or agreement of Contact under this Agreement or be construed as a forgiveness or waiver of any breach.

9.11 Expenses

Subject to Section 7.3, the Parties agree that all costs and expenses of the Parties relating to the transactions contemplated hereby, including legal fees, accounting fees, financial advisory fees, regulatory filing fees, stock exchange fees, all disbursements of advisors and printing and mailing costs, shall be paid by the Party incurring such expenses.

IN WITNESS WHEREOF the Parties have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

STORNOWAY DIAMOND CORPORATION

CONTACT DIAMOND CORPORATION

By: 
Authorized Signatory

By: _____
Authorized Signatory

9.10 Fiduciary Duties of Directors

No provision of this Agreement shall require Contact to cause any of its directors to take any action, or refrain from taking any action, that is required by such individual to fulfill his/her fiduciary legal obligations as a director of Contact. The foregoing shall not be interpreted to diminish, limit, restrict or otherwise affect in any way any covenant or agreement of Contact under this Agreement or be construed as a forgiveness or waiver of any breach.

9.11 Expenses

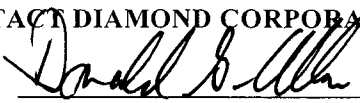
Subject to Section 7.3, the Parties agree that all costs and expenses of the Parties relating to the transactions contemplated hereby, including legal fees, accounting fees, financial advisory fees, regulatory filing fees, stock exchange fees, all disbursements of advisors and printing and mailing costs, shall be paid by the Party incurring such expenses.

IN WITNESS WHEREOF the Parties have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

STORNOWAY DIAMOND CORPORATION

CONTACT DIAMOND CORPORATION

By: _____
Authorized Signatory

By:  _____
Authorized Signatory

SCHEDULE "A"
Regulatory Approvals

Approval of TSX to list Stornoway Shares to be issued to Contact Shareholders pursuant to the Offer.

Approval of certain Canadian securities regulatory authorities relating to the inclusion or non-inclusion of information relating to Ashton in the Offer Circular.

SCHEDULE "B"
Conditions of the Offer

- (a) Agnico-Eagle shall have validly deposited under the Offer and not withdrawn 13,814,077 Contact Shares.
- (b) All Regulatory Approvals shall have been obtained or concluded or, in the case of waiting or suspensory periods, expired or been terminated.
- (c) There shall have been no Material Adverse Effect on Contact.
- (d) (A) No act, action, suit or proceeding shall have been taken or commenced by any Governmental Entity or by any elected or appointed public official in Canada or elsewhere, whether or not having the force of law and (B) no Law, policy, decision or directive (whether or not having the force of law) shall have been enacted, promulgated, amended or applied, in the case of (A) or (B) above:
 - (i) to cease trade, enjoin, prohibit or impose material limitations or conditions on or make materially more costly the purchase by or the sale to Stornoway of Contact Shares under the Offer or the rights of Stornoway to own or exercise full rights of ownership of Contact Shares or to complete a Compulsory Acquisition or Subsequent Acquisition Transaction or which would reasonably be expected to have such an effect; or
 - (ii) which has resulted in, or if the Offer or a Compulsory Acquisition or a Subsequent Acquisition Transaction were consummated, would reasonably be expected to have, a Material Adverse Effect on Contact.
- (e) There shall not exist any prohibition at Law against Stornoway making or maintaining the Offer or taking up and paying for Contact Shares deposited under the Offer or completing any Compulsory Acquisition or Subsequent Acquisition Transaction.
- (f) (i) All representations and warranties of Contact in the Support Agreement qualified as to materiality shall be true and correct and those not so qualified, if not true and correct, shall not have a Material Adverse Effect on Contact, in each case, as of the date of the Support Agreement and as of the Effective Date as if made on and as of such date (except to the extent that such representations and warranties speak as of an earlier date which shall remain true and correct in all material respects or in all respects, as appropriate, as of that date); (ii) any failure by Contact and its subsidiaries to perform covenants to be performed by it or them under the Support Agreement shall not have had a Material Adverse Effect on Contact; and (iii) the Support Agreement shall not have been terminated and shall remain in full force and effect.