

STIPULATION OF SETTLEMENT

1. This Stipulation of Settlement is made as of August 24, 1999, by and among the Plaintiffs, on behalf of themselves and as representatives of the Class as defined in paragraph 16, by Central Minera Corp., previously named Delgratia Mining Corporation ("Delgratia"), and by Eric X. Lavarack, David R. Manning, J. Terrence Alexander, Geoff Courtnall, Patrick J. Furlong, Kyle Washington, Charles A. Ager, Cactus Mining Corporation, Valley Gold Corporation, and Nevada Gold Corporation, by and through their attorneys of record in the Litigation. Capitalized terms used herein have the meanings given to them in paragraph 16 unless they are defined elsewhere in this document.

I. DESCRIPTION OF THE ACTION

2. The U.S. Litigation originally involved eight class action lawsuits filed in the United States. Two of those cases were filed in the Western District of Washington, five of those cases were filed in the District of Nevada, and one was filed in the Southern District of New York. The eight related U.S. class action cases are/were styled:

Naficy, et al. v. Delgratia, et al., Case No. CV-S-97-00573-PMP (RLH) (D. Nev.) (filed May 9, 1997) ("Naficy");

Robert v. Delgratia, et al., Case No. CV-S-97-00642-PMP (LRL) (D. Nev.) (filed May 27, 1997) ("Robert");

Schoemann v. Delgratia, et al., Case No. CV-S-97-00685-PMP (RJJ) (D. Nev.) (filed June 5, 1997) ("Schoemann");

Goldstein v. Delgratia, et al., Case No. 97 Civ. 4459 (S.D.N.Y.) (filed June 17, 1997) ("Goldstein");

Edwards v. Delgratia, et al., Case No. C97-1068 D (W.D. Wash.) (filed June 27, 1997) ("Edwards");

Ciullo, et al. v. Delgratia, et al., Case No. CV-S-97-00829-PMP (RLH) (D. Nev.) (filed July 2, 1997) ("Ciullo");

Urich v. Delgratia, et al., Case No. C97-1106 (W.D. Wash.) (filed July 3, 1997) ("Urich"); and

Revell, et al. v. Delgratia, et al., Case No. CV-S-97-00684-DWH (RLH) (D. Nev.) (filed July 9, 1997) ("Revell").

3. Of the eight cases originally filed in the United States, five were voluntarily dismissed without prejudice (Ciullo, Nacify, Robert, Schoemann and Revell). By order of the Joint Panel on Multi-District Litigation, the remaining cases (Goldstein, Edwards and Urich) were consolidated. Pursuant to order of the U.S. Court, a Consolidated Amended Complaint was filed on May 11, 1998. The Consolidated Amended Complaint alleged claims against the Defendants pursuant to §§ 10(b) and 20(a) of the United States Securities Exchange Act of 1934 (the "Exchange Act"). In early July, 1998, motions to dismiss were filed by some of the Defendants, and joinders in those motions were filed by other Defendants. On August 13, 1998, the plaintiffs in the Consolidated Amended Complaint filed a Consolidated Opposition to Defendants' several motions to dismiss and joinders, to which several Defendants filed replies. On April 14, 1999, Plaintiffs and Defendants Delgratia, Lavarack, Manning, Alexander, Courtnall, Furlong, and Washington filed a Notice of Stipulation of Settlement (the "Partial Settlement") seeking preliminary approval of a settlement between them. On May 12, 1999, the U.S. Court filed an order preliminarily approving the Partial Settlement. On May 12, 1999, the U.S. Court entered an order dismissing Plaintiffs' claims against Defendants Ager, Cactus Mining Corporation and Nevada Gold Corporation, with permission to replead, and dismissing Plaintiffs' claims against defendants Energy International Corporation and Robert H. Gunnison, Jr., with prejudice.
4. The actions brought in the Supreme Court of British Columbia are styled:
 - Olinick et al v. Delgratia et al, Action No. C973833 (filed July 10, 1997) ("Olinick")
 - Fischer, et al. v. Delgratia et al., Action No. C974521 (filed August 26, 1997) ("Fischer")

5. Olinick was commenced by the issuance of a writ on July 10, 1997, and under the rules of the Supreme Court of British Columbia that writ had to be served by July 10, 1998; it has, however, never been served, nor has an extension of time for service been sought. Olinick will be discontinued no later than the Effective Date.

II. THE SETTLING PARTIES' INVESTIGATION

6. The Settling Parties have conducted significant investigation of the facts and law during the prosecution of this action including, *inter alia*, review and analysis of reports filed with the United States Securities and Exchange Commission, review and analysis of press releases and news articles, and interviews of present and former employees or agents of Delgratia. Respective counsel for the Settling Parties have further investigated the law applicable to the facts of the alleged claims of the Class and potential defenses thereto and the damages claimed by the Class. The Settling Parties have retained and consulted with experts concerning damages analysis.

III. BENEFITS OF SETTLEMENT TO THE CLASS

7. Class Counsel recognize the expense and length of proceedings necessary to continue the litigation against the Defendants through trial and through any possible appeals. Class Counsel have also taken into account the uncertainty and the risks of further litigation and the difficulties and delays inherent in such litigation. Class Counsel are also aware of the burdens of proof necessary to establish liability for the Plaintiffs' claims under federal and state statutory and common law, of the Defendants' defenses thereto, the difficulties in establishing damages for the Class, the fact that Delgratia has no insurance coverage, and the adverse financial condition of Delgratia. Based on the foregoing, as well as the substantial benefits provided to the Class by the resolution of the Litigation on

the terms expressed in this Stipulation, U.S. Class Counsel have determined that the Settlement is in the best interests of the U.S. Class.

8. B.C. Class Counsel has, in addition, taken into account the uncertainty as to the applicability of United States federal or state law in the Canadian Litigation and has come to the same conclusion with respect to the best interests of the Canadian Class.

IV. DEFENDANTS' DENIALS OF WRONGDOING AND LIABILITY

9. The Defendants have denied and continue to deny each and all of the claims and contentions alleged against them in the Litigation. The Defendants have expressly denied and continue to deny all charges of wrongdoing or liability against them arising out of any of the conduct, statements, acts or omissions alleged, or that could have been alleged, in the Litigation. The Defendants have also denied and continue to deny, *inter alia*, the allegations that the Plaintiffs or any members of the U.S. or Canadian Class suffered damage, that the price of Delgratia common stock was artificially inflated by reason of any alleged misrepresentation, non-disclosure or otherwise, or that the Plaintiffs or any members of the U.S. or Canadian Class were harmed by the conduct alleged in the Consolidated Amended Complaint or the Statement of Claim. The Defendants have further asserted and continue to assert that at all relevant times they acted in good faith and in a manner they reasonably believed to be in the best interest of Delgratia and Delgratia shareholders.
10. Nonetheless, the Defendants have concluded that further conduct of the Litigation would be protracted and expensive and that it is desirable that the Litigation be fully and finally settled in the manner and upon the terms and conditions set forth in this Stipulation. The Defendants have also taken into account the uncertainty and risks inherent in any litigation, especially in complex cases like the U.S. and Canadian Litigation. The Defendants have, therefore, determined that it is desirable and beneficial to them that the Litigation be settled

in the manner and upon the terms and conditions set forth in this Stipulation. Neither the execution of this Stipulation or any document referred to herein, nor any action taken to carry out this Stipulation, is, may be construed as, or may be used as an admission by or against the Defendants that any of the claims made by the U.S. Class or the Canadian Class or the Plaintiffs has merit.

V. CLASS CLAIMS

11. The U.S. Class has claimed and continues to claim that each and all of the contentions made in the Consolidated Amended Complaint have merit and give rise to liability on the part of each Defendant. The Canadian Class has claimed and continues to claim that each and all of the contentions made in the Statement of Claim have merit and give rise to liability on the part of each Defendant. Neither the execution of this Stipulation or any document referred to herein, nor any action taken to carry out this Stipulation, is, may be construed as, or may be used as, an admission by or against the U.S. Class or the Canadian Class or the Plaintiffs that any of their claims are without merit.

VI. TERMS OF THE STIPULATION OF SETTLEMENT

12. NOW, THEREFORE, IT IS HEREBY AGREED, by the Plaintiffs, on behalf of themselves and as representatives of the U.S. Class and the Canadian Class, by the Defendants, and subject to the approval of the U.S. Court and the B.C. Court and the conditions stated herein, that the Released Claims are hereby compromised and settled as to the Defendants, and that the Litigation shall be dismissed as against the Defendants on the merits, with prejudice, and without costs, subject to the following terms and conditions.

A. Exhibits

13. The following exhibits are attached to this document and are referred to herein from time to time:

Exhibit 1: Form of Proposed Order of the U.S. Court granting Final Approval for Settlement

Exhibit 2: Form of Proposed Notice of Pendency and Proposed Settlement of Class Action

Exhibit 3: Form of Proposed Proof of Claim and Release.

Exhibit 4: Form of Proposed Summary Notice to Class of the proposed Settlement

Exhibit 5: Form of Proposed Order Preliminarily Approving Settlement and Approving the Form and Manner of Notice

Exhibit 6: Form of Proposed Order of the B.C. Court

14. The terms of this Stipulation include the terms set forth in each of the exhibits which are attached hereto and incorporated by reference as though fully set forth herein. All of the exhibits to this Stipulation are an integral part of the Stipulation.
15. The descriptive headings of any paragraphs or sections of this Stipulation are inserted for convenience of reference only and do not constitute a part of this Stipulation.

B. Definitions

16. As used herein, the following terms have the following meanings:
 - (a) "Administrative Expenses" means all expenses incurred in soliciting Proofs of Claim, assisting with the filing of Proofs of Claim, administering and distributing the Settlement Fund, processing Proofs of Claim, processing Requests for Exclusion, and all other expenses of administration of the Settlement.
 - (b) "Approval Date" means the later of (a) the date on which the U.S. Court enters the U.S. Judgment; and (b) the date on which the B.C. Court enters the B.C. Order.
 - (c) "Authorized Claimant" means any Claimant whose claim has been allowed.
 - (d) "B.C. Class Counsel" means David A. Klein, Esq. of the law firm of Klein, Lyons.

- (e) "B.C. Court" means the Supreme Court of British Columbia.
- (f) "B.C. Order" means an Order of the B.C. Court approving the Settlement and dismissing the Canadian Litigation.
- (g) "Canadian Class" means the plaintiffs in the Canadian Litigation and all other residents of British Columbia who purchased or otherwise acquired Delgratia common stock during the Class Period, and all non-residents of British Columbia who opt in pursuant to section 16 of the Class Proceedings Act, R.S.B.C. 1996, c. 50, but excludes Delgratia and the other corporate Defendants, any and all of their respective subsidiaries and affiliates, the Individual Defendants and their Immediate Families, any entities in which any of the Defendants have a controlling interest, and the legal representatives, heirs, successors, predecessors in interest, or assigns of any of the Defendants.
- (h) "Canadian Class Member" means any person who is a member of the Canadian Class but excludes any person who opts out pursuant to section 16 of the Class Proceedings Act, R.S.B.C. 1996, c. 50.
- (i) "Canadian Litigation" means action no. C974521 in the Vancouver Registry of the Supreme Court of British Columbia.
- (j) "Claim" means class or individual claims, causes of action, suits, arbitrations, demands, rights, liabilities, damages, losses, fees, costs or expenses of any kind whatsoever.
- (k) "Claimant" means any Class Member who files a timely and Valid Proof of Claim.
- (l) "Claims Administrator" means Poorman-Douglas Corp., P.O. Box 4390, Portland, Oregon, 97208-4390.
- (m) "Class" means the Canadian Class and the U.S. Class, collectively.
- (n) "Class Counsel" means U.S. Class Counsel and B.C. Class Counsel, collectively.
- (o) "Class Member" means any Person who is a member of the Canadian Class or the U.S. Class.
- (p) "Class Period" means the period from November 18, 1996 through May 19, 1997, inclusive.
- (q) "Consolidated Amended Complaint" means the Consolidated Amended Complaint For Violation of the Federal Securities Laws, filed on May 11, 1998, in the consolidated action *In re Delgratia Mining Corp. Securities Litigation*, MDL No. 1201.

- (r) "Defendants" means Delgratia, Eric X. Lavarack, David R. Manning, J. Terrence Alexander, Geoff Courtnall, Patrick J. Furlong, Kyle Washington, Charles Ager, Valley Gold Corporation, Nevada Gold Corporation, Philgold Investments, Inc., Dominion Explorers, Inc., and Cactus Mining Corporation.
- (s) "Delgratia" means Central Minera Corp., previously named Delgratia Mining Corporation, and its subsidiaries, affiliates, divisions and operating units, unless the context implies otherwise.
- (t) "Delgratia Stock" means common shares of Delgratia.
- (u) "Effective Date" means the later of (a) the date on which the U.S. Judgment becomes Final and (b) the date on which the B.C. Order becomes Final.
- (v) "Escrow Agent" means Cohen, Milstein, Hausfeld & Toll, P.L.L.C., 999 Third Avenue, Suite 3600, Seattle, Washington, 98104-4001, or its duly authorised agents or assigns.
- (w) "Final" in the context of the U.S. Litigation means the later of: (i) the date of final affirmance on an appeal, the expiration of the time for a petition for a writ of *certiorari* or, if *certiorari* is granted, the date of final affirmance following review pursuant to that grant; or (ii) the date of final dismissal of any appeal or the final dismissal of any proceeding on *certiorari*; or (iii) if no appeal is filed, the expiration of the time for the filing or noticing of any appeal from the Final U.S. Judgment approving the Stipulation substantially in the form of Exhibit 1 hereto, *i.e.*, 30 days after entry of the judgment. An appeal or petition for a writ of *certiorari* pertaining solely to any application or order regarding attorneys' fees, costs or expenses shall not in any way delay or preclude the U.S. Judgment from becoming Final. "Final" in the context of the B.C. Litigation means (i) the date on which the time for bringing an appeal from the B.C. Order expires, if no appeal is brought from that Order; (ii) the date on which the appeal from that Order to the British Columbia Court of Appeal has been dismissed and the time for seeking leave to appeal to the Supreme Court of Canada has expired, if an appeal from that Order is taken to the British Columbia Court of Appeal and that appeal is dismissed and leave to appeal further to the Supreme Court of Canada is not sought within the time for doing so; (iii) the date on which all applications for leave to appeal to the Supreme Court of Canada from the Order of the British Columbia Court of Appeal have been dismissed, if an appeal from the Order of the B.C. Court is taken to the British Columbia Court of Appeal and that appeal is dismissed and leave to appeal further to the Supreme Court of Canada is sought within the time for doing so but leave to appeal is denied; and (iv) the date on which all appeals from the order of the British Columbia

Court of Appeal to the Supreme Court of Canada have been dismissed, if an appeal from the B.C. Order is taken to the British Columbia Court of Appeal and that appeal is dismissed and leave to appeal to the Supreme Court of Canada is subsequently granted.

- (x) "Immediate Families", in relation to the Individual Defendants, means the respective spouses, parents, siblings, and/or children of the Individual Defendants and trusts (if any) solely or primarily for the benefit of such spouses, parents, siblings, and/or children.
- (y) "Individual Defendants" means Eric X. Lavarack, David R. Manning, J. Terrence Alexander, Geoff Courtnall, Patrick J. Furlong, Kyle Washington, and Charles Ager.
- (z) "Litigation" means the Canadian Litigation and the U.S. Litigation, collectively.
- (aa) "Litigation and Settlement Expense Escrow Account" means the interest bearing account created by the transfer by Delgratia to the Escrow Agent of the amount of \$500,000 U.S. (all monetary figures in this Stipulation are stated in United States dollars), in accordance with the terms and timing further described herein, to be applied for the payment of Reimbursable Expenses.
- (bb) "Litigation Disbursement Expenses" means the disbursements (but not the legal fees) of the Plaintiffs and their counsel actually and reasonably incurred prior to the Effective Date in connection with the conduct of the Litigation against the Defendants.
- (cc) "Notice of Pendency and Proposed Settlement of Class Action" means notice to the Class of this Settlement, substantially in the form attached hereto as exhibit 2.
- (dd) "Notice Expenses" means 1) all expenses incurred in connection with the preparation, printing, mailing and publication of Notice to the Class of the proposed Settlement, locating Class Members, publication of the Summary Notice and all other costs incurred in the dissemination of the Notice and Summary Notice and 2) all expenses incurred in connection with the preparation, printing, mailing and publication of notice to the Class of the Partial Settlement, including publication of the Summary Notice of the Partial Settlement.
- (ee) "Person" means any individual, corporation, partnership, association, joint stock company, trust, unincorporated association, entity, government and any political subdivision thereof, or any other type of legal entity, and his, her, or its heirs, successors and assigns.

- (ff) "Plaintiffs" means all of the Persons named as plaintiffs in any of the lawsuits described in paragraphs 2 and 4.
- (gg) "Plan of Allocation" means a plan or formula of allocation of the Settlement Fund to Authorized Claimants that shall be described in the "Notice of Pendency and Proposed Settlement of Class Action" to be sent to members of the U.S. and Canadian Classes in connection with the Settlement. The terms of any Plan of Allocation are not part of this Stipulation.
- (hh) "Proof of Claim" means a proof of claim and release substantially in the form appended hereto as part of Exhibit 3.
- (ii) "Reimbursable Expenses" means Notice Expenses, Administrative Expenses, Settlement Expenses, and the Litigation Disbursement Expenses (but not the legal fees) of the Plaintiffs and their counsel actually and reasonably incurred in connection with the conduct of the Litigation against the Defendants.
- (jj) "Released Claims" includes any and all causes of action, demands, rights, damages, liability, fees, costs, or claims of any nature whatsoever, known or unknown, direct or derivative, that have been, could have been, or in the future could be asserted by any Plaintiff or any Class Member against the Released Parties based upon or related to both (i) the purchase, sale, acquisition or ownership of Delgratia stock by any Class Member during the Class Period, and (ii) the facts, transactions, events, occurrences, acts, disclosures, statements, omissions or failures to act which were or could have been alleged in the Litigation. "Released Claims" also includes "Unknown Claims." Nothing in this Agreement constitutes a waiver by the Defendants of any statute of limitations defense in any litigation or a ratification by the Defendants of any Person's purported right to sue despite any statute of limitations.
- (kk) "Released Parties" means Delgratia, Cactus Mining Corporation, Valley Gold Corporation, Philgold Investments, Inc., Nevada Gold Corporation, Dominion Explorers, Inc., and the Individual Defendants, and their respective past, present and future directors, officers, partners, principals, employees, agents, underwriters, issuers, insurers, co-insurers, reinsurers, controlling shareholders, attorneys, accountants, auditors, advisors, consultants, representatives, divisions, heirs, predecessors, successors, assigns, any entity now or in the past controlled by them or controlling them, any trust of which they are the settlor or which is for their benefit or the benefit of their spouses, heirs, affiliates or associates (as defined in Rule 12b-2 promulgated pursuant to the Exchange Act of the United States), members of their Immediate Families, and their respective subsidiaries and affiliates.

- (ll) "Request for Exclusion" means a request for exclusion made pursuant to the terms and procedures of the Notice of Pendency and Proposed Settlement of Class Action.
- (mm) "Settlement" means the settlement for which this Stipulation provides.
- (nn) "Settlement Expenses" means any expenses (but not legal fees) other than Notice Expenses, Litigation Disbursement Expenses and Administrative Expenses actually and reasonably incurred for the purpose of achieving and effecting this Settlement.
- (oo) "Settlement Fund" means the 3,000,000 shares of Delgratia common stock to be issued by Delgratia pursuant to the terms of this Stipulation.
- (pp) "Settlement Hearing" means a hearing at which the U.S. Court (or the B.C. Court if the context so indicates) considers the application for the U.S. Judgment (or the B.C. Order if the context so indicates).
- (qq) "Settling Parties" means, collectively, the Plaintiffs, and each and every Class Member and each of the Defendants except Philgold Investments, Inc., and Dominion Explorers, Inc.
- (rr) "Statement of Claim" means the Statement of Claim filed in the Canadian Litigation.
- (ss) "Stipulation" means this document.
- (tt) "Summary Notice" means the summary notice to the Class of this Settlement, substantially in the form attached hereto as exhibit 4.
- (uu) "U.S. Class" means the plaintiffs in the U.S. Litigation and all other Persons who purchased or otherwise acquired Delgratia common stock during the Class Period, but excludes members of the Canadian Class and excludes Delgratia and the other corporate defendants, any and all of their respective subsidiaries and affiliates, the Individual Defendants and their Immediate Families, any entities in which any of the Defendants have a controlling interest, and the legal representatives, heirs, successors, predecessors in interest, or assigns of any of the Defendants.
- (vv) "U.S. Class Counsel" means the law firm of Cohen, Milstein, Hausfeld & Toll, P.L.L.C., Chair of the Plaintiffs' Counsel Executive Committee.
- (ww) "U.S. Class Member" means any person who is a member of the U.S. Class, but excludes any Person who submits a Valid and timely Request for Exclusion in response to the Notice Of Pendency And Proposed Settlement Of Class Action attached hereto as Exhibit 2, and who is not reinstated as a Class Member. A Request for Exclusion submitted by any

Person in response to a notice concerning the Partial Settlement shall be considered without force or effect as to this Stipulation and the Settlement.

- (xx) "U.S. Court" means the United States District Court for the District of Nevada.
- (yy) "U.S. Judgment" means the judgment to be rendered by the U.S. Court, substantially in the form attached hereto as exhibit 1.
- (zz) "U.S. Litigation" means the consolidated action, *In re Delgratia Mining Corp. Securities Litigation*, MDL No. 1201.
- (aaa) "Unknown Claims" means any claims that any Plaintiff or Class Member does not know or suspect to exist in his, her or its favor at the time of the release of the Released Parties, and extends to all such claims even if they might, if known by him, her or it, have affected his, her or its settlement with and release of the Released Parties, or any decision he, she or it made or could have made regarding the Settlement.
- (bbb) "Valid," when used in connection with Proofs of Claims, means that all information necessary to evaluate whether the Claimant is an Authorized Claimant has been supplied, that all supporting documentation required to be provided for such purpose pursuant to the Proof of Claim has been supplied, and that the Proof of Claim has been properly executed by the Claimant.

C. Stipulation to Certification of Class and Class Representatives.

17. The plaintiffs in the *Edwards* action previously filed a motion to certify a class in the *Edwards* action; no action was taken on the motion prior to the time the *Edwards* action was transferred and consolidated. As such, the issue of class certification has not yet been adjudicated. For purposes of the Settlement proposed in this Stipulation, therefore, the Settling Parties stipulate and agree to the certification of a class of plaintiffs, and representative plaintiffs, in the U.S. Litigation pursuant to Rule 23(a) and (b)(3) of the United States Federal Rules of Civil Procedure as follows:

the U.S. Class consists of all persons or entities who purchased the common stock of Delgratia between November 18, 1996 through May 19, 1997. Excluded from the U.S. Class are members of Canadian Class. Also excluded from the U.S. Class are Delgratia, Philgold Investments, Inc., Valley Gold Corporation, Nevada Gold Corporation, Cactus Mining

Corporation, Dominion Explorers Incorporated, and Energy International, any and all of their respective subsidiaries and affiliates, the Individual Defendants and their Immediate Families, any entities in which any of the Defendants have a controlling interest, and the legal representatives, heirs, successors, predecessors in interest, or assigns of any of the Defendants (collectively, the "Excluded Entities").

Plaintiffs Rodney Schoemann, Scott Edwards, Noella Noory, Garrett Logan, DD Interiors, Inc., Pasquale Cutaneo, Darvel, Inc. and Kurt Streiff are designated as representatives on behalf of the U.S. Class.

18. The Settling Parties also agree to the certification of a class of plaintiffs and representative plaintiffs in the Canadian Litigation pursuant to the *Class Proceedings Act*, R.S.B.C. 1996, c.50, as follows:

The Canadian Class consists of

- (a) all persons or entities who are residents of British Columbia at the date of the certification of the Canadian Litigation, who purchased the common stock of Delgratia between November 18, 1996 and May 19, 1997 and who do not opt out of the Canadian Litigation by the Registration Deadline to be set by the B.C. Court; and
- (b) all persons and entities who are not described by (a) above, but who are residents of Canada at the date of the certification of the Canadian Litigation, who purchased the common stock of Delgratia between November 18, 1996 and May 19, 1997 and who opt into the Canadian Litigation by the Registration Deadline to be set by the B.C. Court.
- (c) Excluded from the Canadian Class are all of the Defendants, their Immediate Families, any entities in which any of the Defendants have a controlling interest, and the legal representatives, heirs, successors, predecessors in interest, or assigns of any of the Defendants.
- (d) Plaintiff Anne Fischer is designated as representative on behalf of the Canadian Class.

D. Establishment of the Settlement Fund, and Supervision and Distribution of the Fund.

19. The Settlement Fund will consist of the 3,000,000 shares of Delgratia Stock to be issued by Delgratia pursuant to the Settlement and this Stipulation. Delgratia

will transfer the shares to, or in accordance with directions from, the Escrow Agent at the time and in the manner as set forth below.

20. The shares shall be issued by Delgratia to, or in accordance with directions from, the Escrow Agent on behalf of the Authorized Claimants and Class Counsel. Delgratia shall issue the shares within five (5) days of receipt of a request by the Escrow Agent for their issuance, such request to be in writing and made no earlier than the Effective Date, unless regulatory or statutory requirements make it impossible or impractical for Delgratia to do so within that time.
21. With respect to the Delgratia Stock to be issued in accordance herewith, Delgratia will use reasonable efforts to comply with any applicable state "blue sky" securities laws and to provide that the Delgratia Stock issued will be fully paid, non-assessable, free from all liens and encumbrances. If Delgratia stock is then listed and freely tradeable on any securities exchange(s), Delgratia will use reasonable efforts to ensure that the Delgratia stock issued in accordance herewith is also listed and freely tradeable on such exchange(s).
22. Any and all costs associated with the issuance of the shares of Delgratia Stock pursuant to this Stipulation shall be borne by Delgratia.
23. The parties, to the extent that they are subject to United States federal or state tax, and the Escrow Agent agree to treat the Settlement Fund as being at all times a "qualified settlement fund" within the meaning of the United States Treas. Reg. Section 1.468B-1. In addition, the Escrow Agent and, as required, the Defendants contributing any settlement consideration shall jointly and timely make the "relation-back election" (as defined in Treas. Reg. Section 1.468B-1), if necessary, back to the earliest permitted date. Such election shall be made in compliance with the procedures and requirements contained in such regulations. It shall be the responsibility of the Escrow Agent to timely and properly prepare and deliver the necessary documentation for signature by all necessary parties, and thereafter to cause the appropriate filing to occur.

24. The parties, to the extent that they are subject to United States federal or state tax, also agree that for the purposes of Section 468B of the United States Internal Revenue Code of 1986, and United States Treas. Reg. Section 1.468B, the “administrator” shall be the Escrow Agent. The Escrow Agent shall timely and properly file all informational and other tax returns necessary or advisable with respect to the Settlement Fund (including, without limitation, the returns described in United States Treas. Reg. Section 1.468B-2(1)). Such returns (as well as the election described above) shall be consistent with this paragraph and in all events shall reflect that all taxes (including any estimated taxes, interest or penalties) on the income earned by the Settlement Fund shall be paid out of the Litigation and Settlement Expense Escrow Account or the Settlement Fund as provided herein.

25. All (i) United States or Canadian federal, state, provincial or local taxes (including any estimated taxes, interest or penalties) arising with respect to the income earned by the Settlement Fund (“Taxes”), and (ii) expenses and costs incurred in connection with the operation and implementation of this paragraph (including, without limitation, expenses of tax attorneys and/or accountants and mailing and distribution costs and expenses relating to filing (or failing to file) the returns described in this paragraph) (“Tax Expenses”), shall be paid out of the Litigation and Settlement Expense Escrow Account or the Settlement Fund; in all events the Released Persons shall not have any liability or responsibility for the Taxes, the Tax Expenses, or the filing of any tax returns or other documents with the Internal Revenue Service or the Ministry of National Revenue or any other state or provincial or local taxing authority. The Escrow Agent shall indemnify and hold the Released Persons harmless for Taxes and Tax Expenses (including, without limitation, Taxes payable by reason of any such indemnification). Further, Taxes and Tax Expenses shall be treated as, and considered to be, a cost of administration of the Settlement and shall be timely paid by the Escrow Agent out of the Litigation and Settlement Expense Escrow Account or the Settlement Fund without prior order from any Court, and the

Escrow Agent shall be obligated (notwithstanding anything herein to the contrary) to withhold from distribution to Authorized Claimants any funds necessary to pay such amounts (as well as any amounts that may be required to be withheld under United States Treas. Reg. Section 1.468B-2(1)(2)); the Released Persons are not responsible and shall have no liability therefor, or for any reporting requirements that may relate thereto. The parties hereto agree to cooperate with the Escrow Agent, each other, and their tax attorneys and accountants to the extent reasonably necessary to carry out the provisions of this paragraph.

26. All consideration paid on behalf of any or all of the Defendants into the Settlement Fund or the Litigation and Settlement Expense Escrow Account shall be deemed and considered to be in custodia legis of the U.S. Court until the Effective Date, or until such time as this Stipulation is not approved, or is cancelled or terminated, or if the Effective Date fails to occur for any reason.
27. None of the Defendants shall be responsible for any costs or expenses incurred by Plaintiffs, including Notice and Administrative Expenses, except that Delgratia will transfer \$500,000 as herein provided to fund the Litigation and Settlement Expense Escrow Account, and each party shall otherwise bear its own expenses and costs. Notice and Administrative Expenses shall be paid from the Litigation and Settlement Expense Escrow Account, subject to Court approval.
28. No person shall grant a security interest in the Settlement Fund or the Litigation and Settlement Expense Escrow Account to any person or entity.
29. No provision in this Stipulation shall be construed to confer on Plaintiffs, any Class Member or Class Counsel any right or claim to compel or require any Defendant to make any contribution to the Settlement Fund or the Litigation and Settlement Expense Escrow Account except as set forth herein.
30. On May 25, 1999, Delgratia transferred the amount of \$50,000 to the Escrow Agent, to partly fund the Litigation and Settlement Expense Escrow Account.

The Escrow Agent may use those funds for the reimbursement/payment of Notice and Administration Costs as they are incurred.

31. On October 29, 1999, Delgratia shall transfer to the Escrow Agent an additional \$200,000 to partly fund the Litigation and Settlement Expense Escrow Account. The Escrow Agent may thereafter use the funds for the reimbursement/payment of Reimbursable Expenses as they are incurred.
32. On December 31, 1999, or within five (5) days of the Effective Date, whichever is later, Delgratia shall transfer to the Escrow Agent the final \$250,000 to complete the funding of the Litigation and Settlement Expense Escrow Account. The Escrow Agent may thereafter use the funds for the reimbursement/payment of Reimbursable Expenses as they are incurred.
33. The Escrow Agent shall maintain all funds transferred to it by Delgratia in a special account for the reimbursement/payment of Reimbursable Expenses in accordance with the terms herein. Delgratia shall have no responsibility or liability for, or right to direct the investment or distribution of the funds comprising the Litigation and Settlement Expense Escrow Account after its transfer, and Delgratia's sole interest in the account shall be for the return of any remaining funds after all Reimbursable Expenses have been paid.
34. After the payment of all Reimbursable Expenses from the monies in the Litigation and Settlement Expense Escrow Account, the remainder (if any) of the monies in that Account shall be returned to Delgratia. After making the payments required by paragraphs 30, 31, and 32 above, Delgratia shall have no obligation to make any further contribution to the Litigation and Settlement Expense Escrow Account in the event that the Reimbursable Expenses exceed the monies available in the Litigation and Settlement Expense Escrow Account.
35. The Escrow Agent shall provide Delgratia with a written accounting of the Litigation and Settlement Expense Escrow Account within 30 days of the Effective Date and, upon request of Delgratia, every 90 days thereafter. Within

60 days of the distribution of the Settlement Fund as provided in paragraph 44(c) below, the Escrow Agent shall provide a final accounting of the Litigation and Settlement Expense Escrow Account to Delgratia and shall return any unused portion of the Litigation and Settlement Expense Escrow Account to Delgratia.

36. If Delgratia does not, after the Effective Date, issue the 3,000,000 shares of its common stock within five (5) days of, and in accordance with, the valid, written joint request of U.S. Class Counsel and B.C. Class Counsel and neither regulatory nor statutory requirements have made it impossible or impractical for it to have done so within that time, Class Counsel shall have the right, exercisable in their sole discretion but jointly, to either terminate this Stipulation and the Settlement provided herein making the U.S. Judgment and the Final B.C. Order null and void, or to seek a Court order to enforce the terms of the Stipulation and require payment of interest, either in the form of Delgratia common stock or cash, at the rate of 12% per annum from five (5) days after the valid, written joint request of Class Counsel until all such common stock and interest due are issued and paid, as applicable.
37. If Delgratia does not transfer or cause to be transferred the funds for the Litigation and Settlement Expense Escrow Account to the Escrow Agent on the dates set forth in paragraphs 31 and 32 above, Class Counsel shall have the right, exercisable in their sole discretion but jointly, either to terminate this Stipulation and the Settlement provided herein making the U.S. Judgment and the B.C. Order null and void, or to seek a court order to enforce the terms of this Stipulation and require payment of interest on the funds due the Litigation and Settlement Expense Escrow Account at the rate of 12% per annum from five days after the due date of each transfer until the funds due the account, including all interest due, are transferred to the Escrow Agent.
38. On and after the Effective Date, U.S. Class Counsel, or their authorized agents, acting on behalf of the Class, and subject to the supervision, direction and approval of the U.S. Court, shall oversee distribution of the Settlement Fund and

appropriate tax forms, if any, to Authorized Claimants who are members of the U.S. or Canadian Class.

39. Payment pursuant to the Plan of Allocation shall be deemed conclusive against all Class Members. All Class Members who fail to file timely Proofs of Claim and Releases shall (unless their late claim is approved by the B.C. or U.S. Court) be barred from participating in distributions from the Settlement Fund, but nonetheless shall be bound by all of the terms of this Stipulation, and by the terms of any Final U.S. Judgment and Final B.C. Order.

E. Proof of Claim and Execution of Release.

40. Upon the Effective Date each of the Class Members shall be deemed to have, and by operation of the Final U.S. Judgment and the Final B.C. Order shall have, fully, finally, and forever released, relinquished and discharged all Released Claims against the Released Parties, whether or not such Class Member executes and delivers a Proof of Claim and Release.
41. Only those Class Members filing Valid and timely Proofs of Claim and Releases shall be entitled to receive any distributions from the Settlement Fund.

F. Administration and Calculation of Claims, Final Awards, and Supervision and Distribution of Settlement Fund.

42. U.S. Class Counsel, or their authorized agents, acting on behalf of the U.S. Class and B.C. Class Counsel, or their authorized agents, acting on behalf of the Canadian Class, and subject to the supervision, direction and approval of the U.S. Court and the B.C. Court, shall administer and calculate the claims submitted by U.S. and Canadian Class Members and shall oversee distribution of the Settlement Fund, as defined below, to U.S. and Canadian Class members as provided for herein.
43. The Settlement Fund shall be applied, inter alia, as follows:

- (a) to Plaintiffs' attorneys to pay their fees, if and to the extent allowed by the U.S. Court and the B.C. Court; and
 - (b) to Authorized Claimants, as set out in paragraph 44.
44. Upon the Effective Date and thereafter, subject to the approval and further order(s) of the U.S. or B.C. Court, the Settlement Fund shall be distributed to the Authorized Claimants, subject to and in accordance with the following:
- (a) Within 90 days after the mailing of the Notice of Pendency and Proposed Settlement of Class Action to the Class, or such later time as may be set by the U.S. Court, each Plaintiff and Class Member shall be required to submit to the Claims Administrator a completed Proof of Claim, substantially in the form of Exhibit 2 hereto, signed under oath and supported with appropriate documentation.
 - (b) Except as otherwise ordered by the U.S. Court or the B.C. Court, all Plaintiffs and Class Members who fail to submit a Valid Proof of Claim and Release within such period, or such other period as may be ordered by the U.S. Court or the B.C. Court, shall be forever barred from receiving any payments pursuant to this Stipulation, but will in all other respects be subject to and bound by the provisions of said Stipulation, the Settlement and Releases contained herein, and the Final U.S. Judgment and Final B.C. Order.
 - (c) After payment of the attorney's fees (if any) approved by the U.S. Court and the B.C. Court, the remaining shares in the Settlement Fund shall be distributed to Authorized Claimants in accordance with and subject to the Plan of Allocation to be described in the Notice of Pendency and Proposed Partial Settlement of Class Action. The proposed Plan of Allocation shall not be a part of the Stipulation, and is - if the courts are willing - to be considered by the U.S. Court and the B.C. Court separately from the fairness, reasonableness and adequacy of the Settlement set forth in the Stipulation, and any order, amendment, modification, denial or proceedings relating to the Plan of Allocation, or any appeal from such order, shall not operate to terminate or cancel the Stipulation, or affect or delay the finality of the Final U.S. Judgment or the Final B.C. Order.
45. No Person shall have any claim against the Plaintiffs, Class Counsel, the Defendants, the Claims Administrator, the Escrow Agent, or other agent designated by Class Counsel, based on distributions made substantially in accordance with the Stipulation, the Plan of Allocation, and the Settlement contained herein or further orders of the U.S. Court or the B.C. Court.

G. Plaintiffs' Counsels' Fees and Costs.

46. U.S. Class Counsel and B.C. Class Counsel may submit an application or applications to the U.S. Court and/or the B.C. Court for an award of attorneys' fees to be paid exclusively from the Settlement Fund. Class Counsel may also seek an order from the U.S. Court and/or the B.C. Court ordering the reimbursement/payment of expenses and costs, including the fees of experts and consultants, that they have incurred in connection with the prosecution and settlement of the Litigation. Such expenses and costs are to be paid from the Litigation and Settlement Expense Escrow Account.
47. The attorneys' fees, if and to the extent awarded by the U.S. Court and/or the B.C. Court, shall be paid or made out of the Settlement Fund only, and shall be paid or made on or after the Effective Date.
48. The procedure for and the allowance or disallowance by the court of any applications by any of the counsel to the Plaintiffs for attorneys' fees, costs and expenses, including the fees of experts and consultants, to be paid out of the Settlement Fund or out of the Litigation and Settlement Expense Escrow Account, are not part of the Settlement set forth in the Stipulation, and are - if the court is willing - to be considered by the court separately from the court's consideration of the fairness, reasonableness and adequacy of the Settlement set forth in the Stipulation, and any order or proceedings relating to any such fee application, or any appeal from any such order, shall not operate to terminate or cancel the Stipulation, or affect or delay the finality of the Final U.S. Judgment or the Final B.C. Order.

H. Preliminary Order and Judgment to be Entered by the U.S. Court and the B.C. Court.

49. At the time of the filing of this Stipulation of Settlement, Plaintiffs shall file in the U.S. Court a request for entry of an Order Preliminarily Approving Settlement and Approving the Form and Manner of Notice, substantially in the form of exhibit 5.

50. After the Settlement Hearing is conducted in the U.S. Court, and upon approval of the Settlement set forth in this Stipulation, the parties shall request that the U.S. Court enter a Final Judgment substantially in the form of Exhibit 1 attached hereto.
51. After the Settlement Hearing is conducted in the B.C. Court, and upon approval of the Settlement set forth in this Stipulation, the parties shall request that the B.C. Court enter an Order substantially in the form of Exhibit 6 attached hereto.

I. Notice and Administration Costs.

52. Reasonable costs of printing, mailing and publishing notices to the Class, including reasonable bills submitted by nominees for identifying and mailing the Class Notice, the reasonable cost of obtaining Class mailing information in computer-readable form (if available) or otherwise from the stock transfer agent, the reasonable cost of processing Proof of Claim forms, and reasonable costs incurred in connection with the administration and distribution of the Settlement Fund shall be paid out of the Litigation and Settlement Expense Escrow Account. Such costs shall include reimbursement to banks, brokerage houses or other nominees solely for their reasonable out-of-pocket expenses incurred in providing notice to beneficial owners who are members of the Class, which expenses would not have been incurred but for the sending of such notice. The Defendants shall in no event have any responsibility or liability to pay any of the notice and administration costs in excess of Delgratia's responsibility to fund the Litigation and Settlement Expense Escrow Account. Expenses to be paid out of the Litigation and Settlement Expense Escrow Account shall be paid in the following order of priority: (a) Notice Expenses; (b) Administrative Expenses; (c) Settlement Expenses; and (d) Litigation Disbursement Expenses.

J. Delgratia's Condition of hit drawal From Settlement.

53. Not less than ten (10) court days prior to the earlier of the settlement hearing in the U.S. Court and the hearing of the application for approval of this Settlement

and dismissal of the Canadian Litigation in the B.C. Court, U.S. Class Counsel shall file with the U.S. Court, and serve by hand or overnight delivery on counsel for Delgratia, a declaration setting forth all requests for exclusion received from Persons in the Class (including in each case all available information as to the number of shares in respect of which such shareholders seek to be excluded from the Class) and B.C. Class Counsel shall file with the B.C. Court, and similarly serve on counsel for Delgratia, a declaration setting forth the names of all Persons in Canada indicating an intention to opt out pursuant to section 16 of the Class Proceedings Act, R.S.B.C. 1996, c. 50 (including in each case all available information as to the number of shares in respect of which such shareholders seek to be excluded from the Class). Delgratia, on behalf of all Defendants, has the option, in its sole and absolute discretion, to terminate the Settlement if the conditions stated in the Supplemental Agreement Regarding Requests for Exclusion and which is incorporated herein, occur. The Supplemental Agreement is an integral part of this Stipulation of Settlement.

54. The Defendants may withdraw from the Settlement pursuant to the preceding paragraph only if a written notice of termination of the Settlement is served by fax or hand or overnight delivery on both U.S. and B.C. Class Counsel at least five (5) court days prior to the scheduled date of the Settlement Hearing in the U.S. Court. The Defendants shall not have any right to terminate or cancel this Stipulation, and any notice of termination given by any of them shall be null and void and of no further force and effect if, prior to that Settlement Hearing, Persons who requested exclusion from the Class timely and validly withdraw or revoke their requests for exclusion and the result is that the amount of shares of Delgratia Stock of those Persons requesting exclusion from the Class becomes less than the amount of shares set forth in the Supplemental Agreement. If the conditions for withdrawal stated in the Supplemental Agreement are met, then counsel for the parties may contact any Person requesting exclusion, or such Person's counsel, to discuss the request. If any Person who has requested exclusion from the Class timely and validly elects to rescind the request, and

subsequently files a timely and Valid Proof of Claim or written notice of rescission signed by such Person, that Person's request for exclusion shall be deemed null and void and that Person shall be a Class Member.

K. Effect of Non-Approval, Cancellation and Termination.

55. If the U.S. Court does not enter the Final U.S. Judgment, or if the U.S. Court enters the Final U.S. Judgment and appellate review of that Final U.S. Judgment is sought, and upon such review, the Final U.S. Judgment is reversed, or is modified so as to change any of the material terms of this Stipulation, or if the B.C. Court does not enter the B.C. Order, or if appellate review of that Order is sought and, upon such review, the Order is either reversed or so modified as to change any of the material terms of this Stipulation, then this Stipulation shall be cancelled and terminated; provided, however, that a modification or reversal on appeal of any amount of attorneys' fees, expenses and interest awarded by the Court and paid to Class Counsel out of the Settlement Fund or the Litigation and Settlement Expense Escrow Account shall not be deemed a reversal or material modification of this Stipulation within the terms of this paragraph.
56. In the event this Stipulation is terminated or cancelled, or if the Effective Date fails to occur for any reason, then the parties to this Stipulation shall be deemed to have reverted to their respective status as of the date and time immediately prior to the execution of this Stipulation, and they shall proceed in all respects as if this Stipulation and related orders had not been executed, and any funds paid in respect of the Litigation and Settlement Expense Escrow Account, together with all accrued interest, but less any sums already paid or incurred for Reimbursable Expenses shall be returned to Delgratia.
57. It is understood and agreed by the Settling Parties that any proposed Plan of Allocation of the Settlement Fund, including, without limitation, any adjustments to an Authorized Claimant's claim set forth therein, is not a part of the Stipulation of Settlement and is - if the court is willing - to be considered by

both the U.S. Court and the B.C. Court separately from the Court's consideration of the fairness, reasonableness and adequacy of this Settlement, and any order or proceedings relating to the Plan of Allocation shall not operate to terminate or cancel this Stipulation or affect the finality of the U.S. Judgment, or any other orders entered pursuant to the Stipulation.

58. In the event this Stipulation is not approved, or is cancelled or terminated, or if the Effective Date fails to occur for any reason, then this Stipulation shall be void and shall have no continuing effect, and no reference to the fact of a proposed settlement or the terms thereof shall be made in any court nor sought to be used by any person in any proceeding against any Defendant as an admission or indication or evidence of any wrongdoing or liability or lack thereof or for any purpose whatsoever, except as provided herein.

L. Release

59. Each of the Plaintiffs and the Class Members may hereafter discover facts in addition to or different from those which such Persons now know or believe to be true with respect to the subject matter of the Released Claims, but hereby stipulate and agree that each Plaintiff and Class Member does, upon the Effective Date, fully, finally, and forever settle and release any and all Released Claims, known or unknown, suspected or unsuspected, contingent or non-contingent, whether or not concealed or hidden, which now exist, or heretofore have existed upon any theory of law or equity now existing or coming into existence in the future, including, but not limited to, conduct which is negligent, intentional, with or without malice, or a breach of any duty, law, statute or rule, without regard to the subsequent discovery or existence of such different or additional facts. Releasors acknowledge that the foregoing waiver was bargained for and a material element of the Settlement of which this release is a part.
60. The Settling Parties stipulate and agree that, upon the Effective Date, each of the Plaintiffs, on behalf of themselves and the Class Members, and the Class Members, shall be deemed to have, and by operation of the Final Judgment of

the U.S. Court and of the B.C. Order shall have, expressly waived and relinquished, to the fullest extent permitted by law, the provisions, rights, and benefits conferred by any principle of statute or common law that limits the application of a general release by reference to a releasor's knowledge, or means of knowledge, of facts or rights or potential claims or by reference to the effect that knowledge of such facts or rights or potential claims might have had upon his, her, or its decision.

M. Miscellaneous Provisions.

61. The Defendants deny any and all charges alleged in the Litigation and deny any wrongdoing whatsoever. This Stipulation of Settlement is not a concession or admission, and shall not be used as an admission or indication with respect to any claim of any fault or omission by any Defendant. Whether or not the Settlement is finally approved, and except for the exclusive purpose of enforcing the Settlement, neither this Stipulation, nor the Settlement nor any related document or proceedings taken pursuant to this Stipulation, nor any reports or accounts thereof, shall in any event be:
 - (a) construed as, offered in evidence as, received in evidence as, and/or deemed to be, evidence of a presumption, concession, indication or an admission by the Defendants of the truth of any fact alleged or the validity of any claim which has been, could have been, or in the future might be asserted in any litigation, or of the deficiency of any defense which has been, could have been, or in the future might be asserted in any litigation, or of any liability, fault, wrongdoing or otherwise of the Defendants; or
 - (b) construed as, offered in evidence as, received in evidence as, and/or deemed to be, evidence of a presumption, concession, indication or an admission of any fault, breach of duty, wrongful act, or misrepresentation or omission in any statement or written document approved or made by the Defendants or the approval or making of which was participated in by the Defendants; or

- (c) construed by anyone for any purpose whatsoever as evidence of a presumption, concession, indication or an admission of any liability, fault, wrongdoing or otherwise on the part of the Defendants; or
 - (d) construed as, offered in evidence as, received as, and/or deemed to be, evidence of a presumption, concession or an admission that Plaintiffs, or the Class, or any of them, have in fact suffered any damage, or that the Defendants are liable to any Plaintiff or any Class Member or any other person; or
 - (e) referred to or offered or received in evidence in any other civil, criminal or administrative action or proceeding, other than, if admitted by the trial court or other tribunal, in such proceedings as may be necessary to implement or enforce the provisions of this Settlement and/or releases given hereunder, or in proceedings to determine whether the Defendants, individually or collectively, are entitled to be reimbursed or indemnified for any payment made or to be made to the Settlement Fund or the Litigation and Settlement Expense Escrow Account, or portions of either thereof, or to be reimbursed or indemnified for costs and expenses associated with this litigation, including but not limited to, attorneys' and expert fees and costs, or to establish the affirmative defenses of res judicata or cause of action, issue, or collateral estoppel; or
 - (f) construed as, offered in evidence as, received in evidence as, and/or deemed to be, evidence against the Plaintiffs as to any lack of merit of their claims.
62. This Stipulation may be amended or modified only by written instrument signed by all parties or their successors-in-interest.
63. This Stipulation, including the Supplemental Agreement and other exhibits, constitutes the entire agreement among these parties, and no representations, warranties or inducements have been made to any party concerning this Stipulation or its exhibits other than the representations, warranties and covenants contained and memorialised in such documents.

64. The Plaintiffs and the Defendants agree that no single party shall be deemed to have drafted this Stipulation or any portion thereof.
65. Delgratia will not issue shares of Delgratia Stock, by way of public offering, placement, options, warrants, shares or other ownership interest, at less than full market value (less underwriting expenses and commissions) prior to one year from the Effective Date or October 29, 1999, whichever is sooner.
Notwithstanding the last sentence, Delgratia may:
 - (a) issue incentive stock options to directors, officers and employees; and
 - (b) issue securities in private placements at a discount,provided that such stock options or securities are issued in good faith and in accordance with the regulatory requirements set out in the Vancouver Stock Exchange's *Corporate Finance Policies and Procedures Manual* until such time as Delgratia's common shares are listed on another stock exchange or exchanges, in which case the applicable bylaws, rules, policies and procedures applicable to companies listed on such exchange or exchanges shall be deemed to apply. The Class Action Plaintiffs acknowledge that shares issued in private placements and subject to regulatory hold periods often have market values below that of shares not having such trading restrictions.
66. If a proposed issuance will result in the issuance of common shares representing over 20% of Delgratia's then issued and outstanding share capital, the issuance must be approved by Delgratia's shareholders in general meeting.
67. Prior to two years from the Effective Date or October 29, 2001, whichever is sooner, Delgratia will not issue shares of Delgratia Stock, by way of public offering, placement, options, warrants, shares or other ownership interest, if such issuance will have the effect of diluting the percentage of issued and outstanding Delgratia Stock represented by the Settlement Fund to less than 12.5% of all issued and outstanding Delgratia Stock.

68. If, at any point during the period between October 29, 2000, and two years from the Effective Date or October 29, 2001, whichever is sooner, the 30 day trailing average closing price of Delgratia Stock exceeds \$3.00 per share, Delgratia may issue shares of Delgratia Stock, by way of public offering, placement, options, warrants, shares or other ownership interest, as long as such issuance will not have the effect of diluting the percentage of issued and outstanding Delgratia Stock represented by the Settlement Fund to less than 10% of all issued and outstanding Delgratia Stock.
69. Counsel for all Settling Parties represent and warrant that they are authorized by the parties whom they represent to enter into this Stipulation, to take all appropriate action required or permitted to be taken by such Parties pursuant to this Stipulation to effectuate its terms, and to execute any other documents required to effectuate the terms of this Stipulation. Class Counsel are also authorized to enter into any modification or amendments to this Stipulation. The Settling Parties and their respective counsel will co-operate with each other in good faith to effect the implementation of the Settlement. In the event of a disagreement as to the "form" or "content" of any document needed to implement the Settlement and governed by United States federal or state law, the Settling Parties and their respective counsel will submit such disagreement to the U.S. Court whose determination will be final and binding on the parties. In the event of a disagreement as to the "form" or "content" of any document needed to implement the Settlement and governed by Canadian federal or provincial law, the Settling Parties and their respective counsel will submit such disagreement to the B.C. Court whose determination will be final and binding on the parties. The Settling Parties and their respective counsel shall co-operate in presenting such papers to the B.C. Court and other documents as may be necessary to effectuate the purposes and intent of this Stipulation.
70. The Plaintiffs, the Class and the Defendants believe that this Stipulation is fair and reasonable, and the Settling Parties have arrived at this Stipulation in arms-

-length negotiations, and taking into account all relevant factors, present and potential. Subject only to court approval and the conditions stated above, this Settlement represents a valid and binding agreement, enforceable in a court of law, to compromise and settle this matter on the foregoing terms, and it shall not be grounds for avoidance of this Settlement that new developments or new information have been disclosed. Each Settling Party has performed an independent investigation into the strengths and weaknesses of his, her or its claims, and as of the date of the Settlement, has made an informed, knowing and voluntary decision to agree to the Settlement, based on the advice of his, her or its counsel. Except as may be explicitly provided herein, no Settling Party is relying on the representations of any other Settling Party in deciding to enter into this Settlement.

Dated: August____, 1999

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*Chair, Plaintiffs' Counsel Executive Committee for
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