

# Cayenne Gold Mines Ltd.

## TERM SHEET

CDN \$500,000

### Private Placement (Non-Brokered)

Issuer:	Cayenne Gold Mines Ltd. (the "Company")
Listing	Canadian National Stock Exchange (CNSX) Trading Symbol: CYN)
Securities Offered	units ("Units") comprised of one Series "A" secured convertible debenture ("Convertible Debenture") issued in series, each alike and ranking pari-passu with other Convertible Debentures, and a 0.25% net profits interest royalty ("NPI Royalty") based on net profits from the Company's Windflower Property
Amount of Offering	Up to <u>CDN \$500,000</u>
Subscription Price:	\$25,000 per Convertible Debenture
Use of Proceeds	The net proceeds of the Private Placement, after paying transaction costs, will be used to fund exploration on the Company's Windflower Property and general corporate purposes.
Security	The Convertible Debentures will be secured by a first charge on up to \$1,000,000 of net profits (after the recovery of capital costs) earned from the Company's Windflower Property.
Interest	12% per annum payable semi-annually in arrears on June 30 and December 31 in each year after the date of issuance of the Debentures.
Maturity:	The Debentures will mature two years from the date of issuance or such earlier date as may be provided for in the attached Terms and Conditions ("Maturity Date").
Closing: <sup>(1)</sup>	The completion of the Offering shall take place on June 30, 2010 or such other day as may be determined by the Company ("Closing Date").
Royalty	0.25% net profits interest ("NPI") based on net profits earned, after recovery of capital costs, from profits earned by the Company from the commercial sale of ore mined from its Windflower Property, on and subject to the terms and conditions of the Royalty Agreement between the Company and the subscribers for Series "A" Convertible Debentures. The royalty may be repurchased by the Company at a price of \$25,000 for each 0.25% NPI (i.e. for each Convertible Debenture).
Conversion Rights:	Principal and accrued interest under the Convertible Debentures will be convertible into common shares of the Company at a price equal to the greater of the minimum price permitted by the CNSX or the weighted average closing price of the Company's shares on the 30 trading days prior to conversion less a discount of 20%, if \$2.00 or less, or 15% if greater than \$2.00.
Redemption	The Company may redeem all or any portion of the Convertible Debentures after six months from the date of issuance upon 30 days notice to the holders thereof, provided that such holders may then exercise their Conversion rights (in whole or in part) prior to the intended date of redemption.
Securities Exemptions:	The Units will be issued by the Company under applicable exemptions from applicable prospectus and registration requirements as follows:
<i>Canada:</i>	I "Accredited Investors" under National Instrument NI 45-106
Securities Resale Restrictions:	In Canada, hold period of four-months plus one day from the Closing Date.
Notes:	
	1. The Closing will be completed on the basis of final documentation, directors' approval of the Company and regulatory compliance. 2. Any holders of Units must qualify for an exempt distribution in British Columbia <u>and</u> in any other jurisdiction where they are resident. 3. This Debenture is RRSP eligible.

#### Contact:

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