FORT KNOX GOLD RESOURCES INC.
MATERIAL CHANGE REPORT

1. **REPORTING ISSUER**

Principal Address:

Fort Knox Gold Resources Inc.
347 Bay Street
3rd Floor
Toronto, Ontario M5H 2R7

2. **DATE OF MATERIAL CHANGE**

September 25, 2001

3. **PUBLICATION OF MATERIAL CHANGE**

The press release attached as Schedule "A" was released through BCE Emergis on September 25, 2001.

4. **SUMMARY OF MATERIAL CHANGE**

Fort Knox Gold Resources Inc. ("Fort Knox") announced that it has entered into a non-binding letter of intent with Inco Limited ("Inco") outlining the principal business terms on which Fort Knox can acquire a 100% interest in five Sudbury Basin mineral properties for which Inco Limited has no current mining or development plans.

5. **FULL DESCRIPTION OF MATERIAL CHANGE**

Fort Knox announced that it has entered into a non-binding letter of intent with Inco outlining the principal business terms on which Fort Knox can acquire a 100% interest in five Sudbury Basin mineral properties (the "Properties") for which Inco has no current mining or development plans. The letter of intent records the mutual intent of Inco and Fort Knox to use their best efforts to negotiate and execute a definitive agreement incorporating the terms of the letter of intent and such other terms as they may agree upon.

The agreement would grant Fort Knox the right to acquire a 100% interest in the Properties and and the right to lease all surface lands and onsite facilities to permit exploration, development and mining operations to be conducted on the Properties provided that, among other things: (i) Fort Knox would be required to incur expenditures totalling $30 million on the Properties over a four-year period; (ii) Fort Knox would issue to Inco that number of shares such that Inco would hold 19.9% of the issued and outstanding shares of Fort Knox; (iii) Fort Knox would provide Inco with the right to nominate up to 20% of the number of Fort Knox directors; (iv) Inco would, subject to certain conditions, have an option to reacquire a 51% interest in any new deposit containing at least 600,000,000 pounds of nickel on any of the Properties; (v) Fort

Knox would grant Inco a pre-emptive right to maintain a 19.9% equity interest in Fort Knox if Fort Knox makes any offerings of securities; (vi) Fort Knox and Inco would enter into an agreement whereby Inco would have the right to purchase all mineral products produced on the Properties; and (vii) Inco would be entitled to a net smelter royalty, ranging from 2% to 5% depending on the mineral, during any period in which mineral products were processed by a third party.

The letter of intent was considered and unanimously approved by all of the independent members of the board of directors. The representative of Inco to the board of directors excused himself from the discussion of the transaction and from the voting to approve the transaction.

6. RELIANCE ON APPLICABLE PROVISIONS PERMITTING NON-DISCLOSURE OF MATERIAL CHANGE

Not applicable.

7. OMITTED INFORMATION

Not applicable.

8. SENIOR OFFICERS

The following senior officer of Fort Knox may be contacted for information:

A.T. MacGibbon, President and Chief Executive Officer.
Fort Knox Gold Resources Inc.
347 Bay Street
3rd Floor
Toronto, Ontario M5H 2R7

Tel: (416) 628-5911
Fax: (416) 628-5929

9. STATEMENT OF SENIOR OFFICER

The foregoing accurately discloses the material change referred to herein.

DATED at Toronto, this 2nd day of October, 2001

(signed)
A.T. MacGibbon, President and
Chief Executive Officer

SCHEDULE "A"

PRESS RELEASE

FORT KNOX GOLD RESOURCES INC.

FNX
FORT KNOX GOLD RESOURCES INC.

Fort Knox and Inco Sign Letter of Intent on Sudbury Basin Properties

TORONTO--- September 25, 2001--- **Fort Knox Gold Resources Inc. (FNX-TSE)** announced today that it has entered into a non-binding letter of intent with Inco Limited outlining the principal business terms on which Fort Knox can acquire a 100% interest in five Sudbury Basin mineral properties (the "Properties") for which, as previously indicated, Inco has no current mining or development plans. The letter of intent records the mutual intent of Inco and Fort Knox to use their best efforts to negotiate and execute a definitive Option to Purchase Agreement incorporating the terms of the letter of intent and such other terms and provisions as Inco and Fort Knox may agree (see July 3, 2001 and May 11, 2001 Fort Knox press releases for a description of the Properties).

The completion of the proposed transaction is subject to a number of conditions, including the execution of the definitive Option to Purchase Agreement, receipt of all required regulatory approvals and the approval of Fort Knox shareholders.

The Option to Purchase Agreement would grant Fort Knox the right to acquire a 100% interest in the Properties and the right to lease all surface lands and onsite facilities necessary to permit exploration, development and mining operations to be conducted on the Properties, on the following terms:

- Fort Knox would be required to incur expenditures totaling Cdn$30 million on the Properties over a four-year period expiring December 31, 2005 (the "Option Period"), of which Cdn$14 million in expenditures would be committed to be spent by Fort Knox by December 31, 2002.

- Fort Knox would issue to Inco that number of common shares of Fort Knox that results in Inco holding, when combined with the number of Fort Knox common shares already held by Inco, 19.9% of the issued and outstanding common shares at the effective date of the definitive Option to Purchase Agreement, including Fort Knox common shares issued to finance its share of the first year's expenditure commitment. Inco currently owns, controls or directs 2,498,472 of the 13,345,466 issued common shares of Fort Knox. Fort Knox also has 3.3 million outstanding special warrants that are convertible, at no additional consideration, into 3.3 million additional common shares of Fort Knox. Inco does not hold any of the special warrants.

- Fort Knox would provide Inco with the right to nominate up to 20% of the number of Fort Knox directors to be elected at each annual meeting of Fort Knox shareholders.

- If Fort Knox should discover a new deposit that contains mineral resources equivalent in value (based on then current metal prices) to at least 600,000,000 pounds of nickel on any of the Properties, Inco will have a right to retain or reacquire a 51% interest in such new deposit. If, during the Option Period, Inco elects to retain a 51% interest in such new deposit, it can do so by spending an amount equal to 200% of Fort Knox's expenditures on the new deposit up to that date. If, after the Option Period, Inco elects to reacquire a 51% interest in such new deposit, it can do so by completing a bankable feasibility study and arranging, on a non-recourse basis to Fort Knox, the financing required to bring the new deposit into production. Until Inco recovers the financial commitment made to develop the new deposit, it would receive 80% of net revenues from production of the new deposit. If Inco retains or reacquires a 51% interest in a new deposit, Inco and Fort Knox would form a joint venture, with Inco as the operator, to hold and operate the new deposit.

- Fort Knox would grant Inco a pre-emptive right to maintain a 19.9% equity interest in Fort Knox if Fort Knox makes any private or public offerings of Fort Knox equity or equity-linked securities.

- Inco would continue to be responsible for all environmental liabilities existing on the Properties at the effective date of the Option to Purchase Agreement. Fort Knox would be responsible for all environment liabilities resulting from its activities on the Properties.

- Fort Knox and Inco would enter into an Offtake Agreement whereby Inco would have the right to purchase all mineral products produced on the Properties by Fort Knox. Inco would pay Fort Knox for recovered accountable metals derived from the Properties, less applicable milling, smelting and refining charges. Inco would have the right to elect not to purchase any mineral products if they are unsuitable for treatment or if Inco does not have sufficient processing capacity to handle such mineral products. Fort Knox would be entitled to have such mineral products processed by a third party if Inco elects not to purchase the products.

- During any period in which mineral products were being processed by a third party, Inco would be entitled to be paid a 2% net smelter royalty for nickel, copper and cobalt and a net smelter royalty ranging from 2.5% to 5% for precious metals.

- Inco would have a right of first offer to purchase any interest in the Properties that Fort Knox proposes to sell to an arm's-length third party. This right of first offer would not apply to any transfer of interest in the Properties between Fort Knox and Dynatec Corporation.

It is the intention of Fort Knox to assign 25% of its interest in the Option to Purchase Agreement to Dynatec Corporation provided that Fort Knox and Dynatec enter into a joint venture to hold the option and fund all exploration, development and mining activities on the Properties.

Fort Knox has commenced seeking the necessary regulatory approvals to complete the proposed acquisition and expects to convene an annual and special meeting of shareholders in November, at which time it will seek shareholder approval for the contemplated transaction.

This release contains forward-looking statements by Fort Knox regarding the proposed Option to Purchase Agreement with Inco covering five Sudbury Basin properties and the proposed joint venture agreement between Fort Knox and Dynatec. Actual results may differ materially from these statements and projections depending on such key factors as the separate negotiations with Inco and Dynatec, commodity prices, financing arrangements, partnership arrangements, tax benefits and the timing of the receipt of the required governmental, regulatory and other approvals and arrangements.

FOR FURTHER INFORMATION PLEASE CONTACT:

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