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

December 3, 2001

3. PUBLICATION OF MATERIAL CHANGE

The press release attached as Schedule "A" was released through BCE Emergis on December 3, 2001.

4. SUMMARY OF MATERIAL CHANGE

Fort Knox Gold Resources Inc. ("Fort Knox") announced that it has entered into a binding option to purchase agreement (the "Option to Purchase Agreement") with Inco Limited ("Inco") to acquire a 100% interest in five Sudbury Basin mineral properties (the "Properties"). The Option to Purchase Agreement amends and supercedes the letter of intent between Inco and Fort Knox announced September 25, 2001.

5. FULL DESCRIPTION OF MATERIAL CHANGE

The Option to Purchase Agreement grants Fort Knox the right to acquire a 100% interest in the Properties and the right to access and use such part of the surface rights and onsite facilities necessary to permit exploration, development and mining operations to be conducted on the Properties on the terms more fully described in the press release attached as Schedule "A" hereto. The transaction represents an opportunity to acquire valuable mining properties at a relatively low cost to Fort Knox. Fort Knox intends to focus its further mining activities on the exploration, development and if warranted, mining of the Properties.

Fort Knox has obtained a technical report (the "Technical Report") with respect to the Properties in accordance with National Instrument 43-101 - *Standards of Disclosure for Mineral Projects*, and a valuation report (the "Valuation Report") of the Properties and certain of the consideration to be provided to Inco in connection with the Option. Summaries of the Technical Report and Valuation Report are contained in the materials mailed to shareholders in connection with the meeting of the shareholders of Fort Knox held December

7, 2001 and filed on SEDAR. A complete copy of the Valuation Report has also been filed on SEDAR.

The transaction 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 7th day of December, 2001

"A. T. MacGibbon"
A.T. MacGibbon, President and
Chief Executive Officer

SCHEDULE "A"

PRESS RELEASE

FORT KNOX GOLD RESOURCES INC.

Fort Knox and Inco Sign Definitive Option to Purchase Agreement on Sudbury Basin Properties

TORONTO--- December 3, 2001--- **Fort Knox Gold Resources Inc. (FNX-TSE)** announced today that Fort Knox and Inco Limited have signed a binding agreement (the "Option to Purchase Agreement") that grants Fort Knox an option (the “Option”) to 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 Option to Purchase Agreement replaces and supercedes the Letter of Intent between Inco and Fort Knox announced September 25, 2001.

The five properties, **McCreedy West**, **Levack**, **Victoria**, **Kirkwood** and **Norman North** (the "Properties"), are situated around the margin of the Sudbury Basin and within 50 km of Sudbury, ON (see July 23, 2001 Fort Knox press release for a description of the Properties).

The Option to Purchase Agreement is conditional and will become effective after a number of conditions have been satisfied, including the approval of Fort Knox shareholders, the completion by Fort Knox of satisfactory due diligence, the parties having agreed on the form of an off-take agreement (described below) and certain other operating agreements and related terms. Fort Knox has scheduled an annual and special meeting of shareholders for December 7, 2001 (the "Shareholders Meeting"), at which time it will, among other matters, seek shareholder approval of the transaction.

The Option grants Fort Knox the right to acquire a 100% interest in the Properties and the right to access and use such part of the surface rights and onsite facilities as will be necessary to permit exploration, development and mining operations to be conducted on the Properties, on the following principal terms:

?? In order to exercise the Option, Fort Knox is required to incur expenditures totaling Cdn. $30 million (the "Expenditure Requirement") on the Properties over a 52 month period (the "Option Period") commencing with the effective date of the Option to Purchase Agreement (the "Effective Date"), of which Cdn. $14 million in expenditures are committed to be spent by Fort Knox (and any joint venture partner of Fort Knox) within 16 months of the Effective Date (the "First Tranche"). It is the intention of Fort Knox to enter into a joint venture arrangement with Dynatec Corporation ("Dynatec"), pursuant to which Dynatec would have the right to acquire 25% of Fort Knox's interest in the Properties. In the event Fort Knox and Dynatec enter into a joint venture with respect to the Properties, it is expected that Fort Knox's share of the First Tranche will be $7 million.

?? In order to acquire the Option, Fort Knox will issue to Inco that number of common shares of Fort Knox (the "Common Shares") that results in Inco holding, when combined with the number of Common Shares already held by Inco, directly or indirectly, 19.9% of the total number of the issued and outstanding Common Shares at the Effective Date, this total number of Common Shares issued and outstanding will: (a) include Common Shares issued by Fort Knox to complete a financing or financings to raise proceeds of at least $7 million (collectively, the "Additional Financing"), the proceeds of which will be used to finance Fort Knox's share of the First Tranche; and (b) assume the exercise of any outstanding special warrants and any other securities of Fort Knox exercisable, for no additional consideration, but no other convertible securities of Fort Knox. Fort Knox anticipates raising at least $7 million pursuant to the Additional Financing prior to the Effective Date. Details of the Additional Financing will be announced when they are finalized. To the extent share purchase warrants ("Warrants") are issued in tranches of the Additional Financing completed prior to the Effective Date, Inco will be issued that number of Warrants which results in Inco holding 19.9% of all Warrants outstanding, which Warrants will have identical terms to the Warrants issued in the Additional Financing.

?? Fort Knox will provide Inco with the opportunity to nominate up to 20% of the number of the Fort Knox's directors to be elected at each annual meeting of the shareholders of Fort Knox.

?? If Fort Knox discovers a new deposit on any of the Properties that contains mineral resources in value (based on then current metal prices) of at least 600 million pounds of nickel, Inco will have a right to retain or reacquire a 51% interest in such a new deposit. During the Option Period, Inco can elect to retain a 51% interest in such a new deposit by spending an amount equal to 200% of Fort Knox's aggregate previous expenditures on the new deposit. After the exercise of the Option, Inco may elect to reacquire a 51% interest in such new deposit by providing the financing to bring the new deposit into commercial production. Until Inco recovers the financial commitment to achieve production, it shall receive 80% of net revenues from production from the new deposit. If Inco retains or reacquires a 51% interest in a new deposit, Inco and Fort Knox will form a joint venture, with Inco as the operator, to hold and operate the new deposit.

?? At any time when Inco holds more than 10% of the outstanding Common Shares, Inco will have a pre-emptive right to participate in up to 20% of all private and public distributions of securities of Fort Knox to raise funds for the exploration, development or mining of the Properties subject to compliance with the rules and guidelines of the Toronto Stock Exchange and applicable laws.

?? Inco will continue to be responsible for all environmental liabilities existing on the Properties at the Effective Date. Fort Knox shall be responsible for all environmental liabilities incurred on the Properties that result from its actions after the Effective Date.

?? Fort Knox and Inco will enter into an off-take agreement (the "Off-take Agreement") whereby Inco shall have the right to purchase all mineral products produced on the Properties by Fort Knox. Inco shall pay Fort Knox under the terms of that agreement for recovered accountable metals derived from the Properties, less applicable milling, smelting and refining charges. Inco shall have the right to refuse to purchase any mineral products that are unsuitable for treatment or if Inco does not have sufficient processing capacity to handle such mineral products, in which case, Fort Knox shall be entitled to have such mineral products processed by a third party whereby Inco shall 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 will 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 shall not apply to any transfer of interest in the Properties between Fort Knox and Dynatec.

Fort Knox has obtained a technical report (the "Technical Report") with respect to the Properties in accordance with National Instrument 43-101-Standards of Disclosure for Mineral Projects, and a valuation report (the "Valuation Report") of the Properties and certain of the consideration to be provided to Inco in connection with the Option. Summaries of the Technical Report and Valuation Report are contained in the materials mailed to shareholders in connection with the Shareholders Meeting and filed on SEDAR.

This release contains forward-looking statements by Fort Knox regarding the Option covering the 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 ultimate negotiations with Inco and Dynatec on the agreements referred to above, 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:

Fort Knox Gold Resources Inc.
Terry MacGibbon, President and CEO
Tel: (416) 628-5929, Fax: (416) 628-5911, e-mail: fortknox@347bay.com