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Columbus Gold Corporation

12th January 2005

COPY

Mr. Andy Wallace
Cordilleran Exploration Co., LLC
573 E. 2nd Street
Reno, Nevada 89502

RE: HEADS OF AGREEMENT
COLUMBUS GOLD CORP./CORDILLERAN EXPLORATION CO.

Dear Andy:

Columbus Gold Corp. (CGC) is a private corporation, registered in British Columbia, Canada, whose business is the acquisition, exploration and development of mineral projects in the United States of America. CGC controls, through outright ownership of mineral claims or mineral lease agreement with unrelated parties, six mineral properties (collectively "Properties") more specifically described in Exhibit I, located in the states of Nevada and Arizona.

Cordilleran Exploration Co., LLC, dba Cordex Exploration Co. (together and separately referred to as "CEC") is a Nevada-registered limited liability company ultimately owned 100 percent by Andy Wallace and John Livermore, whose business also is the acquisition, exploration and development of mineral projects in the United States of America.

CGC and CEC jointly desire to enter a contractual arrangement (the "Agreement"), pursuant to the terms and conditions outlined herein, whereby CEC will act exclusively for CGC to carry out the common business of the Parties.

1. The term of the Agreement shall, subject to prior termination, be three years, commencing 1st January 2005. The Agreement may however be terminated without cause after the first anniversary of the date of this agreement by CGC giving to CEC not less than three months notice in writing of its intention to terminate the Agreement.

2. Without limiting the generality of this term, CEC's duties ("Duties") shall be to act exclusively on behalf of CGC as operator ("Operator") of CGC's mineral exploration activities in the United States of America and shall include, but are not limited to, the following:

   i) To carry out all exploration and development activities on the CGC Properties, in accordance with and subject to programs and budgets approved by CGC, and

   ii) To design, initiate and carry out generative mineral exploration activities in Nevada, and elsewhere in the United States of America where mutually agreed, subject to programs and budgets approved by CGC, with the objective of identifying, acquiring and exploring new mineral properties ("New Properties").

3. CGC will provide CEC with the financial resources agreed in accordance with and subject to programs and budgets approved by CGC, enabling CEC to efficiently carry out its Duties exclusively on behalf of CGC.

4. The parties understand and agree that CEC's general operating costs, exclusive of third party contractor expenses for project work on the Properties or New Properties, are U. S. $30,000.00 (U. S. Dollars thirty thousand) per month which sum, including a Management Fee of U. S. $12,500.00 (U. S. Dollars twelve thousand and five hundred) shall constitute CEC's minimum cost of carrying out its Duties under this Agreement.

5. The parties further understand and agree that the budget for the initial six month period of the Agreement commencing 1st January 2005 shall be U. S. $250,000.00 (U. S. Dollars two hundred and fifty thousand) inclusive of the general monthly operating costs per Paragraph 4 above. The agreed initial six month program and budget is attached hereto as Exhibit II.

6. The parties agree that any New Properties acquired as staked mineral claims or through lease, option or purchase agreements with third parties shall be acquired and maintained by CEC on behalf of CGC. At CGC's election and upon written notice to CEC such New Properties shall be transferred and assigned to CGC and duly registered in CGC's name with the appropriate government agencies. Irrespective of the registration of ownership of any New Properties, CEC shall be entitled to a net smelter royalty (NSR) on such properties. The NSR, more fully defined on Exhibit III, shall be determined as follows:

   i) For staked mineral claims it shall be 2 percent.

   ii) For mineral claims or mineral rights acquired from third parties which include an existing NSR it shall be the difference between 4 percent and the third party royalty provided, however, it will be no less than 1 percent and no greater than 2 percent.

   iii) For mineral claims or mineral rights acquired from third parties which include a different form of royalty payment CGC and CEC will mutually agree the royalty payable to CEC provided, however, it is the intent of the Parties that it shall not be less than the equivalent of a 1 percent NSR nor greater than the equivalent of a 2 percent NSR.

7. CGC shall have the right to sell, option, lease or assign to third parties in any fashion New Properties acquired under this Agreement provided, however, the third party accepts in writing the full rights and entitlements of CEC per this Agreement. In the event CGC elects to abandon New Properties acquired under this Agreement it shall provide CEC 60 days advance notice during which period CEC may elect to accept assignment of such New Properties at its sole cost and expense.

8. CGC shall be entitled to operate independently of CEC and acquire properties ("CGC Properties") in Nevada or elsewhere in the United States of America provided, however, any CGC Properties acquired by CGC within two miles of any New Property or any areas identified

by CEC through its generative activities under this Agreement shall automatically become subject to the terms and conditions of this Agreement.

If in agreement with the foregoing please sign in the space provided below and return one copy of this Heads of Agreement to Columbus at the letterhead address. This Agreement will then bind the parties and form the entire and complete understanding between CGC and CEC until a more formal and comprehensive agreement is prepared.

Sincerely,

COPY

John Prochnau
for Columbus Gold Corp.

Agreed to Accept this 11th day of January, 2005.

Andy Wallace
for Cordilleran Exploration Co.

EXHIBIT 1

1. The **Utah Clipper Property** consisting of 182 unpatented mineral claims, totaling approximately 3640 acres, adjacent to Placer Dome's Pipeline-Gold Acres gold mine complex, in the Cortez-Pipeline sector of the Battle Mountain Trend, Nevada.

2. The **Golden Mile Property** consisting of 19 unpatented and 5 patented mineral claims, covering approximately 380 acres, located along the Walker Lane Trend in Southwest Nevada.

3. The **Four Metals Property** consists of 40 unpatented mineral claims, covering approximately 800 acres, located in the Patagonia District ten miles north of Nogales, Santa Cruz County, Arizona.

4. The **Dutch Flat Property** consists of 6 unpatented mineral claims, covering approximately 120 acres, located in Humboldt County, twenty miles northwest of Winnemucca, Hot Springs Range, Nevada. The property lies at the extreme north end of the "Battle Mountain Trend".

5. The **Chert Cliff Property** consists of 7 unpatented mineral claims, covering approximately 140 acres, located in the Gold Bar District about 40 miles northwest of Eureka, Eureka County, Nevada. Gold Bar, including the property area, occurs within the southern section of the "Battle Mountain Trend".

6. The **Silver District Property** consists of 90 unpatented mineral claims, totaling approximately 1800 acres, covering the historic Silver District in southwest Arizona.

EXHIBIT 2

CORDEX EXPLORATION CO.							
	January	**February**	**March**	**April**	**May**	**June**	**Grand Totals**
ADMIN. EXPENSES	5,000.19	12,720.49	10,081.87	5,639.50	4,879.06	5,093.02	43,414.13
GENERAL EXPLORATION							
Arizona	7,250.64	12,629.10	14,660.45	8,588.63	15,257.71	0.00	58,386.53
Nevada	13,688.34	9,069.05	9,845.59	11,690.42	15,148.77	7,744.88	67,187.05
Utah	0.00	0.00	0.00	0.00	830.06	6,004.30	6,834.36
TOTAL GEN. EXPL.	20,938.98	21,698.15	24,506.04	20,279.05	31,236.54	13,749.18	132,407.94
PROJECT EXPENSES							
Golden Mile #115	1,900.00	0.00	0.00	0.00	0.00	0.00	1,900.00
Utah Clipper #219		0.00	0.00	1,666.67	2,148.22	999.99	4,814.88
Dutch Flat #220		0.00	0.00	5,741.88	4,498.91	11,829.61	22,070.40
Chert Cliff #221		536.80	0.00	3,922.21	2,276.11	0.00	6,735.12
Four Metals #222		0.00	0.00	1,666.67	746.00	0.00	2,412.67
Silver District #223				1,666.66	0.00	2,174.31	3,840.97
Argentina #224				420.00	0.00	164.85	584.85
Linka #225					0.00	9,910.85	9,910.85
Red Bird (Ravenswood) #226					0.00	14,800.06	14,800.06
Clanton Hills #227					1,235.90	581.15	1,817.05
Clara (Moreau) #228					2,317.90	4,726.27	7,044.17
Pete's Summit (#229)					0.00	999.99	999.99
TOTAL PROJECT EXPENSES	1,900.00	536.80	0.00	15,084.09	13,223.04	46,187.08	76,931.01
TOTAL EXPENSES	27,839.17	34,955.44	34,587.91	41,002.64	49,338.64	65,029.28	[redacted]