SHARE PURCHASE AND SALE AGREEMENT

THIS AGREEMENT made effective as of the 22nd day of February, 2011.

AMONG:

Hector Vittone, businessman, residing in the City of Buenos Aires, in the Republic of Argentina;

\- and -

David Shaw, businessman, residing in the City of Vancouver, in the Province of British Columbia;

\- and -

Kestrel Gold Inc., a corporation incorporated under the laws of the Province of Alberta and having an office in the City of Calgary, in the Province of Alberta

WHEREAS the Vendors beneficially own all of the issued and outstanding Rio Shares (as such term is herein defined);

AND WHEREAS certain of the Rio Shares have been hypothecated, pledged, assigned, transferred and conveyed by the Vendors as collateral and continuing security for repayment of certain indebtedness owed by the Corporation to the Purchaser pursuant to the Loan Agreement (as such term is herein defined) to the Purchaser or its nominee pursuant to the Hypothecation Agreement (as such term is herein defined);

AND WHEREAS the Vendors wish to sell and convey all of their beneficial and/or legal interest in all of the issued and outstanding Rio Shares to the Purchaser, and the Purchaser wishes to purchase such beneficial and /or legal interest in the Rio Shares, upon the terms and conditions herein set forth;

NOW THEREFORE IN CONSIDERATION OF the mutual covenants and agreements hereinafter set forth, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto covenant and agree as follows.

ARTICLE 1
DEFINITIONS AND PRINCIPLES OF INTERPRETATION

1.1 Definitions

Whenever used in this Agreement, unless there is something in the subject matter or context inconsistent therewith, the following words and terms shall have the respective meanings ascribed to them as follows:

"Act" means the Income Tax Act (Canada), and the regulators promulgated thereunder;

"Agreement" means this share purchase and sale agreement and, if applicable, all instruments executed by the Parties which are expressly stated to be supplemental hereto or in amendment or confirmation hereof; "hereof", "hereto" and "hereunder" and similar expressions mean and refer to this Agreement and not to any particular article or section; "Article" or "Section" means and refers to the specified article or section of this Agreement;

"Business Day" means a day other than a Saturday, Sunday or any other day on which the principal commercial banks located at Calgary, Alberta are not open for business during normal banking hours;

"Closing" means the completion of all matters contemplated herein and the Transaction becoming effective in law

"Closing Date" means the third (3^{rd}) business day following receipt of all regulatory body approvals required to approve the Transaction, including but without limitation, the conditional approval of the Exchange;

"Corporation" means Rio Diablillos (Sociedad de Responsabilidad Limitada), a body corporate, incorporated under the laws of the Republic of Argentina;

"Encumbrance" means any encumbrance, lien, charge, hypothec, pledge, mortgage, title retention agreement, security interest of any nature, adverse claim, exception, reservation, easement, right of occupation, any matter capable of registration against title, option, right of pre-emption, privilege or any contract to create any of the foregoing;

"Exchange" means the TSX Venture Exchange Inc.;

"Expansion Area" means the mining concessions as more particularly described in Annex D attached to the Option and Purchase Agreement, located in the Province of San Juan, Department of Jachal, Argentina;

"Financial Statements" means the financial statements of the Corporation for the fiscal year ended December 21, 2010, copies of which are attached hereto as Schedule "B";

"Huachi Mining Properties" means the mining concessions as more particularly described in Annex A attached to the Option and Purchase Agreement, located in the Province of San Juan, Department of Jachal, Argentina;

"Hypothecation Agreement" means the hypothecation and pledge agreement, dated August 23, 2010 among Vittone, Shaw and the Purchaser regarding the hypothecation, pledge, assignment, transfer and conveyance in favour of the Purchaser or its nominee of an aggregate of two thousand seven hundred (2,700) Rio Shares as collateral and continuing security for repayment of indebtedness owing from the Corporation to the Purchaser pursuant to the Loan Agreement;

"Kestrel Shares" means common shares in the capital of the Purchaser;

"Loan Agreement" meansthat certain loan agreement, dated August 23, 2010 between the Corporation and the Purchaser;

"Macondo S.A." means Macondo (Sociedad Anónima), a body corporate, incorporated under the laws of the Republic of Argentina;

"NSR" means the net smelter royalty payable to Macondo S.A. as contemplated in the Option and Purchase Agreement;

"Option and Purchase Agreement" means the exploration with purchase option contract dated as of November 18, 2010 between the Corporation and Macondo S.A., a copy of which is attached hereto as Schedule "A" (together with an English language translation thereof) pursuant to which the Corporation has been granted an irrevocable option to purchase the Huachi Mining Properties upon terms and conditions set forth in such purchase option contract;

"Parties" means the Parties to this Agreement, collectively, and "Party" means any one of them;

"Person" means any individual, corporation, partnership, trustee or trust or unincorporated association; and pronouns have a similarly extended meaning;

"Purchase Price" shall have the meaning set forth in Section 2.2;

"Purchaser" means Kestrel Gold Inc. a corporation incorporated under the laws of the Province of Alberta;

"Rio Shares" means three thousand (3,000) share quotas of the Corporation beneficially owned by the Vendors;

"Shaw" means David Shaw, businessman, residing in the City of London, in the United Kingdom;

"Time of Closing" means 1:00 p.m.(Calgary time) on the Closing Date;

"Transaction" means the purchase and sale of the Rio Shares by the Purchaser from the Vendors and the completion of all matters incidental thereto;

"Vendors" means, jointly and severally, Shaw and Vittone; and

"Vittone" means Hector Vittone, businessman, residing in the City of Buenos Aires, in the Republic of Argentina.

1.2 Entire Agreement

This Agreement together with the agreements and other documents to be executed and delivered pursuant hereto, constitute the entire agreement between the Parties and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, of the Parties, and there are no warranties, representations or other agreements between the Parties except as specifically set forth herein and therein. No supplement, modification, waiver or termination of this Agreement shall be binding unless executed in writing by the Party to be bound thereby. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions (whether or not similar) nor shall such waiver constitute a continuing waiver unless otherwise expressly provided.

1.3 Applicable Law

This Agreement shall be construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein and shall be treated, in all respects, as an Alberta contract.

1.4 Attornment

The Parties hereby irrevocably and unconditionally consent to and submit to the courts of the Province of Alberta for any actions, suits or proceedings arising out of or relating to this Agreement or the matters contemplated hereby (and agree not to commence any action, suit or proceeding relating thereto except in such courts) and further agree that service of any process, summons, notice or document by single registered mail to the addresses of the Parties set forth in this Agreement will be effective service of process for any action, suit or proceeding brought against either Party in such court.

1.5 Currency

Unless otherwise indicated, all dollar amounts referred to in this Agreement are in Canadian dollars.

1.6 Singular, Plural, etc.

Words importing the singular number include the plural and vice versa and words importing gender include the masculine, feminine and neuter genders.

1.7 Organization and Headings

The division of this Agreement into Articles and Sections and the insertion of recitals and headings herein are for convenience of reference only and will not affect the construction or interpretation of this Agreement and, unless otherwise stated, all references in this Agreement or in the Schedules to Articles, Sections and Schedules refer to Articles, Sections and Schedules of and to this Agreement or of the Schedules in which such reference is made.

1.8 Interpretation Not Affected by Party Drafting

The Parties hereto acknowledge that their respective legal counsel have reviewed and participated in settling the terms of this Agreement, and the Parties hereby agree that any rule of construction to the effect that any ambiguity is to be resolved against the drafting Party will not be applicable in the interpretation of this Agreement.

1.9 No Personal Liability

No director, officer, employee or agent of the Purchaser shall have any personal liability whatsoever to the Vendors under this Agreement, or any other document delivered in connection with the matters ancillary thereto on behalf of the Purchaser.

1.10 Time of Essence

Time is of the essence of this Agreement.

1.11 Incorporation of Schedules

The following Schedules attached hereto, for all purposes hereof, form an integral part of this Agreement:

Schedule "A" – Option and Purchase Agreement

Schedule "B" – Financial Statements of the Corporation

ARTICLE 2
PURCHASE AND SALE OF THE RIO SHARES

2.1 Purchase and Sale

Subject to the terms and conditions hereof, the Purchaser hereby agrees to purchase and the Vendors agree to sell, assign and transfer to the Purchaser all of the issued and outstanding Rio Shares for the aggregate Purchase Price as set forth in Section 2.2 hereof, such Rio Shares consisting of:

(a) fifteen hundred (1,500) Rio Shares beneficially owned by Shaw and hypothecated, pledged, assigned, transferred and conveyed to the Purchaser or its nominee pursuant to the Hypothecation Agreement;

(b) fifteen hundred (1,200) Rio Shares beneficially owned by Vittone and hypothecated, pledged, assigned, transferred and conveyed to the Purchaser or its nominee pursuant to the Hypothecation Agreement; and

(c) three hundred (300) Rio Shares beneficially and legally owned and held by Vittone.

2.2 Purchase Price

In consideration of the purchase and transfer of the Rio Shares by the Vendors to the Purchaser, the Purchaser agrees to allot and issue two million (2,000,000) Kestrel Shares to the Vendors, on a pro rata basis, in four (4) equal instalments as follows:

(a) 500,000 Kestrel Shares on the Closing Date; and

(b) 500,000 Kestrel Shares on each of the sixth (6th) month, twelfth (12th) month and eighteenth (18th) month anniversary the Closing Date.

2.3 Limitation on Purchase Price

If at any time or from time to time after the Closing Date the Corporation, for any reason and in its sole discretion, terminates the Option and Purchase Agreement prior to the time that all of the Kestrel Shares required to the be issued to the Vendors hereunder are issued, then the obligation to issue any further Kestrel Shares to the Vendors after the effective date of such termination shall also terminate effective as of the same date the Option and Purchase Agreement is terminated, provided however, that in the event the Vendors deliver to Kestrel a mining property or mining properties of equal merit or value to the Huachi Mining Properties then, in such event, Kestrel will be obligated to issue all of the Kestrel Shares contemplated hereunder.

ARTICLE 3
CLOSING

3.1 Closing

Closing shall take place at the Place of Closing at the Time of Closing, or at such other place or at such other time as the Vendors and the Purchaser may agree.

3.2 Deliveries to the Purchaser

The Vendors shall deliver or cause to be delivered to the Purchaser prior to or at the Time of Closing, or at such other time as the Vendors and the Purchaser may agree:

(a) all certificates representing the Rio Shares for which they hold legal title to duly endorsed for transfer to the Purchaser and cancellation;

(b) all records, information, data, documents, tax returns and corporate records and minute books of the Corporation which are in the possession or control of the Vendors pertaining to or affecting the Corporation and the assets and title of the Corporation thereto;

(c) a certified copy a resolution of the board of directors of the Corporation approving the transfer of the Rio Shares from the Vendors to the Purchaser; and

(d) all cheque books relating to any bank accounts of the Corporation, together with a bank reconciliation statement showing the bank position of the Corporation as at the close of business on the date of this agreement and a list of un-presented cheques or other payments as at the date of this Agreement.

3.3 Deliveries to the Vendors

The Purchaser shall deliver or cause to be delivered to the Vendors prior to or at the Time of Closing, or at such other time as the Vendors and the Purchaser may agree:

(a) an acknowledgment and unconditional release from the Purchaser that it has no claim against the Vendors as and from the Time of Closing and the Vendors are released and discharged from all obligations the Purchaser has or may have with respect to the Vendors, other than those arising under this Agreement, such releases to be in such form as is satisfactory to the Purchaser, acting reasonably; and

(b) share certificates representing the initial Kestrel Shares issued as partial payment of the Purchase Price, as provided in Section 2.3(a) herein.

3.4 Purchase of Entire Interest

It is the understanding of the Parties hereto that this Agreement shall provide for the purchase of all of the Rio Shares that are owned or held by the Vendors at the Time of Closing, whether same are owned as at the date hereof or to be acquired after the date hereof, and the Vendors therefore covenant and agree with the Purchaser that if prior to the Closing Date they acquire any further Rio Shares or rights to acquire any Rio Shares, in addition to those set forth in this Agreement, then such Rio Shares shall be subject to the terms of this Agreement, and Rio Shares shall be delivered or such rights shall be transferred to the Purchaser at the Time of Closing, without the payment of any additional or further consideration.

ARTICLE 4
CONDITIONS OF CLOSING

4.1 Mutual Conditions

The obligations of the Parties to proceed with the Transaction contemplated herein is subject to the fulfilment of each of the following mutual conditions precedent being complied with on or before the Closing Date, unless waived in writing by all Parties:

(a) **Approvals**. Receipt of all required director and shareholder approvals (if necessary) of the Parties and all regulatory, Exchange, and third party approvals and compliance with all applicable regulatory requirements; and

(b) **No Litigation**. No act, action, suit or proceeding shall have been threatened or taken before or by any domestic or foreign court, tribunal or governmental agency or other regulatory authority or administrative agency or commission by any elected or appointed public official or private person (including, without limitation, any individual, corporation, firm, group or entity) in Canada, the United States or elsewhere, whether or not having the force of law, and no law, regulation or policy shall have been proposed, enacted, promulgated or applied, which has the effect to cease trade, enjoin, prohibit or impose material limitations or conditions on the purchase by or the sale by the Vendors of the Rio Shares to Kestrel or the right of Kestrel to own or exercise full rights of ownership of the Rio Shares.

If any such mutual conditions shall not be fulfilled or waived in writing by the Parties at or prior to the Closing, any Party may rescind this Agreement by written notice to the other Parties and, in such event, the Purchaser and Vendors shall be released from all obligations thereunder.

4.2 Purchaser's Conditions

The obligation of the Purchaser to proceed with the Transaction contemplated herein, is subject to the fulfilment of each of the following conditions precedent being complied with on or before the Closing Date, unless waived in writing by the Purchaser:

(a) **Vendors' Representations, Warranties and Covenants**. The Vendors shall have executed, delivered and performed all agreements and documents on their part to be performed hereunder; all representations and warranties and acknowledgements contained in Section 5.1 and Section 5.2 shall be true at the Time of Closing, with the same effect as if made on and as of such date and the Vendors shall deliver a Certificate executed as of the Time of Closing certifying that all representations and warranties of the Vendors as contained herein are true and correct as of such date;

(b) **No Material Change**. There shall not have been any material adverse change in the condition (financial or otherwise), Assets, liabilities, capitalization or business of the Corporation, except as otherwise agreed to by the Purchaser in writing;

(c) **Inspection of Financial Books and Records**. The Vendors shall cause the Corporation to make available to the representatives of the Purchaser all material books, accounts, records and other financial and accounting data of the Corporation (including all available unaudited financial statements) in order to enable such representatives to make an examination of the same;

(d) **Inspection of Non-Financial Books and Records**. The Vendors shall cause the Corporation to make available to the Purchaser or its representatives, all documents, minute books and other corporate records and all documents of title and related records and other material data of the Corporation in order to enable the Purchaser or its representatives to make an examination of the same;

(e) **Regulatory Approvals**. There shall have been obtained the written consents or approvals, in form and substance satisfactory to the Purchaser and the Purchaser's counsel, acting reasonably, of any governmental or regulatory agent or person whose consent to the transactions contemplated hereby is required, and all conditions imposed upon such consent shall have been satisfied;

(f) **No Litigation**. No litigation or proceeding shall be pending or threatened to restrain, set aside or invalidate the transactions contemplated by, or to obtain substantial damages in respect of, this Agreement or the Vendors' ownership of the Rio Shares, or operation of the business or assets of the Corporation;

(g) **Resignations and Releases**. The Vendors shall have delivered or caused to be delivered to the Purchaser resignations of all officers and directors of the Corporation as the Purchaser may request, together with a resolution or resolutions of the board of directors of each appointing the Purchaser's nominees as directors and officers, to be in such form or forms and in such sequence as Purchaser's counsel may direct and all such resigning directors and officers shall have tendered to the Corporation a waiver and release in form satisfactory to the Purchaser's counsel, acting reasonably, of all claims and demands against the Corporation;

(h) **Corporate Proceedings**. All necessary steps and proceedings, as approved by the Purchaser's counsel, including but without limitation, delivery by the Purchaser's nominee under the Hypothecation Agreement of all share certificates representing the Rio Shares held by the nominee on behalf of the Purchaser duly endorsed for transfer to the Purchaser and cancellation, shall have been taken to permit the Rio Shares to be duly and regularly transferred and registered in the name of the Purchaser; and

(i) **Closing Documents**. The Vendors shall have executed and delivered to the Purchaser all documents as the Purchaser or the Purchaser's counsel may reasonably request for the purposes of effecting the transfer and delivery of the Rio Shares in accordance with the terms of this Agreement.

If any such conditions shall not be fulfilled or waived in writing by the Purchaser at or prior to the Time of Closing, the Purchaser may rescind this Agreement by written notice to the Vendors and, in such event, the Purchaser and the Vendors shall be released from all obligations hereunder.

4.3 Vendors' Conditions

The obligation of the Vendors to proceed with the Transaction contemplated herein, is subject to the fulfilment of each of the following conditions precedent being complied with on or before the Closing Date, unless waived in writing by the Vendors:

(a) **Purchaser's Representations, Warranties and Covenants**. The Purchaser shall have executed, delivered and performed all agreements and documents on its part to be performed hereunder; all representations and warranties contained in Section 5.3 shall be true at the Time of Closing, with the same effect as if made on and as of such date and the Purchaser shall deliver a Certificate executed as of the Time of Closing certifying that all representations and warranties of the Purchaser as contained herein are true and correct as of such date;

(b) **Purchase Price**. The Purchaser shall tender that portion of the Purchase Price payable by the Purchaser to the Vendors pursuant to Clause 2.2 hereof;

(c) **No Material Change**. There shall not have been any material adverse change in the condition (financial or otherwise), assets, liabilities, capitalization or business of the Purchaser, except as otherwise agreed to by the Vendors in writing;

(d) **Regulatory Approvals**. There shall have been obtained the written consents or approvals, in form and substance satisfactory to the Purchaser and the Vendors and the Vendors' counsel, acting reasonably, of any governmental or regulatory agent or person whose consent to the transactions contemplated hereby is required, and all conditions imposed upon such consent shall have been satisfied; and

(e) **No Litigation.** No litigation or proceeding shall be pending or threatened to restrain, set aside or invalidate the transactions contemplated by, or to obtain substantial damages in respect of, this Agreement or the business of affairs of the Purchaser.

If any such conditions shall not be fulfilled or waived in writing by the Vendors at or prior to the Time of Closing, the Vendors may rescind this Agreement by written notice to the Purchaser and, in such event, the Purchaser and the Vendors shall be released from all obligations hereunder.

ARTICLE 5
REPRESENTATIONS AND WARRANTIES

5.1 Representations and Warranties of the Vendors

The Vendors, jointly and severally, represent and warrant to the Purchaser that as at the date hereof:

(a) the Corporation is a limited liability body corporate duly organized, validly existing and in good standing under the laws of the Republic of Argentina;

(b) the Corporation has no subsidiary corporations and owns no shares or securities of any other entity and there are no agreements of any nature to acquire any subsidiary or business or to acquire howsoever any other business;

(c) the share capital of the Corporation consists of three thousand (3,000) share quotas of which the Rio Shares represent all of the issued and outstanding securities of the Corporation;

(d) there are no contracts, options, warrants, rights in equity or in law or otherwise binding upon the Corporation or which at any time in the future may be capable of becoming binding upon the Corporation to issue any shares, warrants, options, or other securities of the Corporation at some time in the future;

(e) the Corporation has not paid, declared or authorized any distribution on or in respect of any of its shares or securities by way of dividend, redemption, purchase, return of capital or otherwise since the date of its incorporation;

(f) the business of the Corporation has been and will continue to be until the Closing Date carried on in the ordinary and normal course subject to the terms hereof and the Corporation will not enter into, or assume any agreement, other than those which are made in the ordinary course of business, and which would not create a material change in the Business or financial affairs of the Corporation, without the prior written consent of the Purchaser;

(g) the Corporation has the appropriate power and authority to own its assets and to carry on the business presently carried on by it;

(h) the Corporation is duly qualified to carry on business and is in good standing in each jurisdiction in which the nature of the business conducted by them or the property owned or leased by them makes such qualification necessary;

(i) the Corporation is not a party to any lease or agreement in the nature of a lease in regard to real or personal property, whether as lessor or as lessee and the Corporation also does not own any fee simple real property;

(j) the Corporation holds all permits necessary to carry out its operations, and the present status of the Corporation does not violate the terms of such permits, and the use of the property identified in the proceeding clause is not in breach of any statute, bylaw, ordinance, regulation, covenant or agreement;

(k) the Corporation is not in default under any contract related to the Corporation (including but without limitation, the Option and Purchase Agreement) which would permit other parties thereto to rescind such contract or would otherwise diminish the value of such contract to the Corporation, and there is no outstanding notice of cancellation or termination in connection therewith, nor, to the Vendors' knowledge, information and belief, after reasonable inquiry, does there exist any event or circumstance which through the passage of time or which as a result of a notice by a third party would become a default by the Corporation under any contract relating to the Corporation (including but without limitation, the Option and Purchase Agreement), except as disclosed to the Purchaser in writing prior to the date hereof;

(l) to the best of the Vendors' knowledge, information and belief, after reasonable inquiry, the business of the Corporation has been conducted without material violation of any applicable law or regulation relating to air, water, or noise pollution, or the production, storage, labelling or disposition of wastes or hazardous or toxic substances;

(m) the Vendors or the Corporation are not aware of and have not received: (i) any orders or directives under the regulations which relate to environmental matters and which require any work, repairs, construction or capital expenditures with respect to the Assets, or such orders or directives which have not been complied with in all material respects; and (ii) any demand or notice issued under the regulations with respect to the breach of any environmental, health, or safety law, including, without limitation, any regulations respecting the use, storage, treatment, transportation or disposition of environmental contaminants or toxic materials, which demand or notice remains outstanding as at the date hereof;

(n) the Corporation is not a party to any contract or commitment that would limit the freedom of the Corporation to compete in any line of business or with any person or in any geographical area or otherwise to conduct its business as currently conducted and as proposed to be conducted, except contractual obligations with respect to areas of mutual interest in the ordinary course of business. To the best of the Vendors' knowledge, information and belief, after reasonable inquiry, there exists no facts or circumstances which could materially and adversely effect the ability of the Corporation to continue its business substantially as presently conducted following the completion of the transaction contemplated by this Agreement;

(o) no payments have been made or authorized by the Corporation to its officers, directors, shareholders or employees, or former officers, directors, shareholders or employees, or to any person or company not dealing at arm's length (as such term is defined in the *Income Tax Act* (Canada)) with it;

(p) The following constitutes a complete list of all employees, officers, directors and managers of the Corporation

Name	**Position**
Hector Vittone	Socio Gerente (Managing Partner)

(q) the Corporation is not now a party to any bonus, pension, profit sharing, deferred compensation, retirement, hospitalization insurance, medical insurance or similar plan or practice, formal and informal, in effect with respect to any employees or others;

(r) the Corporation is not party to any contracts of employment, service agreements, management agreements, collective bargaining agreements, labour agreements or employee association agreements and the Corporation is not now conducting any negotiations with any labour union or employee association with respect to employees of the Corporation; and the Corporation does not have any agreements or understandings relative to any increase in salary, compensation, or term of service to any employees or contractors;

(s) the Corporation is not obligated by virtue of a prepayment arrangement under any contract or arrangement for the provision of services, to provide services at some future time without then and thereafter receiving full payment therefor;

(t) the Corporation is not a party to any written management contract or employment agreement, including, but without limitation, any written contract which provides for the payment of severance in lieu of notice upon termination thereof;

(u) no claims exist or are threatened against the Corporation in respect of worker's compensation legislation, any applicable labour or employment legislation, health and safety or human rights legislation, or pursuant to either the Unemployment Insurance Act or the Canada Pension Act, except as disclosed to the Purchaser prior to the date hereof;

(v) the Corporation has no employees;

(w) there are no judgments unsatisfied against the Corporation or any consent decrees or injunctions to which the Corporation or the Vendors are subject or bound and there are no actions, suits or proceedings commenced or pending or, to the best of the Vendors' knowledge, information and belief, after due inquiry, threatened against or affecting the Corporation or any of its assets or by any governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, which action, suit or proceeding involves the possibility of any judgment against or liability of the Corporation. The Vendors are not aware of any existing ground on which any such action, suit or proceeding might be commenced with any reasonable likelihood of success.

(x) the Financial Statements truly and fairly present the assets and liabilities of the Corporation and their financial position as at the dates thereof and the results of their operations for the fiscal periods reported on, and, in particular, without limiting the generality of the foregoing, include all liabilities or obligations of any nature, whether accrued, contingent or otherwise, and whether due or to become due as at the dates of the Financial Statements. Since the date of the Financial Statements, there has not been any material adverse change in the financial position of the Corporation, computed on a basis consistent with that used in the preparation of the balance sheet included in such Financial Statements;

(y) the Financial Statements have been prepared in accordance with generally accepted accounting principles of Argentina, applied on a consistent basis;

(z) the Financial Statements do not contain any untrue statement of fact and do not omit to state any fact required to be stated to make the Financial Statements not misleading;

(aa) there are no liabilities for income taxes under the income tax legislation of any jurisdiction or for other taxes due or to become due for any period prior to the date of the Financial Statements, except as disclosed in the Financial Statements;

(bb) all prepaid expenses reflected in the Financial Statements and all expenses prepaid by the Corporation subsequent to the Financial Statements were prepaid in accordance with the regular business practices of the Corporation, consist of expenses that were incurred in the ordinary course of business of the Corporation, consistent with past practice, and are valued at reasonable amounts based on the ordinary course of business of the Corporation within the past six months. There has not been any material write-downs or write-off of, or other adjustment to, such prepaid expenses since the date of the Financial Statements;

(cc) all accounts receivable, book debts and other debts reflected in the records and Financial Statements as due or accruing due are good and collectable;

(dd) there are no liabilities or obligations, either accrued, absolute, contingent or otherwise, except:

(i) liabilities set forth in the Financial Statements and not heretofore paid or discharged;

(ii) liabilities arising in the ordinary course of business under any contract which is either specifically disclosed, a schedule to this Agreement or not required to be disclosed because of the term or amount involved or otherwise; or liabilities incurred, consistent with past business practice, in or as a result of the normal or ordinary course of business since the date of the Financial Statements; and

(iii) for the purposes hereof the term "liabilities" shall include, without limitation, any direct or indirect indebtedness, guarantee, endorsement, claim, loss, damage, deficiency, cost, expense, obligation or responsibility, known or unknown, fixed or unfixed, choate or inchoate, liquidated, unliquidated, secured or unsecured;

(ee) the Vendors shall cause the Corporation to make available, and by the Time of Closing will have made available, to the Purchaser or Purchaser's representative for inspection, all documents which the Purchaser shall reasonably require and which to the knowledge of the Vendors are in the possession and control of the Vendors, the Corporation pertaining to or affecting the Corporation and the assets and the title of the Corporation thereto, and neither the Vendors nor the Corporation will knowingly withhold any documents or information reasonably required to make not misleading the documents and information so made available to the Purchaser;

(ff) all information, records and data furnished to the Purchaser, their representatives and counsel pursuant to the terms of this Agreement are, to the best of the Vendors' knowledge, information and belief, accurate in all material respects;

(gg) the records and/or corporate records and minute books of the Corporation contain all minutes of meetings or consent resolutions of the directors and shareholders of the Corporation held or passed since the date of incorporation of the Corporation, all such meetings were duly called and held, the share certificate book, the register of shareholders, the register of transfers and the register of directors of the Corporation are accurate and complete;

(hh) except for indemnities contained in the Option and Purchase Agreement, the Corporation is not a party to any agreement of guarantee, indemnification or assumption of the obligations of a third party, or other like commitment, contingent or otherwise, including endorsements or other contingent liabilities.

(ii) except as otherwise disclosed in the Financial Statements, the Corporation does not have outstanding any bonds, debentures, mortgages, promissory notes or other evidences of indebtedness and the Corporation is not bound under any agreement to create or issue any bonds, debentures, mortgages, promissory notes or other indebtedness except as required by the Option and Purchase Agreement;

(jj) the following constitutes a full description of the bank accounts of the Corporation:

(i) account n ° 245-000131553 of the Bank Santander Rio. CBU n ° 0720245420000001315536.

(kk) until the Time of Closing, the Corporation shall maintain all bank accounts, term deposits or safety deposit boxes as currently maintained;

(ll) the Corporation has paid all taxes exigible from it or for the collection of which it is responsible under the laws of any jurisdiction, in the case of taxes on income, in respect of all fiscal years ended on or prior to December 31, 2010, and, in the case of all other taxes, in respect of all periods ended prior to the Time of Closing, for which such taxes were due and payable prior to the Time of Closing;

(mm) there are no taxes, assessments, re-assessments, or levies of whatsoever nature which the Corporation is required or will or could be required by law to withhold, collect or pay and for which the Purchaser could become liable, including, but without limiting the generality of the foregoing, unemployment insurance, pension plan payments, non-resident withholding tax or similar assessments, except as disclosed in the Financial Statements;

(nn) all taxes, assessments, levies and source deductions which the Corporation is required by law to withhold or to collect, including unemployment insurance, pension plan payments and non-resident withholding tax, have been duly withheld or collected, and have been paid over to the proper governmental authorities, or held by the Corporation or on behalf of the Corporation and such withholdings and collections and all other payments due in connection therewith are duly reflected in the Financial Statements to the date as of which they were prepared and since that date will be duly entered in the accounts of the Corporation;

(oo) the Corporation has duly and timely filed all tax returns required to be filed by it, have paid all taxes shown to be due and payable on such returns, and have paid all assessments and re-assessments, and all other taxes, governmental charges, penalties, interest and fines due and payable by them on or before the date hereof and which are claimed by any governmental authority to be due and owing and to the best of the Vendors' knowledge, information and belief adequate provision has been made on the books of the Corporation for taxes payable for the current period for which tax returns are not yet required to be filed; there are no agreements, waivers or other arrangements providing for any extension of time with respect to the filing of any tax returns by, or payment of any tax, governmental charge or deficiency against the Corporation, and, to the best of the Vendors' knowledge, information and belief, there are no actions, suits, proceedings, investigations or claims now threatened or pending against the Corporation with respect to taxes, governmental charges or assessments, or any other matters under discussion with any governmental authority, relating to taxes, governmental charges or assessments asserted by any such authority and the Corporation have withheld from payments made to any of its officers, directors, former directors and employees, creditors, shareholders and unit holders, the amount of all taxes, including but not limited to income tax, and other deductions required to be withheld therefrom and have paid the same to the proper tax or other receiving offices within the time required under any applicable tax legislation;

(pp) all income and revenue tax returns filed by the Corporation in respect to its last fiscal year have been prepared in accordance with the provisions of the applicable legislation, and, each return fairly and clearly represents for the purposes of the legislation which is applicable to the particular return the information and tax status of the Corporation for the period reflected in such return;

(qq) on or before the Closing Date all returns of the Corporation for capital, excise, manufacturing, sales or use tax required to be filed by the Corporation before the Closing Date shall be fully prepared and filed before the Closing Date and all such taxes of every kind and description due or payable against or payable by the Corporation prior to the Closing Date in respect of the Corporation shall have been paid in full on or before the Closing Date;

(rr) except as disclosed to the Purchaser in writing prior to the Time of Closing, the Corporation has not made any income tax elections, entered into any income tax agreements, filed any income tax consents, or entered into any agreements with any federal, provincial, local or other income tax authorities with respect to the Corporation or the securities, assets, or revenues of the Corporation.

(ss) all insurance policies carried by the Corporation are valid and enforceable and in full force and effect, are underwritten by unaffiliated and reputable insurers, are sufficient for all applicable requirements of law and provide insurance, and are in such amounts and against such risks as is customary for corporations engaged in similar businesses to the Corporation. The Corporation are not in default under any such insurance and has not failed to give any notice or present any claim within the appropriate time therefor;

(tt) the Vendors are (i) beneficial owners of the Rio Shares with good and marketable beneficial title thereto, (ii) the Rio Shares represent all of the issued and outstanding share capital of the Corporation and (iii) Vittone is the legal owner of three hundred (300) of the Rio Shares;

(uu) other than pursuant to the Hypothecation Agreement, the Vendors have not assigned, mortgaged, hypothecated pledged, assigned, transferred or conveyed the Rio Shares and the Rio Shares are free and clear of all mortgages, charges, liens, pledges, hypothecations, claims, security interests and other encumbrances, voting trusts, equities, shareholder agreements, pooling or trust agreements option or right capable of becoming an agreement or option and demands of whosoever nature or kind;

(vv) the Vendors shall and will, from time to time and at all times hereafter, at the request and cost of the Purchaser but without further consideration, do and perform all such acts and things and execute all such deeds, documents and writings and give all such further assurances in respect of the Rio Shares as the Purchasers may reasonably require;

(ww) no action or proceeding has been commenced or filed by or against the Vendors or the Corporation which seeks or may lead to receivership of the Vendors or the Corporation or the adjustment, compromise or composition of claims against them or the appointment of a trustee, receiver, liquidator, custodian, or other similar officer for the Vendors or the Corporation or any portion of their assets. No such action or proceeding has been authorized or is being considered by or on behalf of the Vendors or the Corporation and no creditor or equity security holder of the Vendors or the Corporation has threatened to commence or advise that it or they may commence, any such action or proceeding;

(xx) no person, firm or corporation holds any option, warrant or right to acquire or cause to be granted any interest in the Rio Shares;

(yy) there are no contracts, options, warrants, rights in equity or in law or otherwise binding upon or which at any time in the future may be capable of becoming binding upon the Vendors to sell, transfer, pledge, hypothecate or alienate the Rio Shares, other than pursuant to the terms of this Agreement;

(zz) no consents of, filings with or approval of any governmental or regulatory body authority is required for the Vendors' sale and transfer of the Rio Shares to the Purchaser;

(aaa) the execution and delivery of this Agreement and each and every agreement or document to be executed and delivered hereunder and the consummation of the transactions contemplated herein will not violate, nor be in conflict with, any provision of any agreement or instrument to which the Vendors or either of them is a party or is bound, or any judgment, decree, order, statute, rule or regulation applicable to the Vendors;

(bbb) this Agreement constitutes a valid and binding obligation of the Vendors enforceable against each of them in accordance with the terms hereof, subject however, to limitations with respect to enforcement imposed by law in connection with bankruptcy or similar proceedings, the equitable power of a court of competent jurisdiction to stay proceedings before them and the execution of judgments;

(ccc) the Vendors or either of them are not a Party to, bound or affected by or subject to, any Encumbrance, lease, agreement, instrument, statute, regulation, judgment, decree or law which would be violated, contravened, breached by, or under which default would occur as a result of, the execution and delivery of this Agreement or the consummation of any of the transactions provided for herein and which would have a material adverse impact on either of the Vendors;

(ddd) the Vendors are not obligated to obtain the written consent of any person to the transaction contemplated by this Agreement;

(eee) the Vendors each have full right, power, approval and authority to sell and cause the beneficial interest in the Rio Shares to be transferred and delivered to the Purchaser free and clear of any claims, liens, charges or other encumbrances or equities of whatsoever nature or kind;

(fff) the Vendors have not incurred any obligation or liability, contingent or otherwise for broker's or finder's fees in respect of the transaction herein provided for which the Purchaser shall have any obligation and liability;

(ggg) the Corporation has entered into the Option and Purchase Agreement pursuant to which the Corporation is granted an irrevocable option to purchase the Huachi Mining Properties and the related Expansion Area, the Option and Purchase Agreement constitutes a valid and binding obligation of the parties thereto enforceable against each of them in accordance with the terms thereof, subject to limitations with respect to enforcement imposed by law in connection with bankruptcy or similar proceedings, the equitable power of a court of competent jurisdiction to stay proceedings before them and the execution of judgments, and the Vendor has not defaulted under its obligations arising under the Option and Purchase Agreement and currently is in good standing under the Option and Purchase Agreement;

(hhh) to the best of the Vendors' knowledge, information and belief after due enquiry, Macondo S.A. is the owner of the Huachi Mining Properties and the related Extension Area;

(iii) to the best of the Vendors' knowledge, information and belief after due enquiry, the Huachi Mining Properties and the related Extension Area are free and clear of all liens, charges, encumbrances and adverse claims except the NSR as set forth and described in the Option and Purchase Agreement or as otherwise mutually agreed upon between the parties;

(jjj) the Corporation has no material liabilities except indebtedness owed by the Corporation to the Purchaser and obligations of the Corporation arising under the Option and Purchase Agreement; and

(kkk) to the best of the Vendors' knowledge, information and belief after due enquiry, there are no legal proceedings, regulatory actions or other proceedings against the Corporation at the Closing Date which may, if determined to be against the Corporation, have a material adverse effect on the Corporation or the Huachi Mining Properties.

5.2 Acknowledgement of Vendor

The Vendors, jointly and severally, acknowledge to the Purchaser that:

(a) the Vendors are acquiring the Kestrel Shares hereunder as principal for their own accounts, and not for the benefit of any other person;

(b) the Vendors are aware that no prospectus has been filed with any securities commission in connection with the issuance of the Kestrel Shares, and the Vendor is acquiring the Kestrel Shares pursuant to an exemption from the prospectus requirements under applicable securities laws and, as a consequence:

(i) they are restricted from using most of the civil remedies available under applicable securities laws;

(ii) they may not receive information that would otherwise be required to be provided to it under applicable securities laws; and

(iii) the Corporation is relieved of certain obligations that would otherwise apply under applicable securities laws;

(c) the Kestrel Shares are not being acquired by the Vendors as a result of any material information concerning the Purchaser that has not been publicly disclosed and the Vendor's decision to acquire the Kestrel Shares has not been made as a result of any oral or written representation as to fact or otherwise made by or on behalf of the Purchaser and is based entirely upon currently available pubic information concerning the Purchaser;

(d) no securities commission or similar regulatory authority has reviewed or passed on the merits of the Kestrel Shares;

(e) there is no government or other insurance covering the Kestrel Shares;

(f) the Kestrel Shares are subject to resale restrictions imposed under a applicable securities laws, or the rules or policies of regulatory bodies having jurisdiction over the Kestrel Shares or trading in such Kestrel Shares and, as a consequence, the Vendor may not be able to resell the Kestrel Shares except in accordance with resell restrictions and limited exemptions under applicable securities laws; and

(g) that all certificates representing the Kestrel Shares to be issued to the Vendors hereunder will have a legend affixed thereto which describes certain resale restrictions under applicable securities laws.

5.3 Representations and Warranties of the Purchaser

The Purchaser represents and warrants to the Vendors that as at the date hereof:

(a) the Purchaser is a corporation duly organized, validly existing and in good standing under the laws of the Province of Alberta;

(b) the Purchaser has all requisite power and authority to enter into this Agreement and to purchase and pay for the Rio Shares on the terms described herein and to perform its other obligations under this Agreement;

(c) the Kestrel Shares to be issued to the Vendors as required pursuant to Section 2.2 hereof shall be validly created, authorized and issued as fully paid and non-assessable common shares of the Purchaser, free and clear of all encumbrances of whatsoever nature, except as otherwise contemplated herein and the allotment, issuance and delivery of the aforesaid shares will not result in any breach of any statute, rule or regulation by which the Purchaser is bound or result in any breach of any published policy or order of the Alberta Securities Commission or the Exchange;

(d) the execution and delivery of this Agreement and each and every agreement or document to be executed and delivered hereunder and the consummation of the transactions contemplated herein will not violate, nor be in conflict with, any provision of any agreement or instrument to which the Purchaser is a party or is bound, or any judgment, decree, order, statute, rule or regulation applicable to the Purchaser or the constating document or bylaws of the Purchaser;

(e) this Agreement constitutes a valid and binding obligation of the Purchaser enforceable against it in accordance with the terms hereof, subject however, to limitations with respect to enforcement imposed by law in connection with bankruptcy or similar proceedings the equitable power of the court to stay proceedings before them and the execution of judgments and to the extent that equitable;

(f) the Purchaser has not incurred any obligation or liability, contingent or otherwise, for brokers' or finders' fees in respect of this transaction for which the Vendor shall have any obligation or liability;

(g) the Purchaser is not a "non-Canadian person" within the meaning of the Act;

(h) the Purchaser is not in default under and has not received notice of any defaults under any of the provisions of the *Securities Act* (Alberta), or the *Business Corporations Act* (Alberta), or any other security or regulatory authority;

(i) no order ceasing or suspending trading in the securities of the Purchaser nor prohibiting the sale of such securities has been issued to the Purchaser or its directors, officers or promoters and, to the best of the knowledge of the Purchaser, no investigations or proceedings for such purposes are pending or threatened;

(j) the Purchaser is a reporting issuer in the Provinces of Alberta and British Columbia and has been and will use its best commercial efforts to continue to be a reporting issuer for a period of at least four (4) consecutive months prior to the Closing Date;

(k) the Kestrel Shares are listed and posted for trading on the Exchange and the Purchaser is not in default under, and has not received notice of any defaults of any of the policies of the Exchange; and

(l) the Purchaser shall cause the Kestrel Shares to be issued pursuant to Section 2.2 hereof to be listed for trading on the Exchange and covenants and agrees to: (i) pay all listing costs for such securities to be listed on the Exchange; (ii) pay all costs to meet the Purchaser's continuous disclosure requirements pursuant to applicable securities law; (iii) pay all costs to maintain its listing on the Exchange; and (iv) pay all transfer agent fees and disbursements required for the purposes of issuing the Kestrel Shares.

5.4 Non-Waiver

No investigations made by or on behalf of the Purchaser at any time shall have the effect of waiving, diminishing the scope of or otherwise affecting any representation or warranty or covenant made by the Vendor herein or pursuant hereto. No waiver by the Purchasers of any term of this Agreement, in whole or in part, shall operate as a waiver of any other term of this Agreement.

5.5 Nature and Survival of Representations and Warranties

All representations, warranties, covenants and agreements herein contained on the part of each of the Parties shall survive the execution and delivery hereunder of share or security transfer instruments or other documents of title to the Rio Shares and the payment of the consideration therefore for a period of two (2) years from the Closing Date.

ARTICLE 6
OTHER COVENANTS AND COMMITMENTS OF THE PARTIES

6.1 Indemnification of Vendors

The Vendors shall be jointly and severally liable for, and in addition, will severally and not jointly indemnify and save the Purchaser, its successors and assigns and each of them free and harmless of and from:

(a) all demands, claims, actions, causes of action, assessments, losses and damages by reason of any claims, debts, demands or liabilities existing against the Corporation before the date of this Agreement or thereafter coming into being or existence by reason of any state of facts existing on or before the date of this Agreement;

(b) any and all damages or deficiency resulting from any misrepresentation, breach of warranty or non-fulfillment of any covenant or agreement on the part of each respective Vendor under this Agreement; and

(c) any and all liability, loss, costs, claims or damages arising out of or pertaining to operations conducted with respect to the Corporation (including tax liabilities) prior to the date of this Agreement, excepting in each case any liability, loss, cost, claims or damages to the extent that the same are reimbursed by insurance or caused by the gross negligence of the other party hereto.

6.2 Indemnification of Purchaser

The Purchaser shall be liable for, and in addition, will indemnify and save the Vendors, their successors and assigns and each of them free and harmless of and from:

(a) all demands, claims, actions, causes of action, assessments, losses and damages by reason of any claims, debts, demands or liabilities existing against the Corporation after the date of this Agreement or thereafter coming into being or existence by reason of any state of facts which arise after the date of this Agreement;

(b) any and all damages or deficiencies resulting from any misrepresentation, breach of warranty or non-fulfillment of any covenant or agreement on the part of the Purchaser under this Agreement; and

(c) any and all liability, loss, costs, claims or damages arising out of or pertaining to operations conducted with respect to the Corporation (including tax liabilities) after the date of this Agreement, excepting in each case any liability, loss, costs, claims or damages to the extent that same are reimbursed by insurance or caused by the gross negligence of the another Party hereto.

6.3 Actions

Each of the Parties agrees to take all such actions as are within its power to control, and to use its reasonable commercial efforts to cause other actions to be taken which are not within its power to control, so as to ensure compliance with any conditions set forth herein and to ensure that the transactions provided for herein or contemplated hereby are completed.

6.4 Limitation of Time

After the applicable survival period specified in Section 5.5 hereof, if no claim shall have been made hereunder prior to expiry of such survival period against a Party hereto with respect to any incorrectness in or any breach of any representations or warranties contained herein, or any non-fulfilment of any covenant or agreement on the part of a Party, the Party making the representation or warranty in this Agreement shall have no further liability hereunder with respect to any such representation, warranty or indemnity.

ARTICLE 7
GENERAL

7.1 Public Notices

No public announcement or other public communication concerning the transactions contemplated herein will be made by any Party without the prior written approval of the nature, content and publication thereof by the Corporation and the Purchaser, unless required to comply with legal, regulatory, reporting or other obligations applicable to any Party in which case the Parties will still use best endeavours to consult each other on the announcement or communication.

7.2 Expenses

All costs and expenses (including, without limitation, the fees and disbursements of legal counsel and any investment advisors) incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the Party incurring such expenses.

7.3 Assignment

Neither this Agreement nor any rights or obligations hereunder shall be assignable by any Party. Subject thereto, this Agreement shall enure to the benefit of and be binding upon the Parties and their respective successors and permitted assigns.

7.4 Further Assurances

The Parties hereto shall provide all such reasonable assurances as may be required to consummate the transactions contemplated hereby, and each Party shall provide such further documents or instruments required by any other Party as may be reasonably necessary or desirable to effect the purpose of this Agreement and carry out its provisions.

7.5 Counterparts

This Agreement may be executed by the Parties in separate counterparts or by facsimile or other electronic transmission, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument.

7.6 Severability

If any provision or section of the Agreement or the application thereof is held invalid under specified circumstances, the remainder of this Agreement or the application of such provision or section or part under other circumstances, shall not be affected thereby.

7.7 Notice

Any notice required hereunder will be given by delivery to its addressee, whether by hand, by facsimile or by registered mail, to the address below:

in the case of the Purchaser:

Kestrel Gold Inc.
Suite 218, 1217 Centre Street N
Calgary, AB
T2E 2R3

in the case of the Vittone:

Paunero St. 2756
7th Floor
1425 Buenos Aires
Argentina

in the case of Shaw:

3889 West 26th Avenue
Vancouver, B.C.
V6S 1P3

Any notice given as provided herein will be deemed to have been received at the time of its delivery if delivered by hand, on the business day following its transmission if transmitted by facsimile or on the third business day following its mailing if transmitted by registered mail, as the case may be.

The Parties have duly executed this Agreement as of the date first above written.

KESTREL GOLD INC.

Per: *"Kevin V. Nephin"*
Kevin V. Nephin
President and Chief Executive Officer

Per: *"Stuart W. Peterson"*
Stuart W. Peterson
Chief Financial Officer

"Witness"	*"David Shaw"*
Witness to signature of David Shaw	David Shaw
"Witness"	*"Hector Vittone"*
Witness to signature of Hector Vittone	Hector Vittone

SCHEDULE "A"
Option and Purchase Agreement

CORRESPONDE ACTUACION
NOTARIAL N° 180726

CONTRATO DE EXPLORACION CON OPCION A COMPRA

Entre **RIO DIABLILLOS S.R.L.**, con domicilio en calle Balcarce 376, 5° Piso, ciudad de Salta, Provincia del mismo nombre, representada en este acto por el **Sr. Héctor Félix Vittone**, D.N.I. N° 4.406.544, en su carácter de Socio Gerente conforme surge de la designación pertinente en el Contrato Social de la misma, cuya copia certificada forma parte integrante del presente (en adelante, **"RIO DIABLILLOS"**) por una parte, y por la otra **MACONDO S.A.**, con domicilio social en Güemes 77, Planta Alta, Pcia. de San Juan, representada por su Presidente, María Esther Villar, con DNI N° 5.464.462 , (en adelante, **El Titular** y junto con RIO DIABLILLOS, las **"Partes"**) de común acuerdo manifiestan;

ANTECEDENTES

MACONDO S.A. tiene registrados a su nombre, ante la Dirección de Minería de la Provincia de San Juan, los derechos mineros que a continuación se detallan:

A) Manifiesta ser el concesionario de las siguientes propiedades mineras, ubicadas en la Pcia. de San Juan, Departamento de Jachal: **1)** *Amelia* (Expte. 4-B-50 con 4 Pertenencias); **2)** *Angélica* (Expte. 6-B-50 con 2 Pertenencias); **3)**; *Chichi* (Expte. 194653-N-81, con 2 Pertenencias); **4)** Denise (Expte. 194652-N81, con 2 Pertenencias); **5)** *Doña Francisquita* (Expte. 338-O-53, con 2 Pertenencias); **6)** *Elena* (Expte. 11-B-50 con 4 Pertenencias); **7)** *Giomar*, (Expte. 117-M53m con 2 Pertenencias); **8)** *Gustavo* (Expte 156012-M-79, con 2 Pertenencias); **9)** *Hilda* (Expte. 5-B-50, con 3 Pertenencias); **10)** *Juan Jesús* Expte. 156091-O-75, con 1 Pertenencia); **11)** *la Claveteada* (156010-O-79, con 2 Pertenencias); **12)** *La Estrella*, (Expte. 156014-O-79, con 2 Pertenencias); **13)** *la Placilla*, (Expte. 157567-C-76, con 2 Pertenencias); **14)** *La Quinta* (Expte. 156092-O-75, con 1 Pertenencia); **15)** *La Rinconada* (Expte. 157055-B-74, con 2 Pertenencias); **16)** *Las Tres Marías* (Expte. 336-O-53, con 2 Pertenencias); **17)** *Los Angeles* (Expte. 116-M-53, con 4 Pertenencias); **18)** *Orillera* (Expte. 156013-B-79, con 2 Pertenencias); **19)** *Paula* (Expte. 194654-N-81, con 2 Pertenencias); **20)** *Pucará* (Expte. 157056-B-74, con 2 Pertenencias); **21)** *Rio I* (Expte. 157377-O-72, con 2 Pertenencias); **22)** *Rio IV* (Expte. 156312-O-73, con 2 Pertenencias); **23)**. *Rio V* (Expte. 156313-O-73, con 2 Pertenencias); **24)** *Roldana Oeste* (Expte. 156015-O-79, con 2 Pertenencias); **25)** *Rubia* (Expte. 12-B-50, con 2 Pertenencias); **26)** *San Alberto* Expte. 335-O-53, con 3 Pertenencias); **27)** *San José* Expte. 334-O-53, con 4 Pertenencias); **28)** *Santa Teresa*, Expte. 8-B-50, con 2 Pertenencias); **29)** *Segunda Estrella* (Expte. 156093-M-75, con 1 Pertenencia); y **30)** *Virgen de Guadalupe* (Expte. 3—B-50, con 7 Pertenencias). **31)** *Beatriz* (Expte. 7-M-50, con 2 Pertenencias); **32)** *"Roldana Este"* (Expte. 156011-M-79, con 2 Pertenencias);

Todas estas concesiones mineras de primera categoría (oro, plata y cobre) se detallan en el **"Anexo A"**, el cual forma parte integrante del presente, y en conjunto

CORRESPONDE ACTUACION NOTARIAL Nº 13230

FERNANDA SANCHEZ Notaria Pública REGISTRO Nº 499 MENDOZA

forman el proyecto denominado "Huachi" (en adelante ***La Propiedad Minera***), ubicadas en el Departamento Jáchal, Provincia de San Juan, las cuales se encuentran actualmente con registro. En "**Anexo B**" se acompaña mapa de ubicación de las propiedades, el cual forma parte integrante del presente. -

Existiendo interés de RIO DIABLILLOS en obtener del Titular el derecho exclusivo para explorar a su exclusivo riesgo y costo la Propiedad Minera, con opción a comprar los respectivos derechos mineros, se convienen en celebrar el presente Contrato de Exploración con Opción a Compra (en adelante, el "**Contrato**"), sujeto a los siguientes artículos.-

<u>PRIMERO</u>: MANIFESTACIONES Y GARANTIAS

1.1. El Titular declara y garantiza que:

(i) La Propiedad Minera es de su exclusiva propiedad, conforme el detalle obrante en "Antecedentes", Ptos. A), B) y C).

(ii) La Propiedad Minera se encuentran libre de todo gravamen, embargo, reclamo, derecho real de garantía o carga real de cualquier tipo.-

(iii) No ha vendido, cedido ni de ningún modo transmitido a favor de persona alguna – incluyendo cualquier transmisión fiduciaria – la Propiedad Minera ni la ha hipotecado, prendado o gravado de ningún modo.-

(iv) No se encuentra inhibido ni limitado por ninguna restricción o disposición legal, reglamentaria, contractual o judicial para disponer de la Propiedad Minera.-

(v) La concesión de la Propiedad Minera mantiene su plena vigencia y efecto a la fecha de firma del presente Contrato.-

(vi) De acuerdo a su conocimiento, información y creencia no existen acciones legales pendientes o por iniciarse, ni demanda, reclamos o disputas relacionadas con la Propiedad Minera o que puedan afectar su tenencia.-

(vii) No se encuentra en cesación de pagos ni han solicitado la formación de su concurso preventivo, ni ha peticionado, ni se les ha requerido su quiebra.-

(viii) Se encuentra al día en el pago del canon correspondiente a las concesiones mineras de su titularidad, conforme se acredita con la copia certificada de los comprobantes de pago que se adjunta al presente como Anexo "C" que forma parte integrante de este contrato.

(ix) Con posterioridad a la firma del presente, se compromete a registrar su Inhibición Voluntaria ante la Dirección de Minería de la Provincia de San Juan, para transferir, vender, alquilar o gravar los mencionados derechos mineros durante la vigencia de este contrato, salvo expreso consentimiento de RÍO DIABLILLOS S.R.L.

CORRESPONDE ACTUACION NOTARIAL N° 130736

MARIA FERNANDA SANCHEZ Notaria Pública REGISTRO N° 499 MENDOZA

1.2. RIO DIABLILLOS declara y garantiza que:

(i) Es una empresa debidamente constituida, organizada y vigente de acuerdo a las leyes de la Republica Argentina.-

(ii) Tiene pleno derecho, poder, capacidad y autoridad para contraer y cumplir con sus obligaciones bajo este Contrato y cualquier otro contrato o instrumento referido o contemplado en este instrumento.-

...OS IGNACIO ...IERO TORRES ESCRIBANO SALTA

(iii) Los derechos y obligaciones que surgen del presente son derechos y obligaciones válidas, vinculantes para RIO DIABLILLOS, y no contravienen ninguna obligación contractual de la que sea parte o por la cual pueda estar afectado.-

(iv) RIO DIABLILLOS, declara conocer la Propiedad Minera objeto del presente Contrato, incluyendo su estado legal, como asimismo haberla revisado efectivamente.-

<u>SEGUNDO</u>: EVALUACION Y EXPLORACION – PLAZO

2.1. EL TITULAR otorga a RÍO DIABLILLOS el derecho exclusivo de explorar el **ÁREA DE HUACHI** a su propio riesgo y a ejercer en relación a la misma una opción de compra, durante el plazo comprendido entre la firma del presente Contrato y la fecha del pago contenido en la **Cláusula 3.2.(vii)** (Plazo de Vigencia del Contrato).

2.2. El TITULAR otorga a RÍO DIABLILLOS, derecho exclusivo para realizar durante este periodo - a regla de arte - las tareas de exploración minera en un todo de acuerdo con las condiciones del presente contrato, del Código de Minería, el Código de Procedimientos Mineros de la Provincia de San Juan y de las disposiciones legales vigentes que resulten aplicables y en especial las normativas ambientales pertinentes.

Las PARTES de común acuerdo determinarán - si fuera necesario o conveniente mejorar y/o ampliar el cubrimiento legal de HUACHI - las peticiones y/o acciones legales a efectuar, tales como: perfeccionamiento de las concesiones mineras, presentación de manifestaciones de descubrimiento, solicitudes de demasías, formación de grupos mineros, solicitudes de servidumbres, adquisiciones de derechos de terceros y toda otra acción conducente a optimizar este aspecto. A estos efectos se establece de común acuerdo un **AREA DE EXPANSIÓN** que se ha graficado como ANEXO D.

Las incorporaciones de nuevas propiedades mineras, concesiones de servidumbres o de cualquier otro derecho, como así también cualquier mejora realizada por RÍO DIABLILLOS - tanto en HUACHI como en el ÁREA DE

MARIA FERNANDA SANCHEZ
Notario Público
REGISTRO N° 499
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EXPANSIÓN – deberán ser peticionadas a nombre de MACONDO y serán propiedad de ésta aún en el caso de rescisión de este Contrato, no pudiendo RÍO DIABLILLOS exigir compensación o indemnización alguna por estas incorporaciones y/o mejoras. Las incorporaciones y/o mejoras realizadas en el ÁREA DE EXPANSIÓN o en HUACHI, conforme lo descrito anteriormente que fueren realizadas por LOS TITULARES, se consideran incorporadas al presente contrato, sin que implique derecho para éste a obtener una modificación en el precio pactado ni ninguna del resto de las condiciones contractuales.

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TERCERO: OPCION DE COMPRA – PRECIO – PAGOS – RETORNO NETO DE FUNDICION

3.1. Durante el plazo de vigencia del presente Contrato, RIO DIABLILLOS tendrá la opción exclusiva de adquirir el 100% (cien por ciento) de todos los derechos sobre la Propiedad Minera. Dicha opción de compra se entenderá ejercida automáticamente desde el momento en que RIO DIABLILLOS complete la totalidad de los pagos establecidos en el inciso **3.2.** del presente (en adelante, la "**Opción de Compra**"). **El Titular** se compromete a registrar su Inhibición Voluntaria ante la Dirección de Minería de la Provincia de San Juan, para transferir, vender, alquilar o gravar los mencionados derechos mineros durante la vigencia de este contrato, salvo expreso consentimiento de RÍO DIABLILLOS S.R.L.

Al ejercerse la Opción de Compra, los Titulares deberán suscribir y entregar todos los documentos, proceder a todos los registros e inscripciones y satisfacer todas las medidas que fueran necesarias para formalizar la cesión o transferencia de la Propiedad Minera a RIO DIABLILLOS.-

3.2. El precio total que RIO DIABLILLOS pagará en concepto de Derecho de Exploración y de Opción de Compra sobre la Propiedad Minera, que incluye todos los títulos, propiedades y derechos mineros que la integran, consiste en la suma total y única de **U$S 6.300.000** (dólares estadounidenses seis millones trescientos mil), a efectivizarse de la siguiente manera (en adelante, los "**Pagos**"):

i) En fecha 24 de Enero de 2.011, la suma de dólares cincuenta mil **(U$S 50.000).-**

ii) En fecha, 24 de Abril de **2.011**, la suma de dólares estadounidenses cien mil **(U$S 100.000).-**

iii) En fecha 24 de Setiembre de **2.011**, la suma de dólares estadounidenses doscientos cincuenta mil **(U$S 250.000)**

iv) En fecha 24 de Setiembre de 2.012, la suma de Dólares Estadounidenses trescientos mil **(U$S 300.000).-**

v) En fecha 24 de Setiembre de 2.013, la suma de Dólares Estadounidenses un millón (U$S 1.000.000).-

vi) En fecha 24 de Setiembre de 2.014, la suma de Dólares Estadounidenses un millón quinientos mil (U$S 1.500.000).-

vii) En fecha 24 de Setiembre de 2.015, la suma de Dólares Estadounidenses tres millones cien mil (U$S 3.100.000).-

Por lo expuesto el precio total para que RIO DIABLILLOS adquiera la titularidad de Las Propiedades Mineras objeto del presente Contrato es de **U$S 6.300.000** (dólares estadounidenses seis millones trescientos mil).-

Todos los Pagos, incluidos los del NSR, deberán ser efectuados mediante cheques o transferencias bancarias desde alguna cuenta bancaria de RIO DIABLILLOS a las cuentas bancarias, y por los montos, que los Titulares indicarán por escrito a RIO DIABLILLOS con treinta días de anticipación al vencimiento de cada pago.

3.3 Los Titulares se obligan a mantener las cuentas bancarias pertinentes para realizar los depósitos de los derechos de exploración, durante todo el término de vigencia de este Contrato. Los Titulares y RIO DIABLILLOS podrán modificar las instrucciones de pago y/o las cuentas bancarias, debiendo comunicar a la otra parte de modo fehaciente, cualquier cambio producido al respecto.

3.4 Ejercida la Opción de Compra en la forma indicada en los incisos **3.1 y 3.2**, deberá suscribirse la cesión o transferencia de dominio del 100% (cien por ciento) de la Propiedad Minera y de los restantes derechos mineros que eventualmente integren la Propiedad Minera, ante Escribano Público que será designado por RIO DIABLILLOS. Dicha transferencia deberá ser instrumentada dentro de los treinta (30) días hábiles computados a partir de la fecha en que se haya producido la Opción de Compra. Los costos de escrituración, honorarios del escribano, sellado (de corresponder) y tasas aplicables a dicha cesión o transferencia estarán a cargo de RIO DIABLILLOS.-

3.5 Si la transferencia de la Propiedad Minera no pudiera ser instrumentada por causa imputable a los Titulares, RIO DIABLILLOS tendrá derecho a demandar el cumplimiento de este Contrato en cuanto al compromiso de cesión o transferencia de la Propiedad Minera aquí establecido y a ser compensada por los daños, perjuicios y lucro cesante ocasionados por la demora en el cumplimiento.-

3.6 RIO DIABLILLOS abonará a los Titulares durante la vida del yacimiento una suma equivalente al 2% (dos por ciento) del Retorno Neto de Fundición sobre el valor de la venta de todos los minerales producidos y de los productos obtenidos de la explotación y tratamiento de dichos minerales provenientes de la Propiedad Minera, ya sean estas ventas realizadas por RIO DIABLILLOS, su cesionario, o por cualquier persona, ya sea física o jurídica, nacional o extranjera, asociación, sociedad anónima u otra forma societaria que, en forma directa o indirecta, controle, sea controlada por, o se encuentre bajo control común con RIO DIABLILLOS o su eventual cesionario (en adelante, el "NSR"). El término control, conforme su uso en este Contrato, significa poseer, en forma directa o indirecta, la facultad de dirigir o lograr la dirección de la administración y políticas a través del dominio de títulos, valores o acciones con derecho a voto, acuerdos, fideicomiso o de otra forma.-.De común acuerdo, LAS PARTES se atienen a la definición del NSR que obra en Anexo E que forma parte integrante del presente.

3.7 RIO DIABLILLOS pondrá a disposición de los Titulares toda la documentación relativa a las ventas de los minerales y productos mencionados en el inciso **3.6** realizadas en el territorio o en el extranjero, y/o cualquier otra información necesaria para acreditar la transparencia del cálculo del NSR. Los Titulares tendrán amplias facultades para revisar semestralmente la documentación vinculada a la liquidación del NSR que solicitare a su exclusivo costo. RIO DIABLILLOS deberá pagar el NSR correspondiente a los Titulares cada seis meses, a partir del inicio efectivo de la producción.-

3.8. RIO DIABLILLOS autoriza a los Titulares a registrar su NSR ante la Autoridad Minera y asume la obligación de prestar toda la colaboración necesaria para que se realice dicho registro. Las Partes dejan establecido que dicha regalía es una obligación "*propter rem*" y, por lo tanto, inseparable de la Propiedad Minera. En tal sentido, RIO DIABLILLOS se obliga a que en el caso que el presente Contrato sea cedido a terceros conforme lo establecido en el artículo DECIMO SEGUNDO, en el correspondiente instrumento de cesión conste expresamente el NSR perteneciente a los Titulares, debiendo RIO DIABLILLOS, asimismo, registrar u obligar al cesionario a registrar dicho NSR ante la Autoridad Minera.-

<u>CUARTO</u>: ALCANCES DE LOS DERECHOS DE EXPLORACIÓN

4.1. Durante la vigencia del Contrato RIO DIABLILLOS, sus dependientes o representantes tendrán derecho a realizar en la Propiedad Minera todas las actividades exploratorias que los Titulares tiene derecho a realizar de acuerdo con el Código de Minería Argentino y de conformidad a la normativa prevista en el Código de Procedimientos Mineros de la Provincia de San Juan.-

4.2. El otorgamiento del derecho de exploración incluye entre otros, y sin que la enumeración que sigue pueda ser considerada como limitativa, el derecho de **RÍO DIABLILLOS** de ingresar a las Propiedades Mineras, por sí o por medio de empleados y asesores con maquinaria, rodados y equipos; llevar a cabo perforaciones o cualquier tipo de trabajo minero superficial o subterráneo de índole exclusivamente exploratorio que a su solo criterio considere necesario y conveniente realizar en cualquier lugar de

HUACHI; inspeccionar y examinar el terreno; sacar y ensayar muestras del mismo; realizar todas las investigaciones y exploraciones que estime necesario a su solo costo, ~~tales como geoquímica~~ estratégica o de detalle por elementos, bases o trazas, geofísica, magnetometría, estudios geológicos, metalúrgicos, económicos como así también cualquier otro estudio o prueba que **RÍO DIABLILLOS** considere necesario para determinar la viabilidad económica de un desarrollo minero en HUACHI; construir y erigir estructuras temporarias e instalar maquinarias y equipos, etcétera. Durante la exploración, **RÍO DIABLILLOS** podrá realizar pruebas de minado y extracción a escala piloto. Asimismo, deberá contratar a su exclusivo costo seguros de riesgo de trabajo para el personal afectado y de responsabilidad civil por eventuales daños a terceros, asumiendo desde ya, toda la responsabilidad por los daños que se deriven durante las tareas de exploración, eximiendo y liberando de toda responsabilidad al respecto a EL TITULAR.

4.3. EL TITULAR tendrá derecho a constatar los trabajos de exploración y visitar las propiedades mineras de HUACHI durante la Exploración, por sí o por la / las persona / s que él designare a tal fin, siempre bajo su exclusivo costo, cargo y responsabilidad desde el punto de vista de las normas laborales, previsionales y de riesgos y accidentes del trabajo, previa notificación a RÍO DIABLILLOS con tres (03) días de anticipación y autorización de la misma, la que no podrá ser denegada sin causa justificada. El ejercicio de este derecho no entorpecerá de manera alguna las operaciones de campo, aceptando mantener absoluta confidencialidad sobre la información a que acceda. Mientras dure la vigencia de este Contrato, EL TITULAR y las personas que designe, que por necesidad del proyecto deban acceder a información exploratoria, deberán suscribir compromisos de confidencialidad.

4.4 De no ejercer **RÍO DIABLILLOS** la Opción de Compra, toda información como: informes propios y de terceros, mapas, perfiles, planillas, pulpas, testigos de perforación, etc., de conformidad a lo establecido en 8.5., sobre HUACHI y/o el AREA DE EXPANSION serán propiedad de **EL TITULAR**; sin ningún costo para éstos, y deberá ser remitida por **RÍO DIABLILLOS** dentro del término de sesenta (60) días de requerida fehacientemente.

4.5. Durante la vigencia del presente Contrato y hasta el plazo fijado en el punto anterior EL TITULAR no podrá realizar ningún acto de disposición o enajenación respecto de la Propiedad Minera, ni realizar acto o contrato alguno que implique la modificación o afectación de la situación jurídica y patrimonial de dichas propiedades, salvo previo acuerdo de las partes. No podrá firmar tampoco contrato de exploración respecto de la Propiedad Minera durante el plazo establecido en la presente cláusula, sin el previo consentimiento expreso de RÍO DIABLILLOS.-

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QUINTO: RESPONSABILIDAD E INDEMNIDADES.

5.1. Al momento de concretarse la firma del presente Contrato, EL TITULAR se compromete a entregar a RIO DIABLILLOS la tenencia pacífica del área objeto del presente.

EL TITULAR deberá mantener indemne a RIO DIABLILLOS, de cualquier daño, pérdida o costos por deberes jurídicos imputables a EL TITULAR.-

5.2. RIO DIABLILLOS será responsable de la contratación del personal necesario para el cumplimiento de su compromiso contractual y deberá, respecto de dicho personal, dar estricto cumplimiento a las disposiciones vigentes en materia de legislación laboral y previsional.-

5.3. RIO DIABLILLOS se obliga a mantener indemne y liberado de responsabilidad a EL TITULAR de todo daño o perjuicio consecuentes a juicios o reclamos laborales, mineros, civiles, comerciales e impositivos, formulados por terceros como consecuencia de la actividad que realice RIO DIABLILLOS en cumplimiento de este Contrato, así como de los daños causados a terceros, su personal y/o subcontratistas y a los causados al medio ambiente, en todos los casos incluso luego de la terminación del presente Contrato.-

5.4.- RÍO DIABLILLOS se obliga a dar estricto cumplimiento a toda la normativa ambiental que corresponda, ya sea nacional, provincial o municipal, tanto en forma previa, durante el transcurso y en forma posterior a la realización de las tareas de exploración objeto del presente.

SEXTO: INFORMACIÓN

6.1. En este acto EL TITULAR entrega a RIO DIABLILLOS copia de toda la información geológica, administrativa y legal en su poder sobre las Propiedades Mineras objeto de este Contrato.-

SEPTIMO: COMPROMISOS

7.1. EL TITULAR se compromete a realizar todos los actos y otorgar los documentos que fueran necesarios para cumplimentar lo convenido en este Contrato. Asimismo, EL TITULAR se obliga a colaborar activamente y a suscribir toda la documentación necesaria a fin de obtener toda autorización, permiso, licencia o aprobación para el cumplimiento de lo establecido en el presente Contrato y para que RIO DIABLILLOS pueda llevar a cabo las tareas de exploración y desarrollo previstas en el mismo.-

7.2. Durante la vigencia de este Contrato estará a cargo de RIO DIABLILLOS tomar todos los recaudos necesarios para el control, ejercicio y debido mantenimiento de la vigencia de los derechos mineros sobre la Propiedad Minera y de los derechos que de esta se deriven. A tal efecto se obliga a cumplimentar todas las normas relativas al

Amparo Minero a través de su participación procesal por ante la Secretaría de Estado de Minería- Dirección de Minería de la Provincia de San Juan donde tramitan los expedientes relativos a las minas u otros derechos que componen las Propiedades Mineras, obligándose a cumplimentar todas las diligencias procesales y procedimentales necesarias a fin de mantener la plena titularidad y vigencia de los derechos mineros otorgados en opción por el presente Contrato. A los fines antedichos, y dentro de veinte (20) días hábiles de la fecha de entrada en vigencia de éste Contrato, EL TITULAR otorgará en favor de las personas que de común acuerdo designen con RIO DIABLILLOS, un poder con facultades suficientes para que en su nombre y representación ejecuten, durante la vigencia del Contrato, todos los actos necesarios para el control, ejercicio y mantenimiento de los derechos mineros en la Propiedad Minera y de los derechos que de éstos se deriven y a los fines de dar cumplimiento, con la totalidad de las reglas relativas al Amparo Minero. Dicho poder será ejercido por RIO DIABLILLOS de buena fe y en cumplimiento de los fines estipulados en el presente Contrato.-

A partir de la firma del presente Contrato RIO DIABLILLOS se hará cargo de todas las erogaciones legales, administrativas y/o impositivas relativas al Amparo Minero y demás obligaciones que establece el Código de Minería Argentino, el Código de Procedimientos Mineros de la Provincia de San Juan y cualquier normativa que corresponda, incluyendo sin que implique limitación, el pago de los cánones de explotación, aforos de cualquier naturaleza, publicaciones de edictos, mensura, indemnizaciones por servidumbres o compromisos que se asuman con superficiarios, gastos para presentar y cumplir con el plan y monto de las inversiones de capital fijo, informes de impacto ambiental, etc.-

7.3. Los derechos mineros que se registren a nombre de EL TITULAR como consecuencia de los trabajos exploratorios y demás actividades realizadas por RIO DIABLILLOS dentro de la Propiedad Minera, serán automáticamente integrados a la misma y sujetos, en consecuencia, a la Opción de Compra y a las demás estipulaciones de este Contrato.-

7.4. Las Partes no podrán durante el plazo de vigencia de este Contrato gravar de ningún modo la Propiedad Minera, salvo autorización expresa de la otra Parte por escrito.-

<u>OCTAVO</u>: DERECHO DE RESCISION - INCUMPLIMIENTO

8.1. Durante el período de vigencia del presente Contrato RIO DIABLILLOS podrá, en cualquier momento, desistir unilateralmente de la Opción de Compra y dar por rescindido este Contrato, devolviendo la Propiedad Minera en perfectas condiciones de vigencia a los Titulares. Esta decisión deberá ser comunicada en forma fehaciente y con una antelación no menor de veinte (20) días corridos en el período comprendido entre la firma del presente contrato y los primeros veinte (20) meses del mismo, y con una antelación de sesenta (60) días corridos a partir de los veinte (20) meses y hasta la finalización del plazo del contrato. El Contrato finalizará para ambas Partes en la fecha efectiva de rescisión especificada en la notificación, siempre y cuando se haya cumplido con el antes citado preaviso.-

8.2. Esta rescisión no otorgará a los Titulares derecho a reclamo alguno sea en concepto de indemnización, perjuicio o lucro cesante, quién acepta que los pagos ya efectuados y recibidos quedarán a su exclusivo beneficio como total, única y definitiva indemnización.-

8.3. RIO DIABLILLOS en caso de la rescisión, no deberá efectuar en lo sucesivo los pagos convenidos, salvo aquellos que estuvieren vencidos a la fecha de rescisión.-

Rescindido el Contrato, RIO DIABLILLOS podrá retirar del área de exploración todos los equipos, instrumentos, maquinarias, componentes y demás cosas muebles que por tal carácter no se encuentren adheridos de modo permanente a la tierra, los que de no retirarse en un plazo de sesenta (60) días corridos, se considerarán abandonados.

8.4. En el caso de dar por rescindido este Contrato, RIO DIABLILLOS entregará, sin costo alguno:

(i) la pacífica posesión de HUACHI y el AREA DE EXPANSION en el término de sesenta (60) días corridos.

(ii) dentro de los sesenta (60) días corridos de rescindido el contrato, la totalidad de los estudios realizados sobre HUACHI y/o el ÁREA de EXPANSION consistentes en información escrita, parcial o final, y las conclusiones parciales o finales de los diversos asesores ó de terceros intervinientes en el proyecto, como así también muestras de roca y testigos de perforación y todo otro elemento informativo que obre en su poder.

(iii) Toda la información disponible sobre HUACHI y/o el AREA DE EXPANSION, sea pública o privada, para cabal conocimiento de los TITULARES.

8.5.- Se entiende por **"información"** en este Contrato a todo tipo de documentación original, en soporte analógico o magnético, generada durante el período de vigencia de este Contrato por RÍO DIABLILLOS o por terceros contratados por ella, recolectada durante las tareas de exploración. La siguiente es una lista indicativa, no taxativa: informes escritos parciales o finales; todo tipo de información gráfica como mapas, perfiles, secciones y croquis de cualquier naturaleza (topográficos, legales, geológicos, geoquímicos, geofísicos, de alteraciones, de muestreos, logs de perforaciones, etc); imágenes satelitales; fotografías aéreas; planillas de muestreo; planillas de sondajes;

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certificados analíticos; testigos de perforación; pulpas; duplicados de muestras; informes de ensayos mineralúrgicos; informes petrográficos y calcográficos; etc; incluyendo estudios de prefactibilidad y factibilidad si los hubiere. Toda esta información [illegible]á ser obligatoriamente entregada sin costo alguno a los TITULARES cuando éstos lo requiera durante la vigencia de este contrato o en cualquiera de los supuestos de rescisión contractual, pasando la misma a ser propiedad de los TITULARES.

8.6.- En caso de rescisión, RÍO DIABLILLOS deberá entregar a los TITULARES, un Informe Ambiental de cierre de las operaciones, aceptado y aprobado por la Autoridad competente en la materia, en la Provincia de San Juan, dentro de los sesenta días (60) corridos contados a partir de la rescisión. Si no se aprobare por la Autoridad competente dentro de dicho plazo, RÍO DIABLILLOS acreditará la presentación del mismo en igual término, manteniendo todas las responsabilidades y garantizando la indemnidad de los TITULARES hasta la aprobación pertinente.

NOVENO: INVERSIONES MÍNIMAS:

Adicionalmente a las sumas mencionadas anteriormente en concepto de derechos de exploración con opción a compra, **RÍO DIABLILLOS** se obliga a las siguientes inversiones mínimas de exploración en tareas de campo efectivamente realizadas en la Propiedad Minera:

a) Período comprendido desde la firma del contrato hasta los doce (12) primeros meses: RÍO DIABLILLOS se obliga a realizar en este lapso del contrato una inversión mínima de Dólares Estadounidenses Doscientos Cincuenta Mil (U$S 250.000.-).

b) Período comprendido entre el mes doce hasta el mes veinticuatro de la firma del presente contrato: RÍO DIABLILLOS se obliga a realizar una inversión mínima de exploración real en campo de Dólares Estadounidenses Trescientos Mil (U$S 300.000.-).

c) Período comprendido entre el mes veinticuatro hasta el mes treinta y ocho de la firma del presente contrato: RÍO DIABLILLOS se obliga a realizar una inversión mínima de exploración real en campo de Dólares Estadounidenses Cuatrocientos Mil (U$S 400.000.-).

Las inversiones realizadas en un período podrán ser consideradas acumulativas exclusivamente para el período posterior, no pudiendo ser consideradas de igual forma para un período anterior.

DÉCIMO: CONFIDENCIALIDAD

10.1. Todo conocimiento o información que los Titulares adquieran respecto de los resultados de la exploración realizada por RIO DIABLILLOS, métodos aplicados,

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resultados de análisis, ensayos metalúrgicos, ubicación de las perforaciones, descubrimientos efectuados, tecnología o inventos aplicados o como consecuencia de toda actividad realizada por RIO DIABLILLOS en razón de este Contrato, serán mantenidos por los Titulares en absoluta reserva y considerados como confidenciales, salvo que RIO DIABLILLOS libere por escrito de esta obligación o que la información le sea requerida a los Titulares por organismos estatales, legalmente facultados a tal efecto. Este compromiso de confidencialidad será válido durante toda la vigencia de este Contrato.-

DECIMOPRIMERO: FUERZA MAYOR

11.1. Ninguna de las Partes será responsable por dejar de cumplir sus obligaciones bajo este Contrato cuando ello fuera debido a causas fuera de su control. La Parte afectada deberá notificar a la otra Parte sin demora alguna acerca del hecho de fuerza mayor y de la suspensión de sus obligaciones estableciendo la razón de tal suspensión y su duración estimada. La parte afectada deberá reasumir el cumplimiento de sus obligaciones tan pronto como sea razonablemente posible.-

Ninguna de las partes será responsable por demoras o falta en el desempeño de ninguna de sus obligaciones si:

a) Dicha demora o falta es debido a causas generadas más allá de su control legítimo incluyendo fuerza mayor, huelga, lock-out u otros conflictos laborales, hechos de la naturaleza, actos u omisiones de autoridad pública, actos de enemigo común, conflictos indígenas cualquiera sea su origen, manifestaciones, cortes de ruta o piquetes y sin que importe la razonabilidad del reclamo o si las Partes están en condiciones de satisfacerlo, en tanto el conflicto no sea consecuencia de incumplimiento de las obligaciones legales o contractuales de las Partes; sentencias o decisiones judiciales que impidan o alteren el cumplimiento de las obligaciones contractuales o impidan la obtención, bajo condiciones razonables y aceptables, de algún permiso o licencia, hechos de guerra o situaciones provocadas por insurrección o rebelión, incendio; explosiones; terremotos; erupciones volcánicas y todos aquellos hechos considerados por la ley civil Argentina como fuerza mayor o que de otra manera estén fuera del control razonable de la parte.

b) La parte obligada a cumplir ha tomado las medidas necesarias para evitar demoras o falta de cumplimiento de sus obligaciones emergentes de este Contrato.

La parte que requiera los beneficios de esta cláusula efectuará todos los esfuerzos posibles para superar las consecuencias establecidas bajo la cláusula en cuestión. En tal supuesto se suspenderán los efectos del Contrato emergentes de la obligación impedida de cumplir, hasta tanto se superen los hechos o acontecimientos que dieron origen a esta situación.

DECIMOSEGUNDO: LEY DEL CONTRATO – DISCREPANCIAS

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~~12.1. La relación~~ entre las Partes se regirá por las disposiciones del presente Contrato y en subsidio por el Código de Minería Argentino, el Código de Procedimientos Mineros de la Provincia de San Juan y por la legislación Argentina aplicable.-

12.2. Toda discrepancia en la aplicación e interpretación de este Contrato será sometida a la jurisdicción de los Tribunales Ordinarios de la Primera Circunscripción de la Provincia de Mendoza, renunciando las Partes a cualquier otro fuero o jurisdicción que les pudiera corresponder.-

<u>DECIMOTERCERA:</u> CESIÓN

13.1. LAS PARTES podrán ceder o transferir parcial o totalmente los derechos y obligaciones del presente Contrato y asimismo podrán asociarse con terceros para su cumplimiento, notificando por escrito a la otra parte, las condiciones de tal cesión o asociación a fin de que ésta preste conformidad a la cesión a efectuarse. La otra parte se obliga a no denegar dicha conformidad en forma injustificada. Será causa justificada de denegación la no asunción expresada de manera indubitada de todas las obligaciones contenidas en este Contrato por parte del cesionario.-

13.2. En caso de cualquier tipo de cesión o asociación que realice RÍO DIABLILLOS, ésta asume frente a LOS TITULARES responsabilidad solidaria junto al cesionario por las obligaciones incumplidas por éste en perjuicio de LOS TITULARES.

13.3. Salvo que de otro modo se especifique en este Contrato, al cesionario de RÍO DIABLILLOS y/o los TITULARES le serán de aplicación los derechos y obligaciones emergentes de este Contrato.

<u>DECIMOCUARTO</u>: COMITÉ DE EXPLORACIÓN

Las Partes acuerdan conformar un Comité de Exploración que se reunirá trimestralmente para estudiar y evaluar los resultados de la exploración y otras tareas; así como para planificar actividades futuras. El Comité de Exploración estará integrado por dos representante de los TITULARES y dos de RÍO DIABLILLOS. El nombre de los representantes de las Partes serán comunicados oportunamente entre las mismas.

Este Comité se reunirá por primera vez inmediatamente de firmado el contrato y con posterioridad como mínimo cada tres meses en el lugar que las partes oportunamente acuerden; ello con el objeto de definir las acciones adecuadas, planificar actividades futuras y evaluar los resultados de la exploración. Los costos que demande el funcionamiento de este Comité serán soportados en forma exclusiva por RÍO DIABLILLOS.

<u>DECIMOQUINTO</u>: INCUMPLIMIENTOS:

15.1. Si una Parte no cumple (en adelante, la "**Parte Incumplidora**") con cualquiera de las obligaciones impuestas a la misma por este Contrato, la otra Parte (en adelante, la "**Parte Cumplidora**") notificará fehacientemente a la Parte Incumplidora por escrito su incumplimiento especificando la naturaleza del mismo.-

Si vencido el plazo de diez (10) días corridos después de la fecha de notificación de conformidad a lo establecido en el punto anterior, y

a) El incumplimiento no se ha remediado, o
b) El incumplimiento no se puede remediar

La Parte Cumplidora podrá optar entre exigir el cumplimiento, si ello fuese posible, o dar por rescindido el presente Contrato pudiendo, en cualquier caso, iniciar las acciones legales pertinentes.-

DECIMOSEXTO: NOTIFICACIONES

16.1. Serán validas todas las notificaciones realizadas por las Partes en los domicilios especiales constituidos en el encabezamiento del presente Contrato. Cualquier Parte podrá en cualquier momento notificar a la otra por escrito y en forma fehaciente el cambio de su dirección y a partir de la fecha de entrega efectiva de dicha notificación, la nueva dirección allí especificada será considerada como la dirección de esa parte a los efectos de las notificaciones.-

DECIMOSÉPTIMO: SELLOS

17.1. Ambas partes declaran que entienden que no corresponde impuesto de sellos sobre el presente Contrato conforme la normativa aplicable en la Provincia de Mendoza. Si así no fuera, el pago de tal impuesto será soportado en su totalidad por RÍO DIABLILLOS .

En prueba de conformidad las Partes firman tres ejemplares de un mismo tenor y a un solo efecto, en la ciudad de Mendoza a los doce días del mes de noviembre de 2.010.-

Maria Cristina Villar

HECTOR VITTONE

CORRESPONDE ACTUACION NOTARIAL 1302 36

MARIA FERNANDA SANCHEZ Notaria Pública REGISTRO Nº 490 MENDOZA

ANEXO A

Lista de Concesiones mineras del Proyecto Huachi

S IGNACIO
RO TORRES
ESCRIBANO SALTA

Minas mensuradas, ubicadas en el Departamento Jáchal, provincia de San Juan, Argentina				
#	**Mina**	**Expte #**	**Pertenencias**	**Propietario**
1	Amelia	4-B-50	4	
2	Angelica	6-B-50	2	
3	Chichi	194653-N-81	2	
4	Denise	194652-N-81	2	
5	Doña Francisquita	338-O-53	2	
6	Elena	11-B-50	4	
7	Guiomar	117-M-53	2	
8	Gustavo	156012-M-79	2	
9	Hilda	5-B-50	3	
10	Juan Jesus	156091-O-75	1	
11	La Claveteada	156010-O-79	2	
12	La Estrella	156014-O-79	2	
13	La Placilla	157567-C-76	2	
14	La Quinta	156092-O-75	1	
15	La Rinconada	157055-B-74	2	
16	Las Tres Marias	336-O-53	2	MACONDO S.A.
17	Los Angeles	116-M-53	4	
18	Orillera	156013-B-79	2	
19	Paula	194654-N-81	2	
20	Pucara	157056-B-74	2	
21	Rio I	157377-O-72	2	
22	Rio IV	156312-O-73	2	
23	Rio V	156313-O-73	2	
24	Roldana Oeste	156015-O-79	2	
25	Rubia	12-B-50	2	
26	San Alberto	335-O-53	3	
27	San José	334-O-53	4	
28	Santa Teresa	8-B-50	2	
29	Segunda Estrella	156093-M-75	1	
30	Virgen de Guadalupe	3-B-50	7	
31	Beatriz	7-M-50	2	
32	Roldana Este	156011-M-79	2	

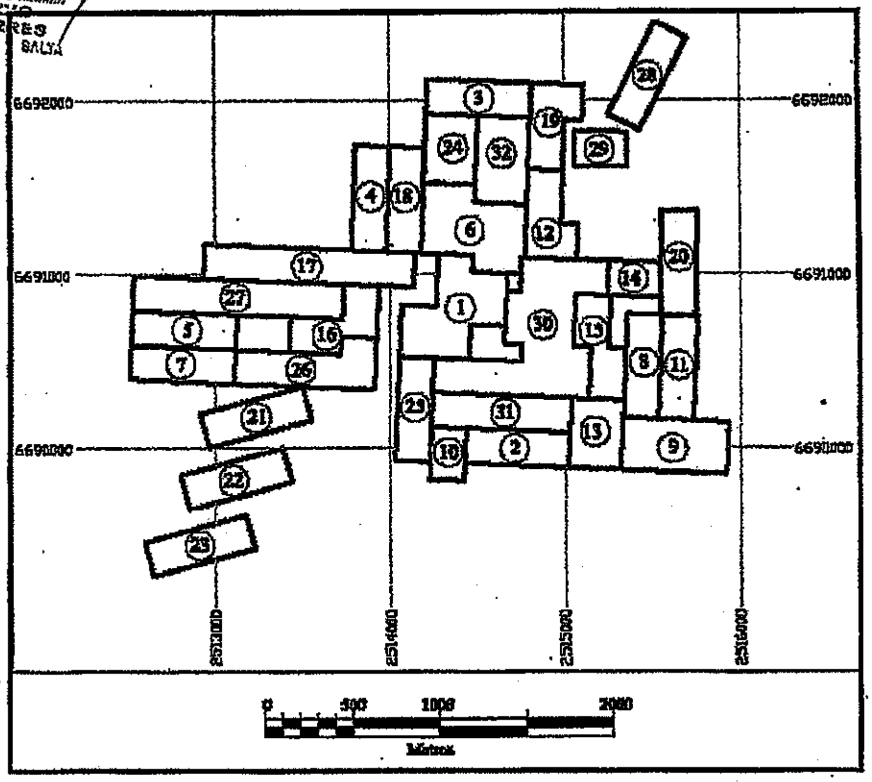
 # = número de referencia que aparece en el mapa Anexo

CORRESPONDE ACTUACION
NOTARIAL Nº

Notaria Pública
Registro Nº 499
MENDOZA

IGNACIO
O TORRES
CRIBANO SALTA

ANEXO B



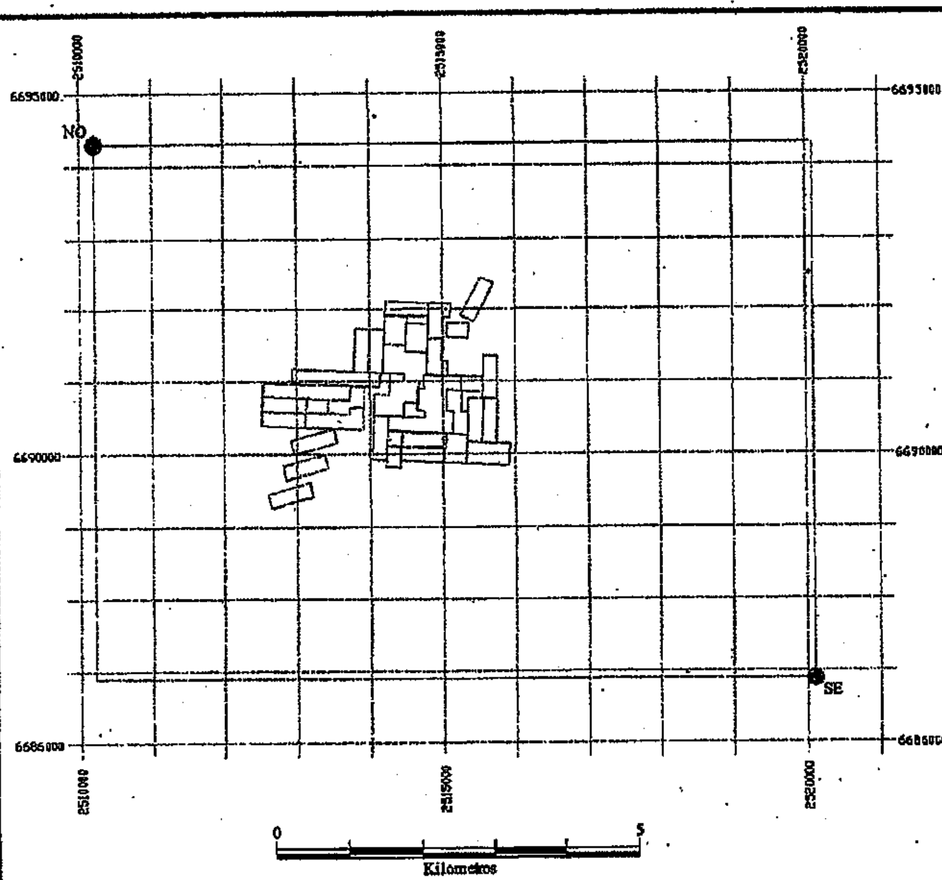
CORRESPONDE ACTUACION
NOTARIAL N° 130836

MARIA FERNANDA SANCHEZ
Notaria Publica
REGISTRO Nº 490
MENDOZA

NACIO
TORRES
BAÑO SALTA

ANEXO D

AREA DE EXPANSIÓN



En azul, el contorno de las minas del ÁREA HUACHI que se detalló en el ANEXO I

En rojo, el perímetro de AREA DE EXPANSIÓN. Sus esquineros son:

NO: 6.694.298 - 2.510.210 ; SE: 6.686.897 - 2.520.108

Sistema de Coordenadas: Gaus Krugger, Campo Inchauspe

CORRESPONDE ACTUACION

1308.34

MARIA FERNANDA SANCHEZ
Notaria Pública
REGISTRO Nº 409
MENDOZA

IGNACIO
O TORRES
RIBANO - SALTA

CORRESPONDE ACTUACION
NOTARIAL Nº 130826

Notaria Pública
REGISTRO Nº 499
MENDOZA

ANEXO E

DEFINICIÓN
REGALÍA DE RETORNO NETO DE FUNDICIÓN

(NSR)

Este tipo de regalía, que la empresa reconocerá y pagará al beneficiario, será calculado de acuerdo a las cláusulas y definiciones de este anexo. En esencia el NSR se define como:

Retorno Neto de Fundición (NSR) = Ingresos Brutos – Deducciones Aceptables

1. El NSR será liquidado y abonado cada seis meses, a partir del inicio efectivo de la producción.

2. **Definiciones de términos empleados en este Anexo**

   2.1. **"Ingreso Bruto"** (*gross revenue*) será el resultado de la suma de todos los montos recibidos por la empresa en cada trimestre por los siguientes conceptos:

   2.1.a. todo ingreso recibido por la empresa, dentro del trimestre en consideración, por la venta de productos minerales a compradores independientes; más

   2.1.b. en el caso que se apliquen los eventos que considera el ítem 6, se utilizará el *"justo valor de mercado"* (que se define más abajo) para todos los productos minerales vendidos por la empresa en el trimestre en consideración a personas que no son compradores independientes (*edging transaccions, que son explicadas luego, en la cláusula 6*), más

   2.1.c. todo reembolso de seguros recibidos en el trimestre considerado, por pérdidas y/o daños que hubieran sufrido los productos minerales.

   2.2. **"Deducciones Aceptables"** son la sumatoria de los siguientes conceptos que son pagados por la empresa, en un trimestre dado, con relación a la venta de productos minerales (*que, obviamente, no hayan sido previamente deducidos o aplicados en la contabilidad para el cálculo o computación del Ingreso Bruto*):

   2.2.a. costos de ventas cargados por cualquier agente de ventas en relación a la venta de los productos minerales;

   2.2.b. costos de transporte incurridos en el transporte de productos minerales desde la mina al punto o lugar de beneficio (*planta de fundición*) o a la planta de procesamiento o tratamiento y, si fuera aplicable, desde allí al lugar de despacho pertinente, incluido embarque, fletes, gastos de manipulación y despacho y tasas de exportación e importación;

   2.2.c. cualquier regalía tasa o impuesto aplicable por cualquier autoridad aduanera Gobierno Argentino, ya fuere del gobierno Federal, Provincial o Municipal, pero excluyendo toda tasa o impuesto a las ganancias o ingresos, que deban ser abonadas por la empresa con respecto a la venta de productos minerales;

   2.2.d. todos los costos, gastos y cargos, de cualquier naturaleza, que deban ser pagados o afrontados por la empresa en conexión al refinamiento o beneficio de los productos minerales luego que éstos hayan salido de la propiedad minera, incluyendo todos los pesajes, muestreos, análisis, costos de representación, pérdidas de metal, costos de arbitraje si los hubiere, y toda penalidad o costo extra cargado por el procesador, refinería o fundición por elementos nocivos contenidos por los productos minerales, y;

   2.2.e. todos los costos de seguros relativos a los productos minerales.

Se puede dar el caso que la empresa incurra en costos o gastos que no se ajusten a las definiciones de "Deducciones Aceptables" mencionadas, por negociar la venta de productos minerales con un agente no independiente (*edging transaccions*). En ese caso

CORRESPONDE ACTUACION NOTARIAL Nº 430836

esos costos o gastos pueden ser deducidos pero siempre que éstos sean menores que los usuales en el mercado para operaciones corrientes (puntos 2.2.a., a 2.2.e.), considerando las circunstancias bajo las cuales se hicieron dichas operaciones.

2.3. **"Retorno Neto de Fundición"** ó *"Net Smelter Returns"* se define como los Ingresos Brutos recibidos por la empresa menos las "Deducciones Aceptables" ocurridos con motivo de la venta de los productos minerales en un trimestre dado.

Retorno Neto de Fundición = Ingresos Brutos – Deducciones Aceptables

2.4. **"NSR"** se entiende como un x% del retorno Neto de Fundición.

3. El NSR será liquidado y pagado por medio de cheques o transferencia dentro de los 60 días posteriores al término de cada trimestre. Junto con el pago se suministrarán al beneficiario todos los elementos de prueba con el detalle necesario para que pueda constatar como se ha procedido a la liquidación y la corrección de los cálculos sobre los que está basada *(por ejemplo: las planillas de cálculo de la empresa, planillas o certificados de la fundición, etc).*

4. En la eventualidad de que los números o datos finales necesarios para la liquidación del NSR de un trimestre dado no estén disponibles dentro del período de tiempo señalado en la cláusula anterior, se pueden establecer cantidades provisionales con las que será calculado un NSR provisorio. Cuando se tengan los montos y o datos finales se harán los ajustes positivos o negativos que correspondan en el trimestre siguiente.

5. Todo pago de NSR será considerado final y a entera satisfacción del beneficiario y que la empresa ha cumplido con sus obligaciones siempre que el beneficiario no notifique fehacientemente a la empresa, dentro de los 60 días de haber recibido el pago y la liquidación, su disconformidad con la misma (*"Notificación de Objeción"* describiendo los puntos específicos de su objeción respecto de la liquidación. El beneficiario, dentro de los 60 días subsiguientes a la fecha en que la empresa haya recibido la notificación de objeción, tendrá derecho y tiempo razonables para auditar, junto con los auditores de la empresa, los libros y archivos de la empresa relativos al cálculo de la liquidación del NSR objetado. Si esa auditoría determina que efectivamente ha ocurrido una diferencia, positiva o negativa, en el pago del NSR, esa diferencia será resuelta por un ajuste en el siguiente pago trimestral del NSR. El beneficiario deberá afrontar los costos de la auditoría si la diferencia encontrada es menor del 2,5 % del monto total liquidado. De la misma forma la empresa deberá de hacerse cargo de todos los costos de la auditoría si la diferencia es mayor que el 2,5 % del monto total liquidado. Todos los libros contables y registros usados por la empresa para calcular el NSR deberán confeccionarse de acuerdo a los principios contables internacionales establecidos por la ***International Accounting Standards Committee***. Si el beneficiario no hace uso de su derecho a reclamar una liquidación de NSR de un trimestre dado y no efectúa notificación fehaciente de ello dentro de los 60 días subsiguientes de haber recibido el pago y la liquidación, se considerará que el pago y la liquidación del NSR es correcta, y no podrán haber reclamos pasado ese plazo.

6. Todas la ganancias y las pérdidas que pudieran resultar de negociaciones especulativas de mercado que realice la empresa en operaciones comerciales y financieras de productos minerales (*commodities*) a futuro, negociaciones de acciones, préstamos en oro, o cualquier combinación de ellos, que colectivamente son denominadas en inglés *"Hedging Transactions"* por los mercados, están específicamente excluidas del cálculo del NSR aquí definido. Queda entendido y aceptado por las partes que ambos, la empresa y el beneficiario del NSR, pueden involucrarse en estas actividades de negociaciones especulativas (*edging trading*) a su propia cuenta y riesgo. Todos estos tipos de negociaciones especulativas en los que se pueda involucrar la empresa y en consecuencia todas la ganancias o pérdidas asociadas a ello, serán solamente a cuenta de la empresa, independientemente si los productos minerales hayan sido o no entregados para cumplimentar dichas obligaciones. Si fuera necesario dar efecto a esta cláusula 6, el Ingreso Bruto derivado de los productos minerales que la empresa haya involucrado en estas transacciones (*edging trading*) será determinado siguiendo lo previsto en la cláusula 3.1.b. y no será de aplicación la cláusula 3.1.a.

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sean menores que los
2.2.e.), considerando

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arán al beneficiario
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está basada (*por
la fundición, etc*).

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será calculado un
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objetado. Si esa
negativa, en el
o trimestral del
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calcular el NSR
stablecidos por
hace uso de su
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no podrán

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de productos
o, o cualquier
és "*Hedging*
del NSR aquí
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e la empresa
siguiendo lo

7. El ***"Justo Valor de Mercado"*** **<u>para el oro</u>** **será determinado por el promedio de los precios diarios del oro que resulta de dividir la suma de todos los precios diarios fijados (*Gold Fix Prices*) por el London Bullion Market Association P.M., informados para el trimestre calendario en cuestión, por el número de días en los cuales dichos precios hayan sido fijados. <u>Para la plata y otros metales</u>, tales como cobre, plomo o zinc, se usará igual procedimiento pero tomando como referencia el valor fijado al cierre diario del New York Commodity Exchange (COMEX) deduciendo, para cada metal, un monto razonable equivalente a las deducciones permitidas por la cláusula 3.2.**

CERTIFICADO ACTUACIÓN
NOTARIAL B02336

MARÍA FERNANDA SANCHEZ
Notaria Pública
REGISTRO Nº 499
MENDOZA

SERIE L Nº 00130836

ACTUACION NOTARIAL

COLEGIO NOTARIAL PROVINCIA DE MENDOZA

CORRESPONDE A LA LEGALIZACIÓN 619573

En mi calidad de Notaria titular del Registro Notarial número 499 de Capital **CERTIFICO:** Que las firmas que obran en el **CONTRATO DE EXPLORACION CON OPCION A COMPRA** de fecha 12 de Noviembre de 2.010 celebrado entre RIO DIABLILLOS S.R.L. y MACONDO S.A., han sido puestas en mi presencia por los señores: **HECTOR FELIX VITTONE**, argentino, Documento Nacional de Identidad número 4.406.544, soltero con domicilio en calle Paunero número 2756 séptimo piso Capital Federal, de tránsito aquí en la Ciudad de Mendoza; y **MARIA ESTHER VILLAR**, argentina Documento Nacional de Identidad número 5.464.462, casada en primeras nupcias, con domicilio en calle Mariano Necochea número 569 Distrito ciudad Departamento San Martín de esta Provincia de Mendoza.- Los comparecientes son mayores de edad, de mi conocimiento, doy fe y quienes concurren a este acto a este acto: el señor Héctor Félix Vittone en su carácter de Socio Gerente de la sociedad que gira en esta plaza bajo la denominación **RIO DIABLILLOS S.R.L. CUIT: 30-71111378-5**, con domicilio en calle Balcarce número 376 1º piso Ciudad de Salta, Provincia del mismo nombre, con facultades que emanan del Contrato Social inscripto al folio 199 Asiento número 8.946 del Libro número 28de Sociedades de Responsabilidades Limitadas de la Provincia de Salta, debidamente legalizado por el Colegio de Escribanos de la citada Provincia y la señora María Esthér Villar, en nombre y representación de la sociedad que gira en esta plaza bajo la denominación de **MACONDO S.A.** (en formación), con domicilio social en calle Güemes Nº 77, Planta Alta, Pcia. de San Juan, en su carácter de Presidente, lo que acredita con a) Acta Constitutiva y Estatuto Social de Formación de la referida sociedad, de las que surgen facultades suficientes, realizadas en instrumento privado con firmas certificadas por el Escribano Nicolás Pérez O., adscripto al Registro Notarial Nº 10 de la Ciudad de San Juan de fecha 1/08/2008, en el Acta y Folio Nº 323 del Libro de Requerimiento para Certificaciones y Autenticidad de Firmas Nº 22 de

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SERIE C Nº 00619573

LEGALIZACION

COLEGIO NOTARIAL PROVINCIA DE MENDOZA

LEGALIZADO

S IGNACIO
RO TORRES
ESCRIBANO SALT

EL COLEGIO NOTARIAL DE LA PROVINCIA DE MENDOZA,

República Argentina por intermedio del Consejero de Circunscripción en virtud de las facultades que le acuerdan la Ley 3058, el Decreto 2852/65, LEGALIZA la firma y sello del Notario don MARIA FERNANDA SANCHEZ ....obrantes en el documento anexo presentado en el día de la fecha bajo el Nº 130836 ....Serie L .... por concordar con las registradas en este Consejo.-

La presente legalización no juzga sobre el contenido y forma del documento.

Mendoza, 18 de Noviembre del 2010

COLEGIO NOTARIAL DE MENDOZA
Not. Marcelo Arturo Salinas
CONSEJERO
PRIMERA CIRCUNSCRIPCION

CORRESPONDE A LA LEGALIZACION
Nº 619573
C.N.Iº C.

CERTIFICO que las 23 copias que anteceden que llevan mi sello y firma notarial son reproducción facsimilar de sus originales que tengo a la vista. Doy fé.
SALTA, 17 DIC. 2010

CARLOS IGNACIO
TROGLIERO TORRES
ADJ. REG. 10 ESCRIBANO SALTA

----------------------------- **TRADUCCIÓN PÚBLICA** -----------------------------

----------------------------- **CERTFIED TRANSLATION** -----------------------------

----------------- **EXPLORATION WITH PURCHASE OPTION CONTRACT** -----------------

[*There is a rectangular seal that says:*] Corresponds to Legalization Nº 619573. ----------

Between **RIO DIABLILLOS S.R.L.**, domiciled in Balcarce Street Nº 376, 1st Floor, city of Salta, Province of Salta, represented in this act by Mr. **Hector Felix Vittone**, I.D. (D.N.I.) Nº 4,406,544, in his capacity of Managing Partner, according to what arises from the pertinent nomination in its Articles of Incorporation, whose certified copy is an integral part of the present contract (hereinafter referred to as, **"RIO DIABLILLOS"**) on the one hand, and, on the other hand, **MACONDO S.A.**, legally domiciled in Güemes Nº 77, 1st Floor, Province of San Juan, represented by its President, Maria Esther Villar I.D. (D.N.I.) Nº 5,464,462, (hereinafter referred to as **"The Owner"** and together with "RIO DIABLILLOS", the **"Parties"**) by mutual agreement declare: ----------------------------

----------------------------- **BACKGROUND** -----------------------------

Before the Mining Directorate of the Province of San Juan, MACONDO S.A. has the mining rights detailed hereunder registered in its own name: ----------------------------

A) Macondo S.A. declares that it is the concession holder of the following mining properties, located in the Province of San Juan, Department of Jachal: **1)** *Amelia* (File 4-B-50 with 4 mining claims); **2)** *Angelica* (File 6-B-50 with 2 mining claims); **3)** *Chichi* (File 194653-N-81 with 2 mining claims); **4)** *Denise* (File 194652-N-81 with 2 mining claims); **5)** *Doña Francisquita* (File 338-O-53 with 2 mining claims); **6)** *Elena* (File 11-B-50 with 4 mining claims); **7)** *Giomar* (File 117-M-53 with 2 mining claims); **8)** *Gustavo* (File 1056012-M-79 with 2 mining claims); **9)** *Hilda* (File 5-B-50 with 3 mining claims); **10)** *Juan Jesus* (File 156091-O-75 with 1 mining claim); **11)** *La Claveteada* (File 156010-O-79 with 2 mining claims); **12)** *La Estrella* (File 156014-O-79 with 2 mining claims); **13)** *La Placilla* (File 1575670-C-76 with 2 mining claims); **14)** *La Quinta* (File 156092-O-75 with 1 mining claim); **15)** *La Rinconada* (File 157055-B-74 with 2 mining claims); **16)** *Las Tres Marías* (File 336-O-53 with 2 mining claims); **17)** *Los Angeles* (File 116-M-53 with 4 mining claims); **18)** *Orillera* (File 156013-B-79 with 2 mining claims); **19)** *Pucará* (File 157056-B-74 with 2 mining claims); **21)** *Rio I* (File 157377-O-72 with 2 mining claims); **22)** *Rio IV* (File 156312-O-73 with 2 mining claims); **23)** *Rio V* (File 156313-O-73 with 2 mining claims); **24)** *Roldana Oeste* (File 156015-O-79 with 2 mining claims); **25)** *Rubia* (File 12-B50 with 2 mining claims); **26)** *San Alberto* (File 335-O-53 with 3 mining claims); **27)** *San Jose* (File 334-O-53 with 4 mining claims); **28)** *Segunda Estrella* (File 156093-M-75 with 1 mining claim); **30)** *Virgen de Guadalupe* (File 3-B-50 with 7 mining claims). **31)** *Beatriz* (File 7-M-50 with 2 mining claims); **32)** *Roldana Este* (File156011-M-79 with 2 mining claims). ----------------------------

Ude Patorie

M. O'FARRELL
PÚBLICA INGLES
Capital Federal

All these first class mining concessions (gold, silver and copper) are detailed in **"Annex A"**, which is an integral part hereof, and together constitute the project named **"Huachi"** (hereinafter referred to as **"The Mining Property"**) , located in the Department of Jachal, Province of San Juan, which are currently under register. In **"Annex B"** there is a map showing the location of the properties and the same forms part hereof. --

At its exclusive risk and cost, RIO DIABLILLOS has expressed interest in obtaining from the Owner the exclusive right to explore the Mining Property, with the option of purchasing the corresponding mining rights, therefore, they have agreed to enter into the present Contract of Exploration with a Purchase Option (hereinafter referred to as **"Contract"**), subject to the following articles: --

FIRST: REPRESENTATIONS AND WARRANTIES. --

1.1 The Owner represents and warranties that: --

(i) The Mining Property is its own exclusive property, according to the details included in "Background" Points A) B) and C). ------------------------------

(ii) The Mining Property is free from any encumber, embargo, claim, any type of pledge or in rem lien. ------------------------------

(iii) The company has not sold, assigned, or in any other way transferred the Mining Property in favor of any person – including any fiduciary transfer –, nor has it mortgaged, pledged or encumbered it in any way. ------------------------------

(iv) The company is neither restrained nor limited by any restriction or legal, regulatory, contractual or judicial provision to dispose of the Mining Property. ---

(v) The concession of the Mining Property maintains its full force and effect to the date of execution of the present Contract. ------------------------------

(vi) According to its knowledge, information and belief there are neither legal actions pending or about to start, nor any demands, claims, or disputes related to the Mining Properties or that could affect its holding. ------------------------------

(vii) The company has neither entered into temporary receivership nor applied for a reorganization proceeding, nor has it petitioned or been requested bankruptcy. -

(viii) The company is up-to-date with the canon corresponding to the mining concessions of its belonging, as it is proven by the certified copies of the payment receipts that are attached herein as "Annex C" and that form integral part of this contract. ------------------------------

(ix) After the execution of this contract, the company undertakes to register its Voluntary Injunction before the Mining Directorate of the Province of San Juan, to transfer, sell, lease or encumber the aforementioned mining rights during the validity of this contract, except in the case of consent by RIO DIABLILLOS S.R.L.

1.2 RIO DIABLILLOS represents and warranties that: --

(i) It is a company duly incorporated, organized and valid, in agreement with the laws of the Republic of Argentina. ---
(ii) It has full rights, power, capacity and authority to incur in and fulfill its liabilities under this Contract and under any other contract or instrument referred to or considered hereunder. ---
(iii) The rights and liabilities that arise herefrom are valid rights and liabilities, binding for RIO DIABLILLOS, and do not contravene any contractual obligation in which it can be a part or be affected. ---
(iv) RIO DIABLILLOS declares knowing the Mining Property object of the present Contract, including its legal condition, as it has, likewise effectively revised it. ---

SECOND: EVALUATION AND EXPLORATION – TERM. ---

2.1 THE OWNER grants RIO DIABLILLOS the exclusive right to explore the **HUACHI AREA** at its own risk and to exercise the purchase option related to it, during the term comprised between the execution of the present Contract and the date of payment contained in **Clause 3.2 (vii)** (Term of Contract). ---

2.2 The **OWNER** grants RIO DIABLILLOS the exclusive right of carrying out during this term – at sound trade practices – the tasks of mining prospection totally in agreement with the conditions herein, in the Mining Code, the Mining Procedures Code of San Juan and the legal in force provisions that may be applied and especially the pertinent environmental regulations. ---

The PARTIES by mutual agreement shall determine – if it were necessary or convenient to improve and/or enlarge HUACHI's legal coverage – the petitions and/or legal actions to be carried out, such as: improvement of mining concessions, presentations of Statements of Discovery, requests for spillways, formation of mining groups, requests for easements, acquisition of third parties' rights and any other action that would conduct to optimizing this aspect. For this purpose and by mutual agreement an **EXPANSION AREA** is established that has been graphed as ANNEX D. ---

The incorporation of new mining properties, easement concessions or any other right, as well as any improvement carried out by RIO DIABLILLOS – both in HUACHI and in the EXPANSION AREA – shall be petitioned in the name of MACONDO and shall belong to it even in the case of termination of this Contract, RIO DIABLILLOS not being able to demand any compensation or indemnity due to these incorporations and/or improvements. The incorporations and/or improvements carried out in the EXPANSION AREA or in HUACHI, in agreement to the abovementioned descriptions that were carried out by THE OWNERS, shall be considered as incorporated to the present contract, without implying a right for them to obtain a modification in the agreed price or any of the other contractual conditions. ---

THIRD: PURCHASE OPTION – PRICE – PAYMENTS – NET SMELTER RETURN. ----

3.1 During the term of this Contract, RIO DIABLILLOS shall have the exclusive option of acquiring the 100% (hundred per cent) of all the rights on the Mining Property. Such purchase option shall be understood to be automatically exercised from the moment in which RIO DIABLILLOS completes the total amount of payments established in point **3.2** herein (hereinafter referred to as "**Purchase Option**").**The Owner** undertakes the commitment of registering its Voluntary Injunction before the Mining Directorate of the Province of San Juan to transfer, sell, lease, encumber the aforementioned mining rights during the validity of this contract, except when expressly consented to by RIO DIABLILLOS S.R.L. ----

When the Purchase Option is exercised, the Owners shall execute and deliver all the documents, follow the corresponding procedures in all the registers and Inscriptions and satisfy all the measures that are necessary to formalize the assignment or transference of the Mining Property to RIO DIABLILLOS. ----

3.2 The total price that RIO DIABLILLOS shall pay in concept of Exploration Right and Purchase Option on the Mining Property, that includes all the mining titles, properties and rights that integrate it, consists of the total and unique amount of **USD 6,300,000.** – (six million three hundred thousand American dollars) to be made effective in the following way (hereinafter referred to as the "**Payments**"): ----

(i) On the date of January 24th, 2011, the amount of fifty thousand American dollars **(USD 50,000. -)**; ----

(ii) On the date of April 24th, 2011, the amount of one hundred thousand American dollars **(USD 100,000. -)** ----

(iii) On the date of September 24th, 2011, the amount of two hundred and fifty thousand American dollars **(USD 250,000. -)** ----

(iv) On the date of September 24th, 2012, the amount of three hundred thousand American dollars **(USD 300,000. -)**. ----

(v) On the date of September 24th, 2013, the amount of one million American dollars **(USD 1,000,000. -)**. ----

(vi) On the date of September 24th, 2014, the amount of one million five hundred thousand American dollars **(USD 1,500,000. -)**. ----

(vii) On the date of September 24th, 2015, the amount of three million one hundred thousand American dollars **(USD 3,100,000. -)** ----

Considering the aforesaid, the total price for RIO DIABLILLOS to acquire the ownership of The Mining Properties object of the present Contract is of **USD 6,300,000.** – (six million three hundred thousand American dollars). ----

Every Payment, including those of the NSR, shall be made by checks or wire transferences from any banking account belonging to RIO DIABLILLOS to the banking accounts, and for the amounts, that the Owners shall indicate in writing to RIO DIABLILLOS, thirty days before the due date of each payment. ---

3.3 The Owners undertake to maintain the pertinent banking accounts to make the deposits of the exploration rights, during the term of this Contract. The Owners and RIO DIABLILLOS are able to modify the payment instructions and/or the banking accounts, having the obligation of verifiably communicating any change made regarding this matter.

3.4 Once the Purchase Option has been exercised in the way indicated in points 3.1 and 3.2, the assignment or transference of the 100% (hundred per cent) of the Mining Property and of the remaining mining rights that could eventually integrate the Mining Property shall be signed before a Notary Public that shall be appointed by RIO DIABLILLOS. Such transference shall be drawn up within the thirty (30) business days as of the date in which the Purchase Option took place. The costs of registration of the deed, Notary Public's fees, fiscal stamping (if it corresponds) and other duties and fees applicable to such assignment or transference shall be in charge of RIO DIABLILLOS. -----

3.5 If the transference of the Mining Property is not drawn up due to a reason attributable to the Owners, RIO DIABLILLOS shall have the right of demanding the fulfillment of this Contract as regards the assignment or transference commitment of the Mining Property herein set forth and to be compensated for the damages and loss of potential profit occasioned by the delay in the fulfillment. ---

3.6 RIO DIABLILLOS shall pay the Owners during the lifetime of the ore deposit an amount equivalent to a 2% (two per cent) of the Net Smelter Return on the sales value of all the minerals produced and of the products obtained from the exploitation and treatment of such minerals coming from the Mining Property, be it if the sales were made by RIO DIABLILLOS, its assignee, or any other person, physical or an entity, national or foreign, partnership, corporation or any other type of association that in a direct or indirect way controls, is controlled by, or is under the common control together with RIO DIABLILLOS, or its eventual assignee (hereinafter referred to as "NSR"). The word control, according to its use in this Contract, means to possess, directly or indirectly, the power to manage or to achieve the administration and policies management through the dominium of titles, stocks or shares with right to vote, agreements, trusts or any other way. By means of an agreement, THE PARTIES abide by the definition of NSR that is included in Annex E and that forms part hereof. ---

3.7 RIO DIABLILLOS shall put at the disposal of the Owners, all the documentation related to the sales of minerals and products mentioned in point 3.5, made in this territory or in a foreign one, and/or any other information needed to verify the transparence of the NSR calculation. Every six months, the Owners shall have extensive powers to revise the documentation related to the NSR calculation they request, payable solely by them. RIO DIABLILLOS shall pay the corresponding NSR to the Owners every six months, as of the real onset of production. ---

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3.8 RIO DIABLILLOS authorizes the Owners to register their NSR before the Mining Authority and assumes the obligation to offer all the necessary cooperation to carry out such registration. The Parties have established that such royalty is an obligation *propter rem*[1] and, therefore, it is an integral part of the Mining Property. To this effect, RIO DIABLILLOS undertakes that, in case this Contract is assigned to third parties as set forth in the TWELFTH article, in the corresponding assignment instrument, it should thereby be expressly stated and recorded the fact that the NSR belongs to the Owners; likewise, RIO DIABLILLOS has the obligation of registering or making the assignee register such NSR before the Mining Authority. ---

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FOURTH: SCOPE OF THE EXPLORATION RIGHTS. ---

4.1 During the term of this Contract, **RIO DIABLILLOS**, its employees or representatives shall have the right of carrying out all the exploratory activities in the Mining Property that the Owners have the right to carry out according to the Mining Code of Argentina and in agreement with the regulations set forth by the Mining Procedures Code from the Province of San Juan. ---

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4.2 The granting of the exploration right includes among others, and not considering the following list as a limitation, the right of **RIO DIABLILLOS** to enter the Mining Property, by itself or by means of employees and consultants with machinery, vehicles and equipment; to carry out drillings or any type of superficial or underground mining tasks of an exclusive exploratory nature that at its own criteria considers necessary and convenient to carry out in any part of HUACHI; to inspect and examine the terrain; to extract and test samples from it; at their own cost, to carry out all the research and explorations they esteem necessary, such as strategic geochemistry or the detail of base elements or traces, geophysics, magnetometry; geological, metallurgical, and economic studies, as well as any other study or test that **RIO DIABLILLOS** considers necessary to determine the economic viability of a mining development in **HUACHI**; to build and erect temporary structures and install machinery and equipment, etcetera. During the exploration, **RIO DIABLILLOS** is able to carry out pilot-scale mining and extraction tests. Likewise, **RIO DIABLILLOS** shall take out, at their own cost, working risk insurances for the affected personnel and civil liability for eventual damages to third parties, assuming as of now all the liabilities for all the derived damages during the exploration tasks, holding THE OWNER harmless of all liabilities regarding this matter. ---

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[1] The condition of obligations which are transferred together with the real estate. ---

4.3 The **OWNER** shall have the right of verifying the exploration tasks and visiting the mining properties of HUACHI during the Exploration, by itself or by the person/s that it shall appoint for that purpose, always at their own expense and responsibility from the point of view of labor, social security and working risk and accident regulations, after a three-day (3) notice to **RIO DIABLILLOS** and their authorization, which could not be denied without a justified cause. The exercise of this right shall not, in any way, hinder the field operations, accepting to maintain strict confidentiality about the information the people might have access to. During the term of this Contract, the **OWNER** and its appointed persons, who because it is needed for the project have access to exploratory information, shall sign confidentiality commitments. ---

4.4 If **RIO DIABLILLOS** does not exercise its Right of Option, all the information such as: its own and third parties' reports, maps, outlines, spreadsheets, slurry and drilling cores, etc. according to what is set forth in point 8.5 on HUACHI or the EXPANSION AREA are the property of the **OWNER**, without any cost for them, and shall be remitted by **RIO DIABLILLOS** within the sixty (60) days after they have been verifiably requested. ---

4.5 During the term of this Contract and until the period set forth and fixed by the previous point, the Owners shall not be able to carry out any action or contract whatsoever that implies the modification or affectation of the legal and patrimonial situation of such properties, except after an agreement between the parties. Neither shall they be able to sign an exploration contract as regards the Mining Property during the term set forth in this clause without the express previous consent of RIO DIABLILLOS. ---

FIFTH: LIABILITIES AND INDEMNITIES. ---

5.1 When the execution of this Contract is agreed on, the Owner undertakes to deliver to RIO DIABLILLOS the pacific custody of the area object hereunder. The Owner shall hold RIO DIABLILLOS harmless of any damage, loss or cost for legal duties attributable to the Owner. ---

5.2 RIO DIABLILLOS shall be responsible for the hiring of all the necessary personnel for the performance of its contractual commitment and shall, as regards such personnel, strictly fulfill the provisions in force corresponding to the social security and employment legislation. ---

5.3 RIO DIABLILLOS undertakes to hold THE OWNER harmless of all damages subsequent to labor, mining, civil, commercial and taxation trials and claims filed by third parties as consequence of the activity that RIO DIABLILLOS carries out in fulfillment of this Contract, as well as of all the damages caused by third parties, its personnel and/or subcontractors and the ones caused to the environment, in all cases including the period after the extinction of the present Contract. ---

5.4 RIO DIABLILLOS undertakes to strictly fulfill all the corresponding environmental regulations, be them national, provincial or municipal, previously to, during the course of and subsequently to the tasks of exploration stipulated in this contract. ----------------

SIXTH: INFORMATION. ----------------

6.1 In this act THE OWNER delivers a copy of all the geologic, administrative and legal information on the Mining Property stipulated in this contract in its power to RIO DIABLILLOS. ----------------

SEVENTH: COMMITMENTS. ----------------

7.1 THE OWNER undertakes to carry out all the actions and grant all the documents that are necessary to fulfill what was agreed in this Contract. Likewise, THE OWNER undertakes to actively contribute and to sign all the necessary documentation with the purpose of obtaining all the authorizations, permits, licenses or approvals for the fulfillment of what is set forth in the present Contract and so that RIO DIABLILLOS is able to carry out the exploration and development tasks stipulated herein. ----------------

7.2 During the term of this Contract RIO DIABLILLOS shall be in charge of taking all the necessary measures for the control, exercise and due maintenance of the validity of the mining rights on the Mining Property and of the rights derived from it. In this regard, RIO DIABLILLOS undertakes to fulfill all the regulations related to the Mining Protection through its participation in the legal proceedings before the Mining State Secretary – Mining Directorate of the Province of San Juan where the files related to mines or other rights that form part of the Mining Property are filed, undertaking the fulfillment of all the necessary procedural proceedings to maintain the full ownership and validity of the mining rights granted in option by the present Contract. For all the abovementioned purposes, and within twenty (20) business days of the effective date of this Contract, THE OWNER shall grant, in favor of all the people that by mutual agreement with RIO DIABLILLOS they have appointed, a power of attorney with sufficient authority so that on their behalf and representation they execute, during the term of this Contract all the actions needed for the control, exercise and maintenance of the mining rights in the Mining Property and of the rights derived from it and with the purpose of fulfilling all the regulations related to the Mining Protection. Such power of attorney shall be exercised by RIO DIABLILLOS in good faith and in fulfillment of the objectives stipulated in this Contract. ----------------

As of the date of execution of this Contract, RIO DIABLILLOS shall be in charge of all the legal, administrative and/or taxation payments related to the Mining Protection and all the other liabilities set forth by the Mining Code of Argentina, the Mining Procedures Code of the Province of San Juan and any other corresponding regulations, including but not limited to, the payment of exploitation canons, appraisal wells of any nature, publications of legal notices, measurements, indemnities for easements or commitments assumed with surface ground owners, expenses for presenting and fulfilling the plan and amount of investments of fixed capital, environmental impact reports, etc. ---

7.3 The mining rights that are registered in the name of THE OWNER as a consequence of the exploration tasks and other activities carried out by RIO DIABLILLOS within the Mining Property shall automatically become part of it and as a consequence subject to the Purchase Option and other stipulations in this Contract. ---

7.4 The Parties are not able to encumber in any way the Mining Property during the term of this Contract, except if expressly authorized by the other Party in writing. ---

EIGHTH: TERMINATION RIGHT – DEFAULT. ---

8.1 During the term of the present Contract RIO DIABLILLOS is able to, unilaterally and at any moment, desist from the Purchase Option and consider this Contract as having been cancelled, returning the Mining Property in perfect conditions of validity to the Owner. This decision shall be communicated in a verifiable way and with an anticipation of no less than twenty (20) consecutive days during the period comprised between the execution of this Contract and the first twenty (20) months after it, and with an anticipation of sixty (60) consecutive days once the twenty (20) months have passed and until the end of the term of this Contract. The Contract shall terminate for both Parties on the effective date of cancellation specified in the notice, provided the aforementioned advance notice was fulfilled. ---

8.2 This cancellation shall not grant the Owners right to any claim in concept of indemnity, damages or loss of potential profit. The Owners accept that the already made and received payments shall be set forth at their own benefit as a total, unique and definite indemnity. ---

8.3 RIO DIABLILLOS, in case of cancellation, shall henceforth not make any of the agreed payments, except those that are due at the moment of cancellation. ---

8.4 In case this Contract is thus cancelled, RIO DIABLILLOS shall deliver, without any cost: ---

(i) The pacific possession of HUACHI and the EXPANSION AREA in the term of sixty (60) consecutive days. ---

(ii) Within the sixty (60) consecutive days of the cancellation of the contract, the total studies carried out on HUACHI and/or the EXPANSION AREA consisting of partial or final written information, and the partial or final conclusions of the different consultants or third parties intervening in the project, as well as all the rock samples, drilling cores and any other informative elements in their power.

(iii) All the available public or private information on HUACHI and/or the EXPANSION AREA, for the OWNERS' full knowledge.

8.5 In this Contract the term **"Information"** means any type of original documentation, in analogous or electronic support, generated during the term of this Contract by RIO DIABLILLOS or by third parties hired by it, collected during the exploration tasks. The following list is by way of illustration rather than limitation: partial or final written reports; all kinds of graphic information such as maps, outlines, sections, and drafts of any nature (topographic, legal, geologic, geochemical, geophysical, of alterations, of sampling, drilling logs, etc.); satellite images; aerial photos; sampling spreadsheets; borehole drilling spreadsheets; analytical certificates; drilling cores; slurries; sample duplicates; metallurgic test reports; petro-graphic and chalcographic reports; etc; including prefeasibility and feasibility studies if there were any. All this information shall be mandatorily delivered without any cost to the OWNERS when they require it during the term of this Contract or in any of the supposed contractual cancellations; all this information becoming the property of the OWNERS.

8.6 In case of cancellation, RIO DIABLILLOS shall deliver to the OWNERS an Environmental Report as closure of operations, accepted and approved by the competent Authority in the matter, in the Province of San Juan, within the sixty (60) consecutive days after the cancellation. If it is not approved by the competent Authority within that period, RIO DIABLILLOS shall show evidence of its presentation within the same period, maintaining all the liabilities and guaranteeing the indemnity of the OWNERS until the pertinent approval.

NINTH: MINIMAL INVESTMENTS.

Besides the aforementioned sums of money in concept of rights of exploration with Purchase Option, RIO DIABLILLOS undertakes the following minimal exploration investments in field tasks effectively carried out in the Mining Property.

a) Period comprised from the execution of the contract up to the twelve (12) first months: during this period of the contract, RIO DIABLILLOS undertakes to carry out a minimal investment of Two Hundred and Fifty Thousand American Dollars (USD 250,000.-);
b) Period comprised from the twelfth up to the twenty-fourth month from the execution of the present contract: RIO DIABLILLOS undertakes to make a minimal investment of real exploration in the field of Three Hundred Thousand American Dollars (USD 300,000.-);
c) Period comprised from the twenty-four to the thirty-eighth month from the execution of the present contract: RIO DIABLILLOS undertakes to carry out a

minimal investment in real exploration in the field of Four Hundred Thousand American Dollars (USD 400,000. -). ——————————————————

The investments made in one period can be considered accumulative exclusively for a later period, never for a previous one. ——————————————————

TENTH: CONFIDENTIALITY. ——————————————————

10.1 All knowledge or information that the Owners acquire as regards the results of the exploration carried out by RIO DIABLILLOS, the applied methods, analysis results, metallurgic tests, location of perforations, discoveries made, technology or inventions applied or as consequence of all the activity carried out by RIO DIABLILLOS by reason of this Contract, shall be maintained by the Owners in absolute reserve and considered as confidential, except in the case RIO DIABLILLOS releases them from this liability or that state organizations legally and duly authorized request the information from the Owners. This commitment of confidentiality shall be valid during the whole term of this Contract. --

ELEVENTH: FORCE MAJEURE. ——————————————————

11.1 None of the Parties shall be responsible for lack of performance of their liabilities under this Contract when that is due to causes out of their control. The affected Party shall notify the other Party without any delay about the fact of force majeure and the suspension of their liabilities establishing the reason for such a suspension and the esteemed duration. The affected Party shall reassume the fulfillment of their liabilities as soon as it is reasonably possible. ——————————————————

None of the Parties shall be responsible for delays or lack of performance of any of the liabilities if: ——————————————————

a) Such delay or lack of performance is due to causes generated beyond their legitimate control including force majeure, strikes, lock-out or any other labor conflicts, facts of Nature, acts or omissions of the public authority, acts from a common enemy, indigenous conflicts of whatever origin, manifestations, road cuts or pickets; and without considering the reasonability of the conflict or if the Parties are in condition of satisfying it, as soon as the conflict is not a consequence of default of the legal or contractual liabilities; sentences or judicial decisions that hinder or alter the fulfillment of the contractual liabilities or hinder the acquisition, under reasonable and acceptable conditions, of some permit or license, facts of war or situations provoked by insurrection or rebellion, fire, explosions, earthquakes, volcanic eruptions and all those facts considered by the Civil Law of Argentina as force majeure or that in any other way are out of reasonable control of the party. ——————————————————

b) The Party undertaking the performance has taken the necessary measures to avoid delays or lack of fulfillment of their liabilities emerging from this Contract. The Party that needs the benefits of this clause shall make all the possible efforts to overcome the consequences set forth under the clause in question. In such a case the effects of the Contract arising from the liability impossible to fulfill shall be suspended, until the facts or events that gave origin to this situation have been overcome. --

TWELFTH: CONTRACT LAW – DISCREPANCIES. --

12.1 The relationship between the Parties shall be ruled by the provisions hereof and alternatively by the Mining Code of Argentina, the Mining Procedures Code of San Juan and by the applicable Argentine legislation. --

12.2 Every discrepancy in the application and interpretation of this Contract shall be submitted to the jurisdiction of the Ordinary Courts of Justice of the Primary District in the Province of Mendoza, both Parties resigning any other jurisdiction that could correspond to them. --

THIRTEENTH: ASSIGNMENT. --

13.1 THE PARTIES are able to partially or totally assign or transfer the rights and liabilities of the present Contract and likewise, they are able to associate with third parties for its fulfillment, notifying to the other party in writing, the conditions of such an assignment or association so that the latter expresses its conformity with the assignment to be carried out. The other party undertakes not to deny such conformity in an unjustified way. A justified cause of denial would be the lack of assumption, expressed in an irrefutable way, by the assignee of all the liabilities herein. --

13.2 In the case that RIO DIABLILLOS carries out any type of assignment or association, it assumes before THE OWNERS a joint and several liability together with the assignee for the latter's non-performed liabilities in detriment of THE OWNERS. --

13.3 Unless provided in any other way in this Contract, the rights and liabilities emerging from this Contract shall be applied to the assignee of RIO DIABLILLOS and/or to the OWNERS. --

FOURTEENTH: EXPLORATION COMMITTEE. --

The Parties agree to constitute an Exploration Committee that shall get together every quarter to study and assess the exploration results and other tasks, as well as to plan future activities. The Exploration Committee shall be formed by two representatives of the OWNERS and two of RIO DIABLILLOS. The name of the Parties' representatives will be opportunely communicated among themselves. --

This Committee shall gather for the first time immediately after the execution of this contract and after that at least once every three months in the place that they agree on, from time to time; these meetings have the purpose of defining the appropriate actions, planning future activities and assessing exploration results. The costs demanded by the Committee's activities shall be exclusively born by RIO DIABLILLOS. ----------------

FIFTEENTH: DEFAULTS. ----------------

15.1 If one of the Parties does not perform (hereinafter referred to as, the **"Party in Default"**) any of the liabilities imposed by this Contract, the other Party (hereinafter referred to as, the **"Party in Compliance"**) shall verifiably notify in writing the Non-performing Party about its non-performance specifying its nature. ----------------

If after the term of ten (10) consecutive days after the date of notification according to what has been set forth in the previous point, and if ----------------

a) The default was not cured, or ----------------
b) The default cannot be cured ----------------

the Party in Compliance can decide to demand its compliance, if it were possible; or to consider the present Contract cancelled, being able, in any case, to file the pertinent legal action. ----------------

SEVENTEENTH: SEALS. ----------------

17.1 Both Parties declare they understand that there is no need for any stamp tax on the present Contract according to the applicable regulations of the Province of Mendoza. If it were not in that way, the payment of such a tax would be totally supported by RIO DIABLILLOS. ----------------

In witness whereof the Parties sign three copies of the same content and effect in the city of Mendoza on this twelfth day of the month of November, 2010. ----------------

[*There are two illegible signatures and clarifications that say:*] Maria Esther Villar – Hector Vittone. ----------------

[*There is a seal in the middle at the bottom that says:*] Notarial Record Nº 130836 Corresponds. ----------------

[*There is an illegible signature and a seal that reads:*] Maria Fernanda Sanchez – Notary Public – Notarial Register Nº 499 – Mendoza. ----------------

---------------- **ANNEX A.** ----------------

List of mining Concessions from the HUACHI project. --

Measured Mines located in the Department of Jachal, province of San Juan, Argentina				
#	MINE	FILE #	MINING CLAIMS	OWNERS
1	Amelia	4-B-50	4	MACONDO S.A.
2	Angelica	6-B-50	2	
3	Chichi	194653-N-81	2	
4	Denise	1946523-N-81	2	
5	Doña Francisquita	338-O-53	2	
6	Elena	11-B-50	4	
7	Guiomar	117-M-53	2	
8	Gustavo	156012-M-79	2	
9	Hilda	5-B-50	3	
10	Juan Jesus	156091-O-75	1	
11	La Claveteada	156010-O-79	2	
12	La Estrella	156014-O-79	2	
13	La Placilla	157567-C-76	2	
14	La Quinta	156092-O-75	1	
15	La Rinconada	157055-B-74	2	
16	Las Tres Marias	336-O-53	2	
17	Los Angeles	116-M-53	4	
18	Orillera	156013-B-79	2	
19	Paula	194654-N-81	2	
20	Pucara	157056-B-74	2	
21	Rio I	157377-O-72	2	
22	Rio IV	156312-O-73	2	
23	Rio V	156313-O-73	2	
24	Roldana Oeste	156015-O-79	2	
25	Rubia	12-B-5	2	
26	San Alberto	335-O-53	3	
27	San Jose	334-O-53	4	
28	Santa Teresa	8-B-50	2	
29	Segunda Estrella	156093-M-75	1	
30	Virgen de Guadalupe	3-B-50	7	
31	Beatriz	7-B-50	2	
32	Roldana Este	156011-M-79	2	

#: Reference number that appears in the attached map. ------------------------------------

[There are two illegible signatures] --

[There is a seal in the middle at the bottom that says:] Notarial Record Nº 130836 Corresponds. ---

[There is an illegible signature and a seal that reads:] Maria Fernanda Sanchez – Notary Public – Notarial Register Nº 499 – Mendoza. ---------------------------------------

-------------------------------- **ANNEX B** --------------------------------

[*There is a map with different drawings and numbers*] ---------------------------------------

[*There are two illegible signatures*] ---------------------------------------

[*There is a seal in the middle at the bottom that says:*] Notarial Record Nº 130836 Corresponds. ---------------------------------------
[*There is an illegible signature and a seal that reads:*] Maria Fernanda Sanchez – Notary Public – Notarial Register Nº 499 – Mendoza. ---------------------------------------

ANNEX D

EXPANSION AREA

[*There is a map with different drawings and a legend in the bottom part of the map that says:*] In blue ink, the layout of the mines in the HUACHI AREA that was detailed in the ANNEX I. In red ink, the perimeter of the EXPANSION AREA. Its corners are: NW: 6.694.298 – 2.510.210; SE: 6.686.897 – 2.520.108. Coordinate System: Gaus Krugger, Campo Inchauspe. ---------------------------------------

[*There are two illegible signatures*] ---------------------------------------

[*There is a seal in the middle at the bottom that says:*] Notarial Record Nº 130836 Corresponds. ---------------------------------------
[*There is an illegible signature and a seal that reads:*] Maria Fernanda Sanchez – Notary Public – Notarial Register Nº 499 – Mendoza. ---------------------------------------

ANNEX E

DEFINITION OF

NET SMELTER RETURNS ROYALTY

(NSR)

This type of royalty, that the company shall recognize and pay to the beneficiary, shall be calculated according to the clauses and definitions of this annex. In essence the NSR is defined as: ---------------------------------------

NET SMELTER RETURNS (NSR) = GROSS REVENUE – ACCEPTABLE DEDUCTIONS

1. The NSR shall be calculated and paid every six months, as of the effective start of production. ---------------------------------------

2. **Definitions of terms employed in this Annex.** ---------------------------------------

   2.1 **"Gross Revenue"** is the result of the addition of all the amounts of money received by the company on each quarter for the following concepts: ----------

2.1.a every revenue received by the company, within the period in consideration, for the sales of mineral products to independent purchasers, plus ---

2.1.b In case the events considered in item 6 are applied, the ***"fair market value"*** (defined hereunder) shall be used for all the mineral products sold by the company within the period in consideration to people, who are not independent purchasers (*edging transactions, that are hereunder explained in clause 6),* plus ---

2.1.c all insurance reimbursements received in the considered period, for losses and/or damages affecting the mineral products. ---

2.2 **"Acceptable Deductions"** are the addition of the following concepts paid by the company, in a given quarter, related to the mineral products sales (*which have obviously not been previously deducted or applied in the accounting for the calculation or determination of Gross Revenue)*: ---

2.2.a. sales costs charged by any sales agent as regards the sales of mineral products; ---

2.2.b. transportation costs incurred in during the transportation of mineral products from the mine up to the Mining point or place (*smelting plant*) or to the processing or treatment plant and, if applicable, from there to the pertinent place of dispatch, including shipment, freights, manipulation and dispatch expenses and export and import duties. ---

2.2.c. any royalty, duty or tax applicable by any Customs authority from the Government of Argentina, be it Federal, Provincial or Municipal, but excluding all rates and taxes on profits or revenue, that have to be paid by the company as regards the sales of mineral products. ---

2.2.d. all costs, expenditures and deductions, of any kind, that have to be paid or faced by the company regarding the refining or mining of the mineral products after they have left the mining property, including all the weighing, samplings, analyses, representation costs, metal loss, arbitrage costs if there are any, and every penalty or extra expenditure charged by the processor, refinery or smelting workshop for harmful elements contained by the mineral products, and, ---

2.2.e. all the insurance expenditure related to the mineral products. ---

The case could be that the company incurs in expenditures and deductions that are not adjusted to the definitions of the abovementioned "Acceptable Deductions", because they are negotiating the sales of the mineral products with a non-independent agent (*edging transactions*). In that case these expenditures and deductions can be deducted but provided they are inferior to the usual market ones for current operations (points from 2.2.a. to 2.2.e.), considering the circumstances under which these operations were transacted. -----------

2.3. **"Net Smelter Returns"** is defined as the Gross Revenue received by the company discounting the "Acceptable Deductions" that have occurred due to the sales of mineral products in a given quarter. -----------

NET SMELTER RETURNS (NSR) = GROSS REVENUE – ACCEPTABLE DEDUCTIONS

2.4. **"NSR"** is understood as an **x%** of the Net Smelter Returns. -----------

3. The NSR shall be calculated and paid by means of checks or wire transfers within the 60 days after the end of each quarter. Together with the payment, the beneficiary shall receive all the elements of evidence with the necessary details so that he can verify how they have proceeded with the calculation and correction of the calculation statement on which the NSR is based (*for example: the calculation spreadsheets of the company, smelting spreadsheets or certificates, etc.*). -----------

4. In case the necessary final numbers or data for the NSR calculation of a given quarter are not available within the period of time specified in the previous clause, provisional quantities can be set forth for the calculation of a provisional NSR. When the final amounts and/or data are available the positive or negative adjustments shall be made in the next quarter. -----------

5. Every NSR payment shall be considered as final and to the complete satisfaction of the beneficiary, and that the company has performed its liabilities, provided the beneficiary does not notify the company about his nonconformity (*"Objection Notification"* describing the specific points of his objection as regards the calculation statement), <u>within the 60 days after he has received the payment and calculation statement</u>. The beneficiary, within the subsequent 60 days of the reception by the company of the objection notice, shall have reasonable right and time to audit, together with the company's auditors, the books and files of the company related to the calculation of the objected NSR. If that audit determines that there has effectively been a difference, positive or negative, in the NSR payment, that difference shall be solved by means of an adjustment in the following NSR quarterly payment. The beneficiary shall have to face the auditing costs if the difference found is less than 2.5% of the total calculated number. Likewise, the company shall have to assume all the auditing costs if the difference is greater than 2.5% of the total calculated amount. All the accounting books and registers used by the company to calculate the NSR shall be prepared according to the International accounting standards set forth by the ***International Accounting***

Standards Committee. If the beneficiary does not make use of his right of filing a claim against the NSR calculation of a given quarter and does not send a verifiable notice within the subsequent 60 days of having received the payment and calculation statement, the NSR payment and calculation statement are considered correct and there cannot be any claims thereafter. ---

6. All the profits and losses that could result of market speculative negotiations that the company carries out in commercial and financial futures operations of mineral products (*commodities*), shares negotiations, gold loans, or any other combination of the aforementioned, that in English are collectively called "*Hedging Transactions*" by the markets, are specifically excluded from the NSR calculation herein defined. It is understood and accepted by the Parties that both, the company and the NSR beneficiary can get involved in these speculative negotiations activities (*edging trading*) at their own expense and risk. All these types of speculative negotiations in which the company can become involved and in consequence all the profits and losses associated shall be at the expense and risk of the company, independently from the fact that mineral products were delivered or not to perform such liabilities. If it were necessary to make this clause 6 effective, the Gross Revenue derived from the mineral products that the company has involved in these transactions (*edging trading*) shall be determined following what was established in clause 3.1.b., and clause 3.1.a shall not be applicable. ---

7. The ***"Fair Market Value"*** for gold shall be determined by the average of the daily gold prices that results from dividing the amount of the entire daily prices fixed (*Gold Fix Prices*) by the London Bullion Market Association P.M. reported for the calendar quarter in question, by he number of days in which such prices have been fixed. For silver and other materials, such as copper, lead or zinc, the same procedure shall be used but taking as a reference the value fixed at the daily close of the New York Commodity Exchange (COMEX), deducting, for each metal, a reasonable amount equivalent to deductions allowed in clause 3.2. ---

[*There are two illegible signatures*] ---

[*There is a seal in the middle at the bottom that says:*] Notarial Retprd Nº 130836 Corresponds. ---
[*There is an illegible signature and a seal that reads:*] Maria Fernanda Sanchez – Notary Public – Notarial Register Nº 499 – Mendoza. ---

--- **NOTARIAL RECORD** ---

Series L Nº 00130836. ---
In my capacity of Notary Public in charge of Notarial Register Nº 499 of the capital city, **I HEREBY CERTIFY THAT**: The signatures in the **EXPLORATION WITH PURCHASE OPTION CONTRACT**, dated November 12th, 2010 entered into by RIO DIABLILLOS

S.R.L. and MACONDO S.A., were stamped in my presence by Mr. **HECTOR FELIX VITTONE**, Argentinean, I.D (D.N.I.) Nº 4,406,544, single, domiciled in Paunero Street Nº 2756, 7th Floor, Capital Federal, living temporarily in the City of Mendoza; and **MARIA ESTHER VILLAR**, Argentinean, I.D (D.N.I.) Nº 5,464,462, married in first wedlock, domiciled in Mariano Necochea Street Nº 569, City District, Department of San Martin in this Province of Mendoza. I attest that both parties appearing are of age, to my knowledge, and they appear in this act: Mr. Héctor Félix Vittone in his capacity of Managing Partner of the corporation doing business in this jurisdiction under the name of **RIO DIABLILLOS S.R.L., CUIT[2]: 30-71111378-5,** domiciled in Balcarce Street Nº 376, 1st Floor, City of Salta, Province of Salta, with powers arising from the Articles of Incorporation, registered in page 199 Entry Nº 8.946, Book Nº 28 of Limited Liability Partnerships of the Province of Salta, duly legalized by the Notary Publics Association of the Province of Salta and Mrs. Maria Esther Villar, on behalf and representation of the corporation doing business in this jurisdiction under the name of **MACONDO S.A.** (under Incorporation), legally domiciled in Güemes Street Nº 77, 1st Floor, Province of San Juan, in her capacity of President, fact that she proves with a) Articles of Incorporation and Corporate Bylaws under Formation of the abovementioned corporation, from which enough powers arise, registered in a private instrument with signatures certified by Notary Public Nicolás Pérez O., Deputy Notary Public of Notarial Record Nº 10 in the City of San Juan, dated August 1st, 2008, in Record and Page Nº 232 in the Signature Certification & Authentication Book Nº 22 of the aforementioned notarial register and ratification of signature before me, Notary Public Analia Vanesa Rovira Cannizzo, in charge of Notarial Register Nº 979 of the capital city, dated July 12th, 2010, in the Record and Page Nº 118 of the Public Records Act Request Book for Signature & Fingerprint Certifications, in the same Notarial Register in her custody, duly legalized by the Notary Publics Association of the Province of Mendoza; b) Notice addressed to the Inspector of the General Inspection Board of Legal Entities of the City of San Juan, having been received on July 15th, 2010. The corresponding requirement has been simultaneously formalized under Record Nº 068, page 068 of the Signature Certification & Authentication Book Nº 1 in my custody, dated November 12th, 2010, I attest. In the city of Mendoza, Republic of Argentina, on this **FIFTEENTH** day of the month of **NOVEMBER**, year **TWO THOUSAND AND TEN.** ——

[*There is an illegible signature and a seal that reads:*] Maria Fernanda Sanchez – Notary Public – Notarial Register Nº 499 – Mendoza. ——

[*There are two fiscal stamps from the Notary Publics Association of Mendoza*]. ——

[*There is a rectangular seal that says:*] Corresponds to Legalization Nº 619573. ——

LEGALIZATION

[2] CUIT: Individual Taxpayer Identification Number. ——

Series C Nº 00619573. ---

[*There is round seal with an emblem and a legend that says:*] Notary Publics Association – Province of Mendoza. ---

THE NOTARY ASSOCIATION OF THE PROVINCE OF MENDOZA, Republic of Argentina, through the instrumentality of the District Counselor pursuant to the powers vested in him by Law 3058, Decree 2852/65, LEGALIZES the signature and seal of Ms. MARIA FERNANDA SANCHEZ stamped on the hereto attached document presented on this date under Nº 130836 Series L as it matches the one registered in this Council. ---

This legalization makes no representations as to the content and form of this document. –

Mendoza, November 18th, 2010. ---

[*There is an illegible signature and a seal that reads:*] Notarial Council of Mendoza – Notary Public Marcelo Antonio [*the surname is blurred*] – Counselor – First District. ---

[*There is round seal with an emblem and a legend that says:*] Notary Publics Association – Province of Mendoza. ---

I HEREBY CERTIFY that the 23 foregoing copies and that carry my signature and notarial seal are true photocopies of their originals that I have before me. I attest. Salta, December 17th, 2010. ---

[*There is an illegible signature and a seal that reads:*] Carlos Ignacio Troglero Torres – Deputy Notary Public – Notarial Register Nº 10 – Salta. ---

I, MARIANA ELENA O'FARRELL, A CERTIFIED PUBLIC TRANSLATOR, HEREBY CERTIFY THAT THE FOREGOING IS A TRUE TRANSLATION INTO ENGLISH OF THE PHOTOCOPY OF THE ORIGINAL IN SPANISH THAT I HAD BEFORE ME, IN SALTA ON DECEMBER 20TH, 2010. I ATTEST. ---

(The above paragraph is translated below into Spanish for Argentine administrative purposes). ---

YO, MARIANA ELENA O'FARRELL CERTIFICO QUE LA QUE ANTECEDE ES TRADUCCIÓN FIEL AL IDIOMA INGLÉS DE LA FOTOCOPIA DEL ORIGINAL EN IDIOMA ESPAÑOL QUE HE TENIDO ANTE MÍ Y A LA CUAL ME REMITO. EN SALTA A LOS 20 DÍAS DEL MES DE DICIEMBRE DE 2010. PARA QUE ASÍ CONSTE FIRMO Y SELLO LA PRESENTE TRADUCCIÓN ---

MARIANA ELENA O'FARRELL
TRADUCTORA PÚBLICA INGLÉS
Mat. Tº XV Fº 152 [illegible]
Inscrip. CTPCBA Nº [illegible]
Libro 2 Fº 62 - SALTA

SCHEDULE "B"
Financial Statements of the Corporation

RIO DIABLILLOS S.R.L.

Buenos Aires Nº 1
Salta City
Salta

*

FINANCIAL STATEMENTS

*

For the years ended December 31, 2010 and 2009
(Expressed in US Dollars)

SALTA
2011

AUTHORITIES

Partner: Hector Vittone

The term of the members of the Management finish in the Regular General Meeting, which deals with the financial statements as of December 31st, 2013.

RIO DIABLILLOS SRL
Buenos Aires N° 1, Salta City, Salta, Argentina.
RPC Salta Page 199, Entry N° 8.946 Book of SRL N° 2 8

Financial Statements as of December 31, 2010

Main activity of the Company:	Exploration of mines and quarries.
Registration with the Public Commerce. Registration Office:	August 6, 2009
Registry with government's control:	Page number 199 - Entry N°.8.946- Book of S.R.L.
Term of Partnership Agreement:	99 Years
Fiscal Year Number:	2
Commencing on:	January 1st, 2010.
Ending on:	December 31st, 2010.

Capital Structure

Type of Stock	Suscribed	Paid-in
3,000 quota shares of nominal value US$ 26.38 each and one vote each	79,156	22,481

RIO DIABLILLOS SRL
Buenos Aires N° 1, Salta City, Salta, Argentina.
RPC Salta Page 199, Entry N°8.946 Book of SRL N° 2 8

ANNUAL REPORT

Mr. Partners
Río Diablillos S.R.L.:

I put to your consideration the memory, the balance sheet, income statement, statement of changes in shareholders' equity and cash flow statement. In the course of 2010 began the exploration and prospecting of gold in Huachi Project.

To carry out the tasks required a mutual agreement was signed on 23 August 2010 between Rio Diablillos SRL and Kestrel Gold Inc. for a value of USD 3,000,000.00 (three million U.S. dollars). It´s establish in the loan agreement as payment monthly expenditures according to prior agreement between the parties. In turn the contract sets its return with a grace period of two years in monthly installments and amounts to be determined.

On November 12, 2010 the exploration contract with an option to purchase was signed between Rio Dablillos SRL and Macondo SA. The contract was awarded to Rio Diablillos SRL exclusive right to explore the area Huachi Project. The final value of the contract is set to USD 6.3 million (USD six million three hundred thousand), payable in seven installments spread over a period of five years from the date of signature.

The development of exploration and prospecting work is estimated to sue a time of one to two years, so it does not generate sales revenue, related to the object of society, during that period.

Salta, April 28th, 2011

....

RIO DIABLILLOS SRL
Buenos Aires N°1, Salta City, Salta, Argentina.
RPC Salta Page 199, Entry N°8.946 Book of SRL N° 2 8

BALANCE SHEET
as of December 31st, 2010 and 2009
(amounts stated in US Dollars)

	2010	2009		2010	2009
Assets			**Liabilities**		
Current assets			**Current liabilities**		
Cash (notes 2.d. and 3)	11,165	19,711	Trade payables (notes 2.h. and 7)	101	-
Tax credits (notes 2.e. and 4)	5.017	-	Tax debts (notes 2.i. and 8)	565	-
Other receivables (notes 2.f. and 5)	74,307	59,132	Other payables (notes 2.h., 2.j. and 9)	5,612	-
Total current assets	**90,489**	**78,843**	**Total current liabilities**	**6,278**	**-**
Non current assets			**Non current liabilities**		
Intangible assets (notes 2.g. and 6)	20,661	-	Financial liabilities (notes 2.k. and 10)	**100,000**	-
Total non current assets	**20,661**	**-**	**Total non current liabilities**	**100,000**	**-**
			Total liabilities	**106,278**	**-**
			Equity	**4,872**	**78,843**
Total assets	**111,150**	**78,843**	**Total liabilities and equity**	**111,150**	**78,843**

See accompanying notes to the financial statements

Signed for purposes of identification with my report dated April 28th, 2011

Sergio A. Villagarcía
Contador Público (U.B.A)
C.P.C.E. SALTA T°III F°686
Matricula N° 940

Hector Vittone
Partner

RIO DIABLILLOS SRL
Buenos Aires N° 1, Salta City, Salta, Argentina.
RPC Salta Page 199, Entry N°8.946 Book of SRL N° 2 8

PROFIT AND LOSS STATEMENTS

as of December 31st, 2010 and 2009
(amounts stated in US Dollars)

	2010	2009
General and administrative (note 18)	(30,133)	-
Exploration cost (nota 18)	(39,747)	-
Financial expenses	(403)	-
LOSS BEFORE TAXES	(70,282)	-
Income tax (note 11)	-	-
Presumptive minimum income tax (note 12)	(545)	-
NET LOSS	**(70,827)**	-

See accompanying notes to the financial statements

Signed for purposes of identification with my report dated April 28th, 2011

Sergio A. Villagarcía
Contador Público (U.B.A)
C.P.C.E. SALTA T°III F°686
Matricula N° 940

Hector Vittone
Partner

RIO DIABLILLOS SRL
Buenos Aires N°1, Salta City, Salta, Argentina.
RPC Salta Page 199, Entry N°8.946 Book of SRL Nº 2 8

CHANGES IN EQUITY STATEMENT
as of December 31st, 2010 and 2009
(amounts stated in US Dollars)

CONCEPT	Share capital		Accumulated results	Accumulated other comprehensive income	TOTAL Partners' Equity
	Corporate Capital	TOTAL			
Balance as of December 31, 2009	**79,156**	**79,156**	**-**	**(313)**	**78,843**
Foreign exchange losses arising upon translation (note 2.l.)	-	-	-	(3,145)	(3,145)
Loss of the period	-	-	(70,827)	-	(70,827)
Balance as of December 31, 2010	**79,156**	**79,156**	**(70,827)**	**(3,458)**	**4,872**

See accompanying notes to the financial statements

Signed for purposes of identification with my report dated April 28th, 2011

Sergio A. Villagarcía
Contador Público (U.B.A)
C.P.C.E. SALTA TºIII Fº686
Matricula Nº 940

Hector Vittone
Manager

RIO DIABLILLOS SRL
Buenos Aires N° 1, Salta City, Salta, Argentina.
RPC Salta Page 199, Entry N°8.946 Book of SRL N° 2 8

CASH FLOW STATEMENT
as of December 31st, 2010 and 2009
(amounts stated in US Dollars)

	2010	2009
Cash at the beginning of the fiscal year	19,711	-
(Decrease)/Increase in cash	(8,546)	19,711
Cash at the end of the fiscal year	11,165	19,711
Causes of the variation of cash		
Operating Activities		
Loss of the period	(70,827)	-
Adjustments to match the net cashflow:		
Presumptive minimum income tax	545	-
Other comprehensive income	(3,145)	(313)
(Increase) of tax credits	(5,017)	-
(Increase) of other receivables	(15,174)	(59,132)
Increase of trade payables	101	-
Increase of tax debts	20	-
Increase of other payables	5,612	-
Net cashflow used in the operating activities	**(87,885)**	**(59,445)**
Investing activities		
Purchase of intangible asset	(20,661)	-
Net cashflow used in the investing activities	**(20,661)**	-
Financing activities		
Increase of financial liabilities non current	100,000	-
Capital contributions	-	79,156
Net cashflow generated in the financing activities	**100,000**	**79,156**
Net (Decrease)/Increase of cash	**(8,546)**	**19,711**

See accompanying notes to the financial statements

Signed for purposes of identification with my report dated April 28th, 2011

Sergio A. Villagarcía
Contador Público (U.B.A)
C.P.C.E. SALTA T°III F°686
Matricula N° 940

Hector Vittone
Partner

RIO DIABLILLOS SRL
Buenos Aires N° 1, Salta City, Salta, Argentina.
RPC Salta Page 199, Entry N° 8.946 Book of SRL N° 2 8

NOTES TO THE FINANCIAL STATEMENTS
as of December 31st, 2010 and 2009

1. NATURE OF OPERATIONS AND GOING CONCERN ASSUMPTION

Rio Diablillo S.R.L. (the "Company") is registered in Salta and its registered office is at Buenos Aires N° 1, Salta City, Salta.

The principal activity of the Company is the exploration for and development of mines for the extraction of metals. During the fiscal year ended on December 31st 2010, the company had make activities in the Project named Huachi, in accordance to the exploration agreement with option to purchase celebrated with the firm Macondo S.A. on November 12th 2010.

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. The Company's ability to continue as a going concern is dependent upon to obtain the financing necessary to complete its mineral projects from its owners.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") in force at the reporting date and their interpretations issued by the International Accounting Standards Board ("IASB") as adopted for use within the European Union and with IFRS and their interpretations adopted by the IASB; using the following significant accounting policies:

a. Significant accounting estimates and assumptions
The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas where assumptions and estimates are significant to the financial statements are:
- Capitalisation and impairment of deferred exploration cost
- Recovery of Deferred Income Tax Credit

b. Income Tax
The charge for taxation is based on the profit or loss for the year and takes into account deferred taxation. Deferred tax is expected to be payable or recoverable on differences between the carrying value amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computations, and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.
In the fiscal year ended on December 31st 2010, the company decided that the Deferred Income Tax Credit produced by the tax losses will not be recovered in the next five years as from December 31st 2010.

Signed for purposes of identification with my report dated April 28th, 2011

Sergio A. Villagarcía
Contador Público (U.B.A)
C.P.C.E. SALTA T°III F°686
Matricula N° 940

Hector Vittone
Partner

NOTES TO THE FINANCIAL STATEMENTS
as of December 31st, 2010 and 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continues)

c. Foreign Currency
The company's functional currency is Argentinean pesos (AR$) and presentational currency is United States dollars (US$).

Foreign currency transactions are brought to account using the exchange rates prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

d. Cash and Cash Equivalents
Cash and cash equivalents include cash in hand, petty cash and deposits in bank account. For the purposes of the Cash Flow Statements, cash includes cash on hand; cash in banks and petty cash.

e. Tax Credits
Fiscal Credits are not interest bearing and are stated at their original value.

f. Other Receivables
Other receivables are not interest bearing and are stated at their original value.

g. Intangible assets
Deferred exploration costs
Once legal title is obtained, exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. Accumulated costs in relation to an abandoned area are written off in full against the result in the year in which the decision to abandon the area is made.
The recoverability of the deferred exploration cost is dependent upon the discovery of economically recoverable ore reserves, continuing compliance with the terms of relevant agreements, the ability of the Company to obtain the necessary financing to complete the development of ore reserves, and the future profitable production or profitable disposal of the area of interest.

h. Trade and other payables
Trade and other payables are not interest bearing and are stated at amortised cost.

i. Tax debts
Tax debts are not interest bearing and are stated at amortised cost.

Signed for purposes of identification with my report dated April 28th, 2011

Sergio A. Villagarcía
Contador Público (U.B.A)
C.P.C.E. SALTA T°III F°686
Matricula N° 940

Hector Vittone
Partner

NOTES TO THE FINANCIAL STATEMENTS
as of December 31st, 2010 and 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continues)

j. Provisions
Provisions are recognized when the Group has a legal or constructive obligation as a result of past events when it is more likely than not that an outflow of resources will be required to settle the obligation and when the amount of the obligation can be reliably estimated.

k. Financial loan
The Financial loan is not interest bearing and is stated at amortised cost.

l. Translation to the presentation currency

The company's functional is Argentinean pesos (AR$) and presentational currency is United States dollars (US$). As a result, expenses, assets and liabilities were denominated in AR$ and translated into US$ using the method established by IAS 21. Under this method, assets and liabilities are translated into US$ at the exchange rate in effect at the end of the period. Income and expenses are translated at the exchange rate in effect during the period. Foreign exchange gains or losses arising upon translation are recognized in other comprehensive income in the equity statement.

3. CASH AND EQUIVALENTS

	2010	2009
Cash	-	19,711
Banco Rio current account	9,718	-
Petty cash	1,447	-
Total	**11,165**	**19,711**

4. TAX CREDITS

VAT credits	4,809	-
Turnover tax credits	3	-
Tax on bank debits and credits	205	-
Total	**5,017**	-

5. OTHER RECEIVABLES

Kevin Nephin´s Individual Account – Partner	51,007	-
Hector Vittones´s Individual Account – Partner	5,668	29,566
David Shaw´s Private Account	-	29,566
Loan agreement	17,632	-
Total	**74,307**	**59,132**

Signed for purposes of identification with my report dated April 28th, 2011

Sergio A. Villagarcía
Contador Público (U.B.A)
C.P.C.E. SALTA T°III F°686
Matricula Nº 940

Hector Vittone
Partner

NOTES TO THE FINANCIAL STATEMENTS
as of December 31st, 2010 and 2009

6. INTANGIBLE ASSETS

	2010	2009
Fuel	190	-
Basic sociologic & environmental studies	3,083	
Vehicle rental	315	
Professional fees	16,307	
Mining canon	766	
Total	**20,661**	-

7. TRADE PAYABLES

Suppliers	101	-
Total	**101**	-

8. TAX DEBTS

Economic activities to pay	20	-
Presumptive minimum income tax provisions	545	-
Total	**565**	-

9. OTHER PAYABLES

Expenses report to be pay	3,547	-
Professional fees forecasts	2,065	-
Total	**5,612**	-

10. FINANCIAL LIABILITIES

Kestrel Gold Inc loan agreement	100,000	-
Total	**100,000**	-

11. INCOME TAX EXPENSE

Tax reconciliation

The reconciliation of the expected income tax recovery at the statutory rate of 35% and the actual income tax recovery is as follows:

Signed for purposes of identification with my report dated April 28th, 2011

Sergio A. Villagarcía
Contador Público (U.B.A)
C.P.C.E. SALTA T°III F°686
Matricula N° 940

Hector Vittone
Partner

11. INCOME TAX EXPENSE (Continues)

	2010	2009
Profit (Loss) before tax	(70,282)	-
Tax rate	35%	35%
Effects (at 35%) of:	(24,599)	-
Expenses not deductible for tax purposes	-	-
Income tax expense (Profit)	**(24,599)**	-
Allowance of deferred income tax credit (note 2.b.)	**24,599**	-
Income tax expense	-	-

12. MINIMUM PRESUMPTIVE INCOME TAX

The Minimum Presumptive Income Tax (MPIT) supplements Income Tax. While Income Tax levies the taxable profit of the year, the MPIT is a minimum taxation that levies the potential income of certain assets at a 1% rate. Thus, the Company's tax duty will be equal to the highest amount of both taxes.

13. RELATED PARTIES

During the year ended 31 December 2010, the Company made the following transactions and balances with related parties:

a) Included in other receivables (Note 5) are amounts owed by the partner of the Company, Kevin Nephin, of US$ 51,007 as of December 31st 2010. These amounts are unsecured and non-interest bearing with a repayment term within the next six months.

b) Included in other receivables (Note 5) are amounts owed by the manager and partner of the Company, Hector Vittone, of US$ 5,668 as of December 31st 2010 (December 31st 2009: U$S 29.566). These amounts are unsecured and non-interest bearing with a repayment term within next six months.

c) Included in other receivables (Note 5) are amounts owed by the manager and partner of the Company, Hector Vittone, of US$ 17,632 as of December 31st 2010. These amounts are unsecured and non-interest bearing with a repayment term within the next three months.

d) Included in other payables (Note 9) are amounts due to the manager and partner of the company, Hector Vittone, in concept of expenses report to be pay in the amount of US$ 3,547. These amounts are unsecured and non-interest bearing with no set terms of repayment.

e) Included in financial liabilities (Note 10) are amounts due to a company - which president (Kevin Nephin) is a shareholder of the Company- of US$ 100,000. These amounts are unsecured and non-interest bearing with a repayment term of two years of grace period.

Signed for purposes of identification with my report dated April 28th, 2011

Sergio A. Villagarcía
Contador Público (U.B.A)
C.P.C.E. SALTA T°III F°686
Matricula N° 940

Hector Vittone
Partner

NOTES TO THE FINANCIAL STATEMENTS
as of December 31st, 2010 and 2009

14. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Financial instruments

The Company's principal financial assets comprise cash and cash equivalents, and other receivables. The Company's financial assets are classified as other credits and are measured at amortised cost. The Company's financial liabilities include trade and other payables, tax debts and financial loan. They are all classified as trade and other payables, tax debts and financial loan and measured at amortised cost.

In the management opinion, as of December 31st 2010 and as of December 31st 2009, the fair value of financial instruments is not materially different as of book value, therefore, the disclosure of that information does not have effect on the financial statements at those dates.

Risk management
The Group is exposed to certain financial risks due to its business activities. The potential adverse effects of these risks are constantly assessed by the management of the Group with a view to minimising them, and the management considers whether it is appropriate to make use of financial instruments for this purpose. The following are major financial risks which the Group is exposed to:

Exchange rate risk
The exchange rate risk is determined by exposing the Company to foreign currency fluctuations.

Interest risk
The Company does not keep significant commercial or financial assets or liabilities, subject to interest rate changes.

Liquidity risk
Prudent management of liquidity risk implies maintaining sufficient cash and cash equivalents as well as an adequate amount of committed credit facilities. The management of the Company safeguards its cash resources and makes regular forecasts of the requirements to use those resources.

Credit risk
The Company is exposed to sovereign risk in so far as it is owed recoverable sales tax, as detailed in note 5, by the governments of Argentina.

15. EQUITY

Capital

Rio Diablillos S.R.L. capital amounts to AR$ 300,000 equivalent to US$ 79,156, corresponding to 3.000 shares with nominal value of AR$ 100 equivalent to U$S 26.38 each, registered on the Court with jurisdiction in Commercial and Mining matters of the Registry of Salta. As of December 31st 2010, the capital has not been fully integrated, being the balance pending to integrate AR$ 225,000 equivalent to US$ 56,675.

Signed for purposes of identification with my
report dated April 28th, 2011

Sergio A. Villagarcía
Contador Público (U.B.A)
C.P.C.E. SALTA T°III F°686
Matricula N° 940

Hector Vittone
Partner

15. EQUITY (Continues)

Accumulated Results

The accumulated results of the Company amounts to USD 70,827 corresponding to the loss of the period ended on December 31st 2010. The management of the Company will decide about its treatment.

Accumulated other comprehensive income

The accumulated other comprehensive income of the Company amounts to US$ 3,458, corresponding to the accumulated losses Foreign exchange losses arising upon translation (note 2.I.)

16. LIABILITIES IN A DIFFERENT CURRENCY THAN THE FUNCTIONAL CURRENCY

Main account	Foreign Currency	
	Type	Amount
Non current liabilities		
Financial liabilities		
Kestrel Gold Inc loan agreement	US$	100.000

17. ALLOWANCE

ITEM	At the beginning of fiscal year	Increase		Decrease	At the end of fiscal year
Deducted from assets					
For devaluation of credit of Presumptive minimum income tax paid	-	545	1	-	546
For devaluation of credit deferred income tax	-	24.599	1	-	24.600
Total 2010	**-**	**25.144**		**-**	**25.146**
Total 2009	**-**	**-**		**-**	**-**

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NOTES TO THE FINANCIAL STATEMENTS
as of December 31st, 2010 and 2009

18. ALLOCATION OF EXPENSES

Item	Administrative Expenses	Exploration Cost	Total 2010	Total 2009
Water, electricity and telephone	105	-	105	-
Professional Fees	23,421	15,829	39,250	-
Taxes and fees	180	-	180	-
Stationary and Photocopies	837		837	-
Advertising	-	299		-
Mail	135	-	135	-
Technical service for vehicles	-	3,035	3,035	-
Work wear	-	206	206	-
Car rental	-	2,565	2,565	-
Travel Expenses	-	17,813	17,813	-
Tax on bank debits and credits	940	-	940	-
Bank fees	410	-	410	-
Certifications and legalization	4,105	-	4,105	-
Total	**30,133**	**39,747**	**69,581**	-

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Matricula N° 940

Hector Vittone
Partner

PKF Villagarcía & Asociados

PKF

Accountants &
business advisers

INDEPENDENT AUDITOR'S REPORT

Messrs.
Partners of Rio Diablillos S.R.L.,

We have audited the accompanying financial statements of Rio Diablillos S.R.L., which comprise the statement of financial position as at December 31st 2010 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Rio Diablillos S.R.L. At December 31st 2010 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

April 28, 2011

DR. SERGIO A. VILLAGARCIA
Contador Público (U.B.A.)
C.P.C.E. Salta T°III F°686
Matrícula N° 940

25 años

Tel. (54-11) 5235-6393 / Fax (54-11) 5235-6300
Email pkf@pkfargentina.com.ar / www.pkfargentina.com.ar
Esmeralda 625 1er piso / C1007ABE / Buenos Aires / Argentina