

MATERIAL CHANGE REPORT
Form 51-102F3

Item 1 **Name and Address of Company**

Kestrel Gold Inc. (“**Kestrel**” or the “**Corporation**”)
Suite 218, 1217 Centre Street N.W.,
Calgary, AB T2E 2R4

Item 2 **Date of Material Change**

The material changes occurred on May 31, 2011.

Item 3 **News Release**

A press release relating to the material changes described herein was disseminated on May 31, 2011 via Marketwire.

Item 4 **Summary of Material Changes**

Kestrel has completed its acquisition of Rio Diablillos S.R.L. (“**Rio**”) in consideration of the issuance of 2,000,000 common shares of Kestrel over a period of 18 months, and of which 500,000 common shares have been issued

Item 5 **Full Description of Material Change**

5.1 **Full Description of Material Change**

For a full description of the material change, please refer to the press release of the Corporation dated May 31, 2011 attached hereto as Schedule “A”.

5.2 **Disclosure for Restructuring Transactions**

Not applicable.

Item 6 **Reliance on subsection 7.1(2) of National Instrument 51-102**

Not applicable.

Item 7 **Omitted Information**

Not applicable.

Item 8 **Executive Officer**

For further information, please contact:

Kestrel Gold Inc..
Kevin Nephin, President & Chief Executive Officer
Tel: (604) 824-6056

Item 9 **Date of Report**

This report is dated May 31, 2011.

Schedule “A”

PRESS RELEASE

Kestrel Gold Inc. Announces Completion of Acquisition of Rio Diablillos S.R. L.



NEWS RELEASE

Kestrel Gold Inc. Announces Completion of Acquisition of Rio Diablillos S.R.L.

May 31, 2011 - Calgary, Alberta: Kestrel Gold Inc. (the “**Corporation**”) (TSXV: KGC) is pleased to announce that it has completed the previously announced acquisition of Rio Diablillos S.R.L. (“**Rio**”), a body corporate organized pursuant to the laws of Argentina, in consideration of the issuance of 2,000,000 common shares of the Corporation over a period of 18 months, and of which 500,000 common shares have been issued. These common shares are subject to a four month hold period expiring on October 1, 2011.

As stated in news releases of the Corporation dated February 23, 2011 and March 7, 2011, the Corporation has acquired, through the acquisition of Rio, an option and right to acquire one hundred (100%) percent interest in 32 mining claims located in the Andean Pre-Cordillera of San Juan Province, Argentina (the “**Huachi Property**”) as well as an option and right to acquire a one hundred (100%) percent interest in various mining claims representing approximately 8,700 hectares, located in north-western Argentina in the Catamarca Province (the “**Antofalla Property**”). A National Instrument 43-101 compliant technical report with respect to the Huachi Property has been filed with the applicable regulatory authorities and on SEDAR (at www.sedar.com).

Highlights of Huachi Property

The Huachi Property is located within the Huachi mining district in northern San Juan Province, Argentina, about 135 km due north of the city of San Juan, and 40 km northwest of the small town of San Jose de Jachal, at 3500 m asl. The Property is comprised of 32 mining tenures that cover 462 hectares. Mining in the Huachi valley extends back to pre-Columbian times indicated by the presence of ancient Incan mining tools in the region. Throughout this history there has been gold mining activity, ranging from small artisanal miners to small-scale mechanized operations in the 1960s. More recent exploration activity from the 1970’s to 2007 has focused on Huachi hosting a copper-gold porphyry deposit.

The property is located within the central part of the Precordillera tectonostratigraphic belt that forms the eastern slope of the Andes in central western Argentina, a belt that trends north south over 400 km. This belt hosts a number of porphyry copper deposits and precious metal deposits. The nearby Gualcamayo gold mine which began production in 2009 is 20 km northeast of the Huachi property.

Both precious metal epithermal and copper porphyry style mineralisation at Huachi is spatially and genetically related to the Huachi Intrusions, a group of probable Late Miocene epizonal intermediate to felsic stocks and dykes. This Tertiary Andean arc magmatism is associated with the uplift of the Andean Cordillera.

Rio’s geological exploration model is based on the potential for Huachi to be a large low grade bulk tonnage near surface gold and silver epithermal deposit with the potential for concentrations of higher grade feeders at depth related to the Huachi porphyry intrusions and associated structures.

The intrusions cut a pre-Tertiary basement and are also capped by Tertiary intermediate to mafic volcanic and subvolcanic rocks (where erosion has not occurred). Structural controls are believed to play a major role in the spatial distribution of the intrusions. The Property may be what is described as “telescoped” because of the close spatial distance between the deeper copper porphyry and higher level precious metal epithermal alteration systems.

Highlights of Antofalla Property

The Antofalla Property is comprised of six mining claims, located in northern Catamarca Province, approximately 200 km north of Olacapato, in northwestern Argentina. The Property is road accessible throughout most of the year. “Antofalla” is an old mining district that primarily produced gold, silver and lead, at a small scale in the 17th and 18th centuries.

Polymetallic mineralisation is preliminarily envisaged to be related to a carbonate base metal gold-silver low sulphidation epithermal system with hydrothermal chemical and textural signatures.

Historical mine workings are widespread over the 8,760 hectares of the Property and indicate regional structural components have influenced the spatial distribution of mineralisation and alteration.

the Corporation intends to review all previous work done to date at the Property and focus on obtaining a good understanding of the different styles of mineralisation, alteration and associated structures present in the system. Future exploration on the Antofalla Property will be based on the findings.

About Kestrel Gold Inc.

Kestrel Gold Inc. is a gold exploration company headquartered in Canada. Its principal projects are the King Solomon Dome and the Toe properties in Canada's Yukon Territory and the Huachi Property and the Antofalla property, in Argentina. Kestrel Gold (KGC) is listed on the TSX Venture Exchange.

Technical aspects of this news release have been reviewed and approved by T.J. Termuende, P.Geo., hereby designated as a qualified person on behalf of the Corporation under National Instrument 43-101.

For further information, please contact Kevin Nephin at 604-824-6056 or 604-799-2456

Email: kvnephin@telus.net or visit our website at kestrelgold.com

The TSX Venture Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of this news release.

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