OPTION AGREEMENT

THIS AGREEMENT is made as of the 26th day of April, 2010:

BETWEEN:

FORTUNATE SUN, S.A. de C.V., a corporation duly incorporated under the laws of Mexico

(hereinafter called "**Fortunate Sun**")

OF THE FIRST PART

AND:

FORTUNATE SUN MINING COMPANY LTD., a corporation duly incorporated under the laws of British Columbia

(hereinafter called "**FSM**")

OF THE SECOND PART

AND:

KG EXPLORACION MEXICO S.A. de C.V., a corporation duly incorporated under the laws Mexico

(hereinafter called "**KGEM**")

OF THE THIRD PART

RECITALS

WHEREAS:

A. Fortunate Sun is the sole registered or recorded owner of a certain mining concession located in the State of Zacatecas, Mexico that is known as the Pirelli Project, as more particularly described in Schedule "A" attached hereto (the "**Concession**");

B. Pursuant to a letter agreement dated February 17, 2010 between Fortunate Sun, FSM (the parent company of Fortunate Sun) and KGEM (the "**Letter Agreement**"), Fortunate Sun has agreed to grant KGEM an option to acquire up to an undivided seventy percent (75%) interest in and to the Concession, on the terms and conditions set out in this Agreement;

NOW, THEREFORE, in consideration of the covenants and agreements contained herein, the sum of $2.00 paid by each Party to each other Party, and for other good and valuable consideration, the receipt and sufficiency of all of which is hereby acknowledged by each of the Parties, the Parties hereby agree as follows:

ARTICLE 1
INTERPRETATION

1.1 *Definitions.*

In this Agreement, unless there is something in the context inconsistent therewith, the following words and phrases shall have the following meanings:

(a) "**Affiliate**" means in respect of any Party, any person, partnership, joint venture, corporation or other form of enterprise which directly or indirectly controls, is controlled by, or is under common control with, such Party. For purposes of the preceding sentence, "**control**" means possession, directly or indirectly, of the power to direct or cause direction of management and policies through ownership of voting securities, contract, voting trust or otherwise;

(b) "**Agents**" means consultants (including financial and legal advisors), servants, employees, agents, Affiliates, workmen, contractors and subcontractors;

(c) "**this Agreement**", "**herein**", "**hereby**", "**hereof**", "**hereunder**" and similar expressions means or refers to this Agreement and all schedules attached to and forming part of this Agreement, and any and all written agreements or instruments supplemental or ancillary hereto;

(d) "**Annual Maintenance Budget**" has the meaning set forth in section 6.3;

(e) "**Anniversary**" means an anniversary of the Effective Date during the Option Period;

(f) "**Applicable Laws**" means any Mexican (including Mexican Official Standards and Non-Official Standards), Canadian or foreign, federal, state, provincial, or local law, regulation, ordinance, code, order or other requirement or rule of law or the rules, policies, orders or regulations of any Government Agency, including any judicial or administrative interpretation thereof, applicable to a Party or any of its properties, assets, business or operations (including the Concession), or a Party's directors, officers, managers, attorney-in-fact, employees or Agents;

(g) "**Business Day**" means any day other than a Saturday, Sunday or statutory, civic or bank holiday in Vancouver, British Columbia or the State of Zacatecas, Mexico;

(h) "**Cash Payment**" has the meaning set forth in section 2.3(b);

(i) "**Claim**" means any claim, demand, action, cause of action, damage, loss, cost, liability or expense, including reasonable legal fees;

(j) "**Concession**" has the meaning set forth in the recitals of this Agreement;

(k) "**Contracts**" means any contract or commitment, whether oral or written, to which the Grantors are bound or in respect of which the Grantors may have liability and that relates to the Concession;

(l) "**Earn-In Date**" has the meaning set forth in section 2.6;

(m) "**Effective Date**" means the date of this Agreement set forth on the first page hereof;

(n) "**Encumbrances**" means any and all, mortgages, pledges, security interests, liens, charges, encumbrances, contractual obligations, royalty interests and rights and Claims of others, whether recorded or unrecorded, registered or unregistered;

(o) "**Environment**" means the system of natural and artificial or man induced elements such as air (including air in buildings, natural or made-made structures below or above ground), water (including water under or within land or in drains and sewers and coastal and inland waters and water bodies or recipient bodies) and land (including soil whether at or below surface) wetland, sediment, soil or subsurface strata, and natural resources and the environment as defined in any Environmental Laws;

(p) "**Environmental Laws**" means all Applicable Laws relating to the protection of the Environment, including air, soil, surface water, ground water, forest, flora, wildlife, or to public health and safety, and includes those Environmental Laws that regulate, ascribe, provide for or pertain to liabilities or obligations in relation to the existence, use, production, manufacture, processing, distribution, transport, handling, storage, removal, treatment, disposal, emission, discharge, migration, seepage, leakage, spillage or release of Hazardous Substances or the construction, alteration, use or operation, demolition or decommissioning of any facilities, mining projects, or other real or personal property;

(q) "**Exchange Rate**" means the exchange rate of the Banco de Mexico for the payment of obligations incurred in foreign currency to be fulfilled in the Mexican Republic (*Tipo de cambio para solventar obligaciones denominadas en moneda extranjera pagaderas en la Republica Mexicana*), as published in the Mexican Diario Oficial de la Federacion;

(r) "**Existing Royalty**" means the 2% net smelter returns royalty granted by Fortunate Sun over the Concession in favour of Oremin Metals Ltd.;

(s) "**Expenditures**" means all costs incurred and monies expended by or on behalf of KGEM in doing Work after the Effective Date pursuant to and in accordance with the terms of this Agreement and the then current budget, which shall include all costs incurred and monies expended: in doing geophysical, geochemical, land or geological examinations and surveys in searching for, digging, trenching, sampling, assaying, testing, working, developing, mining or extracting Ore, minerals and metals from the mining lots covered by the Concession; in doing diamond and other drilling; in erecting and installing and removing mining plant, ore processing plant, ancillary facilities, buildings, machinery, tools, appliances or equipment on or off the mining lots covered by the Concession, as the case may be, and required for completing Work, on a proportionate basis if such facilities, plants or equipment are used in conjunction with other mining lots; in construction of access roads or similar access facilities required for access to the mining lots covered by the Concession, whether on or off the mining lots covered by the Concession, as the case may be; in transporting Ore, minerals, metals, personnel, supplies, mining or ore processing plant, buildings, machinery, tools, appliances or equipment in, to or from the mining lots covered by the Concession or elsewhere as required; all expenses incurred in keeping the Concession and the mining lots they cover in good standing under the laws of Mexico; all costs incurred in obtaining, improving, protecting or perfecting title to the Concession; all costs incurred in negotiating and obtaining the necessary surface rights to the mining lots that are the subject of the Concession; all costs incurred in connection with the pursuant to the terms of this Agreement; in preparing engineering, geological, financial or marketing studies and/or reports and Work related thereto; in connection with any applications and necessary studies for obtaining or improving, protecting and perfecting title to, and permits, licences, and other regulatory approvals relating to, the Concession and lots it covers, and including the reasonable preparation for and attendance at hearings and other meetings; in paying

Maintenance Costs; and all administrative and overhead costs directly incurred by or on behalf of KGEM and related directly to the administration of the Concession or Work done on the mining lots covered by the Concession; provided that in no event shall such administrative and overhead costs exceed ten percent (10%) of all other Expenditures directly related to the Concession and directly incurred or performed by or on behalf of KGEM or ten percent (10%) of the contract price in respect of all other Expenditures directly related to the Concession or the Work done on the mining lots covered by the Concession performed by any Agent of KGEM; and provided further that in no event shall Expenditures include any value added tax incurred by KGEM or its Agents in respect of Expenditures, if compensable or recoverable by KGEM under Applicable Laws from the applicable Mexican taxing authorities.

(t) "**Expenditure Amount**" has the meaning set forth in section 2.3(a);

(u) "**Expenditure Date**" has the meaning set forth in section 2.3(a);

(v) "**Fortunate Sun Process Agent**" has the meaning set forth in section 14.1;

(w) "**Government Agency**" means any federal, provincial, state, municipal or other governmental department, commission, board, bureau, agency, state owned corporation or instrumentality, or any court, securities commission, securities regulatory authority or stock exchange, in each case whether of Canada, a Province of Canada, Mexico, a state of Mexico, or any other jurisdiction;

(x) "**Grantors**" means Fortunate Sun and FSM, together or individually as the context may require;

(y) "**Hazardous Substance**" means any waste, substance or material whether in a solid, liquid or gaseous form or any constituent thereof that is of a corrosive, reactive, explosive, toxic, flammable or biologically infections nature, or is capable of causing harm to or has a deleterious effect on the Environment or human health or that has been mixed with substances or materials with such characteristics which causes or is capable of causing harm to or has a deleterious effect on the Environment or human health or any other substances currently regulated or defined as hazardous or harmful in any Environmental Laws, including those listed or characterized as "hazardous" under Mexican Official Norms NOM-052-SEMARNAT-2005, NOM-053-SEMARNAT-1993, NOM-002/1-SCT/2009, NOM-002-SCT-2003, NOM-133-SEMARNAT-2000, Mexico's Ley General para la Prevención Integral de los Residuos and its Regulations (Reglamento de la Ley General para la Prevención Integral de los Residuos);

(z) "**KGEM Process Agent**" has the meaning set forth in section 14.2;

(aa) "**Letter Agreement**" has the meaning set forth in the recitals of this Agreement;

(bb) "**Maintenance Costs**" means all amounts incurred to maintain the Concession in good standing with all appropriate authorities and under all Applicable Laws, including annual exploration fees, the payment of any mining duties, property taxes, instruction fees, service fees or stamp duties, the filing of reports with respect to minimum assessment work, and the performance of any and all obligations required by the terms and conditions of the Concession;

(cc) "**Material**" relates to the essence of the contract or the agreement, more than a mere conveyance to a right, but an actual obstacle preventing the performance or exercise of a right or taking the benefit of a right;

(dd) "**Mexico**" means the United Mexican States;

(ee) "**Mining Company**" has the meaning set forth in section 3.1;

(ff) "**Operator**" means KGEM;

(gg) "**Option**" has the meaning set forth in section 2.1;

(hh) "**Option Period**" means the period during which the Option is in full force and effect in accordance with the terms of this Agreement;

(ii) "**Ore**" means all materials containing a mineral or minerals, of commercial economic value extracted or derived from the mining lots covered by the Concession;

(jj) "**Parties**" means Fortunate Sun, FSM, and KGEM, and "**Party**" means any one of the Parties;

(kk) "**Person**" means and includes any individual, sole proprietorship, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, agrarian community, ejido, company, corporation or other body corporate, Governmental Agency and a natural person in his capacity as trustee, executor, administrator, or other legal representative;

(ll) "**Prime**" means the variable annual reference rate of interest from time to time established by The Bank of Nova Scotia as its "prime rate" of interest for commercial loans in Canada denominated in United States of America dollars, provided that if The Bank of Nova Scotia no longer establishes such rate, the Parties will act reasonably to agree to a substituted rate;

(mm) "**Proceeding**" has the meaning set forth in section 14.1;

(nn) "**Quarterly Report**" has the meaning set forth in section 6.9;

(oo) "**Remediation Action**" means all actions necessary to comply with or discharge any obligation under Environmental Laws to (i) clean up, remove, treat, restore, contain, abate, cover or in any way adjust Hazardous Substances in the indoor or outdoor environment; (ii) prevent or control the release of Hazardous Substances so that they do not migrate or endanger or threaten to endanger public health or welfare or the Environment; (iii) perform remediation studies, investigations, restoration and post-remediation studies (or post-cleanup care), assessments, testing, investigations and monitoring on, about or in the mining lots comprise the Concession and any other properties; and the term "**Remediate**" (when used as a verb) means to conduct a Remediation Action;

(pp) **"Shareholders' Agreement"** has the meaning set forth in section 3.2;

(qq) "**Short Form Agreement**" means the short form version of this Agreement to be entered into by Fortunate Sun and KGEM on, or as soon as practicable after, the date hereof in Spanish and governed by the laws of Mexico, in order to be recorded with the applicable Mexican Governmental Agency pursuant to Applicable Laws, in the form attached as Schedule "C" hereto;

(rr) "**Technical Information**" means all information and all know-how owned, leased or licensed by, or on behalf of the Grantors or in which Grantors have a right, title or interest, and which pertains or is related to the Concession, including:

(i) information of a scientific, technical or business nature, whether in written, graphic, machine readable, electronic or physical form; and

(ii) maps, plans, designs, research data, research plans, development plans, drill core samples, reserve and resource estimates, environmental reports, notifications from all Government Agencies, trade secrets, processes, formulas, drawings, technology, computer software and related manuals, unpatented blueprints, flow sheets, equipment and parts lists, instructions, manuals, records and procedures; and

(ss) "**Work**" means prospecting, exploration, development or other mining and ore processing work performed on, in or under, or in relation to, the mining lots covered by the Concession or any portion thereof.

1.2 ***Headings***

The division of this Agreement into Articles, sections and subsections and the insertion of headings are for the convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.3 ***Interpretation***

In this Agreement:

(a) where a representation or warranty is made in this Agreement on the basis of the knowledge of a Party, such knowledge consists of the actual knowledge of the directors, officers and senior managers of the Party and all knowledge which such Persons would have if he or she made due inquiry, within the scope of his or her responsibilities, into the relevant subject matter;

(b) the use of words in the singular or plural, or with a particular gender, shall not limit the scope or exclude the application of any provision of this Agreement to such person or persons or circumstances as the context otherwise permits;

(c) unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated (i) by excluding the day on which the period commences and including the day on which the period ends; (ii) by extending the period to the next Business Day following if the last day of the period is not a Business Day; and (iii) by referring to the term "month" as a 30-day period; whenever any payment is to be made or any action under this Agreement is to be taken on a day other than a Business Day, such payment shall be made or action taken on the next Business Day following; and

(d) the use of the words, "include" or "including" shall be deemed to mean "include, without limitation", or "including, without limitation", if applicable.

1.4 ***Section References, etc.***

References herein to an Article, section, subsection, recital or other subdivision or part without other identification shall mean an Article, section, subsection, recital or other subdivision or part within this Agreement.

1.5 ***Governing Law***

Except as set forth below, this Agreement and its application and interpretation shall be governed by and interpreted and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. Notwithstanding the foregoing, any provision of this Agreement contained in the Short Form Agreement shall be governed by and interpreted and construed in accordance with the laws of Mexico. In the event of any conflict or inconsistency between this Agreement and the Short Form Agreement, the Short Form Agreement shall prevail.

1.6 ***Currency***

All references to currency in this Agreement shall refer to the lawful currency of the United States of America.

1.7 ***Schedules***

The following are the schedules or exhibits to this Agreement and whether annexed hereto or delivered separately, shall form part of this Agreement;

Schedule A:	Concession List
Schedule B:	Shareholders' Agreement Terms and Conditions
Schedule C:	Short Form Agreement
Schedule D:	Rules for Arbitration

ARTICLE 2

OPTION

2.1 ***Grant of Option***

Fortunate Sun does hereby give and grant to KGEM an exclusive right and option to earn and acquire an undivided seventy-five percent (75%) ownership interest in the Concession (the "**Option**") through the Mining Company, free and clear of all Encumbrances, other than the Existing Royalty, by satisfying within the time limits therefore, the obligations set out in this Article 2.

2.2 ***Vesting and Commencement of Option***

The Option shall vest and commence on the Effective Date, and shall terminate on the fifth Anniversary (the "**Option Period**"), unless exercised or otherwise terminated, in accordance with the terms of this Agreement.

2.3 ***Maintenance of the Option***

In order to maintain the Option in good standing, KGEM shall:

(a) incur and fund Expenditures on the Concession in the aggregate amount of $2,500,000 (the "**Expenditure Amount**") on or before the fifth Anniversary as follows:

   (i) $200,000 within the period commencing on the Effective Date and ending on the first Anniversary;

   (ii) $300,000 within the period commencing on the first Anniversary and ending on the second Anniversary;

   (iii) $500,000 within the period commencing on the second Anniversary and ending on the third Anniversary;

(iv) $700,000 within the period commencing on the third Anniversary and ending on the fourth Anniversary; and

(v) $800,000 within the period commencing on the fourth Anniversary and ending on the fifth Anniversary;

(each Anniversary date, an "**Expenditure Date**")

provided, however, that if KGEM incurs and funds Expenditures of $2,500,000 in full prior to and in advance of the time frame provided herein, then KGEM will not be required to incur and fund any further Expenditures in accordance with the terms of this section 2.3(a); and provided further that Expenditures incurred by each Expenditure Date in excess of the minimum requirements set forth above shall count towards the minimum Expenditures set forth above in subsequent periods; and

(b) pay to Fortunate Sun (or as directed by it) by wire transfer in immediately available funds the aggregate amount of $200,000 (the "**Cash Payment**") during the Option Period as follows:

(i) $25,000 within five (5) Business Days of the Effective Date;

(ii) $25,000 within five (5) Business Days of the first Anniversary;

(iii) $25,000 within five (5) Business Days of the second Anniversary;

(iv) $25,000 within five (5) Business Days of the third Anniversary;

(v) $75,000 within five (5) Business Days of the fourth Anniversary; and

(vi) $25,000 on the date the Option is exercised in accordance with section 2.6, which can be paid either by KGEM or the Mining Company.

2.4 ***Funding of Expenditures and Payment of Cash Payment***

The first $200,000 of Expenditures is committed and shall be incurred by KGEM. The remainder of all Expenditures is not committed and may be made in KGEM's sole discretion. KGEM may terminate this Agreement on prior written notice to the Grantors at any time during the Option Period after it has incurred and funded Expenditures of at least $200,000 without any obligation to incur further Expenditures. If the Expenditures to be incurred on or before the respective Expenditure Dates provided in section 2.3(a) above are less than the required amounts, then KGEM may pay the deficiency to or to the direction of Fortunate Sun in cash within sixty (60) days after the expiry of the applicable Expenditure Date in order to maintain the Option. If the aggregate Expenditures incurred on or before the fifth Anniversary of the Effective Date are less than $2,500,000, KGEM may pay the deficiency to or to the direction of Fortunate Sun in cash within sixty (60) days after the fifth Anniversary in order to exercise the Option. Any Expenditures made under section 2.3(a), any Cash Payment paid under section 2.3(b) above, or any payments made pursuant to this section 2.4 are not reimbursable if KGEM does not exercise the Option. If KGEM does not incur and fund the Expenditures in accordance with section 2.3(a), other than in circumstances of force majeure in accordance with Article 12, or if it does not pay the Cash Payment to Fortunate Sun in accordance with section 2.3(b), or if it does not make the payments to Fortunate Sun in lieu of the annual Expenditures as provided herein (if applicable), the Option shall terminate and all Expenditures previously incurred or funded, all Cash Payment previously paid, and all payments previously made to Fortunate Sun in lieu of Expenditures (if applicable), shall be forfeited by KGEM. In addition to and notwithstanding anything herein contained, if, subsequent to any Expenditure

Date, it is determined upon examination or audit by the Grantors that Expenditures to be incurred by KGEM by such Expenditure Date have not been either incurred by KGEM or paid to or to the direction of Fortunate Sun, KGEM shall not lose any of its rights hereunder and the Option shall not terminate, provided that KGEM incurs such deficiency in Expenditures or pays to or to the direction of Fortunate Sun the amount of such deficiency in Expenditures within sixty (60) days following such examination or audit.

2.5 ***Failure by KGEM***

If, at any time during the Option Period, KGEM notifies the Grantors in writing that it will not incur and fund Expenditures or pay the Cash Payment, or, if KGEM fails to incur and fund Expenditures (unless such failure is rectified pursuant to section 2.4) or pay the Cash Payment during the Option Period in accordance with this Article 2 for any reason whatsoever, save and except for a continuing event of force majeure in accordance with Article 12 in the case of incurring and funding the Expenditures, then Article 8 shall be applicable and the Option and this Agreement (other than those provisions which specifically survive such termination in accordance with their terms) shall terminate and be of no force and effect.

2.6 ***Exercise of Option***

If KGEM, or the Mining Company only with respect to the Cash Payment, has (a) incurred and funded Expenditures aggregating a minimum of $2,500,000 in accordance with the provisions of section 2.3(a) (or made cash payments in lieu thereof pursuant to section 2.4), and (b) paid the Cash Payment in accordance with section 2.3(b), KGEM or the Mining Company shall provide a written notice of exercise of the Option to the Grantors stating that it has satisfied each of the obligations necessary to exercise the Option. Following receipt of such notice of exercise of the Option, KGEM or the Mining Company shall be deemed to have exercised the Option as at the date of reception of such written notice of exercise (the "**Earn-In Date**") and KGEM or the Mining Company shall have earned an undivided seventy-five (75%) interest in the Concession through the Mining Company, free and clear of all Encumbrances, but subject to the Existing Royalty.

The parties agree that KGEM may at its sole discretion contribute, assign, and convey all right, title and interest in and to the Option to the Mining Company without further consent from the Grantors.

2.7 ***Taxes***

All payments made in accordance with section 2.3 by KGEM to Fortunate Sun are subject to the applicable Mexican value added tax ("**VAT**") and shall be made against delivery of the corresponding tax invoice, which shall comply with all applicable Mexican tax requirements and clearly separate the amount of the payment and the VAT.

2.8 ***Currency Conversion***

In the event that any Expenditures are funded or incurred in Mexican Pesos, then, for the purposes of this Agreement, the Parties agree to convert such Expenditures from Mexican Pesos to U.S. Dollars at the Exchange Rate on the date that the Expenditures are incurred or the payment is made, as such Exchange Rate is published in the Diario Oficial de la Federación.

ARTICLE 3
JOINT VENTURE

3.1 ***Mining Company***

(a) Upon the exercise of the Option by KGEM or immediately prior to the exercise of the Option by KGEM, the Parties shall promptly incorporate a company under the laws of Mexico (the "**Mining Company**") for the Concession to carry out, if warranted, the construction, development and operation of one or more mines on the mining lots covered by the Concession, and the Parties agree that the provisions of the constating documents of the Mining Company shall include such terms that are customarily used for mining joint venture corporations in Mexico, and shall incorporate, to the extent permitted and/or required to conform to any Applicable Laws, the terms set out in Schedule "B" attached hereto. If the Mining Company is incorporated prior to the exercise of the Option by KGEM, KGEM shall contribute, assign and convey all right, interest and title in and to the Option plus a premium of $25,000 to the Mining Company without further consent from the Grantors, in which case the Mining Company will be required to make the last Cash Payment, as defined in section 2.3(b)(vi) above, directly to Fortunate Sun to exercise the Option and give the notice described in section 2.6 above. Upon receipt of the last Cash Payment from the Mining Company and the notice described in section 2.6 above from the Mining Company, Fortunate Sun shall within the following three business days or as practicable possible, contribute, assign and convey all its right, interest and title in and to the Concession to the Mining Company in a manner consistent with section 3.1(c) below.

(b) The initial share structure of the Mining Company after the exercise of the Option by KGEM shall be organized so that the shares of the Mining Company are owned by KGEM or an Affiliate of KGEM and Fortunate Sun or an Affiliate of Fortunate Sun in the following percentages:

KGEM or an Affiliate of KGEM:	75%
Fortunate Sun or an Affiliate of Fortunate Sun:	25%

(c) KGEM shall receive a 75% interest in the Mining Company for its contribution of intangibles which fair market value would be at the time of contribution equal to $2,500,000 and the Option after paying the Cash Payment, such that its capital contribution shall equal an amount in Mexican currency equal to $2,700,000. Fortunate Sun shall receive a 25% interest in the Mining Company by contributing, transferring and conveying all of its registered and beneficial right, title and interest in and to the Concession to the Mining Company which will have a fair market value in Mexican currency equal to $900,000. For the purposes of this section 3.1(c), the Parties agree to convert such amounts from U.S. Dollars to Mexican Pesos at the Exchange Rate on the date of incorporation of the Mining Company.

3.2 ***Shareholders Agreement***

Upon KGEM making the payment under section 2.3(b)(v), the Parties shall in good faith using best efforts negotiate and finalize the terms of a shareholders agreement to govern the relationship of the Parties from and after the Earn-in Date, which agreement shall include, among other terms, terms and provisions reflecting in substance those set out in Schedule "B" attached hereto (the "**Shareholders Agreement**"). The Parties shall enter into and deliver the Shareholders Agreement immediately upon the incorporation of the Mining Company and issuance of the shares of the Mining Company in accordance with section 3.1(b).

ARTICLE 4
DELIVERY OF DATA AND PROPERTY

4.1 ***Data***

The Grantors shall make available to KGEM true, correct and complete copies, or originals for copy by KGEM, of all Technical Information and any other data, reports or information the Grantors may have prepared, caused to be prepared or received with respect to the Concession in their possession or control, whether in paper or electronic format, provided that all such Technical Information and other data reports or information shall be kept confidential by KGEM as provided in Article 9, and further provided that the Grantors shall retain exclusive title thereto until such time as KGEM shall have duly and properly exercised the Option in accordance with the terms of this Agreement, whereupon title to such Technical Information and other data, reports and information shall be transferred and assigned to the Mining Company in accordance with Section 3.1(c).

4.2 ***Title to Concession***

Title to the Concession shall remain registered or recorded in the name of Fortunate Sun until such time as KGEM or the Mining Company shall have duly and properly exercised the Option in accordance with the terms of this Agreement, whereupon title to the Concession shall be transferred, conveyed and assigned to, and registered or recorded in the name of the Mining Company in accordance with section 3.1(c) at the Mining Company's cost. KGEM or the Mining Company shall have the right to register the Short Form Agreement in all applicable public registries, including the Public Registry of Mining for the purpose of giving notice of its Option rights hereunder. The Grantors shall co-operate with such registration and take all such reasonable actions necessary to accomplish such registration. KGEM or the Mining Company shall take all reasonable steps and actions to discharge and remove such notice from title to the Concession upon the exercise of the Option or the termination of this Agreement. Upon termination of this Agreement, the Grantors shall be entitled to register, record or file such discharges and remove the registration of this Agreement with the Public Registry of Mining.

ARTICLE 5
REPRESENTATIONS AND WARRANTIES

5.1 ***Representations and Warranties of the Grantors***

The Grantors, acknowledging that KGEM is entering into this Agreement in reliance thereon, hereby jointly and severally represent and warrant to KGEM that, as of the Effective Date:

(a) Fortunate Sun is a variable capital corporation duly incorporated originally under the name of Oremin Gold, S.A. de C.V. (said name was changed for Fortunate Sun, S.A. de C.V.) and validly subsisting and in good standing under the laws of Mexico in accordance with Public Deed No. 82,008, dated February 29, 2008, attested before Mr. Bernardo González Courtade, Notary Public No. 11 for the City of San Luis Potosí, San Luis Potosí and which first testimony is duly registered with the Public Registry of Property and Commerce of said city, under the electronic mercantile folio number 25021*1 dated March 24, 2008, as well as with the Public Registry of Mining under number 59 of volume XL of the Book of Mining Companies dated June 13, 2008;

(b) Fortunate Sun has the power, capacity and authority to enter into and perform its obligations under this Agreement and all transactions contemplated herein and all corporate and other actions required to authorize Fortunate Sun to enter into and perform this Agreement have been duly and validly taken;

(c) Fortunate Sun has all necessary corporate power to own its properties and assets, including its right, title and interest in and to the Concession, and to carry on its business as now conducted or proposed to be conducted by it and is registered as required and in good standing with respect to the filing of returns under all Applicable Laws of all jurisdictions in which it carries on business, including the laws of Mexico;

(d) Fortunate Sun is legally authorized to continue with its normal course of business and therefore may grant the Option to KGEM;

(e) the grant of the Option pursuant to this Agreement, and the execution, delivery, performance and consummation of the transactions contemplated by this Agreement, will not result in a default under any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which Fortunate Sun is a party or by which it is bound or to which its properties or assets are subject nor will such action conflict with or result in any violation of the provisions of its charter documents or any Applicable Law;

(f) this Agreement has been duly executed and delivered by Fortunate Sun and is valid and binding upon Fortunate Sun in accordance with its terms, subject to applicable bankruptcy, insolvency, moratorium, or other similar Applicable Laws presently or hereinafter in effect affecting the enforcement of creditors' rights generally or other equitable principles;

(g) no proceedings have been taken or authorized by Fortunate Sun or by any other person with respect to the bankruptcy, insolvency, liquidation, dissolution or winding up of Fortunate Sun or with respect to any amalgamation, merger, consolidation, arrangement or reorganization of, or relating to, Fortunate Sun, nor, to the knowledge of the Grantors, have any such proceedings been threatened by any other person;

(h) there are no outstanding rights, agreements or obligations, or understandings capable of becoming rights, agreements or obligations, to acquire any right, title or interest in or to the Concession or to grant any interest in or Encumbrance on the Concession;

(i) subject only to the rights of any Government Agency having jurisdiction and the Exiting Royalty, no Person is entitled to or has been granted any royalty or other payment in the nature of rent or royalty on any minerals, metals or concentrates or any other product mined, produced, removed or otherwise recovered from the mining lots that comprise the Concession;

(j) the Concession is accurately described in Schedule "A" hereto and is in good standing with respect to the performance of all obligations thereon or in respect thereof (including payment of mining duties, except for the mining duties corresponding to the first semester of 2010, performance of minimum assessment work and filing of reports with respect to minimum assessment work) required under Applicable Laws and is owned by and duly registered or recorded in the name of Fortunate Sun, free and clear of any Encumbrances, other than the Existing Royalty;

(k) the Applicable Laws permit Fortunate Sun to grant to KGEM the right to hold exploration rights in respect of the Concession in order to carry out prospecting, exploration, pre-development and feasibility activities on the mining lots covered by the Concession;

(l) upon exercise of the Option by KGEM, Fortunate Sun will have the corporate power and authority to transfer legal title to the Concession to the Mining Company, free and clear of all Encumbrances, other than the Existing Royalty;

(m) Fortunate Sun has not obtained, entered into any agreement or arrangement pertaining to, or otherwise has been granted, any rights to access the mining lots or any part of the surface covered by the Concession;

(n) Fortunate Sun has obtained all required approvals and authorizations to grant the Option to KGEM and to enter into the transactions contemplated by this Agreement;

(o) there is no actual, threatened or, to the knowledge of the Grantors, pending or contemplated Claim or challenge relating to the Concession or any part thereof, nor, to the knowledge of the Grantors, is there any basis therefor, and there is not presently outstanding against Fortunate Sun any judgment, decree, injunction, rule or order of any court, Governmental Agency or arbitrator which directly or indirectly relate to or affect the Concession or any part thereof;

(p) all taxes, assessments, rentals, levies and other payments, as well as all reports, relating to the Concession and required to be made, performed and filed to and with any Governmental Agency in order to maintain the Concession in good standing have been so made, performed or filed, as the case may be;

(q) to the knowledge of the Grantors, there has been no Claim made by any aboriginal peoples or "ejidos" or "communidades indígenas" with respect to any right or interest in or to the Concession;

(r) conditions on and relating to the Concession and the mining lots covered by the Concession respecting all past and current operations conducted thereon by Fortunate Sun are in compliance with all Applicable Laws, including all Environmental Laws, and conditions on and relating to the Concession and the mining lots covered by the Concession respecting all past operations conducted thereon by Persons other than Fortunate Sun are, to the knowledge of the Grantors, in compliance with all Applicable Laws, including all Environmental Laws;

(s) neither Fortunate Sun nor, to the knowledge of the Grantors, any other Person is subject to any obligations or commitments for "*reclamation*", closure or other environmental corrective, clean-up or Remediation Action directly or indirectly relating to the mining lots covered by the Concession;

(t) Fortunate Sun has not caused or permitted, and to the knowledge of the Grantors, no other Person has caused or permitted, any Hazardous Substance to remain, be released, made subject to disposal or discharged either on, in, over, from or under the environment, including the mining lots that comprise the Concession and any other properties, or to be transported other than in accordance with all Environmental Laws and permits and all Applicable Laws;

(u) Fortunate Sun has not been issued or granted any permits, licences, concessions, approvals, certificates, consents, certificates of approval, rights, privileges, registrations, exemptions or authorizations by any Government Agencies or Persons that may be required in order to own and operate the Concession;

(v) Fortunate Sun has not received any notice of expropriation of all or any part of the Concession nor do the Grantors have knowledge of any expropriation proceeding pending or threatened against or affecting all or any part of the Concession nor of any discussions or negotiations which could lead to any such expropriation;

(w) neither Grantor owns, leases or otherwise has any right, title or interest in and to any assets pertaining to or used in connection with the Concession;

(x) neither Grantor has received any notice of, or communication relating to, any actual or alleged breach of any Environmental Laws, and there are no outstanding work orders or actions or Remediation Actions required to be taken relating to the Environment respecting the mining lots covered by the Concession or any operations carried out thereon by Fortunate Sun, and Fortunate Sun has complied, with respect to the work carried out on the mining lots covered by the Concession, with all Environmental Laws;

(y) other than the agreement governing the Existing Royalty, the Letter Agreement, this Agreement and the Short Form Agreement, no Contracts have been entered into and remain in existence as of the date hereof with respect to the Concession;

(z) the Grantors have made available to KGEM all material information, including financial, operational and other information (including Technical Information), in respect of the Concession and all such information as made available to KGEM is true and correct and no material fact or facts have been omitted therefrom which would make such information misleading;

(aa) the Grantors have not incurred any liability, contingent or otherwise, for brokers' or finders' fees in respect of the transactions contemplated herein;

(bb) the Concession is duly issued by the General Bureau of Mining of Mexico and are in full force and effect, and the Fortunate Sun has complied with all obligations in respect of the Concession under Applicable Laws;

(cc) there is no outstanding responsibility or any labor trial in process of any kind, filed against Fortunate Sun that could affect, prevent or limit in any form the performance of the relevant mining works in the Concession or the completion of the transactions contemplated in this Agreement; the Grantors have fully complied with all Applicable Laws, including the applicable legal provisions of the Income Tax Law, the Social Security Law, the National Housing Fund Institute for Workers (INFONAVIT) and the Saving System for the Retirement (SAR), if applicable, to the extent that any failure to comply would affect, prevent or limit in any form the performance of the relevant mining works in the Concession or the completion of the transactions contemplated in this Agreement; and

(dd) Fortunate Sun's representative has full power and authority to execute this Agreement, as evidenced in Public Deed No. 90,060, dated April 7, 2010, attested before Mr. Bernardo González Courtade, Notary Public No. 11 for the City of San Luis Potosí, San Luis Potosí.

5.2 ***Representations and Warranties of FSM***

FSM, acknowledging that KGEM is entering into this Agreement in reliance thereon, hereby represents and warrants to KGEM that, as of the Effective Date:

(a) FSM is a corporation duly incorporated and validly subsisting and in good standing under the laws of British Columbia with respect to filing annual reports;

(b) FSM has the power, capacity and other authority to enter into and perform its obligations under this Agreement and all transactions contemplated herein and all corporate and other actions required to authorize FSM to enter into and perform this Agreement have been duly and validly taken;

(c) FSM has all necessary corporate power to own properties and assets and to carry on its business as now conducted by it, and is registered as required and is in good standing with respect to the filing of returns under the laws of all jurisdictions in which it carries on business;

(d) this Agreement has been duly executed and delivered by FSM and is valid and binding upon FSM in accordance with its terms, subject to applicable bankruptcy, insolvency, moratorium, or other similar Applicable Laws presently or hereinafter in effect affecting the enforcement of creditors' rights generally or other equitable principles;

(e) no proceedings have been taken or authorized by FSM or by any other person with respect to the bankruptcy, insolvency, liquidation, dissolution or winding up of FSM or with respect to any amalgamation, merger, consolidation, arrangement or reorganization of, or relating to FSM, nor, to the knowledge of FSM, have any such proceedings been threatened by any other person;

(f) FSM has obtained all required approvals and authorizations to grant the Option to KGEM and to enter into the transactions contemplated by this Agreement; and

(g) the execution, delivery, performance and consummation of the transactions contemplated by this Agreement will not result in a default under any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which FSM is a party or by which it is bound or to which its properties or assets are subject nor will any of the foregoing conflict with or result in the violation of the provisions of its charter documents or any Applicable Law.

5.3 ***Representations and Warranties of KGEM***

KGEM, acknowledging that the Grantors are entering into this Agreement in reliance thereon, hereby represents and warrants to the Grantors that, as of the Effective Date:

(a) KGEM is a corporation duly incorporated and validly subsisting and in good standing under the laws of Mexico in accordance with the Public Deed No. 26,031, dated October 19, 2007, attested before Mr. Jose Luis Villavicencio Castañeda, Notary Public No. 218 for the City of Mexico, Federal District and which first testimony is recorded with the Public Registry of the Property and Commerce of Mexico City, on November 11, 2007 under commercial folio no. 372149, as well as with the Public Registry of Mining on January 31, 2008, under no. 345, page 173, volume XXXIX;

(b) KGEM has the power, capacity and other authority to enter into and perform its obligations under this Agreement and all transactions contemplated herein and all corporate and other actions required to authorize KGEM to enter into and perform this Agreement have been duly and validly taken;

(c) KGEM has all necessary corporate power to own properties and assets and to carry on its business as now conducted by it, and is registered as required and is in good standing with respect to the filing of returns under the laws of all jurisdictions in which it carries on business;

(d) this Agreement has been duly executed and delivered by KGEM and is valid and binding upon KGEM in accordance with its terms, subject to applicable bankruptcy, insolvency, moratorium, or other similar laws presently or hereinafter in effect affecting the enforcement of creditors' rights generally or other equitable principles;

(e) the execution, delivery, performance and consummation of the transactions contemplated by this Agreement will not result in a default under any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which KGEM is a party or by which it is bound or to which its properties or assets are subject nor will any of the foregoing conflict with or result in the violation of the provisions of its charter documents or any Applicable Law; and

(f) KGEM's representative has full power and authority to execute this Agreement, as evidenced in Public Deed No. 26,031, dated October 19, 2009, attested before Mr. Jose Luis Villavicencio Castañeda, Notary Public No. 218, for the City of Mexico.

5.4 ***Survival of Representations and Warranties***

The representations and warranties set forth in sections 5.1, 5.2 and 5.3 shall survive the execution and delivery of this Agreement for a period of sixty (60) months from and after the Effective Date.

5.5 ***Investigations***

No investigations made by or on behalf of a Party at any time shall have the effect of waiving, diminishing the scope of or otherwise affecting any representation or warranty made by the other Party in or pursuant to this Agreement.

ARTICLE 6
RIGHT TO ENTER AND DO WORK/MANAGEMENT COMMITTEE/BUDGETS

6.1 ***Rights of Operator***

KGEM shall act as Operator of the Concession during the Option Period, and as such, KGEM shall be responsible in its sole discretion for carrying out and administering all Work, including the completion of all activities necessary to fulfill its obligations under this Agreement. Subject to the provisions of the Concession, any Applicable Laws, any Environmental Laws, the rights of any Government Agency, the rights of Fortunate Sun pursuant to sections 6.5 and 6.10 and to the requirement to obtain the necessary permits, licenses and authorizations to perform the Work and to have the required access and temporary occupation of land agreements to be entered into with the owners, ejidos or possessors of the surface within which the mining lots covered by the Concessions are located, KGEM, as Operator of the Concession, shall have the sole and exclusive right:

(i) to enter at its sole discretion in, under or upon the mining lots covered by the Concession;

(ii) to have possession of the mining lots covered by the Concession;

(iii) to carry out such Work as KGEM in its sole discretion considers advisable including bringing or erecting upon the mining lots covered by the Concession machinery, equipment and ancillary facilities including, without limiting the generality of the foregoing, housing, utility services, roads, conveyors, plants, buildings, waste areas, tailing areas and disposal areas or systems;

(iv) to maintain, to the extent permissible under Applicable Laws, in the name of Fortunate Sun, all concessions, licences, permits and authorizations required to carry out the Work;

(v) to remove Ore, minerals or metals from the mining lots covered by the Concession in such reasonable quantities for the purpose of obtaining assays or making other tests; and

(vi) to negotiate access agreements (which terms must be previously approved by Fortunate Sun, such approval not to be unreasonably withheld) with the owners, ejidos or possessors of the mining lots covered by all or any part of the Concession, as may be required.

6.2 ***Maintenance of Concession***

During the Option Period, KGEM shall take all measures required to maintain the Concession, and all permits, licences and other approvals pertaining to the Concession, in good standing with all Government Agencies and under all Applicable Laws, including the payment of any and all Maintenance Costs. KGEM shall fund and pay the Maintenance Costs directly or indirectly until:

(a) KGEM has exercised the Option; or

(b) the Option expires or is terminated without having been exercised by KGEM,

whichever occurs first. If the Option expires or is terminated without having been exercised by KGEM, Fortunate Sun shall be responsible for, and pay and fund all Maintenance Costs from and after the date of such expiration or termination. Where KGEM has exercised the Option, the Mining Company shall be responsible for and pay all Maintenance Costs from and after the Earn-In Date. For greater certainty, KGEM's obligation to pay Maintenance Costs applies only to Maintenance Costs, the liability for which arose after the Effective Date.

6.3 ***Maintenance Costs Budget***

The Grantors shall provide KGEM with an annual budget and timetable for expending and performing the Maintenance Costs (the "**Annual Maintenance Budget**") within thirty (30) days of the Effective Date and shall provide KGEM with an Annual Maintenance Budget within thirty (30) days of each Anniversary date of the Effective Date. During the Option Period, KGEM shall pay all Maintenance Costs to the applicable Person as such costs become due. The Grantors shall be entitled to revise any Annual Maintenance Budget upon a change in the amount and/or timing of performance of any Maintenance Costs upon reasonable prior notice to KGEM.

6.4 ***Delivery of Programs and Budgets***

No later than ninety (90) days after the Effective Date, KGEM shall deliver to the Grantors a written program and budget specifying in reasonable detail an outline, including the estimated Expenditures together with an activities schedule and timetable, of any and all Work proposed to be carried out during the first phase of the Work program KGEM proposes to carry out on the mining lots covered by the Concession, which shall be in the sole discretion of KGEM. Within sixty (60) days of completion of such program and budget and each subsequent phase of the Work program, KGEM will prepare and provide the Grantors with a program and budget for the next phase of the program. Where commercially practical, KGEM will give detailed advance notice in writing to the Grantors of any material deviation from any program and budget, together with the reasons therefore and a revised program and budget for the remaining months of the applicable Expenditures period, failing which KGEM shall provide such notice and reasons as soon as practicable.

6.5 ***Informal Advisory Committee***

During the Option Period, an informal committee consisting of management and technical personnel of FSM or Fortunate Sun and KGEM (or any of its Affiliates) designated thereby from time to time shall meet on at least a semi-annual basis or on such shorter basis as mutually deemed necessary by KGEM and FSM or Fortunate Sun to address matters relating to Work to be conducted by KGEM, as Operator, pursuant to this Agreement. KGEM shall take into account in good faith any technical and managerial comments made by the representatives of FSM or Fortunate Sun, as the case may be, but shall continue to have sole discretion regarding all Work and all Expenditures incurred. For greater certainty and without limitation, KGEM will not be liable in any way whatsoever for not taking into account any comments and/or recommendations made by the representatives of the Grantors.

6.6 ***Conduct of Work***

All Work conducted by KGEM or its Agents on the mining lots covered by the Concession shall be done in a prudent and workmanlike manner to the best of its ability, skill and judgment and in accordance with good mining practice and in compliance with all Applicable Laws, including Environmental Laws, and in accordance with the terms of the applicable Concession, licences, permits and agreements pertaining to the Concession. KGEM shall promptly notify the Grantors of any allegations of any violation of any of the foregoing.

6.7 ***Insurance***

During the Option Period, KGEM as Operator shall acquire and maintain adequate insurance coverage in accordance with normal industry standards and practice and shall cause its Agents to obtain and maintain similar adequate insurance. For greater certainty and without limitation, such insurance shall include public liability, injury to persons and property damage coverage in accordance with normal industry standards.

6.8 ***Removal of Liens***

During the Option Period, KGEM as Operator shall pay or cause to be paid all Agents of KGEM including workers or wage earners employed by KGEM on the mining lots covered by the Concession and for all material purchased by KGEM in connection with all Work which might give rise to a lien or privilege on the mining lots covered by the Concession. Should any such lien or privilege be recorded against the Concession in consequence of any Work done on the mining lots covered by the Concession by or for KGEM, KGEM shall forthwith take all such actions, including initiating legal proceedings, as may be necessary to have such lien or privilege removed or discharged from the Concession and shall have the same removed or discharged with all reasonable dispatch; provided, however, that upon such removal or discharge of such lien or privilege, KGEM may proceed to contest any such claim of lien or privilege in good faith and diligently.

6.9 ***Reports and Inspection***

As Operator, KGEM shall provide the Grantors, when Work is being conducted during the Option Period, with: (i) reports every calendar quarter indicating the status of all Work and itemizing in detail the Expenditures incurred and funded by KGEM during such period (each a "**Quarterly Report**"); (ii) a copy of all factual geologic information and a detailed summary of the results of all Work conducted on or with respect to the Concession during the preceding calendar year, as well as all the documentation required to evidence that the mining works covering at least the minimum investment amounts established by the Applicable Laws, have been effectively performed for the Concession for the previous calendar year, all by March 30 of each year the Agreement is in force; and (iii) timely current reports and information forthwith upon the occurrence of any material results or events, supported by copies of relevant data in respect of such material results or events. A Quarterly Report shall be delivered within thirty (30) days of the end of the applicable calendar quarter. KGEM and the Grantors shall each keep confidential all of such reports and information as provided by Article 9. The Grantors shall retain exclusive title to such reports and information during the Option Period. Upon the exercise of the Option by KGEM, title to such reports and information shall be transferred by the Grantors to the Mining Company. KGEM shall be responsible for preparing and filing in due course the annual reports of proof of mining works with the General Bureau of Mining. KGEM shall provide the Grantors a copy of each report within twenty (20) days following from the date of filing.

6.10 *Access*

During the Option Period, the Grantors and their respective employees and Agents shall have, at all reasonable times, access to the mining lots covered by the Concession and to all data, studies, maps, drill core and all other information generated by KGEM in respect of or derived from the Concession and the mining lots covered by the Concession, in all cases at their own risk and cost, provided that:

(a) the Grantors provide reasonable prior written notice to KGEM of (i) that part of the mining lots covered by the Concession to which it requires access and (ii) the identity of the individuals to be provided access; and

(b) it does not interfere with the normal operations of KGEM as Operator on such mining lots.

6.11 ***Obligations of the Grantors***

During the Option Period, the Grantors shall have the following obligations:

(a) to take no actions which would cause KGEM to be denied the full use of the rights of exploration and/or exploitation granted by the Concession;

(b) to immediately inform KGEM in writing with respect to any Claims, suit or legal proceeding of which either of them has knowledge and that could prevent or limit the rights granted by the Grantors in favor of KGEM;

(c) to deliver to KGEM, a copy of any notification issued by a competent Government Agency, which is received by the Grantors, or any of their Affiliates, within five (5) Business Days following the Grantors' or their Affiliate's receipt of notification, in the understanding that, if as a result of the failure to comply with this obligation, any lien or limitation over the Concession materially prevents in whole or in part KGEM, from exercising its rights under this Agreement, the Grantors shall indemnify KGEM from the reasonably foreseeable consequences of such failure;

(d) not to encumber, assign or promise to assign the rights derived from the Concession, except for the limited assignment rights provided in section 15.4;

(e) to permit KGEM, at any time, to remove from the Concession all the installations, machinery and equipment of the Grantors or of third parties, with the exception of the permanent fortification works, "ademes" and, in general all the facilities required for security and stability;

(f) to execute any kind of agreements, as well as to appear before a notary public for the execution of any kind of public deeds or notarial certifications and any other documents that might be required or convenient to complete the transactions contemplated in this Agreement;

(g) to use all reasonable efforts to assist KGEM to (i) negotiate access agreements, and/or (ii) obtain easements, temporary occupations or expropriations of the land covered by the Concession, in each case from the owners of the surface within which are located the mining lots covered by the

Concession, in order to carry out the exploration, exploitation and/or smelting activities within the Concession;

(h) to file the corresponding applications in accordance with Applicable Laws in order to obtain the extension of the term of the Concession, if required; and

(i) to grant to KGEM an irrevocable special and limited power of attorney in respect of any specific matter relating to the Concession that the Parties, acting reasonably, agree that needs to be addressed directly by KGEM. The language and scope of such power of attorney, if any, will be mutually agreed upon by KGEM and Fortunate Sun.

ARTICLE 7
INDEMNITY

7.1 *Indemnification by the Grantors*

The Grantors shall and hereby agree to jointly and severally indemnify and hold KGEM and its directors, officers, employees, Affiliates and Agents harmless from and against any losses, liabilities, damages, injuries, costs or expenses (including legal costs) incurred by such Persons arising out of, resulting from or in any way connected with:

(a) the Concession and the operations conducted on the mining lots covered by the Concession prior to the Effective Date, including any liabilities related or damages caused to the Environment due to breach of Environmental Laws or other Applicable Laws or otherwise, or reclaiming, Remediating or rehabilitating any of the mining lots covered by the Concession in respect of any Work performed on such mining lots prior to the Effective Date;

(b) any loss of life, injury to persons or property or damage to the mining lots that cover the Concession or the Environment prior to the Effective Date;

(c) any misrepresentation or breach of representation, warranty, covenant, obligation or agreement of the Grantors under this Agreement;

(d) any Claim against KGEM or any of its Affiliates instituted prior to or after the Effective Date that is based on any act or omission of the Grantors or any of their Affiliates prior to the Effective Date; or

(e) any Claim derived from its respective employer-worker obligations, including contractors or subcontractors hired by the Grantors.

7.2 *Indemnification by KGEM*

KGEM agrees to indemnify and hold the Grantors and each of its directors, officers, employees, Affiliates and Agents harmless from and against any losses, liabilities, damages, injuries, costs or expenses (including legal costs) incurred by such Persons arising out of, resulting from or in any way connected with:

(a) KGEM's operations conducted on the mining lots covered by the Concession after the Effective Date as contemplated by Article 6, including any liabilities related or damages caused to the Environment due to breach of Environmental Laws or other Applicable Laws or otherwise, or reclaiming, Remediating or rehabilitating any of the mining lots covered by the Concession in respect of any Work performed on such mining lots after the Effective Date;

(b) any loss of life, injury to persons or property or damage to the mining lots that cover the Concession or the Environment after the Effective Date;

(c) any misrepresentation or breach of representation, warranty, covenant, obligation or agreement of KGEM under this Agreement;

(d) any Claim against Grantors or any of their Affiliates instituted after the Effective Date that is based on any act or omission of KGEM in its operations or activities on the Concession after the Effective Date; or

(e) any Claim derived from its respective employer-worker obligations, including contractors or subcontractors hired by KGEM;

provided, however, that KGEM shall not be required to indemnify and hold harmless the Grantors under this Section 7.2 if any such losses, liabilities, damages, injuries, costs or expenses are caused, in whole or in part, by the Grantors or any of their representatives.

The parties agree that the Cash Payments or the Cost Expenditures incurred and funded by KGEM or the Mining Company shall not be considered an indemnification for the breach or termination of this Agreement.

7.3 ***Survival***

Notwithstanding any other provision of this Agreement and any termination of this Agreement, the indemnities provided herein shall remain in full force and effect until all possible liabilities of the Persons indemnified thereby are extinguished by the operation of law and will not be limited to or affected by any other indemnity obtained by such indemnified Persons from any other Person.

ARTICLE 8
TERMINATION

8.1 ***Termination Events***

Subject to the obligations of the Parties which expressly survive the termination of this Agreement, the Option shall terminate:

(a) if KGEM fails to (i) incur the required Expenditures on or before the relevant Expenditure Dates as set forth in section 2.3(a); or (ii) pay the Cash Payment on or before the relevant dates as set forth in section 2.3(b); or (iii) deliver notice to the Grantors that it has exercised the Option in accordance with section 2.6, on the date immediately following the date such notice or other deliveries were deliverable; or

(b) upon the mutual consent of the Parties;

provided that for greater certainty, and without limitation, sections 8.2 through 8.7 inclusive as well as Article 9 shall survive the termination of this Agreement.

8.2 ***Other Termination Events***

Subject to the obligations of the Parties which expressly survive the termination of this Agreement, in addition to the termination events set out in section 8.1 above, the Parties agree that the Option and this Agreement may be terminated by KGEM if a Material breach or Material default of section 6.11 occurs, which Material breach or Material default has not been cured by the Grantors within twenty (20) Business Days of receipt by the Grantors of prior written notice of such Material breach or Material default from KGEM. If KGEM terminates this Agreement as a result of a Material breach or Material default of section 6.11, then the Grantors shall refund and pay to KGEM all or any portion of the Expenditure Amounts and Cash Payment incurred or paid by KGEM up to that date, no later than five (5) Business Days from the date of receipt by the Grantors of a notice from KGEM providing notice of such termination, and KGEM shall no longer have any obligation to fund or incur the Expenditure Amount or pay any additional Cash Payment. Interest at a per annum rate of Prime plus 400 basis points, calculated and compounded monthly in arrears, shall accrue on such amount owing by the Grantors to KGEM if such amount is not paid within thirty (30) days of delivery of KGEM's notice.

8.3 ***Release of Concession and Discharge of Short Form Agreement***

If this Agreement or the Option is terminated prior to the exercise of the Option, KGEM shall forthwith, and in any event within fifteen (15) days of such termination, deliver to Fortunate Sun a release in form and content satisfactory to Fortunate Sun, acting reasonably, with respect to the Concession and this Agreement (except such portions of this Agreement that survive the termination of this Agreement), and discharge the registration pertaining to the Short Form Agreement.

8.4 ***Maintenance Costs***

Upon termination of the Option, KGEM shall ensure that it has funded all Maintenance Costs and the Expenditure Amount payable up to the date of termination of the Option in accordance with the terms hereof.

8.5 ***Delivery of Data***

Upon the termination of the Option, KGEM shall deliver to the Grantors within sixty (60) days of the date of termination of the Option, all originals of all Technical Information and all other data, reports of information provided to KGEM by the Grantors as well as copies of all Technical Information produced by KGEM or its Agents and related to the Concession.

8.6 ***Removal of Liens***

If, upon or following termination of the Option, a lien on the Concession shall arise in connection with Work conducted by KGEM or its Agents and KGEM shall wish to contest such lien, KGEM shall post security sufficient to permit such lien to be discharged and shall forthwith take all such measures as are necessary in order to discharge such lien, provided that, upon such removal of any such liens, KGEM may proceed to contest any such liens in good faith.

8.7 ***Removal of Buildings and Environmental Matters***

Upon termination of the Option:

(a) all buildings, plant, equipment, machinery, tools, appliances and supplies which may have been brought upon the mining lots covered by the Concession by or on behalf of KGEM as Operator shall be removed by KGEM at any time not later than sixty (60) days after termination of the

Option, unless other arrangements on terms satisfactory to the Grantors are made between KGEM and the Grantors; and

(b) KGEM shall perform all rehabilitation, reclamation or pollution control on the mining lots covered by the Concession which is required as a result of the activities thereon by KGEM or its Agent, to the standard required in accordance with all Applicable Laws as approved by the appropriate Government Agency having jurisdiction.

ARTICLE 9
CONFIDENTIAL INFORMATION

9.1 ***Confidentiality***

(a) The Parties agree to treat this Agreement and all terms and conditions hereof, and all data, reports, records, and other information, coming into the possession of the Parties and their employees, Affiliates and Agents by virtue hereof, as confidential except if disclosure is required by Applicable Law or by any Government Agency. Such information shall not be otherwise disclosed to any Person without the prior consent of the other Party, which consent shall not be unreasonably withheld.

(b) The consent required by this section 9.1(a) shall not apply to a disclosure to:

(i) subject to section 9.1(d), comply with any Applicable Laws, or any Government Agency having jurisdiction;

(ii) a director, officer or employee of a Party;

(iii) an Affiliate of a Party;

(iv) an Agent of a Party that has a *bona fide* need to be informed;

(v) any third party to whom the disclosing Party may assign any of its rights under this Agreement;

(vi) a bank or other financial institution or underwriter or investor from which the disclosing Party is seeking equity or debt financing; or

(vii) conduct any arbitration proceeding under section 13.1;

provided, however, that the disclosing Party shall be responsible and liable for any disclosure of confidential information to any of the foregoing Persons, and, in the case of paragraphs (v) and (vi) above, the third party or parties, as the case may be, agree in writing in favour of the non-disclosing Party to maintain in confidence and not disclose for a period of one (1) year any of the confidential information so disclosed to them.

(c) The obligations of confidentiality and prohibitions against use under this Agreement shall not apply to information that the disclosing Party can show by reasonable documentary evidence or otherwise:

(i) as of the Effective Date, was in the public domain other than as a result of a breach of this Article 9;

(ii) after the Effective Date, was published or otherwise became part of the public domain through no fault of the disclosing Party or an Affiliate thereof (but only after, and only to the extent that, it is published or otherwise becomes part of the public domain); or

(iii) was information that the disclosing Party or its Affiliates were required to disclose pursuant to the order of any Governmental Agency or judicial authority.

(d) Notwithstanding any of the foregoing provisions of this section 9.1, the FSM agrees that, in addition to its obligations under this section 9.1, FSM shall not file this Agreement on SEDAR or any other public filing system in accordance with their continuous disclosure obligations under applicable securities laws unless and until it has (i) provided KGEM with at least seven (7) days to advise FSM which provisions of the Agreement should be redacted before the Agreement is filed on SEDAR or any other public filing system, and (ii) accepted KGEM's reasonable redactions. If KGEM's redactions are not acceptable to the applicable securities regulator then, subject to any appeal process (which shall be conducted by KGEM or any of its Affiliates at KGEM's sole expense), and subject to FSM providing KGEM with notice of the applicable securities regulator's objections or order so that KGEM may seek a protective order or other appropriate remedy, FSM shall be permitted to file this Agreement with only such redactions as are so accepted by the applicable securities regulator.

9.2 ***Public Announcements***

No public statement or press release shall be made by any Party unless such Party making such disclosure shall consult with the other Party prior to making such statement or press release, and the Parties shall use all reasonable efforts, acting in good faith, to agree upon a text for such statement or press release which is satisfactory to the Parties, subject in all cases to Applicable Law. For greater certainty, the Parties agree that the foregoing provisions of this section 9.2 shall not operate to prohibit any Party from issuing a public statement or press release where it is required by Applicable Law.

ARTICLE 10
OTHER BUSINESS OPPORTUNITIES

10.1 ***Relationship of the Parties***

(a) The rights, privileges, duties, obligations and liabilities, as between the Grantors and KGEM shall be separate and not joint or collective and nothing herein contained shall be construed as creating a partnership, an association, agency or, subject as herein specifically provided, a trust of any kind or as imposing upon either of the Grantors and KGEM any partnership duty, obligation or liability, including any fiduciary duty or obligation. Except as expressly provided to the contrary herein, neither the Grantors nor KGEM are liable for the acts, covenants and agreements of the other.

(b) Each of the Parties shall be responsible for the payments of salaries, quotes, indemnification, professional risks or any other obligation or benefit derived from the Federal Labor Law, the Social Security Law, the National Fund Housing Institute for Workers (INFONAVIT) and the Saving System for the Retirement (SAR), or any other Applicable Law, regarding the workers or employees hired by either of them to carry out the works in the Concession, without considering the other Party as direct or substitute employers.

10.2 ***Other Opportunities***

The Grantors and KGEM and their respective Affiliates shall have the free and unrestricted right independently to engage in and receive the full benefits of any and all business endeavours of any sort whatsoever whether or not competitive with the endeavours contemplated herein without consulting the other or inviting or allowing the other to participate therein. Neither the Grantors nor KGEM nor any of their respective Affiliates shall be under any fiduciary or other duty to the other which shall prevent it from engaging in or enjoying the benefits of competing endeavours within the general scope of endeavours contemplated by this Agreement. The legal doctrine of "corporate opportunity" sometimes applied to Persons engaged in a joint venture or having fiduciary status shall not apply in the case of the Grantors and KGEM and their respective Affiliates. Each of the Grantors and KGEM hereby waives its respective rights to partition of the Concession and each agrees that it will not seek or be entitled to partition of the Concession, whether by way of physical partition, judicial sale or otherwise.

ARTICLE 11
NOTICES

11.1 ***Notices***

All payments, notices, reports or other communications required or permitted by this Agreement shall be deemed to have been properly given and delivered when delivered by facsimile transmission (with an original copy subsequently delivered by registered mail) or by delivery by courier or by hand with all delivery charges fully prepaid and addressed to the Parties, respectively, as follows:

To the Grantors, FSM or Fortunate Sun at:

Fortunate Sun Mining Company Ltd.
Suite 1580 – 505 Burrard Street,
Vancouver, B.C., V7X 1M5

Attention: Reg Advocaat, President and CEO
Facsimile No.: 604-629-0923

To KGEM at:

c/o Kinross Gold Corporation
25 York Street, 17th Floor
Toronto, Ontario
M5J 2V5

Attention: Glen Masterman, VP Exploration and Chief Geoscientist
Facsimile No.: 416-363-6622

or to the latest known address of the Party concerned, as furnished pursuant to section 11.3.

11.2 ***Receipt***

The date of receipt by the addressee of all notices given and delivered by facsimile transmission or delivered by courier or by hand as aforesaid shall be the date of actual delivery.

11.3 ***Change of Address***

A Party may change its address for the purpose hereof by giving written notice of such change to the other Party at the latest address provided in accordance with this Article 11.

ARTICLE 12
FORCE MAJEURE

12.1 ***Force Majeure***

(a) Time shall be of the essence of this Agreement, provided however that notwithstanding anything to the contrary contained herein, if any Party should at any time or times during the currency of this Agreement be delayed in or prevented from complying with this Agreement by reason of wars, acts of God, strike, lockouts or other labour disputes, inability to access its place of business or the mining lots covered by the Concession, acts of public insurrection, riots, fire, storm, flood, explosion, government restriction, failure to obtain any approvals required from any Government Agency having jurisdiction, including environmental protection agencies, interference of persons primarily concerned about environmental issues or native rights groups or other causes whether of the kind enumerated above or otherwise which are not reasonably within the control of the applicable Party, but excluding for greater certainty, the lack or unavailability of funds, the period of all such delays resulting from such causes or any of them, shall be excluded in computing the time within which anything required or permitted by the applicable Party to be done, is to be done hereunder, and the time within which anything is to be done hereunder shall be extended by the total period of all such delays. Nothing contained in this Article shall require the applicable Party to settle any labour dispute or to test the constitutionality of any enacted law. In the event that any Party asserts that an event of force majeure has occurred, it shall complete such commercially reasonable actions or cause such commercially reasonable actions to be completed as may be necessary to correct or terminate the alleged event of force majeure and give notice in writing to the other Parties specifying the following:

   (i) the cause and nature of the alleged event of force majeure;

   (ii) a summary of the action it or its Agents have taken to the date of such notice to correct the alleged event of force majeure;

   (iii) confirmation as to all acts, actions and things done by it or its Agents to terminate the event of force majeure; and

   (iv) the reasonably expected duration of the period of force majeure.

(b) Any Party asserting an event of force majeure shall provide ongoing periodic notice in writing to the other Party with respect to such events of force majeure, including the matters set out above, within fifteen (15) days of the end of each calendar month during the period of force majeure and shall provide prompt notice in writing to the other Party upon the termination of the event of force majeure.

(c) Should KGEM assert an event of force majeure in accordance with the terms of this section 12.1, to the extent legally possible, and subject to KGEM having continued access to the mining lots covered by the Concession, if necessary, KGEM's obligations under this Agreement to maintain the Concession in compliance with the Applicable Laws will continue throughout the period of force majeure.

(d) Upon the occurrence of an event of force majeure, the Option Period will be extended by the duration of the event of force majeure.

ARTICLE 13
ARBITRATION

13.1 *Arbitration*

Any matter in this Agreement in dispute between the Parties which has not been resolved by the Parties within fifteen (15) days of the delivery of notice by a Party of such dispute shall be referred to binding arbitration. Such referral to binding arbitration shall be to a qualified single arbitrator pursuant to the *International Commercial Arbitration Act* (Ontario), which Act shall govern such arbitration proceeding in accordance with its terms except to the extent modified by the rules for arbitration set out in Schedule "D". The determination of such arbitrator shall be final and binding upon the Parties and the costs of such arbitration shall be as determined by the arbitrator. The Parties covenant that they shall conduct all aspects of such arbitration having regard at all times to expediting the final resolution of such arbitration.

ARTICLE 14
PROCESS AGENT

14.1 *Appointment of Agent for Fortunate Sun*

Fortunate Sun hereby irrevocably appoints FSM (the "**Fortunate Sun Process Agent**"), with an office on the date hereof in Vancouver, British Columbia, as its agent to receive on behalf of itself and its property service of copies of the summons and complaint and any other process or notice which may be served in any such litigation or arbitration proceeding under this Agreement, including any claims brought before a tribunal or administrative body (any such event, a "**Proceeding**"). Such service may be made by mailing or delivering a copy of such process to Fortunate Sun in care of the Fortunate Sun Process Agent at FSM's address set out in section 11.1, and Fortunate Sun hereby irrevocably authorizes and directs the Fortunate Sun Process Agent to accept such service on its behalf; provided, that for any notice or service of process to be effective under Mexican law, such notice or service of process shall be deemed to have been given or made when delivered either (i) personally, return receipt requested, (ii) by courier delivery or certified mail, return receipt requested, or (iii) by facsimile followed by personal or courier delivery, return receipt requested. Fortunate Sun agrees that a final judgment in a Proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. For purposes of perfecting the appointment of the Fortunate Sun Process Agent under Mexican Law, Fortunate Sun agrees to execute and deliver such appointment before a Mexican Notary Public in a form that is satisfactory to KGEM, acting reasonably, and any and all such other documents (including Mexican notarial deeds) as may be required by KGEM in its sole discretion, acting reasonably.

14.2 *Appointment of Agent for KGEM*

KGEM hereby irrevocably appoints Kinross Gold Corporation (the "**KGEM Process Agent**"), with an office on the date hereof in Toronto, Ontario, as its agent to receive on behalf of itself and its property service of copies of the summons and complaint and any other process or notice which may be served in any Proceeding. Such service may be made by mailing or delivering a copy of such process to KGEM in care of the KGEM Process Agent at KGEM's address set out in section 11.1, and KGEM hereby irrevocably authorizes and directs the KGEM Process Agent to accept such service on its behalf;

provided, that for any notice or service of process to be effective under Mexican law, such notice or service of process shall be deemed to have been given or made when delivered either (i) personally, return receipt requested, (ii) by courier delivery or certified mail, return receipt requested, or (iii) by facsimile followed by personal or courier delivery, return receipt requested. KGEM agrees that a final judgment in a Proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. For purposes of perfecting the appointment of the KGEM Process Agent under Mexican Law, KGEM agrees to execute and deliver such appointment before a Mexican Notary Public in a form that is satisfactory to Fortunate Sun, acting reasonably, and any and all such other documents (including Mexican notarial deeds) as may be required by Fortunate Sun in its sole discretion, acting reasonably.

ARTICLE 15
GENERAL

15.1 *Further Assurances*

Each Party shall, from time to time, and at all times, perform all acts and execute and deliver the deeds and documents and give such assurances as are reasonably required in order to perform, carry out, and give effect to the terms of this Agreement.

15.2 *Effect of Waiver*

A waiver of any breach of a provision of this Agreement shall not be binding upon a Party unless the waiver is in writing and such waiver shall not affect such Party's rights in respect of any subsequent breach.

15.3 *Successors and Assigns*

This Agreement shall enure to the benefit of and be binding upon the Parties, their respective successors and their permitted assigns.

15.4 *Assignment*

(a) Subject to section 15.4(b), neither FSM nor Fortunate Sun shall sell, transfer, assign or convey this Agreement, the Concession, or any of its respective rights, benefits, privileges or obligations hereunder to a third party that is not an Affiliate of the Grantors, without the prior written consent of KGEM.

(b) the Grantors or KGEM may sell, transfer, assign or convey this Agreement (or, in the case of the Grantors, the Concession) and their rights, benefits and privileges thereunder, to an Affiliate, provided that:

  (i) the assigning Party delivers written notice of such assignment to the non-assigning Party;

  (ii) such Affiliate agrees in writing with the non-assigning Party to be bound by the terms of this Agreement;

  (iii) before such Affiliate ceases to be an Affiliate of the assigning Party, the interest assigned must be assigned back to the assigning Party; and

  (iv) notwithstanding such assignment, the assigning Party shall continue to be bound by the terms of this Agreement.

(c) KGEM shall have the right to sell, transfer and assign this Agreement to any arm's length third party without the prior written consent of the Grantors; provided that the Grantors shall have a right of first refusal to acquire KGEM's right, title and interest in and to this Agreement if KGEM wishes to sell, transfer or assign this Agreement to an arm's length third party. In the event that KGEM receives a *bona fide* offer to purchase, or wishes to enter into a *bona fide* agreement to sell its right, title and interest in and to this Agreement to any Person at arm's length to KGEM, which offer or agreement KGEM is willing to accept, KGEM shall give the Grantors written notice thereof, including the terms and conditions of such offer or agreement to purchase, and the Grantors shall have the right, within thirty (30) days from the date of delivery to the Grantors of such notice, to exercise its right of first refusal in respect thereof and to acquire KGEM' right, title and interest in and to this Agreement on the same terms and conditions as are set forth in the offer or agreement to purchase.

15.5 ***Acts in Good Faith***

Each Party shall at all times during the currency of this Agreement and after the expiry or termination of the Option, if applicable, act in good faith with respect to the other Parties and shall do or cause to be done all things within their respective powers which may be necessary or desirable to give full effect to the provisions hereof.

15.6 ***Expenses***

Each Party shall bear and pay for its respective costs and expenses, including, but not limited to, all legal fees, costs and expenses, incurred in connection with the negotiation, preparation and execution of this Agreement and the Shareholders' Agreement. For greater certainty, any and all such costs and expenses shall not constitute or comprise the Expenditures.

15.7 ***Taxes***

Each Party shall be responsible for each of their respective taxes, including income taxes and taxes caused as result of the execution of this Agreement and, if applicable, of the incorporation of the Mining Company.

15.8 ***Severability***

Any provision of this Agreement which is invalid or unenforceable shall not effect any other provision and shall be deemed to be severable from this Agreement.

15.9 ***Amendment***

None of the provisions of this Agreement shall be amended or modified and no such amendments or modifications shall be effective, unless made in writing and signed by all of the Parties.

15.10 ***Entire Agreement***

This Agreement constitutes the entire agreement among the Parties with respect to the subject matter hereof and supersedes all prior agreements and undertakings, both written and oral, among the Parties with respect to the subject matter hereof, including the Letter Agreement. The execution of this Agreement has not been induced by, nor do the Parties rely upon or regard as material, any covenants, representations or warranties whatsoever not incorporated herein and made a part hereof.

15.11 ***Ambiguity***

The Parties hereby agree that any rule of construction to the effect that any ambiguity is to be resolved against the drafting Party shall not be applicable in the interpretation of this Agreement.

15.12 ***Choice of Language***

Except for the Short Form Agreement, the Parties have expressly required that this Agreement and all documents and notices relating hereto be drafted in English to the extent permissible under Applicable Law.

15.13 ***Counterparts & Delivery***

This Agreement may be executed in counterparts and delivered by facsimile transmission with original copies to be delivered forthwith thereafter, each of which counterparts so executed shall be deemed to be an original and such counterparts together shall constitute one and the same instrument.

[Signature Page to Follow]

IN WITNESS WHEREOF, the parties hereto have entered into this Option Agreement effective as of the day and year first above written.

FORTUNATE SUN, S.A. de C.V.

Per:
Name: RAOUL F. RODRIGUEZ PERERA
Title: Attorney in fact c/s

FORTUNATE SUN MINING COMPANY LTD.

Per: ______________________
Name:
Title: c/s

KG EXPLORACION MEXICO S.A. de C.V.

Per: ______________________
Name:
Title: c/s

IN WITNESS WHEREOF, the parties hereto have entered into this Option Agreement effective as of the day and year first above written.

FORTUNATE SUN, S.A. de C.V.

Per: ______________________________
Name:
Title: c/s

FORTUNATE SUN MINING COMPANY LTD.

Per: ______________________________
Name: Reg Advocaat
Title: President & CEO c/s

KG EXPLORACION MEXICO S.A. de C.V.

Per: ______________________________
Name:
Title: c/s

IN WITNESS WHEREOF, the parties hereto have entered into this Option Agreement effective as of the day and year first above written.

FORTUNATE SUN, S.A. de C.V.

Per: ________________________________
Name:
Title: c/s

FORTUNATE SUN MINING COMPANY LTD.

Per: ________________________________
Name:
Title: c/s

KG EXPLORACION MEXICO S.A. de C.V.

Per: ________________________________
Name: GLEN MASTERMAN
Title: ATTORNEY IN FACT c/s

SCHEDULE "A"

CONCESSION LIST

Name Of The Lot Covered By The Mining Concession	Concession Title Number	Area Of The Concession In Hectares
PIRELLI	234144	112,081.2287

SCHEDULE "B"

SHAREHOLDERS' AGREEMENT TERMS AND CONDITIONS

The Shareholders Agreement shall include provisions pertaining to, inter alia:

(a) a right of first refusal in favour of KGEM should the Grantors desire to transfer their interest in the Mining Company;

(b) a right of first refusal in favour of the Grantors should KGEM desire to transfer its interest in the Mining Company resulting from the Agreement to any third-party entity (which for greater certainty does not include any affiliate of KGEM) and Kinross' interest in the applicable joint venture is less than 50%;

(c) the appointment of KGEM as operator of the Concession;

(d) the process for establishing annual budgets for work in respect of the Concession and a mutually acceptable timeframe for each party to fund its share of operating and capital costs according to the budget;

(e) dilution provisions pertaining to a party's failure to contribute its share of any and all capital and operating costs associated with the Concession;

(f) change of operator clause should KGEM's share of the Concession drop below 50% and KGEM is not contributing to expenditures. If KGEM's interest is below 50% and KGEM contributes its share of expenditures, KGEM has the option to be operator of the Concession;

(g) The Grantors will have 90 days to fund their share of expenditures where such amount exceeds $500,000. If, upon expiration of the 90 day period, the Grantors are unable to fund their share of the expenditures, KGEM shall have the option to (A) dilute the Grantors according to the dilution formula to be agreed upon by the Parties or (B) if a resource or reserve has been defined in respect of the Concession, buy-out the Grantors' interest in the Mining Company, as described in (h) below;

(h) If a resource or reserve has been defined in respect of the Concession in accordance with National Instrument 43-101 – *Standards of Disclosure for Mineral Projects*, KGEM shall have the option to buy-out the Grantors' interest in the Mining Company if the Grantors fail to fund their share of expenditures within the time period provided. The purchase price for the Grantors' interest shall be an amount equal to the Grantors' share of resource or reserve ounces (based on its percentage interest in the joint venture) multiplied by $30 in the case of resource ounces and $50 in the case of reserve ounces.

(i) the conversion of KGEM's ownership interest in the Mining Company to a one and one-half per cent (1.5%), and the conversion of the Grantors' ownership interest in the Mining Company to a one per cent (1%), NSR royalty interest if the Party's ownership interest in the Mining Company is diluted to ten per cent (10%) or less pursuant to the application of the dilution provisions referenced above;

(j) reporting procedures pursuant to which the operator would be required to provide a quarterly report of activities to the non-operating party;

(k) the establishment of a technical advisory committee, to be comprised of two representatives of KGEM and two representatives of the Grantors , which will meet on a quarterly basis to review results and discuss budgets and work plans for the joint venture property;

(l) the Mining Company shall only be managed by Board of Directors of Directors and not by a Sole Director. The Board of Directors shall be comprised of 3 members of whom Fortunate Sun will have the right to appoint one member as long as it maintain the 25% interest in the Mining Company, and the other two members shall be appointed by KGEM so long as it maintains at least a 50% interest in the Mining Company; and

(m) dispute resolution procedures.

SCHEDULE "C"

SHORT FORM AGREEMENT

CONTRATO DE OPCIÓN

EL PRESENTE CONTRATO DE OPCIÓN se celebra con fecha 26 de abril de 2010:

ENTRE:

FORTUNATE SUN, S.A. de C.V., una sociedad anónima debidamente constituida de conformidad con las leyes de México

(en lo sucesivo denominada "**Fortunate Sun**")

POR LA PRIMERA PARTE

Y:

KG EXPLORACIÓN MÉXICO, S.A. de C.V., una sociedad anónima debidamente constituida de conformidad con las leyes de México

(en lo sucesivo denominada "**Kinross**")

POR LA SEGUNDA PARTE

DECLARACIONES

TODA VEZ QUE:

Fortunate Sun es la única propietaria registrada de cierta concesión minera ubicada en el Estado de Zacatecas, México conocida como el Proyecto Pirelli, como se describe con mayor detalle en el documento que se acompaña como Anexo "A" (la "**Concesión**").

El 26 de abril de 2010 Fortunate Sun, Kinross y la sociedad de nacionalidad canadienese denominada Fortunate Sun Mining Company, LTD. celebraron un "*Option Agreement*" (el "Contrato Maestro"), por el cual, entre otras cosas Fortunate Sun y Kinross acordaron y se obligaron a celebrar el presente contrato.

POR LO TANTO, considerando los acuerdos pactados en el presente, y la cantidad de EUA$2.00 que cada Parte pagó a la otra Parte, las Partes se someten a lo siguiente:

CLÁUSULA 1
INTERPRETACIÓN

1.1 *Definiciones.*

Para efectos del presente Contrato de Opción, a menos de que exista alguna inconsistencia en el contexto correspondiente, las siguientes palabras y frases tendrán el siguiente significado:

(a) **"Aniversario"** significa un aniversario de la Fecha Efectiva durante el Plazo de la Opción;

(b) "**Cantidad de Gastos**" tiene el significado que se le atribuye en la sección 2.3 (a);

(c) **"Criadero"** significa todos los materiales que contienen un mineral o minerales, de valor económico comercial extraído o derivado de los lotes mineros amparados por la Concesión;

(d) "**Concesión**" tiene el significado que se le atribuye en las declaraciones del presente Contrato;

(e) "**Contrato Maestro**" tiene el significado que se le atribuye en las declaraciones del presente Contrato;

(f) "**Costos de Mantenimiento**" significan todos los gastos en los que se incurra para mantener la Concesión en buen cumplimiento con todas sus obligaciones, con todas las autoridades correspondientes y bajo las Leyes Aplicables, incluyendo los derechos sobre minería, el pago de cualesquiera derechos mineros, impuestos prediales, tarifas por instrucción, tarifas por servicios y trámites, la presentación de reportes de comprobaciones de obras, y el cumplimiento de cualesquiera y de todas las obligaciones requeridas en los términos y condiciones de la Concesión;

(g) "**Dependencia Gubernamental**" significa cualquier departamento, comisión, consejo, dirección, agencia, empresa de participación estatal mayoritaria, así como cualquier corte, comisión de valores, autoridades reguladoras de valores o casa de bolsa, ya sea federal, local, estatal o municipal, sea de Canadá, una Provincia de Canadá, México, un Estado de México o en cualquier otra jurisdicción;

(h) "**Día Hábil**" significa cualquier día diferente del sábado, domingo, o días festivos legales, civiles o bancarios en Vancouver, Columbia Británica o el Estado de Zacatecas, México;

(i) **"el presente Contrato"**, **"en el presente"**, "**del presente**", **"aquí contenido"**, **"conforme al presente Contrato"**, y expresiones similares significan o se refieren a este Contrato de Opción así como a todos los anexos que se acompañan y forman parte del propio Contrato de Opción, así como a cualesquier y a todos los convenios o instrumentos suplementarios o auxiliares del mismo;

(j) **"Fecha de Ejercicio"** tiene el significado que se le atribuye en la sección 2.6;

(k) **"Fecha de Gasto"** tiene el significado que se le atribuye en la sección 2.3 (a)

(l) **"Fecha Efectiva"** significa la fecha del presente Contrato establecida al inicio del mismo;

(m) **"Gastos"** significa todos los costos incurridos y cantidades gastadas por o por cuenta de Kinross en la realización del Trabajo después de la Fecha Efectiva de conformidad con los términos de este Contrato y el presupuesto vigente aplicable, incluyendo todos los costos incurridos y cantidades gastadas en: la realización de investigaciones y estudios geofísicos, geoquímicos, geológicos o de tierras en la búsqueda, excavación, perforación, muestreo, ensayos, realización de pruebas, trabajos, desarrollo, exploración y/o explotación o extracción de Criadero, minerales y metales de los lotes mineros amparados por la Concesión; al realizar perforaciones de diamantes o de otro tipo; al edificar e instalar y remover plantas mineras, plantas de procesamiento de criadero, instalaciones complementarias, edificios, maquinaria o equipo dentro o fuera de los lotes mineros amparados por la Concesión, según sea el caso, y que sean requeridos para la terminación del Trabajo, en parte proporcional si dichas instalaciones, plantas o equipo son usados conjuntamente con otros lotes mineros; en la construcción de caminos de acceso o instalaciones similares requeridas para el acceso a los lotes mineros amparados por la Concesión, ya sea dentro o fuera de los lotes mineros amparados por la Concesión, según sea el caso; en la transportación de Criadero, minerales, metales, personal, provisiones, plantas mineras o de procesamiento de criadero, edificios, maquinaria o equipo en, hacia o desde los lotes mineros amparados por la Concesión o cualquier otra parte según se requiera; todos los gastos que se incurran en mantener la Concesión y los lotes mineros que ésta ampara en cumplimiento de las leyes aplicables de conformidad con las leyes de México; todos los costos incurridos en la obtención, mejora, protección o perfeccionamiento de la propiedad de la Concesión; todos los costos que se incurran en la negociación y obtención de los derechos de superficie necesarios con relación a los lotes mineros amparados por la Concesión; todos los costos que se incurran de conformidad con los términos de este Contrato; en la preparación de estudios y/o reportes de ingeniería, geológicos, financieros, de mercadotecnia o relacionados con el Trabajo; con relación a cualesquier solicitudes y estudios necesarios para la obtención, mejora, protección y perfeccionamiento de la propiedad de, y permisos, licencias, u otras autorizaciones regulatorias relacionadas con la Concesión y lotes que ésta ampara, e incluyendo la preparación razonable para y la asistencia a audiencias u otras reuniones; en el pago de Costos de Mantenimiento; y todos los costos administrativos y generales que se incurran directamente por o por cuenta de Kinross y relacionados directamente con la administración de la Concesión o el Trabajo realizado en los lotes mineros amparados por la Concesión; en el entendido de que en ningún momento dichos costos administrativos y generales podrán exceder del diez por ciento (10%) de todos los Gastos relacionados directamente con la Concesión y que se hayan incurrido o realizado directamente por o por cuenta de Kinross o diez por ciento (10%) del precio contractual con respecto a todos los demás Gastos relacionados directamente con la Concesión o el Trabajo realizado en los lotes mineros que ampara la Concesión, que lleve a cabo cualquier representante de Kinross; y en el entendido además de que en ningún momento los Gastos podrán incluir cualquier impuesto al valor agregado trasladado a Kinross o sus representantes con respecto a los Gastos, en caso de que sean acreditables contra dichos u otros impuestos o de que Kinross los pueda recuperar de las autoridades fiscales Mexicanas correspondientes de conformidad con la Ley Aplicable.

(n) "**Gravámenes**" significa todas y cada una de las hipotecas, prendas, garantías, cargas, gravámenes, obligaciones, participación respecto a regalías y derechos contractuales y Reclamaciones de terceros, ya sean que estén inscritos o no inscritos, registrados o no registrados;

(o) "**Leyes Aplicables**" significan cualquier ley, reglamento, decreto, código, orden u otro requerimiento, ya sean federales, estatales, municipales Mexicanas (incluyendo las Normas Oficiales Mexicanas y las Normas Mexicanas), Canadienses o extranjeras, o leyes, reglamentos, decretos, códigos, órdenes o cualesquier otro requerimiento de cualquier Agencia Gubernamental, incluyendo cualquier interpretación judicial o administrativa al respecto, aplicable a alguna de las Partes o a sus propiedades, activos, negocios u operaciones (incluyendo la Concesión) o a sus directores, oficiales, gerentes, representantes legales, empleados o agentes;

(p) "**México**" significa los Estados Unidos Mexicanos;

(q) "**Opción**" tiene el significado que se le atribuye en la sección 2.1;

(r) "**Pago en Efectivo**" tiene el significado que se le atribuye en la sección 2.3 (b);

(s) "**Partes**" significa Fortunate Sun y Kinross y "**Parte**" significa cualquiera de las Partes;

(t) "**Plazo de la Opción**" significa el plazo durante el cual la Opción se encuentra en pleno vigor y efecto de conformidad con los términos de este Contrato;

(u) "**Reclamación**" significa cualquier reclamación, demanda, acción, daño, perjuicio, costo, responsabilidad o gasto, incluyendo honorarios legales razonables;

(v) "**Regalía Existente**" significa la regalía de rentabilidad neta de fundición de 2% otorgada por Fortunate Sun sobre la Concesión en favor de Oremin Metals Ltd.;

(w) "**Tipo de Cambio**" significa el tipo de cambio para solventar obligaciones denominadas en moneda extranjera pagaderas en la República Mexicana, que determine el Banco de México y se publique en Diario Oficial de la Federación.

(x) "**Trabajo**" significa la prospección, exploración, desarrollo u otros trabajos de procesamiento de criadero o mineros realizados en, dentro o bajo, o en relación con, los lotes mineros amparados por la Concesión o cualquier parte de los mismos.

1.2 ***Interpretación***

En el presente Contrato:

(y) cuando se haga una declaración o una garantía en este Contrato con base en el conocimiento de una Parte, dicho conocimiento consiste en el conocimiento real de los directores, funcionarios y gerentes de alta jerarquía de la Parte, y todo el conocimiento que dichas personas tendrían si se hiciera una investigación, dentro del alcance de sus responsabilidades, respecto del asunto relevante en cuestión.

(z) a menos que se indique lo contrario, los periodos de tiempo dentro o siguientes a cualquier pago que haya de hacerse o acto que deba llevarse a cabo, deberán ser calculados (i) excluyendo el día en el cual comienza el periodo e incluyendo el día en el que termina el periodo; (ii) extendiendo el periodo al Día Hábil siguiente en caso de que el último día del periodo no sea un Día Hábil; y (iii) haciendo referencia al término "mes" como a un periodo de 30 días; el día en que un pago deba de hacerse, o se haya de llevar a cabo alguna acción bajo el presente Contrato en día diferente a algún Día Hábil, dicho pago deberá de hacerse, o dicha acción deberá llevarse a cabo el Día Hábil siguiente;

(aa) el uso de las palabras "incluir" o "incluyendo" deberá entenderse que significan "incluir, sin limitar" o "incluyendo, sin limitar", en caso de ser aplicable.

1.3 *Legislación Aplicable*

El presente Contrato así como su aplicación e interpretación estará regido e interpretado de conformidad con las leyes de México aplicables en la materia.

1.4 *Divisa*

Todas las referencias hechas respecto de las divisas en el presente Contrato deberán entenderse hechas respecto de dólares, moneda de curso legal en los Estados Unidos de América.

CLÁUSULA 2
OPCIÓN

2.1 *Otorgamiento de Opción*

Fortunate Sun en este acto concede y otorga a Kinross un derecho exclusivo y opción de adquirir una participación indivisa del setenta y cinco por ciento (75%) en la Concesión (la **"Opción"**) (a través de una sociedad creada para tal fin, la cual será la propietaria del cien por ciento (100%) de la Concesión), libre de todo Gravamen, salvo por la Regalía Existente, en el caso de que cumpla dentro del límite de tiempo establecido para ello, las obligaciones estipuladas en esta Cláusula 2.

2.2 *Otorgamiento e Inicio de la Opción*

La Opción se otorga e inicia en la Fecha Efectiva y terminará al quinto aniversario (el **"Plazo de la Opción"**), salvo que sea ejercida o terminada de cualquier otra forma, de conformidad con los términos de este Contrato.

2.3 *Mantenimiento de la Opción*

A efecto de mantener la Opción vigente, Kinross deberá:

(bb) incurrir y financiar los Gastos en la Concesión en la cantidad total de EUA$2,500,000 (la **"Cantidad de Gastos"**) en o antes del quinto Aniversario de conformidad con lo siguiente:

(i) EUA$200,000 dentro del plazo que inicia en la Fecha Efectiva y termina en el primer Aniversario;

(ii) EUA$300,000 dentro del plazo que inicia en el primer Aniversario y termina en el segundo Aniversario;

(iii) EUA$500,000 dentro del plazo que inicia en el segundo Aniversario y termina en el tercer Aniversario;

(iv) EUA$700,000 dentro del plazo que inicia en el tercer Aniversario y termina en el cuarto Aniversario; y

(v) EUA$800,000 dentro del plazo que inicia en el cuarto Aniversario y termina en el quinto Aniversario;

(cada fecha de Aniversario, la "**Fecha de Gasto**")

en el entendido, sin embargo, de que si Kinross incurre y financia Gastos por EUA$2,500,000 en total con anterioridad a los plazos aquí previstos, entonces Kinross no tendrá la obligación de incurrir y financiar Gastos adicionales de conformidad con los términos de esta sección 2.3(a); y en el entendido además de que los Gastos incurridos en cada Fecha de Gasto en exceso de los requisitos mínimos arriba mencionados podrán trasladarse a los Gastos mínimos antes referidos que correspondan a periodos siguientes; y

(b) pagar a Fortunate Sun (o a la persona que ésta designe) mediante transferencia electrónica en fondos inmediatamente disponibles la cantidad total de EUA$200,000 (el "**Pago en Efectivo**") durante el Plazo de la Opción de conformidad con lo siguiente:

(i) EUA$25,000 dentro de los cinco (5) Días Hábiles siguientes a la Fecha Efectiva;

(ii) EUA$25,000 dentro de los cinco (5) Días Hábiles siguientes al primer Aniversario;

(iii) EUA$25,000 dentro de los cinco (5) Días Hábiles siguientes al segundo Aniversario;

(iv) EUA$25,000 dentro de los cinco (5) Días Hábiles siguientes al tercer Aniversario;

(v) EUA$75,000 dentro de los cinco (5) Días Hábiles siguientes al cuarto Aniversario; y,

(vi) EUA$25,000 en la fecha en que se ejerza la Opción de acuerdo a lo establecido en la sección 2.6, cantidad que podrá ser pagada ya sea por Kinross o a través de la sociedad mencionada en las secciones 2.1 y 2.6.

2.4 *Financiamiento de Gastos y Pago en Efectivo*

Kinross se compromete y obliga a incurrir los primeros EUA$200,000 de Gastos. Kinross no se obliga a pagar el resto de los Gastos, quien los podrá realizar a su sola discreción. Kinross podrá dar por terminado este Contrato mediante previa notificación por escrito a Fortunate Sun en cualquier momento durante el Plazo de la Opción después de que haya incurrido y financiado Gastos de al menos EUA$200,000 sin ninguna obligación de incurrir en Gastos adicionales. Si los Gastos incurridos en o con anterioridad a las Fechas de Gasto respectivas, establecidas en la sección 2.3(a) anterior, son inferiores a los importes requeridos, entonces Kinross podrá pagar la deficiencia a Fortunate Sun, o a la persona que ésta designe, en efectivo dentro de los sesenta (60) días siguientes al vencimiento de la Fecha de Gasto aplicable, a efecto de mantener vigente la Opción. Si los Gastos totales incurridos en o con anterioridad al quinto Aniversario de la Fecha Efectiva son inferiores a EUA$2,500,000, Kinross podrá pagar la deficiencia a Fortunate Sun, o la persona que ésta designe, en efectivo dentro de sesenta (60) días siguientes al quinto Aniversario a efecto de ejercer la Opción. Cualquier Gasto efectuado bajo la sección 2.3(a), cualquier Pago en Efectivo pagado bajo la sección 2.3(b) anterior, o cualquier pago efectuado de conformidad con esta sección 2.4 no son reembolsables si Kinross no ejerce la Opción. Si Kinross no incurre y financia los Gastos de conformidad con la sección 2.3(a), salvo por causas de fuerza mayor, o si no entrega el Pago en Efectivo a Fortunate Sun de conformidad con la sección 2.3(b), o si no realiza los pagos a Fortunate Sun en sustitución de los gastos Anuales según lo previsto en esta cláusula (en su caso), la Opción se dará por terminada y todos los Gastos previamente incurridos o financiados, todos los Pagos en Efectivo previamente efectuados, y todos los pagos previamente entregados a Fortunate Sun en sustitución de Gastos (en su caso), se perderán en perjuicio de Kinross. Adicionalmente y sin perjuicio de lo anterior, si, con posterioridad a cualquier Fecha de Gasto, Fortunate Sun determina mediante inspección o auditoría que los Gastos a ser incurridos por Kinross a dicha Fecha de Gasto no han sido ya sea incurridos por Kinross o pagados a Fortunate Sun o la persona designada por ésta, Kinross no perderá ninguno de sus derechos contemplados en el presente y la Opción no se dará por terminada, en el entendido de que Kinross incurra dicha deficiencia en Gastos o pague a Fortunate Sun o a la persona que ésta designe el importe de dicha deficiencia en Gastos dentro de los sesenta (60) días siguientes a dicha inspección o auditoría.

2.5 *Omisión por parte de Kinross*

Si, en cualquier momento durante el Plazo de la Opción, Kinross notifica a Fortunate Sun por escrito que no incurrirá y financiará los Gastos o pagará el Pago en Efectivo, o, si Kinross no incurre o financia los Gastos (salvo que dichas omisiones sean rectificadas de conformidad con la sección 2.4) o paga el Pago en Efectivo durante el Plazo de la Opción de conformidad con esta Cláusula 2 por cualquier razón, con excepción de un caso continuo de fuerza mayor con relación al incurrimiento o financiamiento de Gastos, entonces la Cláusula 4 será aplicable y la Opción y este Contrato (salvo por aquellas disposiciones que de manera específica subsistan a dicha terminación de acuerdo con sus términos) se darán por terminadas y carecerán de vigor y fuerza legal.

2.6 *Ejercicio de la Opción*

Si Kinross: (a) ha incurrido y financiado Gastos por la cantidad total mínima de EUA$2,500,000 de acuerdo con lo previsto en la sección 2.3(a) (o ha hecho pagos en efectivo en sustitución de los mismos de acuerdo con la sección 2.4), y (b) ha pagado el Pago en Efectivo de conformidad con la sección 2.3(b), Kinross deberá proporcionar a Fortunate Sun un aviso por escrito de ejercicio de la Opción manifestando que ha cumplido con cada una de las obligaciones necesarias para ejercer la Opción. Después de que dicho aviso de ejercicio de la Opción haya sido recibido, se considerará que Kinross ha ejercido la Opción a partir de la fecha de recepción de dicho aviso por escrito de ejercicio (la "**Fecha de Ejercicio**") y Kinross obtendrá un derecho indiviso del setenta y cinco por ciento (75%) en la Concesión (a través de una sociedad creada para tal fin, la cual será la propietaria del cien por ciento (100%) de la Concesión), libre de todo Gravamen, salvo por la Regalía Existente.

2.7 *Impuestos*

Todos los pagos que Kinross haga a Fortunate Sun de conformidad con la sección 2.3 están sujetos al impuesto al valor agregado ("**IVA**") de México y deberán ser entregados contra la entrega de la factura fiscal correspondiente, la cual deberá cumplir con todos los requisitos fiscales aplicables de conformidad con la legislación Mexicana y desglosar el importe del pago y el IVA.

2.8 *Conversión de Moneda*

En caso de que cualquier Gasto sea financiado o incurrido en Pesos Mexicanos, para efectos del presente Contrato, las Partes acuerdan convertir dichos Gastos de Pesos Mexicanos a Dólares de los Estados Unidos de América al Tipo de Cambio en la fecha en que los Gastos sean incurridos o el pago sea efectuado, según dicho Tipo de Cambio sea publicada en el Diario Oficial de la Federación.

ARTICULO 3
DECLARACIONES Y GARANTÍAS

3.1 *Declaraciones y Garantías de Fortunate Sun*

Fortunate Sun, teniendo conocimiento de que Kinross celebra el presente Contrato en virtud de lo aquí contenido, en este acto declara y garantiza a Kinross que, al momento de la Fecha Efectiva:

(a) Fortunate Sun es una sociedad de capital variable debidamente constituida originalmente bajo la denominación de Oremin Gold, S.A. de C.V. (la cual se cambió a Fortunate Sun, S.A. de C.V.) y válidamente existente de conformidad con las leyes de México, como se evidencia en la Escritura Pública No. 82,008, de fecha 29 de febrero de 2008, pasada ante la fe del Lic. Bernardo González Courtade, Notario Público No. 11 de San Luis Potosí, San Luis Potosí, y cuyo primer testimonio se encuentra inscrito en el Registro Público de la Propiedad y de Comercio de dicha ciudad bajo el folio mercantil electrónico No. 25021*1, con fecha 24 de marzo de 2008, así como en el Registro Público de Minería bajo el número 59 del volumen XL del Libro de Sociedades Mineras, con fecha 13 de junio de 2008;

(b) la Concesión se encuentra descrita con exactitud en el Anexo "A" del presente y se encuentra en cumplimiento de todas las obligaciones correspondientes (incluyendo el pago de los derechos mineros -excepto por los derechos mineros correspondientes al primer semestre de 2010-, la realización de los trabajos mínimos y la presentación de los reportes de comprobación de obras mínimas) de conformidad con las Leyes Aplicables y es propiedad de y se encuentra debidamente inscrita bajo el nombre de Fortunate Sun, libre todo Gravamen, salvo por la Regalía Existente; y

(c) el representante de Fortunate Sun tiene plenos poderes y facultades para la celebración del presente Contrato, como se evidencia en la Escritura Pública No. 90,060, de fecha 7 de abril de 2010, pasada ante la fe del Lic. Bernardo González Courtade, Notario Público No. 11 de San Luis Potosí, San Luis Potosí.

3.2 Declaraciones y Garantías de Kinross

Kinross, teniendo conocimiento de que Fortunate Sun celebra el presente Contrato en virtud de lo aquí contenido, en este acto declara y garantiza a Fortunate Sun que, al momento de la Fecha Efectiva:

(a) Kinross es una sociedad debidamente constituida y válidamente existente de conformidad con las leyes de México, como se acredita en la Escritura Pública No. 26,031, de fecha 19 de octubre de 2007, pasada ante la fe del Lic. José Luis Villavicencio Castañeda, Notario Público No. 218 del Distrito Federal, y cuyo primer testimonio quedó debidamente inscrito en el Registro Público de la Propiedad y del Comercio del Distrito Federal bajo el folio mercantil No. 372149, así como en el Registro Público de Minería con fecha 31 de enero de 2008, bajo el número 345, folio 173, volumen XXXIX;

(b) mediante Escritura Pública No. 31,115 de fecha 28 de enero de 2010, pasada ante la fe del mismo Notario Público que la anterior, Kinross cambió su denominación de KG Minera Ixhuatán, S.A. de C.V., por su denominación social actual de KG Exploración México, S.A. de C.V.; y

(c) el representante de Kinross tiene plenos poderes y facultades para la celebración del presente Contrato, como se evidencia en la Escritura Pública Núm. 29,391, de fecha 27 de marzo de 2009, pasada ante la fe del Lic. José Luis Villavicencio Castañeda, Notario Público Núm. 218 del Distrito Federal.

CLÁUSULA 4
TERMINACIÓN

4.1 Causales de Terminación

Sujeto a las obligaciones de las Partes que expresamente subsistirán a la terminación del Presente Contrato, la Opción terminará:

(a) si Kinross omite (i) incurrir los Gastos requeridos en o con anterioridad a las Fechas de Pago respectivas de conformidad con la sección 2.3(a); o (ii) pagar el Pago en Efectivo en o con anterioridad a las fechas correspondientes de conformidad con la sección 2.3(b); o

(iii) entregar a Fortunate Sun el aviso de que ha ejercido la Opción acuerdo con la sección 2.6, en la fecha inmediata siguiente a aquella en la que dicho aviso u otras entregas debieron ser entregadas; o

(b) por acuerdo mutuo de las Partes.

CLÁUSULA 5
AVISOS

5.1 *Avisos*

Todos los pagos, avisos, reportes o cualquier otra comunicación requerida o permitida por medio del presente Contrato, deberá tenerse por debidamente dado y entregado siempre que se haga mediante transmisión de fax (con una copia original entregada posteriormente al correo registrado) o por entrega de mensajería especializada o en persona con todos los gastos de entrega completamente pre-pagados y dirigidos a las partes, respectivamente de la siguiente manera:

Para Fortunate Sun a:

c/o Fortunate Sun Mining Company Ltd.
Suite 1580 – 505 Burrard Street,
Vancouver, B.C., V7X 1M5

Atención: Reg Advocaat, Presidente y Director General
Núm. de Fax: 604-629-0923

Para Kinross a:

c/o Kinross Gold Corporation
25 York Street, 17th Floor
Toronto, Ontario
M5J 2V5

Atención: Glen Masterman, Vicepresidente de Exploración y Director Geociéntifico
No. de fax: 416-363-6622

o al último domicilio conocido de la parte respectiva.

5.2 *Recepción*

La fecha de recepción por parte del receptor de todos los avisos dados y entregados por transmisión de fax o entregados por mensajería especializada o personalmente como se detalló anteriormente, será la fecha efectiva de la propia entrega.

CLÁUSULA 6
ARBITRAJE

6.1 Arbitraje

Cualquier asunto en disputa entre las Partes derivado del presente Contrato y que no haya sido resuelto por las Partes dentro de los quince (15) días siguientes a la fecha del aviso de una Parte de dicha disputa, deberá someterse a un arbitraje vinculatorio. Dicho sometimiento a un arbitraje vinculatorio deberá de hacerse ante un solo árbitro calificado de conformidad con la Ley de Arbitraje Comercial Internacional de Ontario (*International Commercial Arbitration Act (Ontario)*), mismo que deberá de aplicarse para dicho procedimiento arbitral en todos sus términos, excepto de conformidad con lo modificado mediante las reglas para el procedimiento arbitral establecidas en el Anexo "B". El laudo emitido por dicho árbitro será final y vinculatorio entre las partes y los costos de dicho arbitraje se cubrirán como lo determine el árbitro. Las Partes convienen en que se conducirán en todos los aspectos de dicho arbitraje y en todo momento de modo que resulte expedita la resolución final de dicho arbitraje.

6.2 Contrato Maestro

Las Partes acuerdan que en virtud de que este Contrato se celebra como consecuencia de los acuerdos previstos en el Contrato Maestro, en caso de conflicto entre ambos contratos, prevalecerá lo establecido en el Contrato Maestro. En adición, en caso de duda, ambigüedad o poca claridad sobre el sentido o la forma de interpretar cualquier parte de este Contrato, aplicará lo previsto en el Contrato Maestro para aclarar dicha cuestión.

LEÍDO EL PRESENTE CONTRATO, las partes firman el presente Contrato de Opción en el día y año establecido en el encabezado.

FORTUNATE SUN, S.A. de C.V.

Por: ______________________________
Nombre: Raúl Francisco Rodríguez Perera
Cargo: Apoderado

KG EXPLORACIÓN MÉXICO, S.A. DE C.V.

Por: ______________________________
Nombre: Sylvain Guerard
Cargo: Apoderado

ANEXO "A"

LISTA DE CONCESIONES

Nombre del Lote Amparado por la Concesión Minera	Título de Concesión Número	Superficie de la Concesión en Hectáreas
PIRELLI	234144	112,081.2287

ANEXO "B"

REGLAS PARA EL PROCEDIMIENTO ARBITRAL

Las siguientes reglas y procedimientos serán aplicables respecto de cualquier asunto a ser sometido a arbitraje por las Partes en términos del presente Contrato.

1. INICIO DEL PROCEDIMIENTO ARBITRAL

(a) En caso de que cualquier Parte tenga la intención de resolver algún asunto derivado del presente Contrato, deberá dar aviso a la otra Parte especificando los particulares del asunto o asuntos en disputa y proponiendo el nombre de la persona que pretende que sea nombrada como único árbitro. Dentro de los 5 días siguientes a la fecha de recepción de dicho aviso, la otra parte deberá dar un aviso de contestación especificando si es que dicha Parte acepta el árbitro propuesto por la primera Parte y si es que dicha Parte no acepta el árbitro propuesto por la primera Parte, proponiendo el nombre de la persona que ésta prefiere que sea nombrada como único árbitro. En caso de que dicho aviso de contestación no sea recibido por la primera Parte dentro de dicho periodo de 5 días, la otra Parte se entenderá que ha aceptado el árbitro propuesto por la primera Parte. En caso de que la primera Parte reciba dicho aviso de contestación dentro del periodo de los 5 días, y la otra Parte no acepte el árbitro propuesto por la primera Parte y a su vez proponga a otra persona como árbitro, la primera Parte deberá, dentro de los 5 días siguientes a la recepción de dicho aviso de contestación, dar un nuevo aviso a la otra Parte especificando si es que dicha primera Parte acepta el árbitro propuesto por la otra Parte. En caso de que las Partes no lleguen a un acuerdo acerca del nombramiento del único árbitro dentro de dicho segundo periodo de 5 días, el único arbitro será escogido de conformidad con la Ley de Arbitraje Comercial Internacional de Ontario (*International Commercial Arbitration Act (Ontario)*).

(b) El individuo seleccionado como Árbitro deberá estar calificado por su ser independiente de ambas partes y no podrá ser miembro de los despachos de auditores o jurídicos que asesoren a cualquiera de las Partes, dicho Árbitro tampoco podrá ser una persona que de otra forma sea regularmente contratado por cualquiera de las Partes.

2. PRESENTACIÓN DE DECLARACIONES POR ESCRITO

(a) Dentro de los 5 días contados a partir del nombramiento del Árbitro, la Parte que dio inicio al arbitraje (el "Reclamante") deberá enviar a la otra parte (el "Defensor") una declaración que contenga los asuntos reclamados con suficiente detalle de los hechos y de cualquier argumento legal en la que se esté basando, así como la solución que exige.

(b) Dentro de los 10 días siguientes a la recepción de la declaración de reclamos, el Defensor deberá enviar al Reclamante una declaración de defensa, estableciendo con suficiente detalle, cuales de los hechos y argumentos legales en la declaración de reclamos admite y cuales niega, en que términos, y en que otros hechos y argumentos legales se basa.

(c) Dentro de los 5 días a partir de la fecha de recepción de la declaración de defensa, el Reclamante podrá enviar al Defensor una declaración de contestación.

(d) Todas las declaraciones de reclamos, defensa y contestación deberán estar acompañados por copias (o, en caso de ser especialmente voluminosos, listas) de todos los documentos esenciales en los que la parte afectada se base y que no hayan sido previamente presentados por alguna de las Partes, y (de ser aplicable) por cualquier ejemplo o muestra relevante.

(e) Una vez presentadas todas las declaraciones, el Árbitro dará instrucciones para el posterior desarrollo del arbitraje.

3. REUNIONES Y AUDIENCIAS

(a) El arbitraje se llevará a cabo en la Ciudad de Toronto, Ontario, Canadá o en cualquier otro lugar en el que tanto el Reclamante como el Defensor se pongan de acuerdo por escrito. El arbitraje se llevara a cabo en inglés a menos que se convenga lo contrario por las Partes y el Árbitro. Sujeto a cualquier aplazamiento permitido por el Árbitro, la audiencia final será continua a lo largo de los días hábiles sucesivos hasta en tanto ésta concluya.

(b) Todas las juntas y audiencias serán en privado a menos que las Partes convengan lo contrario.

(c) Cada una de las Partes podrá estar representada en cualquiera de las reuniones o audiencias por un representante legal.

(d) Cada una de las Partes podrá preguntar y re-preguntar, evaluar a todos los testigos en el arbitraje.

4. El Laudo

(a) El Árbitro preparará un laudo por escrito y, a menos que las Partes convengan lo contrario, explicará en el propio laudo las razones de las decisiones tomadas en el laudo.

(b) El Árbitro enviará el laudo a las Partes tan pronto como sea prácticamente posible una vez terminada la audiencia final, pero por ningún motivo después de 30 días a partir de ese momento, a menos de que ese periodo se extienda por un periodo fijo establecido por el Árbitro en aviso que por escrito de a cada una de las Partes a causa de enfermedad o de otra causa fuera del control del Árbitro.

(c) El laudo deberá determinar e indemnizar los costos del arbitraje a la Parte ganadora del arbitraje.

(d) Cualquier parte podrá apelar las resoluciones del Árbitro en una cuestión de hecho o una cuestión de derecho o una cuestión mixta de hecho y de derecho. En el supuesto de que cualquiera de las Partes inicie algún procedimiento ante los tribunales respecto del laudo resultante del Arbitraje o del asunto materia del arbitraje, dicha Parte deberá, en caso de no resultar ganadora en el procedimiento ante los tribunales, pagar los costos de la otra Parte partiendo de una base de abogado/cliente más cualquier otro gasto razonable en los que dicha otra Parte haya incurrido desde el día de la entrega del aviso de comienzo de arbitraje a la fecha de sentencia de dicho procedimiento ante los tribunales correspondientes.

5. JURISDICCIÓN Y FACULTADES DEL ÁRBITRO

(a) Al someterse a un arbitraje bajo las presentes Reglas, las Partes se tendrán por otorgando las siguientes jurisdicciones y poderes, a ser ejercitados a discreción del Árbitro, sujetas únicamente a las presentes reglas y a la ley en la material con el objeto de asegurar una determinación justa, expedita, económica y final a la disputa sometida al arbitraje.

(b) Sin limitar la jurisdicción del Árbitro conforme a la ley, las Partes acuerdan que el Árbitro tendrá jurisdicción para:

(i) determinar cualquier pregunta de ley que surja del arbitraje y/o a resolver cualquier disputa o conflicto entre las Partes que surja o que derive del Contrato;

(ii) determinar cualquier pregunta relacionada con la jurisdicción del Árbitro;

(iii) determinar cualquier pregunta de buena fe, deshonestidad o fraude que surja con relación al asunto en disputa;

(iv) ordenar a cualquiera de las Partes a proporcionar mayores detalles sobre el asunto de dicha Parte, ya sea de hechos o de derecho;

(v) proceder con el arbitraje a pesar de la falta o negación de alguna de las partes de cumplir con estas Reglas o con las ordenes o instrucciones dadas por el Árbitro, o de atender a alguna de las juntas o audiencias, pero únicamente después de haber dado a esa Parte un aviso por escrito de que el Árbitro pretende proceder de esa manera;

(vi) recibir y tomar en consideración la evidencia, ya sea por escrito u oral, proporcionada por las Partes, según el Árbitro lo considere relevante, ya sea o no, estrictamente admisible en términos de ley;

(vii) tomar una o más resoluciones provisionales;

(viii) llevar a cabo reuniones y audiencias, y elaborar un laudo con su decisión (incluyendo el laudo final) en Toronto, Ontario, Canadá o en cualquier otra parte con la concurrencia de las partes del arbitraje;

(ix) ordenar a las Partes, elaborar copias y entregarlas tanto al Árbitro como a la otra Parte, de cualquier documento u otra evidencia que tengan en su posesión o poder que el Árbitro considere relevante; y

(x) dar órdenes provisionales para asegurar toda o parte de cualquier cantidad en disputa por virtud del arbitraje.

6. CONFIDENCIALIDAD

(a) El arbitraje, incluyendo cualquier discusión de acuerdo entre las partes relacionada con el objeto del arbitraje deberá llevarse a cabo de manera privada y confidencial y toda la información intercambiada y revelada durante el curso del arbitraje deberá ser utilizada únicamente para efectos del arbitraje. Ningna parte podrá comunicar información obtenida o revelada durante el curso del arbitraje a ningún tercero excepto por aquellos expertos o consultores empleados o contratados por, o consultados para dar un presupuesto por parte de, dicha parte con relación al arbitraje y únicamente hasta en tanto sea necesario para apoyar en el arbitraje, y únicamente después de que dichas personas hayan acordado estar obligadas por estos términos de confidencialidad. En caso de que la revelación de cualquier información relacionada con el arbitraje requiera cumplir con las Leyes Aplicables o con una resolución judicial, la parte reveladora deberá notificar inmediatamente a la otra parte sobre dicha revelación, deberá limitar dicha revelación únicamente a aquella información que se requiera sea revelada y deberá aprovechar todos y cada uno de los beneficios de cualquier ley, regulación o derechos contractuales con relación a la revelación sobre la base de confidencialidad a los que tenga derecho.

(b) El laudo del Árbitro y cualesquier razones para la decisión del Árbitro también deberán mantenerse como confidencial excepto (i) según sea razonablemente necesario para obtener el cumplimiento del mismo; (ii) para que cualquiera de las partes cumpla con sus obligaciones de revelación de conformidad con las Leyes Aplicables; (iii) para permitir a las partes ejercer adecuadamente sus derechos bajo la Ley de Arbitraje Comercial Internacional de Ontario (*International Commercial Arbitration Act (Ontario)*); y (iv) hasta en tanto la revelación sea necesaria para permitir a las partes consultar a sus asesores profesionales.

SCHEDULE "D"

RULES FOR ARBITRATION

The following rules and procedures shall apply with respect to any matter to be arbitrated by the Parties under the terms of the Agreement.

1. INITIATION OF ARBITRATION PROCEEDINGS

(a) If any Party wishes to have any matter under this Agreement arbitrated in accordance with the provisions of this Agreement, it shall give notice to the other Party specifying particulars of the matter or matters in dispute and proposing the name of the person it wishes to be the single arbitrator. Within 5 days after receipt of such notice, the other Party shall give return notice to the first Party advising whether such Party accepts the arbitrator proposed by the first Party and if such Party does not accept the arbitrator proposed by the first Party, proposing the name of the person it wishes to be the single arbitrator. If such return notice is not received by the first Party within such 5 day period, the other Party shall be deemed to have accepted the arbitrator proposed by the first Party. If such return notice is received by the first Party within such 5 day period and the other Party does not accept the proposed arbitrator of the first Party and proposes another person to be arbitrator, the first Party shall, within 5 days after receipt of such return notice, give notice to the other Party advising whether such first Party accepts the arbitrator proposed by the other Party. If the Parties do not agree upon a single arbitrator within such second 5 day period, the single arbitrator shall be chosen in accordance with the *International Commercial Arbitration Act* (Ontario).

(b) The individual selected as Arbitrator shall be qualified by education and experience to decide the matter in dispute. The Arbitrator shall be at arm's length from both Parties and shall not be a member of the audit or legal firm or firms who advise either Party, nor shall the Arbitrator be a person who is otherwise regularly retained by either of the Parties.

(c) For the purposes of this Schedule "D", the Grantors shall form a single Party, where the context requires, for any arbitration proceeding arising under this Agreement.

2. SUBMISSION OF WRITTEN STATEMENTS

(a) Within 5 days of the appointment of the Arbitrator, the Party initiating the arbitration (the "Claimant") shall send the other party (the "Respondent") a statement of claim setting out in sufficient detail the facts and any contentions of law on which it relies, and the relief that it claims.

(b) Within 10 days of the receipt of the statement of claim, the Respondent shall send the Claimant a statement of defence stating in sufficient detail which of the facts and contentions of law in the statement of claim it admits or denies, on what grounds, and on what other facts and contentions of law he relies.

(c) Within 5 days of receipt of the statement of defence, the Claimant may send the Respondent a statement of reply.

(d) All statements of claim, defence and reply shall be accompanied by copies (or, if they are especially voluminous, lists) of all essential documents on which the party concerned relies and which have not previously been submitted by any party, and (where practicable) by any relevant samples.

(e) After submission of all the statements, the Arbitrator will give directions for the further conduct of the arbitration.

3. MEETINGS AND HEARINGS

(a) The arbitration shall take place in the City of Toronto, Ontario, Canada or in such other place as the Claimant and the Respondent shall agree upon in writing. The arbitration shall be conducted in English unless otherwise agreed by such parties and the Arbitrator. Subject to any adjournments which the Arbitrator allows, the final hearing will be continued on successive working days until it is concluded.

(b) All meetings and hearings will be in private unless the Parties otherwise agree.

(c) Each Party may be represented at any meetings or hearings by legal counsel.

(d) Each Party may examine, cross-examine and re-examine all witnesses at the arbitration.

4. THE DECISION

(a) The Arbitrator will make a decision in writing and, unless the Parties otherwise agree, will set out reasons for decision in the decision.

(b) The Arbitrator will send the decision to the Parties as soon as practicable after the conclusion of the final hearing, but in any event no later than 30 days thereafter, unless that time period is extended for a fixed period by the Arbitrator on written notice to each Party because of illness or other cause beyond the Arbitrator's control.

(c) The decision shall determine and award costs to the successful Party in the arbitration.

(d) Any Party may appeal the decisions of the Arbitrator on a question of fact or a question of law or a mixed question of fact and law. In the event either Party initiates any court proceeding in respect of the decision of the Arbitration or the matter arbitrated, such Party shall, if unsuccessful in the court proceeding, shall pay the other Party's costs on a solicitor/client basis plus all other reasonable expenses incurred by such other Party from the date of delivery of the notice commencing arbitration to the date of determination of such court proceeding.

5. JURISDICTION AND POWERS OF THE ARBITRATOR

(a) By submitting to arbitration under these Rules, the Parties shall be taken to have conferred on the Arbitrator the following jurisdiction and powers, to be exercised at the Arbitrator's discretion subject only to these Rules and the relevant law with the object of ensuring the just, expeditious, economical and final determination of the dispute referred to arbitration.

(b) Without limiting the jurisdiction of the Arbitrator at law, the Parties agree that the Arbitrator shall have jurisdiction to:

(i) determine any question of law arising in the arbitration and/or to resolve any dispute or conflict between the Parties arising or derived from the Agreement;

(ii) determine any question as to the Arbitrator's jurisdiction;

(iii) determine any question of good faith, dishonesty or fraud arising in the dispute;

(iv) order any Party to furnish further details of that Party's case, in fact or in law;

(v) proceed in the arbitration notwithstanding the failure or refusal of any Party to comply with these Rules or with the Arbitrator's orders or directions, or to attend any meeting or hearing, but only after giving that Party written notice that the Arbitrator intends to do so;

(vi) receive and take into account such written or oral evidence tendered by the Parties as the Arbitrator determines is relevant, whether or not strictly admissible in law;

(vii) make one or more interim awards;

(viii) hold meetings and hearings, and make a decision (including a final decision) in Toronto, Ontario, Canada or elsewhere with the concurrence of the Parties thereto;

(ix) order the Parties to produce to the Arbitrator, and to each other for inspection, and to supply copies of, any documents or other evidence or classes of documents in their possession or power which the Arbitrator determines to be relevant; and

(x) make interim orders to secure all or part of any amount in dispute in the arbitration.

6. CONFIDENTIALITY

(a) The arbitration, including any settlement discussions between the parties related to the subject matter of the arbitration shall be conducted on a private and confidential basis and any and all information exchanged and disclosed during the course of the arbitration shall be used only for the purposes of the arbitration. Neither party shall communicate any information obtained or disclosed during the course of the arbitration to any third party except to those experts or consultants employed or retained by, or consulted about retention on behalf of, such party in connection with the arbitration and solely to the extent necessary for assisting in the arbitration, and only after such persons have agreed to be bound by these confidentiality conditions. In the event that disclosure of any information related to the arbitration is required to comply with Applicable Law or court order, the disclosing party shall promptly notify the other party of such disclosure, shall limit such disclosure limited to only that information so required to be disclosed and shall have availed itself of the full benefits of any laws, rules, regulations or contractual rights as to disclosure on a confidential basis to which it may be entitled.

(b) The award of the Arbitrator and any reasons for the decision of the Arbitrator shall also be kept confidential except (i) as may reasonably be necessary to obtain enforcement thereof; (ii) for either party to comply with its disclosure obligations under Applicable Law; (iii) to permit the parties to exercise properly their rights under the *International Commercial Arbitration Act*

(Ontario); and (iv) to the extent that disclosure is required to allow the parties to consult with their professional advisors.