

EXPLORATION CONTRACT WITH PURCHASE OPTION

Between **MANANTIALES S.A.**, with its office at calle Guemes 24 (S), San Juan, a corporation registered before the Registro Público de Comercio de la Provincia de San Juan (Registry of Commercial Concerns of the Province of San Juan) under # 1197, dated on 2 March, 1994, represented in this event by Mr. Francisco Jorge Vizcaino, Argentine, married, DNI 11.481.134, date of birth 15 October, 1954, National Public Accountant, in his capacity as Manantiales S.A.'s board of directors' chairman, accredited by means of ordinary meeting's minutes # 2, annotated in the board's minute book folios 6/7; and, on the other hand **ELEMENTOS MINERALES S.A.**, corporation, with its head office at avenida San Martín 1052 piso 3° Ofic. 17 of the city of Mendoza, represented in this event by its chairman Mr. Gaston Vargas Gei, Argentine, married, DNI 2225.260, lawyer, who accredited his legal caacity through a corporation contract, executed before Cecilia Baras, notary public, Title Holder of the itular del Register # Four Hundred Eight, of the city of Mendoza; who entered into this **AGREEMENT OF EXPLORATION WITH PURCHASE OPTION**:

FIRST: OBJECT: Mining properties and statements. Messrs. are title holders of the following mining rights: **EXPTE.520-0120-M-97- "MANANTIALES S.A. S/Manif. in the County of Calingasta, Pampa de la Puerta zone - Denominated "MANANTIAL 3".- with a surface of 3,126 ha. (32 tenements); EXPTE.520-0121-M-97- "MANANTIALES S.A. S/Manif. in the County of Calingasta, Pampa de la Puerta zone - denominated "MANANTIAL 4".- with a surface of 3,069 ha (31 tenements) and EXPTE.520-0122-M-97- "MANANTIALES S.A. S/Manif. in the County of Calingasta, Pampa de la Puerta zone - Denominated "MANANTIAL 5".- with a surface of 3,601.5 ha (37 tenements),** with all there-arisen rights. Manantiales S.A. guarantees the merit of the title, that it is neither inhibited nor under any encumbrance; they attach certificates issued by Mining Clerkship of Mining Department (Escribanía de Minas dependiente de la Dirección de Minería) of the Province of San Juan with the record of their property and free disposal; who contract this **EXPLORATION WITH IRREVOCABLE AND EXCLUSIVE PURCHASE OPTION** with Elementos Minerales S.A., this latter accepting this engagement.-

SECOND: TERM The term of validity of this **EXPLORATION WITH PURCHASE OPTION AGREEMENT**, is for four (4) years, as from 23 Septemer, 2009 to 23 September, 2013.- Throughout the term of validity of this agreement and fulfilling the respective installments, Elementos Minerales S.A. is able to exercise its exploration and the purchase option. For Manantiales S.A., the term of this agreement is irrevocable as in common with its prospective successors both regarding individual and/or universal title and always provided the payments compliance under the agreed way.-

THIRD: PRICE: The stipulated price for this agreement is as follows: At twenty one (21) days upon signing this agreement, Elementos Minerales S.A. shall pay the herein agreed payable canons, until the date in respect of the date for the herein agreed properties, which are estimated in the

amount of AR\$ 75,000 (ARGENTINE PESOS SEVENTY FIVE THOUSAND).-

Then:

A. At six months of signing this agreement **(U\$S 25,000.00)**
(23/03/2010)

B. At twelve months of signing this agreement **(U\$S 30,000.00)**
(23/09/2010)

C. At eighteen months of signing this agreement **(U\$S 35,000.00)**
(23/03/2011)

D. At twenty four months of signing this agreement **(U\$S 40,000.00)**
(23/09/2011)

E. At thirty months of signing this agreement **(U\$S 45,000.00)**
(23/03/2012)

F. At thirty six months of signing this agreement **(U\$S 50,000.00)**
(23/09/2012)

G. At forty two months of signing this agreement **(U\$S 75,000.00)**
(23/03/2013)

H. At forty eight months of signing this agreement **(US\$ 1,300,000.00)**
(23/09/2013)

The total of the above partial payments is the sum of : **U\$S 1,600,000.00 (ONE MILLION SIX HUNDRED UNITED STATES DOLLARS)** being the total amount of the agreed mining rights. This is also the total price for the purchase option, the same to be settled at the due time. - Supposing that any of the maturity dates arisen from this Exploration with Purchase Option Agreement be Saturday, Sunday or a holiday, the expiration of the obligation shall be shift to the the first subsequent working day.- The delay is not automatic.- The United States Dollar value shall e converted in accordance with the values fixed by Banco de la Nación Argentina, sale type of this currency on the day before the payment on the free-market basis.

FOURTH: The purchase option could be exercised by Elementos Minerales S.A. at any time within the term of validity of this agreement, as specified above.- MANANTIALES S.A. commits itself to perform all acts that could be necessary in order to formally transfer the holding, which is is considered as assumed by this act, and later on, the title in favour of Elementos Minerales S.A. or its designee, of the herein concerned mining property. To facilitate this transfer, Manantiales S.A. awards irrevocable faculties in favour of Elementos Minerales S.A. and/or to a by-it designated person, in order to thrust the referred procedural matter of the said expedient, denounce the mineral that might be discovered, and to request from the Dirección Gral de Minería (Mining Department) titles of the respective properties and their emerging rights, throughout the entire life in force of this agreement.- During the said period the parties commit themselves, both by itself or by third parties, neither to apply for nor register as alien to the same, on the areas covered by this agreement, prospections (cateos) manifestations of discovery (DM), mines or mine stakes, or whatever other right(s) that might undermine the spirit of this contract.- Should there be other manifestations of discovery and/or be made some statement awarding rights within the herein committed areas, these rights shall be included in the terms of this agreement.- Any proprietary damage suffered by Elementos Minerales S.A., and/or by who exercises its rights, as a result of the conduct of any of the co.contractors, shall be able to be compensated to

whom it might correspond. Once the purchase option was exercised, Elementos Minerales S.A. will have a 30-day period to pay to Manantiales S.A. the outstanding amount of the price of such unsettled amount; this payment shall be effected or deposited before a Notary Public of the city of San Juan and will be noticed to herein stated address. MANANTIALES S.A., in the same act and prior to receiving the funds, shall sign and register the mining properties' (as individualized in art. 1) title transferring documentation.- However, it grants sufficient and irrevocable power in favour of Elementos Minerales S.A., or to whom this latter might appoint, to sign such dominium transferring documentation and its subsequent registration, together with the payment or deposit of the balance of the price before the above said Notary.-

Once started the commercial exploitation, Elementos Minerales S.A. shall pay to Manantiales S.A. an agreed royalty and under the following conditions:

- a- A Net Smelter Return royalty of 1% shall be paid to the Vendor.

Elementos Minerales S.A. will have the option to buy-back the net smelter return royalty option at any time for the sum of U\$S 1,500,000 (United States Dollars one million five hundred thousand).

- b- A Net Production Royalty of US\$4.00 per/oz troy of gold equivalent, which shall be paid in the first 450,000 ounces of equivalent gold (four hundred and fifty thousand troy ounces of gold equivalent) produced, pursuant to the statement made in Australian Stock Exchange (ASX) minutes.
- c- A Net Production Royalty of US\$3.00 per/oz troy of gold equivalent, which shall be paid by the entire production once surpassed the first 450,000 oz of gold equivalent (four hundred and fifty thousand ounces of gold equivalent) produced, pursuant to the statement made in Australian Stock Exchange (ASX) minutes.

FIFTH: Elementos Minerales S.A. at any time during the life of this agreement may terminate the same without being comitted to whatever indemnification, nor unsettled payment, by means of a reliable notice to Manantiales S.A. at the herein stated address, with a ninety-day advance.- MANANTIALES S.A. is not empowered to unilaterally rescind the agreement.- The agreement will conclude for both parties at the effective date of rescission as specified in the notice which Elementos Minerales S.A. can send; or with the payment of the total price; or with no payment of the price, after constituted in payments delay.- Elementos Minerales S.A., is empowered to unilaterally assign, in part or in whole, this agreement.- The assignee is only required to have technical and economic capacity in order to comply with the herein assumed commitment.- MANANTIALES S.A. cannot unilaterally assign the agreement, either partially or totally; the same as its prospective successors be it universally or personally. -

SIXTH: During the life of this agreement, MANANTIALES S.A. hereby grants Elementos Minerales S.A. the tenure rights of the rights identified in

article first, but this latter won't be able to exploit the mining deposits that might arise, being empowered to carry out operations of exploration and research as well as the following works: Geological, mining, surveying, drillings, surface and subterranean samplings, surface excavations and subterranean works, mineralogical and metallurgical researches, erection of pilote plants intended for studies and whatever other task useful for the proposed aim, which is the mineral discovery and cubic measurement of ore that could be economically exploitable, as well as its feasibility.- To start the business exploitation of a prospective deposit, Elementos Minerales S.A. should opt for the purchase of the mining rights as detailed in the herein first article .-

SEVENTH: In order to guarantee the purchase option as referred to in the first article of this agreement, MANANTIALES S.A. commits itself to simultaneously register before the Mining Authority of the Province of San Juan, or through the intervening Notary, a voluntary inhibition to assign, sell, lease, encumber or anyhow dispose the mining right identified in the first article and, to that effect, it let it requested as from now.- The said inhibition will be constituted for a term equal to the period of life of this agreement, and one copy of this latter will be submitted as reference of the cause of this inhibition, and a footnote of the same in the Registry of Distribution will be applied for; as well as to be put on the record and in the Book of Mining Businesses which must be carried by the Clerkship of Dirección de Minas (Department of Mining).

EIGHTH: During the agreement life Elementos Minerales S.A. will have to:

- a) Pay on behalf of owners the mining canons and all charges on its property and which are required by mining legal provisions and all other expenses necessary for the legal maintenance of mining rights, included stamp taxes and legal fees for transaction of expedients;
- b) It commits itself to assist in the maintenance and progresses of mining rights included in this agreement, as from the date of entering into the agreement and with no responsibility whatsoever for possible vices of former origin;
- c) All improvements necessary to be done will be incumbent upon it; MANANTIALES S.A. won't be responsible for tools, machinery, rigs, facilities or improvements incorporated in the mining property;
- d) Take on all civil responsibilities as result of damages to people or things, own or alien ones, which can arise due to the exploratory activity;
- e) Pay for labor, it occupies, in all its forms, putting on record that the personnel have no any labor-management relation whatsoever with MANANTIALES S.A.;
- f) it will submit, in written, every six months to MANANTIALES S.A. a report of the works carried out;
- g) In the case of not choosing to acquire the area, it shall have to hand over to MANANTIALES S.A., a descriptive report about geological and mining researches and outcomes of its exploration, within a reasonable term;
- h) Elementos Minerales S.A. shall present and manage at the appropriate time the reports on the environmental impact which legally might fit.

NINTH: Elementos Minerales S.A. may at any time during this agreement in force, install on and withdraw from the area all tools, machinery, rigs or supplies relevant to the same, the task that should be done within one

hundred and eighty days subsequent to the rescission of this agreement; Elementos Minerales S.A. won't be allowed to withdraw any subterranean beam and other supports erected by the same and won't be able to alter or restore excavations and other surface works useful for mining works, unless required so by the applicable Law, administrative rules or orders.- Elementos Minerales S.A., is permitted to have during the said period a watchman or the necessary custody.

TENTH: The only ground for rescission in favour of MANANTIALES S.A. will be the non-timely payment of the agreed sums in the third article, in the concept of price.- This power of unilateral rescission due to the lack of a timely payment, will work as from thirty days after the reliable summons and being in payment delay, for fulfillment of the obligation.- During the period of effective arrears, the amount of the obligation will accrue an interest equivalent to the rate Banco de la Nacion Argentina charges for discounting documents or promissory notes, which has to be paid together with the capital payable.-After the expiry of thirty days in arrears, the will to rescind must be reliably notified, at the herein set address; remaining in favour of MANANTIALES S.A. the sums received so far and imputable to unavailability of the mining rights. Produced the arrears and rescission of the agreement, ELEMENTOS MINERALES S.A. has no obligation to some payment or indemnification whatsoever.-

ELEVENTH: This agreement shall bind the parties and their respective heirs, executors, administrators, successors, whatever their title or cause, beneficiaries and third parties bound.- All knowledge or information MANANTIALES S.A. or its members have acquired with regard to the works and researches made by Elementos Minerales S.A. shall be kept under absolute reserve and deemed as confidential, unless Elementos Minerales S.A. had reliably released the title holders of this obligation.- This clause of confidentiality shall be in force throughout the life of this agreement and up to one year after the date the rescission or acquisition of the property and mining rights were instrumented.-

TWELFTH: All notices to MANANTIALES S.A. shall be made to the herein constituted address. Notices to Elementos Minerales S.A. shall be made in a reliable manner to the herein constituted address.- The parties could change their addresses and shall give a reliable notice to that effect; always under a concept of good faith and ease for their notices. However, Elementos Minerales S.A. is released from the obligation of payment, canceling the same in a Notary Public office of the city of San Juan and by giving the respective notice to MANANTIALES S.A. at the herein given address.-

THIRTEENTH: This agreement will be entered before the Dirección de Minas de San Juan.- The expenses will be in charge of ELEMENTOS MINERALES S.A.- The parties expressly agree that in case of a controversy they will assign a suitable arbitrator each of them; and in case of non-reaching an agreement, they will submit to the arbitration of the Mining Rights' Chair title-holder professor of the Faculty of Law and Social Sciences at the University of Buenos Aires, whose decision shall be unappealable.- The arbiters will have a 60-day term in their respective interventions, to

hear the both parties, assess the evidence and to pronounce judgement.- It is put on record that this agreement is stamp-tax free.-

In witness of consent, this instrument is signed in five copies of a same purport, for the parties, to be registered in the Mining Authority of the Province, the other one to be officially recorded before a Notary Public Office of the Registry, and another copy to be translated into English.- In the Province of San Juan on days of the month of, 2009.-