

**Cerro Grande Mining Corporation**

**La Concepcion 266, Office 704**

**Santiago, Chile**

July 11, 2011

*Private and Confidential*

*Delivered/E-Mail*

David Thomson, Mario Hernandez and Merwin Bernstein

Dear Sirs:

Based on our discussions, we are submitting this letter agreement (the "**Letter Agreement**") to you (the "**CDM Majority Shareholders**"), reflecting our understanding in connection with the Proposed Transaction as defined below and described in this Letter Agreement:

1. **Proposed Transaction.** The CDM Majority Shareholders are proposing to enter into an option agreement for the sale and purchase of not less than 65.6% of the issued and outstanding common shares of Compañía Minera Cerro Del Medio ("**CDM**") (held in aggregate by the CDM Majority Shareholders), a Chilean corporation, free and clear of any and all encumbrances (the "**Majority Shares**") to Cerro Grande Mining Corporation ("**CEG**"), a Canadian corporation (the "**Proposed Transaction**"), on the terms and conditions described herein. CDM has a 100% interest in, and to, the Santa Cecilia Property as more fully described in Schedule A hereto, (the "**Property**"). The shareholders of CDM who are not the CDM Majority Shareholders will be invited to enter into the Definitive Option Agreement (as defined below) on the same terms as the CDM Majority Shareholders, and such CDM Shareholders accepting such invitation (the "**Option Shareholders**") will be obligated to sell their percentage of CDM shares (the "**Option Shares**").
2. **Payment for the Majority Shares and Option Shares, if any.** In order to proceed with the acquisition of the Majority Shares and Option Shares, if any, CEG shall be required:
  - (a) between July 31, 2011 and July 31, 2013 to fund the CDM Majority Shareholders, and any Option Shareholders, *pro rata* share of a diamond drilling campaign on the Property (the "**Drilling Campaign**") consisting of a minimum of 7,200 meters of drilling, including but not limited to, core logging and assaying, at an aggregate total cost of approximately US\$4,000,000.
  - (b) After issuance of a Notice to Proceed (as defined below), issue such number of common shares of CEG to the Majority Shareholders and any Option Shareholders that will represent: subject to Section 8 herein, the Valuation (as defined below) as contained in the Satisfactory Valuation and Fairness Opinion

(as defined below) less 50% of the *pro rata* cost of the Drilling Campaign referred to in (a) above; such shares to be issued at the Market Price (as define below) of each common share of CEG on the date of issuance of the Notice to Proceed or on such other date as the Toronto Stock Exchange may require;

3. **Drilling Campaign.** The drill sites shall be chosen by CDM Majority Shareholders subject to the approval of CEG's outside consultants. CEG will be responsible for funding all claim costs and project access costs until completion of the Drilling Campaign, and, only if required by applicable law and regulation, costs associated with the completion of an environmental impact assessment for the Drilling Campaign. CEG may terminate the Drilling Campaign at any time having drilled not less than 1,500 metres and having paid 100% of the Drilling Campaign costs incurred up to an including the date of such termination. On such early termination of the Drilling Campaign, the Proposed Transaction will not occur and the parties herein shall have no obligations to the other in respect thereof. All technical information relating to the Property which is acquired by CEG as a result of carrying out the Drilling Campaign, shall be provided to CDM on an ongoing basis. Likewise, any technical studies in respect of the Property, whether or not compliant with National Instrument 43-101 (the "**Technical Reports**") and whether or not based on the ongoing results of the Drilling Campaign, shall be made available by CDM to CEG on an ongoing basis.
4. **Mechanism for Non-Payment of Drilling Campaign Costs by Non-Participating Shareholders.** The shareholders of a contractual mining company can agree to a capital increase in order to fund exploration. If any of the shareholders does not concur to the payment, the company can sue the non-paying shareholder. Once the court ruling is final or if the non-paying shareholder has not acted in the court case, court will auction the shares. If there are no offers, the shares of the non-paying shareholders will accrue proportionately to the shareholders who agreed and paid the capital contribution.
5. **First Evaluation.** On completion of the Drilling Campaign, an evaluation (the "**First Evaluation**") of (i) the results of the Drilling Campaign, (ii) Technical Reports existing as at the date of this Letter Agreement, (iii) Technical Reports created as a result of the Drilling Campaign, (iv) any other Technical Reports and technical information in respect of the Property that may be available, (v) any other relevant information with respect to the Property; and (vi) the assets, properties, liabilities and business of CEG will be undertaken by a competent independent investment banking group, such as Cannacord / Genuity, as mutually agreed upon by CEG and the CDM Majority Shareholders together with and any Option shareholders. Such First Evaluation shall be completed within 45 days of the later of completion of the Drilling Campaign and a National Instrument 43-101 compliant Technical Report on the Property based on the results of the Drilling Campaign, and will determine a valuation of (i) the Majority Shares and any Option Shares and (ii) of CEG (the "**Valuation**") and a fairness opinion for the board of directors of CDM in respect of the Valuation. The First Evaluation will also take into account other factors that are deemed relevant to the Property, including but not limited to the existence of a 3% net smelter royalty, payable on commencement of commercial production (as more fully described in the royalty agreement) which runs with the Property in favour of the original owners of the Property, and the potential increase in the value of common

shares of CEG due to the acquisition of the Majority Shares and any Option Shares, or indeed the entire issued and outstanding capital of CDM.

6. **Dissent Notice and Satisfactory Valuation and Fairness Opinion.** Within 30 days of receipt of the First Evaluation, CEG, or the CDM Majority Shareholders together with any Option Shareholders, may notify the other that it is not in agreement with the findings of the First Evaluation and the Valuation (a "**Dissent Notice**"). In the event that a Dissent Notice is not received within 30 days by either CEG or the CDM Majority Shareholders together with any Option Shareholders, such First Evaluation and the Valuation shall be deemed to be the "**Satisfactory Valuation and Fairness Opinion**". In the event a Dissent Notice is issued, the party issuing the Dissent Notice shall, at its own cost, engage the services of a second competent independent investment banking group, whose appointment is mutually agreeable between CEG and the CDM Majority Shareholders (i) together with any Option Shareholders, in order to conduct a second evaluation resulting in a second Valuation and (ii) a second fairness opinion on the value of the Majority Shares and any Option Shares, and on the value of a combined CEG-CDM entity (the "**Second Evaluation**"). Such Second Evaluation shall evaluate and consider the same information as considered by the First Evaluation, and is required to be completed within 60 days of issuance of the Dissent Notice. Thirty days after completion of the Second Evaluation, the Second Evaluation and the valuation contained therein shall automatically be deemed to be the "**Satisfactory Valuation and Fairness Opinion**", unless the CDM Majority Shareholders together with any Option Shareholders or CEG issue a final notice to the other that they disagree with the findings of the Second Evaluation and the Second Valuation (a "**Final Dissent Notice**").
7. **Final Dissent Notice.** In the event that a Final Dissent Notice (i) is issued by the CDM Majority Shareholders together with the Option Shareholders, they shall be required within 180 days of such issuance to pay to CEG 125% of the *pro rata* costs of the Drilling Campaign referred to in Section 2(a) herein (the "**CDM Dissent Fee**"), or (ii) is issued by CEG, the CDM Majority Shareholders and any Option Shareholders shall be required within 180 days of such issuance to pay to CEG 100% of the *pro rata* costs of the Drilling Campaign referred to in Section 2(a) herein (the "**CEG Dissent Fee**"). In addition, CEG shall have a right of first refusal (the "**ROFR**"), for a period of 18 months from the issuance of the Final Dissent Notice, to acquire the Majority Shares and any Option Shares, through the issuance of such number of common shares of CEG that will either (i) represent the cash value of the *bona fide* offer to purchase the Majority Shares and any Option Shares; or (ii) if the *bona fide* offer to purchase provides a lower Valuation of the Majority Shares and any Option Shares than provided in the First Evaluation or Second Evaluation, issue such number of common shares of CEG as required by the First or Second Evaluation, as applicable, any such shares to be issued at the Market Price of each common share of CEG at the date on which CEG exercises the ROFR or such other date as the Toronto Stock Exchange may require. If CEG successfully exercises the ROFR, CEG shall repay the CEG Dissent Fee, or CDM Dissent fee, as applicable.

8. **Notice to Proceed.** Within 90 days of completion of a deemed Satisfactory Valuation and Fairness Opinion, CEG may decide to proceed with the acquisition of the Majority Shares and any Option Shares by issuing a notice to proceed (the "**Notice to Proceed**") to the Majority Shareholders and Option Shareholders setting out the share consideration that each CDM Majority Shareholder and Option Shareholder is entitled to based on the deemed Satisfactory Valuation and Fairness Opinion either (i) alone, or (ii) replacing the Valuation of CEG contained therein if lower than the valuation of CEG based on its market capitalization on the date of the Notice to Proceed. In the event that CEG issues a Notice to Proceed, CEG shall also offer to acquire the shareholdings of all remaining shareholders of CDM on the same basis as is provided to the CDM Majority Shareholders and Option Shareholders.
9. **Definitive Option Agreement.** From the date of signing of this Letter Agreement and subject to termination pursuant to Section 18 of this Letter Agreement, each of the parties will negotiate in good faith a definitive option agreement reflecting the terms and conditions set forth in this Letter Agreement for the Proposed Transaction (the "**Definitive Option Agreement**"). The anticipated closing of the Definitive Option Agreement (the "**Closing**") will be on or before **June 30, 2012** (the "**Long Stop Date**"), unless otherwise agreed in writing by the parties hereto. It is acknowledged by the parties hereto that the Drilling Campaign referred to in Section 2(a) herein may commence prior to Closing.
10. **Takeover of CEG.** In the event that a successful and completed takeover bid for the entire issued and outstanding share capital of CEG is accepted by shareholders of CEG at any time after the signing of the Definitive Option Agreement and the issuance of a Notice to Proceed, the CDM Majority Shareholders, together with any Option Shareholders, shall have the right to withdraw from the Definitive Option Agreement and will be required to reimburse CEG, within 90 days of the notice of withdrawal, 100% of the *pro rata* costs of the Drilling Campaign referred to in Section 2(a) herein incurred to date and the Drilling Campaign will terminate.
11. **Conditions.** Closing of the Proposed Transaction will be subject to customary conditions including, without limitation:
  - (a) the following conditions for the benefit of CEG:
    - (i) the purchase of the Majority Shares shall represent in aggregate 65.6% of the issued and outstanding common shares of CDM;
    - (ii) the Majority Shares, any Option Shares, and to the extent that the other remaining shareholders of CDM agree to sell their shareholdings in CDM following a Notice to Proceed, shall be transferred to CEG free and clear of all liens, claims and encumbrances whatsoever and delivered to CEG promptly after receipt of the Notice to Proceed and concurrently with the delivery by CEG of the appropriate number of CEG shares to the CDM Majority Shareholders, the Option Shareholders and, if applicable, the other remaining CDM shareholder;

- (iii) as the Proposed Transaction will be considered to be non-arm's length, approval of the Toronto Stock Exchange to the Proposed Transaction and any issuance of CEG shares will be required, and approval of the disinterested shareholders of CEG may also be required.
  - (b) the following conditions for the benefit of CDM Majority Shareholders / CDM:
    - (i) the "**Market Price**" of any shares proposed to be issued by CEG shall be by reference to the twenty day volume weighted average trading price of CEG's shares immediately preceding the date of issuance of the Notice to Proceed / date a ROFR is exercised by CEG (subject to Toronto Stock Exchange requirements) as more fully described in the rules of the Toronto Stock Exchange.
12. **Structure.** The structure of the Proposed Transaction may be revised in the Definitive Option Agreement to accommodate certain tax and other considerations of the parties hereto.
13. **CDM Majority Shareholders' Exclusivity Covenant.** In recognition of the time, effort and finances that CEG will incur in pursuing the Proposed Transaction, the CDM Majority Shareholders each acknowledge and agrees that, until the earlier of: (i) the date a Definitive Option Agreement is entered into; and (ii) the date of the termination of this Letter Agreement, the CDM Majority Shareholders will not, and, as applicable, will cause its directors, officers, employees and agents not to:
- (a) solicit or encourage the initiation or submission of any expression of interest, inquiry, proposal or offer from any person or entity relating to a possible transaction involving, directly or indirectly, the sale, lease, option, joint venture or other disposition of an interest in or transaction involving the Property, the Majority Shares or CDM (an "**Alternative Transaction**"); or
  - (b) participate in any discussions or negotiations or enter into any agreement with, or provide any non-public information to, any person or entity (other than CEG) relating to or in connection with a possible Alternative Transaction; or
  - (c) enter, consider or accept any proposal or offer from any person or entity (other than CEG) relating to a possible Alternative Transaction.
14. **No Other Agreements.** Each of the parties hereto represents and warrants to the other that: there are no existing agreements to which it is bound, including any option, understanding or commitment or any right or privilege capable of becoming such, for the purchase, sale, transfer or other disposition of, interest in or joint venture regarding the Property or the CDM Majority Shares, as applicable.
15. **Due Diligence.** CDM Majority Shareholders shall grant to CEG access to all of CDM's relevant personnel and accountants and to the extent permissible copies of all documents that CEG may request, including (without limitation) business plans, financial statements (actual and pro forma), books, records and other documents in order for CEG to conduct

prior to entering into the Definitive Option Agreement, in its absolute discretion, a satisfactory due diligence review of the Property and CDM, which shall include technical, financial and legal due diligence.

16. **Material Changes and Force Majeure.** From and after the date of execution of this Letter Agreement until the earlier of (i) the date of the execution of the Definitive Option Agreement; and (ii) the date on which this Letter Agreement is terminated, each of the parties shall promptly notify the other parties hereto in writing of any material change (actual, anticipated, contemplated or threatened, financial or otherwise) in its business, operations, affairs, assets, capitalization, financial condition, prospects, permits, rights, privileges or liabilities, whether contractual or otherwise. "Force Majeure" means an exceptional event or circumstance prior to the entering into of the Definitive Option Agreement (a) which is beyond CEG's control, (b) which CEG could not reasonably have provided against, (c) which, having arisen, CEG could not reasonably have avoided or overcome, (d) which is not attributable in the reasonable control of CDM or the CDM Majority Shareholders and (e) which affects carrying out of the Drilling Campaign. If CEG is or will encounter a Force Majeure, then it shall give notice the CDM Majority Shareholders and the Parties shall meet in good faith to discuss such Force Majeure event and to agree reasonable (i) extension of time to complete the Drilling Campaign, (ii) reduction in the number of meters of drilling, and (iii) reduction in approximate costs to be incurred, in each case to complete the Drilling Campaign.
17. **Definitive Option Agreement.** CEG and its legal counsel shall be responsible for preparing the initial draft of the Definitive Option Agreement and the parties shall negotiate in good faith to arrive at mutually acceptable Definitive Option Agreement for authorization, execution and delivery on or before June 12, 2012.
18. **Termination.** This Letter Agreement shall automatically terminate (i) by notification of one party to the others that a party is in breach of its obligations hereto and such breach is either not capable of remedy or has failed to be remedied within 90 days of notification of the breach; and (ii) may be terminated at any time by mutual written consent of all parties hereto; or (iii) by notice by CEG at any time prior to entering into the Definitive Option Agreement; provided that the termination of this Letter Agreement shall not affect the liability of a party for breach of any of the provisions of this Letter Agreement prior to such termination, nor the survival of the Surviving Binding Provisions (as defined in Section 25). Upon termination of this Letter Agreement, the parties shall have no further obligations under this Letter Agreement, except with respect to the Surviving Binding Provisions which shall survive in full force and effect, unamended.
19. **Notice.** Any notice, request, consent, agreement or approval which may or is required to be given pursuant to this Letter Agreement shall be in writing and shall be sufficiently given or made if delivered, or sent by facsimile or email, in the case of:

(a) CEG, addressed as follows:

Cerro Grande Mining Corporation  
La Concepcion 266, Of. 704

Providencia, Santiago, Chile.

Attention: Mr. Stephen W. Houghton  
Facsimile: 56-2-264-2309  
Email: [ceg@cegmining.com](mailto:ceg@cegmining.com)

(b) the CDM Majority Shareholders, addressed as follows:

Compañía Minera Cerro Del Medio  
Los Carrera 380, Of. 425, La Serena, Chile

Attention: Mr. Mario Hernandez  
Facsimile: 56-51-226-920  
Email: [mhdez@ctcinternet.cl](mailto:mhdez@ctcinternet.cl)

or to such other address as the relevant person may from time to time advise by notice in writing given pursuant to this Section. The date of receipt of any such notice, request, consent, agreement or approval shall be deemed to be the date of delivery or sending thereof if sent or delivered during normal business hours on a business day at the place of receipt and, otherwise, on the next following business day.

20. **Waiver.** No party will be deemed to have waived the exercise of any right that it holds under this Letter Agreement unless such waiver is made in writing. No waiver made with respect to any instance involving the exercise of any such right will be deemed to be a waiver with respect to any other instance involving the exercise of the right or with respect to any other such right.
21. **Severability.** If any provision of this Letter Agreement or the application of such provision to any party or person or circumstance shall be held illegal, invalid, or unenforceable, the remainder of this Letter Agreement, or the application of such provision to a party or person or circumstance other than those as to which it is held illegal, invalid, or unenforceable, shall not be affected thereby. Each provision of this Letter Agreement is intended to be severable, and if any provision is illegal, invalid or unenforceable in any jurisdiction, this will not affect the legality, validity or enforceability of such provision in any other jurisdiction or the validity of the remainder of this Letter Agreement.
22. **Assignment.** This Letter Agreement and all rights, entitlement, duties and obligations arising from it shall not be assigned in whole or in part by any party hereto without the prior written consent of the other parties hereto, not to be unreasonably withheld.
23. **Time.** Time is of the essence hereof.

24. **Expenses.** The parties acknowledge and agree that the costs incurred by a party to this Letter Agreement in connection with the Proposed Transaction, including, without limitation, all third party legal, advisory and consulting fees, shall be borne by the party that has incurred such costs.
25. **Binding Provisions.** This Letter Agreement is intended to create binding obligations between the parties. It is intended that Sections 25 through 28 shall survive in the event that this Letter Agreement is terminated and that all other provisions shall terminate upon termination of this Letter Agreement. It is understood that no party to this Letter Agreement may reasonably rely on any promises or representations of any other party to this Letter Agreement inconsistent with this Section, which section supersedes all other conflicting language.
26. **Governing Law.** This Letter Agreement shall be governed and construed in accordance with the laws of the Republic of Chile and the governing law of the Definitive Option Agreement shall likewise be governed and construed in accordance with the laws of the Republic of Chile. Any difficulty between the parties will be submitted to arbitration, under the rules of the Arbitration Procedures of the Center for Mediation and Arbitration of Santiago and the parties grant irrevocable special power of attorney to the Commerce Chamber AG of Santiago, so that, at the written request of any of them, an arbitrator from the list of arbitrators of the Center is appointed, who must rule consistent with applicable legislation. Said arbitrator will be fully empowered to solve any issue within his jurisdiction.
27. **Representations and Warranties.** Each of the parties represents and warrants to the other that (and acknowledges that the other is relying upon the following representations and warranties in entering into this Letter Agreement):
- (a) this Letter Agreement has been duly and validly authorized, executed and delivered by and constitutes a legal, valid, binding and enforceable obligation of it; and
  - (b) none of the execution and delivery of this Letter Agreement or the completion of the transactions contemplated herein or the fulfillment of or compliance with the terms and provisions hereof do or will, with the giving of notice or the lapse of time or both:
    - (i) to the best of its knowledge, violate any provision of any law or administrative regulation or any administrative order, award, judgment or decree applicable to it; or
    - (ii) conflict with any of the terms, conditions or provisions of articles or any by-laws or any resolution of directors or shareholders.

The CDM Majority Shareholders represent and warrant to CEG (and acknowledges that CEG is relying upon this representation and warranty in entering into this Letter Agreement) that CEG will be provided with all necessary access to the Property and



assistance from the CDM Majority Shareholders that it may reasonably require to carry out the Drilling Campaign.

28. **Entire Agreement.** This Letter Agreement constitutes the entire agreement between the parties and supersedes all prior oral or written agreements, understandings, representations and warranties, and courses of conduct and dealings between the parties on the subject matter hereof. Except as otherwise provided herein, this Letter Agreement may be amended or modified only by a writing executed by all of the parties.

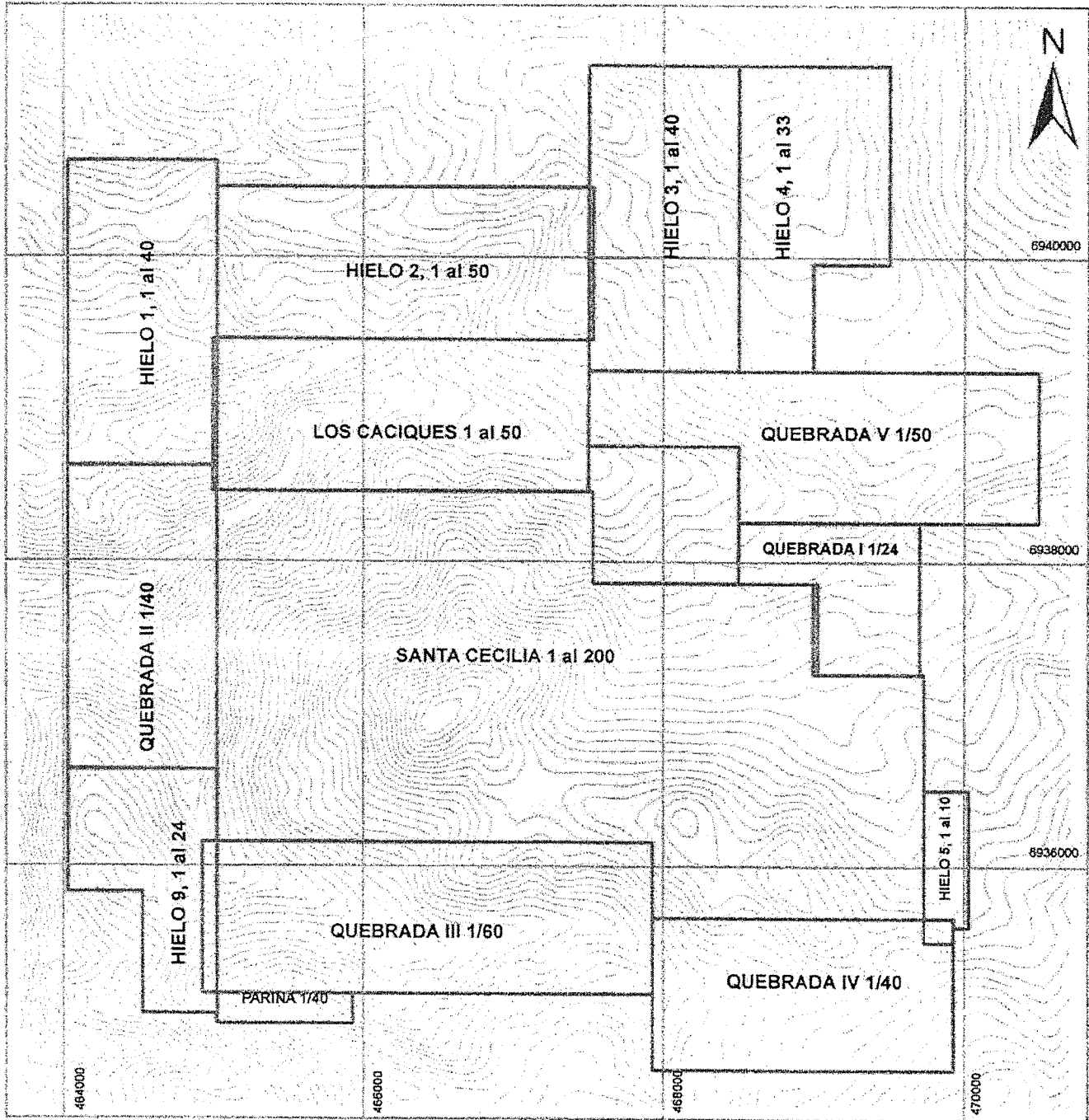
If the above meets with your approval, please so indicate by returning an executed copy of this Letter Agreement to each of the other parties hereto by email. In the event that a fully executed copy of this Letter Agreement is not received by all of the parties by 5:00 pm (Eastern time) on July 15, 2011, this Letter Agreement will be considered withdrawn.

This Letter Agreement may be executed in any number of counterparts with the same effect as if all parties had signed the same document. All counterparts will constitute one and the same document. This Letter Agreement may be executed and transmitted by electronic means and if so executed and transmitted this Letter Agreement will be for all purposes as effective as if the parties had delivered and executed an original Letter Agreement.

[Signature page follows]



**SCHEDULE A**  
COMPAÑIA MINERA CERRO DEL MEDIO



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Schedule A – continued

DETERMINATION OF NET SMELTER RETURN

Through public deed dated December 27, 2010, issued at the Notary Public of Santiago, Chile, Mr. Raúl Iván Perry Pefaur, Compañía Minera Santa Cecilia sold to Compañía Minera Cerro del Medio several mining properties, such as Santa Cecilia 1 to 200, Los Caciques 1 to 50, Quebrada I, 1 to 24, Quebrada II 1 to 40, Quebra III 1 to 60, plus other properties, all indicated in the aforementioned public deed.

The price of the sale was the fixed amount of ninety million pesos, plus a variable price equal to three percent of the Net Smelter Return, as defined below. The variable price will be payable during the useful life of the mines located within the area of interest, as defined below.

Net Smelter Return is defined as all income received from the sale of Mining Products extracted from the Mining Concessions within the area of interest, less costs of transport and refining from the Location of the Mine. The terms used in the definition of Net Smelter Return have the following meanings: (one) Mining Products means all metals extracted, exploited or taken out of the Location of the Mine; (two) Area of Interest means the area covered by the Mining Concessions. (three) Location of the Mine means mining work within the Area of Interest and buildings and installations, such as leaching pads, storage areas of mineral and storage installations, whether on surface or underground within the Area of Interest, or in any other installation far from the Location of the Mine, used by the Buyer to crush, mill, flotote, leach, bioleach or any other method of extraction, plus transport through slurry pipeline, filtering or drying, used by the Buyer for the production or processing of the Mining Products extracted from the Area of Interest. (four) Less costs means Allowed Deductions, which are the following: (i) All costs, charges or deductions imposed or agreed with the Buyer of the Mining Products under Market conditions or deductions incurred by or in the name of the Buyer or his affiliates and which are related with the smelting or refining of the Mining Products after leaving the Location of the Mine; (ii) all costs, expenses or charges incurred by the Buyer or his affiliates related to transport, including insurance, freight, handling expenses, port expenses, demurrage and any other related to the transport of the Minerals from the Location of the Mine to the refinery or other places where they are treated or processed, including their transport to the places where they are stored for their subsequent sale to the final Buyers; (iii) taxes, rights, or customs or tax liens of any other nature applicable to the sales, use, receipt, import, export, including VAT and other governmental taxes or liens or of other nature, related to the existence, sale, import, export and transport, excluding the income taxes on the net taxable income of the Buyer. As regards VAT, if the amount paid were subsequently to its payment recovered by the Buyer or its affiliates, the amount recovered, when it takes place, will form part of the income which must be included for the determination of the Net Smelter Return; (iv) All costs, expenses and fees related to the sales, insurance, storage, consignment, sales agent, as well as any discount or rebate under market conditions or granted by the Buyer to clients for products which do not comply with required conditions or are damaged. Commercial transactions related to the Mining Products and made to

Schedule A – continued

related parties must be made under the commercial terms in force in the international markets which regulates the sale of such products, based on the values of the London Bullion Market Association, London Gold PM Fixing and London Silver Fixing for Gold and Silver, and the London Metals Exchange in the case of copper and other metals and for molybdenum, the average price of the sales transactions in the Platts Metals Week Molybdenum Dealer Oxide. The Variable Price will be paid provisionally within 60 days of the termination of each calendar quarter of the respective year, March, July, September and December, duly sustained by all the documentation of the Sales of Mining Products, which documents will be delivered to the Seller for the purpose of his control. Within 60 days of the termination of the respective calendar year, the Buyer will make the applicable adjustments to determine the final Variable Price for each year and will pay the Seller, if applicable, any difference arising from the financial statements which reflect the sales of Mining Products used to determine definitive Variable Price. The parties state that if there are differences between the Variable Price and the Sales of Mining Products indicated in the Audited Financial and Tax Statements, filed with the IRS during the month of April of each year, the parties will perform a new liquidation of a Variable Price and any difference will be paid within the 15 days following its determination. The Buyer may not sell or dispose of Minerals in-situ or extracted minerals, before being submitted to concentration, precipitation or leaching. Further, the parties agree that the Buyer must comply with the following obligations: (one) Registries: The Buyer will maintain exact registry of the tonnage, volume of Mining Products, analysis of Mining Products, weight, humidity, essays of payable metal content and other documentation and registries, as applicable and related to the calculation of the Net Smelter Return. This information must be delivered to the Seller at the end of each quarter. (Two) Information: The Buyer commits to deliver the following information and in the manner established here in after: (a) Quarterly: (i) a detailed report of all sales made, indicating the Buyer, tonnage, market price of the sale, detail of the different Mining Products sold and its sales prices (ii) detailed report of the Allowed Deductions; (iii) report of the production of the mine and (iv) report of the production of the plant or any other kind of treatment of the minerals, with grades, recovery and detail on the different Mining Products processed or extracted. (b) Yearly: (i) yearly production plan of the mine plus updated Mine Plan with the estimated future production, including the projected NSR; (ii) Reserves; (iii) relevant facts which might affect the production and payment of the Variable Price and (iv) right to a yearly visit to the Area of Interest, at the cost and risk of the Seller. For this purpose the Seller must coordinate with the Buyer the visit, which must be made within the operating hours of the mine and without disturbing the operation of the mine. In connection with hedging and its effect on the Net Smelter Return, the Seller accepts that the Buyer or its affiliates may from time to time enter into hedges related to the sale of Mining Products extracted from the Area of Interest. Such hedging and the profits or losses they might cause, will not be considered for the calculation of the payments owed to the Seller, either in connection with the determination of the price, date of sales, date of payments or others. The Seller accepts that in connection with the above the sales made by the Buyer or its affiliates, might result in more or less dollars corresponding to the Seller, as the NSR of the Mining Products will be determined by the

Schedule A – completed

published sales price of those products. The Seller hereby waives the right to request additional payments in case the Seller or its affiliates obtain more dollars than those pertaining to the Seller. Likewise, the Seller will not be committed to share any loss caused by any of the mentioned activities of the Mining Products extracted from the Area of Interest.

Compañía Minera Cerro del Medio cannot sell or any manner enter into any contract regarding the mining concessions without the prior written consent of Compañía Minera Santa Cecilia. If Compañía Cerro del Medio transfers the owners of the concessions the new Buyer must formally commit to pay the above variable price. Whoever acquires the mining concessions must assume the obligation to pay Compañía Minera Santa Cecilia or its successors the variable price herein referred to. Any guarantee granted by Compañía Minera Cerro del Medio or its successors will not affect directly or indirectly the payment of the variable price to which Compañía Minera Santa Cecilia is the creditor, whoever is the owner of the mining concessions indicated above.