

OPTION AGREEMENT – WELS PROJECT

THIS AGREEMENT is dated for reference the 6 day of JUNE, 2011.

BETWEEN:

ROGER HULSTEIN, a businessperson with an address at
106 Wilson Drive, Whitehorse, Yukon Y1A 0C9

("Hulstein")

AND:

FARRELL ANDERSON, a businessperson with an address at
P.O. Box 2128, March Lake, Yukon Y0B 1Y2

("Anderson", and together with Hulstein, the "Optionor")

AND:

GORILLA RESOURCES CORP., a British Columbia corporation with an address
at 1050 Burrard Street, Suite 2001, Vancouver, BC V6Z 2S5

(the "Optionee")

WHEREAS:

- A. The Optionor is the recorded and beneficial owner of certain mineral claims more particularly described in Schedule "A" attached hereto and forming part of this Agreement (the "**Mineral Claims**");
- B. The Optionor desires to grant an option to purchase an interest in the Mineral Claims to the Optionee and the Optionee desires to acquire an option to purchase such interest upon the terms and subject to the conditions contained herein.

NOW THEREFORE in consideration of the premises and of the mutual covenants contained herein, the parties hereto agree as follows:

1. WORKING OPTION

The Optionor hereby grants to the Optionee and its employees, agents and any person duly authorized by the Optionee, the sole and exclusive right and option, subject to the provisions of Section 11, to:

- (a) enter upon the Mineral Claims;
- (b) have exclusive and quiet possession thereof;
- (c) do such prospecting, exploration, development or other mining work thereon and thereunder as the Optionee in its sole discretion may consider advisable;



- (d) bring upon and erect upon the Mineral Claims such buildings, plants, facilities, machinery and equipment as the Optionee may consider advisable; and
- (e) remove from the Mineral Claims and sell or otherwise dispose of reasonable quantities of any ores, minerals and metals for the purpose of obtaining assays or making other tests

(collectively, the "Working Option").

2. OPTION PAYMENTS AND COMMITMENTS

In order to maintain the Working Option in good standing and to earn the interests in the Mineral Claims hereinafter provided for, the Optionee shall (subject to Section 21) make the following payments in cash and/or common shares in the capital of the Optionee (the "Shares") to the Optionor:

- (a) \$15,000 upon the execution of this Agreement (receipt of which is hereby acknowledged by the Optionor), plus a \$900 finder's fee to a third party identified by the Optionor;
- (b) \$15,000 upon the completion of a "technical report" on the Mineral Claims as such term is defined in National Instrument 43-101 *Standards of Disclosure for Mineral Projects*,), plus a 3% finder's fee to a third party identified by the Optionor;
- (c) 150,000 Shares on or before six (6) months from the date of this Agreement;
- (d) 100,000 Shares on or before September 30, 2012;
- (e) \$25,000 on or before September 30, 2012;
- (f) \$40,000 on or before September 30, 2013, payable in cash, Shares or a combination of cash and Shares in the sole discretion of the Optionee;
- (g) \$80,000 on or before September 30, 2014, payable in cash, Shares or a combination of cash and Shares in the sole discretion of the Optionee.

3. ACQUISITION OF INTEREST

Upon the completion by the Optionee of the payments set out in Section 2 , the Optionee shall have earned a 100% undivided right, title and interest in to the Mineral Claims, including all mining leases and other mining interests derived from the Mineral Claims, subject only to the royalty interest reserved to the Optionor pursuant to Section 5 .

4. TERMINATION OF WORKING OPTION

This Agreement and the Working Option shall be terminable by the Optionor by notice in writing to the Optionee in any of the following events:



- (a) if any of the payments referred to in Section 2 have not been made to the Optionor on or within thirty (30) days of the date on which such payment is required to be made; or
- (b) if the Optionee should be in default in performing any of its obligations hereunder and has failed to take reasonable steps to cure such default within sixty (60) days after the giving of a notice of default by the Optionor.

Upon termination of this Agreement by the Optionor the provisions of Section 14 shall apply.

5. ROYALTY INTEREST OF OPTIONOR

- 5.1 The Optionor shall be entitled to receive and the Optionee shall pay to the Optionor a royalty interest equal to 3% of Net Smelter Returns. For the purposes of this agreement, "Net Smelter Returns" means the actual proceeds received by the Optionee from a smelter or other place of sale or treatment in respect of all ore, metals, bullion or concentrates removed by the Optionee from the Mineral Claims as evidenced by its returns or settlement sheets after deducting from said proceeds all freight or other transportation costs from the Mineral Claims, to the smelter or other place of sale or treatment, but without any other deduction whatsoever.
- 5.2 At any time, the Optionee shall be entitled to redeem the entitlement of the Optionor to its share of Net Smelter Returns provided in Section 5 by paying \$750,000 to the Optionor for each 1% so redeemed, to a maximum of \$1,500,000. For clarity, any such redemption shall forever extinguish the obligation of the Optionee to pay that share of Net Smelter Returns to the Optionor.

6. ADVANCE ROYALTY PAYMENTS

Once the Optionee has earned a 100% undivided right, title and interest in to the Mineral Claims, the Optionee shall pay to the Optionor within sixty (60) days following the end of each fiscal year of the Optionee, until the Mineral Claims are in commercial production. The advance royalty of \$20,000 shall be deducted from the Optioner's share of Net Smelter Returns.

7. ROYALTY PAYMENTS

The share of Net Smelter Returns payable by the Optionee to the Optionor hereunder shall be paid quarterly within sixty (60) days following the end of each fiscal quarter of the Optionee during which the Mineral Claims are in commercial production on a best estimate basis. The records relating to the calculation of royalty payments shall be audited annually at the end of each fiscal year of the Optionee and:

- (a) any adjustments of payments to the Optionor shall be made forthwith;
- (b) a copy of the audited statements shall be delivered to the Optionor;
- (c) the Optionor shall have ninety (90) days after receipt of such statements to question their accuracy in writing and failing such objection the statements shall be deemed correct;



- (d) the Optionor or its auditor duly appointed in writing shall have the right at all reasonable times upon written request to inspect such books and financial records of the Optionee as may be relevant to the determination of royalty payments hereunder, and at their own expense to make copies thereof.

8. YMIP REIMBURSEMENT

In the event that the Yukon Mining Incentive Program application submitted by the Optionee regarding the Mineral Claims is accepted by the Yukon Department of Energy, Mines and Resources, all reimbursements for approved expenses will become the sole and exclusive property of the Optionee.

9. NO PRODUCTION OBLIGATION

The Optionee shall be under no obligation whatever to put the Mineral Claims into commercial production, and in the event such production is commenced the Optionee shall have the right at any time to curtail or suspend such production as it in its absolute discretion may determine.

10. TRANSFER OF MINERAL CLAIMS

- 10.1 Concurrently with the execution of this Agreement, the Optionor shall deliver to the Optionee duly executed transfers of the Mineral Claims which the Optionee shall be entitled to record at all such places of record as may be appropriate or desirable to effect the legal transfer of the Mineral Claims from the Optionor to the Optionee; *provided, that* until the Optionee has acquired the right, title and interest of the Optionor in the Mineral Claims pursuant to Section 3, the Optionee shall hold the Mineral Claims subject to the terms of this Agreement, it being understood that the transfer of legal title pursuant to this Section is for administrative convenience only and not a transfer of beneficial interest.
- 10.2 Concurrently with the execution of this Agreement, the parties shall execute and deliver to an escrow agent nominated by the Optionor and acceptable to the Optionee escrow instructions with respect to a transfer of the Mineral Claims, in substantially the form attached hereto as Schedule "B".

11. COVENANTS OF THE OPTIONEE

During the currency of this Agreement, the Optionee shall:

- (a) maintain in good standing the Mineral Claims by performing and filing assessment work or by making payments in lieu thereof, and by performing all other acts and things and making all other payments which may be necessary in that regard;
- (b) permit the Optionor, or its representative, duly authorized by it in writing, at its own risk and expense, access to the Mineral Claims at all reasonable times and to all records prepared by the Optionee in connection with work done on or with respect to the Mineral Claims; *provided, that* the Optionor shall not, without the prior written consent of the Optionee, such consent not to be unreasonably withheld, disclose any information obtained by it or communicated to it, to any third party except as may be required by applicable laws or regulations;



- (c) perform all work on the Mineral Claims in a good and workmanlike fashion and in accordance with all applicable laws, regulations, orders and ordinances of any governmental authority; and
- (d) furnish to the Optionor as soon as practical in each year but not later than sixty (60) days after the fiscal year end of the Optionee a comprehensive written report on the work carried out by the Optionee on or with respect to the Mineral Claims during the preceding year and results obtained.

12. REPRESENTATIONS AND WARRANTIES OF THE OPTIONOR

The Optionor represents and warrants to the Optionee that:

- (a) the Optionor is the legal and beneficial owner of a 100% undivided right, title and interest in and to the Mineral Claims;
- (b) the Mineral Claims have been duly and validly located and recorded in accordance with the applicable laws of the Yukon Territory and are valid and subsisting Mineral Claims as of the date of execution and delivery of this Agreement;
- (c) the Mineral Claims are in good standing, free and clear of all liens, charges and encumbrances;
- (d) the Optionor has the exclusive right and authority to enter into this Agreement and to dispose of its interest in and to the Mineral Claims in accordance with the terms hereof;
- (e) there is no adverse claim or challenge against or to the ownership of or title to the Mineral Claims, or any portion thereof, nor is there any basis therefore, and there are no outstanding agreements or options to acquire or purchase the Mineral Claims or any portion thereof or interest therein and no person has any royalty or interest whatsoever in production or profits from the Mineral Claims or any portion thereof;
- (f) this Agreement, when executed and delivered, will constitute a legal, valid and binding obligation of the Optionor enforceable against it in accordance with its terms, subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally;
- (g) the execution and delivery of this Agreement by the Optionor does not violate the provisions of any law, order, rule or regulation applicable to the Optionor or constitute a breach of any agreement to which the Optionor is bound or affected and will not give any person the right to: (i) trigger or accelerate the maturity or performance of any contract, or provision in any contract, to which the Optionor is a party or trigger the payment of any monies by the Optionor which would not otherwise be payable; or (ii) cancel, terminate or modify any contract to which the Optionor is a party; and
- (h) neither execution and delivery of this Agreement nor the performance of the terms hereof by the Optionor requires any consent or approval from any third party.



The representations and warranties contained in this Section are provided for the exclusive benefit of the Optionee, and a breach of any one or more thereof may be waived by the Optionee in whole or in part at any time without prejudice to its rights in respect of any other breach of the same or any other representation or warranty; and the representations and warranties contained in this Section shall survive the execution of this Agreement.

13. REPRESENTATIONS AND WARRANTIES OF THE OPTIONEE

The Optionee represents and warrants to the Optionor that:

- (a) the Optionee is a company duly incorporated, validly subsisting and in good standing under the laws of its jurisdiction of incorporation and is or will be qualified to do business and to hold an interest in and to the Mineral Claims;
- (b) the Optionee has full power and authority to carry on its business and to enter into this Agreement and to carry out and perform all of its obligations and duties hereunder;
- (c) this Agreement, when executed and delivered, will constitute a legal, valid and binding obligation of the Optionee enforceable against it in accordance with its terms, subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally;
- (d) the execution and delivery of this Agreement by the Optionee does not violate the provisions of any law, order, rule or regulation applicable to the Optionee or constitute a breach of any agreement to which the Optionee is bound or affected and will not give any person the right to: (i) trigger or accelerate the maturity or performance of any contract, or provision in any contract, to which the Optionee is a party or trigger the payment of any monies by the Optionee which would not otherwise be payable; or (ii) cancel, terminate or modify any contract to which the Optionee is a party; and
- (e) neither execution and delivery of this Agreement nor the performance of the terms hereof by the Optionee requires any consent or approval from any third party.

The representations and warranties contained in this Section are provided for the exclusive benefit of the Optionor, and a breach of any one or more thereof may be waived by the Optionor in whole or in part at any time without prejudice to its rights in respect of any other breach of the same or any other representation or warranty; and the representations and warranties contained in this Section shall survive the execution of this Agreement.

14. TERMINATION PRIOR TO ACQUISITION OF MINERAL CLAIMS

If this Agreement is terminated, the Optionee shall:

- (a) quit claim all interest in the Mineral Claims to the Optionor, and re-transfer to the Optionor at no cost a 100% undivided right, title and interest in and to the Mineral Claims, free and clear of all liens and encumbrances, and in good standing with respect to the performance of assessment work for at least two (2) years;

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- (b) deliver to the Optionor as soon as possible after receipt of a written request from the Optionor copies of all reports, maps, drill logs, assay results and any other relevant technical data compiled by the Optionee with respect to the Mineral Claims;
- (c) remove from the Mineral Claims within six (6) months of the date of termination all mining facilities erected, installed or brought upon the Mineral Claims by or at the instance of the Optionee, and any mining facilities remaining on the Mineral Claims after the expiration of the said period shall, without compensation to the Optionee, become the property of the Optionor; and
- (d) pay to the Optionor the full amount of any of the option payments set out in Section 2 that have accrued due prior to the date of termination and have not been paid.

15. ADDITIONAL TERMINATION

In addition to any other termination provisions contained in this Agreement, the Optionee shall at any time have the right to terminate this Agreement without liability therefor by giving written notice of such termination to the Optionor, and in the event of such termination this Agreement, save and except for the provisions of Section 14, and subject to the obligations of the Optionee arising from termination, shall be of no further force and effect.

16. POWER TO CHARGE MINERAL CLAIMS

At any time after the Optionee has acquired the Mineral Claims, the Optionee may grant mortgages, charges or liens (each, a "Mortgage") of and upon the Mineral Claims or any portion thereof, any fixed assets located thereon, and any or all of the tangible personal property located on or used in connection with the Mineral Claims to secure financing of development of the Mineral Claims; *provided, that* unless otherwise agreed to by the Optionor it shall be a term of each Mortgage that the mortgagee or any person acquiring title to the Mineral Claims upon enforcement of the Mortgage shall hold the same subject to the rights of the Optionor hereunder as if the mortgagee or any such person had executed this Agreement as a party hereto.

17. FORCE MAJEURE

If the Optionee is prevented or delayed in complying with any provisions of this Agreement by reason of strikes, lockouts, labour shortages, power shortages, fires, wars, acts of God, governmental regulations restricting normal operations or any other reason or reasons beyond the control of the Optionee, the time limited for the performance of the various provisions of this Agreement shall be extended by a period of time equal in length to the period of such prevention and delay. The Optionee, insofar as is possible, shall promptly give written notice to the Optionor of the particulars of the reasons for any prevention or delay under this Section, and shall take all reasonable steps to remove the cause of such prevention or delay and shall give written notice to the Optionor as soon as such cause ceases to subsist.

18. DEFAULT

Notwithstanding anything in this Agreement to the contrary, if the Optionee is in default in performing any requirement set forth herein (except for the requirement to make the option payments set out in Section 2 in a timely manner), the Optionor shall give written notice to the



Optionee specifying the default and the Optionee shall not lose any rights granted under this Agreement, unless, within sixty (60) days after the giving of a notice of default by the Optionor, the Optionee has failed to take reasonable steps to cure the default by the appropriate payment or performance (the Optionee hereby agreeing that should it so commence to cure any defect it will carry the same to completion without undue delay); and if the Optionee fails to take reasonable steps to cure any such default, the Optionor shall be entitled thereafter to terminate this Agreement and the provisions of Section 14 shall then be applicable, and to seek any remedy it may have on account of such default.

19. NOTICE

Any notice required to be given under this Agreement shall be deemed to be well and sufficiently given if delivered or if mailed by registered mail in Canada (save and except during the period of any interruption in the normal postal service within Canada) or sent by prepaid courier or by electronic transmission, in the case of the Optionor addressed as follows:

Roger Hulstein
106 Wilson Drive
Whitehorse, Yukon Y1A 0C9

Email Address: RHulstein@Goldgroup.com

and in the case of the Optionee addressed as follows:

Gorilla Resources Corp.
1050 Burrard Street, Suite 2001
Vancouver, BC V6Z 2S5

Email Address: scotts@surgenia.com

and any notice given as aforesaid shall be deemed to have been given, if delivered, when delivered, if sent by prepaid courier or electronic transmission, when received, or if mailed, on the third business day after the date of mailing thereof. Either party may from time to time by notice in writing change its address for the purpose of this Section .

20. OPTION ONLY

This is an option only and except as specifically provided otherwise, nothing contained in this Agreement shall be construed as obligating the Optionee to do any acts or make any payments hereunder, and any acts or payments made hereunder shall not be construed as obligating the Optionee to do any further acts or make any further payments. If this Agreement is terminated the Optionee shall not be bound thereafter in debt, damages or otherwise under this Agreement save and except as provided for in Section 14 and with respect to obligations arising from termination; and all payments theretofore made by the Optionee shall be retained by the Optionor in consideration for entering into this Agreement and for the rights conferred on the Optionee thereby.



21. PAYMENTS

- 21.1 Any payments which the Optionee may make to the Optionor under the terms of this Agreement shall be in Canadian funds and shall be deemed to have been well and sufficiently made in a timely manner if cheques drawn on a Canadian chartered bank, payable to the Optionor, are mailed to the Optionor at the address stipulated for receiving notices hereunder by registered mail or prepaid courier on or before the date such payment is to be made.
- 21.2 Notwithstanding any other provisions herein, the Optionee shall be entitled, in its discretion, to make 100% of any of the payments referred to in Sections 2(c) and (d) by payment of cash to the Optionor in an amount or amounts determined on the basis of the average volume weighted trading price of the Shares over the thirty (30) trading days preceding the date on which the payment is due if the Shares are then listed or quoted on a stock exchange or stock quotation system; and the Optionor agrees to accept such cash payment in full satisfaction of the share payments described in those sections. Further, the Optionee shall be entitled, in its discretion, to make 100% of any of the payments referred to in Sections 2 (f) and (g) or any of the royalty interest provided for in Section 5 by delivery to the Optionor of Shares in an amount or amounts determined on the basis of the average volume weighted trading price of the Shares over the thirty (30) trading days preceding the date on which the payment is due if the Shares are then listed or quoted on a stock exchange or stock quotation system; and the Optionor agrees to accept such Shares in full satisfaction of the payments to which the same relate.

22. FURTHER ASSURANCES

The parties hereto agree to execute all such further or other assurances and documents and to do or cause to be done all acts or things necessary to implement and carry into effect the provisions and intent of this Agreement.

23. TIME OF ESSENCE

Time shall be of the essence of this Agreement.

24. HEADINGS

The headings of the Sections hereof shall not be deemed as part of this Agreement but shall be regarded as having been used for convenience only.

25. SUCCESSORS AND ASSIGNS

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

26. AREA OF INTEREST

Each of the Optionor and the Optionee hereby covenants and agrees with the other that if it, or any affiliate or associated company of it (as those terms are defined in the Business Corporations Act of British Columbia) (an "Offeror") acquires, directly or indirectly, by staking any form of interest in minerals located wholly or in part within 7,500 feet (2,286 m) from the



outside boundary of the Property as situated on the date of this Agreement, such interest in minerals will be deemed to form a part of the Property.

27. GOVERNING LAW

This Agreement shall be governed by and interpreted in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein.

28. PRIOR AGREEMENTS

This Agreement supercedes and replaces all prior agreements between the parties hereto with respect to the Mineral Claims, whether oral or written, which prior agreements shall be deemed to be null and void upon the execution hereof.

IN WITNESS WHEREOF the parties hereto have executed and delivered this Agreement as of the day first written above.

ROGER HULSTEIN

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FARRELL ANDERSEN

A handwritten signature in black ink, appearing to read "Farrell Andersen", is written over a solid horizontal line.

GORILLA RESOURCES CORP.

Per: _____
Authorized Signatory

SCHEDULE "A"

MINERAL CLAIMS

<u>Claim</u>	<u>Grant Number</u>	<u>Mining District</u>
WELS 1 - 28	YE41635 – YE41662	Whitehorse, Yukon Territory
WELS 31 – 56	YE41665 – YE41690	Whitehorse, Yukon Territory
WELS 63 – 88	YE41697 – YE41722	Whitehorse, Yukon Territory
WELS 95 – 104	YE73805 – YE73814	Whitehorse, Yukon Territory
WELS 111 – 120	YE73821 – YE73830	Whitehorse, Yukon Territory
WELS 127 – 136	YE73837 – YE73846	Whitehorse, Yukon Territory

A handwritten signature in black ink, appearing to be 'R. A.', located in the lower right quadrant of the page.

SCHEDULE "B"

ESCROW INSTRUCTIONS

TO: Bacchus Law Corporation (the "Escrow Agent")
FROM: Roger Hulstein and Farrell Anderson (collectively, the "Optionor")
AND: Gorilla Resources Corp. (the "Optionee")

The undersigned are providing you with a Bill of Sale, blank as to transferee, of an undivided 100% interest in and to the mineral claims therein described, duly executed, to be held in escrow upon the following irrevocable instructions:

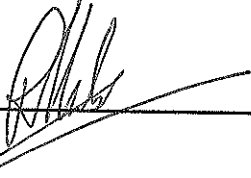
1. Unless and until you receive contrary instructions as set out below, you are to hold the Bill of Sale in escrow and you are not to deliver it to either the Optionor or the Optionee, save as hereinafter provided.
2. If you receive a letter from the Optionor giving you instructions to deal with the Bill of Sale in any manner, you are to mail a copy of such letter forthwith to the Optionee. If within thirty (30) days after you have mailed such copy (exclusive of the day of such mailing), you receive no contrary written instructions from the Optionee, you are to carry out the instructions received from the Optionor.
3. If you receive a letter from the Optionee giving you instructions to deal with the Bill of Sale, you are to mail a copy of such letter forthwith to the Optionor. If within thirty (30) days after you have mailed such copy (exclusive of the day of such mailing), you receive no contrary written instructions from the Optionor, you are to carry out the instructions received from the Optionee.
4. You are to send a copy of any letter which you receive pursuant to paragraphs 2 and 3 hereof to the party who is entitled to receive it by prepaid registered mail at the address set forth on the signature page hereof or to such other address as the parties may hereinafter designate in writing to you.
5. If you receive any contrary written instructions from the party or parties to whom a copy of a letter from the other party or other parties has been mailed, you will continue to hold the Bill of Sale until any issue between the parties has been lawfully determined or if you receive joint written instructions from the undersigned, you are to carry out the instructions as set out therein.
6. Your normal charges as the Escrow Agent hereunder are to be borne by the Optionee.

The undersigned severally agree to provide you with such additional documents, certificates, specimen signatures or other information as you may require from time to time to carry out properly your duties hereunder. The undersigned further covenant and agree with you to save, defend and keep you harmless and indemnify you, or your successors and permitted assigns, from time to time and at all times hereunder against all losses, costs, charges, damages and expenses which you, or your successors and permitted assigns may, at any time hereafter, bear, sustain, suffer or be put to for or by reason of or on account of your acting as the Escrow Agent,



or in anything relating thereto; and further agree without restricting the generality of the indemnity set out herein, that in the event that proceedings should hereafter be taken in any court of competent jurisdiction respecting the matters referred to in these instructions, you shall not be obliged to defend any such action or take any proceedings such court or enter any appearance to such proceedings until you have been indemnified by good and sufficient security in addition to the agreement to indemnify you contained herein.

ROGER HULSTEIN



GORILLA RESOURCES CORP.

FARRELL ANDERSEN



Per: _____
Authorized Signatory