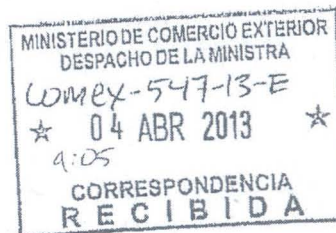




INFINITO GOLD LTD.

April 4, 2013



Señora: Anabel González Campabadal  
Ministra de Comercio Exterior.  
Ministerio de Comercio Exterior de Costa Rica (COMEX).  
San José, Costa Rica.

Dear Minister Campabadal:

**Re: Notice of Breach of the Agreement Between the Government of Canada and the Government of the Republic of Costa Rica for the Promotion and Protection of Investments**

I am writing on behalf of Infinito Gold Ltd. ("Infinito"), a company incorporated under the laws of British Columbia, Canada, that indirectly owns 100 per cent of the shares of its investment Industrias Infinito S.A. ("Industrias Infinito"), a company incorporated under the laws of Costa Rica.

Infinito hereby gives notice to the Republic of Costa Rica (the "Republic") that Infinito considers the Republic to be in breach of the provisions of the Agreement Between the Government of Canada and the Government of the Republic of Costa Rica for the Promotion and Protection of Investments (the "Bilateral Investment Treaty"), in respect of the Republic's treatment of Infinito's investment Industrias Infinito and the Las Crucitas mining concession held by Industrias Infinito. Infinito is delivering this notice to the Republic in accordance with Article XII of the Bilateral Investment Treaty.

We invite the Republic to settle this dispute amicably pursuant to Article XII(1) of the Bilateral Investment Treaty. However, if the dispute cannot be settled, Infinito is prepared to take all necessary steps to pursue its arbitral remedies under the Bilateral Investment Treaty.

Since 1993, Industrias Infinito has had exclusive rights to mine gold at a property located in Las Crucitas de Cutris, in the canton of San Carlos, Costa Rica (the "Las Crucitas Project"). Over the past 19 years, Industrias Infinito has invested more than US \$93 million in developing the Las Crucitas Project, which is located in an area of high unemployment and widespread poverty in the northern part of Costa Rica. Throughout this period, as part of the development of the Las Crucitas Project, Industrias Infinito has actively led and financed an extensive corporate social responsibility program, including educational and training programs, road improvements, electrification of small villages, school improvements and many other projects intended to enhance sustainability and social progress. On the basis of today's gold prices, the value of the Las Crucitas Project, if it is able to be fully developed, is in excess of US \$1 billion.

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Industrias Infinito completed all the environmental, social and technical studies and obtained all approvals required under Costa Rican law to develop and operate the Las Crucitas Project. In February 2008, the Secretaría Técnica Nacional Ambiental ("SETENA") approved a modified Environmental Impact Study, which reduced the area of the mine by approximately 65 per cent and allowed for the recovery of the underlying hard rock as well as the soft superficial saprolite or weathered rock material that had received environmental approval in 2007. In May 2008, the Ministerio de Ambiente y Energía confirmed Industrias Infinito's Exploitation Concession. On October 17, 2008, then President Oscar Arias issued a Presidential Decree declaring the Crucitas Project to be in the national interest, allowing a change of land use permit to be obtained and for site clearing to commence. On April 16, 2010, in response to a claim brought by a public interest group that had halted clearing and mine construction activities for 18 months, the Constitutional Chamber of the Supreme Court ruled that all of the objections that had been raised against the project were without merit (with one exception that was resolved by the time the legal process was completed). The Constitutional Chamber's decision, which had involved a project site inspection in addition to oral hearings, included 340 pages of reasons released in July 9, 2010, which addresses all constitutional, legal and environmental/technical issues in depth.

Notwithstanding this complete and definitive ruling from the Supreme Court's Constitutional Chamber allowing the Crucitas Project to proceed, Industrias Infinito's concession to develop Las Crucitas has been annulled by a decision made initially on November 24, 2010, by a lower Costa Rican court -- the Tribunal Contencioso Administrativo -- and affirmed on November 30, 2011 by the Administrative Chamber of the Supreme Court. In its decision, the Administrative Chamber reached a conclusion that was the opposite of the conclusion the Constitutional Chamber of the same Supreme Court had reached only a year and a half earlier. The Administrative Chamber's decision upheld the Tribunal Contencioso Administrativo's decision to annul Industrias Infinito's concession and invalidate its environmental approvals.

On November 11, 2011, Industrias Infinito had requested that the Constitutional Chamber enforce its decision in order to prevent any conflict between the Constitutional Chamber's decision affirming the validity of Industrias Infinito's permits and approvals and any inconsistent decision from the Tribunal Contencioso Administrativo or the Administrative Chamber of the Supreme Court. To date, the Constitutional Chamber has taken no action to respond to this request. As a result, Infinito and its investment Industrias Infinito find themselves in a legal vacuum, subject to two contradictory decisions with no basis under the Costa Rican legal system for resolving this conflict.

These inconsistent Supreme Court decisions, and the failure of the Costa Rican justice system to resolve them, have created a situation of legal insecurity that has frustrated Industrias Infinito's ability to develop the Las Crucitas Project in accordance with the concessions and permits it had been granted, thereby constituting unlawful expropriation in violation of Article VIII of the Bilateral Investment Treaty. These actions and inactions also violate, among other things, the Republic's obligations under Article II(2) to accord Industrias Infinito fair and equitable treatment in accordance with the principles of international law and full protection and security and under Article IV to grant Industrias Infinito most-favoured nation and national treatment. Throughout the two decades that it worked to diligently develop the Las Crucitas Project, Industrias Infinito has complied in good faith with its obligations under Costa Rican law and had a legitimate expectation that it would be treated fairly, transparently and consistently by the

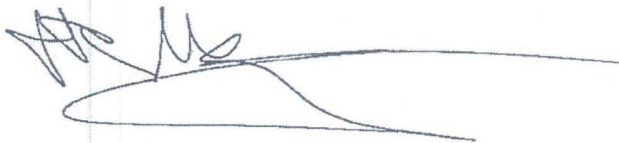
Costa Rican courts and other Costa Rican authorities. Contrary to these legitimate expectations, Industrias Infinito has not been treated fairly, transparently or consistently, and finds itself in a situation of complete legal insecurity that prevents it from further developing the Las Cristinas Project.

Infinito Gold and its investment Industrias Infinito have incurred loss or damage by reason of and arising out of those breaches, which losses include the amounts invested by Infinito Gold through Industrias Infinito in the Las Crucitas Project as well as lost profits Infinito Gold through Industrias Infinito would have earned from the development of the Las Crucitas mine.

I and my colleagues look forward to meeting with you soon so we can discuss this dispute. We sincerely hope that this dispute can be amicably resolved. Our goal remains to develop the Las Crucitas Project for the benefit of the communities surrounding the mine and for the people of Costa Rica as a whole.

Yours sincerely,

**Infinito Gold Ltd.**

A handwritten signature in black ink, appearing to read 'JM', followed by a long horizontal line that curves downwards at the end.

**John Morgan, President and Chief  
Executive Officer**

cc: Canadian Embassy to Costa Rica;

Chairman of the Board;

Infinito Gold Ltd. Board of Directors; and

Torys LLP