ANNUAL INFORMATION FORM

For the year ended December 31, 2011

Dated April 13, 2012

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INTRODUCTION

All dollar amounts in this annual information form (the "**Annual Information Form**") are in Canadian dollars, except where otherwise indicated. The reporting currency of Oracle Mining Corp. ("**Oracle Mining**" or the "**Corporation**") is the United States dollar.

Certain information contained in this Annual Information Form concerning the industry in which we operate has been obtained from publicly available information from third party sources. We have not verified the accuracy or completeness of any information contained in such publicly available information. In addition, we have not determined if there has been any omission by any such third party to disclose any facts, information or events which may have occurred prior to or subsequent to the date as of which any such information became publicly available or which may affect the significance or accuracy of any information contained in any such information and summarized herein.

Certain statements contained in this Annual Information Form constitute forward-looking statements. These statements relate to future events or our future performance, business prospects or opportunities. Forward-looking statements include, but are not limited to, statements with respect to commercial mining operations, anticipated mineral recoveries, projected quantities of future mineral production, interpretation of drill results, anticipated production rates and mine life, operating efficiencies, capital budgets, costs and expenditures and conversion of mineral resources to proven and probable mineral reserves, analyses and other information that are based on forecasts of future results, estimates of amounts not yet determinable, growth and future prospects of our business, results of operations and performance and assumptions of management.

All statements other than statements of historical fact may be forward-looking statements. Any statements concerning mineral resource estimates may also be deemed to constitute forward-looking statements to the extent that they involve estimates of the mineralization that will be encountered if a property is developed, and in the case of mineral resources, such statements reflect the conclusion based on certain assumptions that the mineral deposit can be economically exploited. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as "seek", "anticipate", "plan", "continue", "estimate", "expect, "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe", "outlook" and similar expressions) are not statements of historical fact and may be forward-looking statements. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. We believe that the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this Annual Information Form should not be unduly relied upon. These statements speak only as of the date of this Annual Information Form. These forward-looking statements involve risks and uncertainties, including the following, in addition to those risks set forth elsewhere in this Annual Information Form: dependence on the Oracle Ridge Property; results of exploration and development activities; our historical experience with development-stage mining operations; changes in commodity prices, and particularly copper prices; receipt of necessary permits and licences; regulatory changes; timeliness of government approvals; unanticipated environmental impacts on operations; stock market volatility and the volatility of the market price of our common shares; dilution to shareholders from any equity financings; the availability of capital on acceptable terms, or at all; actual operating and financial performance of facilities, equipment and processes relative to specifications and expectations; availability of materials and equipment; dependence on key personnel; implementation of our business plans; general economic, market and business conditions; lack of revenue and commercial production; increased indebtedness and events of default thereunder; competition for, among other things, properties, capital, skilled personnel and resources; uninsured risks; identifying acquisitions of additional mining properties of merit; defects in title; influence of significant shareholders; foreign operations; adequate infrastructure in the jurisdictions in which we operate; opposition to mining activities; fluctuations in currency exchange rates; litigation; enforceability of judgments outside of Canada; and potential conflicts of interest of our management. Actual results may differ materially from those expressed or implied by such forward-looking statements. The risk factors referenced herein should not be construed as exhaustive. Except as required under applicable laws, we undertake no obligation to update or revise any forward-looking statements. For additional information, see the section of this Annual Information Form entitled "Risk Factors".

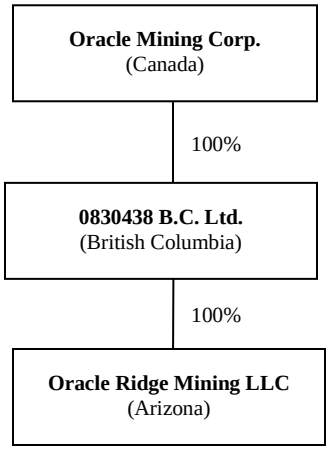
CORPORATE STRUCTURE

The full corporate name of our Corporation is "Oracle Mining Corp.". Our head and registered office is located at #1550-666 Burrard Street, Vancouver, British Columbia V6C 2X8.

We were incorporated under the *Business Corporations Act* (Ontario) on March 10, 1980 under the name "Gold Hawk Resources (Ontario) Ltd.". On September 4, 1985, we became a federal corporation pursuant to the *Canada Business Corporations Act* (the "**CBCA**") and changed our name to "Consolidated Gold Hawk Resources Inc.". On August 9, 1989, we added a French language version to our name, "Les Ressources Consolidées Gold Hawk Inc.". On May 14, 1998, we changed our name to "Gold Hawk Resources Inc." / "Les Ressources Gold Hawk Inc.". We adopted our present name "Oracle Mining Corp." on August 15, 2011.

On December 17, 2009, we consolidated our issued and outstanding common shares on a 25:1 basis.

Our material subsidiaries and their respective jurisdictions of organization are set out in the diagram below:



For the remainder of this document, the consolidated operations of our Corporation and its subsidiaries will be referred to collectively as "we", "our", "us", the "Corporation" or "Oracle Mining", unless otherwise specifically noted or the context requires otherwise.

GENERAL DEVELOPMENT OF THE BUSINESS

We are a development stage corporation focused on the acquisition, exploration and development of mineral resource projects. Our primary focus is to advance our principal property, the Oracle Ridge Copper Mine (the "**Oracle Ridge Mine**" or the "**Mine**"), located in the Santa Catalina Mountains, north of Tucson, Arizona, U.S.A., towards production, while at the same time seeking additional business opportunities in the mining sector that will enhance shareholder value. We also own a 640 hectare mining concession at the Barry-Souart Property northeast of Val-d'Or, Québec, a gold mining area with existing mining operations in close proximity.

Three Year History

Disposition of the Coricancha Mine

As a result of the global financial crisis in late 2008, coupled with the collapse of commodity prices, it became exceedingly challenging for junior mining companies, such as ours, to raise capital. In May 2009, we signed a loan agreement with an existing lender pursuant to which we received US$2 million of new funds, repaid our existing bank debt and restructured all of our existing loans under one new US$13 million loan facility. The loan repayment date was also extended to February 2010, whereas the existing US$9.7 million loan repayment date was January 2009.

Following our debt restructuring, although we were in a better position to re-finance the Corporation for the long-term and bring our Coricancha Mine (the "**Coricancha Mine**") in Peru back into production, our management continued to hold discussions with numerous parties in an attempt to find a complete financial solution that would finance the re-start of the mine. The Coricancha Mine, which we acquired in March 2006 through our wholly-owned subsidiary Compañía Minera San Juan (Peru) S.A. ("**Compañía Minera**"), ceased commercial operations in May 2008 after we detected ground displacement in the area where the processing plant and the tailings handling facilities were located.

In August 2009, we entered into a non-binding head-of-agreement with Nyrstar Netherlands (Holdings) BV ("**Nyrstar**"), pursuant to which Nyrstar agreed to acquire an 85% interest in Compañía Minera for total cash consideration of US$15 million. In addition, Nyrstar agreed to assume our guarantee of Compañía Minera's US$13 million senior debt facility and agreed to loan Compañía Minera up to an additional US$20 million to fund the re-start of the Coricancha Mine. Nyrstar's all-cash offer and financing package for Compañía Minera presented a compelling opportunity for us that our management believed would help preserve shareholder value. Accordingly, we signed a binding share purchase agreement with Nyrstar on the same terms as the head-of-agreement in September 2009. The sale to Nyrstar was subsequently approved by our shareholders at a special meeting of our shareholders held in November 2009.

In July 2010, we sold our remaining 15% interest in Compañía Minera to Nyrstar for cash consideration of approximately US$4.4 million. The sale followed a review by our management of the long-term capital expenditure plan for the Coricancha Mine versus our strategy to conduct an accretive transaction in the near-term. Our board of directors determined that our shareholders would be better served by divesting our remaining investment in the Coricancha Mine as it was not expected to generate cash flow in the near-term due to its debt repayment schedule and the anticipated capital expenditures that were likely required. The completion of the sale of our remaining interest in Compañía Minera further strengthened our cash position and our ability to conduct a further transaction that we believed would deliver improved shareholder value.

Acquisition of the Oracle Ridge Property

On September 28, 2010, we acquired all of the issued and outstanding common shares of 0830438 B.C. Ltd. ("**Oracle Ridge**") by issuing an aggregate of 11.2 million common shares in our capital to the shareholders of Oracle Ridge at a deemed price of $1.50 per common share and the payment of certain debt owing by Oracle Ridge to its creditors in the amount of $0.7 million. Upon completion of the transaction, Oracle Ridge became our direct wholly-owned subsidiary, and the former shareholders of Oracle Ridge became our shareholders. Oracle Ridge Mining LLC ("**Oracle LLC**"), which became our indirect wholly-owned subsidiary after the transaction, owns the subsurface mining rights at the Oracle Ridge Mine, a formerly producing underground copper mine with 11 miles of underground workings, through a purchase and sale agreement, and has the necessary surface rights by way of a lease to explore, rebuild and operate the Oracle Ridge Mine (collectively, the "**Oracle Ridge Property**").

Paul Eagland and Greg Liller each owned, directly or indirectly, approximately 39% of Oracle Ridge at the time it was acquired by us. In connection with the acquisition, Mr. Eagland and Mr. Liller were appointed as directors of the Corporation, and each was subsequently elected to our board of directors at our annual general and special meeting of shareholders held on June 7, 2011.

The acquisition of Oracle Ridge fit our strategy to complete an accretive transaction and to acquire a near-term producing operation. Furthermore, the acquisition provided us with a platform to develop a growth-oriented corporation focused on maximizing the value of the existing Oracle Ridge Mine. Subsequent to the acquisition, we began work on a program at the Oracle Ridge Property designed to validate the existing technical database and confirm the historic resource estimates. We also commenced a significant exploration and development program and initiated the permitting process necessary to re-start production at the Oracle Ridge Mine.

Financings

In November 2010, we closed a non-brokered private placement with Coalcorp Mining Inc. for 6 million common shares at a subscription price of $1.25 per common share, for aggregate proceeds of $7.5 million. We paid a finder's fee to an arm's length party in the aggregate amount of $0.45 million in connection with this private placement.

In February 2012, we completed a non-brokered private placement with RichStone Mining Investment (Hong Kong) Limited ("**RichStone**") for 7.8 million common shares at a subscription price of $1.25 per common share, for aggregate gross proceeds of $9.75 million. On closing of the private placement, RichStone owned approximately 19.9% of our issued and outstanding common shares. RichStone is a wholly-owned subsidiary of RichStone Investment Co., Ltd., a company focused on investment in the exploration and development of base metals, as well as oil and coal. Pursuant to the terms of the financing, RichStone is entitled to a representative on our board of directors so long as it holds at least 10% of our issued and outstanding common shares. The terms of the private placement also provide RichStone, in its sole discretion, a right to participate in any equity financing of our common shares, or securities convertible into or exchangeable for common shares, so long as RichStone holds not less than 10% of our issued and outstanding common shares. The number of common shares, or securities convertible into or exchangeable for common shares, that RichStone is entitled to purchase pursuant to this right is limited to such number of common shares to allow RichStone to maintain its *pro-rata* portion of the total issued and outstanding common shares held by it immediately prior to the applicable financing, up to a maximum of 19.9% of the issued and outstanding common shares, provided that RichStone is entitled to purchase such additional number of common shares to allow it to maintain the *pro-rata* position that it had prior to any dilution it may have suffered as a result of the exercise of any options or warrants (or the vesting of any other awards providing for the issuance of our common shares) since the date of the preceding financing, if any. We paid a finder's fee to an arm's length party in the aggregate amount of approximately $0.59 million in connection with this private placement.

We completed the following equity financings in the past three years prior to our acquisition of the Oracle Ridge Mine, as adjusted to give effect to our 25:1 share consolidation in December 2009:

- We completed a non-brokered private placement in March 2009 of 2 million units at a price of $0.50 per unit for aggregate proceeds of $1.0 million. Each unit was comprised of one common share and one 12-month common share purchase warrant exercisable at $1.25.

- In June 2009, we completed a non-brokered private placement of approximately 1 million units at a price of $1.25 per unit for aggregate proceeds of approximately $1.25 million. Each unit was comprised of one common share and one 12-month common share purchase warrant exercisable at $1.75. In May 2010, we announced a proposed amendment to the warrants issued pursuant to this private placement. The amendment, which was approved by the TSX Venture Exchange (the "**TSXV**"), extended the exercise term of the warrants from June 3, 2010 to June 3, 2011, changed the warrant exercise price from $1.75 to $1.25 and provided that if the closing price of our common shares was $1.50 or greater for a period of ten consecutive trading days, then the warrant holders would have 30 days to exercise their warrants, otherwise such warrants would expire on the 31st day. The warrant amendment was intended to correct the pricing distortion caused by our share consolidation effected in December 2009. In October 2010, we announced that the warrant holders were subject to the 30-day exercise provision as our common share price was $1.50 or greater for 10 consecutive trading days. In November 2010, a total of 850,200 warrants were exercised at a price of $1.25 per warrant for total gross proceeds of $1,062,750.

- In October 2009, we completed a non-brokered private placement of 178,912 common shares at a price of $1.25 per common share for aggregate proceeds of $222,740.

THE BUSINESS

Overview

We are a development stage mining corporation focused on the acquisition, exploration and development of mineral resource projects. Our primary focus is to advance the Oracle Ridge Mine towards production. In addition, we believe that we are well-positioned to implement a growth strategy that will enhance shareholder value.

Accordingly, we continue to review potential merger and acquisition opportunities with the goal of growing Oracle Mining into a multi-project corporation for our shareholders. Our strategy is to identify undervalued or overlooked mining projects that have the potential to generate superior shareholder returns, while keeping our focus on maximizing the value of the Oracle Ridge Mine.

As at the date hereof, we have 14 employees located in Canada and the United States.

Initiatives at the Oracle Ridge Property

We believe that our acquisition of the Oracle Ridge Mine has created a growth-oriented metals corporation with near-term copper production potential. Returning the Oracle Ridge Mine into production is an important step in our growth strategy to expand our Corporation. To this end, we undertook a number of initiatives subsequent to our acquisition of the Oracle Ridge Property to re-start the Mine.

Unless otherwise stated, the technical information in this Annual Information Form has been prepared in accordance with Canadian regulatory requirements set out in National Instrument 43-101 *Standards of Disclosure for Mineral Projects* ("**NI 43-101**"), and has been approved by Glenn R. Clark, P.Eng. of Glenn R. Clark & Associates Limited, and John I. Kyle, PE, of Lyntek Inc. ("**Lyntek**"), both independent consultants for Oracle Mining and "qualified persons" under NI 43-101.

Drill Program

In September 2010, we began work on a program designed to validate the existing technical database and produce a new technical report that is compliant with NI 43-101. To this end, in December 2010, we contracted Major Drilling Environmental LLC of Little Falls, Minnesota for a surface diamond drill program at the Oracle Ridge Mine. Additional surface drilling contracts were awarded to Altar Drilling LLC ("**Altar**") in March 2011 and Titan Drilling LLC ("**Titan**") in September 2011, both located in Tucson, Arizona. The Phase I surface drilling program, which began in mid-February 2011, was for an initial 15,000 feet and has included the following:

- three drill rigs were operating on the surface as at December 31, 2011;
- completion of 29 drill holes in 2011 for a total of 25,540 feet;
- completion of a survey of the accessible underground workings;
- completion of a surface and underground survey of locatable historic drill collars;
- commencement of geological mapping and sampling of the underground workings;
- analyzing of iron and other valuable elements in collected samples, in addition to copper, silver and gold assays contained in the historical database; and
- methodical program of density determinations from core samples of intersected mineralized zones.

We expect the Phase I surface drilling program will be completed at or about the end of the second quarter of 2012.

We are also in possession of a historic database on the Oracle Ridge Mine consisting of 534 drill holes totaling more than 163,000 feet of drilling. The available historic drill core samples stored on site appear to be in good condition and have been catalogued and logged. Ten historic drill hole cores were selected and re-assayed as part of the of the resource validation process under the Phase I surface drilling program.

A significant portion of the Oracle Ridge Property has not been drill tested. We therefore also commenced a significant exploration and development program and initiated the permitting necessary to re-start production at the Oracle Ridge Mine. The proposed exploration program includes both a surface and underground core drilling program to locate additional potential areas of mineralization.

We have not yet commenced underground exploration drilling at the Mine. We are, however, rehabilitating the former workings, which includes the installation of ventilation equipment and securing the underground mine in accordance with United States Mine Safety and Health Administration ("**MSHA**") standards. In the second quarter of 2012, we extended our contracts with Altar and Titan to include the completion of 18,500 feet of underground drilling, which we expect to commence in or about April 2012.

The Oracle Ridge Mine hosts at least twelve known zones containing multiple beds of primary copper skarn mineralization. During previous operations, gold and silver were produced at the Mine as by-products. Given current precious metal prices, we believe that a silver/gold credit could enhance project economics. We have undertaken detailed metallurgy studies as part of the engineering and design studies.

Historically, there have been a number of resource and reserve estimates available for the Oracle Ridge Property that were made by previous owners of the Oracle Ridge Property. A 1994 feasibility study done by Western States Engineering ("**Western**") of Tucson, Arizona for Oracle Ridge Mining Partners, the former operator of the Mine, envisioned a 2,000 tons-per-day processing plant and mine plan for an ore body containing 8.8 million tons grading 2.3% copper diluted, in all categories. This mine plan conformed to United States Securities and Exchange Commission mining reserve definitions in existence at that time. Readers are cautioned that the foregoing estimate is not compliant with NI 43-101, and is conceptual in nature. There has been insufficient exploration to define a mineral resource, and it is uncertain if further exploration will result in the determination of a mineral resource. We believe, however, that the above historical resource estimates are a useful indicator of the potential of the Oracle Ridge Property and may therefore be relevant to future exploration. We intend to complete a feasibility study for the Oracle Ridge Mine in or about the third quarter of 2012.

Drill Program Results

Since acquiring the Oracle Ridge Property, we have drilled a total of 33,510 feet through 41 diamond drill holes under the Phase I program, and have expended approximately $2.56 million. Post-acquisition drilling costs have been greater than estimated prior to acquisition. A total of 29 holes have been assayed as set forth in the table below. The drill site locations are set forth at Appendix "I" hereto.

Drill Hole	From (feet)	To (feet)	Interval (feet)	Cu (%)	Au (oz/ton)	Ag (oz/ton)	Zone	Azimuth	Inclination
2011-016	180	250	70	2.53	-	0.54	4 Ext	-	-90
includes	220	240	20	4.62	-	1.05			
and	347	384.5	37.5	2.24	-	0.54	1&2	-	-90
includes	367	372	5	5.36	-	1.26			
2011-039	553	603	50	2.44	-	0.55	4	-	-90
includes	558	563	5	7.9	-	0.69			
2011-043	248	278	30	1.3	-	0.45	3	-	-90
and	298	308	10	2.15	-	0.83			
2011-051	298	305	7	1.94	-	0.43	1&2	-	-90
and	346	371	25	4.63	-	1.25			
includes	351	361	10	7.75	-	2.07			
and	439	471	32	1.69	-	0.46			
includes	459	468	9	3.35	-	1.00			
and	518	555.5	37.5	1.69	-	0.65			
and	582	617	35	1.75	-	0.37			
2011-071	573	596.5	23.5	1.8	-	0.44	1&2	217	-87
and	620.5	655.5	35	2	-	0.54			
includes	648	655.5	7.5	3.7	-	1.08			
and	718	738	20	1.62	-	0.38			
and	768	803	35	1.86	-	0.54			
and	843	863	20	2.83	-	0.48			
includes	853	858	5	4.53	-	0.51			
2011-74	Low grade						5	-	-90
2011-130	791	806	15	2.39	-	0.47	12	261	-75
2011-135	723	728	5	1.31	-	0.49	5	-	-90
and	748	753	5	1.22	-	0.69			
ODH001	829	837.5	8.5	1.11	0.000	0.100	9	251	-64

Drill Hole	From (feet)	To (feet)	Interval (feet)	Cu (%)	Au (oz/ton)	Ag (oz/ton)	Zone	Azimuth	Inclination
and	853	863	10.0	2.09	0.001	0.385			
and	883	898	15.0	2.08	0.011	0.830			
includes	888	898	10.0	2.51	0.013	1.085			
ODH002	209.5	224	14.5	1.41	0.007	0.414	2	200	-88
and	263	283	20.0	1.94	0.006	0.591			
includes	263	273	10.0	2.77	0.009	0.930			
and	315	335	20.0	1.27	0.004	0.355	1		
and	352	398.5	46.5	1.51	0.005	0.308			
includes	362	391	29.0	1.79	0.004	0.261			
ODH003	389.5	398	8.5	3.48	0.012	0.791	New	157	-71
and	468	503	35.0	1.22	0.004	0.279	4 Ext		
and	624	634	10.0	1.73	0.007	0.230	2 Ext		
ODH004	986	994.5	8.5	1.61	0.009	0.375	8	148	-89
and	1086	1106	20.0	1.28	0.009	0.520	8 Ext		
ODH005	1038.5	1048	9.5	2.18	0.005	0.442	12 Ext	108	-88
and	1176	1216	40	1.59	0.008	0.369	8		
includes	1181	1206	25	2.08	0.009	0.494			
and	1286	1315	29	1.76	0.002	0.383			
includes	1301	1315	14	2.67	0.001	0.687			
ODH006	306	316	10.0	2.06	0.005	0.495	New	69	-65
and	360	373.5	13.5	1.35	0.007	0.259	4 Ext		
and	392	426	34.0	2.58	0.012	0.608			
includes	397	421	24.0	3.09	0.015	0.800			
ODH007	247.5	262	14.5	1.59	0.004	0.390	New	75	-71
and	306	355	49.0	2.66	0.010	0.700	4 Ext		
includes	325	355	30.0	3.45	0.015	0.990			
ODH008	461	471	10.0	2.23	0.000	0.665	2	8	-73
and	556	571	15.0	1.86	0.008	0.547			
and	611	626	15.0	1.93	0.009	0.753	1		
includes	611	621	10.0	2.35	0.011	0.930			
and	658	703	45.0	2.32	0.004	0.557			
includes	668	703	35.0	2.70	0.004	0.619			
ODH009	Abandoned in Stope						1	156.0	-65
ODH0010	618	633	15	1.74	0.011	0.373	4 Ext	189.5	-76
ODH011	525	565	40.0	1.94	0.010	0.395	4 Ext	260.7	-76.6
includes	525	540	15.0	3.19	0.015	0.633			
ODH-012	527.5	542	14.5	1.86	0.008	0.39	4 Ext	251.9	-61.9
ODH-013	Encountered only sub 1.0% copper mineralization						4	142.7	-67.5
ODH-014	Encountered only sub 1.0% copper mineralization						4	115.8	-63
ODH-015	552.0	612.0	60.0	2.84	0.012	0.72	4 Ext	349.3	-78.5
includes	567.0	592.0	25.0	4.34	0.017	1.11			
ODH-016	500.0	507.5	7.5	1.63	0.014	0.48	4 Ext	160	-75
ODH-017	520.0	579.0	59.0	2.32	0.013	0.55	4 Ext	142.9	-76.3
includes	560.0	579.0	19.0	2.85	0.017	1.00			
and	619.0	629.0	10.0	1.72	0.010	0.53	2		
and	659.0	669.0	10.0	1.90	0.010	0.55			
ODH-018	508.0	523.0	15.0	2.07	0.014	0.50	4 Ext	152.1	-81.5
ODH-019*	827.0	857.0	30.0	1.93	0.014	0.50	New	105.3	-63.9
and	909.0	923.0	14.0	2.82	0.017	0.70			
and	937.0	947.0	10.0	1.94	0.018	0.47			
and	1007.0	1034.5	27.5	3.57	0.024	1.07			
and	1058.0	1067.0	9.0	1.92	0.010	0.35			
and	1102.0	1117.0	15.00	2.00	0.010	0.63			
ODH-020	421.0	431.0	10.0	1.86	0.008	0.60	4 Ext	155.8	-67.2
ODH-021*	456.0	486.0	30.0	1.55	0.008	0.33	4 Ext	185	-72
includes	471.0	486.0	15.0	2.17	0.011	0.44			

* Assays pending for other zones.

Intervals were calculated using an external 1.0% copper cut-off and may include internal waste to reflect a potential mineable width. True widths will need to be modeled but are believed to be 70% to 100% of the stated interval length. Intervals labeled "includes" are higher-grade portions of the previous listed interval.

Assay results from 19 of the drill holes under the Phase I surface drilling program were completed in 2011, and 29 holes have been assayed and disclosed to date. The assay results to date are consistent with historic data. We are analyzing the samples for a full suite of elements and have identified silver and gold as likely by-products that could provide additional project economic value.

We operate a rigorous QA/QC protocol on all aspects of sampling and analytical procedure. Drill core is checked, logged, marked for sampling and sawn in half. One-half of the core is maintained for future reference and one-half of the core is sent for analysis. Half-core samples are shipped to Skyline Assayer and Laboratories ("**Skyline**"), an accredited laboratory in Tucson, Arizona, which is contracted to complete all sample preparation and assaying. Samples are analyzed employing the appropriate methodology for analyses of copper, as well as fire assaying for silver and gold. For QA/QC purposes, Skyline runs a series of standard and blank samples and provides the results of these assays to us. We periodically submit the pulps of the samples assayed by Skyline to Chemex in Reno, Nevada for check analysis.

Permitting

The regulatory process for the Oracle Ridge Property includes federal, state and county jurisdictions. Biological, archaeological, hydrological and storm water, waste rock and tailings characterization, air quality analysis and wetlands analysis needs to be systematically studied to support the requisite permit regime. Several of these characterizations or analyses involve baseline studies for determining potential impacts from the re-activation of the Oracle Ridge Mine. To this end, in November 2010, we announced the signing of a contract with Tetra Tech Inc. ("**Tetra Tech**") for environmental baseline studies and environmental permitting for the Oracle Ridge Mine. Tetra Tech is a U.S.-based corporation specializing in consulting, engineering and technical services worldwide. The results of the waste characterization of the reclaimed tailings and existing waste rock were favourable and verified that the waste rock and tailings are non-acid generating. We have submitted two of the three primary permit applications. The County Air Quality Permit application was submitted in October 2011 and the State Aquifer Protection Permit significant amendment application was submitted in January 2012, as further detailed below.

County Air Quality Permit

We submitted the Class II County Air Quality Permit application in October 2011, and a technical review with Pima County was completed in March 2012. A draft permit is expected to go to public comment in due course.

State Aquifer Protection Permit

In August 2011, we announced that the State of Arizona transferred Aquifer Protection Permit No. P-102110 to Oracle LLC, a major achievement in the permitting process for the reactivation of the Mine. The Aquifer Protection Permit covers the previous area of historical tailings storage and needs to be amended to incorporate the proposed new tailings design. Oracle LLC applied to the Arizona Department of Environmental Quality ("**ADEQ**") on September 28, 2011 for an expedited Aquifer Protection Permit process. The application was accepted October 5, 2011 by ADEQ. The ADEQ's third-party consulting group, SCS Engineers, of Phoenix, Arizona, was selected on December 15, 2011 to be responsible for the review of Oracle LLC's expedited application. Oracle LLC submitted the Aquifer Protection Permit application on January 31, 2012. The schedule under the expedited process indicates a draft permit should be completed by the end of the second quarter of 2012.

The new design incorporates Best Available Demonstrated Controls and Technology ("**BADCT**"), including a fully lined dry stack tailings impoundment designed to zero discharge standards, a storm water diversion system and monitoring wells.

Federal Preliminary Jurisdictional Delineation and Section 404 Permit

Preliminary Jurisdictional Delineation ("**PJD**") surveys were recently completed on the Oracle Ridge Property and an Agent Designation Letter was submitted to the US Army Corps of Engineers ("**USACE**") in the first quarter of 2012. We intend to promptly submit the PJD report to the USACE for its review. This review by USACE is expected to take up to 1 year, depending upon available USACE resources for our application.

National Environmental Policy Act

Consultation with the US Forest Service through 2011 focussed on the Oracle Ridge Property's reactivation and its requirements under the *National Environmental Policy Act* ("**NEPA**"). We anticipate the US Forest Service to be the lead agency for the NEPA process, although this has yet to be determined. The Form 299 Right-of-Way application was submitted in the first quarter of 2012, which initiated the NEPA process by addressing concerns regarding the conveyance corridor alignment along prior disturbed areas. The Oracle Ridge Property's only US Forest Service involvement is along the 11,300 feet conveyance corridor of which 5,000 feet is under US Forest Service jurisdiction, consisting of three individual segments. As part of the NEPA process, an environmental information document will be prepared and is expected to be ready for submission in the second quarter of 2012.

The above list is a summary only setting forth certain of the permits that are necessary to construct a new milling facility and tailings management facility at the Oracle Ridge Property. Additional permits will be required to be obtained by us in constructing the new milling facility and tailings facility prior to production.

Design and Capital Cost Study

In January 2011, we contracted for the production of a feasibility level design and capital cost study for a 2,000 tons-per-day processing plant and related facilities, including a dry stack tailings impoundment, wastewater treatment plant, office and dry facilities, conveyance corridor designs and project access, in order to facilitate the re-opening of the Mine. Much of the design work in support of county and state permits was completed by December 2011. Geotechnical drilling has been completed on the proposed tailings and plant sites. Metallurgical samples have been obtained from the current Phase I surface drilling program for process design and flowsheet development. The following processing plant and tailings impoundment activities have been completed or are currently in progress:

- process flow diagrams have been generated;
- an equipment list for a nominal 2,000 tons-per-day processing plant has been compiled;
- trade-off studies for electrical power generation, ore transportation, mobile equipment and other processing components are underway;
- power supply evaluations have been completed and an application to the Arizona State Land Department is currently being developed for right of way access for power;
- geotechnical sampling in the plant and tailings impoundment area has been completed;
- a feasibility-level design of a 10 million ton dry stack tailings impoundment has been completed; and
- metallurgical studies to confirm prior work and finalize semi-autogenous grinding ("**SAG**") and Ball Mill selection are being completed.

The process flowsheet design was established from Phase I surface drilling metallurgical test work in 2011. The process will utilize a SAG/Ball Mill grinding circuit followed by flash and conventional froth flotation for recovery of copper and precious metals. The tailings will be thickened and filtered for dry stack placement. The copper concentrate will be thickened and filtered for transport. Preliminary production estimates indicate that 140 tons of copper concentrate will be produced on a daily basis.

The 10 million ton dry stack tailings impoundment facility design is complete. Final construction drawings are scheduled to be completed upon issuance of the amended State Aquifer Protection Permit, currently slated for 2012. The tailings impoundment area is planned as a lined facility and is designed for zero discharge and concurrent staged reclamation for the life of the Oracle Ridge Mine.

Metallurgical Testing

In 2011, metallurgical testing was conducted on drill hole samples collected from the first 4 holes drilled under the Phase I surface drill program and bulk chip samples collected from underground workings. Samples were collected in July 2011 and shipped to Phillips Enterprises LLC in Golden, Colorado for testing under the supervision of Lyntek, of Lakewood, Colorado. Metallurgical testing began in August 2011 with the completion of comminution studies. The Bond Ball Mill work index determinations ranged from 9.09 to 11.63 kw-hr/st and an evaluation for SAG mill grinding was designated as average. Samples tested demonstrated an average hardness and resistance to grinding, typical of copper ores.

Flotation testing was conducted on 8 composites made up of the assay pulps from early diamond drill holes 2011-016, 2011-039, 2011-051 and 2011-071. Grind/recovery tests were completed and indicated a p80 of 150 mesh (106 micron) was suitable for optimum rougher flotation recovery.

Rougher flotation concentrates with grades of greater than 25% copper and greater than 90% copper recovery were produced during the studies. Recovery of gold and silver values in the individual composites at times exceeded 90%, but averaged about 80% to 85% each. Settling and filtration studies conducted on flotation concentrates and tailing products demonstrated that low moisture contents of 7.6% to 8.5% could be obtained on concentrates, and of 10.5% to 11.1% on tailing materials by pressure filtration of settled and thickened material.

Preparation for Underground Mining and Surface Activities

Activities at the Oracle Ridge Mine in 2011 primarily involved securing the existing underground mine for safe access in preparation of underground diamond drilling activities slated for the second quarter of 2012. A ventilation plan for the Mine was developed to support the diamond drill program, with ventilation fan and electrical equipment purchased for this purpose in December 2011.

Surface activities included improving and maintaining onsite mine roads, preparing drill sites, supplying water for surface diamond drilling and retrofitting the existing maintenance building into a core logging and storage facility. In addition to continuing environmental baseline studies, completion of new monitoring wells and water wells were completed in 2011.

Power

We reviewed a number of power alternatives for the Oracle Ridge Mine in 2011. In this regard, we had studies conducted on solar, natural gas, diesel and electrical grid power. Based on these, we believe that the preferred power alternative for the Mine is to connect to grid power from the town of San Manuel, located approximately 10 miles from the Oracle Ridge Property. It is expected that the energy capacity required for operations and processing at the Oracle Ridge Mine will be 7.5 megawatts.

We have engaged Trico Electric Cooperative, in conjunction with the Arizona Public Service, to review the proposed alignment and installation details for the Oracle Ridge Property. This review is currently in the preliminary design phase.

The Oracle Ridge Property

The Oracle Ridge Mine is located on the Oracle Ridge Property near Tucson, Arizona, U.S.A. The Oracle Ridge Property is the site of the previously operated Oracle Ridge Mine.

The information contained in this section is primarily summarized or extracted from the technical report dated August 20, 2010 prepared by Glenn R. Clark, P.Eng., on behalf of Glenn R. Clark & Associates Limited (the

"**Technical Report**"). Portions of the following information are based on assumptions, qualifications and procedures which are not fully described herein. Reference should be made to the full text of the Technical Report, which is available on SEDAR at www.sedar.com.

Project Description and Location

The Oracle Ridge Property consists of 57 patented mining claims in 13 parcels, covering 903 acres in the Old Hat Mining District at Marble Peak, and an additional 353 acres of private land that we acquired in Pima County, Arizona, U.S.A. on which the historic land tailings facility was located and the future land tailings facility is expected to be located. All of the patented claims are surveyed. The patented claims have no expiry date but are subject to real estate taxes to Pima County.

The Oracle Ridge Property is located approximately 15 miles by air northeast of Tucson, Arizona, U.S.A. The Oracle Ridge Property is located in Sections 17, 18, 19 and 20 of Township 11 South, Range 16 East, Gila and Salt River Base and Meridian. The geographical coordinates are approximately Latitude 32º28' North, Longitude 110º41' West. The following map sets out the location of the Oracle Ridge Property.

Figure 1.0

Mineral Rights Ownership

The mineral rights to the Oracle Ridge Property were acquired pursuant to a purchase and sale agreement between Oracle LLC and Marble Mountain Ventures LLC ("**Marble Mountain**"), pursuant to which Marble Mountain agreed to sell to Oracle LCC certain sub-surface mineral rights (described below) located on the Oracle Ridge Property for the purchase price of approximately US$4.8 million (the "**Purchase Price**"), plus an initial payment of approximately US$26,000 and a closing payment of approximately US$127,000 . Oracle LLC has paid the initial and closing payments to Marble Mountain and has agreed to make staggered payments until October 2013 for the payment of the Purchase Price, each payment being secured by a promissory note (each a "**Promissory Note**" and, collectively, the "**Promissory Notes**"). The Promissory Notes bear interest at the rate of 8% per annum, calculated on the basis of a 360-day year and the actual number of days elapsed in such year. If an instalment payment is not made when due according to the terms of the Promissory Notes, the Promissory Notes bear interest at the rate of 13% per annum calculated on the basis of a 360-day year and the actual number of days elapsed in such year from the date of default until payment is made. We have the right to prepay all or any portion of the principal balance of each Promissory Note, together with any accrued and unpaid interest, at any time upon one business days' notice.

As at the date hereof, we have remaining property payments totalling approximately US$2.3 million.

There are no royalty or other agreements or encumbrances on the Oracle Ridge Property.

Surface Rights

The surface rights for the area necessary for mining access, processing facilities and offices have been secured by an industrial property lease (the "**Lease**"), which Lease includes the Daily 5, Sphinx, Oversight, Golden Peak, Copper Peak, York, Apache Central and Copper Princess mining claims. Under the Lease, Oracle Ridge leased from Marble Mountain the surface rights to the Oracle Ridge Property for the purpose of carrying out its exploration, development and mining of the Oracle Ridge Property. The Lease has an initial term of three years (the "**Initial Term**") and is renewable for nine additional extensions of three years each.

During the Initial Term, the rent payable to Marble Mountain is US$100 per year. However, in 2013, or if Oracle LLC commences use of any part of the Oracle Ridge Property during the Initial Term for the purposes of commercial production, as defined in the Lease, the rent payable will increase to US$150,000 per year, whichever comes first.

Environmental

The previous operators cleaned the site of the Oracle Ridge Mine and removed the previous processing plant. The portal openings to the underground were sealed. Acid base accounting testing and synthetic precipitation leaching were conducted on the existing mine waste rock and tailings facility in 2011, and were both proven to be non-acid generating. This is consistent with what we expect from the Mine's host rock types, primarily limestone and dolomite which are calcareous rocks.

Permits

The regulatory process for the Oracle Ridge Mine includes federal, state and county jurisdictions. Biological, archaeological, hydrological and storm water characterization, waste rock and tailings characterization, air quality analysis and wetlands analysis have been systematically studied to support the requisite permit regime. All of these baseline studies have been ongoing throughout 2011 and many continue in 2012 to determine potential impacts from the re-activation of the previously producing Oracle Ridge Mine. In 2011, considerable progress was made in the environmental baseline studies. For additional information, see "—Initiatives at the Oracle Ridge Mine – Permitting", above.

Accessibility

The Oracle Ridge Property is accessible by three routes from Tucson, Arizona: (i) via Highway 77 to Oracle, Arizona, then south on Mt. Lemmon road (Forest Service Road 38). This route is approximately 72 miles from Tucson, approximately 18 miles of which are on a dirt road; (ii) via Highway 77 to State Highway 76 then south past the San Manuel smelter site to the Black Hills Mine Road (Forest Service Road 4450). The Black Hills Mine Road bears south then west where it intersects the Mt. Lemmon road just north of the Oracle Ridge Property. This route is approximately 85 miles from Tucson, approximately 30 miles of which are on a dirt road; and (iii) via the General Hitchcock-Mt. Lemmon Highway to Summerhaven, Arizona then west approximately 3.5 miles on Mt. Lemmon Road. The total distance is approximately 40 miles.

Physiography and Climate

The area of the Oracle Ridge Property is located in the Marble Mountain area of the Santa Catalina Mountains. The Santa Catalina Mountains have a vertical relief of over 7,500 feet with the highest point being 9,157 feet above sea level. Elevations within the project area range from 5200 to 7200 feet above sea level. The terrain is rugged.

The Santa Catalina Mountains are one of the many "sky island" mountain ranges in the Arizona Upland portion of the Sonoran Desert. Temperatures are typically 15 to 20 degrees Fahrenheit cooler than the surrounding lowlands. Semi-arid to arid conditions prevail. Rain fall averages 19 inches per year but is highly variable both in amount and from location to location. The main rainy season occurs from mid-July to September when monsoon type conditions prevail. Winter rainfall is derived from storm fronts arising in the Pacific Ocean and is unpredictable. Pan evaporation at the site averages 89 inches per year.

Local Resources

The area of the Oracle Ridge Property has been primarily used for mining and cattle grazing. Various natural springs are present in the area but there are no natural bodies of standing water. The San Manuel smelter-town site and underground copper mine are approximately 10 and 15 miles to the north-northeast respectively. The San Manuel mine was opened in 1953 by Magma Copper Corporation, then a division of Newmont Mining Corporation, and was mined continuously until its closure by BHP Copper Corporation due to low copper prices in 1999. The San Manuel mine was one of the largest underground copper mines in the world. The San Manuel mine has been allowed to flood and the surface facilities and smelter site have been reclaimed.

Three miles to the east of the Oracle Ridge Property is the weekend community of Summerhaven and the Mt. Lemmon recreation and ski area. Summerhaven's main attraction is as a get-away from the heat of the desert in the summer and it has a very limited number of services. The Mt. Lemmon ski area can receive up to approximately 180 inches of snow annually and is the southernmost ski area in the United States, with a vertical drop of 950 feet. The Summerhaven area was devastated by the 84,750-acre Aspen forest fire of 2003 and many of the homes in the area were burnt.

Flora and Fauna

The vegetative community at the Oracle Ridge Mine project area consists of mountain mahogany with pine and oak woodlands limited to the valleys and north facing slopes. The western portion of the Oracle Ridge Mine project area contains a ponderosa pine forest. The understory is primarily Manzanita and browse species, with the lowest layer consisting of sideoats, gramma and hairy gramma. Much of the area was burned during the 21,000 acre Bullock Fire in 2002.

Wildlife species in the area include mule deer, white tail deer, javalina, bear and mountain lions. Smaller species present include coyote, bobcat, fox and rabbit. There are also numerous bird species present including dove, quail and birds of prey.

A flora and fauna assessment by Envirocon Inc. in 1989 found the flora and fauna of the area typical and reported no unique population groups.

Recent biological surveys conducted by Tetra Tech biologists have identified the lowland leopard frog (*Rana yavapaiensis*), an Arizona state protected species, in several riparian areas that border the Oracle Ridge Property to the east and south during surveys in 2011. These areas include Gibb Wash, Geesaman Wash, Alder Canyon and three ponds occurring along a ridgeline separating Gibb Wash and Geesaman Wash. An active Mexican spotted owl (*Strix occidentalis lucida*) protected activity center has been identified on Mt. Lemmon, approximately a mile south of the Oracle Ridge Property. However, no Mexican spotted owls were determined to be occurring on the Oracle Ridge Property during surveys conducted in 2011 using approved survey methodology. Bat surveys are on-going, but to date no protected species of bats have been located on the mine property.

Biological surveys for Pima County species of interest have included the Pima Pineapple Cactus (*Coryphantha scheeri var. robustispina*), Cactus Ferruginous Pygmy Owl (*Glaucidium brasilianum*) and desert tortoise (*Gopherus agassizii*). None of these species have been found on the Oracle Ridge Property and only the desert tortoise was found on right of ways that are proposed for use by the Oracle Ridge Mine during surveys conducted in 2011.

Infrastructure

The infrastructure for the Oracle Ridge Mine project is considered good, as the Oracle Ridge Mine was an active mine site as recently as 1996. Accordingly, there are no expected issues in connection with the transportation of construction materials and heavy equipment to the site. Previous mining operations have left an intact, developed underground mine with an estimated 11 miles of underground workings and a mill site which can be prepared for construction activities with very little site modification. The former mill has been removed and a new facility will need to be constructed. The Oracle Ridge Mine project currently has a 3,000 square foot maintenance shop with

outdoor work areas and flat areas sufficient for the construction of such things as office facilities, core shack or mine laboratories, without significant further surface disturbance.

Electric power sufficient for office use is currently on site. In the 1990s, the Oracle Ridge Mine and milling operations utilized diesel generators for electric power. A study was undertaken during this period of time to connect the Oracle Ridge Mine to the local electrical grid. The local power corporation put in a bid of $0.12/kw in the 1990s. During the 1990s phase of mining, telephone service via microwave relay from Tucson, Arizona was present.

We reviewed a number of power alternatives for the Oracle Ridge Mine in 2011. Based on this review, we believe that the preferred power alternative for the Mine is to connect to grid power from the town of San Manuel, located approximately 10 miles from the Oracle Ridge Property. It is expected that the energy capacity required for operations and processing at the Oracle Ridge Mine will be 7.5 megawatts.

We have engaged Trico Electric Cooperative, in conjunction with Arizona Public Service, to review the proposed alignment and installation details for the Oracle Ridge Property. The review is currently in the preliminary design phase.

Required Surface and Tailings Facility

The Oracle Ridge Property is sufficient to carry out the mining and processing of the ores.

During past operations, tailings were piped to a tailings impoundment downhill from the Oracle Ridge Mine. Some of the piping remains in the right of way. The tailings are not acid generating and since the closure of the Oracle Ridge Mine, nature has been reclaiming the area.

The tailings storage facility ("**TSF**") is currently planned to be constructed on private land owned by us adjacent to the tailings impoundment used previously and will utilize prescriptive BADCT methods. The TSF is designed to be lined and contain 10 million tons of dry stack tailings.

History

Corporate and Production History

The Oracle Ridge Mining District was discovered in 1873. In 1881, a 20-ton-per-day copper smelter was erected at nearby Apache Camp. The ore for this smelter was supplied from the Hartman, Homestake, Leatherwood, Stratton, Geesaman and other small mines in the area.

Phelps Dodge Copper Company ("**Phelps Dodge**") entered the Oracle Ridge Mining District in 1910 and undertook considerable development and exploration work. While some small production undoubtedly took place, the first documented production began late in 1937 when the Daily Arizona Copper Company ("**Daily**") erected a 90 ton flotation plant. Ore was mined from the Daily and Geesaman mines, the latter being leased from Phelps Dodge. Between August 1937 and May 1938, Daily processed 18,000 tons grading 2.7% copper.

In 1939, Control Mines ("**Control Mines**") bought the Daily flotation plant and leased the Daily mine. In spring of 1940, Control Mines purchased the Geesaman mine from Phelps Dodge. Between 1940 and 1942, the Geesaman mine produced 52,200 tons of ore grading 3.4% copper. The operation apparently continued until 1944. During this period, approximately 115,000 tons of ore were treated, producing concentrates assaying 27% Cu and 8.6 oz/ton Ag.

Following World War II, operations continued on and off for the next 25 years. In 1968 Continental Copper, Inc., a subsidiary of Continental Materials Corp. ("**Continental**"), leased the Oracle Ridge Property with an option to purchase and undertook a large exploration and development program. This was the first time there was a large scale analysis of the mineralization on the Oracle Ridge Property.

Union Mines Inc., a subsidiary of Union Miniere, entered into a joint venture with Continental in 1977 to develop and operate the Oracle Ridge Mine. Construction activities were curtailed in 1979 when it was determined that further exploration and underground development were necessary.

Under an amended partnership agreement, a new exploration program began in April 1980. In 1984, a feasibility study for a 2000-tons-per-day operation was completed. Further development was then suspended due to low copper prices after a reported expenditure of $19 million.

In October 1988, South Atlantic Ventures (whose name was changed to "Southern Copper Corp." and then to "Santa Catalina Mining Corp."), a Vancouver, Canada-based mining corporation, acquired Union Miniere's interest and entered into a 70-30 partnership with Continental to develop the Oracle Ridge Mine. Minproc Engineers Inc. was contracted to supervise the confirmatory metallurgical test work. A detailed design was started in November 1989 on a column flotation plant. Construction of the facility commenced in April 1990 and the first ore was processed through the plant on March 3, 1991. The capacity of the mill was initially set at 850 tons per day.

Concise production records have not been located. Various reports and internal documents indicate approximately 172,000 tons grading 1.65% Cu were processed in 1991. The mill capacity was restated as 750 tons per day.

In 1992, 224,000 tons at an unknown grade were processed. During 1992, the operation was restructured and the bank debt eliminated; however, the Oracle Ridge Mine was still experiencing operational problems and operated at a loss. Copper prices averaged around $1.05 during 1992.

In 1993, the mill was shut down for three months, though approximately 100,000 tons were still processed over the course of the year. The milling capacity during the shutdown period was expanded to a nominal 1,000 tons-per-day in an effort to lower production costs. With the increased capacity, the Oracle Ridge Mine reopened in the third quarter with projected operating costs of $0.68/lb copper. Although copper prices bottomed out in the fourth quarter of 1993 at $0.72/lb, the Oracle Ridge Mine reported a modest profit.

1994 was a 14-month financial period as "Southern Copper Corp." changed its name to "Santa Catalina Mining Corp." ("**Santa Catalina**") in November 1993. During this period, 453,635 tons of ore at a mill head grade of 1.8% copper was mined. Due to ongoing operational problems, the mill only processed 378,630 tons of ore. In addition, Santa Catalina's 1994 Annual Report states that grades were lower than budgeted due to "dilution caused by inadequate exploration diamond drilling underground".

The copper price in 1994 ranged from approximately $0.80/lb to a high of approximately $1.35/lb at year end. Unfortunately Santa Catalina had entered into a hedge program in August 1994 covering 40% of budgeted production at $1.07, and the corporation therefore did not fully benefit from the increased copper price. Despite the increase in copper prices, Santa Catalina reported an operating loss of $902,670 during this period because of ongoing milling problems. This loss equates to approximately $12/ton of mined but not milled ore.

During 1994, it was recognized that modifications had to be made to the processing circuits and that operational savings could be obtained by expanding milling capacity to 2,000 tons-per-day. A feasibility study by Western and Walsh Engineers ("**Walsh**") of Denver, Colorado was initiated.

Funding for the expansion of the milling circuit was not available in 1995 and operational problems with the mill continued throughout 1995. To further complicate the situation, beginning in the summer of 1995, harder ore was encountered and the crushing and grinding circuits were inadequate to fully process this ore properly at the rate of mill feed, which was estimated by management to be 40% in excess of stated mill processing capacity. Ball mill oversize rejects ("**scat**") increased from a reported 5% of the ball mill feed to 50% by January 1996. The copper content of the scats went from 0.4% to 1.6% copper in September 1995. Prior to 1995, the ball mill scat had been discarded, however because of the near run-of-mine grade, the ball mill scat was recycled to the crushing and milling circuit. By January 1996, more than 50% of the mill feed was scat.

A temporary shutdown of the operation for the stated purposes of processing the scat inventory and upgrading the crushing circuit occurred in early February 1996. An apparent sale of the Oracle Ridge Property, scheduled for closing at the end of February 1996, fell through and the Oracle Ridge Mine was officially closed in April 1996.

Following the Oracle Ridge Mine's closure, Santa Catalina attempted to sell the Oracle Ridge Property in the face of declining copper prices. Several offers were apparently made in the late 1990s but they were deemed inadequate.

As we do not have complete production records, it is not clear from the available records how many tons were mined and processed between 1991 and the closure of the Oracle Ridge Mine in 1996, though it is estimated that approximately 1 million tons were mined during this period.

In 2005, the Oracle Ridge Property was sold to Marble Mountain for the property's real estate development potential. In 2010, Oracle Ridge entered in to a purchase and sale agreement to purchase the mineral rights and also entered into a long term surface lease with Marble Mountain in respect of 903 acres of patented mining claims.

Historical Exploration

Available records indicate that modern exploration of the current Oracle Ridge Property began in 1964 when Continental optioned the district. The details of this work are not documented but it has been reported that this program had completed 103,675 ft. of core drilling and 2,651 ft. of underground drifting by 1974.

During the active phase of the Continental-Union Miniere joint venture from 1978 to 1984, additional drilling and underground exploration was undertaken as well as surface mapping and sampling. By the conclusion of the active phase of the joint venture in late 1983, a grand total of 28,675 ft. of underground drifting, 125,607 ft. of surface and 46,916 ft. of underground drilling had been completed on the project.

Steve Soderman ("**Soderman**"), the former chief geologist at the Oracle Ridge Mine, employed at the Oracle Ridge Property during much of the exploration period and all of the active operational phase, has stated in a personal communication that little additional exploration drilling took place during the operational period. This is substantiated by statements in Santa Catalina's Annual Reports. An exploration drilling program was started in 1995 but was terminated by mine management after the drilling of several holes. The holes were never logged in detail nor did mine management allow samples to be submitted for assay. As a result of this historical exploration, 12 Blocks were found to contain significant copper mineralization. Of the 12 Blocks, 6 have underground development in place.

Due to the rugged topography and the difficulty of constructing roads in the marble and other metamorphosed Palaeozoic rocks, the construction of drill roads was difficult. The locations for the surface drill holes were highly restricted and a significant portion of the Oracle Ridge Property has not been drilled. The undrilled areas are prospective in terms of locating additional copper mineralization.

Historical Geophysics

During 1995, a geophysical study was undertaken in order to locate new exploration targets. This work was conducted by DIGHEM, a division of CGG Canada Ltd., and consisted of air borne magnetic and resistivity surveys. This work successfully showed that the known mineral occurrence could be identified. Additional exploration targets were delineated.

Historical Drilling

Soderman provided the following information regarding the drilling and sampling.

Various diamond drill core sizes have been utilized in the surface and underground drilling. Surface core sizes used have been NC, NQ, NX, BQ and BX and underground drill sizes were BQ, BX, AQ, and AX. The drill core was logged, indicating rock type, structure, mineralization and alteration, providing an estimate of the relative abundance of mineralization and alteration encountered. Development and production percussion drilling holes were also sampled. The sludge from the jumbo and jackleg drill holes was collected.

Historical Sampling

The descriptions below pertain to the work that was previously done. Various types of sampling have been employed at the Oracle Ridge Mine. The type of sample utilized has often been of necessity.

Diamond Drill Core. The drill core was logged by a geologist employed by the owner of the Mine at such time, and the samples were determined by the mineralization present. Once the samples were identified, the core was split with one-half stored and the other one-half sent to an analytical laboratory for assay. On site there are a number of the previous drill holes stored and in good condition. These holes have been re-logged and re-assayed as part of the study to bring the Oracle Ridge Property to NI 43-101 compliance standards.

Percussion Drill Sludge Sampling. Pre-1980 long hole drilling was accomplished using a one boom drill jumbo, utilizing 4 foot drill steel and a 4 inch drill bit. The cuttings were collected in 4 foot increments in a container at the collar. The sample was then logged, and submitted for assay. Hole depths of +/- 200 feet were obtained.

Development Drilling Sampling. The development or production drilling sludge was sampled. When the jumbo was used, a depth of +/- 40 feet was reached, with a hole diameter of 3.5 inches. The drill steel used was 12 feet in length. Jackleg drilling differed in that the hole diameter was 1.5 inches, and limited to +/- 24 feet. A sample of the material was obtained by holding a container at the drill hole collar and collecting the material discharged during the drilling process.

A sample was obtained for each length of drill steel. The jumbo steel was 12 feet and the jackleg steel 6 feet. On occasion the samples would be assayed, but more commonly, the copper grade was visually estimated. This method of obtaining information was relatively quick, and inexpensive. The data was evaluated quickly for on the spot development planning and for direction and/or grade control estimates.

Truck Sampling. With the advance of a heading, or the pulling of an ore pass, samples were taken of the material loaded into the truck. Initially the truck drivers would take a small amount of material from each truck to form a composite sample representing the material moved over the course of mucking out a heading, or the material drawn from an ore pass over the course of the shift. The sample was then submitted for assay.

A more regimented truck sampling program was subsequently instituted by the geologist employed by the owner of the Mine at such time, who began taking a representative sample each time the loader put muck in the truck. These samples were combined to form a composite sample for the truck load. The composite sample was then homogenized and split until a sample of +/- 15 pounds was obtained. The composite sample was then assayed. This procedure continued for each truck load. At the same time the geologist also obtained an additional sample from each truck load and these additional samples were combined to form one sample representing all of the trucks from that heading. The assays of the samples from the individual truck were averaged with the average compared to the assay of the combined sample that represented all of the trucks. The assay results showed that the two methods were within 0.1% Cu, over a trial of ten of each sample type. This was an excellent comparison. The decision was made to continue with the making of one sample for all of the truck loads from a heading.

The truck drivers were then trained in this sampling methodology. It was decided that ten trucks would be considered the limit for making one composite sample when drawing ore from either an ore chute, ore pass, or from a stope.

Channel or Chip Sampling. Due to the hardness of the ore material, it was determined that obtaining channel samples, or production face chip samples would be uneconomical considering the production demands and the prevailing staffing levels. While some chip or channel samples were acquired, the assays were not considered representative, and the procedure was abandoned. Testing of an air rotary/impact hammer with a tungsten-carbide chisel bit in order to obtain a more representative sample proved futile, as the hardness of the rock dulled the bit within minutes of use.

We have taken representative channel samples recently using a mechanized hammer device and sampling was proven effective. As part of the feasibility work, a Bond Work Index of relative ore hardness has been completed,

indicating that the ore is of medium hardness for grinding. Additional sampling is planned and ongoing as access to underground drifts becomes available.

Historical Analytical Procedures

There have been no records found describing the analytical procedures used by the commercial labs that carried out the assaying on the exploration samples prior to the production period. Similarly there have been no records found describing the assay procedures during the production period.

Considering when the exploration and production took place (1980s and 1990s) it is expected that the copper was assayed using acid digestion and atomic adsorption ("**AA**") analysis. The feasibility study by Western in 1994 noted that the AA machine needed replacement. No other assay equipment was mentioned. Precious metals were assayed on a routine basis. The assay technique used for the precious metals is not known. It is anticipated that any silver assays carried out at the Oracle Ridge Mine would have been by acid digestion and AA analysis.

Historical Quality Assurance and Quality Control

Over the course of exploration, development and mining activities at the Oracle Ridge Mine, thousands of samples were submitted for assay. Professional analytical laboratories were used up until the time that milling activity started in 1991, when an on-site assay lab was used.

During the development program conducted from 1980 through 1983, it was recognized that a means to increase the confidence of the assay results obtained from the assay lab was needed and a series of assay standards were made. These assay standards were obtained by selecting a range of values for the elements which were then being assayed: copper, gold, silver, molybdenum and tungsten. These elements were also chosen based on the knowledge of changes in chemical procedures or calibration of machinery for given ranges of values.

The assay standards were created by selecting suitable assay rejects and exhaustively homogenizing them during the sample preparation. Three samples of each standard were subsequently submitted to three analytical labs for analysis, the minimum for any type of statistical verification. Following this, statistical tests (student's "s" test, standard deviation, and means) were performed to arrive at an acceptable statistical range of each standard.

Once the on-site lab was operational, a new set was created utilizing the various ore types to be mined, and limited to the copper value. The sample standard submittal, along with the standard solution prepared by the assayer in the lab, assured the accuracy of results obtained, not only for the ore mined, but milled, as well.

The range of the standards utilized:

Standard A		**Standard B**		**Standard C**	
High range		**Mid range**		**Low range**	
Gold	+ 0 ppm	Au	+ 0 ppm	Au	+0 ppm
Silver	+50 ppm	Ag	+25 ppm	Ag	0 - 25 ppm
Copper	1- 3%	Cu	0.5 %	Cu	0.5 %
Molybdenum	+0 ppm	Mo	+0 ppm	Mo	+0 ppm
Tungsten	+0 ppm	W	+0 ppm	W	+0 ppm

Geological Setting

The Oracle Ridge Property is located in the Santa Catalina Rincon Mountains metamorphic core complex. This metamorphic complex is the eastern most in a belt of core complexes trending west northwest into California and southward into Mexico. The area is structurally complex and contains formations ranging from Proterozoic to recent in age. It has been the site of massive intrusions and associated volcanism since the Laramide Orogeny. Rocks of sedimentary origin are up to 1.5 miles in combined thickness. Intrusive rocks have added 2.8 miles to the total stratigraphic section. Structural reconstructions demonstrate that over 4 miles of rock have been removed from the top of the range through a combination of erosion and tectonic movement since Laramide times.

The structure of the Santa Catalina Mountains is very complex. The area has been subjected to both compressive tectonics and extension and detachment faulting. The Laramide compressive tectonics is evident primarily on the northern slope of the Main Range of the Catalinas. The Tertiary extension and detachment faulting has produced broad areas of mylonite in the Fore Range rocks of the Catalinas.

The Oracle Ridge Mine area is a roof pendent of Palaeozoic rocks at Marble Peak, surrounded by the Leatherman Granodiorite. The Oracle Ridge Property surrounds Marble Peak.

The Geesaman Fault is the most prominent structural feature at the Oracle Ridge Mine. The fault trends northwest-southeast and has a very high angle dip on the north side of the mine area. The displacement is +2000 feet, normal, as it brings the Pre-Cambrian rocks on the north in juxtaposition to the Paleozoic section on the south side of the fault trace. This displacement is also evident to the east, near the former tailings containment area. Here the fault trends more in the northeast-southwest direction.

Faults evident in the development areas of the underground mine are presumed to be related to the Geesaman Fault event. These faults exhibit minor to moderate offsets, from less than 1 foot to about 60 feet. The trend of the faults is N40-70 E with variable 30-75 degree dips to the northwest. A few rather strong north-northwest (+ N 15 W) high angle faults have also been encountered. These structures are evidently related to the large (+ 40 feet) diorite dike trending to the northwest which can be seen both on the surface and in the underground.

Folding is quite evident in the area of the Oracle Ridge Mine, both on the surface and in underground exposures. The Marble Peak syncline is parallel to sub-parallel to the Geesaman Fault although younger in terms of its age. This synform and its related subfolds apparently have a variable plunge southward and it appears to be undulating in nature. It trends through Blocks 5, 6, and 7, and to the north of Block 1.

Two fold axis directions have been observed, essentially paralleling the fault trends east-northeast and north-northwest. The axial intersections are nearly perpendicular, giving rise to an apparent "egg-carton" structure that is represented by cymoids of variable size.

Mineralization

Skarn mineralization at the Oracle Ridge Mine consists of copper, ± magnetite along with bi-product gold and silver mineralization. Copper grades in excess of 15% have been reported. Magnetite when present can be as high as 60%, however, historically no attempt to recover the iron has been documented. Gold and silver have historically been recovered in the copper concentrate and would be more significant given the current metal prices.

The Escabrosa (Me) limestone is the most favourable copper host in terms of past production. It has been especially productive when found in discordant intrusive contacts, where the mineralizing fluids were allowed to migrate along bedding. The copper mineralization in the Escabrosa consists of chalcopyrite, bornite, and chalcocite in the order of relative abundance. The copper minerals occur as finely disseminated grains to massive blobs within fractures, veins or as disseminations. The alteration mineral assemblage is comprised of andradite, grossularite garnet, epidote, quartz, calcite, and serpentine with some local talc.

In the Martin Formation three carbonate units, the 'L-zones', have been found, thus far, to contain higher grade copper mineralization. The impermeable 'S-zones' are interstratified with the permeable 'L-zones'. The 'S-zones' restricted the movement of the fluids while the 'L-zones' acted as channelways, resulting in more abundant but irregular copper mineralization bodies in the 'L-zones'.

Mineralization in the 'L-zones' is characterized by an abundance of magnetite, up to + 60%, with intricate intergrowths of bornite, chalcopyrite, chalcocite, and covellite. Though no discrete silver or gold minerals have been identified, hessite is suspected as an inclusion in the sulphides.

The DmS3 subunit of the Martin Formation is a calcareous shale near its base with intercalated dolomite. This zone can be up to 12 feet thick. The unit is distinctive because of the abundance of chlorite (due to numerous shale partings), and in places has an average grade of 0.75% Cu, with the bornite content much greater than the

chalcopyrite. Although previously considered uneconomic in grade, its extent and geometry may be re-examined in light of recent copper prices.

The upper unit of the Abrigo has two favourable skarn horizons the Cau (u) and the Cau (l) dolomites. These two horizons are separated by a 25 to 30 foot thick shaley unit.

The Cau (u) dolomite is 15 to 20 feet thick. Bornite is the dominant copper bearing mineral in the Abrigo followed by chalcopyrite, chalcocite, and covellite. The bornite to chalcopyrite ratio is approximately 3:1. These copper minerals occur as disseminated grains and massive blebs, and fracture fillings. Associated alteration consists of alternating diopside, epidote and garnet beds with chloritized shaley partings, especially near the top of the unit.

The Cau (l) is second only to the Escabrosa as an important copper resource at the Oracle Ridge Mine, occurring in Blocks 1, 8, 9, and 10. Mineralization consists of chalcopyrite, with lesser bornite, and occurs as disseminated irregular sized blebs and fracture filling. Subordinate chalcocite and covellite have been noted. The associated alteration assemblage consists of pervasive diopside in the weakly altered zones which imparts a light cream to tan coloration. In intensely altered areas the assemblage consists of andradite and grossularite garnet, epidote and diopside.

Exploration

Other than as discussed above under the heading "The Business – Initiatives at the Oracle Ridge Property", no exploration on the Oracle Ridge Property has been carried out since the Oracle Ridge Mine was closed in 1996. Accordingly, the majority of the information available is from previous operators.

Drilling

Other than as discussed above under the heading "The Business – Initiatives at the Oracle Ridge Property", we have not carried out any drilling on the Oracle Ridge Property. The drilling results are generally historical with the drilling carried out by previous operators.

Sampling and Assaying

Other than as discussed above under the heading "The Business – Initiatives at the Oracle Ridge Property", there has been no sampling at the Oracle Ridge Property since 1996.

Tonnage Factor

There is no historical record of any specific gravity tests to determine the density. In all of the historical estimations, a density of 10.0 cubic feet per ton was used. This would seem to be a reasonable average density based on the information available and the mineralization that has been examined. It is possible that there should be different densities applied to the different zones as the mineralization does vary from zone to zone.

As at September 2011, we have conducted 215 specific gravity determinations from six different diamond drill holes and produced an average density of 10.4 cu ft/ton. The length weighted average from the samples completed to date determined a density of 10.1 cu ft/ton, which is comparable to the historical estimates.

Resource and Reserve Estimates

There are no mineral resources or reserves at the Oracle Ridge Property that meet the requirements of NI 43-101. The historical estimates of resources and reserves at the Oracle Ridge Property do not follow the definitions of the Canadian Institute of Mining, Metallurgy and Petroleum and other requirements of NI 43-101 and should not be relied upon. All of the estimations given below are historical in nature and the reader is cautioned against using them for an economic assessment. A "qualified person" under NI 43-101 has not done sufficient work to classify the historical estimates as current mineral resources or mineral reserves, and we are not treating the historical estimates as current mineral resources or mineral reserves.

Continental Copper, 1974 (non-compliant)

A reserves estimate of 11 million tons grading 2.25% with "significant silver and minor gold" was estimated in 1984 at the conclusion of Continental's exploration program. All existing drill holes in all 12 blocks were included in the estimation. The methodology that was used is reported by Soderman to be grade thickness contouring. No break down by reserve class was reported.

Continental-Union Joint Venture (non-compliant)

Between January 29 and April 27, 1979 a reserve estimate was performed by personnel employed by Union Mines, Inc. This reserve estimation appears to have employed categories utilizing definitions compliant with regulations formulated by the United States Securities and Exchange Commission at that time. The reserve categories in 1979 were defined as follows:

- "Proved Ore – Ore which is so completely exposed in underground workings or so closely drilled that its grade, tonnage, and geometry are essentially certain. At the present time, it is felt that Proved Ore is that which has been exposed or drilled on a maximum grid of 50 x 100 feet, and there must be confidence of geologic continuity between samples."
- "Probable Ore – Ore whose occurrence is for all essential purposes reasonably assured but not absolutely certain as to grade and tonnage. Probable ore has been generally drilled or exposed at 100-feet intervals. Where confidence in geologic continuity is high, this interval may be 150 feet. Outward extension of 50 feet from the last ore exposure is allowed if geologic continuity is likely. Any Probable Ore must have at least two sample points. The geometry of Probable Ore is not known in detail, and irregularities of the boundaries and fault off-sets may occur."
- "Possible Ore – Ore whose existence is a reasonable possibility, based primarily upon the strength and continuity of geologic mineralogical relationships and upon similarities of occurrence of ore bodies already developed. Possible Ore cannot be assigned a grade with any practical certainty, nor can the quantity be expressed as a definite amount. Possible Ore has been drilled or exposed at 200-feet intervals or up to 400-feet intervals if geologic continuity is likely. Outward extension of 50 feet from the last ore exposure or drill is allowed if geologic continuity is likely. The geometry of Possible Ore is only known as a gross simplification. Fault off-sets and other frequent variations in shape may exist without being known."

Parameters used in estimating the 1979 "reserve" were as follows:

- minimum true thickness 10 feet, or a grade thickness (%Cu x True thickness) of 20 or greater;
- a tonnage factor of 10 cubic feet per ton;
- waste between parallel ore zones was not included for blocks 8 and 9. Blocks 1 & 2 at a 1.5% copper cut-off grade included the lower grade copper mineralization if the overall grade, after inclusion of the low grade, still averaged above 1.5%; and
- except for Blocks 1-2 as described above the "ore reserves" were undiluted.

At a 1.5% copper cut-off, the 1979 reserve estimation contained no Proved Ore. The Probable Ore totalled 1.4 million tons grading 2.39% copper and 0.72 opt silver. Possible Ore totalled 1.88 million tons grading 2.41% copper and 0.69 opt silver.

Blocks 3, 4, 5, 6, 7, 10, 11 and 12 which had drill holes known to contain ore grade mineralization were not included in the study. In addition ore grade drill hole intercepts contained in the Escabrosa Limestone were not included as they were felt to be too small and discontinuous to be of importance. The Escabrosa proved to be the largest ore host in terms of processed tonnage during the 1990s period of production.

Santa Catalina Mining, 1991-1994 (non-compliant)

During this operating period, resource estimates were apparently carried out in-house in conjunction with the mine planning. Public documents filed by Santa Catalina and its Annual Reports contain the following information on reserve estimation:

- 1991 proven plus probable reserves of 4 million tons grading 2.33% copper. There is no breakdown of proven and probable reserve estimates contained in the documentation nor is it known if all blocks of mineralization were included.
- Santa Catalina's 1993 Annual Report states that as of year-end the Oracle Ridge Mine had an expanded proven plus probable reserve of 5.23 million tons grading 2.24%. Santa Catalina's 1994 Annual Report further elaborates that the geologic reserves estimated in 1993 consisted of 5.23 million tons at 2.24% copper and 9.59 million tons at 2.32% copper proven plus probable plus possible.

Mintec Inc., 1994 (non-compliant)

Mintec Inc. ("**Mintec**") was contracted in 1994 to complete a reserve estimation as part of a feasibility study for increasing the Oracle Ridge Mine and processing plants capacity to 2,000 tons per day. These reserves were classified as geologic reserves by Mintec. Mintec was provided a drill hole database by the Oracle Ridge Mine that had been compiled and internally audited. This database has been converted to Mintec's MineSight© program format and has been made available to Oracle Ridge. The database contains the following:

Number of Drill Holes	534
Total Drill Hole Footage	163,622 ft
Number of Copper Assays	6,848
Number of Gold Assays	2,150
Number of Silver Assays	3,510

Also provided as part of the drill hole database was information pertaining to rock type, alteration, and the mineralized block or zone the drill hole was located in. The following tabulates the assay statistics:

Average Copper Grade	2.76%
Maximum Copper Grade	22.62
Minimum Copper Grade	0.00%
Average Gold Grade	0.010 oz/ton
Maximum Gold Grade	0.57 oz/ton
Minimum Gold Grade	0.001 oz/ton
Average Silver Grade	0.82 oz/ton
Maximum Silver Grade	9.37 oz/ton
Minimum Silver Grade	0.00 oz/ton

The drill hole intervals were composited into maximum 10-foot intervals respecting rock and unit types. If a composited 10-foot interval had two rock types, it was split into two at the interface of the change in rock type. Rock types were interpolated into the model based on the rock associated with each assay interval. This was accomplished by nearest neighbour projection.

Blocks were first matched by rock type to the appropriate geology then the grade was interpolated into a block using an inverse distance to the second power search (IDP2). Interpolation distances were 40 to 50 feet in a maximum 3D distance for Proven Ore and 100 to 120 feet maximum for Probable Ore or Possible Ore. Probable Ore required more composites being used to interpolate a block grade than the Possible Ore needed. A high grade outlier restriction was used which limited grades in excess of 4.61% copper to a projection distance of 20 feet. 4.61% Cu was substituted for the composite grade beyond 20 feet. No allowance was made for mined out areas. A tonnage factor of 10 cubic feet per ton was used.

At a 1.5% copper cut-off, the model estimated 8.14 million tons of Proven Ore and Probable Ore at a grade of 2.33% copper and an additional 16.57 million tons at 2.33%. No allowance is made for dilution, mine loss or pillars. Gold and silver grades were not estimated.

This study was reviewed by several engineering and consulting firms during attempts to purchase the Oracle Ridge Mine. According to available documents, this model was deemed to be acceptable by the standards of the time.

Oracle Ridge Mine, 1996 (non-compliant)

In April of 1996, a reserve and mine plan was developed utilizing polygons on cross section estimation techniques. This estimation used more restrictive reserve category definitions than those used in the 1978 reserve estimation. The category requirements used were as follows:

- proven ore was projected 50 feet up and 50 feet down dip and had to be exposed in mine workings. A drill hole intersection without an adjacent working could not be used to define a proved block of ore;
- probable ore had to be adjacent to proven ore and was projected 50 feet up dip and 50 feet down dip where geologic interpretation allowed or where sufficient drill data is available; and
- possible ore was projected 50 feet above and 50 feet below probable ore where geologic interpretation allowed. Individual exploration drill holes were projected 100 feet in both the vertical and horizontal dimensions. This equates to 50 feet up dip and 50 feet down dip.

This study used a 1.5% copper cut-off and resulted in a reserve estimate of 3.32 million tons of proven and probable grading 2.10% copper and 4.9 million tons of possible grading 2.38% copper. The reserve estimation is stated to be diluted and accounts for mine loss and pillars. The percentage of mine and pillar loss is not stated.

Comments on Historical Resources and Reserves

In comparing the Mintec 1994 estimate and the 1996 Oracle Ridge Mine estimate, the difference is essentially in the definitions used to categorize the mineralization and projection distances. The categories and the projection distances were quite different. The Mintec Proven Ore and Probable Ore are probably comparable to the Oracle Ridge Mine Proven Ore, Probable Ore and Possible Ore. When the results for those categories are compared they are quite similar. Mintec results estimate 8.1 million tons at a grade of 2.33% Cu and the Oracle Ridge Mine results estimate 8.2 million tons at 2.27% Cu.

The resource and reserve estimates given above are non-compliant with the requirements of NI 43-101 and should not be relied upon.

Other Data and Information

Historical Metallurgical Recoveries

Internal Santa Catalina documents and studies conducted by parties interested in purchasing the Oracle Ridge Mine indicate metallurgical copper recoveries of approximately 90% were the norm when the ore feed was primary sulphide in nature. During the first seven months of 1995, recoveries averaged 92.8%. This was prior to the mining of the harder ore which resulted in the shutdown of the Oracle Ridge Mine. The copper concentrate ranged between 27% to 32%. The bornite-rich ores which make up 20% of the ore grade mineralization were capable of producing concentrates of between 39% and 41% copper.

Gold and silver were not apparently assayed for on any consistent basis during operations. A back calculated recoverable grade of 0.004 oz/ton gold and 0.61 oz/ton silver can be derived based on the reported gold and silver by-product production. There was some indication that the recoverable precious metal content of the bornite ores might be somewhat higher.

Feasibility Study, 1994 (non-compliant)

In 1994, Western was contracted by the Oracle Ridge Mine to complete a feasibility study on the expansion of milling capacity to 2,000 tons per day. Walsh was contracted to examine and perform a capital and operating and capital cost estimate for the expansion of the Oracle Ridge Mine. In addition, Walsh examined the then current mining methods.

While the study is out of date and no longer applicable as the processing facility has been removed, it does contain relevant data in terms of future work programs for the Oracle Ridge Mine.

Walsh notes the Oracle Ridge Mine has good ground conditions in terms of rock stability and that a substantial amount of ground support was not needed. This would indicate that the cost of rehabilitating the Oracle Ridge Mine is not likely to be excessive.

Walsh stated that mining methods could be improved and dilution reduced by better practice. In particular the lack of exploration and development drilling, as previously noted, was a major problem.

The geometry and relative location of the mineral deposits would make expansion of the operation to 2,000 tons per day easy without interruption of the ongoing mining. The fact that a great deal of development workings had been made was also noted.

RISK FACTORS

An investment in our securities should be considered highly speculative and involves a high degree of financial risk due to the nature of our activities and the current status of our operations. A prospective investor should carefully consider the risks summarized below and all other information contained in this Annual Information Form before making an investment decision relating to our securities. Some statements in this Annual Information Form (including some of the following risk factors) are forward-looking statements. Please refer to the discussion of forward-looking statements in the introduction to this Annual Information Form. Any one or more of these risks could have a material adverse effect on the value of any investment in our Corporation and the business, financial position or operating results of our Corporation and should be taken into account in assessing our activities. The risks noted below do not necessarily comprise all those faced by us.

Dependence on the Oracle Ridge Property

We are an exploration and development stage company and as such do not anticipate receiving revenue from our mineral properties for some time. We are primarily focused on the exploration and development of the Oracle Ridge Property.

The Oracle Ridge Property does not have identified mineral resources or mineral reserves, which will be required as a basis for determining if the Oracle Ridge Property has bodies of commercial mineralization. The existing information about the Oracle Ridge Property is largely historical and is not NI 43-101 compliant. There may be significant costs, timing issues and complexities associated with confirming and upgrading the existing historical data for the Oracle Ridge Property and the results of the confirmation and upgrading process may not be satisfactory or result in identified mineral resources or mineral reserves. As a result, unless we acquire additional property interests which can generate cash flow, any adverse developments affecting the Oracle Ridge Property could have a material adverse effect upon the Corporation and would materially and adversely affect our potential mineral production, profitability, financial performance and results of operations.

Exploration, Development and Operating Risks

Resource exploration and development is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but also from finding mineral deposits that, though present, are insufficient in quantity and quality to return a profit from production. Substantial expenditures and time are required to establish or to add to existing proven and

probable reserves through drilling and analysis, to develop metallurgical processes to extract metal, and to develop the mining and processing facilities and infrastructure at any site chosen for mining.

The Oracle Ridge Property will be subject to all of the hazards and risks normally encountered in the exploration, development and production of copper and other base or precious metals, which may include, without limitation, encountering unusual or unexpected geologic formations or other geological or grade problems; unanticipated changes in metallurgical characteristics and metal recover; periodic interruptions due to inclement or hazardous weather conditions; seismic activity; rock bursts; pit-wall failures; cave-ins; encountering unanticipated ground or water conditions; flooding, fire, and other conditions involved in the drilling and removal of material; environmental hazards; discharge of pollutants or hazardous chemicals; industrial accidents; failure of processing and mining equipment; labour disputes; supply problems and delays; and changes in the regulatory environment, any of which could result in one or more of the following: damage to, or destruction of, mineral properties, mines and other producing facilities; damage to life or property, personal injury or death; loss of key employees; environmental damage; delays in our exploration and development activities; monetary losses and legal liabilities. Satisfying such liabilities may be very costly and could have a material adverse effect on our future cash flow, results of operations and financial condition.

Any of the following factors, among others, which are beyond our control and cannot be accurately predicted, could affect the profitability or economic feasibility of the Oracle Ridge Property: market fluctuations, unanticipated changes in grade and tonnage of ore to be mined and processed, unanticipated adverse geotechnical conditions, incorrect data on which engineering assumptions are made, costs of re-opening and operating a mine, availability and costs of processing and refining facilities, availability of economic sources of power, adequacy of water supply, availability of surface tenure on which to locate processing and refining facilities, adequate access to the site, including competing land uses (such as agriculture and illegal mining), unanticipated transportation costs, accidents, labour actions, force majeure events, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection, the combination of which factors may result in us not receiving an adequate return of investment capital.

There is no assurance that our mineral exploration and development activities will result in any discoveries of commercial bodies of ore, or that the historical information related to the Oracle Ridge Property will be confirmed and upgraded in order to identify mineral resources and mineral reserves compliant with NI 43-101. The long-term profitability of our operations will in part be directly related to the costs and success of our exploration programs, which may be affected by a number of factors. Substantial expenditures are required to establish reserves through drilling and to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis.

There is no certainty that the expenditures made by us towards the search for and evaluation of mineral deposits will result in discoveries of commercial quantities of ore.

Metal Prices

Our revenues, if any, are expected to be in large part derived from the extraction and sale of base and precious metals such as copper. Metal prices are volatile and have historically fluctuated widely and are affected by numerous factors beyond our control, including international, economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates, global or regional consumptive patterns, speculative activities and increased worldwide production levels due to new extraction developments and improved extraction and production methods. These factors may affect the price of base and precious metals, and, therefore, the economic viability of any of our future exploration projects cannot accurately be predicted. Future significant price declines in the market value of copper could cause continued development of, and eventually commercial production from, the Oracle Ridge Property to be rendered uneconomic. Depending on the price of copper, we could be forced to discontinue exploration or development activities and may lose our interest in, or may be forced to sell, the Oracle Ridge Property. There is no assurance that even as commercial quantities of copper and other base and precious metals are produced, a profitable market will exist for them.

Capital Cost Estimates

Capital and operating cost estimates made in respect of our current and future development projects and mines may not prove to be accurate. Capital and operating costs are estimated based on the interpretation of geological data, feasibility studies, anticipated climatic conditions and a number of other factors. Any of the following events, among the other events and uncertainties described in this Annual Information Form, could affect the accuracy of such estimates: unanticipated changes in grade and tonnage of ore to be mined and processed; incorrect data on which engineering assumptions are made; delay in construction schedules; unanticipated transportation costs; the accuracy of major equipment and construction cost estimates; labour negotiations; changes in government regulation (including regulations regarding prices, cost of consumables, royalties, duties, taxes, permitting and restrictions on production quotas on exportation of minerals); and title claims.

Permits and Licences

Our existing operations require, and future operations may require, permits from various governmental authorities and such operations are, and will be, governed by laws and regulations governing prospecting, development, mining, production, export, taxes, labour standards, occupational health, waste disposal, land use, environmental protections, mine safety and other matters. There can be no guarantee that we will be able to obtain all necessary permits and approvals that may be required to undertake exploration activity or commence construction or operation of mine facilities on any of our properties. Mining and exploration activities are also subject to various laws and regulations relating to the protection of the environment.

Government Regulation

Our operations and exploration and development activities are subject to extensive federal, state and county laws and regulations governing various matters, which may include: environmental protection; management and use of toxic substances and explosives; management of tailings and other wastes generated by operations; management of natural resources; exploration and development of mines, production and post-closure reclamation; exports; price controls; taxation and mining royalties; regulations concerning business dealings with aboriginal groups; labour standards and occupational health and safety, including mine safety; and historic and cultural preservation.

Although we believe that our exploration activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner that could limit or curtail the production or development of our properties. Amendments to current laws and regulations governing our operations and activities or a more stringent implementation thereof could have a material adverse effect on our business, financial condition and results of operations.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, the installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of mining activities and may be subject to civil or criminal fines or penalties for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or a more stringent implementation thereof, could have a material adverse impact on us and cause increases in exploration expenses, capital expenditures or production costs, reduction in levels of production at producing properties, or abandonment or delays in development of new mining properties.

Environmental Regulation

Environmental laws and regulations may affect our operations. These laws and regulations set various standards regulating certain aspects of health and environmental quality. They provide for penalties and other liabilities for the violation of such standards and establish, in certain circumstances, obligations to rehabilitate current and former facilities and locations where operations are or were conducted. The permission to operate can be withdrawn

temporarily where there is evidence of serious breaches of health and safety standards, or even permanently in the case of extreme breaches. Significant liabilities could be imposed on us for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous owners of acquired properties (whether or not known to us) or noncompliance with environmental laws or regulations. We intend to minimize risks by taking steps to ensure compliance with environmental, health and safety laws and regulations and operating to applicable environmental standards. Such compliance may require significant capital outlays by us and may cause material changes or delays in our planned operations. There is a risk that environmental laws and regulations may become more onerous, making our operations more expensive. There can be no assurance that future changes in environmental regulations will not adversely affect our business, and it is possible that future changes in these laws or regulations could have a significant adverse impact on our business.

Trading Price Volatility

Our common shares are listed on the TSX. In recent years, the securities markets have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered exploration and development stage companies, have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continued fluctuations in price will not occur, which may result in losses to investors.

The trading price of our common shares may increase or decrease in response to a number of events and factors, including: our operating performance and the performance of competitors and other similar companies; volatility in copper and other metal prices; changes in recommendations by research analysts who track our common shares or the shares of other companies in the resource sector; a reduction in coverage by such research analysts; changes in general economic and/or political conditions; the arrival or departure of key personnel; acquisitions, strategic alliances or joint ventures involving us or our competitors and the other risks set forth herein. In addition, the market price of our common shares is affected by many variables not directly related to our success and are, therefore, not within our control, including other developments that affect the market for all resource sector securities, the breadth of the public market for common shares and the attractiveness of alternative investments.

Dilution

If we raise additional funding by issuing additional equity securities, such financing may substantially dilute the interests of our shareholders and reduce the value of their investment. Such additional financing may result in a substantial dilution to our shareholders and decrease the value of our securities.

Future Financing

The advancement, exploration and development of the Oracle Ridge Property (or any other property that we may acquire, explore and/or develop), and the construction of mining facilities and commencement of mining operations, if any, will require substantial additional financing in the future. Although we announced the signing of a non-binding, indicative term sheet for project financing with Credit Suisse AG ("**Credit Suisse**") on March 12, 2012 for a secured term loan of up to US$70 million related to the development of the Oracle Ridge Property, there is no assurance that a definitive loan agreement will be negotiated or that such financing will ultimately be provided. Failure to obtain sufficient financing in the future will result in a delay or indefinite postponement of the advancement, exploration, development or commercial production on the Oracle Ridge Property (or any other property that we may acquire, explore and/or develop) or even a loss of our property interest. Additional debt and equity financing may not be available when needed or, if available, the terms of such financing might not be favourable to us and might involve substantial dilution to existing shareholders. While we have been successful in raising financing in the past, our ability to raise additional financing may be affected by numerous factors beyond our control, including, but not limited to, adverse market conditions and/or commodity price changes and economic downturn. Failure to raise capital when needed would have a material adverse effect on our business, financial condition and results of operations. Further, sales of a significant number of our common shares, or the perception that these sales could occur, particularly with respect to sales by affiliates, directors, executive officers or other insiders, could materially and adversely affect the market price of our common shares and impair our ability to raise capital through the sale of additional equity securities.

Dependence on Key Management Personnel, Employees and Consultants

Our success is and/or will be dependent on a relatively small number of key management personnel, employees and consultants. The loss of the services of one or more of such key management personnel could have a material adverse effect on us. Our ability to manage our exploration and future development activities, and therefore our success, will depend in large part on the efforts of these individuals. Investors must be willing to rely to a significant extent on management's judgment and decisions. We do not have key person insurance on such individuals, which insurance would provide us with insurance proceeds in the event of their death. Without key person insurance, we may not have the financial resources to develop or maintain our business until we replace the individual. We face intense competition for qualified personnel, and there can be no assurance that we will be able to attract and retain such personnel. If we are unable to attract or retain qualified personnel as required, we may not be able to adequately manage and implement our business plan.

Global Economic Conditions

Events in global financial markets in the past several years have had a profound impact on the global economy. Many industries, including the mining industry, are impacted by these market conditions. Some of the key impacts of the current financial market turmoil include contraction in credit markets resulting in a widening of credit risk, devaluations, high volatility in global equity, commodity and foreign exchange metal markets and a lack of market liquidity. A continued or worsened slowdown in the financial markets or other economic conditions, including but not limited to, consumer spending, employment rates, business conditions, inflation, fuel and energy costs, consumer debt levels, lack of available credit, the state of the financial markets, interest rates and tax rates, may adversely affect our growth and profitability. Specifically, the global credit/liquidity crisis could impact the cost and availability of financing and our overall liquidity, the volatility of copper and metal prices would impact our revenues, profits, losses and cash flow, continued recessionary pressures could adversely impact demand for our production, volatile energy, commodity and consumables prices and currency exchange rates would impact our production costs and the devaluation and volatility of global stock markets would impact the valuation of our equity and other securities. These factors could have a material adverse effect on our financial condition and results of operations.

Production

Mineral exploration is highly speculative in nature, involves many risks, and frequently does not lead to the discovery of commercial reserves of minerals. While the rewards can be substantial if commercial reserves of minerals are found, there can be no assurance that our past or future exploration efforts will be successful, that any production therefrom will be obtained or continued, or that any such production which is attempted will be profitable.

No Revenue or Commercial Production

As of the date hereof, we have not recorded any revenues, other than interest income and investment income. We have not commenced commercial production on any of our mineral resource properties. There can be no assurance that significant losses will not occur in the near future or that we will be profitable in the future. Our operating expenses and capital expenditures may increase in the future as consultants, personnel and equipment costs associated with advancing exploration, development and commercial production of our properties increase. We expect to continue to incur losses unless and until such time as we enter into commercial production and generate sufficient revenues to fund our continuing operations. The development of the Oracle Ridge Property will require the commitment of substantial resources. There can be no assurance that we will generate any revenues or achieve profitability.

Losses

We have incurred losses since our inception and expect to continue to incur losses unless and until such time as the Oracle Ridge Property (or any other property that we may acquire, explore and/or develop) enters into commercial production and generates sufficient revenues to fund continuing operations. We incurred losses of approximately $16 million for the year ended December 31, 2011.

The development of the Oracle Ridge Property (or any other property that we may acquire, explore and/or develop) will require the commitment of substantial financial resources. The amount and timing of expenditures will depend on a number of factors, including the progress of ongoing exploration and development, the results of consultant analysis and recommendations, the rate at which operating losses are incurred, the execution of any joint venture agreements with strategic partners, and our acquisition of additional properties, some of which are beyond our control. There can be no assurance that we will ever achieve profitability.

Effects of Increased Indebtedness

We expect to incur additional indebtedness in connection with the financing of the development of the Oracle Ridge Mine. Increased debt levels may have important consequences for us, including, but not limited to the following:

(i) our ability to obtain additional financing to fund future operations or meet our working capital needs or any such financing may not be available on terms favorable to us or at all;

(ii) a certain amount of our cash will be dedicated to the payment of principal and interest on our indebtedness, thereby diminishing funds that would otherwise be available for our operations and for other purposes;

(iii) limited operating cash flows or an increase in our expenses could make it difficult for us to meet our debt service requirements, which could force us to modify our operations; and

(iv) a leveraged capital structure which may place us at a competitive disadvantage by hindering our ability to adjust rapidly to changing market conditions or by making us vulnerable to a downturn in our business or the economy in general, as well as other risks associated with an increased leverage.

Our ability to make scheduled payments on our loans and our ability to repay our indebtedness depends on our successful financial and operating performance, cash flows and capital resources, which in turn depend upon prevailing economic conditions and certain financial, business and other factors, many of which are beyond our control. Our ability to meet future debt service and other obligations may depend in significant part on the success of the Oracle Ridge Mine and the extent to which we can successfully implement our business strategy. There can be no assurance that the Oracle Ridge Mine will be successful or that we will be able to implement our strategy fully, that commercial production will be achieved or not delayed or that the anticipated results of our strategy will be realized.

Events of Default under Future Project Financing

In the event that we are able to arrange project financing with Credit Suisse or other lenders for the development of the Oracle Ridge Property, we will be subject to various covenants under the relevant loan agreement in favour of such lenders. If we default in respect of our obligations under such loan agreement, then there is a risk that we could lose the Oracle Ridge Property and any other property securing our obligations under such loan agreement and our shareholders could lose their entire investment.

Events of Default under Promissory Notes

Oracle LLC is required to make certain deferred payments in connection with the Purchase Price payable for the Oracle Ridge Property. Such deferred payments are evidenced by the Promissory Notes issued by Oracle LLC to the vendor of the Oracle Ridge Property. If we default in respect of our obligations under the Promissory Notes, the principal amount of the Promissory Notes, plus accrued and unpaid interest, if any, may be declared immediately due and payable. If such an event occurs, Oracle LLC could lose the Oracle Ridge Property and our shareholders could lose their entire investment.

Competition

The mining industry is intensely competitive in all of its phases and we compete with many companies possessing greater financial and technical resources than ourselves. Competition in the precious metals mining industry includes competition for: mineral rich properties that can be developed and produced economically; technical expertise to find, develop, and operate such properties; labour to operate the properties; and capital for the purpose of funding such properties. Many competitors not only explore for and mine precious metals, but conduct refining and marketing operations on a global basis. Such competition may result in our being unable to acquire desired properties, to recruit or retain qualified employees or to acquire the capital necessary to fund our operations and develop mining properties. Existing or future competition in the mining industry could materially adversely affect our prospects for mineral exploration and success in the future.

Transaction Liabilities

As part of our acquisitions or dispositions, including the acquisition and subsequent disposition of our interest in the Coricancha Mine, we may have assumed liabilities and risks, or have continuing liabilities and risks, which may not be known to us. Any such liabilities, individually or in the aggregate, could have a material adverse effect on our financial position and the results of our operations.

Uninsured Hazards

In the course of exploration, development and production of our properties, certain risks, and in particular, unexpected or unusual geological operating conditions including rock bursts, cave-ins, fires, flooding and earthquakes may occur. Such occurrences could result in damage to mineral properties or facilities thereon, personal injury or death, environmental damage to our properties or the properties of others, delays in mining, monetary losses and possible legal liability.

Although we maintain insurance to protect against certain risks in such amounts as we consider reasonable, our insurance will not cover all of the potential risks associated with our operations. We may also be unable to maintain insurance to cover certain risks at economically feasible premiums. In addition, insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increased costs and a decline in the value of our securities.

Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to us or to other companies in the mining industry on acceptable terms. As a result, we may become subject to liability for pollution or other hazards that we may not be insured against. Losses from these events may cause us to incur significant costs that could have a material adverse effect upon our financial performance and results of operations

Acquisition of Additional Mineral Properties

If we lose or abandon our interest in the Oracle Ridge Property, there is no assurance that we will be able to acquire another mineral property of merit or that such an acquisition would be approved by the TSX. There is also no guarantee that the TSX will approve the acquisition of any additional properties by us, whether by way of option or otherwise, should we wish to acquire any additional properties.

Titles to Property

The acquisition of title to mineral properties is a detailed and time-consuming process. Title to, and the area of, mineral concessions may be disputed. Although we believe that we have taken reasonable measures to ensure proper title to our interests in our properties, including the Oracle Ridge Property, there is no guarantee that title to any such properties will not be challenged or impaired. Third parties may have valid claims underlying portions of our interests, including prior unregistered liens, agreements, transfers or claims, including aboriginal land claims, and

title may be affected by, among other things, undetected defects. In addition, we may be unable to operate on such properties as permitted or to enforce our rights with respect to such properties.

Competition for Water and Water Shortages

Our operations at the Oracle Ridge Property will require water, and the Oracle Ridge Property is located in a region where water is relatively scarce. While we believe we hold or will be able to obtain sufficient water rights to support our operations, there is no assurance that we will be able to obtain the necessary water rights and future developments could limit the amount of water available to us.

Influence of Significant Shareholders

We have one significant shareholder (the "**Significant Shareholder**") of which we are aware, which controls approximately 19.9% of our outstanding common shares. The Significant Shareholder also has certain rights to participate in any future equity offerings by us. Accordingly, the Significant Shareholder could have significant influence in determining the outcome of any corporate transaction or other matter submitted to shareholders for approval, including mergers, consolidations and the sale of all or substantially all of our assets and other significant corporate actions. The concentration of ownership of the common shares by the Significant Shareholder may: (i) delay or deter a change of control of the Corporation; (ii) deprive shareholders of an opportunity to receive a premium for their common shares as part of a sale of the Corporation; and (iii) affect the market price and liquidity of our common shares. Additionally, the Significant Shareholder will have significant influence in determining the members of the board of directors. Without the consent of the Significant Shareholder, we could be prevented from entering into transactions that are otherwise beneficial to us. The interests of the Significant Shareholder may differ from or be adverse to the interests of our other shareholders. The effect of the Significant Shareholder's rights and the Significant Shareholder's influence may impact the price that investors are willing to pay for our securities. If the Significant Shareholder sells a substantial number of our common shares in the public market, the market price of our common shares could fall. The perception among the public that these sales will occur could also contribute to a decline in the market price of our common shares.

Foreign Operations

Presently, our principal mineral property interest is located in the United States of America. While we believe that the United States of America represents a favourable environment for mining companies to operate, there can be no assurance that changes in the laws of the United States of America or changes in the regulatory environment for mining companies or for non-domiciled companies in the United States of America will not be made that would adversely affect us.

Infrastructure

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants that affect capital and operating costs. Unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect our operations, financial condition and results of operations. While we believe that the existing infrastructure located at the Oracle Ridge Property is good, there is no assurance that it will be sufficient for the purposes of bringing the Oracle Ridge Mine back into production.

Opposition to Mining

In recent years, governmental and non-governmental agencies, individuals, communities and courts have become more vocal and active with respect to their opposition of certain mining and business activities. This opposition may take on forms such as road blockades, applications for injunctions seeking work stoppages, refusals to grant access to lands or to sell lands on commercially viable terms, lawsuits for damages, issuances of unfavourable laws and regulations, and rulings contrary to an entity's interest. These actions can occur in response to current activities or in respect of mines that are decades old. Opposition to our business activities are beyond our control. Any opposition

our business activities may cause a disruption to such activities and may result in increased costs and could have a material adverse effect on our business and financial condition.

Currency Fluctuations

We maintain bank accounts in U.S. and Canadian dollars. While our financings have generally been conducted in Canadian dollars, we conduct our business using both currencies depending on the location of the operations in question and the payment obligations involved. Accordingly, the results of our operations are subject to currency exchange risks, particularly to changes in the exchange rate between the U.S. and Canadian dollar. To date, we have not engaged in any formal hedging program to mitigate these risks. The fluctuations in currency exchange rates, particularly between the U.S. and Canadian dollar, may significantly impact our financial position and results of operations in the future.

Litigation

We are subject to litigation risks. All industries, including the mining industry, are subject to legal claims, with and without merit. We may be involved in disputes with other parties in the future which may result in litigation. The causes of potential future litigation cannot be known and may arise from, among other things, business activities, environmental laws, volatility in stock price or failure to comply with disclosure obligations. Defense and settlement costs of legal claims can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, the resolution of any particular legal proceeding to which we are or may become subject could have a material effect on our financial position, results of operations or our mining and project development operations.

Enforceability of Judgments

Our principal asset, the Oracle Ridge Property, is located outside of Canada. It may be difficult or impossible to enforce judgments obtained in Canadian courts predicated upon the civil liability provisions of the securities laws of the various Canadian provinces against our assets located outside of Canada.

Conflicts of Interest

We are dependent on certain directors and officers who are, and may in the future be, involved in the mining and mineral exploration industry through their direct and indirect participation in corporations, partnerships or joint ventures which are or may be our potential competitors. Situations may arise in connection with potential acquisitions in investments where the other interests of these directors and officers may conflict with our interests.

In accordance with applicable laws, including the CBCA, our directors and officers are required to act honestly, in good faith and in the best interest of our Corporation. In addition, each director and officer is required to declare and, in the case of our directors, to refrain from voting on, any matter in which such director or officer may have a conflict of interest in accordance with the procedures set out in the CBCA and other applicable laws.

No Dividend Record

As of the date hereof, we do not have a dividend policy and have never declared or paid any dividends to our shareholders. We intend to invest all available funds toward the development and growth of our business and do not expect to pay any cash dividends for the foreseeable future. The payment of any cash dividend to shareholders in the future will be at the discretion of our directors and will depend on, among other things, our financial condition, capital requirements and earnings, and any other factors that our directors may consider relevant.

DIVIDENDS

We have not declared or paid any dividends on our common shares since incorporation and we do not foresee the declaration or payment of any dividends on our common shares in the near future. Any decision to pay dividends on our common shares will be made by our board of directors on the basis of our earnings, financial requirements and

other conditions existing at such future time and which our board of directors considers appropriate in the circumstances.

DESCRIPTION OF CAPITAL STRUCTURE

Our authorized capital consists of an unlimited number of common shares without par value. As at the date of this Annual Information Form, there were an aggregate of 39,234,070 common shares issued and outstanding. The holders of our common shares are entitled to one vote at all meetings of our shareholders and to receive the remaining property of our Corporation upon dissolution.

MARKET FOR SECURITIES

Trading Price and Volume

Our common shares are listed for trading on the TSX under the symbol "OMN". Prior to January 13, 2012, our common shares traded on the TSXV. The following table provides the monthly price range and trading volume of our common shares from January 1, 2011 to December 31, 2011:

	Trading Summary for OMN		
	High ($)	**Low ($)**	**Volume (# of shares)**
2011			
December	1.30	0.91	443,888
November	1.36	1.07	459,841
October	1.25	0.80	5,480,157
September	1.30	0.75	899,176
August	1.56	1.21	390,588
July	1.68	1.25	834,788
June	1.95	1.11	2,269,184
May	2.05	1.60	682,983
April	2.15	1.85	722,478
March	2.40	1.63	1,031,228
February	2.50	2.05	901,753
January	2.28	1.86	1,180,717

Prior Sales

The following table provides information with respect to options to acquire common shares granted by us between January 1, 2011 and December 31, 2011:

Date of Grant	Exercise Price ($)	Granted (#)
January 25, 2011	2.15	25,000
March 24, 2011	1.90	750,000
June 27, 2011	1.30	300,000
October 12, 2011	0.99	150,000
October 18, 2011	1.07	250,000
November 28, 2011	1.15	200,000

SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

Designation of Class	Number of securities subject to a contractual restriction on transfer (as of December 31, 2011)	Percentage of class (as of December 31, 2011)
Common shares	5,000,000[(1)]	15.9%

Note:

(1) Pursuant to lock-up agreements entered into concurrently with the closing of our acquisition of the Oracle Ridge Property, certain shareholders agreed not to, subject to certain exceptions, dispose, directly or indirectly, of the common shares subject to such lock-up agreements without the prior consent of our board of directors, with one quarter of such common shares being released from such restriction in each six month period subsequent to closing.

DIRECTORS AND EXECUTIVE OFFICERS

Our board of directors is comprised of six members. The term of office for each of our directors will expire at the time of our next annual general meeting of shareholders. The following table sets forth the name, province or state and country of residence, positions held and date of appointment and principal occupation for each of our directors and executive officers as at the date hereof:

Name and Province or State and Country of Residence	Position	Director Since	Principal Occupation for the Past Five Years
Paul Eagland[(2)(3)(6)] British Columbia, Canada	Executive Chairman	September 28, 2010	Executive Chairman of our Corporation since March 28, 2012. Interim Chief Executive Officer of our Corporation from June 3, 2011 until March 19, 2012. Private Investor.
Gregory K. Liller[(2)(6)] Arizona, U.S.A.	Director	September 28, 2010	Geologist. Director or officer of various publicly traded companies.
Derek Price[(4)(5)] Tauranga, New Zealand	Director	August 17, 2010	Retired mining executive. Former Vice President, Finance and Chief Financial Officer of Thompson Creek Metals Company Inc. from 2003 to 2008 and Vice President, Finance and Chief Financial Officer of Glencairn Gold Corp. from 2003 to 2006.
Michel Tardif[(4)(5)] Québec, Canada	Director	May 10, 2001	Private investor. Retired.
Mark Forsyth[(4)(6)] Zug, Switzerland	Lead Director	July 25, 2011	Consultant at Cliveden AG since September 2010. Senior Trader at Trafigura Group from 2008 until 2010. Head Trader at Mark Rich & Co. Investment AG from 1999 until 2008.
Alan Edwards Denver, Colorado	Director	October 12, 2011	President, AE Consulting Corp., previously President and Chief Executive Officer, Frontera Copper Corp and Copper One Inc.
Douglas N. Nicholson[(1)(3)] Fairbanks, Alaska	Chief Executive Officer	Not applicable.	Chief Operating Officer of Oracle Mining as of February 1, 2012; Former President, Donlin Gold LLC Novagold/Barrick Gold joint venture.
Carlos Escribano[(1)] British Columbia, Canada	Vice President, Finance and Chief Financial Officer	Not applicable.	Vice President, Finance and Chief Financial Officer of our Corporation since January 2011. Vice President, Finance and Chief Financial Officer of Canadian Zinc Corporation from June 2010 to December 2010.
Jason Mercier[(1)(2)] British Columbia, Canada	Vice President and Corporate Secretary	Not applicable.	Vice President and Corporate Secretary of our Corporation since October 2010.

Name and Province or State and Country of Residence	Position	Director Since	Principal Occupation for the Past Five Years
Victor Rozon[(2)] Ontario, Canada	Vice President, Operations and Vice President, Projects	Not applicable.	Vice President, Operations and Vice President, Projects of our Corporation since October 2010 and February 2008, respectively.

Notes:
(1) Member of the Disclosure and Corporate Governance Committee.
(2) Member of the Environment, Health and Safety Committee.
(3) Mr. Nicholson was appointed Chief Executive Officer on March 19, 2012 following the resignation of Mr. Eagland as interim Chief Executive Officer.
(4) Member of the Audit Committee. Mr. Price is the Chairman of the Audit Committee.
(5) Member of the Compensation Committee.
(6) Member of the Finance Committee. Mr. Forsyth is the Chairman of the Finance Committee.

As at the date hereof, our directors and senior officers, as a group, beneficially owned, directly or indirectly, or exercised control or direction over, 8,234,950 (approximately 21%) of our issued and outstanding common shares.

Biographical Information

Biographical information for each of our directors and senior officers is set forth below:

Paul Eagland, Executive Chairman and Director. Mr. Eagland is a merchant banker with more than 25 years of experience in mining and transaction finance.

Mark Forsyth , Lead Director. Mr. Forsyth has spent 25 years working in commodity trading. Mr. Forsyth started his career in London in 1986 working for Marc Rich + Co. For the past nine years, Mr. Forsyth has been based in Zug, Switzerland where he was Head Trader at Marc Rich & Co. Investment AG for seven years. More recently he worked for the Trafigura Group where he was senior trader, and at the end of 2010 he formed his own consultancy group Cliveden AG based in Zug.

Derek Price, Director. Mr. Price has spent most of his career in the mining industry. Mr. Price was Vice President, Finance and Chief Financial Officer of molybdenum producer Thompson Creek Metals Company Inc. from 2003 until his retirement in 2008. Mr. Price was also Vice President, Finance and Chief Financial Officer of Glencairn Gold Corporation (now Central Sun Mining Inc.) from 2003 to 2006. From 1996 to 2003, Mr. Price was Vice President, Finance and Chief Financial Officer of Wheaton River Minerals Ltd. (now Goldcorp Inc.). Prior to Wheaton River Minerals Ltd. Mr. Price spent four years as Vice President Finance of gold producer Granges Inc. and ten years in various roles with base metal producer Cominco Ltd. Mr. Price is a member of both the Canadian and Australian Institutes of Chartered Accountants. Mr. Price holds a MBA from Griffith University in Australia, and a Bachelor of Mathematics from the University of Waterloo in Canada.

Alan Edwards, Director. Mr. Edwards has three decades of diverse mining industry experience. His experience includes Vice President and Senior Vice President of Surface Mines at P.T. Freeport Indonesia's Grasberg, and as Executive Vice President and Chief Operating Officer of Apex Silver Mines Corporation (now Golden Minerals Services Corporation), where Mr. Edwards was responsible for the engineering, construction and commissioning of the San Cristobal mine in Bolivia. Mr. Edwards served as Chief Executive Officer and President of Copper One Inc. and as Chief Executive Officer and President of Frontera Copper Corporation. Mr. Edwards is the former VP of Technical Services and Project Development and former Vice President of Operations of Kinross Gold Corporation. Mr. Edwards holds a BSc. in Mining Engineering and an MBA in Finance from the University of Arizona.

Gregory K. Liller, Director. Mr. Liller received his Bachelors in Geology from Western State College, Gunnison, Colorado in 1977 and has more than 30 years of experience in mineral exploration and mine development. Mr. Liller has played a key role in turning seven projects into producing mines and in his career has led to the delineation of more than 11 million ounces of gold and more than 500 million ounces of silver in reserves and resources. From 1993 to 2008, Mr. Liller served as an officer and director for a group of Canadian and Australian mining companies working in Mexico, including Gammon Lake, Mexgold, Santa Cruz and Genco. This work included the development and construction of the Lluvia de Oro Mine and the development of the Magistral Gold Mine.

Michel Tardif, Director. Mr. Tardif is an investor involved in senior financial ventures. Mr. Tardif was formerly a financial analyst for brokerage firms in Montreal.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

To the best of our knowledge, no director or executive officer is, as at the date of this Annual Information Form, or has been, within 10 years before the date of this Annual Information Form, a director, Chief Executive Officer ("**CEO**") or Chief Financial Officer ("**CFO**") of any corporation (including our Corporation) that:

a) was the subject, while the director or executive officer was acting in the capacity as director, CEO or CFO of such corporation, of a cease trade or similar order or an order that denied the relevant corporation access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days; or

b) was subject to a cease trade or similar order or an order that denied the relevant corporation access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the director or executive officer ceased to be a director, CEO or CFO and which resulted from an event that occurred while that person was acting in the capacity as director, CEO or CFO of such corporation.

To the best of our knowledge, no director, executive officer or a shareholder holding a sufficient number of securities of our Corporation to affect materially the control of our Corporation:

a) is, as at the date of this Annual Information Form, or has been within 10 years before the date of this Annual Information Form, a director or executive officer of any corporation (including our Corporation) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceeding, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets;

b) has, within the 10 years before the date of this Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder;

c) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

d) has been subject to any penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

There are potential conflicts of interest to which our directors and officers will be subject in connection with our operations. In particular, certain of our directors and officers are involved in managerial or director positions with other companies whose operations may, from time to time, be in direct competition with those of our Corporation or with entities which may, from time to time, provide financing to, or make equity investments in, competitors of our Corporation.

In accordance with the CBCA, any of our directors or officers who have a material interest or who are a party to a material contract or a proposed material contract with us are required, subject to certain exceptions, to disclose that interest and, in the case of our directors, to generally abstain from voting on any resolution to approve the contract. In addition, our directors and officers are required to act honestly and in good faith with a view to the best interests of our Corporation.

Certain of our directors and officers have either other employment or other business or time restrictions placed on them and accordingly these directors and officers will only be able to devote part of their time to our affairs.

AUDIT COMMITTEE DISCLOSURE

The Audit Committee's Charter

Our Audit Committee operates under a written charter that sets out its responsibilities and composition requirements. A copy of the audit committee charter is attached hereto as Schedule "A".

Composition of the Audit Committee

The members of the Audit Committee are Derek Price, Mark Forsyth and Michel Tardif. Each member of the Audit Committee is financially literate and each is an independent member of the Audit Committee.

Name of Member	Independent[1]	Financially Literate[2]
Derek Price	Yes	Yes
Mark Forsyth	Yes	Yes
Michel Tardif	Yes	Yes

Notes:

(1) To be considered independent, a member of the Audit Committee must not have any direct or indirect "material relationship" with our Corporation. A "material relationship" is a relationship which could, in the view of our directors, be reasonably expected to interfere with the exercise of a member's independent judgment.

(2) To be considered financially literate, a member of the Audit Committee must have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by our financial statements.

Relevant Education and Experience

The following relevant education and experience of the members of the Audit Committee have been used in assessing their financial literacy:

Derek Price. Mr. Price is a retired mining executive. Mr. Price holds a bachelor's degree in mathematics and an MBA. Mr. Price is a member of both the Canadian and Australian Institutes of Chartered Accountants. Mr. Price is the former Vice President, Finance and Chief Financial Officer of Thompson Creek Metals Company Inc. (2003-2008), Vice President, Finance and Chief Financial Officer of Glencairn Gold Corp. (now Central Sun Mining Inc.) (2003-2006) and Vice President, Finance and Chief Financial Officer of Wheaton River Minerals Ltd. (now Goldcorp Inc.) from 1996-2003. Mr. Price is the Chairman of our Audit Committee.

Mark Forsyth. Mr. Forsyth has spent 25 years working in commodity trading houses. Mr. Forsyth started his career in London in 1986 working for Marc Rich and also Pechiney World Trade. Since 2002, Mr. Forsyth has been based in Zug, Switzerland where he was Head Trader at Marc Rich & Co Investment AG for seven years. Mr. Forsyth recently resumed a position with the Trafigura Group where he was senior trader in Luzern, Switzerland and at the end of 2010 he formed his own consultancy corporation, Cliveden AG. Mr. Forsyth provides insight into the trading world and is actively involved in optimizing marketing and operations strategies. In addition to being a member of the Audit Committee, Mr. Forsyth is the Chairman of the Finance Committee and Lead Director for the Corporation.

Michel Tardif. Mr. Tardif is an investor involved in senior financial ventures. Mr. Tardif was formerly a financial analyst for brokerage firms in Montreal.

Audit Committee Oversight

Since the commencement of our most recently completed financial year, there has not been a recommendation of the Audit Committee to nominate or compensate an external auditor that was not adopted by our board of directors.

Reliance on Certain Exemptions

Since the commencement of our most recently completed financial year, we have not relied on the exemption in section 2.4 (*De Minimus Non-Audit Services*), section 3.2 (*Initial Public Offerings*), subsection 3.3(2) (*Controlled Companies*), section 3.4 (*Events Outside Control of Member*), section 3.5 (*Death, Disability or Resignation of Audit Committee Member*), section 3.6 (*Temporary Exemption for Limited and Exceptional Circumstances*) or section 3.8 (*Acquisition of Financial Literacy*) of National Instrument 52-110 – *Audit Committee* ("**NI 52-110**"), or an exemption from NI 52-110, in whole or in part, granted under Part 8 (*Exemptions*) of NI 52-110.

Pre-Approval Policies and Procedures

Our Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as described in Section III.B "*Powers and Responsibilities*" and "*Performance & Completion by Auditor of its Work*" of the audit committee charter which is attached as Schedule "A" hereto.

External Auditor Service Fees

The following table discloses the fees billed to us by our external auditor during the last two financial years:

	Years ended December 31,	
	2010	**2011**
Audit Fees[(1)]	$ 49,500	$ 104,325
Audit-Related Fees[(2)]	$ 31,100	$ 17,500
Tax Fees[(3)]	$ 26,550	$ 26,750
All Other Fees[(4)]	$ 27,560	$ Nil

Notes:

1) The aggregate fees billed for audit services for the year ended 2011.
2) The aggregate fees billed for consultation, assurance and related services that are reasonably related to the performance of the audit or review of our Corporation's financial statements and are not disclosed in the "Audit Fees" column for the year ended December 31, 2011.
3) The aggregate fees billed for tax compliance, corporate income tax returns, tax advice, tax compliance, and tax planning services, and is for the year ended December 31, 2011.
4) The aggregate fees billed for professional services other than those listed in the other columns. For 2010, these fees are related to the review conducted on the Oracle Ridge Mine acquisition.

PROMOTERS

Other than as may be otherwise disclosed herein, no person or corporation, within the two most recently completed financial years or during the current financial year, has been a promoter of our Corporation or of any subsidiary of our Corporation.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Except as described below, we are not involved nor have been involved in any legal or regulatory proceedings (including any such proceedings which are pending or threatened of which we are aware) within the preceding financial year.

Given the nature of the business environment in which we operate and the relative strength of our financial position, third parties may threaten or commence legal or regulatory proceedings against us in the ordinary course of our business. An adverse determination in litigation or regulatory proceedings could subject us to significant liabilities to third parties. Although such disputes are often settled before trial, the costs associated with such arrangements may be substantial. We closely monitor the progress of all threatened litigation, and where our directors consider it appropriate, make the appropriate provisions and reserves in our financial statements.

REGISTRAR AND TRANSFER AGENT

Our registrar and transfer agent is Computershare Investor Services Inc., 1500 University Street, Suite 700, Montreal, Québec H3A 3S8.

INTEREST OF MANAGEMENT IN MATERIAL TRANSACTIONS

Except as otherwise described in this Annual Information Form, no director, executive officer or 10% shareholder of our Corporation or any associate or affiliate of any such person or corporation, has or had any material interest, direct or indirect, in any transaction within the three most recently completed financial years or during the current financial year that has materially affected or will materially affect our Corporation.

MATERIAL CONTRACTS

Except as otherwise described in this Annual Information Form, there are no contracts, other than contracts entered into in the ordinary course of business, that are material to us and that were entered into in the most recently completed financial year, or before the most recently completed financial year, but are still in effect.

The following material contracts were entered into by us during the most recently completed financial year or before the most recently completed financial year but are still in effect:

1. the purchase and sale agreement dated January 21, 2010 between Oracle LLC and Marble Mountain, the first amendment thereto dated February 18, 2010, and the second amendment thereto dated September 15, 2010. For additional information, see the section of this Annual Information Form entitled "*The Business – The Oracle Ridge Property – Mineral Rights Ownership*"; and

2. the industrial property lease dated February 18, 2010 between Oracle LLC and Marble Mountain. For additional information, see the section of this Annual Information Form entitled "*The Business – The Oracle Ridge Property – Surface Rights*".

INTERESTS OF EXPERTS

The following is a list of persons or companies named as having prepared or certified a statement, report or valuation, in this Annual Information Form, either directly or in a document incorporated by reference and whose profession or business gives authority to the statement, report or valuation made by the person or corporation.

Glenn R. Clark, P.Eng. is responsible for preparing the Technical Report, which contains certain scientific and technical information concerning the Oracle Ridge Property, which has been summarized, or incorporated by reference, herein.

Unless otherwise stated, Glenn R. Clark and John I. Kyle, PE, of Lyntek, both independent consultants for Oracle Mining and "qualified persons" under NI 43-101, approved the technical information reported herein.

No person or corporation referred to in this section beneficially owns, directly or indirectly, 1% or more of any class of our outstanding securities.

ADDITIONAL INFORMATION

Additional information regarding us, including directors' and officers' remuneration and indebtedness, principal holders of our securities and securities authorized for issuance under equity compensation plans, is contained in our management information circular dated April 29, 2011, available on SEDAR at www.sedar.com. Additional financial information is provided in our consolidated financial statements and related management's discussion and analysis for the fiscal year ended December 31, 2011, which is available on SEDAR at www.sedar.com.

Additional information relating to our Corporation may be found on SEDAR at www.sedar.com.

SCHEDULE "A"

AUDIT COMMITTEE CHARTER

**CHARTER FOR THE AUDIT COMMITTEE
OF THE BOARD OF DIRECTORS
OF ORACLE MINING CORP.**

I. MANDATE

The Audit Committee (the "Committee") of the directors (the "Board") of Oracle Mining Corp. (the "Corporation") shall assist the Board in fulfilling its financial oversight responsibilities. The Committee's primary duties and responsibilities under this mandate are to serve as an independent and objective party to monitor:

The quality and integrity of the Corporation's financial statements and other financial information;

The compliance of such statements and information with legal and regulatory requirements;

The qualifications and independence of the Corporation's independent external auditor (the "Auditor"); and

The performance of the Corporation's internal accounting procedures and Auditor.

II. STRUCTURE AND OPERATIONS

A. Composition

The Committee shall be comprised of three or more members.

B. Qualifications

Each member of the Committee must be a member of the Board.

A majority of the members of the Committee shall not be officers or employees of the Corporation or of an affiliate of the Corporation.

Each member of the Committee must be able to read and understand fundamental financial statements, including the Corporation's balance sheet, income statement, and cash flow statement.

C. Appointment and Removal

In accordance with the By-laws of the Corporation, the members of the Committee shall be appointed by the Board and shall serve until such member's successor is duly elected and qualified or until such member's earlier resignation or removal. Any member of the Committee may be removed, with or without cause, by a majority vote of the Board.

D. Chair

Unless the Board shall select a Chair, the members of the Committee shall designate a Chair by the majority vote of all of the members of the Committee. The Chair shall call, set the agendas for and chair all meetings of the Committee.

E. Sub-Committees

The Committee may form and delegate authority to subcommittees consisting of one or more members when appropriate, including the authority to grant pre-approvals of audit and permitted non-audit services, provided that a decision of such subcommittee to grant a pre-approval shall be presented to the full Committee at its next scheduled meeting.

F. Meetings

The Committee shall meet at least four times in each fiscal year, or more frequently as circumstances dictate. The Auditor shall be given reasonable notice of, and be entitled to attend and speak at, each meeting of the Committee concerning the Corporation's annual financial statements and, if the Committee feels it is necessary or appropriate, at every other meeting. On request by the Auditor, the Chair shall call a meeting of the Committee to consider any matter that the Auditor believes should be brought to the attention of the Committee, the Board or the Shareholders of the Corporation.

At each meeting, a quorum shall consist of a majority of members that are not officers or employees of the Corporation or of an affiliate of the Corporation.

As part of its goal to foster open communication, the Committee may periodically meet separately with each of management and the Auditor to discuss any matters that the Committee or any of these groups believes would be appropriate to discuss privately. In addition, the Committee should meet with the Auditor and management annually to review the Corporation's financial statements in a manner consistent with Section III of this Charter.

The Committee may invite to its meetings any director, any manager of the Corporation, and any other person whom it deems appropriate to consult in order to carry out its responsibilities. The Committee may also exclude from its meetings any person it deems appropriate to exclude in order to carry out its responsibilities.

III. DUTIES

A. Introduction

The following functions shall be the common recurring duties of the Committee in carrying out its purposes outlined in Section I of this Charter. These duties should serve as a guide with the understanding that the Committee may fulfill additional duties and adopt additional policies and procedures as may be appropriate in light of changing business, legislative, regulatory or other conditions. The Committee shall also carry out any other responsibilities and duties delegated to it by the Board from time to time related to the purposes of the Committee outlined in Section I of this Charter.

The Committee, in discharging its oversight role, is empowered to study or investigate any matter of interest or concern which the Committee in its sole discretion deems appropriate for study or investigation by the Committee.

The Committee shall be given full access to the Corporation's internal accounting staff, managers, other staff and Auditor as necessary to carry out these duties. While acting within the scope of its stated purpose, the Committee shall have all the authority of, but shall remain subject to, the Board.

B. Powers and Responsibilities

The Committee will have the following responsibilities and, in order to perform and discharge these responsibilities, will be vested with the powers and authorities set forth below, namely, the Committee shall:

Independence of Auditor

1. Review and discuss with the Auditor any disclosed relationships or services that may impact the objectivity and independence of the Auditor and, if necessary, obtain a formal written statement from the Auditor setting forth all relationships between the Auditor and the Corporation, consistent with Independence Standards Board Standard 1.

2. Take, or recommend that the Board take, appropriate action to oversee the independence of the Auditor.

3. Require the Auditor to report directly to the Committee.

4. Review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the Auditor and former independent external Auditor of the Corporation.

Performance and Completion by Auditor of its Work

5. Be directly responsible for the oversight of the work by the Auditor (including resolution of disagreements between management and the Auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work;

6. Review annually the performance of the Auditor and recommend the appointment by the Board of a new, or re-election by the Corporation's Shareholders of the existing, Auditor.

7. Pre-approve all auditing services and permitted non-audit services, including the fees and terms thereof, to be performed for the Corporation by the Auditor unless such non-audit services:

   (a) which are not pre-approved, are reasonably expected not to constitute, in the aggregate, more than 10% of the total amount of revenues paid by the Corporation to the Auditor during the fiscal year in which the non-audit services are provided;

   (b) were not recognized by the Corporation at the time of the engagement to be non-audit services; and

   (c) are promptly brought to the attention of the Committee by the Corporation and approved prior to the completion of the audit by the Committee or by one or more members of the Committee who are members of the Board to whom authority to grant such approvals has been delegated by the Committee.

Internal Financial Controls & Operations of the Corporation

8. Establish procedures for:

   (a) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and

   (b) the confidential, anonymous submissions by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

Preparation of Financial Statements

9. Discuss with management and the Auditor significant financial reporting issues and judgments made in connection with the preparation of the Corporation's financial statements, including any significant changes in the Corporation's selection or application of accounting principles, any major issues as to the adequacy of the Corporation's controls and any special steps adopted in light of material control deficiencies.

10. Discuss with management and the Auditor any correspondence with regulators or governmental agencies and any employee complaints or published reports, which raise material issues regarding the Corporation's financial statements or accounting policies.

11. Discuss with management and the Auditor the effect of regulatory and accounting initiatives as well as off-balance sheet structures on the Corporation's financial statements.

12. Discuss with management the Corporation's major financial risk exposures and the steps management has taken to monitor and control such exposures, including the Corporation's risk assessment and risk management policies.

13. Discuss with the Auditor the matters required to be discussed relating to the conduct of any audit, in particular:

    (a) The adoption of, or changes to, the Corporation's significant auditing and accounting principles and practices as suggested by the Auditor, internal auditor or management.

    (b) The management inquiry letter provided by the Auditor and the Corporation's response to that letter.

    (c) Any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to requested information, and any significant disagreements with management.

Public Disclosure by the Corporation

14. Review the Corporation's annual and quarterly financial statements, management discussion and analysis (MD&A) and earnings press releases before the Board approves and the Corporation publicly discloses this information.

15. Review the Corporation's financial reporting procedures and internal controls to be satisfied that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from its financial statements, other than disclosure described in the previous paragraph, and periodically assessing the adequacy of those procedures.

16. Review disclosures made to the Committee by the Corporation's Chief Executive Officer and Chief Financial Officer during their certification process of the Corporation's financial statements about any significant deficiencies in the design or operation of controls or material weaknesses therein and any fraud involving management or other employees who have a significant role in the Corporation's internal controls.

Manner of Carrying Out its Mandate

17. Consult with the Auditor, without the presence of management, about the quality of the Corporation's accounting principles, internal controls and the completeness and accuracy of the Corporation's financial statements.

18. Request any officer or employee of the Corporation or the Corporation's outside counsel or Auditor to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee.

19. Meet with management, any internal auditor and the Auditor in separate executive sessions at least quarterly.

20. Have the authority, to the extent it deems necessary or appropriate, to retain special independent legal, accounting or other consultants to advise the Committee advisors.

21. Make regular reports to the Board.

22. Review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.

23. Annually review the Committee's own performance.

24. Provide an open avenue of communication among the Auditor, the Corporation's financial and senior management and the Board.

25. Not delegate these responsibilities other than to one or more independent members of the Committee the authority to pre-approve, which the Committee must ratify at its next meeting, nonaudit services to be provided by the Auditor.

C. Limitation of Audit Committee's Role

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Corporation's financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations. These are the responsibilities of management and the Auditor.

APPENDIX "I" - DRILL SITE LOCATIONS