



ANNUAL INFORMATION FORM
FOR THE FINANCIAL YEAR
ENDED DECEMBER 31, 2008

DATE: MARCH 27, 2009

TABLE OF CONTENTS

	PAGE
Table of Contents	i
Preliminary Notes	i
Glossary of Mining Terms	iv
Item 1: Corporate Structure	1
Item 2: General Development of the Business	2
Item 3: Narrative Description of the Business	5
Item 4: Dividends	34
Item 5: Description of Capital Structure	34
Item 6: Market for Securities	37
Item 7: Escrowed Securities	37
Item 8: Directors and Officers	38
Item 9: Promoters	47
Item 10: Legal Proceedings and Regulatory Actions	47
Item 11: Interest of Management and Others in Material Transactions	48
Item 12: Transfer Agents and Registrars	48
Item 13: Material Contracts	48
Item 14: Interest of Experts	48
Item 15: Additional Information	49

PRELIMINARY NOTES

Forward Looking Statements

This Annual Information Form (“**Annual Information Form**” or “**AIF**”) includes certain statements that may be deemed “forward-looking statements”. All statements in this AIF, other than statements of historical facts, that address future production, reserve potential, exploration drilling, exploitation activities and events or developments that the Company forecasts, intends or expects are forward-looking statements. Although the Mercator Minerals Ltd. (the “**Company**” or “**Mercator**”) believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking

statements include but are not limited to market prices, exploitation and exploration successes, continued availability of capital and financing and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and, that actual results or developments may differ materially from those projected in the forward-looking statements. **For details regarding risks and uncertainties, please refer to “Risk Factors” on pages 20 to 33.**

It is important to note that: (1) unless otherwise indicated, forward-looking statements indicate our expectations as at March 27, 2009 (2) our actual results may differ materially from our expectations if known and unknown risks or uncertainties affect our business, or if estimates or assumptions prove inaccurate; (3) we cannot guarantee that any forward-looking statement will materialize and, accordingly, you are cautioned not to place undue reliance on these forward-looking statements; and (4) except as required by applicable securities legislation, we disclaim any intention and assume no obligation to update or revise any forward-looking statement even if new information becomes available, as a result of future events or for any other reason.

In making the forward-looking statements in this AIF, the Company has applied several material assumptions, including but not limited to, the assumption that: (1) market fundamentals will result in sustained copper and molybdenum demand and prices; (2) while the Company temporarily ceased placing new ore on the leach pads in late May 2008, the current copper leach operations at Mineral Park remain viable operationally and economically; (3) the milling expansion of Mineral Park will be viable operationally and economically and will proceed as expected; and (4) any additional financing needed will be available on reasonable terms. Other risks and assumptions are discussed throughout this AIF and, in particular, in “Risks Factors” pages 20 to 33.

Additional factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements include, among other factors: (1) continuing weak commodity prices and general metal price volatility; (2) the state of the global economy and economic and political events, including the deterioration of the global capital markets, affecting metal supply and demand and economic and political events affecting metal supply and demand; (3) securing and the nature of regulatory permits and approvals and the costs of complying with environmental, health and safety laws and regulations; (4) the ongoing availability and cost of operational inputs including expertise, labour, reagents, water, power and equipment; (5) fluctuations in ore grade, operating costs or ore tons milled; (6) geological, technical, mining or processing problems; (7) fluctuations in foreign currency exchange rates, particularly the Canadian dollar/U.S. dollar exchange rate (8) the Company’s dependence on third parties for smelting and refining its metals; (9) the advice the Company has received from its consultants and advisors relating to matters such as mineral resource and mineral reserve estimates, metallurgy, permitting and environmental matters is reliable and correct and, in particular, that the models, dilution strategies and mining recovery estimates used to calculate mineral resources and mineral reserves are appropriate and accurate; (10) risks involved in current or future litigation or regulatory proceedings and (11) future changes that may occur in the life-of-mine plan and/or the ultimate pit design. The Company cannot assure you that any of these assumptions will prove to be correct.

The words “expect,” “anticipate,” “estimate,” “may,” “will,” “should,” “intend,” “believe,” “target,” “budget,” “plan,” “projection” and similar expressions are intended to identify forward-looking statements. Information concerning mineral reserve and mineral resource estimates also

may be considered forward-looking statements, as such information constitutes a prediction of what mineralization might be found to be present if and when a project is actually developed.

These factors should be considered carefully, and readers should not place undue reliance on the Company's forward-looking statements. The Company believes that the expectations reflected in the forward-looking statements, including future-oriented financial information, contained in this AIF and the documents incorporated by reference are reasonable, but no assurance can be given that these expectations will prove to be correct. In addition, although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, including future-oriented financial information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. The Company undertakes no obligation to disclose publicly any future revisions to forward-looking statements, including future-oriented financial information, to reflect events or circumstances after the date of this AIF or to reflect the occurrence of unanticipated events, except as expressly required by law. Additionally, the forward-looking statements, including future-oriented financial information, contained herein are presented solely for the purpose of conveying our reasonable belief of the direction of the Company and may not be appropriate for other purposes. For a more comprehensive review of risk factors, please refer to the "Risks Factors" section.

Incorporation of Financial Statements and Proxy Circular

Incorporated by reference into this Annual Information Form are the audited consolidated financial statements together with the auditor's report thereon and Management Discussion and Analysis for the Company for the fiscal years ended December 31, 2008 and December 31, 2007. The financial statements and Management Discussion and Analysis are available for review on the SEDAR website located at www.sedar.com. All financial information in this Annual Information Form is prepared in accordance with Canadian generally accepted accounting principles ("**Canadian GAAP**").

All dollar amounts in this AIF are expressed in U.S. dollars unless otherwise indicated. The Company's quarterly and annual consolidated financial statements are presented in U.S. dollars.

Other documents incorporated by reference in this AIF include the Company's proxy circular dated May 22, 2008 and the December 2006 Report (as hereinafter defined) in support of the preliminary feasibility work completed and the updated plan to expand production and that supports the disclosure of resources and reserves at the Mineral Park Mine, filed by the Company, copies of which are available on request from the offices of Mercator or on the SEDAR web site (www.sedar.com).

Gary Simmerman, BSc, Mining Eng., Mercator's Vice-President Engineering, a Qualified Person as defined by National Instrument 43-101, supervised the preparation of and verified the technical information contained in this Annual Information Form.

In this Annual Information Form, the terms "Company" or "Mercator" refer to Mercator Minerals Ltd. and all of its subsidiaries together unless the context otherwise clearly requires. **Certain terms used herein are defined under "Glossary of Mining Terms".**

GLOSSARY OF MINING TERMS

“**assay**” means an analysis to determine the presence, absence, and quantity of one or more metallic components.

“**breccia**” is a geological term referring to a rock made of fragments of one or more rock types that has formed as a result of movement along faults, or the activity of fluids that may carry mineralization.

“**cathode copper**” or “**cathode**” means electrolytically refined copper that has been deposited on the cathode of an electrolytic bath of acidified copper sulfate solution.

“**chalcocite**” is a dark gray mineral, essentially Cu_2S , that is an important ore of copper.

“**Cu**” is the chemical symbol for copper.

“**CuEq**” means copper equivalent.

“**fault**” is a geological term that refers to a fracture or zone of fractures in the earth’s crust along which the rock units on each side of the fracture have moved relative to one another.

“**feasibility study**” means a comprehensive study of a deposit in which all geological, engineering, operating, economic and other relevant factors are considered in sufficient detail that it could reasonably serve as the basis for a final decision by a financial institution to finance the development of the deposit for mineral production.

“**FOB**” means free on board.

“**gpm**” means gallons per minute.

“**g/t**” means grams per tonne.

“**indicated mineral resource**”, in accordance with CIM definitions as referred to in National Instrument 43-101, is that part of a mineral resource for which quantity, grade or quality, densities, shape and physical characteristics can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed.

“**inferred mineral resource**”, in accordance with CIM definitions as referred to in National Instrument 43-101, is that part of a mineral resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological grade and continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes.

“**ktons**” means thousands of tons.

“**lbs**” means pounds.

“**leach**” is the dissolution of soluble constituents from a rock or ore body by the natural or artificial action of percolating solutions.

“**LOM**” means life of mine.

“**m**” means metres.

“**measured mineral resource**”, in accordance with CIM definitions as referred to in National Instrument 43-101, is that part of a mineral resource for which quantity, grade or quality, densities, shape and physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters, to support production planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity.

“**MF**” means moly factor, the ratio for calculating CuEq.

“**mineralization**” refers to the presence of a mineral of economic interest in a rock.

“**mineral reserve**”, in accordance with CIM definitions as referred to in National Instrument 43-101, is the economically mineable part of a measured or indicated mineral resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. A mineral reserve includes diluting materials and allowances for losses that may occur when the material is mined.

“**mineral resource**”, in accordance with CIM definitions as referred to in National Instrument 43-101, means a concentration or occurrence of natural, solid, inorganic or fossilized organic material in or on the Earth’s crust in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a mineral resource are known, estimated or interpreted from specific geological evidence and knowledge.

“**Mo**” is the chemical symbol for molybdenum.

“**msl**” means mean sea level.

“**open pit**” means a surface working pit open to daylight, such as a quarry.

“**open pit mining**” means the process of mining an ore body from the surface in progressively deeper steps. Sufficient waste rock adjacent to the ore body is removed to maintain mining access and to maintain the stability of the resulting pit.

“ore” means a natural aggregate of one or more minerals which, at a specified time and place, may be mined and sold at a profit, or from which some part may be profitably separated.

“ounce” or **“oz.”** is a unit of weight equal to 31.1 grams.

“PLS” means pregnant leach solutions.

“probable mineral reserve”, in accordance with CIM definitions as referred to in National Instrument 43-101, means the economically mineable part of an indicated, and in some circumstances, a measured mineral resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic, and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified.

“proven mineral reserve”, in accordance with CIM definitions as referred to in National Instrument 43-101, is the economically mineable part of a measured mineral resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic, and other relevant factors that demonstrate, at the time of reporting, that economic extraction is justified.

“pyrite” is a yellow iron sulphide mineral, normally of little value. It is sometimes referred to as “fool’s gold”.

“ROM” means run-of-mine.

“SCu” means soluble copper.

“sedimentary” means a rock formed from cemented or compacted sediments.

“strip ratio” is the ratio of waste removed to ore processed.

“supergene” is an ore mineral that has been formed by the effects (usually oxidization and secondary sulphide enrichment) of descending ground water.

“SX” means solvent extraction.

“SX-EW” means solvent extraction-electrowinning.

“TCu” means total copper.

“ton” means a dry short ton (2,000 pounds).

“tonne” means a metric tonne, being 1,000 kilograms (2,205 pounds).

“tpd” means tons per day.

ITEM 1: CORPORATE STRUCTURE

Name and Incorporation

The Company was incorporated in the Province of British Columbia under the name “Sultana Resources Corporation” by registration of its Memorandum and Articles on March 5, 1984. The Company changed its name to “Silver Eagle Resources Ltd.” on May 31, 1988. On April 16, 1997, the Company was continued under the Yukon Business Corporations Act and became a Yukon corporation. On March 12, 2001, the Company changed its name to “Mercator Minerals Ltd.” and consolidated its outstanding share capital on the basis of one (new) for five (old) shares. Effective April 7, 2005, the Company continued under the Business Corporations Act (*British Columbia*) with an authorized capital of an unlimited number of shares without par value and became a British Columbia corporation. The Company became a reporting issuer in British Columbia on February 1, 1989, which was the date a receipt was issued for the Company’s final prospectus by the British Columbia Securities Commission.

The common shares of the Company began trading on the Toronto Stock Exchange (the “**TSX**”) on August 22, 2005, and prior to that, on the TSX Venture Exchange (formerly the Canadian Venture Exchange, Inc. and prior to that the Vancouver Stock Exchange) on February 1, 1989 and presently trade on the TSX under the trading symbol “ML”.

The Company’s corporate head office and mailing address is 1971 Sandown Place, North Vancouver, British Columbia, Canada V7P 3C3, telephone (604) 981-9661, facsimile (604) 960-9661. The Company’s principal place of business is 8275 N. Mineral Park Road, Golden Valley, Arizona USA 86413, telephone (928) 565-2226, facsimile (928) 565-9239. The Company’s registered and records office is 10th Floor, 595 Howe Street, Vancouver, British Columbia, Canada V6C 2T5, telephone (604) 687-1224, facsimile (604) 687-8772.

Intercompany Relationships

The Company has one active subsidiary, Mineral Park, Inc. (“**Mineral Park**”), a private company incorporated under the statutes of the State of Delaware. All of the shares of Mineral Park are owned by Mercator Mineral Park Holdings Ltd. (“**Mercator Holdings**”).

On January 12, 2007, the Company incorporated Mercator Holdings as a wholly-owned subsidiary under the laws of the Province of British Columbia.

Effective January 15, 2007, the Company completed the transfer of the shares of Mineral Park to Mercator Holdings. As a result, the Company indirectly owns, and Mercator Holdings directly owns, 100% of the issued and outstanding shares of Mineral Park, a private company incorporated under the laws of the State of Delaware which owns a 100% interest in the Mineral Park mine located in Kingman, Arizona.

Effective March 10, 2008, the Company incorporated Mercator Minerals (Barbados) Ltd. (“**Mercator Barbados**”) as a wholly-owned subsidiary under the laws of Barbados. Mercator Barbados was established for the purposes of completing the silver sale transaction with Silver Wheaton Corp.

ITEM 2: GENERAL DEVELOPMENT OF THE BUSINESS

Three Year History

The consolidated financial statements of the Company have been prepared in accordance with Canadian GAAP, and are expressed in thousands of U.S. dollars except weighted average common shares outstanding. The following selected financial information is derived from the Company's consolidated financial statements for the stated periods.

	As at December 31, 2008	As at December 31, 2007	As at December 31, 2006
Balance Sheet			
Current assets	\$ 14,881	\$ 117,952	\$ 20,821
Property, plant and equipment	221,319	76,354	25,377
Inventories	16,410	17,189	8,061
Other assets	4,571	3,226	2,917
Total assets	249,158	206,573	53,223
Current liabilities	40,235	15,591	7,112
Long term liabilities	162,829	121,072	9,646
Shareholders' equity	46,094	69,910	36,465
Total shareholders' equity & liabilities	249,158	206,573	53,223
	Year ended December 31, 2008	Year ended December 31, 2007	Year ended December 31, 2006
Statement of operations			
Revenue	\$29,178	\$36,070	\$31,010
Amortization	1,899	1,217	684
Accretion expense	169	157	146
Accretion of long-term note discount	2,490	2,126	-
Exploration and development	398	2,148	4,132
Foreign exchange loss (gain)	(48)	(358)	429
Administration includes stock based compensation	13,563	18,665	7,985
Interest and other income	1,522	5,736	497
Interest on long-term liabilities	15,131	14,105	296
Mining and processing	27,937	9,980	5,472
Net income (loss) for the year	(28,333)	(10,527)	7,068
Basic earnings (loss) per share	(0.38)	(0.16)	0.13
Diluted earnings (loss) per share	(0.38)	(0.16)	0.11
Weighted average number of common shares outstanding - basic	74,666,946	65,428,401	56,422,352
Weighted average number of common shares outstanding – diluted	74,666,946	65,428,401	64,017,543

Founded for the purpose of exploring, developing and, if warranted, producing base and precious metals, the Company's operations are based in Arizona. In 1992, the Company began a long-term

strategy to acquire and develop diversified natural resource properties. The acquisition of these natural resource opportunities has usually been completed through a combination of cash payments, joint ventures and/or the issuance of equity interests in the Company.

In 2003, the Company completed the acquisition of the Mineral Park mine (the “**Mineral Park Mine**”) located in Northwest Arizona. The Company’s focus since then has been to increase production and optimize operations at the Mineral Park Mine.

Following the completion of the acquisition of the Mineral Park Mine, the Company became a producing copper mining company, with a property that has been in operation for more than thirty years. The principal metal produced by the Company is copper. In addition, revenue is generated from the sale of landscaping stone and the sale of turquoise.

In fiscal 2004, the Company re-started mining operations through the services of a mining contractor, and undertook leach pad construction for future leaching production and dump leaching activities with recovery of copper from leach solution using conventional SX-EW technology. Commercial production started on January 15, 2005. During fiscal 2005, the Company initiated engineering and feasibility studies in respect of the incorporation of a milling operation at the Mineral Park Mine.

In fiscal 2008, the Company had revenue of \$29.18 million (2007 - \$36.07 million), mainly as a result of mining operations at the Mineral Park Mine. Prior to the acquisition of the Mineral Park Mine in June 2003 the Company had not generated significant revenue.

During fiscal 2005, the Company acquired, from ASARCO LLC, a 20,000 ton-per-day used process mill "concentrator" located at ASARCO LLC's Mission Complex south of Tucson, Arizona (the "**Mission South Mill**") and related spare parts and supplies for a total cost of \$6 million. The Company separately acquired a fleet of mining equipment including four Terex 100 ton haul trucks, a Komatsu WA900 Loader, a Komatsu D375 Dozer and several small service vehicles and an IR Drill rig for a total cost of approximately \$4.7 million, for use at the Mineral Park Mine. The mining equipment is currently in service, as the Company has phased out the services of a mining contractor and is operating two 10 hour shifts per day, four days per week.

During the fiscal 2006, the Company completed the installation of an additional rectifier at the Mineral Park Mine, increasing the capacity of the SX-EW plant to 15,000,000 pounds of copper per year. Separately, the Company received the results and filed a preliminary feasibility study in support of the disclosure of mineral resources and mineral reserves for the proposed expansion of the Mineral Park Mine to 37,000 tpd. On September 22, 2006, ASARCO LLC filed a complaint against Mineral Park in the United States Bankruptcy Court for the Southern District of Texas (the "**Bankruptcy Court**") seeking to void Mineral Park's July 2005 purchase of the Mission South Mill. Mercator had been dismantling the Mission South Mill in anticipation of relocating the Mission South Mill to the Mineral Park Mine site in order to expand the Company's copper operations at the Mineral Park Mine.

To avoid potential project delay as a result of this litigation, in December 2006, the Company purchased two new 7000 hp ball mills for expedited delivery in early 2008, and three used 32-foot diameter, Semi Autogenous Grind ("**SAG**") mills. As a consequence of the change in the milling

equipment to be used, and an increase in planned throughput capacity from 37,000 tpd to 50,000 tpd, the Company commissioned the preparation of a revised technical report in support of the preliminary feasibility work.

The revised technical report dated December 29, 2006 titled Technical Report - Preliminary Feasibility Study on Phase I & Phase II Copper - Moly Milling Expansion, Mineral Park Mine Mohave County, Arizona ("**December 2006 Report**") was authored by Eric Olson, MAusIMM, ("**Olson**") an independent qualified person as defined by National Instrument 43-101 and the Managing Director of Range Consulting Group, LLC ("**RCG**"), and Joseph M. Keane, PE ("**Keane**"), an independent qualified person as defined by National Instrument 43-101 and a principal of KD Engineering ("**KD**") and is dated December 29, 2006. A copy of the December 2006 Report is available on the SEDAR website at www.sedar.com. The December 2006 Technical Report contemplates a two stage copper-molybdenum expansion of the Mineral Park Mine: Stage I to a 25,000 tpd milling operation at an estimated cost of \$128.0 million; and Stage II to a 50,000 tpd milling operation at an estimated additional cost of \$62.5 million.

On February 15, 2007, the Company completed a public offering of 120,000 Units at a price of \$980 per Unit for gross proceeds of \$117,600,000, and 8,337,500 common shares at a price of CDN\$3.00 per common share for gross proceeds for CDN\$25,012,500 (\$21,490,248). Each Unit was comprised one secured note (the "**Notes**") in the principal amount of \$1,000 and 50 common share purchase warrants (the "**Warrants**"). The Notes mature on February 16, 2012 and pay interest semi-annually at a rate of 11.5% per annum. The Notes are subject to a call provision, at any time after three years from the closing date, at a redemption price which is equal to \$1,050 per Note, plus accrued and unpaid interest. The Warrants are exercisable at a price of CDN\$4.00 per share, on or before February 16, 2012. The Units separated into Notes and Warrants immediately upon closing of the offering.

The net proceeds of the Offering were used together with the Company's existing cash resources to fund the expansion of the Mineral Park Mine near Kingman, Arizona and for other general corporate purposes.

On March 5, 2007, the Company announced that it sold the Mission South Mill back to ASARCO for \$9 million, and settled the outstanding litigation. The sale of the Mission South Mill back to ASARCO LLC was completed on March 13, 2007. The Company then commenced construction of the first stage of the Phase 4 expansion at Mineral Park. Phase 4 comprises a two-stage expansion of the Mineral Park Mine with the addition of a 50,000 ton-per-day milling operation to produce copper-silver and molybdenum concentrates in addition to the existing parallel SX-EW copper production.

In September 2007, Mercator entered into a ten year framework agreement for the purchase of all of the molybdenum concentrate production of the Mineral Park mine, which is currently forecast to average 10.3 million pounds of molybdenum annually over the first 10 years of the current estimated 25 year mine life. Payment for the molybdenum concentrates will be made FOB the mine-site. The agreement secures processing capacity for Mercator's molybdenum concentrate production. The first production of molybdenum concentrates are expected during the first quarter of 2009 following copper concentrate production commencing in the fourth quarter of 2008.

Also during 2008, the Company and its wholly-owned subsidiary, Mercator Barbados, entered into an agreement with Silver Wheaton (Caymans) Ltd. ("**Silver Wheaton**"), a wholly-owned subsidiary of Silver Wheaton Corp., for the sale of the life-of-mine silver production from the Mineral Park Mine. Under the agreement, Silver Wheaton made an up-front payment of \$42 million in cash to Mercator Barbados. Upon delivery of the silver, Silver Wheaton will then also pay Mercator Barbados in cash the lesser of the silver spot price or \$3.90 per ounce of silver (escalated by 1% per annum starting in the fourth year of silver production).

Mercator agreed to guarantee the repayment obligations of Mercator Barbados under the agreement, subordinate to the repayment rights of Mercator's noteholders and future project indebtedness for the Mineral Park Mine. In addition, the obligations of Mercator Barbados to Silver Wheaton are secured by the pledge of a charge on the silver produced from the Mineral Park Mine.

Throughout 2008, the Company continued with the construction of the first stage of the Phase 4 expansion plans at the Mineral Park Mine and commenced commissioning the 25,000 TPD Stage 1.

ITEM 3: NARRATIVE DESCRIPTION OF THE BUSINESS

General

The Company is a diversified natural resource company engaged in the mining, exploration, development and operation of its mineral properties in Arizona, U.S.A. The Company's principal asset is the 100% owned (subject to the NPI described below) Mineral Park Mine, a producing copper mine acquired from Equatorial Mining North America, Inc. ("**EMNA**") and located near Kingman, Arizona. The primary focus of the Company is the expansion of copper production and the initiation of molybdenum concentrate production at the Mineral Park Mine to generate cash flow to fund the Company's business plans. Mercator's activities have been financed prior to the date of this Annual Information Form primarily through the sale and issuance of shares and other securities by way of private placements and commercial financing arrangements. The following technical disclosure is summarized from the December 2006 Report, a copy of which is available on the SEDAR website at www.sedar.com.

The Mineral Park Mine

Acquisition Terms

Pursuant to an amended and restated agreement made and dated as at February 18, 2003 as amended by amendment agreements dated effective March 31, 2003, May 9, 2003 and May 30, 2003 (as amended, the "**Acquisition Agreement**") among EMNA, owner of 100% of the issued and outstanding shares of Equatorial Mineral Park, Inc. (presently named Mineral Park, Inc. "**Mineral Park**"), (being the then owner of the Mineral Park Mine) and the Company, the Company agreed to acquire from EMNA all of the issued and outstanding shares of Mineral Park, a Delaware Corporation, which held a 100% interest in the Mineral Park Mine located in Mohave County, Arizona (the "**Acquisition**") for 4,612,175 shares of the Company valued at CDN\$0.15 and subject to a timed release escrow (which escrow has expired).

On June 24, 2003, the Company completed the Acquisition. The Mineral Park Mine comprises approximately 6,418 acres of which 1,266 acres are patented mining claims, 3,561 acres are unpatented mining claims and 1,591 acres are fee land.

Under the Acquisition Agreement EMNA transferred to the Company the Mineral Park shares together with \$1,324,000 representing the cash collateral held under the Mineral Park Reclamation Bond, approximately \$833,000 currently held in trust for the Aquifer Protection Bond, and additional cash for other bonding requirements and general working capital, for a total of \$2,753,000. The \$2,753,000 will be reimbursed by an unsecured net proceeds interest (“NPI”) in the Mineral Park Mine of 5% per quarter on cumulative gross revenues less cumulative cash operating expenses, as defined in the NPI agreement. The NPI is capped at \$2,753,000 and is payable quarterly, based on fiscal quarters, within 45 days after the end of the fiscal quarter. The payments under the NPI do not commence until the gross proceeds as calculated under the NPI agreement, calculated from the date of acquisition, first exceeds the cumulative total of all costs as defined in the NPI agreement. The NPI is accounted for as contingent consideration as at the acquisition date. Contingent consideration in excess of the amount recognized will be recognized in future periods as a mineral property cost when the contingency is resolved and the consideration is issued or becomes issuable. As at December 31, 2008, \$1,434,515 (2007 - \$1,287,674) of the \$2,753,000 contingent consideration has been paid to EMNA and an additional \$22,816 (2007 - \$146,841) has been accrued. Of these amounts paid and accrued to December 31, 2008, \$889,180 (2007- \$866,363) has been recognized as a mineral property cost and in 2007 \$568,152 reduced the previously accrued NPI liability. Additional payments may be required to be made on the NPI during fiscal 2009 if cumulative revenue less cumulative cash operating expenses results in positive cash flow.

Operations

Following the completion of the acquisition of the Mineral Park Mine, the Company assumed the operation of the Mineral Park Mine and immediately initiated plans to improve plant performance, enhance overall productivity, and increase copper production from the property. Since acquiring ownership, the Company has expanded the SX-EW plant, and restarted mining operations to deliver new ore to the leach pad.

Mining operations started May 2004 with the services of a mining contractor at a rate of 18,000 tons of ore and waste per day, on a four day per week one shift per day operation. In July 2005, the Company took over mining operations from the mining contractor in order to expand and improve operations. The mine presently operates two shifts per day, six days per week and has a daily capacity of 40,000 tons per day of ore and waste. During 2008, the Company produced and sold 10.6 million pounds of copper. The estimated annual average production over the 25 year mine life, assuming the operation at the 50,000 ton per day design mill capacity is approximately 43 million pounds of copper, 10 million pounds of molybdenum and 470,000 ounces of silver.

Previous owners of the property recorded a cumulative production of 614 million lbs of copper in concentrate, 147 million lbs of copper as cathode and nearly 50 million lbs of molybdenum concentrate. Historical records indicate that silver was a substantial by-product with over 5.0 million ounces produced.

Property Description, Location and Access

The Mineral Park Mine properties form a contiguous block of ground following the general geological trend in the Wallapai mining district, Mohave County, Arizona. The Mineral Park Mine encompasses approximately 6,418 acres and is comprised of patented and unpatented mining and mill site claims and fee lands, collectively known as the “Mineral Park Mine”. All of the current mineral resources and current mineral reserves lie within lands wholly owned by the Company, subject to the NPI described above.

The Mineral Park Mine is located approximately 100 miles south of Las Vegas, Nevada in Mohave County, Arizona. The mine is between 3600 and 4800 feet above msl, located at latitude of 35° 18’ North and a longitude of 114° 8’ West on the western flank of the Cerbat Mountains in the central part of the Wallapai mining district. Location by township and range is the West half (W1/2) of Section 19, Township 23 North, Range 17 West of the Gila and Salt River Base and Meridian, Mohave County, Arizona on the Cerbat 7.5 minute quadrangle map.

All of the past and current mining operations are located on patented claims. The patented claims are surrounded by approximately 233 unpatented mining and mill site claims administered by the Bureau of Land Management. Access to the property is via Highway 93, approximately 100 miles south of Las Vegas, Nevada. Rail service is available in Kingman, Arizona. Electrical power is currently supplied to the mine by a 69 KVA line by a local utility company. Company wells and a local utility company located in Golden Valley, Arizona provide process water.

The property consists of fee lands and patented claims surrounded by unpatented claims and is 100 percent owned by the Company and is subject to the NPI described above.

Environmental

The property is not subject to any known environmental liabilities nor other known mitigation measures other than those associated with the normal course of operations and the ensuing reclamation and closure.

A current list of active operational and environmental permits maintained at the site is provided in Table 1 below.

Table 1 List of Environmental and Operational Permits

AGENCY	ITEM	STATUS	TERM/ EXPIRATION
FEDERAL			
BLM	Plan of Operations	Current	Life of Mine
BLM	Right of Way	Current	Life of Water Line
DOT	Hazardous Materials Transportation	Current	One Year
BATF	Explosives Permit	Current	One Year
EPA	RCRA Identification Number	Current	Life of Mine
EPA	Toxic Release Inventory Number	Current	Life of Mine
Army Corps of Engineers	404 Clean Water Permit	Current	Existing
STATE			
ADEQ	Air Quality Operating Permit	Current	Five Years
ADEQ	Aquifer Protection Permit	Approved in December 1998	Life of Mine
State Mine Inspectors Office	Mined Land Reclamation Plan	Approved in August 1997	Must be implemented within 2 years after closure.
COUNTY			
Mohave	Septic Permit	Current	Life of Mine
City of Kingman	Local Land Use Permits and Restrictions	Exempt	Life of Mine

Accessibility, Climate, Local Resources, Infrastructure and Physiography

The Mineral Park Mine is between 3600 and 4800 feet above msl in the Cerbat Mountains, Mohave County, Arizona. The surrounding hills are covered by typical desert vegetation consisting of cactus, Mohave yucca, Joshua tree, ocotillo, juniper, pinion pine and beargrass.

The summers are hot and dry and the winters can be mild and rainy. The annual rainfall is 10.4 inches and the average temperature is 76.4°F. An average of 3.7 inches of snow falls each year. The climate is conducive to year round operations.

The Mineral Park Mine is located approximately 100 miles south of Las Vegas, Nevada. The mine is easily accessed by taking Highway 93 south from Las Vegas and then by turning east on Mineral Park Road for eight miles. Mineral Park Road is paved and the county provides maintenance.

Kingman is 16 miles to the southwest and serves as the commercial center for north-western Arizona. Interstate 40 and the Santa Fe railroad both service Kingman. The village of Chloride, a historic mining community, is 5 miles to the northwest and consists mainly of small shops and a small residential community.

Power for operations is provided by Unisource Energy Services.

Water for mining and milling operations is supplied from a combination of Company wells and a third-party water company.

Qualified personnel are available from the surrounding area in sufficient numbers to meet current requirements.

The present tailings impoundment facility is located to the southwest of the mine and will be expanded to provide tailings storage for the new milling operation. A geotechnical study has been completed to determine the potential expansion capacity and stability of the existing tailings impoundment. The study has determined that the tailings profile will continue to be stable with an additional impoundment lift of 200 feet, which will provide adequate tailings storage for future mine expansion.

Mine overburden storage areas or waste dumps that exist at the mine will be expanded to provide additional waste rock storage for the mine expansion and are expected to be adequate for future mining activities.

Milling operations sites are available within the patented claims area and the most advantageous site has been determined.

The leaching of copper from dumps has continued to be an important part of the mine's ore processing scheme. The existing leach dumps will be incorporated into any future phased pit designs.

History of Exploration and Development

Mining activity began at Mineral Park in approximately 1871 at the foot of Ithaca Peak. The town of Mineral Park was the largest settlement in Mohave County in 1872 and in that year a post office was established. In 1873, Mineral Park became the county seat. The town of Kingman, 16 miles to the southeast, was established in 1882 to service the railroad and by 1887 had replaced Mineral Park as the county seat. Mining activity continued sporadically through early 1900's, with the post office closing in 1912.

The Duval Corporation ("**Duval**") (formerly known as Duval Sulphur and Potash Company) began acquiring a land position around the Mineral Park Mine late in 1958. During the period 1959 through 1962 Duval completed a drilling program that outlined a copper, molybdenum ore body around Ithaca Peak. Modern mining activity began in 1963 when Duval began mining operations at the Mineral Park Mine. This consisted of an open pit mine and completion of a 12,000 ton per day flotation mill. Subsequent modifications and expansions increased capacity of the mill to 18,000 tons per day, which remained in operation until 1981. Mining continued by Duval until 1981 when the mine was closed by Duval's parent company, Pennzoil Company, due to low metal prices and the need for capital for a mine and mill expansion. Dump leaching began shortly afterward and except for a short curtailment in 1992 has continued to the present.

Dump leaching at the Mineral Park Mine was initiated in 1965 with the construction of a cement copper facility. Production of cement copper continued on the property through the completion of an SX-EW facility in 1995.

The Duval operation continued to produce copper via a leach-iron precipitate plant, until the acquisition of the Mineral Park Mine by Cyprus Mining Company in 1986. Cyprus Mining Company continued the dump leaching operation as an iron precipitation process until converting

to SX-EW in September 1994. The original SX plant consisted of two stages of extraction and one stage of stripping. The total flow of PLS was nominally 2,500 gallons per minute. The EW circuit had a plating capacity for 11,000,000 pounds per year of cathode copper. In the first quarter of fiscal 2006, the Company further increased capacity of the SX-EW plant to 15,000,000 pounds of copper per year with the installation of an additional rectifier.

Copper production continued from the leaching of the dumps and from in-place leaching of areas of the pit that were drilled and blasted for leaching. Leaching of the copper from dumps by Cyprus continued until closure of the cement copper plant in 1992.

Cyprus continued the leaching and precipitation copper operation at that time. An SX-EW plant was installed by Cyprus in 1995. Cyprus drilled and blasted material left in the walls of the pit and recovered the copper through in-situ leaching.

In 1997 EMNA acquired the property and continued SX-EW production of copper from the dumps and from the in-place leaching of the drilled and blasted areas of the pit. EMNA added a third stage of extraction to SX and expanded the SX-EW facility to 6000 gallons per minute in 1998. EMNA also added a crud removal system to SX, increased surge capacity, purchased new filters for electrolyte and added a new heat exchanger to EW, to increase the efficiency of the system. A laboratory was also installed to provide for solution assays for metallurgical balances and quality control of the cathode produced at site. The lab is also used for blast hole assaying for grade control in the pit.

The Company acquired the Mineral Park Mine from EMNA in June 2003. The Company re-initiated open pit mining operations in May 2004 and has improved the efficiencies of the SX-EW plant. Mining operations averaged 18,000 tons per day of ore and waste on a four-day per week one shift per day mining schedule by a mining contractor. In July of 2005, the Company took over mining operations from the mining contractor. The mine currently operates six-days per week with two-ten hour shifts per day. Total production from the mine is currently 40,000 tons per day of ore and waste combined. In 2007, upon successful completion of the debt and equity financing undertaken by the Company, Mercator commenced the construction of the 50,000 ton per day concentrator mill facility. In 2008, the Company completed construction of Stage 1 of the Phase 4 mill program and commenced the commissioning process.

Previous owners of the property recorded a cumulative production of 614 million lbs of copper in concentrate, 147 million lbs of cathode copper sheets, and nearly 50 million lbs of molybdenum concentrate and approximately 5.0 million ounces of silver, with the majority of the production coming from Duval's flotation milling process during 1965 through 1980.

The concentrates produced at the property by Duval were of acceptable commercial quality and contained no deleterious elements.

Geological Setting – Regional, Local and Property Geology

The Mineral Park Mine occurs in the central part of the Wallapai mining district in the Cerbat Mountains of north-western Arizona. The Cerbat Mountains are composed of deformed Precambrian metamorphic and igneous rocks that are intruded by Laramide quartz monzonite porphyry stocks and rhyolite dykes. The rocks of the Cerbat Complex are represented by an older metamorphic group,

the amphibolite a body of gneiss, and younger intrusive rocks.

The oldest exposed rocks in the mine area are Precambrian in age and consist of a sequence of quartz-feldspar gneiss, biotite schist, amphibolite and quartzite. The quartz-feldspar gneiss is resistant to erosion and formed the higher peaks of Turquoise Mountain and Gross Peak.

Amphibolite schists occur throughout the historical mining area and are often more abundant than the quartz-feldspar gneiss. The amphibolite schists are poorly to well foliated and are characterized by presence of hornblende. These rocks are dark colored, fine to medium grained, xenoblastic rocks. Historically, ore in this rock type exhibited lower recoverability in the mill.

Biotite schists are minor in volume and variable in composition. They are fine grained, strongly foliated, and contain biotite as a major constituent (40 to 56%). Quartz varies from 10 to 30% by volume and plagioclase varies from 0 to 50 percent. Biotite schist is most abundant just north of the Ithaca peak stock, but may be present locally throughout the deposit.

Local geology is dominated by the presence of the Ithaca Peak stock. The stock is composed of quartz monzonite and has intruded the local Precambrian rocks. Distinguishing characteristics are concentric zoning of igneous rock types that range from biotite quartz monzonite porphyry at the contact to quartz monzonite in the center.

The Mineral Park Mine is a hypogene porphyry deposit with copper, molybdenum and silver values and a supergene enriched copper zone. Current reserves and operations are restricted to the supergene mineralization that is amenable to leaching.

Mineralization

The main minerals of economic interest at Mineral Park consist of molybdenite, chalcocite, turquoise and chalcopyrite. The upper sections of the mineralization have experienced supergene enrichment and alteration and are similar to other copper porphyry deposits in Arizona forming a supergene zone. The distribution of the mineralization at Mineral Park is roughly north-easterly with an elliptical shape. The depth of molybdenum mineralization is known to a depth of 5000 feet and continues to an unknown depth. Hole 807 was drilled to a depth of 5000 ft with molybdenum mineralization throughout its entire length and bottoming in mineralization as well. The copper mineralization decreases with depth and tends to bottom out around 1050 msl in drill hole 494. The core of the main intrusive is characterized by lower grades of both copper and molybdenum and is typical of many porphyry copper deposits. It is also noted that an area of higher-grade molybdenum exists within what is known as the Gross stock, and is presently underneath the site of the present heap/dump leaching area. The molybdenum mineralization is almost totally restricted to quartz veins; whereas the higher-grade copper mineralization occurs in the mafic rocks rather than in the felsic rocks. A major fault bounds the deposit on the western edge.

Exploration

Duval first explored the area in modern times in the fall of 1958. Diamond drilling began in the summer of 1959 and continued through 1962. This drilling outlined what was known as the Ithaca Peak ore body. The first ore was shipped to the mill in 1964. Ongoing exploration and development programs have been conducted. The most recent programs have been undertaken by

the Company. The Company has drilled a total of 43 development holes primarily within the Turquoise Mountain area to fill in the mineralization already discovered by previous owners. Most of these holes were angle holes drilled to test the structural controls within the copper mineralization. These newer holes are characterized by intervals of copper and molybdenum mineralization that intersected local zones of supergene copper enrichment.

There is potential to expand the resource at depth and laterally in the lower areas of the resource. During 2008, the Company staked an additional 20 unpatented mining claims approximately one mile to the north of the Mineral Park property. These claims cover an area of near-surface copper mineralization previously identified in historic drilling by Duval Mining Corporation. The Duval drilling identified supergene copper mineralization grading about 0.21% Cu. Additional work by Mineral Park is planned in this area to better identify the extent, grade and potential mineability of this mineralization.

Drilling

Exploration and development drilling by Duval was primarily done with a combination of churn drills, reverse circulation and diamond core holes. Drilling by subsequent owners has been completed using reverse circulation.

To date, reverse circulation and diamond drilling has comprised the majority of the exploration/development drilling.

Since acquiring the property in 2003, the Company has instituted a development drilling program and drilled a total of 43 reverse circulation holes, bringing the total number of exploration and development holes drilled in the resource model to 1073.

The sample interval down hole on reverse circulation drilling by Duval was predominately 35 feet, representing the bench height of mining operations.

Sampling and Analytical Procedures

Sampling methods at the Mineral Park Mine consist mainly of reverse circulation and core drilling of NX (2.125" diameter) size. The diamond core samples were split, crushed, quartered and composited into either 5 or 10-foot lengths for assay.

Most holes over 200 feet in depth were drilled by diamond coring. Either reverse circulation or churn drilling was used for shallow holes up to 200 foot in depth. The deposit was drilled on an average spacing of 200 x 200 feet, with closer spacing in the supergene zone, which was drilled on an average of 140-foot centers. Core recovery averaged 85 to nearly 100 percent.

No down hole surveys were completed, as most of the drilling is vertical.

During the drilling campaign of 2004, the Company used Copper State Analytical Laboratory (CSAL) in Tucson, Arizona. No sampling problems or analytical issues were reported. Check samples were completed by ALS Chemex located in Sparks, Nevada. During 2005 the Company assayed the samples onsite and used an outside laboratory for checks.

Samples were collected at the drill via a cyclone. This sample was then field split down to approximately 12 lbs in size and transported to the analytical facility at the mine. The samples were then again split down to 1 to 2 lbs in size with a Jones splitter and were crushed, pulverized, packaged and sent by courier to an independent analytical laboratory for assay.

The Company used a sampling interval of 10 feet. Past operators used a variety of interval lengths ranging from 5 to 35 feet. Current mining operations utilize blast hole samples on a 16 by 20-foot nominal spacing and a 25-foot bench height.

The 2005 drilling program included in-fill and definition drilling for pushback and deepening phases of present mining of Turquoise Mountain area. The Company drilled a total of eleven holes in 2005. The holes were predominantly drilled at an inclination of -60 degrees. An independent project geologist supervised the 2005-drilling program.

All holes returned typical grades for the deposit that generally exhibits higher copper grades within the upper supergene blanket and molybdenum values.

The Company is in possession of nearly all of the exploration and operating records belonging to Duval and Cyprus. Included in this property database are: (a) Original geology logs for the exploration program; (b) Original assay certificates for the exploration and development drilling program by both Cyprus and Duval; (c) Original field survey notes and data with respect to the development and exploration holes; (d) Original mine engineering maps and mine plans; (e) Original mill and infrastructure drawings, including "as built"; (f) Original land status information, including surveys; and (g) Daily operating reports from both the mill and mine.

Security of Samples

All assays done by Duval were done in Duval's laboratory onsite. An outside lab performed assays for Cyprus.

In 2004 and 2005, the Company retained the services of an independent professional geologist to supervise the drilling program, log the samples, and to ensure overall integrity of the drilling and sampling program.

The Company maintains a sample preparation facility at the property. Sample preparation at the analytical facility comprises splitting, crushing, pulverizing and re-splitting to a size of approximately 150 grams. Sample preparation from the development programs in 2004 and 2005 was conducted under the supervision of the independent professional geologist retained by the Company, who supervised the drilling programs.

Analysis is conducted using wet chemical methods, which include atomic absorption spectrophotometric techniques.

A qualified metallurgist supervises all laboratory operations on the property. Data from the assay determinations is hand entered into the computer and checked for errors.

Samples collected during the Company's development programs were subject to a random second split and a second assay was completed at the same laboratory as the original determination. This

was done as a check on the assay and sampling procedures for conditional bias and as a check on the variation and repeatability of the assays. In addition, a visual estimate of the copper mineralization is conducted as a control on the assays. A second assay determination is conducted if the visual estimate and the first assay do not reasonably compare.

Mining and Leaching

The Mineral Park Mine is a typical open pit operation that utilizes drilling, blasting, shovel loading and large-scale truck hauling to excavate rock.

The dump leaching operation consists of several low-grade dumps that have been under leach for many years. Process leach solution from the dump leaching is collected in various sumps situated at strategic locations throughout the mine area.

In 2008, ROM leaching was the primary source of copper production on the property.

The solutions from the dump leach and ROM are processed through a conventional SX-EW plant.

Broken rock is loaded with a 22-yard shovel into 100-ton haul trucks. Depending on the grade control results, mined material is delivered to either the leach dump, the mill or to the waste rock dumps.

Markets

The copper concentrate produced at Mineral Park is sold to offshore smelters through a broker, where it is converted to metallic copper and the byproduct silver is recovered. Concentrates are trucked to the port of Guaymas, Mexico where they are accumulated for shipment to overseas smelters. Lots of 4,000 wmt are assembled in Guaymas to await bulk carrier transport.

Copper concentrate sales contracts are toll in nature with Mineral Park receiving provisional payment for 90% of values contained, pending final settlement.

The molybdenum concentrate produced at Mineral Park is sold to a broker who adjusts pricing for treatment charges and pays Mineral Park directly. Concentrates, at 50% moly, are bagged in 4000 lb super sacks for shipment via truck to the nearest roaster in Tucson, AZ.

Copper cathode production, consisting of 99.99 pure copper sheets, is baled and shipped to the destination designated by Mineral Park's cathode metals broker.

The resource extraction business has historically been cyclical. The prices received for copper, molybdenum and silver have been volatile. The mining business operates in a worldwide market and prices are derived from relatively pure market forces so competition to sell any metals or concentrates produced is not an issue if metals prices warrant production.

Production in 2008

The following is a summary of the operating statistics at the Mineral Park Mine for the year ended December 31, 2008:

Mineral Park Production 2008	
Ore mined (ktons)	4,836
Waste mined (ktons)	6,844
Total (ktons)	11,681
Stripping Ratio	1.42
Average Copper grade (%)	0.21
Average Molybdenum grade (%)	0.010
Copper Production (1,000 lbs)	10,608

Mineral Resource and Mineral Reserve Estimates

In August 2006, the Company retained Olson, an independent qualified person as defined by National Instrument 43-101 and the Managing Director of RCG, and Keane, an independent qualified person as defined by National Instrument 43-101 and a principal of KD, to prepare a technical report for the Mineral Park Project in support of the preliminary feasibility work for the proposed expansion of the Mineral Park Mine to 37,000 tpd and the disclosure of resources and reserves. The Company received a technical report from RCG and KD dated September 1, 2006 and titled “Technical Report Mineral Park Mine – Preliminary Feasibility Study on Expansion to 37,000 TPD Milling Facilities and Reserve Estimate Mohave County, Arizona” (the “**Pre-Feasibility Report**”) a copy of which is available on the SEDAR website at www.sedar.com.

The work entailed estimating preliminary feasibility level operating and capital costs and estimating mineral reserves and mineral resources in conformance with the requirements of National Instrument 43-101.

RCG was responsible for estimation of the mineral resources and mineral reserves and Olson is the Qualified Person responsible for the mineral resources and mineral reserves for RCG. The mineral processing test work was completed by a number of outside parties and Keane is the Qualified Person who supervised the work for the mineral processing sections prepared by KD Engineering.

In November 2006, the Company retained Olson, and Keane, to prepare a Technical Report for the Mineral Park Mine project in support of the preliminary feasibility work completed, the updated plan to expand production and that supported the disclosure of mineral resources and mineral reserves at the Mineral Park Mine. A copy of the resulting December 2006 Report is available on the SEDAR website at www.sedar.com.

In preparing the December 2006 Report, RCG reviewed previous estimates of mineral resources and mineral reserves at the Mineral Park Mine, and analyzed and examined data supporting the previous estimates as well as other data regarding the Mineral Park Mine.

RCG completed and updated the resource for the Mineral Park Mine from the resource previously reported by the Company in January 2006. These mineral resources are classified using logic consistent with the Canadian Institute of Mining, Metallurgy and Petroleum (“**CIM**”) definitions referred to in National Instrument 43-101. The resource is reported on a copper equivalent basis, using a MF of 5.98 for supergene copper mineralization and 5.91 for hypogene copper mineralization. The resource was re-calculated from the previous January 2006 technical report because the mining bench height was changed from 35-ft to 25-ft in order to incorporate the existing mining fleet, thus allowing the Company to achieve capital and operating synergies. This necessitated the interpolation of a new block model. Please refer to Section 17 of the December 2006 Report for a detailed discussion on the resource.

The Mineral Park Mine mineral resource estimate is tabulated by cut-off and classification in Table 2 and Table 3 below. The resource tables include the leachable reserves disclosed above. The base case resource cut-off is 0.30% CuEq. The Mineral Park Mine resource is as of January 1, 2009, which adheres to and has been prepared in accordance with NI 43-101 Standards, is classified as Measured, Indicated, or Inferred.

Table 2 Measured and Indicated Resources as of January 1, 2009 (Including Reserves)

Measured								
Cu Equiv Cutoff	Insitu Tons (1000's)	Avg Cu Equiv%	Avg TCu%	Avg Mo%	Avg Ag (Oz/Ton)	Pounds Cu (1000's)	Pounds Mo (1000's)	Ounces Ag (1000's)
0.00	682,807	0.308	0.123	0.031	0.071	1,679,706	423,341	48,479
0.10	654,718	0.317	0.126	0.032	0.072	1,649,889	419,020	47,148
0.20	541,527	0.336	0.133	0.034	0.074	1,440,462	368,238	40,298
0.30	313,090	0.394	0.155	0.040	0.076	970,580	250,472	23,796
0.40	109,169	0.490	0.209	0.047	0.079	456,326	102,619	8,668
0.50	33,714	0.613	0.302	0.052	0.080	203,633	35,063	2,709
Indicated								
Cu Equiv Cutoff	Insitu Tons (1000's)	Avg Cu Equiv%	Avg TCu%	Avg Mo%	Avg Ag (Oz/Ton)	Pounds Cu (1000's)	Pounds Mo (1000's)	Ounces Ag (1000's)
0.00	458,070	0.287	0.102	0.031	0.077	934,464	284,004	35,271
0.10	410,874	0.310	0.107	0.034	0.079	879,270	279,394	32,644
0.20	310,349	0.339	0.106	0.039	0.079	657,940	242,072	24,657
0.30	169,291	0.383	0.108	0.046	0.077	365,669	155,748	13,051
0.40	47,238	0.474	0.139	0.056	0.080	131,320	52,906	3,788
0.50	10,946	0.584	0.189	0.066	0.076	41,375	14,448	832
Measured + Indicated								
Cu Equiv Cutoff	Insitu Tons (1000's)	Avg Cu Equiv%	Avg TCu%	Avg Mo%	Avg Ag (Oz/Ton)	Pounds Cu (1000's)	Pounds Mo (1000's)	Ounces Ag (1000's)
0.00	1,140,878	0.300	0.115	0.031	0.073	2,624,019	707,344	83,284
0.10	1,065,592	0.309	0.118	0.032	0.075	2,514,797	681,979	79,792
0.20	851,876	0.338	0.123	0.036	0.076	2,095,615	613,351	64,955
0.30	482,382	0.389	0.138	0.042	0.076	1,331,373	405,200	36,847
0.40	156,406	0.487	0.188	0.050	0.080	588,088	156,406	12,455
0.50	44,660	0.603	0.274	0.055	0.079	244,736	49,126	3,541

Table 3 Inferred Mineral Resources as of January 1, 2009 (Including Reserves)

Total Inferred								
Cu Equiv Cutoff	Insitu Tons (1000's)	Avg Cu Equiv%	Avg TCu%	Avg Mo%	Avg Ag (Oz/Ton)	Pounds Cu (1000's)	Pounds Mo (1000's)	Ounces Ag (1000's)
0.00	923,257	0.264	0.091	0.029	0.065	1,680,327	535,489	60,012
0.10	705,602	0.304	0.101	0.034	0.070	1,425,315	479,809	49,500
0.20	433,424	0.354	0.097	0.043	0.068	840,843	372,745	29,261
0.30	218,608	0.416	0.099	0.053	0.068	432,844	231,724	14,870
0.40	75,818	0.516	0.109	0.068	0.059	165,283	103,112	4,486
0.50	26,968	0.591	0.119	0.079	0.045	64,185	42,610	1,222

Using the preliminary feasibility estimates generated by RCG and KD, RCG prepared mineral reserve statements for the Mineral Park Mine. The following tables 4 and 5 show the proven and probable mineral reserves summarized by destination for the Mineral Park Mine as of January 1, 2009. Changes from the prior year's proven and probable mineral reserves include ore and waste mined in 2008, changes to pit designs, adjustments arising from the complex mineralogy, and re-estimation of the deposit resources. The mineral reserves have been prepared in accordance with NI 43-101 Standards and CIM Standard definitions.

The notes accompanying the tables are an integral part of the mineral reserves and should be read in conjunction with the mineral reserve statements.

Table 4 Mineral Park Mill Reserves as of January 1, 2009

Reserves By Destination - Mill								Gross Contained		
Destination	Tons	Moly Factor	Avg Cu Equiv %	Avg TCu%	Avg Mo%	Avg Ag (oz/ton)		Pounds Cu (1000s)	Pounds Mo (1000s)	Ozs Ag (1000s)
Proven	Mill	346,174,142	5.93	0.380	0.15	0.040	0.079	1,033,422	277,263	27,313
Probable	Mill	88,951,208	5.92	0.323	0.11	0.036	0.085	193,914	64,101	7,561
Total Proven & Probable		435,125,350	5.93	0.368	0.14	0.039	0.080	1,227,336	341,364	34,874
Waste		85,333,016								
Stripping Ratio		0.17								

Notes:

1/Reserves calculated in accordance with CIM Guidelines

2/Metal Prices used for calculation of reserves were \$1.40 Cu, \$7.50 Mo, and \$7.50 Ag

3/ Metallurgical recoveries are 82% for supergene Cu, 80% for hypogene Cu, 75% for supergene Mo, 76% for hypogene Mo, and 70% for leach Cu

4/ Cut-off grades used were variable, but based on breakeven cut-offs of 0.283% CuEquiv for supergene & 0.237% CuEquiv for hypogene mineralization

5/ Moly Factor ("MF") = $[(\text{Mo_Price-FS\&R Cost}) * \text{Mo_Rec}] / [(\text{Cu_Price-FS\&R Cost}) * \text{Cu_Rec}]$

6/ Copper Equivalent ("CuEquiv") = $\text{Cu\%} + \text{Mo\%} * [\text{MF}]$

7/ Some figures may not foot due to rounding

8/ Mining recovery is estimated at 100% and dilution is nil.

Table 5 Mineral Park Leach Reserves as of January 1, 2009

Reserves by Destination - Leach				
	Destination	Tons	Avg TCu%	Contained Cu Pounds (1000 lbs)
Proven	Leach	81,029,013	0.07	113,441
Probable	Leach	-	0.00	0
Total Proven & Probable		81,029,013	0.07	113,441

Notes:

1/Reserves calculated in accordance with CIM Guidelines

2/Metal Prices used for calculation of reserves were \$1.40 Cu, \$7.50 Mo, and \$7.50 Ag

3/ Metallurgical recoveries are 82% for supergene Cu, 80% for hypogene Cu, 75% for supergene Mo, 76% for hypogene Mo, and 70% for leach Cu

4/ Cut-off grades used were variable, but based on breakeven cut-offs of 0.283% CuEquiv for supergene & 0.237% CuEquiv for hypogene mineralization

5/ Moly Factor ("MF") = $[(\text{Mo_Price-FS\&R Cost}) * \text{Mo_Rec}] / [(\text{Cu_Price-FS\&R Cost}) * \text{Cu_Rec}]$

6/ Copper Equivalent ("CuEquiv") = $\text{Cu\%} + \text{Mo\%} * [\text{MF}]$

7/ Some figures may not foot due to rounding

8/ Mining recovery is estimated at 100% and dilution is nil.

Reference is made to the December 2006 Report which has been filed by the Company on the SEDAR website at www.sedar.com, for a further discussion of the key assumptions, parameters and methods used to estimate the mineral reserves and the mineral resources described above, as well as the methods used to verify the data disclosed.

Mining

Mining is being conducted using two 22-yard shovels and up to 12, 100-ton haul trucks with related support equipment. Benches are be drilled on a 16 by 16 drill pattern. All blast holes will be sampled and assayed for metals. The holes are loaded and shot with a combination of

ANFO and emulsion. Benches are 25 feet in height and the blast hole drilling is conducted to a depth of 28 feet to include sub-drill. Assay analyses will provide grade control for mill and leach material. Haul distances are shortened both by the use of in-pit crushers and by the mill location within the un-mined central pit area. Low grade supergene materials are sent to existing leach areas for processing and higher grade materials will be sent to the flotation mill. Suppliers for consumables and maintenance items have already been established due to the current mining activity.

Products include copper and silver flotation concentrates for offsite smelter processing for sale FOB Guaymas Mexico, moly flotation concentrates and cathode copper for shipment and sale FOB the mine site,.

Processing & Metallurgy

The concentrator at the Mineral Park Mine is a conventional SAG/ballmill grinding circuit fed by an in-pit primary crusher. Finely ground ore is processed in rougher and cleaner flotation circuits to produce a bulk Cu-Mo concentrate. This product is split in the molybdenum circuit to generate the copper concentrate which is filtered and shipped off site for further treatment by others. The molybdenum carrying portion of the split products is multiple-stage cleaned to a final saleable molybdenum product which is filtered, dried and shipped offsite for treatment by others.

The mill was started the last week in November at a completion point of 85% and commissioning has progressed well through year end as copper circuits are producing filtered copper product at year end. The Company commenced production and shipping of copper and molybdenum in concentrates commencing in the first quarter of 2009.

Environmental & Permitting

The Mineral Park Mine is an operating mine with all of the required federal, state and local environmental permits in place. The mine continues to be operated in an environmentally sound manner and continues to have good working relations with federal, state and local agencies.

The Phase 4 expansion includes deposition of tailings on the existing tailings impoundment and waste rock stockpiles. An amendment to the existing Aquifer Protection Permit has been approved by Arizona Department of Environmental Quality ("ADEQ") and is expected to be issued in due course. This amendment authorizes the Company to place additional tailings and waste rock on the existing facilities. Similarly, the ADEQ has completed its review of amendments to the existing Air Quality Operating Permit and such amendments are expected to be finalized in due course.

Prior to the commencing the Phase 4 expansion, the Company was informed by the Federal Bureau of Land Management that its existing Plan of Operations was adequate for the anticipated expansion and that an amendment would not be required.

Reference is made to the December 2006 Report which has been filed by the Company on the SEDAR website at www.sedar.com, for a further discussion of the key assumptions, parameters

and methods used to estimate the mineral reserves and the mineral resources described above, as well as the methods used to verify the data disclosed.

Governmental Regulation

The mining industry is regulated in the U.S. The Company currently believes its operations on its properties are substantially in compliance with all governmental regulations, and it intends to comply with all governmental regulations as it continues to explore, develop, and produce mineral products from the Mineral Park Mine.

Employees

As of December 31, 2008 the Company had one employee on a full-time basis. The Company also utilizes the services of various individuals on a consulting basis. Mineral Park currently employs 185 people, which includes certain members of management. None of the Company's employees and none of the employees at the Mineral Park Mine are covered by a collective bargaining agreement. The Company is not aware of any current labour disputes at the Mineral Park Mine and the Company considers labour relations to be favourable at the Mineral Park Mine.

Risk Factors

The Company's securities are subject to the following risks. If any of the risks occur, the Company's business, operating results and financial condition could be materially adversely affected, the trading price of the Common Shares could decline and all or part of any investment may be lost. Additional risks and uncertainties not currently known to the Company, or that are currently deemed immaterial, may also materially and adversely affect the Company's business operations.

Mineral Reserves and Mineral Resources

The mineral reserve and mineral resource figures disclosed in the Company's disclosure documents and filed with the applicable securities commissions are estimates included in reliance, in part, upon the authority of experts, but no assurance can be given that the mined ore will contain the estimated quantities of minerals or that the indicated level of recovery of metals will be realized. Market price fluctuations of copper, molybdenum, silver and other metals, as well as increased production costs (including costs of power) or reduced recovery rates, may render mineral resources containing relatively low grades of mineralization uneconomic. Short-term factors relating to mineral reserves, such as the need for orderly development of ore bodies or the processing of new or different grades, may impair the profitability of a mine in any particular accounting period.

These reserve and resource estimates are imprecise and depend upon geological interpretation and statistical inferences drawn from drilling and sampling analysis, which may prove to be unreliable. The Company cannot assure investors that:

- the estimates will be accurate;
- reserve, resource or other mineralization estimates will be accurate; or
- this mineralization can be mined or processed profitably.

Any material change in quantity of mineral reserves, mineral resources, grade or stripping ratio may affect the economic viability of the Mineral Park Mine or any other operation that Company may operate in the future. In addition, there can be no assurance that copper recoveries or other metal recoveries or the grades of concentrates produced in small scale laboratory tests will be duplicated in a larger scale test under on-site conditions or during production. Management cannot guarantee that anticipated recoveries will be realized.

Fluctuation in copper and other base or precious metals prices, results of drilling, metallurgical testing and production and the evaluation of mine plans subsequent to the date of any estimate may require revision of such estimate. The volume and grade of reserves mined and processed, recovery rates and concentrate quality may not be the same as currently anticipated. Any material reductions in estimates of mineral reserves and mineral resources, or of the Company's ability to extract these mineral reserves at a marketable quality, or at all, could have a material adverse effect on the Company's results of operations and financial condition.

The mineral reserve and resource estimates contained in public filings of the Company have been determined and valued based on assumed future prices, cut-off grades and operating costs that may prove to be inaccurate. Extended declines in market prices for gold and silver may render portions of the mineralization, reserve and resource estimates uneconomic and result in reduced reported mineralization or adversely affect the commercial viability of the Mineral Park Mine and other projects. Any material reductions in estimates of mineralization, or of the Company's ability to extract this mineralization, could have a material adverse effect on its results of operations or financial condition.

Influence of Metal Prices

The Company's future revenues, if any, will be derived from mining and subsequent sale of copper, molybdenum and other metals. The value and price of the Company's common shares, the Company's financial results, and the Company's exploration, development and mining activities may be significantly adversely affected by further declines in the price of copper, molybdenum and other metals. The price of these metals has fluctuated widely in recent years and is affected by numerous factors beyond the Company's control, including international economic and political trends, expectations of inflation, currency exchange fluctuations (especially the US dollar relative to other currencies), interest rates, global and regional consumption patterns, speculative activities, market fluctuations in pricing and demand, the proximity and capacity of natural resource markets and processing equipment, governmental regulations, land tenure, land use, regulation concerning the importing and exporting of minerals, environmental protection regulations, increased production due to new mine developments, improved mining and production methods and the political and economic conditions of copper-producing countries throughout the world. The effect of these factors on the price of metals that may be produced from the Company's properties, and, ultimately, the economic viability of the Company's properties, cannot be predicted accurately.

The price of copper, molybdenum and other metals has fluctuated widely in recent years, and future significant price declines could cause continued development of, and commercial production from the Company's properties to be impracticable. Depending on the price of copper, molybdenum and other metals, cash flow from mining operations may not be sufficient

and the Company could be forced to discontinue production and may lose its interest in, or may be forced to sell, some or all of its properties. Future production from the Company's mining properties is dependent on applicable mineral prices being sufficient to make mineral extraction from these properties economic.

Mineral reserve calculations and life-of-mine plans using significantly lower copper, molybdenum and other metal prices could result in material write-downs of the Company's investment in mining properties and increased amortization, reclamation and closure charges.

In addition to adversely affecting the Company's reserve estimates and its financial condition, declining metal prices can impact operations by requiring a reassessment of the feasibility of a particular project. Such a reassessment may be the result of a management decision or may be required under financing arrangements related to a particular project. Even if a project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed.

Potential Profitability Depends Upon Factors Beyond the Control of the Company

The potential profitability of mineral properties is dependent upon many factors beyond the Company's control. For instance, world prices of and markets for non-precious and precious metals and minerals are unpredictable, highly volatile, potentially subject to governmental fixing, pegging and/or controls and respond to changes in domestic, international, political, social and economic environments. Another factor is that rates of recovery of metals from mined ore may vary from the rate experienced in tests and a reduction in the recovery rate will adversely affect profitability and, possibly, the economic viability of a property. Profitability also depends on the costs of operations, including costs of labour, equipment, electricity, environmental compliance or other production inputs. Such costs will fluctuate in ways the Company cannot predict and are beyond the Company's control, and such fluctuations will impact on profitability and may eliminate profitability altogether. Additionally, due to worldwide economic uncertainty, the availability and cost of funds for development and other costs have become increasingly difficult, if not impossible, to project. These changes and events may materially affect the financial performance of the Company.

Inflation of input costs

The Company's operations are affected by the cost of commodities and goods such as electrical power, fuel and supplies, including tires and reagents. Management prepares its cost and production guidance and other forecasts based on its review of current and estimated future costs. An increase in any of these costs may have an adverse impact on the Company's financial conditions.

Operating Hazards and Risks

Mineral exploration, development and mining involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. These hazards include unusual or unexpected formations, formation pressures, fires, power outages, availability of adequate power and water supplies, labour disruptions, flooding, explosions, cave-ins, landslides and the inability to obtain suitable or adequate machinery, equipment or labour.

Operations in which the Company has a direct or indirect interest are subject to all the hazards and risks normally incidental to exploration, development and production of copper, silver and other metals, any of which could result in damage to or destruction of mines and other producing facilities, damage to life and property, environmental damage and possible legal liability for any or all damage. Although the Company maintains liability insurance in an amount which it considers adequate, the nature of these risks is such that liabilities could exceed policy limits, in which event the Company could incur significant costs that could have a materially adverse effect on its financial condition.

Funding to develop mineral properties and to complete exploration programs.

The Company has limited financial resources. It had a working capital deficiency of approximately \$25.35 million at December 31, 2008 and had cash and cash equivalents of \$3.0 million at that date. The Company intends to fund its operations from working capital and revenue from production at the Mineral Park Mine, to the extent practical. Its ability to continue future exploration and development activities, if any, will depend in part on its ability to generate material revenues from production at the Mineral Park Mine or to obtain additional external financing. The sources of external financing that the Company could use for these purposes might include public or private offerings of equity and debt. In addition, the Company could enter into one or more strategic alliances or joint ventures, or could decide to sell certain property interests, and it might utilize a combination of these sources. External financing may not be available on acceptable terms, or at all.

If the Company is unable to generate sufficient funds from its operations and is also unable to secure external financing to continue exploration and development, it may have to postpone the development of, or sell, its properties.

There can be no assurance that the Company will reach or maintain commercial production on any of its projects or generate sufficient revenues to meet its obligations as they become due or obtain necessary financing on acceptable terms, if at all. Failure to meet its obligations on a timely basis could result in the loss or substantial dilution of its property interests. In addition, should the Company incur significant losses in future periods, it may be unable to continue as a going concern, and realization of assets and settlement of liabilities in other than the normal course of business may be at amounts significantly different from those included in this Report.

Current Conditions Relating to Construction Completion

The completion of the construction of the 50,000 ton per day concentrator mill facility at Mineral Park still requires significant funds. The prices of copper and molybdenum have recently declined significantly and if such prices continue to decline or costs of operations increase, the Company may not have sufficient funds from operations to complete the construction. This may require the Company to seek additional financing. There can be no assurance that the Company will be able to obtain such financing on favourable terms, if at all.

General economic conditions.

The recent unprecedented events in global financial markets have had a profound effect on the global economy. Many industries, including the gold and silver mining industry, are affected by

these market conditions. Some of the key effects of the current financial market turmoil include contraction in credit markets resulting in a widening of credit risk, devaluations and high volatility in global equity, commodity, foreign exchange and precious 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 the Company's growth and profitability. Specifically:

- the global credit/liquidity crisis could affect the cost and availability of financing and our overall liquidity;
- the volatility of copper, molybdenum and other metal prices affects our revenues, profits and cash flow;
- volatile energy prices, commodity and consumables prices and currency exchange rates affect our production costs; and
- the devaluation and volatility of global stock markets affects the valuation of our equity securities.

These factors could have a material adverse effect on the Company's financial condition and results of operations.

Recent market events and conditions.

In 2007, 2008 and into 2009, the U.S. credit markets began to experience serious disruption due to a deterioration in residential property values, defaults and delinquencies in the residential mortgage market (particularly, sub-prime and non-prime mortgages) and a decline in the credit quality of mortgage backed securities. These problems led to a slow-down in residential housing market transactions, declining housing prices, delinquencies in non-mortgage consumer credit and a general decline in consumer confidence. These conditions continued and worsened in 2008, causing a loss of confidence in the broader U.S. and global credit and financial markets and resulting in the collapse of, and government intervention in, major banks, financial institutions and insurers and creating a climate of greater volatility, less liquidity, widening of credit spreads, a lack of price transparency, increased credit losses and tighter credit conditions. Notwithstanding various actions by the U.S. and foreign governments, concerns about the general condition of the capital markets, financial instruments, banks, investment banks, insurers and other financial institutions caused the broader credit markets to further deteriorate and stock markets to decline substantially. In addition, general economic indicators have deteriorated, including declining consumer sentiment, increased unemployment and declining economic growth and uncertainty about corporate earnings.

These unprecedented disruptions in the current credit and financial markets have had a significant material adverse effect on a number of financial institutions and have limited access to capital and credit for many companies. These disruptions could, among other things, make it more difficult for the Company to obtain, or increase its cost of obtaining, capital and financing for its operations. The Company's access to additional capital may not be available on terms acceptable to it or at all.

Existing Security Interests and Contractual Obligations

Pursuant to the terms of the note indenture dated February 15, 2007 governing the Company's 11.5% secured notes (the "**Notes**") due February 16, 2012, if the earnings of the Company before interest, taxes, depreciation and amortization ("**EBITDA**") on a consolidated basis in any quarter beginning after March 31, 2009 does not exceed interest expenses under the Notes for that quarter, the Company will be obliged to repay to the holders of the Notes the lesser of its Free Cash Balance (as defined below) and 25% of the outstanding principal of the Notes (currently \$120 million), such payment to be made within 60 days of the end of such quarter. The total of all amounts repayable under the EBITDA provision will not exceed 25% of the original total principal of the Notes (\$120 million), and the 25% limit will apply on a cumulative basis during the term of the Notes. "**Free Cash Balance**" is defined in the Note Indenture to mean, at a particular time, the cash and cash equivalents of the Company and its subsidiaries determined on a consolidated basis and in accordance with Canadian generally accepted accounting principles as of the most recently ended financial quarter of the Company. Accordingly, the Company may be required to repay to the holders of the Notes its Free Cash Balance (which may include net proceeds of this Offering) if its EBITDA for any such quarter beginning after March 31, 2009 does not exceed interest expenses under the Notes for that quarter.

In addition, the Company and its subsidiaries have granted certain security on their assets in favour of the holders of the Notes and Silver Wheaton's affiliate to secure repayment obligations to them. If the Company or its subsidiaries default on such repayment obligations, the secured parties may take enforcement actions to realize on such security which could have material adverse affects on the Company and its subsidiaries. The Common Shares rank junior to existing (including the Notes) and future secured and unsecured indebtedness of the Company. In the event of the liquidation of the Company, the assets of the Company would be used first to repay secured and unsecured indebtedness of the Company, prior to being distributed to the holders of the Common Shares.

Further, pursuant to the terms of the Silver Purchase Agreement, upon the occurrence of certain events of default by the Company (other than with respect to failure to achieve minimum target rates), Silver Wheaton's affiliate will have the right to demand repayment of the remaining balance (determined in accordance with the terms of the Silver Purchase Agreement) of the up-front \$42 million cash deposit made to Mercator Barbados on the closing of the Silver Purchase Agreement.

Increased Costs and Compliance Risks as a Result of Being a Public Company

Legal, accounting and other expenses associated with public company reporting requirements have increased significantly in the past few years. The Company anticipates that costs may

continue to increase with corporate governance related requirements, including, without limitation, requirements under Multilateral Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings*, Multilateral Instrument 52-10 – *Audit Committees* and National Instrument 58-101 – *Disclosure of Corporate Governance Practices*.

The Company also expects these rules and regulations may make it more difficult and more expensive for it to obtain director and officer liability insurance, and it may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. As a result, it may be more difficult for the Company to attract and retain qualified individuals to serve on its board of directors or as executive officers.

Exploration and Development

Mineral exploration and development involves a high degree of risk and few properties which are explored are ultimately developed into producing mines.

The Company has one property in production. There can be no assurance that the mineral resources on such properties can be commercially mined or that the metallurgical processing will produce economically viable saleable products. The decision as to whether a property contains a commercial mineral deposit and should be brought into production will depend upon the results of exploration programs and/or feasibility studies, and the recommendations of duly qualified engineers and/or geologists, all of which involves significant expense. This decision will involve consideration and evaluation of several significant factors including, but not limited to: (1) costs of bringing a property into production, including exploration and development work, preparation of production feasibility studies and construction of production facilities; (2) availability and costs of financing; (3) ongoing costs of production; (4) market prices for the minerals to be produced; (5) environmental compliance regulations and restraints (including potential environmental liabilities associated with historical exploration activities); and (6) political climate and/or governmental regulation and control.

Although the Company activities are primarily directed towards mining operations and the development of mineral deposits, its activities may also include, without limitation, the exploration for and development of mineral deposits. There is no certainty that the expenditures made by the Company towards the search and evaluation of mineral deposits will result in discoveries of an economically viable mineral deposit.

Current Conditions Relating to Construction Completion

The completion of the construction of the 50,000 ton per day concentrator mill facility at Mineral Park still requires significant funds. The prices of copper and molybdenum have recently declined significantly and if such prices continue to decline or costs of operations increase, the Company may not have sufficient funds from operations (when combined with current working capital) to complete the construction. This may require the Company to seek additional financing. There can be no assurance that the Company will be able to obtain such financing on favourable terms, if at all.

The Company will require other mineral reserves in the future

Because mines have limited lives based on proven and probable mineral reserves, the Company will have to continually replace and expand its mineral reserves as the Mineral Park Mine produces copper and other base or precious metals. The Company's ability to maintain or increase its annual production of copper and other base or precious metals will be dependent almost entirely on its ability to bring new mines into production.

Once the new mill is commissioned, the Mineral Park Mine will have an estimated mine life of 25 years. The Company is undertaking exploration at the Mineral Park Mine but there is no assurance that further exploration at the Mineral Park Mine will result in a material increase to mineral reserves or resources.

Securities of the Company

The Company plans to focus on the expansion of the Mineral Park Mine and will require additional financing to achieve such expansion. Any other properties that the Company may acquire an interest in will also require additional funds and it is likely that, to obtain the necessary funds, the Company will have to sell additional securities including, but not limited to, its common stock or some form of convertible securities, the effect of which would result in a substantial dilution of the present equity interests of the Company's shareholders.

The Company's Share Price is Volatile.

The market price of a publicly traded stock, especially a resource issuer like the Company is affected by many variables not directly related to the Company's exploration results, including the market for resource stocks, the strength of the economy generally, the availability and attractiveness of alternative investments, and the breadth of the public market for the stock.

In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market price of securities of many companies, including the Company, 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 continual fluctuations in the Company's common share price will not occur.

The effect of these and other factors on the market price of the common shares on the Toronto Stock Exchange suggests the Company's shares will continue to be volatile. The price of the Company's shares has ranged between approximately Cdn\$0.15 and Cdn\$12.94 the since the acquisition of the Mineral Park Mine.

Limited History of Earnings

The Company has incurred several years of losses however, one of the prior three years has proven profitable. There can be little assurance that the Company will again become or continue to be profitable. The Company has not paid dividends in the past and has no plans to pay dividends for some time in the future. The Company's future dividend policy will be determined by its directors.

The Company has a limited history of operations

Although the Company's management and operating staff have a history of developing and operating mines, there is no assurance that the Company as a relatively new operator will continue to produce revenue, operate profitably or provide a return on investment in the future.

The Company currently depends on a single property — the Mineral Park Mine

The Company's only currently producing project is the Mineral Park Mine. As a result, unless the Company develops additional properties or projects, the Company will be solely dependent upon the operation of the Mineral Park Mine for its revenue and profits, if any.

Title Matters

The mineral resources and mineral reserves on the Mineral Park Property are all located on patented ground and on the acquisition of Mineral Park the Company obtained a title report confirming that Mineral Park had title insurance for the land comprising the Mineral Park Mine. The Company has obtained title insurance for the fee and patented claims, and has obtained a current title report for the unpatented claims, however, the validity of unpatented mining claims, which constitute part of the undeveloped property holdings of the Company is often uncertain and may be contested by governmental and third parties.

Regardless of the foregoing, there is no guarantee of title to any of the Company's properties. The Company's properties may be subject to prior unregistered agreements or transfers and title may be affected by undetected defects. The Company has not surveyed the boundaries of any of its properties other than the Mineral Park Mine property and, consequently, the boundaries of the properties may be disputed.

Permits, Licenses and Approvals

The Company's operations require licenses, permits and approvals from various governmental authorities. The Company believes it presently holds all necessary licenses, permits and approvals to carry on the activities which it is currently conducting, and that it is presently complying in all material respects with the terms of such licenses, permits and approvals. There can be no guarantee, however, that the Company will be able to obtain and maintain, at all times, all necessary licenses, permits and approvals required to place its properties into commercial production and to operate mining facilities thereon or to allow for the expansion of the Mineral Park Mine. In the event of commercial production the cost of compliance with changes in governmental regulations or the inability to obtain necessary approvals has the potential to reduce the profitability of operations or preclude the economic development of the property.

Compliance with Environmental and Government Regulation

The Company's operations require permits from various foreign, federal, state, provincial and local governmental authorities and may be governed by laws and regulations governing prospecting, development, mining production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters. Mining operations are also subject to federal, provincial and local laws and

regulations which seek to maintain health and safety standards by regulating the design and use of mining methods and equipment. Companies engaged in the development and operation of mines and related facilities generally experience increased costs as a result of the need to comply with applicable laws, regulations and permits. Permits and studies may be necessary prior to operation of the exploration properties in which the Company has an interest and there can be no guarantee that it will be able to obtain or maintain all necessary permits that may be required to commence construction or operation of mining facilities at these properties on terms which enable operations to be conducted at economically justifiable costs. Moreover, compliance with such laws may cause substantial delays or require capital outlays in excess of those anticipated, thus causing an adverse effect on the Company. Additionally, the Company may be subject to liability for pollution or other environmental damages, which it may not insure against.

To the best of the Company's knowledge, it is in compliance with all material current laws and regulations that currently apply to its activities. There can be no assurance, however, that all permits which it may require for its future operations will be obtainable on reasonable terms or that such laws and regulations would not have an adverse effect on any mining project, which it might undertake. To the extent such approvals are required and are not obtained, the Company may be delayed or prohibited from proceeding with planned exploration or development or expansion of mineral properties.

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, installation of additional equipment or remedial actions. Violators may be required to compensate those suffering loss or damage by reason of their mining activities and may be fined if convicted of an offence under such legislation.

Amendments to current laws, regulations, and permits governing operations and activities of mining companies or more stringent implementation thereof could require increases in capital expenditures, production costs, reduction in levels of production of future mining operations, or require delays in the development or abandonment of new mining properties.

The Company's mining operations may be subject to foreign, federal, state, provincial and local laws and regulations governing the protection of the environment, including laws and regulations relating to air and water quality, mine reclamation, waste disposal, and the protection of endangered or threatened species. The Company's mining activities may be subject to foreign, federal, state, provincial and local laws and regulations for protection of surface and ground water.

If the Company undertakes new mining activities in other jurisdictions, or significantly expands its existing mining operations, it may be required to obtain preconstruction environmental and land use review and to comply with permitting, control and mitigation requirements of the jurisdiction in which such operations are to be located. Compliance with new requirements could impose costs on the Company in the future, the materiality of which cannot reasonably be predicted at this time.

Uninsurable Risks

In the course of exploration, development and production of mineral properties, several risks and, in particular, unexpected or unusual geological or operating conditions, may occur. It is not always possible to fully insure against such risks, and the Company may decide not to take out insurance against such risks as a result of high premiums or other reasons. Should such liabilities arise they could reduce or eliminate any future profitability and result in an increase in costs and a decline in value of the securities of the Company.

The Company does not insure against all risks

The Company's insurance will not cover all the potential risks associated with its operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. The Company might also become subject to liability for pollution or other hazards which may not be insured against or which the Company may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Company to incur significant costs that could have a material adverse effect upon its financial condition and results of operations.

Increased Costs and Compliance Risks as a Result of Being a Public Company

Legal, accounting and other expenses associated with public company reporting requirements have increased significantly in the past few years. The Company anticipates that costs may continue to increase with corporate governance related requirements, including, without limitation, requirements under Multilateral Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings*, Multilateral Instrument 52-10 – *Audit Committees* and National Instrument 58-101 – *Disclosure of Corporate Governance Practices*. The Company also expects these rules and regulations may make it more difficult and more expensive for it to obtain director and officer liability insurance, and it may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. As a result, it may be more difficult for the Company to attract and retain qualified individuals to serve on its board of directors or as executive officers.

Environmental Risks

The Company is not insured against most environmental risks. Insurance against environmental risks (including potential liability for pollution or other hazards as a result of the disposal of waste products occurring from exploration and production) has not been generally available to companies within the industry. The Company periodically evaluates the cost and coverage of the insurance against certain environmental risks that is available to determine if it would be appropriate to obtain such insurance. Without such insurance, and if the Company becomes subject to environmental liabilities, the payment of such liabilities would reduce or eliminate its available funds or could exceed the funds the Company has to pay such liabilities and result in bankruptcy. Should the Company be unable to fund fully the remedial cost of an environmental problem it might be required to enter into interim compliance measures pending completion of the required remedy.

The operation at the Mineral Park Mine must meet specific legislative requirements in respect of addressing reclamation obligations, emergency plans for hazardous substance spills and a risk management plan for clean air hazards. Mineral Park received approval of its reclamation plan in August 1997 and annual reports on the status of the property must be submitted. Reclamation requirements aim to minimize long-term effects of exploration and mining disturbance by requiring the operating company to control possible deleterious effluents and to re-establish, to some degree, pre-disturbance landforms and vegetation.

Foreign Countries and Regulatory Requirements

The Company has properties located in and outside the United States where mineral exploration activities may be affected by varying degrees of political instability and haphazard changes in government regulations such as tax laws, business laws and mining laws. Any changes in regulations or shifts in political conditions are beyond the control of the Company and may adversely affect its business. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, export controls, income taxes, expropriation of property, environmental legislation, and mine safety.

Government regulation may adversely affect the Company

The Company's mining, processing, development and mineral exploration activities are subject to various laws governing prospecting, mining, development, production, taxes, labour standards and occupational health, mine safety, toxic substances, land use, water use, land claims of local people and other matters. 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 which could limit or curtail production or development.

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

Currency Fluctuations

The Company maintains its accounts in Canadian and US dollars. The Company's operations in the United States of America make it subject to foreign currency fluctuations and such fluctuations may materially affect the Company's financial position and results. The Company does not engage in currency hedging activities.

Competition

Competition in the mineral exploration business is intense and could adversely affect Company's ability to suitably develop its properties. The Company competes with many other companies possessing greater financial resources and technical facilities than it. The Company competes with numerous individuals and companies, including many major mining companies, which have substantially greater technical, financial and operational resources and staffs. Accordingly, there is a high degree of competition for desirable mining leases, suitable prospects for drilling

operations and necessary mining equipment, as well as for access to funds. There can be no assurance that the necessary funds can be raised or that any projected work will be completed.

Effecting Service of Process on the Company's Directors

Since certain of the Company's directors live outside of Canada, it may not be possible to effect service of process on them and since all or a substantial portion of their assets are located outside Canada, there may be difficulties in enforcing judgments against them obtained in Canadian courts. Similarly, essentially all of the Company's assets are located outside Canada and there may be difficulties in enforcing judgments obtained in Canadian courts.

Acquisitions

The Company undertakes evaluations of opportunities to acquire additional mining assets and businesses. Any acquisitions may be significant in size, may change the scale of the Company's business, and may expose the Company to new geographic, political, operating, financial and geological risks. The Company's success in its acquisition activities depends on its ability to identify suitable acquisition candidates, acquire them on acceptable terms, and integrate their operations successfully. Any acquisitions would be accompanied by risks, such as a significant decline in the relevant metal price; the quality of the mineral deposit proving to be lower than expected; the difficulty of assimilating the operations and personnel of any acquired companies; the potential disruption of the Company's ongoing business; the inability of management to maximize the Company's financial and strategic position through the successful integration of acquired assets and businesses; the maintenance of uniform standards, controls, procedures and policies; the impairment of relationships with employees, customers and contractors as a result of any integration of new management personnel, and the potential unknown liabilities associated with acquired assets and businesses. In addition, the Company may need additional capital to finance an acquisition. Debt financing related to any acquisition will expose the Company to the risk of leverage, while equity financing may cause existing shareholders to suffer dilution. There can be no assurance that the Company would be successful in overcoming these risks or any other problems encountered in connection with such acquisitions. The Company's level of indebtedness could have important consequences for its operations, including:

- The Company may need to use a large portion of its cash flow to repay principal and pay interest on its debt, which will reduce the amount of funds available to finance its operations and other business activities;
- The Company's debt level may make it vulnerable to economic downturns and adverse developments in the Company's businesses and markets; and
- The Company's debt level may limit its ability to pursue other business opportunities, borrow money for operations or capital expenditures in the future or implement its business strategy.

The Company expects to obtain the funds to pay its expenses and to pay principal and interest on its debt by utilizing cash flow from operations. The Company's ability to meet these payment obligations will depend on its future financial performance, which will be affected by financial,

business, economic and other factors. The Company will not be able to control many of these factors, such as economic conditions in the markets in which it operates. The Company cannot be certain that future cash flow from operations will be sufficient to allow it to pay principal and interest on the Company's debt and meet its other obligations. If cash flow from operations is insufficient or if there is a contravention of its debt covenants, the Company may be required to refinance all or part of its existing debt, sell assets, borrow more money or issue additional equity. The Company's cannot be certain that it will be able to do so on commercially reasonable terms, if at all.

Conflicts of Interest

Certain of the Company's directors and officers are, and may continue to be, involved in the mining and mineral exploration industry through their direct and indirect participation in corporations, partnerships or joint ventures which are potential competitors of the Company. Situations may arise in connection with potential acquisitions in investments where the other interests of these directors and officers may conflict with the Company's interests. Directors and officers of the Company, with conflicts of interest will be subject to and will follow the procedures set out in applicable corporate and securities legislation, regulation, rules and policies.

Dependence on Key Management Employees

The nature of the Company's business, its ability to continue its exploration and development activities and to thereby develop a competitive edge in the marketplace depends, in large part, on the Company's ability to attract and maintain qualified key management personnel. Competition for such personnel is intense, and there can be no assurance that the Company will be able to attract and retain the services of such personnel. The Company's development, now and in the future, will depend on the efforts of its key management figures, such as Michael L. Surratt, its President and CEO, Raymond R. Lee, its CFO, Gary Simmerman, its VP Engineering and Marc S. LeBlanc, its VP Corporate Development and Corporate Secretary. The loss of any or all of these individuals could have a material adverse effect on the Company. The Company does not currently maintain key-man life insurance on any of its key management employees.

The Company's ability to manage its operations, exploration and development activities, and hence its success, will depend in large part on the ability to retain current personnel and attract and retain new personnel, including management, technical and unskilled workforce. The international mining industry is very active and the Company is facing intense increased competition for personnel in all disciplines and areas of operation, and there can be no assurance that it will be able to retain current personnel and attract and retain new personnel. Many companies which the Company competes with for personnel have substantially more resources, multiple mines and longer operating histories than the Company.

Forward-Looking Statements

Certain statements contained in this AIF, including statements regarding the anticipated development and expansion of the Company's business, the intent, belief or current expectations of the Company, its directors or its officers, primarily with respect to the future operating

performance of the Company and the products it expects to offer and other statements contained herein regarding matters that are not historical facts, are "forward-looking" statements. Future filings with the applicable Securities Commissions, future press releases and future oral or written statements made by or with the approval of the Company, which are not statements of historical fact, may contain forward-looking statements. Because such statements include risks and uncertainties, actual results may differ materially from those expressed or implied by such forward-looking statements.

ITEM 4: DIVIDENDS

There are no restrictions in the Company's Articles of Incorporation which prevent the Company from paying dividends. The Company has not paid any dividends since incorporation and the Company has no present intention of paying any dividends in the foreseeable future, as it anticipates that all available funds will be invested to finance the growth of its business. Payment of dividends in the future is dependent upon the earnings and financial condition of the Company and other factors which the directors may deem appropriate at the time.

ITEM 5: DESCRIPTION OF CAPITAL STRUCTURE

Shares

The Company is authorized to issue an unlimited number of Shares without par value of which 74,805,417 common shares were issued at December 31, 2008. The holders of Shares are entitled to receive notice of and attend all meetings of shareholders with each Share held entitling the holder to one vote on any resolution to be passed at such shareholder meetings. The holders of Shares are entitled to dividends if, as and when declared by the board of directors of the Company. The Shares are entitled upon liquidation, dissolution or winding up of the Company to receive the remaining assets of the Company available for distribution to shareholders.

Notes

On February 15, 2007, the Company completed an issuance of secured note units. A total of 120,000 units were sold at a price of \$980 per unit for gross proceeds of \$117,600,000. Each unit consisted of one secured note in the principal amount of \$1,000 and 50 detachable common share purchase warrants. The notes bear interest at 11.5% per annum payable semi-annually in equal instalments on June 30 and December 31 of each year. The notes mature on February 16, 2012, at which time the Company will be required to repay the principal amount of \$120,000,000. The notes are secured by the assets of the Company including the shares of its wholly-owned subsidiary Mercator Mineral Park Holdings Ltd. and the debt of its indirect wholly-owned subsidiary Mineral Park Inc. owed to the Company and rank senior to the Company's other existing and future unsecured indebtedness (if any) and will have recourse to the assets of the Company. The notes may be redeemed by the Company any time three years after the closing date at a redemption price equal to \$1,050 per note including accrued and unpaid interest.

The Notes are governed by a Note Indenture which provides for among other things, restrictions on the Company engaging in transactions outside the ordinary course of business or engaging in

material non arms length transactions, restricts the Company's ability to incur additional indebtedness other than as prescribed.

Additionally, in the event the earnings of the Company before interest, taxes, depreciation and amortization ("EBITDA") on a consolidated basis in any quarter beginning after March 31, 2009 does not exceed interest expenses under the Notes for that quarter, the Company will be obliged to repay to the holders of the Notes the lesser of its Free Cash Balance and 25% of the outstanding principal of the Notes, such payment to be made within 60 days of the end of such quarter. The total of all amounts repayable under the EBITDA provision will not exceed 25% of the original total principal of the Notes, and the 25% limit will apply on a cumulative basis during the term of the Notes.

"Free Cash Balance" is defined in the Note Indenture to mean, at a particular time, the cash and cash equivalents of the Company and its subsidiaries determined on a consolidated basis and in accordance with Canadian generally accepted accounting principles as of the most recently ended financial quarter of the Company, and for greater certainty, the following will be included in cash equivalents for this purpose (i) any evidence of indebtedness with a maturity of 180 days or less, (ii) certificates of deposit or acceptances with a maturity of 180 days or less, (iii) commercial paper with a maturity date of 180 days or less issued by a corporation that is not an affiliate of the Corporation, (iv) any money market deposit accounts, and (v) any repurchase agreements and reverse repurchase agreements.

Each detachable common share warrant entitles the holder to purchase one common share at a price of CDN\$4.00 per share until February 16, 2012.

In accordance with the requirements of CICA handbook S3855, *Financial Instruments – Recognition and Measurement*, the notes have been designated as other liabilities. Furthermore the proceeds raised from the issuance of the Notes were allocated between the liability (notes) and equity (share purchase warrants) components using the residual method whereby the Company determined the fair value of the share purchase warrants and allocated the residual to the notes. The Company used the Black-Scholes option pricing model to determine the fair value of the share purchase warrants using the Company's historical prices and the following assumptions (i) risk-free interest rate of 3.79%, (ii) expected volatility of 79.7%, (iii) expected life of 5 years, and (iv) a dividend yield of Nil.

At the date of issuance of the notes, the Company allocated \$10,374,382 to the share purchase warrants (credited to contributed surplus), and \$107,225,618 to the notes. The amount allocated to the share purchase warrants and the difference between the redemption value and proceeds received (\$2,400,000) represents a discount on the debt financing which is accreted to income over the term of the debt using the effective interest rate method.

As at December 31, 2008, the Company had 120,000 Notes outstanding.

Warrants

As at December 31, 2008, there were 65,057 unlisted agent warrants outstanding and 5,996,250 warrants outstanding.

Options

The Company has a Stock Option Plan (“the Plan”) for directors, officers and employees. Under this Plan the aggregate number of common shares which may be subject to issuance pursuant to options granted under the Plan shall in aggregate not exceed 10% of the total number of shares issued and outstanding as at the date of grant. The number of shares reserved for issuance at any one time to any one person shall not exceed 5% of the outstanding shares issued. Options granted must be exercised no later than 10 years after the date of the grant or such lesser periods as regulations require. All options are subject to vesting restrictions as implemented by the directors. The exercise price is the fair market value of the Company’s common shares at the grant date. The maximum number of common shares to be issued under the Plan reserved for issuance as at December 31, 2008, was 7,470,632.

Under the Plan, an Optionee may, rather than exercise any Option to which the Optionee is then entitled pursuant to the Plan, elect to terminate such Option, in whole or in part, and, in lieu of purchasing the Optioned Shares to which the Option, or part thereof, so terminated relates, elect to exercise the right to receive that number of Optioned Shares, disregarding fractions, which, when multiplied by the Weighted Average Market Price, has a value equal to the product of the number of Optioned Shares to which the Option, or part thereof, so terminated relates, multiplied by the difference between the Weighted Average Market Price determined as of the day immediately preceding the date of termination of such Option, or part thereof, and the Option Price per share of the Optioned Shares to which the Option, or part thereof, so terminated relates, less any amount (which amount may be withheld in Optioned Shares) required to be withheld on account of income taxes, which withheld income taxes will be remitted by the Company.

A summary of the stock options exercisable and outstanding at December 31, 2008 is as follows:

Issued Date	Number	Exercise Price		Expiry Date	Exercisable
		\$CDN			
February 11, 2004	20,000	0.43	February 11, 2009	20,000	
July 6, 2004	20,000	0.30	July 6, 2009	20,000	
October 18, 2005	101,133	0.85	October 18, 2010	101,133	
January 4, 2006	60,000	0.98	January 4, 2011	60,000	
January 4, 2006	100,000	1.00	January 4, 2011	100,000	
January 11, 2006	386,667	1.00	January 11, 2011	90,000	
May 19, 2006	350,000	2.09	May 19, 2011	350,000	
August 28, 2006	250,000	2.14	August 28, 2011	250,000	
February 21, 2007	1,931,700	3.30	February 21, 2012	852,700	
March 15, 2007	1,100,000	3.10	March 15, 2012	1,100,000	
July 28, 2007	100,000	8.02	July 28, 2012	100,000	
November 22, 2007	484,000	8.75	November 22, 2012	468,000	
January 2, 2008	7,000	9.07	January 2, 2013	3,000	
April 2, 2008	25,000	10.44	April 2, 2013	12,500	
June 13, 2008	25,000	11.10	June 13, 2013	12,500	
July 25, 2008	25,000	8.45	July 25, 2013	12,500	
August 19, 2008	150,000	7.20	August 19, 2013	0	
October 8, 2008	863,000	2.15	October 8, 2013	37,500	
December 31, 2008	5,998,500			3,589,833	

ITEM 6: MARKET FOR SECURITIES

The Company's shares are listed and posted for trading on the TSX under the symbol ML. The shares have been listed on the TSX since August 22, 2005. Prior thereto, the Company's shares were listed for trading on the TSX Venture Exchange.

The following table provides information as to the monthly high and low closing prices, denominated in Canadian dollars, and volume of the Company's shares during the 12 months of the most recently completed financial year.

Month 2008	High	Low	Volume
January	\$10.24	\$7.30	9,363,810
February	\$11.97	\$9.01	5,807,430
March	\$11.50	\$9.45	11,144,861
April	\$12.16	\$10.06	8,021,269
May	\$12.94	\$10.56	6,787,594
June	\$12.45	\$10.79	6,419,985
July	\$12.15	\$8.26	5,616,241
August	\$9.75	\$6.89	5,935,022
September	\$8.21	\$4.23	7,015,327
October	\$4.40	\$1.61	12,709,894
November	\$2.69	\$0.30	30,981,726
December	\$0.57	\$0.29	31,402,717

ITEM 7: ESCROWED SECURITIES

The Company has no escrowed securities.

ITEM 8: DIRECTORS AND OFFICERS

The names and municipalities of residence of the directors and officers of the Company, their current offices with the Company, principal occupations during the past five years, and the period of time they have served as directors or officers of the Company are as follows. Except where indicated, each of the directors and senior officers has held the same or similar principal occupation with the organization indicated or a predecessor thereof for the last five years.

Name and Municipality of Residence	Current Office	Principal Occupation	Director Since ⁽¹⁾
Raymond R. Lee Sparks, <i>Nevada, U.S.A.</i>	Chief Financial Officer and Director	Chief Financial Officer of the Company since August 2000; Chief Operating Officer, Mountain Utilities, LLC (a power generation company) April 2002 to November 2005; Administrative Manager, Equatorial Tonopah, January 1999 to July 2000; Controller, Mineral Ridge, August 1997 to November 1998 (all mining companies).	June 2002
Michael D. Lindeman ^{(2) (3)} El Macero, <i>California, U.S.A.</i>	Director	Estimator, Valley Aggregate Transport, Inc. (trucking company) (2004); Former Owner, Lindeman Bros. Inc. (trucking company), 1990 to 2003.	July 1997
Robert J. Quinn ⁽⁴⁾ Kingwood, <i>Texas, U.S.A.</i>	Director	Attorney	September 2005

Name and Municipality of Residence	Current Office	Principal Occupation	Director Since(1)
Stephen P. Quin ⁽⁴⁾ West Vancouver, <i>British Columbia, Canada</i>	Director	President & COO of Capstone Mining Corp. (public mining company) since November 2008, formerly President & CEO of Sherwood Copper Corporation (public mining company) until its combination with Capstone (September 2005); Executive VP, Miramar Mining Corporation (public mineral exploration company) 1990 to 2005	February 2005
Michael L. Surratt Reno, <i>Nevada, U.S.A.</i>	President, CEO and Director	President and CEO of the Company	November 1998
Gavin Thomas ^{(2) (3)} Castlecrag, <i>New South Wales, Australia</i>	Non Executive Chairman and Director	Geologist, Chief Executive Officer, Kingsgate Consolidated Limited (public mining company) (November 2004); Managing Director and Chief Executive Officer, Equatorial Mining Limited (public mining company) (June 1998 – July 2004)	January 2005
Ronald Earl Vankoughnett ^{(2) (3)(4)} Sparwood, <i>British Columbia, Canada</i>	Director	Independent Businessman	May 2005
Gary Simmerman VP Engineering Glendale, <i>Arizona, USA</i>	VP Engineering	VP Engineering of the Company	N/A
Marc S. LeBlanc VP Corporate Development and Corporate Secretary North Vancouver, <i>British Columbia, Canada</i>	VP Corporate Development and Corporate Secretary	VP Corporate Development and Corporate Secretary of the Company	N/A

Notes:

- (1) Each director's term of office expires at the annual general meeting of shareholders of the Company.
- (2) Member of the Audit Committee.
- (3) Member of the Compensation Committee.
- (4) Member of the Special Committee.

Raymond R. Lee, Director and Chief Financial Officer – has been the Chief Financial Officer of the Company since August 2000 and a director since June 2002. Mr. Lee was employed with Mountain Utilities, LLC a power generation company, as the Chief Operating officer from April 2002 to November 2005; prior to that, he was the Administrative Manager, for Equatorial Tonopah, from January 1999 to July 2000; prior to that, he was the Controller for Mineral Ridge from August 1997 to November 1998; prior to that, he was the Manager Management Information Systems and Operations Controller for Miramar Mining Corp., from November 1993 to August 1997; prior to that, he was the Administrative Superintendent for Hycroft Resources from January 1993 to November 1993; prior to that, he was the Administrative Superintendent for Santa Fe Pacific from April 1989 to January 1993; prior to that, he was Administrative Manger for Carbon Coal Company from 1978 to 1989; prior to that, he was Management Information Systems Superintendent for Hecla Mining's Lakeshore Mine from 1972 to 1978.

Mr. Lee holds a B.Sc. Business Administration from the University of Arizona granted in 1972 and an MBA (Hons) from the University of Phoenix granted in 1990. Mr. Lee is not presently a member of any societies or associations, and does not sit as a director or officer of any other publicly listed companies.

Michael D. Lindeman, Independent Director – has been a director since 1997 and has previously held the position of President of the Company from June 1992 to August 1993. Mr. Lindeman has been employed with Valley Aggregate Transport, a trucking company as an estimator, since 2004; prior to that, he was the Owner, President and CEO of Lindeman Brothers Trucking, a western US trucking company since 1990. Mr. Lindeman holds a Bachelor of Arts degree granted by Stanford University in 1960. Mr. Lindeman is not presently a member of any societies or associations, and does not sit as a director or officer of any other publicly listed companies.

Robert J. Quinn, Independent Director – has been a director of the Company since September 2005. Mr. Quinn is a lawyer and a founding partner of the Houston law firm Quinn & Brooks LLP.

Mr. Quinn is a founding partner of the Houston mining transactional law firm Quinn & Brooks, LLP, he has over 25 years legal and management experience, including as Vice-President and General Counsel for Battle Mountain Gold Company. He also has extensive experience in M&A transactions, corporate governance, public disclosure, governmental affairs, environmental law and land management. Mr. Quinn has a Bachelor of Science degree in Economics from the University of Denver, a juris doctorate degree from the University of Denver College of Law and has completed two years of graduate work in Mineral Economics at the Colorado School of Mines.

Mr. Quinn is presently a director of a number of other public mining companies.

Stephen P. Quin, Independent Director – has been a director of the Company since February 2005. Mr. Quin, since November 2008, is the President and COO of Capstone Mining Corp., a mining company listed on the TSX; prior to that, from September 2005, he was CEO of Sherwood Copper Corporation, a mining company listed on the TSX Venture Exchange, until its combination with Capstone; prior to that, he was the Executive Vice-President of Miramar Mining Corporation, a TSX listed junior mining company. Mr. Quin is a professional geologist and is currently a member in good standing with the Association of Professional Engineers and Geoscientists of British Columbia (membership 19943), a Fellow (F5954) of GAC, a member of CIM, a Fellow (651518) of SEG and a Member (45503) of IOM3 (U.K.) Mr. Quin has a B.Sc. (Hons) Mining Geology from the Royal School of Mines (Imperial College).

Mr. Quin is presently a director of a number of other public mining companies.

Michael L. Surratt, Director, President & CEO – has been a director and the President and CEO of the Company since 1998; prior to that, he was the President and CEO of Aurex Resources from November 1996 to June 1997; prior to that, he was the VP Operations and a director of Miramar Mining Corporation from November 1992 to October 1996, where he was responsible for all operations at the Con Mine; prior to that, he was the VP Operations for the Rabbit Creek Mine owned by Santa Fe Gold, from October 1982 to June 1992.

Mr. Surratt is a geologist and holds a B.Sc. Geology from Sul Ross State University in Texas, granted in 1974. Mr. Surratt is a member of the Prospectors and Developers Association of Canada.

Gavin Thomas, Independent Director and Non Executive Chairman - has been a director and the Non Executive Chairman of the Company since January 2005. Mr. Thomas is a resource company executive with over 32 years of international experience in exploring for, evaluating, developing, operating and reclaiming mines in North America, South America, Australia, the Southwest Pacific, Asia and Europe. Mr. Thomas has been employed as the President of Kingsgate Consolidated Limited, a publicly traded Australian gold mining and exploration company since 2004; prior to that, he was the Managing Director and CEO of Equatorial Mining Limited, a copper mining company from June 1998 to July 2004; prior to that, he was the Managing Director of Asia Gold Mining Corporation Limited, a mineral exploration company, from April 1997 to May 1998; Prior to that he was the Executive Director and Director-Exploration of Niugini Mining Limited from 1985. He previously served as a founding director of Lihir Gold Limited.

Mr. Thomas has had a successful career in successfully developing mining companies from the exploration phase into mid-tier gold and/or copper production mining entities. While one of two Executive Directors at Niugini Mining he developed the company from a small exploration company to being a mid-tier gold producer developing Niugini Mining to having the 4th largest gold reserve and being the 8th largest gold producer on the ASX. At Equatorial Mr. Thomas developed two copper mines being the El Tesoro copper project in Chile and Tonopah in Nevada.

As a geologist, Mr. Thomas is credited with discovering the world's largest gold mine outside of South Africa, Lihir Island. Mr. Thomas has many other successes in developing gold or copper mines in far north Queensland, Australia; Region II Chile; Nevada and Arizona USA and Papua

New Guinea and led the evaluation team that acquired the large Gordonstone underground high-fluidity, coking coal project in central Queensland that was developed at a cost of over A\$1 billion.

While with Niugini Mining Mr. Thomas led an aggressive worldwide exploration team that had offices in Chile, Malaysia, Thailand and operated throughout Southeast Asia, South America, India and Europe. These exploration efforts results in the discovery of the Loei gold deposits in Thailand and the Milos gold deposit in Greece.

Mr. Thomas has a graduate degree in geology from Macquarie University in Sydney, Australia and is a Fellow and Chartered Professional of the Australasian Institute of Mining and Metallurgy ("AusIMM."). He is a member of the Geoscience Taskforce of the AusIMM. He is currently a director of Andean Resources Limited and Cordillera PLC.

Ronald Earl Vankoughnett, Independent Director – has been a director of the Company since May 2005. Mr. Vankoughnett has been employed as the President and CEO of HD Fluid Technologies Limited and its subsidiaries since 1999. HD Fluid Technologies Limited does business as M.R.L., a mining industry HD cooling system repair facility located in the Elk Valley primarily servicing five operating coal mines. From 1997 to 1999, Mr. Vankoughnett was the VP Human Resources for Miramar Mining Corporation and Northern Orion Explorations Ltd.

Mr. Vankoughnett holds a Diploma, Agriculture from Ridgetown College, (now University of Guelph), a B.A., Sociology from Laurentian University, a J.D., Law, from LaSalle University, and a Diploma, Finance from UCLA, John E Anderson Graduate School of Business.

Mr. Vankoughnett was the was the founding Chairman of the Mine Suppliers Contractors and Consultants Association (Elk Valley Branch), an arm of the Mining Association of British Columbia. Mr. Vankoughnett does not presently sit as a director or officer of any other publicly listed companies.

Gary Simmerman, VP Engineering – has been the **VP Engineering** since February 26, 2007. Prior to that, from 2004 until 2007, Mr. Simmerman was employed by Frontera Copper Corp. as VP and Chief Operating Officer. While employed by Frontera, Mr. Simmerman was responsible for the development and operation of the Piedras Verdes Copper Project located in Sonora, Mexico. Prior to that, from 1992 until 2004, Mr. Simmerman employed by Azco Mining as VP Operations and was responsible for the development of Azco's Black Canyon Mica Project, located near Phoenix, Arizona, was involved in the bankable feasibility study for the Sanchez copper project located near Safford, Arizona, and was responsible for overseeing Azco's interest in the Piedras Verdes Property. From 1986 to 1992, Mr. Simmerman was employed by Santa Fe Pacific Gold Corp., first as Senior Mine Engineer and then as Chief Engineer. From 1980 to 1986, and 1974 to 1980, Mr. Simmerman was employed by Noranda and Gulf Mineral Resources respectively in various operating and engineering positions. Mr. Simmerman holds a Bachelor of Science degree in mining engineering from the University of Arizona.

Marc S. LeBlanc, VP Corporate Development and Corporate Secretary – has been the VP Corporate Development since June 2007 and the Corporate Secretary since January 2005. Prior to that, he was the Assistant Corporate Secretary since September 2003. Mr. LeBlanc is currently a member in good standing with the Canadian Society of Corporate Secretaries and the British

Columbia Paralegal Association and a member of the Prospectors and Developers Association of Canada. Mr. LeBlanc holds a Bachelor of Arts Degree from Simon Fraser University and an Associates Degree in Legal Studies from Capilano University. Mr. LeBlanc has been employed by the Company on a full time basis since January 2005. Prior to that, he provided consulting services to the Company and a number of other public mining companies in the areas of corporate finance and regulatory affairs in the review and preparation of offering materials and continuous disclosure filings pursuant to Canadian and US securities legislation and regulation, since August 2003. From 2000 to May 2004, he was employed with a number of Vancouver law firms and was responsible for the preparation and review of all continuous disclosure documents for publicly traded companies listed in North America and Europe and ensuring the maintenance of these companies of the requirements of Canadian and US securities legislation and regulations; prior to that, from January 1999 to March 2000, he provided consulting services to a number of other public mining companies in the areas of corporate finance and regulatory affairs in the review and preparation of offering materials and continuous disclosure filings pursuant to Canadian and US securities legislation and regulation; prior to that, he was employed as the Assistant Corporate Secretary and securities paralegal for Miramar Mining Corporation and Northern Orion Explorations Ltd., responsible for all corporate and securities filings, disclosure requirements and exchange maintenance with the Toronto Stock Exchange and the NASDAQ Stock Market.

Mr. LeBlanc has been a director or officer of a number of public mining and industrial companies.

As of December 31, 2008 the percentage of the common shares in the capital of the Company beneficially owned, directly or indirectly, or over which control or direction is exercised by all directors and senior officers of the Company as a group was approximately 1.6%.

At the annual general meeting held in June 2008, directors listed above were re-elected to a one-year term of office, expiring at the next annual general meeting of shareholders of the Company. All officers have a term of office lasting until their removal or replacement by the Board of Directors.

Committees of the Board of Directors

The Board of Directors has established three board committees: an Audit Committee; a Compensation Committee; and a Special Committee.

Audit Committee

The Audit Committee has been structured to comply with Multilateral Instrument 52-110-Audit Committees ("**MI 52-110**"). The Audit Committee is made up of Ronald Earl Vankoughnett (Chairman), Michael D. Lindeman and Gavin Thomas. All members of the Audit Committee are considered financially literate and independent as those terms are defined in the MI 52-110.

Ronald Earl Vankoughnett, Chairman – Mr. Vankoughnett is the President and CEO of Vankoughnett Holdings and its subsidiaries. Vankoughnett Enterprises operates trucking and repair facilities which serve the mining industry in British Columbia. Mr. Vankoughnett has extensive experience dealing with financial matters and as President and CEO of Vankoughnett Holdings and its subsidiaries, and has served as the founding Chairman of the Mine Suppliers Contractors and Consultants Association (Elk Valley Branch), an arm of the Mining Association of

British Columbia. In his capacity of President and CEO of these companies, he is ultimately responsible for the activity and authority of the chief financial officers who report to him and the preparation of the financial statements of these entities. Mr. Vankoughnett also holds a J.D., Law, from LaSalle University, and a Diploma, Finance from UCLA, John E Anderson Graduate School of Business.

Michael D. Lindeman- Mr. Lindeman was the Owner, President and CEO of Lindeman Brothers Trucking, a western US trucking company and its subsidiaries. In his capacity of President and CEO of these companies, he was ultimately responsible for the activity and authority of the chief financial officers who reported to him and the preparation of the financial statements of these entities. Mr. Lindeman has served on the Company's Audit Committee for three years.

Gavin Thomas – Mr. Thomas is a professional geologist and is the President of Kingsgate Consolidated Limited, an Australian public mining company; prior to that he was the President and CEO of Equatorial Mining Limited, an Australian public copper mining company; prior to that he was Managing Director of Asia Gold Mining Corporation Limited, an Australian public copper mineral exploration company; prior to that he was the Executive Director and Director-Exploration of Niugini Mining Limited, an Australian public gold mining company from 1985. Mr. Thomas has been a mining company executive for over 32 years. In his capacities as President, CEO and Executive Director of publicly traded mining companies, he is and was ultimately responsible for the activity and authority of the chief financial officers who reported to him and the preparation of the financial statements of these entities, and for the implementation and maintenance of internal control systems and for compliance with the required public reporting. Mr. Thomas has served on the Company's Audit Committee for two years.

The primary function of the Audit Committee is to assist the board of directors of the Company in fulfilling its financial oversight responsibilities by reviewing the financial reports and other financial information provided by the Company to regulatory authorities and shareholders, the Company's systems of internal controls regarding finance and accounting, and the Company's auditing, accounting and financial reporting processes. It is the objective of the audit committee to maintain a free and open means of communications among the board of directors of the Company, the independent auditors and the financial and senior management of the Company. The full text of the Charter of the Audit Committee is included as Schedule A to this Annual Information Form.

Pre-Approval Policies and Procedures

The Audit Committee pre-approves engagements for non-audit services provided by the external auditors or their affiliates, together with estimated fees and potential issues of independence.

Audit Fees

The aggregate fees billed by the Company's external auditor for audit services for the fiscal year ended December 31, 2008 were \$161,127 (\$290,028 for the year ended December 31, 2007).

Audit-Related Fees

There were no fees billed by the Company's external auditor for the audit-related fees in 2008 or 2007).

Tax Fees

The aggregate fees billed by the Company's external auditor for professional services including tax compliance, tax advice and tax planning in the fiscal year ended December 31, 2008 were \$99,576 (\$12,425 for the year ended December 31, 2007).

All Other Fees

There were no fees billed by the Company's external auditor for professional services including assistance to understand the current control environment in the fiscal years ended December 31, 2008 or 2007.

Compensation Committee

The Compensation Committee is comprised of Ronald Earl Vankoughnett (Chairman), Michael D. Lindeman and Gavin Thomas. All members of the Compensation Committee are considered independent as those terms are defined in the MI 52-110.

The Compensation Committee is responsible for considering and authorizing terms of employment and compensation of executive officers. In addition, the Compensation Committee reviews both the overall salary objectives and significant modifications made to employee benefit plans, including those applicable to executive officers, and proposes any awards of stock options.

Special Committee

In December 2007, in light of the Company's decision to offer to purchase all of the shares of Tyler Resources Inc., the Company struck a Special Committee of the Board, comprised of Stephen P. Quin (Chairman), Robert J. Quinn and Ronald Earl Vankoughnett. All members of the Special Committee are considered independent as those terms are defined in the MI 52-110 except for Mr. Quinn who is a partner of a law firm that has rendered legal services to the Company during the year.

The Special Committee has not been assigned a specific mandate, however the Committee has been given the task to assist management with the review and negotiation of any transaction that the Company may consider and to provide the board of directors with advice and recommendations relating thereto,

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

To the knowledge of the Company, no director or executive officer of the Company is, as at the date of this AIF, or was within ten years before the date of this AIF, a director, chief executive officer or chief financial officer of any company (including the Company), that:

- (a) was subject to (i) a cease trade order, (ii) an order similar to a cease trade order or (iii) an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days (collectively, an "**Order**") that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer, or
- (b) was subject to an Order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

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

- (a) is, as at the date of this AIF, or has been within the ten years before the date of this AIF, a director or executive officer of any company (including the Company) 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 proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) has, within the ten years before the date of this AIF, 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.

To the knowledge of the Company, no director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, has been subject to:

- (a) 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
- (b) any other 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.

Penalties or Sanctions

To the knowledge of the Company, no director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company has been the subject of any penalties or sanctions by a court or securities regulatory authority relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities

regulatory authority or any other 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.

Personal Bankruptcies

To the knowledge of the Company, no director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company has, during the past ten years, been declared bankrupt or made a voluntary assignment in bankruptcy or made a proposal under bankruptcy or insolvency legislation or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold his assets.

Conflicts of Interest

The directors of the Company are required by law to act honestly and in good faith with a view to the best interest of the Company and to disclose any interests which they may have in any project or opportunity of the Company. If a conflict of interest arises at a meeting of the Board of Directors, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining whether or not the Company will participate in any project or opportunity, that director will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

To the best of the Company's knowledge, and other than disclosed herein, there are no known existing or potential conflicts of interest among the Company, its promoters, directors, officers or other members of management of the Company as a result of their outside business interests except that certain of the directors, officers, promoters and other members of other public companies, and therefore it is possible that a conflict may arise between their duties as a director, officer, promoter or member of management of such other companies.

The directors and officers of the Company are aware of the existence of laws governing accountability of directors and officers for corporate opportunity and requiring disclosures by directors of conflicts of interest and the Company will rely upon such laws in respect of any directors' and officers' conflicts of interest or in respect of any breaches of duty by any of its directors or officers. All such conflicts will be disclosed by such directors or officers and they will govern themselves in respect thereof to the best of their ability in accordance with the obligations imposed upon them by law.

ITEM 9: PROMOTERS

NOT APPLICABLE

ITEM 10: LEGAL PROCEEDINGS AND REGULATORY ACTIONS

None of the Company or any of its subsidiaries is a party to any legal proceedings material to it, or of which any of its property is the subject matter, and no such proceedings are known to be contemplated.

The Company is not aware of any penalties or sanctions imposed against the Company or any of its subsidiaries by a court relating to securities legislation or by a securities regulatory authority or any settlement agreements entered into by the Company or by any of its subsidiaries before a court relating to securities legislation or with a securities regulatory authority, during the fiscal year ended December 31, 2008. The Company is not aware of any penalties or sanctions imposed by a court or regulatory body against the Company or any of its subsidiaries that would likely be considered important to a reasonable investor in making an investment decision.

ITEM 11: INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

There have not been any material interest, direct or indirect, of any (a) director or executive officer of the Company; (b) person or company that beneficially owns, or directly or indirectly, more than 10% of the issued and outstanding Common Shares of the Company; or (c) associate or affiliate of any of the persons or companies listed in (a) or (b), in any transaction within the three most recently completed financial years of the Company or during the current financial year of the Company that has materially affected or will materially affect the Company.

ITEM 12: TRANSFER AGENTS AND REGISTRARS

The Company's Registrar and Transfer Agent is Computershare Trust Company of Canada, with the principal office located in Vancouver, British Columbia at:

510 Burrard Street, 3rd Floor
Vancouver, British Columbia V6C 3B9
Tel: 604-661-0276
Fax: 604-661-9401

ITEM 13: MATERIAL CONTRACTS

Contracts which may be considered material to the Company are as follows:

Effective June 24, 2003, the Company, Mineral Park and EMNA entered into a Net Proceeds Interest agreement in connection with the Company's acquisition of all of the shares in Mineral Park.

Effective March 17, 2008, the Company and its wholly-owned subsidiary, Mercator Barbados, entered into an agreement with Silver Wheaton, a wholly-owned subsidiary of Silver Wheaton Corp., for the sale of the life-of-mine silver production from Mercator's Mineral Park copper/molybdenum mine in Arizona.

These contracts were entered into in the ordinary course of the Company's business.

ITEM 14: INTEREST OF EXPERTS

The Company's auditors are BDO Dunwoody LLP, Chartered Accountants, who have prepared an independent auditors' report dated March 27, 2009 in respect of the Company's consolidated

financial statements with accompanying notes as at December 31, 2008 and 2007. BDO Dunwoody LLP has advised that they are independent with respect to the Company within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of British Columbia.

Mr. Eric Olson, carrying on business as Range Consulting Group LLC, prepared the “Technical Report Mineral Park Mine – Mineral Resource Estimate Mohave County, Arizona” for the Mineral Park Mine dated January 10, 2006, co-authored the “Technical Report Mineral Park Mine – Preliminary Feasibility Study on Expansion to 37,000 TPD Milling Facilities and Reserve Estimate Mohave County, Arizona” (which reports are referred to but not incorporated by reference in this Annual Information Form) and co-authored the “Technical Report - Preliminary Feasibility Study on Phase I & Phase II Copper - Moly Milling Expansion, Mineral Park Mine Mohave County, Arizona” (the “**December 2006 Report**”) which report is referred to and incorporated by reference in this Annual Information Form. As of the date of this Annual Information Form, to the knowledge of the Company, Mr. Olson did not own any securities of the Company.

Mr. Joseph M. Keane, PE, principal of KD Engineering and co-authored the “Technical Report Mineral Park Mine – Preliminary Feasibility Study on Expansion to 37,000 TPD Milling Facilities and Reserve Estimate Mohave County, Arizona” for the Mineral Park Mine dated September 1, 2006, (which report is referred to but not incorporated by reference in this Annual Information Form) and co-authored the “Technical Report - Preliminary Feasibility Study on Phase I & Phase II Copper - Moly Milling Expansion, Mineral Park Mine Mohave County, Arizona” (the “**December 2006 Report**”) which report is referred and incorporated by reference in this Annual Information Form. As of the date of this Annual Information Form, to the knowledge of the Company, Mr. Keane did not own any securities of the Company.

Mr. Gary Simmerman, the Company’s Vice-President Engineering and Mine Manager, supervised and reviewed the preparation of the technical disclosure in this Annual Information Form. As of the date of this Annual Information Form, to the knowledge of the Company, Mr. Simmerman owns no common shares in the capital of the Company.

Each of Mr. Olson and Mr. Keane are independent of the Company.

ITEM 15: ADDITIONAL INFORMATION

Additional information regarding the Company may be obtained on SEDAR under the Company’s name, at www.sedar.com.

Additional information, including directors’ and officers’ remuneration and indebtedness, the principal holders of the Company’s securities and securities authorized for issuance under equity compensation plans, if applicable, is contained in the Company’s information circular for its most recent annual meeting of holders of common shares.

Additional financial information is provided in the Company’s financial statements and management’s discussion and analysis of financial results for the year ended December 31, 2007.

Upon request being made by any person to the Secretary of the Company, the Company shall provide to that person the following:

- (i) this Annual Information Form, together with any document incorporated herein by reference;
- (ii) the Annual Report of the Company and any interim financial statements filed with Securities Commissions subsequent to the audited financial statements for the Company's most recently completed financial year; and
- (iii) the Proxy Circular for the annual general meeting of the Company.

The Company may require the payment of a reasonable charge from persons, other than security holders of the Company, requesting copies of these documents.

SCHEDULE A

MERCATOR MINERALS LTD. (the "Corporation")

AUDIT COMMITTEE CHARTER

I. Mandate

The primary function of the audit committee (the "Committee") is to assist the Board of Directors in fulfilling its financial oversight responsibilities by reviewing the financial reports and other financial information provided by the Corporation to regulatory authorities and shareholders, the Corporation's systems of internal controls regarding finance and accounting, and the Corporation's auditing, accounting and financial reporting processes. Consistent with this function, the Committee will encourage continuous improvement of, and should foster adherence to, the Corporation's policies, procedures and practices at all levels. The Committee's primary duties and responsibilities are to:

- Serve as an independent and objective party to monitor the Corporation's financial reporting and internal control system and review the Corporation's financial statements.
- Review and appraise the performance of the Corporation's external auditors.
- Be directly responsible for the appointment, compensation and oversight of the external auditors.
- Oversee audits of the Corporation's financial statements.
- Oversee and monitor the qualifications, independence and performance of the Corporation's external auditors and internal auditing department.
- Oversee and monitor the integrity of the Corporation's financial reporting process and system of internal controls regarding financial reporting and accounting compliance.
- Provide an open avenue of communication among the Corporation's auditors, financial and senior management and the Board of Directors.
- Report to the Board regularly.

The Committee has the authority to conduct any review or investigation appropriate to fulfilling its responsibilities. The committee shall have unrestricted access to personnel and information, and any resources necessary to carry out its responsibility. In this regard, the Committee may direct internal audit personnel to particular areas of examination.

II. Composition

The Committee shall consist of not less than three Directors as determined by the Board, all of whom shall qualify as independent Directors and who are free from any relationship that would interfere with the exercise of his or her independent judgement.

All members of the Committee shall have the financial literacy to be able to read and understand the Corporation's financial statements and to understand the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements. At least one member shall have acquired, through (i) education and experience as a principal financial officer, principal accounting officer, controller, public accountant or auditor or experience in one or more positions that involve the performance of similar functions; (ii) experience actively supervising a principal financial officer, principal accounting officer, controller, public accountant, auditor or person performing similar functions; (iii) experience overseeing or assessing the performance of companies or public accountants with respect to the preparation, auditing or evaluation of financial statements; or (iv) other\ relevant experience:

- An understanding of generally accepted accounting principles and financial statements;
- The ability to assess the general application of such principles in connection with the accounting for estimates, accruals and reserves;
- Experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Corporation's financial statements, or experience actively supervising one or more persons engaged in such activities;
- An understanding of internal controls and procedures for financial reporting; and
- An understanding of audit committee functions.

The members of the Committee shall be elected by the Board of Directors at its first meeting following the annual shareholders' meeting. Unless a Chair is elected by the full Board of Directors, the members of the Committee may designate a Chair by a majority vote of the full Committee membership.

Where a vacancy occurs at any time in the membership of the Committee, it may be filled by the Board.

Compensation

Committee members may not, other than in their respective capacities as members of the Committee, the Board or any other committee of the Board, accept any consulting, advisory or other compensatory fee from the Corporation or its affiliates. For greater certainty, director's fees are the only compensation an audit committee member may receive from the Corporation or its affiliates.

III. Meetings

The Committee shall meet at least twice annually, or more frequently as circumstances dictate. As part of its job to foster open communication, the Committee will meet at least annually with management and the external auditors in separate sessions.

The minutes of the Committee meetings shall accurately record the decisions reached and shall be distributed to the Audit Committee members with copies to the Board of Directors, the Chief Financial Officer or such other officer acting in the capacity and the external auditor.

A majority of committee members, present in person, by video-conference, by telephone or by a combination thereof, shall constitute a quorum.

IV. Responsibilities and Duties

To fulfill its responsibilities and duties, the Committee shall:

Documents/Reports Review

1. Review and update this Charter annually.
2. Review the Corporation's financial statements, MD&A and any annual and interim earnings, press releases before the Corporation publicly discloses this information and any reports or other financial information (including quarterly financial statements), which are submitted to any governmental body, or to the public, including any certification, report, opinion, or review rendered by the external auditors.

External Auditors

3. Require the external auditors to report directly to the Committee.
4. Review annually the performance of the external auditors who shall be ultimately accountable to the Board of Directors and the Committee as representatives of the shareholders of the Corporation.
5. Review annually the relationships between the external auditors and the Corporation, and the external auditor status as a participating audit firm as defined in National Instrument 52-108 *Auditor Oversight*.
6. Review and discuss with the external auditors any disclosed relationships or services that may impact the objectivity and independence of the external auditors.
7. Take, or recommend that the full Board of Directors take, appropriate action to oversee the independence of the external auditors.
8. Recommend to the Board of Directors the selection and, where applicable, the replacement of the external auditors nominated annually for shareholder approval and the compensation of the external auditors.
9. Review with management and the external auditors the terms of the external auditors' engagement letter.
10. At each meeting, consult with the external auditors, 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.
11. Review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Corporation.
12. Review with management and the external auditors the audit plan for the year-end financial statements and intended template for such statements.
13. Review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services, provided by the Corporation's

external auditors. The pre-approval requirement is waived with respect to the provision of non-audit services if:

- i. the aggregate amount of all such non-audit services provided to the Corporation constitutes not more than five percent of the total amount of revenues paid by the Corporation to its external auditors during the fiscal year in which the non-audit services are provided;
- ii. such services were not recognized by the Corporation at the time of the engagement to be non-audit services; and
- iii. such services 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 of Directors to whom authority to grant such approvals has been delegated by the Committee.

Provided the pre-approval of the non-audit services is presented to the Committee's first scheduled meeting following such approval such authority may be delegated by the Committee to one or more independent members of the Committee.

Financial Reporting Processes

14. In consultation with the external auditors, review with management the integrity of the Corporation's financial reporting process, both internal and external.
15. Consider the external auditors' judgments about the quality and appropriateness of the Corporation's accounting principles as applied in its financial reporting.
16. Consider and approve, if appropriate, changes to the Corporation's auditing and accounting principles and practices as suggested by the external auditors and management.
17. Review significant judgments made by management in the preparation of the financial statements and the view of the external auditors as to appropriateness of such judgments.
18. Following completion of the annual audit, review separately with management and the external auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.
19. Review any significant disagreement among management and the external auditors regarding financial reporting.
20. Review with the external auditors and management the extent to which changes and improvements in financial or accounting practices have been implemented.
21. Review certification process.
22. Establish procedures for:

- i. the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters in connection with the Corporation's "Whistle Blower Policy"; and
- ii. the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters in connection with the Corporation's "Whistle Blower Policy".

Other

- 23. Review any related-party transactions.

V. Authority

The Committee may:

- (a) engage independent outside counsel and other advisors as it determines necessary to carry out its duties;
- (b) set and pay the compensation for any advisors employed by the Committee; and
- (c) communicate directly with the internal and external auditors.

The Committee shall have unrestricted access to the Corporation's personnel and documents and will be provided with the resources necessary to carry out its responsibilities.

VI. Annual Work Plan

	Winter	Summer
Review audit plan and year-end statements template	☒	☐
Review accounting systems and procedures	☒	☐
Review auditors' letter of recommendation	☒	☐
Review financial and accounting human resources	☒	☐
Review Committee's charter and membership	☒	☐
Review and recommend year-end financial statements	☒	☐
Review MD&A	☒	☐
Review external auditors' work, independence and fees	☒	☐
Recommend auditors for the ensuing year	☒	☐
Review and reassess the adequacy of the Code of Ethics for Financial Reporting Officers	☒	☐
Review any proposed prospectus filings or similar filings	☐	☐