POLAR STAR MINING CORPORATION

ANNUAL INFORMATION FORM

FOR THE YEAR ENDED DECEMBER 31, 2012

DATED March 27, 2013

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FORWARD-LOOKING STATEMENTS

This Annual Information Form (ñ**AIF**ò) contains forward-looking statements which means disclosure regarding possible events, conditions, acquisitions or results of operations that are based on assumptions about future conditions and courses of action. These statements are necessarily based on estimates and assumptions made by Polar Star Mining Corporation (ñ**Polar Star**ò or the ñ**Company**ò) in light of its experience and perception of historical trends, current conditions and expected future developments, as well as other factors it believes are appropriate in the circumstances. These estimates and assumptions are inherently subject to significant business, economic, competitive and other uncertainties and contingencies, many of which, with respect to future events, are subject to change. These uncertainties and contingencies can affect actual results and could cause actual results to differ materially from those expressed or implied in any forward-looking statements made by the Company, or on its behalf.

Statements about anticipated future results, events and conditions and other statements that are not statements of historical fact may be deemed to be forward-looking statements. The words ñexpect,ò ñanticipate,ò ñestimate,ò ñmay,ò ñwill,ò ñshould,ò ñintend,ò ñbelieve,ò ñtarget,ò ñbudget,ò ñplan,ò ñprojectionò 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 or as development continues.

In making the forward-looking statements in this AIF, the Company has made several assumptions that it believes are appropriate, including, but not limited to, the assumptions that:

Å the plans for mineral exploration, development and extraction will all proceed as expected;

Å market fundamentals will result in reasonable demand and prices for copper, gold, uranium, lithium, phosphate and by-product metals in the future;

Å the Company will not be subject to any environmental disasters, significant litigation, significant regulatory changes or significant labour disruptions;

Å 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, the models, expected dilution and mining recovery estimates used to calculate mineral resources and mineral reserves are appropriate and accurate; and

Å financing will be available on reasonable terms.

The Company cannot assure you that any of these assumptions will prove to be correct.

In light of the risks and uncertainties inherent in all forward-looking statements, the inclusion of forward-looking statements in this AIF should not be considered as a representation by the Company or any other person that the Companyôs objectives or plans will be achieved. Numerous factors could cause the Companyôs actual results to differ materially from those expressed or implied in the forward-looking statements, including the following, certain of which are discussed in greater detail under the heading ñRisk Factorsò:

Å weak prices of, or fluctuations in, commodity prices;

Å the state of the global economy and economic and political events, including the deterioration of the global capital markets, affecting metal supply and demand;

Å fluctuations in foreign currency exchange rates, particularly the Canadian dollar/U.S. dollar and the Canadian dollar/Chilean peso exchange rate;

Å the ability of the Company to meet exploration and development cost estimates at its exploration projects;

Å the accuracy of mineral resource and mineral reserve estimates;

Å the demand for, and cost of, exploration, development and construction services and equipment;

Å the risks related to future exploration programs, including the risk that future exploration will not replace mineral resources and mineral reserves that are depleted;

- the risks of acquisitions and the failure to integrate acquired mining properties;

Å the Companyôs history of losses and the possibility of future losses;

Å the inherent risks and hazards associated with mining and processing operations;

Å any potential uncertainty related to title to the Companyôs mineral properties;

Å the ability of the Company to obtain external financing to explore and develop its properties;

Å employment disruptions;

Å costs of complying with environmental, health and safety laws and regulations;

Å costs of complying with other government regulations;

Å the risk that permits and regulatory approvals necessary to develop and operate mines on the Companyôs properties will not be available on a timely basis, on reasonable terms or at all;

Å the development of new technology or new alloys that could reduce the demand for copper, gold, uranium or lithium;

Å loss of key personnel;

Å lack of infrastructure necessary to develop the Companyôs projects;

Å risks involved in current or future litigation or regulatory proceedings; and

Å the ability of the Company to maintain adequate internal control over financial reporting and disclosure controls and procedures**.**

These factors should be considered carefully, and readers should not place undue reliance on the Companyôs forward-looking statements. No assurance can be given that the expectations reflected in the forward-looking statements contained in this AIF 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, 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 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 contained herein are presented solely for the purpose of conveying managementôs reasonable belief of the direction of the Company and may not be appropriate for other purposes.

GENERAL MATERS

The information in this AIF is presented as at December 31, 2012 unless otherwise noted.

Unless otherwise noted or the context otherwise indicates, ñPolar Starò, the ñCompanyò, ñweò, ñusò and ñourò refers to Polar Star Mining Corporation together, if the context requires, with one or more of our subsidiaries.

All dollar amounts referred to herein are in Canadian dollars unless stated otherwise.

Words importing the singular number include the plural, and vice versa, and words importing any gender include all genders.

Certain capitalized terms and phrases used in this AIF are defined in the ñGlossary of Termsò beginning on page 35.

In this AIF, a combination of Imperial and metric measures are used with respect to mineral properties located in Chile and Canada. Conversion rates from Imperial measure to metric and from metric to Imperial are provided below:

Imperial	**Metric**
1 troy ounce	31.103 grams
1 ton, short	0.907 tonnes
1 troy ounce per ton	34.286 grams per tonne
1 foot	0.305 metres
1 mile	1.609 kilometres
1 acre	0.405 hectares

CORPORATE STRUCTURE

Polar Star was originally incorporated on August 14, 2003 under the *Business Corporations Act* (Ontario) as Polar Mining Corporation. On August 1, 2007, it completed a reverse take-over transaction (the ñ**RTO**ò) of Genetic Diagnostics Technologies Corp. (ñ**GDD**ò), a company incorporated on June 30, 2005 under the *Canada Business Corporations Act* (ñ**CBCA**ò). Pursuant to articles of amendment dated August 1, 2007, in connection with the RTO, Polar Star was continued under the CBCA as Polar Star Mining Corporation and amalgamated with GDD.

The registered and head office of Polar Star is located at 100 King St. West, Suite 5600, Toronto, Ontario, M5X 1C9.

INTERCORPORATE RELATIONSHIPS

The following table sets forth the names of the subsidiaries of the Company and the jurisdiction of incorporation and the direct or indirect percentage ownership of each such subsidiary:

Name	**Jurisdiction of Incorporation**	**Percentage of Voting Securities Owned**
Polar Mining (Barbados) Limited	Barbados	100%
Celeste Uranium (Barbados) Limited	Barbados	100%
Serena Mining (Barbados) Ltd.	Barbados	100%
Minera Polar Mining Chile Limitada	Chile	100%
Minera Celeste Limitada	Chile	100%
Minera Serena Limitada	Chile	100%

DESCRIPTION OF THE BUSINESS AND GENERAL DEVELOPMENTS

Three Year History and Significant Acquisitions

Polar Star was created to acquire advanced stage exploration properties focusing primarily on copper, gold and uranium, and is currently participating in the acquisition, exploration and development of mineral claims. The Companyôs principal asset is a 15% interest in the Chépica project, located near the City of Talca, Chile (the ñ**Chépica Project**ò).

Chépica Option Acquisition

On June 20, 2008, the Company entered into an agreement to acquire an initial 5% equity interest in the Chépica Project (the ñ**Chépica Acquisition Agreement**ò) by paying 150,000,000 Chilean Pesos (approximately $309,000). Under the Chépica Acquisition Agreement, Polar Star had the right to acquire an additional 80% interest in the Chépica Project by making cash payments totaling approximately $4.6 million by June 20, 2009, pending successful completion of its final due diligence review. On August 12, 2008, Polar Star purchased an additional 5% equity interest in the Chépica Project by paying 150,000,000 Chilean Pesos (approximately $308,000). On September 26, 2008, Polar Star purchased a further 5% equity interest in the Chépica Project by paying 150,000,000 Chilean Pesos (approximately $288,000), bringing the Companyôs total equity interest to 15% for total cash payments of 450,000,000 Chilean Pesos (approximately $905,000).

On June 20, 2009, the Companyôs option to purchase the remaining 85% of the Chépica Project expired unexercised. The Company continued to hold a 15% equity interest and on December 11, 2009 finalized an agreement to acquire the remaining 85% of the Chépica property and associated assets from Sociedad Contractual Minera Del Maule and others (the ñ**Chépica Option Agreement**ò). The Company made an initial payment of US$100,000 (approximately $104,000) on the signing of the agreement. The full cost of the option is US$7 million to be paid over 26 instalments terminating in 2016. Option payments are non-interest bearing and Polar Star may, at its sole discretion, terminate the agreement at any time with no obligation to continue paying additional instalments. The amounts noted have been translated at historical rates.

Year Ended December 31, 2010

On November 22, 2010, the Company graduated from the TSX Venture Exchange (ñ**TSXV**ò) and its common shares (the ñ**Common Shares**ò) began trading on the Toronto Stock Exchange (ñ**TSX**ò) under the symbol ñPSRò. On the same day, the Common Shares were delisted from the TSXV.

Year Ended December 31, 2011

On May 12, 2011 the Company announced its intention to re-start the Chépica gold and copper mine. In October 2011, the Company began producing concentrate and sales began in December 2011.

For more information on the Chépica Project, please see the section titled ñCore Propertiesò.

Year Ended December 31, 2012

During 2012, the Company continued the development of the Chépica mine. For the year ended December 31, 2012 the company sold 1,330 dry metric tonnes of gold-copper concentrate from its Chépica mine resulting in pre-commercial production revenue of US$4,101,303.

Business Overview

The following contains forward-looking statements about the Companyôs business. Reference should be made to ñForward-Looking Statementsò on page 1 and for a description of material factors that could cause the Companyôs actual results to differ materially from the forward-looking statements in the following, please see ñRisk Factorsò beginning on page 22. Additionally, the following description of the Companyôs business includes many geological terms that may not be familiar to the reader. For a description of the meaning of some of these terms, please see the ñGlossary of Termsò beginning on page 35.

Polar Star is actively participating in the exploration and development of mineral claims in Chile and Canada and mining and producing gold-copper concentrate in Chile. As at December 31, 2012 the company had approximately one hundred employees and contractors in Chile and two employees in Canada. The Company has minimal operating cash flow and production and its exploration expenditures are mainly funded from the equity capital raised by the Company.

The Companyôs only operating mine is located near Talca, Chile where 100% of the Companyôs operating revenues were earned.

Our Projects

The Companyôs Chépica Project, consists of approximately 1,390 hectares prospective for gold, copper and silver together with an operating gold-copper mine and mill. The Companyôs current equity interest in the Chépica Project is 15%. The Company holds an option to purchase 100% of the Chépica Project for US$7 million to be paid over 26 instalments terminating in 2016. In addition to the Chépica Project, the Company has staked approximately 10,530 hectares of the surrounding land.

On May 12, 2011 the Company announced its intention to re-start the Chépica gold-copper mine. In October 2011 the Chépica mine began producing gold-copper concentrate. Receipts from the first sales of concentrate were received in December 2011 and the mine currently remains in the commissioning phase.

Montezuma is a wholly owned project consisting of 9 groups of exploration and exploitation concessions totalling 45,600 hectares and is located 20 kilometres south of the city of Calama in Chile`s Region II, 1,120 kilometres north of Santiago. More specifically, the Montezuma property lies between the Chuquicamata and Esperanza clusters of mega-porphyries within the central sub-zone of the main Chilean porphyry belt and covers the intersection between the northerly trending West Fault and north east-south west trending fault systems. The former is well known for the exceptional size of its associated copper-molydenum porphyry deposits such as Chuquicamata, Ministro Hales and Radomiro Tomic, and the latter for large copper-gold porphyry deposits such as El Tesoro-Polo Sur and Esperanza.

Located 65 kilometres east of Copiapó, the ñ**Los Azules Project**ò consists of 9 exploration concessions totalling 2,600 hectares owned by Minera Celeste and 5 exploitation concessions totalling 903 hectares owned by another party. On November 19, 2007, Minera Celeste entered into an option to purchase agreement with the local party to purchase a 100% interest in their properties by making staged payments totalling US$1.75 million by November 19, 2012 (the ñ**Los Azules Agreement**ò). During Q3 2011, the remaining payment amounts were altered and the final payment date was extended to March 31, 2013. As at December 31, 2012 the Company has made cash payment totalling US$700,000 under this agreement. The final remaining payment of US$100,000 is due on March 31, 2013.

On October 13, 2011, the Company entered into a binding Letter of Intent (ñ**RedQuest Letter of Intent**ò) option agreement with RedQuest Capital Corporation (ñ**RedQuest**ò). The agreement is in the form of a standard mineral industry exploration option in which Polar Star has granted four options to RedQuest. The first option requires RedQuest to complete $3.9 million in work commitments on Los Azules over 3 years commencing from the date of completion by RedQuest of a private placement (the ñ**Financing**ò) and to make cash payments over the same period totalling $350,000 to earn a 51% interest in the Property. RedQuest will also grant Polar Star a 1% Net Smelter Return (ñ**NSR**ò) upon earning the 51% interest and will then have 90 days to make a onetime election to purchase half of the 1% NSR for US$500,000 in cash. The 1% NSR is capped at a maximum of US$5,000,000. The duration of the next 3 options is five years from the third anniversary of the completion of the Financing and will be solely at RedQuest's expense; as follows: by completing a Preliminary Economic Assessment under the Second Option, RedQuest will earn a 61% interest; by completing a Prefeasibility Study under the Third Option, RedQuest will earn a 66% interest; and by completing a Feasibility Study under the Fourth Option, RedQuest will earn a 75% interest. On November 1, 2012 RedQuest notified the Company that it would be unable to meet the conditions of the Letter of Intent and the Los Azules property was returned to Polar Star.

On February 21, 2012, the Company executed a definitive agreement with Kairos Capital Corporation which was amended on August 23, 2012 (the ñ**Kairos Agreement**ò). Under the agreement, Kairos can acquire a 100% interest in Polar Starôs Nancagua property and up to a 75% interest in Polar Starôs Fortuna and/or Salvadora properties by meeting various spending and technical thresholds.

On April 13, 2012 the Company signed a definitive agreement with BHP Billiton regarding 172,800 hectares of exploration land held by Polar Star (the ñ**BHP Billiton Agreement**ò). In general, the properties are located south of Polar Starôs 100% owned Montezuma Property along approximately 360 kilometres of the Domeyko Fault System in Northern Chile. The main terms of the agreement are as follows: 1) Polar Star has received a cash payment of US$250,000; 2) BHP Billiton will commit to US$1,000,000 in reconnaissance exploration expenditure and subsequently select up to 5 separate block for further expenditure; 3) BHP Billiton will solely fund US$3,500,000 on each selected block to earn a 51% interest in that block; 4)

Following earn-in and formation of a joint venture, BHP Billiton will solely fund additional expenditure to earn an additional interest, or the parties will fund the venture pro-rata.

Overview of the Principal Markets

Copper

Copper is a metal with inherent characteristics of excellent electrical conductivity, heat transfer and resistance to corrosion. Copper is used principally in telecommunications, automobiles, construction, and in consumer durables. Copper is traded on the London Metal Exchange (LME), the New York Commodity Exchange (COMEX) and the Shanghai Futures Exchange (SHFE).

Gold

Gold can be readily sold on numerous markets throughout the world and it is not difficult to ascertain its market price at any particular time. Benchmark prices are generally based on the London gold market quotations. Gold bullion is held as an asset class for a variety of reasons, including as a store of value and safeguard against the collapse of paper assets such as stocks, bonds and other financial instruments that are traded in fiat currencies not exchangeable into gold (at a fixed rate) under a ñgold standardò, hedges against future inflation and portfolio diversification. Governments, central banks and other official institutions hold significant quantities of gold as a component of exchange reserves.

MATERIAL PROPERTY

Chépica Project

The Chépica Project, consists of approximately 1,390 hectares prospective for gold, copper and silver. In addition to the Chépica Project, the Company has staked approximately 10,530 hectares of the surrounding land. The following describes key aspects of the Companyôs material property taken from various Company press releases and the most recent NI 43-101 report on the Chépica Property prepared at the request of the Company by SRK Consulting (Chile) S.A. dated November 11, 2011 and entitled ñExploration Technical Report - Chépica Au-Ag-Cu Project, Region VII, Chileò (the ñ**SRK Report**ò), a copy of which is available on SEDAR at www.sedar.com under the Companyôs profile. Unless otherwise indicated, the following disclosure relating to the Chépica Project is summarized from the SRK Report, and readers are encouraged to review the complete text of the SRK Report, which was filed on SEDAR on November 28, 2011.

The SRK Report was prepared by a team with George Even, BSc., a qualified person under NI 43-101, of SRK Consulting (Chile) S.A. being responsible for the overall coordination and management of the SRK Report as well as being responsible for all sections of the SRK Report.

Readers are directed to the SRK Report and are encouraged to review the full text of the SRK Report which can be reviewed at www.sedar.com and which qualifies the following disclosure. The following summary is not exhaustive. The SRK Report is intended to be read as a whole, and sections should not be read or relied upon out of context. The SRK Report contains the expression of the professional opinion of a qualified person (a "qualified person" as defined under NI 43-101) based upon information available at the time of preparation of the SRK Report. The following disclosure, which is derived from the SRK Report, is subject to assumptions and qualifications contained in the SRK Report.

Project Description and Location

Area and Location

The Chépica property consists of 5 exploration concessions totalling 1,390 hectares and is located in the Chilean Coastal Mountain Range about 270 kilometres south of Santiago in Chileǒs Maule Region VII. The property centre is located at 240,631E; 6,081,465N, elevation 120 masl.

Land Tenure

Polar Starǒs current equity interest in the Chépica Copper-Gold Mine, Mill and 1,390 hectares of associated mining properties held through its wholly owned Chilean subsidiary, ñMinera Polar Mining Chile Limitadaò is 15%.

On December 11, 2009, Polar Star finalized an agreement to acquire 100% of the Chépica property and associated assets. The Company made an initial option payment of US$100,000 on acceptance of the Letter of Intent and has registered the final agreement at which time a further US$100,000 option payment was made. The full cost of the option is US$7 million to be paid over 26 instalments terminating in 2016. To date a total of US$1,050,000 in option payments have been made. Polar Star may, at its sole discretion, terminate the agreement at any time with no obligation to continue paying instalments.

Environmental Considerations

The Chépica property does not lie within environmentally protected areas, indigenous reservations or areas of historical sites. The property contains a fully permitted underground mine, flotation plant, tailings pond and waste disposal area. The mine and plant were closed and put on care and maintenance by Polar Star in October, 2009. In May 2012, the Company initiated the refurbishment of the mine and production started in October 2011. Sales of gold-copper concentrate began in December 2012. Polar Star has continued exploring the property for additional resources and the site has been regularly reviewed and approved by the local branches of the Chilean mines and environmental protection bodies SERNAGEOMIN and CONAMA.

Mineralized Zones, Resources and Reserves

Currently seven mineralized vein systems have been located on the property. All occur on the Chépica 1 al 69 and Carla 1 al 20 mining concessions. Only two of these - the Chépica I and Chépica II have been explored to any extent. NI 43-101 compliant measured, indicated and inferred resources have been quantified to date on the Chépica I vein system and are the subject of the SRK Report. No reserves have been defined to date.

Mine workings

The exploitation of the Chépica I vein system currently is a combination of ore extracted from stoping along the 125 meter level via the South Portal and development ore from the ramp decline extracted via the North Portal. As mentioned above, there is a processing plant, tailings pond and waste dump on the property.

At the Chépica II vein system, access is via a portal with a 150 metre long access drive.

Permits

Permits for the mine, mill and tailings disposal are in place and current. Polar Starôs past and current surface programs and drilling are classified under Chilean law as ñexplorationò and as such are only subject to the filing of a ñstatement of workò with SERNAGEOMIN fifteen days prior to initiation. These statements were filed and approved.

Accessibility, Climate, Local Resources, Infrastructure and Physiology

Accessibility

Access to the site is via a paved highway from the city of Talca approximately 20 kilometres to the east. The site itself is served by a short gravel surface road which exits the Pencahueï Curepto highway heading west at the Corinto-Botalcura cross roads 2 kilometres northwest of Pencahue. Transport of all materials and personnel is by road.

Climate

The Chépica property lies within the Continental Mediterranean climate zone, with a dry season of four months. Average annual rainfall is 749 millimetres and the annual temperature averages 13°C. The length of the operating season is twelve months.

Local Resources

The city of Talca, with a population of about 200,000, lies 20 kilometres east of the property. Talca is essentially an agricultural service centre but also a mining equipment service and supply centre. The University of Talca and the Catholic University of Talca are also located there. Both Talca and Pencahue have a supply of qualified miners due to the presence, up until recently, of the Las Palmas underground mine.

Infrastructure

The project has a permitted water well and as part of its wholly owned surface rights has access to irrigation water from a channel which crosses the property about 400 metres southeast of the plant. Additional process water is available from re-circulation from the tailings pond. Electrical power is supplied to the site by a 13.2 kv branch line from the local power grid. As part of the refurbishment of the mine, new offices were built on-site.

Physiology

The Chépica property is located in the coastal range which consists of hills of low relief at a mean elevation of approximately 150 metres above sea level. Vegetation consists of local thorn scrub and seasonal grasses typical of the region that can sustain low density winter grassing for sheep and cattle.

History

Prior Ownership and Property Development

The area around the Chépica property is known to have been explored for gold and copper since the 1800ôs; however, the area has only recently come to light as a district containing potential multiple low sulphidation epithermal gold-copper-silver veins.

Regional exploration by Noranda and others in the early to mid 1990's, including geological mapping, stream and soil geochemistry, defined several open ended auriferous zones associated with N-NW trending silicified structures on the Chépica Mine property.

The property has been in the hands of the current owners Gian Carlo Bordoni Magni and family since 1999 and with whom Polar Star has an option to purchase agreement. From early 2001 to late 2003, the Bordoni family with the aid of Chile's state-owned mining company Empresa Nacional de Minería (ñ**ENAMI**ò) geologists and engineers conducted surface trenching, about 500 lineal metres of drifting and crosscutting and raising on the Chépica I and II veins. From this work, 12 run of mine bulk samples of about 30 tonnes each from the Chépica I vein and 8 similar samples from the Chépica II vein were shipped to plants north of the area for processing. In 2005, MCK Mining Corp. conducted limited exploration of the Chépica property that included some drilling. The number of holes drilled and their results are not known, but it was reported that approximately US$356,000 was spent on the program. Unconfirmed reports said that the recoveries of the diamond drilling were very poor, in the order of 50%.

In 2008 and 2009 the Bordoni family built a 200 t/d processing plant to produce a copper-gold sulphide concentrate and constructed the associated tailings and waste disposal facilities. It was reported that between November 2008 and October 2009 the mine and plant operated on an average 70 t/d with ore being extracted from the No. 2 vein only.

Polar Star undertook to refurbish the mine in May 2011 and began producing gold-copper concentrate in October 2011. Sales of concentrate to ENAMI began in December 2011. The mine remains in the pre-commercial production phase.

Geological Setting

Regional Setting

The Chépica properties lie within the Chilean Coastal Range, which is geologically comprised of Mesozoic age volcanic arc rocks accreted on to the South American craton. The western margin of the Coastal Range is mostly Triassic to early Cretaceous in age and not known to be well mineralized. The eastern margin of the Coastal Range is an assemblage of Late Cretaceous age rocks and these contain a host of mineral occurrences, most associated with sub-volcanic porphyry bodies.

Several gold deposits, either currently being mined or previously mined, exist in this belt. The majority are vein systems or pipes related to high level plutonic bodies. El Chivato, Alhué (Yamahaộs La Florida Mine) and Las Palmas are examples. Also known are deposits associated with porphyry intrusives.

Local and Property Geology

The Chépica properties cover a sequence of NE-SW trending gently SE dipping Cretaceous andesitic volcanics and volcaniclastics that regionally are part of a similarly trending roof pendant within Cretaceous granodiorite. Two sets of NW-NNW and E-W to WNW trending anastomosing and bifurcating tensional faults cross-cut the volcanic package and are locally the focus of auriferous low sulphidation epithermal quartz-sulphide veins and clay-sericite-quartz alteration. Eight such vein-alteration systems have been identified by Polar Star geologists at surface to date.

Individual veins are simple as well as colloform banded chalcedonic quartz veins, locally amethystine and multi-episodic often showing internal brecciation and rotation during resurgence of the fluid pulses. Wall rock between these veins is either brecciated, silicified and sericitised or permiated by a stockwork of smaller quartz veins and stringers. At Chépica I the footwalls to both systems tends to be sharp, while the hanging wall is fault controller with typically a silicified quartz-stockwork ranging from a few metres to 15 metres.

Both the Chépica I and II vein systems are the only vein systems to have been drilled in detail to date. Surface drilling indicates they exhibit good lateral and vertical continuity, and the veins vary in width ranging from 1.5 metres to over 12 metres.

Exploration

In late April 2008, Polar Star completed a due diligence review of the surface and underground data including geological mapping and chip sampling at surface and detailed panel sampling of the underground workings which included 17 sections at 5-10 metre intervals along the Chépica No.1 Vein.

In mid-October 2009 the mine and plant were closed and put on care and maintenance. The site was also cleaned up and secured to allow for further exploration and drill targeting.

Between January and May 2010, detailed mapping and rock chip sampling of the other six vein systems on the the Chépica 1 al 69 and Carla 1 al 20 mining concessions identified two areas of significant gold values on two separate veins systems, one lies 1 kilometre NE of the No. 2 Vein and one on the hill forming the northeast side of the tailings dam. Both contain 2-3 veins vary from 1-5 metres width within zones of argillic alteration from 10ï 20 metres wide. A 250 metre strike length of the former returned significant gold values ranging from 1.7 g/t over 10 metres to 3.97 g/t over 2.5 metres and a 100 metre strike length of the latter returned gold values ranging from 1.83 g/t over 5 metres to 4.4 g/t over 2 metres.

Mineralization

At surface, gold/copper occurs both with banded chalcedonic quartz veins, and stockworking containing weak disseminated pyrite (+/- chalcopyrite) and associated limonite, hematite and goethite. In drill holes to a depth of 175 metres, the veins still consist of banded opaline quartz with semi-massive to heavily disseminated course pyrite, chalcopyrite plus minor galena and sphalerite.

Drilling

In the first phase of drilling, the Company completed a 6,758 metre diamond drill program on the Chépica No.1 and No. 2 vein systems in late November 2008. 49 holes (5,274 metres) were drilled and assayed on the Chépica No.1 vein system and 16 holes (1,484 metres) on the Chépica No.2 vein system. Fourteen 20-25 metre spaced fences have been drilled across the No.1 vein system. All cut the veins to depths of 150 metres vertical which vary from 3-20 metres true width. Six closely spaced fences have also been drilled across the Chépica No.2 vein system. All cut veins similar to those at No. 1 but over narrower widths of 2-5 metres. The assays from the first 30 holes drilled across the Chépica No.1 vein system were the subject of the Companyôs October 20, 2008 press release. The balance of the assays from the last 15 holes on No.1 and the holes on No.2 were released via the Companyôs January 8, 2009 press release. In late May 2010, the Company commenced a second phase of diamond drilling with the objective of expanding resources at both the Chépica No.1 and No.2 vein systems and drill testing several other vein systems occurring between them. On September 9, 2010 an additional 44 holes were completed. On June 17 and July 29, 2010, the Company announced initial results from the first ten holes of this drill campaign. The 10 diamond drill holes reported above are part of a series of five fences of two holes each drilled to test up to 100 metres down dip and a 100 metres north extension along strike of the previously drilled resource section in the FW or ñfootwallò vein of the Chépica No.1 vein system. Five of the holes also cut a new vein denoted HW or ñhanging wallò vein. The ñfootwall veinò as noted in the 2008 drill program is actually a complex of two or more discrete banded quartz-sulphide veins with intervening stockworks which can anastamose to form one larger vein.

See ñ*Mineral Resource and Mineral Reserve Estimates*ò below for interpretation of the drilling results.

Sampling and Analysis

Surface trench and underground samples where channel samples cut manually by Polar Star staff at right angles across the strike of the veins using moils and hammers. These samples were tagged, bagged and sealed at site. Individual core samples were halved using a diamond core saw, one half bagged and sealed on site for assay the other half retained on site in sealed metallic core boxes for future reference. Sampling intervals were dictated mineralogical changes within the generally banded veins.

All sample preparation and analysis were carried out at ALS Patagonia Laboratories, Coquimbo, Chile in 2008-2009. In 2010 ALS routinely shipped pulps to their laboratory in Lima, Peru for silver and base metal analysis. Routine gold analysis was carried out on 30g sub-samples using a fire assay pre-concentration and atomic absorption spectro-photogrametric (ñAASò) finish. Samples with values greater than 10g/t were re-analysed by fire assay and gravimetric finish. Silver, copper, zinc and lead were also routinely analysed by ICP following hot four acid digestion. Samples with values over 1% were re-analysed using a hydrofluoric-nitric-hypochloric acid digestion, hydrochloric acid leach and AAS finish.

SRK visited the ALS-Chemex laboratory and the analytical procedures used for geochemical testing were inspected. Observed comparisons of tests done at various other ALS-Chemex laboratories in the world were noted as well as comparisons of the ALS Coquimbo laboratory with other non-ALS-Chemex labs. According to the results shown SRK during this visit, the ALS-Chemex Coquimbo lab appears to meet industry standards for both internal and external duplicates and check assays.

Besides duplicate analyses performed by ALS-Chemex at their own lab, Polar Star resubmitted selected pulps to the ALS lab and sent other pulp duplicates to the ACME laboratory, in Santiago, Chile. The objective of this analysis is to compare the sample duplicates of Total Copper (in percent), and gold and silver (in ppm) for the Chépica project analysed at the ALS-Chemex laboratory and with checks done at the ACME laboratory.

Polar Star submitted a total of 357 samples (266 duplicates of pulps, 48 standards and 43 blanks) to ALS and to ACME laboratories in Coquimbo, Chile for QA-QC checks.

In the case of comparison of ALS original samples and ALS duplicate samples, in general the results are good with at least 95% of the sample pairs showing less than 5% relative difference, except for the case of copper, where 90% of the sample pairs have less than 11% relative difference.

The results of the comparison between the two labs gave very good results showing for gold, at least 90% of the sample pairs with less than 5% relative difference. In the cases of silver and copper, the results are better yielding at least 95% of the sample pairs with less than 5% relative difference.

The comparison between the two labs for gold and silver with standard-340 (high grade) is good, with all samples falling within +/- 2 standard deviations of the average value of the standard. In the case of copper, ACME is generally lower than ALS and has 5 samples falling below -2 standard deviations.

In the case of standard-342 (low grade), gold compares well with all samples falling between +/- 2 standard deviations. Copper has two samples that are lower than -2 standard deviations. Silver is consistently high for both laboratories and indicates either contamination of the standard sample or a problem with the method of analysis used.

Security of Samples

While still on site, all drill cuttings and core samples bagged and sealed. The bagged samples are kept at the campsite, where there is always at least one person on hand, while awaiting transport to the laboratory. The core boxes are kept secured and sealed at the project site. All samples ready to be transported to the ALS-Chemex Coquimbo laboratory, were bagged in sealed sacks, marked, registered and were shipped by Pullman Cargo trucks to the laboratory to be prepared and analysed.

Mineral Resource and Mineral Reserve Estimates

Mineral Resources

The Polar Star Chépica I database comprises surface exploration boreholes (core) drilled during 2008 as well as trench and underground channel samples. Of the 66 drill holes, only 50 were used to construct the geologic model and estimate the mineral resource, these correspond to 5,299 metres of diamond core drilling. Nineteen underground channel samples and 2 trench samples in the area of the Chépica I vein total 92.5 metres.

The geological interpretation for the Chépica I vein was provided by Polar Star. The modelling approach was guided by Polar Star geologistsô current understanding of the shape of the mineralized zones drawn from surface and underground mapping and sampling as well as interpretation of the drill logs. This interpretation was discussed by SRK together with Polar Star geologists in order to assure a common understanding for the construction of the body solids. The body solids model includes 5 horizontal sections, with a 25 metre spacing. The geological interpretation comprises a vein zone, breccias zone and a fault.

Block size in the block model is 2.5 X 2.5 X 5 metres. The gold, silver and copper resource estimation was done using the Ordinary Kriging method, considering a strategy of estimation for each unit based on the results of the variography analyses.

Mineral resources for the Chépica gold-copper project have been estimated in conformity with generally accepted CIM ñEstimation of Mineral Resource and Mineral Reserves Best Practicesò guidelines. Mineral resources are not mineral reserves and do not have demonstrated economic viability. SRK is not aware of any known environmental, permitting, legal title, taxation, socio-economic, marketing or other relevant issues that could potentially affect the estimate of mineral resources at Chépica.

The SRK Report states that using a cut-off grade of 1.0 g/t gold the drilled section of the No.1 vein contains measured and indicated resources of 283,000 tonnes grading 3.10 g/t gold, 11.92 g/t silver and 0.74% copper. The mineral resource statement, Table 1, from this report is presented below.

Table 1. Mineral Resource Statement* for the Chépica Project, Chile, SRK Consulting (Chile) S.A., November, 2011.

Resource Classification	Tonnage (KTon)	Gold Grade (ppm)	Silver Grade (ppm)	Copper Grade (%)
Measured	198.2	3.43	12.06	0.75
Indicated	85	2.33	11.61	0.72
Demonstrated	**283**	**3.1**	**11.92**	**0.74**
Inferred	30	1.92	14.9	0.66

* reported at a cut-off of 1.0 g/t gold

Mineral Reserves

No mineral reserves have been estimated to date.

Mining Operations

The Chépica Project is an underground mine, currently accessed by two horizontal portals. The ore is currently sourced from Vein No. 1 from the 125 metre level and from development on the 100 metre level.

The concentrator plant uses a standard process for metal recovery consisting of crushing-milling, Falcon gravitational concentration, flotation, filtration and tailings disposal.

Exploration and Development

The Company has completed a third party baseline environmental study, a preliminary mine design and costs analysis on the Chépica Project.

OTHER PROPERTIES

Montezuma Property

The Montezuma property consists of a 9 groups of exploration and exploitation concessions totalling 45,600 hectares and is located in the Sierra Limon Verde copper mining district, 20 kilometres south of the city of Calama in Chileôs Region II, 1,120 kilometres north of Santiago (the ñ**Montezuma Property**ò). The property centre is located at 510,000E 7,492,500N. The entire Montezuma Property package was staked and is 100% owned by Polar Starôs wholly owned Chilean subsidiary Minera Serena Mining Chile Limitada.

The property is readily accessible by paved and good gravel road from the City of Calama 20 kilometres to the north within the Atacama Desert region of Chile. It is one of the driest cities in the world, with average annual precipitation of 5 millimetres. The Montezuma Property may be worked on year-round without issue.

The property is essentially a plateau and wide valley at an altitude of approximately 2,600 metres bordered to the west by low hills rising to a maximum altitude of 3,100 metres. Vegetation consists of sparse desert scrub and the odd cactus.

More specifically the Montezuma Property lies between the Chuquicamata and Esperanza clusters of mega-porphyries within the central sub-zone of the main Chilean porphyry belt and covers the intersection between the northerly trending West Fault zone and north-easterly trending fault systems. The former is well known for the exceptional size of its associated copper-molydenum porphyry deposits such as Chuquicamata, Ministro Hales and Radomiro Tomic.

The Limon Verde hills on the west side of the property and the Montezuma hills forming the north edge of the property generally expose the same group of metamorphosed Palaeozoic intrusive, volcanic and sedimentary rocks that host the Chuquicamata porphyry deposits. The central and eastern half of the property is covered by a cap of Pliocene to recent Atacama formation gravel with thin inter-beds ignimbrite flows and andesitic to basaltic flows and fragmentals from several to several hundred metres in thickness. At the southern end of the Limon Verde hills Cretaceous volcanic and intrusive rocks are exposed similar to those hosting the Esperanza porphyry deposits.

Polar Starôs prospecting, geological mapping and enhanced satellite imagery studies conducted since January 2008 have identified several large areas of leached, hematite stained and sulphate rich caps containing locally significant amounts of copper wad, copper pitch, brochanthite, chrysocola and chalcocite. The area is cut by the north-south trending West Fault system and a series of crustal northeast-southwest trending faults. In the south of Montezuma, one of these northeast-southwest trending faults continues from the southwest quadrant of the property through the Antofagasta Plc Esperanza mine.

Commencing in November 2011, the exploration program focused on the intersections of these fault systems, the ground work and producing new viable targets for follow up work. The re-logging of selected drill holes at the Montezuma Property has defined detailed stratifgraphy and structure in the central portion of the project area. The re-logging indicates a high probability of the existence of buried porphyry (porphyries) to the west of current drill holes.

Between August 2008 and June 2010, Quantec Geoscience of Santiago, Chile completed four campaigns of IP/Resistivity surveying totalling 311 line kilometres. A program of reinterpretation and enhancement of the IP and airborne magnetic data was completed in 2012.

FINANCINGS

Private Placements

In March, 2009, the Company issued 20,190,143 Units of the Company for $0.35 per Unit for gross proceeds of $7,066,550. Each Unit consisted of one Common Share and one half of one warrant. Each whole warrant entitled the holder to subscribe for one Common Share for $0.45 per Common Share until September 26, 2010 (18 months following the close of the offering). In connection with this private placement, the Company issued Warrants equal to 6% of the aggregate number of Units sold by the Agents. Each Warrant was exercisable into one Unit at a price of $0.35 per Unit and expired on September 26, 2010 (18 months following the close of the offer).

On March 19, 2010, the Company issued 13,625,000 Common Shares of the Company for $1.10 per Common Share for gross proceeds of $14,987,500. In connection with this private placement, the Company issued Warrants equal to 6% of the aggregate number of Common Shares sold under the private placement. Each Warrant was exercisable into one Common Share at a price of $1.10 per Common Share and expired on September 19, 2011 (18 months following the close of the offer). During 2010, 225,000 of the Warrants were exercised providing gross proceeds of $247,500.

In December 2011 and January 2012, the Company issued 3,883,332 Common Shares of the Company for $0.30 per Common Share for gross proceeds of $1,165,000.

In June 2012, the Company issues 4,320,000 Common Shares of the Company for $0.25 per Common Share for gross proceeds of $1,080,000

Between October 23 and November 2, 2012, the Company issued 65,000,000 common shares for $0.10 per share for proceeds of $6,279,319 net of costs of $220,681. An additional 1,575,000 common shares were issued as commission for the private placements and an additional 150,000 common shares were issued as an interest payment.

DIVIDENDS

The Company has not paid any cash dividends to date on the Common Shares. Further, the Company intends to retain its earnings, if any, to finance the growth and development of its business. Accordingly, the Company does not expect to pay any cash dividends on its Common Shares in the near future. The actual timing, payment and amount of any dividends will be determined by the Companyѻs board of directors from time to time based upon, among other things, cash flow, results of operations and financial condition, the need for funds to finance ongoing operations and such other business considerations as the Companyѻs board of directors may consider relevant.

CAPITAL STRUCTURE

The authorized share capital of the Company consists of an unlimited number of Common Shares. As of March 26, 2013, there were 166,001,001 Common Shares issued and outstanding, which excludes: 11,453,965 Common Shares reserved for issuance pursuant to outstanding stock options as at March 26, 2013, which are exercisable at a weighted average exercise price of $0.38 per Common Share.

Common Shares

Each Common Share entitles the holder thereof to one vote at all meetings of shareholders other than meetings at which only the holders of another class or series of shares are entitled to vote. Each Common

Share entitles the holder thereof to receive any dividends declared by the board of directors and the remaining property of the Company upon dissolution. This summary does not purport to be complete and is subject to, and is qualified in its entirety by, reference to the terms of Polar Starõs articles of amalgamation, which are available on www.sedar.com.

The Companyõs by-laws provide for certain rights of its shareholders in accordance with the provisions of the CBCA. Such by-laws may be amended either by a majority vote of the shareholders or by a majority vote of the board of directors. Any amendment of the by-laws by action of the board of directors must be submitted to the next meeting of the shareholders whereupon the by-law amendment must be confirmed as amended by a majority vote of the shareholders voting on such matter. If the by-law amendment is rejected by the shareholders, the by-law ceases to be effective and no subsequent resolution of the board of directors to amend a by-law having substantially the same purpose or effect shall be effective until it is confirmed or confirmed as amended by the shareholders.

MARKET FOR SECURITIES

Trading Price and Volume

The Common Shares are listed for trading on the TSX under the trading symbol ñPSRò.

		TSX / TSXV	
	High (Cdn.$)	**Low (Cdn.$)**	**Volume**
2012			
January	0.42	0.27	1,319,100
February	0.46	0.34	1,456,700
March	0.44	0.23	1,799,100
April	0.27	0.22	1,199,300
May	0.24	0.15	550,300
June	0.21	0.13	1,197,600
July	0.20	0.15	522,800
August	0.24	0.14	749,200
September	0.25	0.17	509,400
October	0.20	0.11	2,066,100
November	0.22	0.14	499,600
December	0.20	0.15	465,900

Prior Sales

There are no securities issued by the Company not listed or quoted on a marketplace as at December 31, 2012.

ESCROWED SECURITIES

As at the date of this AIF and to the knowledge of the Company, there are no securities of the Company that are held in escrow or that are subject to a contractual restriction on transfer.

DIRECTORS AND EXECUTIVE OFFICERS

Directors are elected at the Companyœ annual meeting of shareholders to hold office until the next annual meeting. If a directorœ office is vacated before the end of its term, such vacancy is filled in accordance with the by-laws of the Company.

The following table sets forth information about the directors and executive officers of the Company as of March 27, 2013:

Name and Country of Residence	Position(s) Held	Principal Occupation
Colin Bird(3) Dubai, U.A.E.	President, Chief Executive Officer and Director (since October 2012)	Chief Executive Officer, Polar Star; Chairman and Chief Executive Office of Galileo Resources Plc; Non-Executive Chairman of Jubilee Platinum Plc
H. Stuart Bottomley(1)(2)(3) Klosters, Switzerland	Director (since April 2009)	Non Executive Director of African Consolidated Resources Plc. and Verona Pharma Plc.
Charles Cannon-Brookes(4) London, U.K.	Director (since September 2012)	Investment Director ï Arlington Group Asset Management Limited
Kaare Foy (1) (2)(4) B.C., Canada	Director (since October 2012)	Chairman of the Board, Polar Star; Executive Chairman of Cangold Limited; Chairman of Viscount Mining Limited; Director of Golden Prospect Precious Metals Limited
Martin Gallon Virginia, U.S.A.	Chief Operating Officer and Vice President Exploration	Chief Operating Officer and Vice President Exploration, Polar Star
Al Kroontje (1)(2)(3)(4) Alberta, Canada	Director (since April 2009)	Independent Businessman
Adam Rochacewich Ontario, Canada	Chief Financial Officer	Chief Financial Officer, Polar Star

(1) Member of the Audit Committee.
(2) Member of the Corporate Governance, Nominating and Health, Safety and Environment Committee.
(3) Member of the Resource Committee.
(4) Member of the Compensation Committee

Colin Bird: Mr. Colin Bird was appointed Chief Executive Officer of the Company and a member of the board of directors in October 2012. Mr. Bird is a Chartered Engineer, a Fellow of the Institute of Materials, Minerals and Mining and is a certified mine manager both in the UK and South Africa. He has been involved in the management of mining nickel, copper, gold, coal and other diverse mineral operations. Mr. Bird has founded and floated several public companies in the resource sector and served on resource company boards in the UK, Canada and South Africa. In the exploration arena he founded, financed and was Chairman of Kiwara PLC, an AIM listed company, which discovered, and sold for $270 million, a large open pit copper project in Zambia.

H. Stuart Bottomley: Mr. Bottomley was first appointed to the board of directors of the Company in April 2009. Mr. Bottomley has broad knowledge and experience in international asset management, risk management and corporate funding. After working as a stockbroker for nine years, Mr. Bottomley worked as a portfolio manager for the Target Group of Unit Trusts first under the ownership of Dawnay Day and subsequently with J. Rothschild Investment Management. In 1984, he joined Fidelity International (a financial services firm) in London, working with the ERISA group, focused on UK and European markets. Since leaving Fidelity International, Mr. Bottomley has consulted for numerous private and public companies, advised many Australian companies on admissions to AIM and assisted in IPOs and other fundraisings. He is currently a non-executive director of African Consolidated Resources Plc. (an AIM-listed mining company), and Verona Pharma Plc. (an AIM-listed life sciences company).

Charles Cannon-Brookes: Mr. Cannon-Brookes is the Investment Director of FSA regulated Arlington Group Asset Management Limited. He currently acts as the Investment Manager of Praetorian Resources Limited, an UK listed mining-focused investment company. Before that he managed Arlington Special Situations Fund, a Cayman domiciled OEIC and has advised and sat on the board of a number of other funds and trusts in a non-executive capacity. Mr. Cannon-Brookes was appointed to the Board of Directors in September 2012.

Kaare Foy: Mr. Kaare Foy was appointed Chairman of the Board of Directors in October 2012. He obtained his Bachelor of Economics degree at Monash University and subsequently became an Associate of the Australian Society of Accountants and a Member of the Australian Institute of Directors. In 1995, Mr. Foy emigrated to reside permanently in Canada and for most of his career has specialized in company ñturnaroundsò with more than 30 years of experience serving on the boards of publicly listed companies in Australia, Canada and the United Kingdom. Mr. Foy was an executive director of Great Panther Silver Limited, a silver exploration and mining company based in Vancouver, from 1994 until the beginning of 2012, and is currently executive chairman of Canadian exploration company Cangold Limited, chairman of Viscount Mining Limited and a director of Golden Prospect Precious Metals Limited.

Martin Gallon: Martin Gallon was appointed Chief Operating Officer in May 2011 and subsequently was appointed VP Exploration in March 2012. Mr. Gallon is a corporate development and operational executive with over 40 years experience including grassroots and brownfield exploration, underground and surface mining, project feasibility, process plant design, business development and project financing. He has extensive background building and operating projects in developing countries. Mr. Gallon has worked on projects, on five continents, covering a range of commodities including: gold, copper, cobalt, nickel, lithium and coal. Mr. Gallon obtained an Honours degree in geology from London University.

Al Kroontje: Mr. Kroontje was first appointed to the board of directors of the Company in April 2009. Mr. Kroontje is a professional engineer with over 30 years of diversified experience in corporate start-ups and finance, which also includes corporate re-organizations, going public transactions and merger/acquisition activities in the resource sector, mostly involving oil and gas exploration and production, oil and gas service companies or trusts, and also in mining ventures. He is a significant shareholder of several private and public companies, for some of which he is also a board member. During the past ten years, he has been involved in numerous financings of these various ventures and in their sale on a corporate level, and in the acquisition and divesture of properties within those entities. He is currently a director of Novus Energy Inc., Border Petroleum Ltd., Cobalt Coal Ltd. and PetroFrontier Corp., each of which are TSXV listed public resource exploration companies. He is also a director of Galleria Opportunities Inc., an inactive TSXV listed company. Mr. Kroontje holds a Bachelor of Science degree in Chemical Engineering from the University of Waterloo.

Adam Rochacewich: Mr. Rochacewich was appointed as Chief Financial Officer of the Company on June 1, 2008. Mr. Rochacewich is a Chartered Accountant with over 10 years experience in the area of financial accounting and reporting. Subsequent to obtaining his designation at Ernst & Young LLP, Mr. Rochacewich held financial positions with Noranda/Falconbridge/Xstrata Plc and LionOre Mining International. He holds a Bachelor of Commerce degree from Queenôs University.

The number of Common Shares 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 is approximately 6,167,650, or 3.7% of the Common Shares issued and outstanding.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

To the knowledge of the Company and based on the information furnished by the directors and executive officers, no director or executive officer:

(a) is, as at the date of this AIF, or has been, within 10 years before the date of the AIF a director, chief executive officer or chief financial officer of any company (including Polar Star), that:

   (i) was subject to an order that was issued while that person was acting in the capacity as director, chief executive officer or chief financial officer; or

   (ii) was subject to an order that was issued after that person 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;

(b) is, as at the date of the AIF or has been, within 10 years before the date of the AIF, a director or executive officer of any company (including Polar Star) 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;

(c) has, within the 10 years before the date of the 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 that director or executive officer;

(d) has, as of the date of the AIF, been subject to:

   (i) 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

   (ii) 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.

For the purposes of section (a) above, the term ñorderò means a cease trade order, an order similar to a cease trade order or 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.

Al J. Kroontje was appointed a director of Kasten Energy Inc. (formerly Kasten Chase Applied Research Limited) the day before the Alberta Securities Commission issued a cease trade order (ñCTOò) on February 20, 2007 for failure to file its unaudited financial statements for the periods ending June 30, 2006 and September 30, 2006. Cease trade orders had already been put in place in all other Canadian reporting jurisdictions at the time of Mr. Kroontjeôs appointment. However, due to a clerical oversight at the Alberta Securities Commission, the CTO had not been issued in Alberta. Mr. Kroontje was not aware of that oversight at the time of his appointment and furthermore, Mr. Kroontje was not involved with the failure to file the required interim financial statements. Rather, Mr. Kroontje was appointed a director as part of the implementation of a financial restructuring plan. The cease trade order was subsequently revoked on March 28, 2008 as a result of Mr. Kroontjeǿs restructuring efforts.

Mr. Kroontje is a director of Cobalt Coal Ltd. A CTO was issued by the Alberta Securities Commission (ñASCò) against Cobalt Coal Ltd. on October 5, 2012 as a result of the failure to file a technical report within the prescribed timeline and in accordance with the guidelines of NI 43-101. The required technical report was subsequently prepared and filed such that the CTO was lifted on Nov 27, 2012.

Conflicts of Interests

There may be potential conflicts to which the directors of the Company are subject in connection with the business and operations of the Company. The individuals concerned are governed in any conflicts or potential conflicts by applicable law. As of the date hereof, the following directors and officers of the Company hold positions with other companies that explore or have other business interests which may potentially conflict with the interests of the Company.

H. Stuart Bottomley, Director: Mr. Bottomley is a director of African Consolidated Resources Plc., an exploration and mining company that owns properties in Zimbabwe.

Colin Bird: Mr. Bird is the Chairman and Chief Executive Officer of Galileo Resources Plc, a rare earths mineral exploration and development company with properties in Africa. Mr. Bird is also the Non-Executive Chairman of Jubilee Platinum Plc, a platinum focused mining and exploration company with properties in Africa and Australia.

Kaare Foy: Mr. Foy is the Executive Chairman of Cangold Limited, a precious metals focused exploration and development company with properties in Mexico and Canada. Mr. Foy is also the Chairman of Viscount Mining Limited, a silver company with properties in the United States, and a director of Golden Prospect Precious Metals Limited, an investment fund specializing in precious metals.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

To the knowledge of the Company, there are no legal proceedings material to the Company to which the Company is a party, or was a party to in 2012, or that any of its properties is or was the subject matter of in 2012, nor are there any such proceedings known to the Company to be contemplated.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as disclosed herein, no director, executive officer, shareholder owning, directly or indirectly, or exercising control or direction over, 10% or more of the voting securities of the Company or any associate or affiliate of any of the foregoing has or had a material interest, direct or indirect in any transaction since January 1, 2008 that has materially affected or will materially affect the Company.

TRANSFER AGENT AND REGISTRAR

Equity Transfer & Trust Company, Toronto, Ontario, is the registrar and transfer agent of the Common Shares.

MATERIAL CONTRACTS

The following are the only contracts that are material to the Company and are still in effect:

- Chépica Option Agreement;
- BHP Billiton Agreement

INTERESTS OF EXPERTS

Information relating to the Companyǿs mineral properties in this AIF has been derived from reports prepared by Terence Walker, SRK Consulting (Chile) S.A. and Timothy J. Beesley and has been included in reliance on such personsô expertise. Each of Terence Walker, SRK Consulting (Chile) S.A. and Timothy J. Beesley is a qualified person as such term is defined in NI 43-101 and, with the exception of Terence Walker, the former VP Exploration of Polar Star, is independent from the Company. Mr. Walker ceased to be VP Exploration on February 29, 2012.

None of Terence Walker, SRK Consulting (Chile) S.A. and Timothy J. Beesley, each being companies or persons who have prepared or supervised the preparation of reports relating to the Companyǿs mineral properties, or any director, officer, employee or partner thereof, as applicable, received or has received a direct or indirect interest in the property of the Company or of any associate or affiliate of the Company. To the knowledge of the Company, as at the date hereof, the aforementioned persons and persons at the companies specified above who participated in the preparation of such reports, as a group, beneficially own, directly or indirectly, less than one percent (1%) of the outstanding securities of the Company.

Neither the aforementioned persons, nor any director, officer, employee or partner, as applicable, of the aforementioned companies or partnerships, is currently expected to be elected, appointed or employed as a director, officer or employee of the Company or of any associate or affiliate of the Company.

The auditors of the Company are KPMG LLP, Chartered Accountants, of Toronto, Ontario. KPMG LLP reports that they are independent of the Company in accordance with the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario.

RISK FACTORS

The Companyǿs securities are subject to the following risks. If any of the risks occur, the Companyǿs 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 Companyǿs business operations.

Title to the Company's mineral properties cannot be guaranteed and may be subject to prior recorded and unrecorded agreements, transfers or claims and other defects and potential aboriginal rights claims.

The Company cannot guarantee that title to its properties will not be challenged. Title insurance is generally not available for mineral properties and the Companyǿs ability to ensure that it has obtained secure claim to individual mineral properties or mining concessions may be severely constrained. The Companyǿs mineral properties may be subject to prior recorded and unrecorded agreements, transfers or claims, and title may be affected by, among other things, undetected defects. Additionally, there can be no guarantee that potential aboriginal rights claims to the Companyǿs mineral properties will not create delays in project approval, unexpected interruptions in project progress or result in additional costs to advance the project. A successful challenge to the area and location of these claims could result in the Company being unable to operate on its properties as permitted or being unable to enforce its rights with respect to its properties.

Increased competition could adversely affect the Company's ability to acquire suitable producing properties or prospects for mineral exploration in the future.

The mining industry is intensely competitive. The Company may be at a competitive disadvantage in acquiring additional mining properties because it must compete with other individuals and companies, many of which have greater financial resources, operational experience and technical capabilities than the Company. As a result, for reasons beyond its control, the Company may not be able to acquire mining properties in the future on acceptable terms.

The exploration and development of the Company's properties will require substantial additional financing.

The exploration and development of the properties will require substantial additional financing. Failure to obtain sufficient financing may result in the delay or indefinite postponement of exploration activities, development or production on any or all of the Companyøs properties or even a loss of property interest. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to the Company.

The Company is subject to extensive environmental legislation and the costs of complying with these applicable laws and regulations may be significant.

The Companyøs operations are subject to extensive environmental legislation. This legislation requires the Company to obtain various operating approvals and licenses and also imposes standards and controls on activities relating to the exploration, development and production activities.

The cost to the Company of obtaining operating approvals and licenses and abiding by environmental legislation, standards and controls may be significant. Further, if the Company fails to obtain or maintain such operating approvals or licenses or breaches such legislation, standards or controls, it may not be able to continue its operations in its usual manner or at all, and the Company may be subject to fines or other liabilities which may have a material adverse impact on its operations or financial results.

Changes in environmental legislation or in its enforcement, new information on existing environmental conditions or other events, including changes in environmental controls or standards or in their enforcement, may increase future environmental expenditures or otherwise have a negative effect on the Companyøs financial condition and results of operations. In addition to existing requirements, it is expected that other environmental legislation may be implemented in the future with the objective of further protecting human health and the environment. New environmental legislation or changes in existing environmental legislation could have a negative effect on production levels, product demand, product quality and methods of production and distribution. The complexity and breadth of these issues make it difficult for the Company to predict their impact. The Company anticipates capital expenditures and operating expenses would likely increase as a result of compliance with new or more stringent environmental legislation.

Failure to comply with environmental legislation may result in the issuance of governmental orders, the imposition of penalties, liability for related damages and the loss of operating licenses or approvals. The Company cannot give assurances that it will at all future times be in compliance with all federal and provincial environmental legislation or that steps to bring the Company into compliance would not have a negative effect on its financial condition and results of operations.

Compliance with current and future government regulations may cause the Company to incur significant costs.

The Company's activities are subject to extensive Canadian and Chilean federal and provincial legislation governing matters such as mine safety, occupational health, labour standards, prospecting, exploration, production, exports, toxic substances, explosives, management of natural resources, price controls, land use, water use and taxes. Compliance with this and other legislation could require the Company to make significant capital outlays. The enactment of new legislation or more stringent enforcement of current legislation may increase costs, which could have a negative effect on the Company's financial position. The Company cannot make assurances that it will be able to adapt to these regulatory developments on a timely or cost effective basis. Violations of these laws, regulations and other regulatory requirements could lead to substantial fines, penalties or other sanctions including possible shut-downs of future operations, as applicable.

The Company is required to obtain and renew governmental permits in order to conduct mining operations, which is often a costly and time-consuming process.

Throughout the normal course of business, the Company is required to obtain and renew governmental permits for exploration, operations and expansion of existing operations or for the development of new projects. Obtaining or renewing governmental permits is a complex and time-consuming process. The duration and success of permitting efforts are contingent upon many variables not within the Company's control, including the interpretation of requirements implemented by the applicable permitting authority. The Company may not be able to obtain or renew permits that are necessary to its operations, or the cost to obtain or renew permits may exceed the Company's expectations. Any unexpected delays or costs associated with the permitting process could delay the development or impede the operation of a mine, which could materially adversely affect the Company's revenues and future growth.

The Company's foreign investments and operations are subject to risks normally associated with the conduct of business in foreign countries.

The Company conducts development and exploration activities in Chile. Mining investments are subject to the risks normally associated with any conduct of business in foreign countries including: uncertain political and economic environments; war, terrorism and civil disturbances; changes in laws or policies of particular countries, including those relating to imports, exports, duties and currency; cancellation or renegotiation of contracts; royalty and tax increases or other claims by government entities, including retroactive claims; risk of loss due to disease and other potential endemic health issues; risk of expropriation and nationalization; delays in obtaining or the inability to obtain or maintain necessary governmental permits; currency fluctuations; restrictions on the ability of local operating companies to sell gold, copper or other minerals offshore for Canadian dollars, and on the ability of such companies to hold Canadian dollars or other foreign currencies in offshore bank accounts; import and export regulations, including restrictions on the export of gold, copper or other minerals; limitations on the repatriation of earnings; and increased financing costs.

These risks may limit or disrupt the Company's operations or projects, restrict the movement of funds, cause the Company to expend more funds than previously expected or required, or result in the deprivation of contract rights or the taking of property by nationalization or expropriation without fair compensation, and may materially adversely affect the Company's financial position or results of operations. Furthermore, in the event of a dispute arising from the Company's activities in Chile, the

Company may be subject to the exclusive jurisdiction of court outside Canada, which could adversely affect the outcome of the dispute.

If the Company loses key personnel or is unable to attract and retain personnel, the Company's mining operations and prospects could be significantly harmed.

The Company is dependent upon the services of a small number of members of senior management. The Companyôs current operations and its future prospects depend on the experience and knowledge of these individuals. The Company does not maintain any ñkey personò insurance. The loss of one or more of these individuals could have a material adverse effect on the Companyôs mining operations and results of operations.

Lack of infrastructure could delay or prevent the Company from developing its projects.

Completion of the development of the Companyôs advanced exploration projects is subject to various requirements, including the availability and timing of acceptable arrangements for electricity or other sources of power, water and transportation facilities. The lack of availability on acceptable terms or the delay in the availability of any one or more of these items could prevent or delay development of the Companyôs advanced exploration projects. If adequate infrastructure is not available in a timely manner, there can be no assurance that: the development of the Companyôs projects will be completed on a timely basis, if at all; the resulting operations will achieve the anticipated production volume; or the ongoing operating costs associated with the development of the Companyôs advanced projects will not be higher than anticipated.

Current and future litigation and regulatory proceedings may impact the revenue and profits of the Company.

The Company may be subject to civil claims (including class action claims) based on allegations of negligence, breach of statutory duty, public nuisance or private nuisance or otherwise in connection with its operations or investigations relating thereto. While the Company is presently unable to quantify its potential liability under any of the above heads of damage, such liability may be material to the Company and may materially adversely affect its ability to continue operations.

In addition, the Company may be subject to actions or related investigations by governmental or regulatory authorities in connection with its activities at its properties. Such actions may include prosecution for breach of relevant legislation or failure to comply with the terms of the Companyôs licenses and permits and may result in liability for pollution, other fines or penalties, revocations of consents, permits, approvals or licenses or similar actions, which could be material and may impact the results of operations of the Company. The Companyôs current insurance coverage may not be adequate to cover any or all the potential losses, liabilities and damages that could result from the civil and/or regulatory actions referred to above.

Future sales or issuances of equity securities could decrease the value of the Common Shares, dilute investors' voting power and reduce the Company's earnings per share.

The Company may sell additional equity securities in subsequent offerings (including special shares that have rights and preference potentially superior to those of the Common Shares or through the sale of debt securities or other securities convertible into equity securities) and may issue additional equity securities to finance future acquisitions and other projects and to satisfy its obligations pursuant to the exercise of Common Share purchase warrants.

Sales or issuances of a substantial number of equity securities, or the perception that such sales could occur, may adversely affect prevailing market prices for the Common Shares. With any additional sale or issuance of equity securities, investors will suffer dilution of their voting power and the Company may experience dilution in its earnings per share.

The Common Shares are publicly traded and are subject to various factors that have historically made the Company's share price volatile.

The trading price of the Common Shares has been, and may continue to be, subject to large fluctuations and, therefore, the trading price of the Companyøs securities convertible into, or exchangeable for, the Common Shares may also fluctuate significantly, which may result in losses to investors. The trading price of the Common Shares may increase or decrease in response to a number of events and factors, including:

Å the Companyøs operating performance and the performance of competitors and other similar companies;

Å volatility in copper, gold and other mineral prices;

Å the publicøs reaction to the Companyøs press releases, other public announcements and the Companyøs filings with the various securities regulatory authorities;

Å changes in earnings estimates or recommendations by research analysts who track the Common Shares or the shares of other companies in the mineral resource sector;

Å changes in general economic and/or political conditions;

Å the number of Common Shares to be publicly traded after any offering;

Å the arrival or departure of key personnel;

Å acquisitions, strategic alliances or joint ventures involving the Company or its competitors; and

Å the factors listed under the heading ñForward Looking Statements.ò

In addition, the market price of the Common Shares may be affected by many variables not directly related to the Companyøs success and that are, therefore, not within the Companyøs control, including other developments that affect the market for all mineral resource sector securities, the breadth of the public market for the Common Shares, and the attractiveness of alternative investments. The effect of these and other factors on the market price of the Common Shares on the exchanges on which the Common Shares trade has historically made the Companyøs share price volatile and suggests that the Companyøs share price could continue to be volatile in the future.

Current global financial conditions have been characterized by volatility and may adversely impact the Company's ability to acquire additional financing.

Current global financial conditions have been characterized by volatility and several financial institutions have either gone into bankruptcy or have had to be rescued by governmental authorities. Access to financing has been negatively impacted by many factors as a result of the global financial crisis. This may impact the Companyøs ability to obtain equity or debt financing in the future on terms favourable to the Company. Additionally, global economic conditions may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. If such volatility and market turmoil continue, the Companyøs operations and financial condition could be adversely impacted.

Currency and interest rate fluctuations may adversely impact the Company.

The Company operates using the Canadian dollar, United States dollar and Chilean peso, and as such may be negatively affected by fluctuations in foreign exchange rates. Currency fluctuations may affect the costs the Company incurs at its operations as a portion of the Company’s operating expenses are incurred in local currencies. While foreign currencies are generally convertible into Canadian and United States dollars, there is no guarantee that they will continue to be so convertible or that fluctuations in the value of such currencies will not have an adverse effect on the Company.

The Company’s exposure to changes in interest rates results from investing activities undertaken to manage its liquidity and capital requirements. There can be no assurance that the Company will not be materially adversely affected by interest rate changes in the future.

Certain of the Company’s directors and officers who serve as directors and/or officers of other mining companies could potentially be in a position of conflict of interest.

Certain of the directors and officers of the Company also serve as directors and/or officers of other companies involved in natural resource exploration and development and consequently there exists the possibility for such directors and officers to be in a position of conflict of interest. Any decision made by such directors and officers involving the Company will be made in accordance with their duties and obligations to deal fairly and in good faith with the Company and such other companies. In addition, such directors and officers are required to declare and refrain from voting on any matter in which such directors and officers may have a conflict of interest.

The business of exploring for minerals is inherently risky.

The business of exploring for minerals is inherently risky. Few properties that are explored are ultimately developed into producing mines. The business involves significant financial risks over a considerable period of time that even a combination of careful evaluation, experience and knowledge may not eliminate. It is impossible to ensure that the Company’s current or proposed exploration programs will result in commercially viable mining operations.

Commercial viability of developing a mineral reserve depends on a number of factors, such as size and grade of the deposit, proximity to infrastructure, financing costs, social issues and governmental regulations that include regulations relating to prices, taxes, royalties, infrastructure, land use, importing and exporting of minerals and environmental protection. The effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital.

Mineral properties are often non-productive for reasons that cannot be anticipated in advance. Even after the commencement of mining operations, such operations may be subject to risks and hazards, including environmental hazards, industrial accidents, unusual or unexpected geological formations or conditions, unanticipated metallurgical difficulties, labour disruptions, unavailability of materials and equipment on a timely basis or at all, weather conditions (including historically unforeseen and unpredictable changes in weather patterns such as significantly increased severity of adverse conditions that may be brought about by the phenomenon of climate change), rock bursts, cave-ins or other ground control problems, seismic activity, flooding, water conditions and mineral or concentrate losses. The occurrence of any of the foregoing could result in damage, delays or interruption of production, increases in production costs, monetary losses, legal liability and adverse government action.

AUDIT COMMITTEE INFORMATION

Audit Committee Mandate

The Audit Committee is responsible for assessing the performance of the Corporation's auditors and for reviewing the Corporation's financial reporting and internal controls. The Committee has adopted a charter, ratified by the Board, which describes roles and responsibilities to the members of the Committee.

The Audit Committee mandate is set out in full beginning on page 30.

Composition of the Audit Committee

The Audit Committee is comprised of Messrs. Foy (Chairman), Bottomley and Krontje. Messrs. Foy, Bottomley and Krontje are independent as such term is defined in National Instrument 52-110 and are financially literate.

Relevant Education and Experience

Each of the members has the requisite qualification to serve on the Audit Committee.

Mr. Foy (Chair) has more than 30 years of experience serving on the boards of publicly listed companies in Australia, Canada and the United Kingdom.

Mr. Bottomley has over 20 years experience as a portfolio manager and investment director. In addition to Polar Star Mining, Mr. Bottomley currently serves on the audit committees of African Consolidated Resources Plc. and Verona Pharma Plc.

Mr. Kroontje has over 30 years of diversified experience in corporate start-ups and finance, which also includes corporate re-organizations, going public transactions and merger/acquisition activities in the resource sector. Mr. Kroontje has served on the audit committees of several public companies.

Audit Committee Pre-Approval Policies and Procedures

All audit and non-audit services performed by the Company's external auditors are pre-approved by the Audit Committee.

External Auditor Service Fees

Audit Fees

The aggregate fees billed by KPMG LLP, the Company's external auditors for the fiscal years ended December 31, 2012 and 2011, for professional services that are normally provided by the external auditors in connection with statutory and regulatory filings or engagements for that year were $102,000 and $112,000, respectively.

Audit-Related Fees

The aggregate fees billed by KPMG LLP for the fiscal years ended December 31, 2012 and 2011 for assurance and related services rendered by it that are reasonably related to the performance of the audit or review of the Companyǿs financial statements engagements for that year were nil and nil, respectively.

Tax Fees

The aggregate fees billed by KPMG LLP for the fiscal years ended December 31, 2012 and 2011 for professional services rendered by it for tax compliance, tax advice, tax planning and other services were $Nil and $Nil, respectively. Tax services provided included preparation of corporate tax returns and review of tax provisions.

All Other Fees

Other products and services provided included accounting support. The aggregate fees billed by KPMG LLP for the fiscal years ended December 31, 2012 and 2011 for products and services provided by KPMG LLP, other than the services reported in the preceding three paragraphs, were $Nil and $Nil, respectively.

ADDITIONAL INFORMATION

Additional information relating to the Company is available on SEDAR at www.sedar.com.

Additional information, including directorsô and officersô remuneration and indebtedness, principal holders of the Companyǿs securities and securities authorized for issuance under equity compensation plans, is contained in the Companyǿs information circular for its most recent annual meeting of shareholders that involved the election of directors. As well, additional financial information is provided in the Companyǿs annual financials statements for the year ended December 31, 2012 and managementǿs discussion and analysis of operations and financial results. Copies of the Companyǿs annual financial statements and managementǿs discussion and analysis may be obtained upon request to the Company at Suite 5600, 100 King Street West, Toronto, Ontario M5X 1C9, Attention: Adam Rochacewich, Chief Financial Officer.

CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS OF POLAR STAR MINING CORPORATION

I. AUDIT COMMITTEE PURPOSE

The board of directors (the ñ**Board**ò**)** of the Company has established an audit committee (the ñ**Committee**ò) consisting of members of the Board. The purpose of the Committee is to assist the Board in fulfilling its responsibilities of oversight and supervision of:

- the integrity of the Company's accounting and financial reporting practices and procedures;
- the adequacy of the Company's internal accounting controls and procedures management information systems;
- the quality and integrity of the financial statements of the Company; and
- the independence of the Company's independent auditors.

This Charter of the Audit Committee of the Board of the Company (this **"Charter")** repeals and supersedes any other Charter of the Audit Committee of the Company.

II. AUDIT COMMITTEE COMPOSITION

Committee members shall meet the requirements of all applicable stock exchanges and securities commissions and any other agencies having jurisdiction, including at the present time the TSX Venture Exchange and the various Canadian securities regulators. The Committee shall be comprised of three directors of the Company, a majority of whom are not employees, officers or control persons (as such term is defined by TSX Venture Exchange Policy 1.1 - *Interpretation)* of the Company or its Associates or Affiliates (as such terms are defined by TSX Venture Exchange Policy 1.1 - *Interpretation).* The Committee members shall be appointed by the Board. The Committee shall designate the Chair of the Committee annually from among its members.

III. RESOURCES

The Committee shall have the authority to retain independent legal, accounting and other consultants to advise it and shall have the authority to set and pay the compensation for any such advisors. The Committee may request that any member of management or outside consultant attend a meeting of the Committee or meet with any members of, or consultants to, the Committee.

The Committee shall also have the authority to communicate directly with the independent auditor.

IV. LIMITATIONS ON COMMITTEE'S DUTIES

In contributing to the Committee's discharging of its duties under this Charter, each member of the Committee shall be obliged only to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Nothing in this Charter is intended, or may be construed, to impose on any member of the Committee a standard of care or diligence that is in any way more onerous or extensive than the standard to which all Board members are subject.

V. MEETINGS & OPERATING PROCEDURES

- The Committee shall meet at least four times annually, or more frequently as circumstances dictate.

- A quorum shall be a majority of the members. No business may be transacted by the Committee except at a meeting at which a quorum is present. Alternatively, business may be transacted by the Committee by a resolution in writing signed by all member of the Committee.

- In the absence of the Chair of the Committee, the members shall appoint an acting Chair.

- A copy of the minutes of each meeting of the Committee shall be provided to each member of the Committee and to each director of the Company in a timely fashion.

- The Chair of the Committee shall prepare and/or approve an agenda in advance of each meeting.

- The Committee, in consultation with management and the independent auditor, shall develop and participate in a process for review of important financial topics that have the potential to impact the Company's financial policies and disclosures.

- The Committee shall communicate its expectations to management and the independent auditor with respect to the nature, timing and extent of its information needs. The Committee expects that written materials will be received from management and the independent auditor in advance of meeting dates.

- The Committee may ask management or others to attend meetings. The Committee should meet privately in executive session at least quarterly with: (a) management; (b) the independent auditor; and (c) as a committee to discuss any matters that the Committee or each of these groups believe should be discussed.

- Any member of the Committee may be removed or replaced by the Board and shall cease to be a member of the Committee as soon as such member ceases to be a director of the Company. Subject to the foregoing, each Committee member shall hold office until the next meeting of shareholders of the Company after his or her election.

- The Committee expects that, in discharging its responsibilities to the shareholders, the independent auditor shall be accountable to the Board through the Committee. The independent auditor shall report all material issues or potentially material issues to the Committee.

VI. AUDIT COMMITTEE RESPONSIBILITIES AND DUTIES

Subject to the powers and duties of the Board, the Board hereby delegates to the Committee the following powers and duties to be performed on behalf of and for the Board:

Review Procedures

The Committee shall:

- Review the Company's annual audited financial statements, annual Management Discussion and Analysis, annual earnings press release and related documents prior to any public disclosure of such information, and report its findings to the Board for approval. Review should include discussion with management and the independent auditor of significant issues regarding accounting principles, practices and judgments.

- Review the Company's quarterly unaudited financial statements, interim Management Discussion and Analysis, interim earnings press release and related documents prior to any public disclosure of such information, and report its findings to the Board for approval. Review should include discussion with management and the independent auditor of significant issues regarding accounting principles, practices and judgments.

- Review and approve, or, in the case of annual financial statements, recommend approval to the Board of, news releases and reports to shareholders issued by the Company with respect to the Company's annual and quarterly financial statements and any other relevant financial matters.

- Ensure that adequate procedures are in place for the review of the Company's disclosure of financial information extracted or derived from the Company's financial statements, other than the disclosure stated above, and periodically assess the adequacy of the those procedures.

- Consider the independent auditor's judgments about the quality and appropriateness, not just the acceptability of accounting principles and financial disclosure practices of the Company, as approved in its financial reporting.

- In consultation with management and the independent auditor, consider the integrity of the Company's financial reporting processes and controls. Discuss with them significant financial risk exposures and the steps management has taken to monitor, control, and report such exposures. Review significant findings prepared by the independent auditor together with management's responses.

- Review with management and the independent auditor the management certifications of the financial statements as required by Multilateral Instrument 52-109 - Certification of Disclosure In Companies' Annual and Interim Filings.

- Review the following with management with the objective of obtaining reasonable assurance that financial risk is being effectively managed and controlled: (a) management's tolerance for financial risks; (b) management's assessment of significant financial risks facing the Company; and (c) the Company's policies, plans, process and any proposed changes to those policies for controlling significant financial risks.

Independent Auditor

The independent auditor is ultimately accountable to the Committee and the Board. The Committee shall:

- Review the independence and performance of the auditor and annually recommend to the Board the appointment of the independent auditor or approve any discharge of auditor when circumstances warrant.

- Assume direct responsibility for overseeing the work of the independent auditor engaged to prepare or issue an audit report or perform other audit, review or attest services for the Company, including the resolution of disagreements between management and the independent auditor regarding financial reporting.

- Evaluate and recommend to the Board the independent auditor to be nominated to prepare or issue an audit report or perform other audit, review or attest services for the Company, the terms of engagement and the compensation of the independent auditor.

- Pre-approve all non-audit services to be provided to the Company or its subsidiary entities by its independent auditor. Authority to pre-approve non-audit services may be delegated to the Chair of the Committee, provided that the pre-approval is presented to the full Committee at its first scheduled meeting following such pre-approval.

- On an annual basis, review and discuss with the independent auditor all significant relationships they have with the Company that could impair the auditor's independence.

- Review the independent auditor's audit plan, discuss scope, staffing, locations, reliance upon management and internal audit and general audit approach.

- Prior to releasing the year-end earnings, discuss the results of the audit with the independent auditor. Discuss certain matters required to be communicated to audit committees.

- Review the results of independent audits and any change in accounting practices or policies and their impact on the financial statements.

- Where there are unsettled issues raised by the independent auditor that do not have a material effect on the annual audited financial statements, require that there be a written response identifying a course of action that would lead to their resolution.

- Review and approve the Company's hiring policies regarding partners, employees, former partners and former employees of the present and former independent auditor of the Company.

Ethical and Legal Compliance

The Committee shall:

- On at least an annual basis, review with the Company's counsel: (a) any legal matters that could have significant impact on the Company's financial statements, the Company's compliance with applicable laws and regulations; and (b) any inquiries received from regulators or governmental agencies.

- Perform any other activities consistent with this charter, the bylaws of the Company and governing law as the Committee or the Board deem necessary or appropriate.

Other

The Committee shall:

- Ensure that the Chief Financial Officer of the Company is financially literate. An individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

- Establish procedures for: (a) the receipt, retention and treatment *of* complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and (b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

- If management solicits proxies from the Company's security holders for the purpose of electing directors to the Company's Board, ensure that the management information circular contains the prescribed disclosure regarding the Committee, and if the Company prepares an annual information form, that such annual information form contains the prescribed disclosure regarding the Committee.

- Review and recommend to the Board for approval all non-arm's length transactions involving the Company and any director, officer, employee, representative or significant security holder.

- Annually conduct self-assessment of the performance of the Committee, including a review and discussion of the Committee's roles and responsibilities, seeking input from management and the Board.

- Review and reassess the adequacy of this Charter at least annually, submit it to the Board for approval and ensure that it is in compliance with applicable regulations.

GLOSSARY OF TERMS

The following is a glossary of certain terms used in this document.

ñ**AAS**ò means atomic absorption spectro-photogrametric.

ñ**AIF**ò means Annual Information Form.

ñ**Araya breccia**ò means a post-magmatic hydrothermal collapse breccia pipe on the Los Azules Project property.

ñ**assay**ò means an analysis to determine the amount or proportion of the element of interest contained within a sample.

ñ**Board**ò means the board of directors of the Company.

ñ**breccia**ò means a textural description of a rock which is composed of angular rock fragments.

ñ**by-product**ò means a secondary metal or mineral product that is recovered along with the primary metal or mineral product during the ore concentration process.

ñ**CBCA**ò means the *Canada Business Corporations Act*.

ñ**Charter**ò means the Charter of the Audit Committee of the Board of the Company.

ñ**Chépica Acquisition Agreement**ò means an agreement dated June 20, 2008 to acquire an equity interest in the Chépica Project dated June 20, 2008.

ñ**Chépica Option Agreement**ò means an option agreement dated December 11, 2009 between Sociedad Contractual Minera Del Maule and others to acquire the remaining 85% equity interest in the Chépica Project and associated assets.

ñ**Chépica Project**ò means the Companyôs principal asset consisting of approximately 1,390 hectares prospective for gold, copper and silver and a copper-gold mine and mill located near the City of Talca, Chile.

ñ**Chile Exploration Properties**ò means the Companyôs exploration properties in Chile.

ñ**Committee**ò means the audit committee of the Company.

ñ**Common Shares**ò means the common shares of Polar Star Mining Corporation.

ñ**Company**ò or ñ**Polar Star**ò means Polar Star Mining Corporation.

ñ**CONAMA**ò means Comisión Nacional del Medio Ambiente, Chileôs national environmental commission.

ñ**concentrate**ò means a processing product containing the valuable ore mineral from which most of the waste mineral has been eliminated.

ñ**diamond drilling**ò means rotary drilling using diamond impregnated bits to produce a solid continuous core sample of the underlying rock.

ñ**ENAMI**ò means Empresa Nacional de Minerìa.

ñ**exploration**ò means prospecting, sampling, mapping, diamond-drilling and other work involved in locating the presence of economic deposits and establishing their nature, shape and grade.

ñ**flotation**ò means a process by which some mineral particles are induced to become attached to bubbles and float, and other particles to sink, so that the valuable minerals are concentrated and separated from the uneconomic gangue or waste.

ñ**grade**ò means the amount of metal in each ton of ore, expressed as troy ounces per ton or grams per tonne for precious metals and as a percentage for most other metals.

ñ**intrusive**ò means a mass of igneous rock that was injected and solidified within the earthõs crust.

ñ**Los Azules Agreement**ò means an option agreement dated November 19, 2007 between the Company and Araya Hermanos S.A. to acquire six exploitation concessions in the Los Azures area, Tierra Amarillo District, Chile.

ñ**Los Azules Project**ò means a contiguous group of 18 exploration concessions, totalling 3,536 hectares located in the Los Azules area, Tierra Amarillo District, Chile.

ñ**mill**ò means a processing facility where ore is finely ground and thereafter undergoes physical or chemical treatment to extract the valuable metals. Also the device used to perform grinding (milling).

ñ**mineralization**ò means the concentration of metals and their chemical compounds within a body of rock.

ñ**mineral reserve**ò means the economically mineable part of a measured or indicated 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.

ñ**mineral resource**ò means a concentration or occurrence of natural, solid, inorganic or fossilized organic material in or on the Earthõs 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.

ñ**Montezuma Property**ò means a contiguous group of 207 exploration concessions, totalling 50,100 hectares in the Sierra Limon Verde oxide copper mining district, Chile.

ñ**NI 43-101**ò means National Instrument 43-101 ï Standards of *Disclosure for Mineral Projects*.

ñ**ore**ò means rock, generally containing metallic or non-metallic minerals, which can be mined and processed at a profit.

ñ**ounce**ò or ñ**oz.**ò is a unit of weight measure. In the precious metals industry a troy ounce is equal to one-twelfth part of a pound or 31.103 grams.

ñ**qualified person**ò means an individual who

(a) is an engineer or geoscientist with at least five years of experience in mineral exploration, mine development or operation or mineral project assessment, or any combination of these;

(b) has experience relevant to the subject matter of the mineral project and the technical report; and

(c) is a member in good standing of a professional association.

ñ**RC**ò means reverse circulation.

ñ**Re**ò means rhenium.

ñr**everse circulation drill program**ò means a drilling method that uses a rotating cutting bit within a double-walled drill pipe and produces rock chips rather than core. Air or water is circulated down to the bit between the inner and outer wall of the drill pipe. The chips are forced to the surface through the centre of the drill pipe and are collected, examined and assayed.

ñ**RTO**ò means the reverse take-over transaction completed by the Company on August 1, 2007.

ñ**SERNAGEOMIN**ò means Servicio Nacional de Geología y Minería, Chileós national geology and mining service.

ñ**SRK Report**ò means the NI 43-101 report prepared by SRK Consulting Chile S.A. dated May 8, 2009 entitled ñMineral Resource Estimation Chépica CU-AU Project VII, Chileò.

ñ**tailings**ò means that portion of the ore which remains after the valuable minerals have been extracted.

ñ**ton**ò means a short ton, equivalent to 2,000 pounds.

ñ**tonne**ò means a metric measure consisting of 2,204.6 pounds or 1,000 kilograms.

ñ**Units**ò means the Units of the Company, each Unit being comprised of one Common Share of the Company and one-half of one Common Share Warrant of the Company.

ñ**Warrant**ò means a Common Share purchase Warrant of the Company.

ñ**waste**ò means barren rock in a mine, or mineralized material that is too low in grade to be mined and milled at a profit.

ñ**Yoanca Project**ò means the Yoanca porphyry copper property located along the West Fissure Fault, 110 kilometres north of Codelcoós Chuquicamata mine.