

St. Augustine Gold and Copper Limited

Annual Information Form

For the year ended December 31, 2012

Dated as of March 22, 2013

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Preliminary Notes

Cautionary Statement Regarding Forward-Looking Information

Certain statements made herein, including statements relating to matters that are not historical facts and statements of our beliefs, intentions and expectations about developments, results and events which will or may occur in the future, constitute “forward-looking information” within the meaning of applicable Canadian securities legislation. Forward-looking information and statements are typically identified by words such as “may”, “is expected to”, “anticipate”, “estimate”, “intend”, “plan”, “projection”, “could”, “vision”, “goal”, “objective” and similar expressions suggesting future outcomes or statements regarding an outlook. In making these forward-looking statements, the Company has assumed that the current market for gold and copper will continue and grow and that the risks listed below will not adversely impact the Company’s business. These include, but are not limited to, statements respecting:

- Anticipated business activities;
- Planned expenditures;
- Corporate strategies;
- Proposed acquisitions and dispositions of assets;
- Discussions with third parties respecting material agreements;
- Anticipated future production and cash flows;
- The Company’s preliminary feasibility study will be published after certain issues with our joint venture partner are resolved;
- The bankable feasibility study will be completed after the preliminary feasibility study is published; and
- Other statements that are not historical facts.

By their nature, forward-looking statements involve numerous assumptions, inherent risks and uncertainties, both general and specific, which contribute to the possibility that the predicted outcomes may not occur or may be delayed. The risks, uncertainties and other factors, many of which are beyond the control of the Company, that could influence actual results are described under the heading “Business description – risk factors” in this Annual Information Form (“AIF”).

Further, any forward-looking statement speaks only as of the date on which such statement is made, and, except as required by applicable law, the Company undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for management to predict all such factors and to assess in advance the impact of each such factor on the Company’s business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement.

Date of information

In this Annual Information Form, unless the content otherwise requires, references to “our”, “us”, “we”, “its”, “the Company”, or “St. Augustine” means St. Augustine Gold and Copper Limited and its subsidiaries. All of the information contained in this AIF is at December 31, 2012, the last day of the Company’s most recently completed fiscal year, unless otherwise indicated.

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Documents incorporated by reference

This AIF incorporates by reference certain documents filed on the SEDAR system at www.sedar.com. Documents incorporated by reference include the technical report entitled "King-king copper-gold project" dated November 25, 2010, the audited financial statements for the year ended December 31, 2012 and 2011, management's discussion and analysis ("MD&A") for the year ended December 31, 2012, the interim financial statements and MD&A for the three, six and nine month periods ended March 31, 2012, June 30, 2012 and September 30, 2012, respectively, and the information circular dated May 29, 2012.

Currency

In this AIF, all funds are quoted in United States dollars, unless otherwise indicated. References to "\$" are United States dollars and references to "CDN\$" are to Canadian dollars.

Glossary of technical terms and abbreviations

Adit	A type of entrance to an underground mining shaft which is horizontal or nearly horizontal.
Alteration	Changes in the mineral composition of a rock brought about by physical or chemical means, especially the local action of hydrothermal solutions that can be related to mineralization. Common varieties include silicification, (de)carbonatization, oxidation, potassic and argillic alteration.
Assay	To analyze the proportions of metals in an ore; to test an ore or mineral for composition, purity, weight, or other properties of commercial interest.
BFS	A Bankable Feasibility Study determines if it is economically viable to develop the project, operate the facility, and bring the product to market based on: <ul style="list-style-type: none">• Reasonable forecast market conditions – Current and forecast supply/demand and metal price. This must also consider smelting capacity;• Defined initial capital and sustaining capital cost estimate within +/- 15% accuracy; and• Defined operating cost estimate based on an accuracy of +/-15% forecast.• Reasonable expectation that the project may be permitted.
Bornite	It is a primary copper sulfide mineral. It is a bronze colored sulfide mineral containing copper and iron that tarnishes rapidly to purple after a freshly broken surface is exposed.
Chalcocite	Generally it is a secondary copper sulfide mineral, though sometimes it is primary. It is a dark lead gray colored sulfide mineral containing copper.
Chalcopyrite	Primary copper sulfide mineral that dominates copper production via concentrate flotation means worldwide. It is a yellow colored sulfide mineral, sometimes confused with gold, containing copper and iron.
Chrysocolla	It is an oxide copper mineral. It is a sky blue to greenish blue and green, often streaked with black oxide mineral containing copper and silica.
Claim	The area that confers mineral exploration/exploitation rights to the registered (mineral/mining) holder under the laws of the governing jurisdiction.
Clastic	A sedimentary rock composed of fragments from pre-existing rock.
Company, the and SAGC	St. Augustine Gold and Copper Limited
Composite	A conceptual whole made up of complicated and related parts; consisting of separate interconnected parts.
Covellite	A secondary sulfide mineral. It is a blue, usually tarnished to purple or black, sulfide mineral containing copper.
Cuprite	It is an oxide copper mineral. It is a red to dark red oxide mineral containing copper.
Development	The underground work carried out for the purpose of opening up a mineral deposit and includes shaft sinking, crosscutting, drifting and raising.
Diamond Drilling	Drilling with a hollow bit with a diamond cutting rim, to produce a cylindrical core used for geological study and assays as used in mine exploration.
Disseminated	The distribution of mineralization usually as small grains randomly distributed throughout the rock mass.
DMPF	Declaration of Mine Project Feasibility

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EIS	Environmental Impact Statement
Exploration	Prospecting, sampling, mapping, diamond drilling and other work involved in searching for ore.
Fault	A fracture in a rock along which the adjacent rock surfaces are differentially displaced.
Feldspar	A monoclinic or triclinic mineral with the general formula XZ_4O_8 where (X= Ba, Ca, K, Na, NH ₄) and (Z= Al, B, Si); a group containing two high-temperature series, plagioclase and alkali feldspar; colorless or white and clear to translucent where pure; commonly twinned; 90 degrees or near 90 degrees prismatic cleavage; Mohs hardness, Constituting 60% of the Earth's crust, feldspar occurs in all rock types and decomposes to form much of the clay in soil, including kaolinite.
Gabbro	A group of dark-colored, basic intrusive igneous rocks composed principally of basic plagioclase (commonly labradorite or bytownite) and clinopyroxene (augite), with or without olivine and orthopyroxene; also, any member of that group. It is the approximate intrusive equivalent of basalt. Apatite and magnetite or ilmenite are common accessory minerals.
Geochemistry	The study of the distribution and amounts of the chemical elements in minerals, ores, rocks, soils, water, and the atmosphere, and their circulation in nature, on the basis of the properties of their atoms and ions.
Grade	The concentration of an ore metal in a rock sample, given either as weight per cent for base metals (e.g. Cu, Zn, Pb) or in grams per tonne (g/t) or ounces per short ton (oz/t) for gold, silver, and platinum group metals.
Hydrothermal	An adjective applied to hot water, usually from an external source, which interacts with a body of rock, and to the products of that interaction. In some cases hydrothermal fluids interacting with a body of rock produce mineralization.
Lithology	Means the physical character of a rock.
King-king Property	This refers to the property located in Mindanao, Philippines, which contains the mineral interests being developed. Also referred to as the "King-king Project" or "the Project".
King-king Technical Report	The technical report dated October 12, 2010, prepared in accordance with national instrument 43-101 of the Canadian Securities Administrators. This report is available at www.sagcmining.com .
Mafic	Pertaining to or composed dominantly of the ferromagnesian rock forming silicates; said of some igneous rocks and their constituent minerals.
Malachite	A carbonate copper mineral. It is a light to dark green carbonate mineral containing copper.
Mineralization	Commonly used to describe minerals of potential value occurring in rocks.
Mill	A plant where ore is ground fine and undergoes physical or chemical treatment to extract the valuable metals.
MPSA	Mineral Production Sharing Agreement #009-92-XI, as approved and amended by the Government of the Philippines
NI 43-101	National Instrument 43-101 – <i>Standards of Disclosure for Mineral Projects</i> of the Canadian Securities Administrators.
Olivine	A mineral group including fayalite, forsterite, liebenbergite, and tephroite, orthorhombic; olive green, grayish green, brown, or black; members intermediate in the forsterite-fayalite crystal solution series are common rock-forming minerals in gabbros, basalts, peridotites, and dunites; alters hydrothermally to serpentine. Fayalite occurs in some granites and syenites, forsterite in thermally metamorphosed dolomites, and tephroite in iron manganese ore deposits and their associated skarns.
Outcrop	Exposure of bedrock at the earth's surface.

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Peridotite	Coarse-grained plutonic rock composed chiefly of olivine with or without other mafic minerals such as pyroxenes, amphiboles, or micas, and containing little or no feldspar. Accessory minerals of the spinel group are commonly present. Peridotite is commonly altered to serpentinite.
PFS	Preliminary Feasibility Study
Preliminary Feasibility Study	A comprehensive study of the viability of a mineral project that has advanced to a stage where the mining method, in the case of underground mining, or the pit configuration, in the case of an open pit, has been established, and an effective method of mineral processing has been determined. This study includes a financial analysis based on a reasonable assumptions of technical, engineering, legal, operating, economic, social, and environmental factors and the evaluation of other relevant factors which are sufficient for a qualified person, acting reasonably, to determine if all or part of the mineral resource may be classified as a mineral reserve. In order to be in compliance with Canadian National Instrument 43-101 standards, the mine plan, mine statistics and costs must be within +/-25% accuracy.
Qualified person	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 (c) is a member in good standing of a professional association as defined by NI 43-101.
Recapitalization	The transaction effected on January 7, 2011, whereby the Company acquired all of the issued and outstanding shares of St. Augustine Minerals, Inc. through a share exchange.
RMC	Russell Mining Corporation, the parent company of RMMU.
RMMU	Russell Mining and Minerals, ULC, a British Columbia company with an office in Spokane, Washington. RMMU was formerly Russell Mining and Minerals, Inc. ("RMMI").
Serpentinite	Rock consisting almost wholly of serpentine-group minerals, e.g., antigorite and chrysotile or lizardite, derived from the alteration of ferromagnesian silicate minerals, such as olivine and pyroxene. Accessory chlorite, talc, and magnetite may be present.
Shear	Deformation resulting from stresses that cause or tend to cause contiguous parts of a body to slide relatively to each other in a direction parallel to their plane of contact. It is the mode of failure of a body or mass whereby the portion of the mass on one side of a plane or surface slides past the portion on the opposite side. In geological literature the term refers almost invariably to strain rather than to stress. It is also used to refer to surfaces and zones of failure by shear, and to surfaces along which differential movement has taken place.
Shaft	Vertical passageway to an underground mine for moving personnel, equipment, supplies and material including ore and waste rock.
Spinel	Isometric mineral, crystallizes as octahedra; colorless to pale tints; Mohs hardness, 7.5 to 8; in high temperature metamorphic rocks, contact metamorphosed limestones, serpentinites, and ultramafic rocks; may be of gem quality.
TSX	Toronto Stock Exchange.
Vein	Tabular mineral deposit formed in or adjacent to faults or fractures by the deposition of minerals from hydrothermal fluids.

Corporate structure

Name, address and incorporation

The Company was incorporated as Ratel Gold Limited (“Ratel”) in the British Virgin Islands on January 27, 2010. On January 7, 2011, Ratel acquired St. Augustine Mining, Inc. (“SAMI”), which was incorporated on March 31, 2010, under the laws of British Columbia, Canada. Upon completion of the acquisition of SAMI on January 7, 2011, Ratel changed its name to St. Augustine Gold and Copper Limited.

The Company’s head office is located at 601 West Main Avenue, Suite 600, Spokane, WA 99201. Its Philippine headquarters are located at 5th floor Pryce Tower, Pryce Business Park, J.P. Laurel Avenue, Davao City, Philippines.

Inter-corporate relationships

The following sets forth the name, jurisdiction of incorporation and the Company’s voting equity ownership interest, as of the date of this AIF, in each of the material subsidiaries through which the Company ultimately owns its assets and operates its business.

Name	Country of Incorporation	Ownership Interest	Principal Activity
Strato International Holdings Ltd	British Virgin Islands	50%	Not active
MDC Mine Developers (Canada) Inc.	Canada	100%	Canadian employment
St. Augustine Mining, Ltd.	Cayman Islands	100%	Domestic operations
Asia Pacific Dutch BV	Netherlands	100%	Holding company
SAML-Dutch Cooperatief U.A.	Netherlands	100%	Holding company
Asia Pacific SAML Holdings	Philippines	100%	Holding company
MDC Operating Services Phils. Ltd.	Philippines	100%	Foreign operations
San Augustin Services Inc.	Philippines	100%	Philippine Employment
MDC America, Inc.	United States of America	100%	US Employment

During the year ended December 31, 2012, St. Augustine Mining Inc. (“SAMI”) was dissolved for administrative efficiency of the Company’s organizational structure.

General development of the business

Overview

The Company is an international mineral exploration company. Currently, the Company is engaged in the exploration and development of the King-king copper-gold property (“King-king” or “the King-king project”) in the Philippines. In April 2010, Nationwide Development Corporation (“NADECOR”), RMMU, and the Company entered into a Memorandum of Understanding (“MOU”), which was subsequently amended, to develop the King-king property. The MOU and amendments (collectively the MOU) addresses the formation of a joint venture, the terms of the Company’s earn-in and the development and operational responsibilities of the Project.

The MOU gives the Company the exclusive option to earn-in up to an aggregate 60% equity interest in the project through either direct or indirect equity interests. The earn-in by the Company is based on funding and preparing a bankable feasibility study with respect to the development of the King-king property, as well as funding development capital expenditure and direct payments to NADECOR.

The King-king tenement comprises 184 mining claims that are owned by NADECOR under the MPSA, which was approved by the Government of the Philippines on May 27, 1992 and amended December 11, 2002. The

MPSA grants NADECOR the exclusive right to explore develop and exploit minerals within the area comprising the King-king deposit.

NADECOR entered into an operating agreement (the "Operating Agreement") with Benguet Corporation ("Benguet") in 1981 relating to the development of the King-king project. Pursuant to that agreement, Benguet would have received a 50% portion of cash flow from the project's operations through placing it into operation and funding 100% of the development costs once it was placed into commercial production. Benguet did not succeed in bringing the project into a commercial state.

Pursuant to a Heads of Terms agreement dated July 22, 2010, Benguet agreed to perform certain actions to transfer or assign its interest in the project to either NADECOR or a joint venture consisting of NADECOR and the Company. In August 2011, the Company reached a full and final settlement with Benguet. As part of the settlement, Benguet relinquished all rights, title and interest in the King-king MPSA, as well as a 1981 operating agreement between NADECOR and Benguet. Additionally, the Company acquired for the Project 2,025 hectares of adjacent and surrounding claims, known as the Sagittarius Alpha Realty Corp claims.

Three year history

2010

The Company was incorporated under the name of Ratel Gold Limited ("Ratel") on January 27, 2010 as a wholly owned subsidiary of CGA Mining Limited ("CGA"), an Australian incorporated entity listed on the Australian Stock Exchange ("ASX") and the TSX, and domiciled in the British Virgin Islands.

On June 1, 2010, the Company agreed to acquire a 100% interest in Zambian Mining Limited ("Zambian Mining") and CGX Limited ("CGX"), collectively ("the African properties"). CGX and Zambian Mining were incorporated to act as holding companies respectively for the interests in the Segilola Gold Project in Nigeria and the Mkushi Copper Project in Zambia. A joint venture was entered into with African Eagle Resources ("AFE") on the Mkushi Copper Project in Zambia where Seringa Mining Limited ("SML") acquired a 51% interest in the project, with AFE retaining a 49% interest. SML was responsible for funding a bankable feasibility study, while AFE managed exploration initiatives outside the initial development zones, with funding proportional to the percentage interest held by each party in the project.

On August 6, 2010, the Company successfully closed the initial public offering of common shares (the "Offering"). Pursuant to the Offering, the Company issued 70,000,000 common shares at a price of CDN \$0.20 per common share, for aggregate gross proceeds of CDN \$14 million. The successful listing reduced CGA's shareholding to approximately 20% in the Company, and therefore was no longer controlled by CGA.

On October 18, 2010, the Company incorporated a new subsidiary, Ratel Group. During December 2010, the Company transferred control of Zambian Mining and CAML Ghana, the entities holding the African properties, to Ratel Group.

Also on October 18, 2010, the Company announced it had entered into a strategic alliance with CGA and an agreement to acquire the interests held by Russell Mining & Minerals, Inc. and their subsidiaries (the "RMMI Group"), in the significant King-king Copper-Gold Project in the Philippines ("the King-king Interests"), which was part of a series of transactions which were approved at the shareholders meeting held on December 23, 2010.

2011

The Company spun out its African property interests into a separate public company which was listed on the Toronto Stock Exchange on January 4, 2011, Ratel Group, trading under the symbol "RTG". Each shareholder holding shares on the entitlement date of January 6, 2011, received 5 common shares in the capital of Ratel Group for every 9 shares held on the share distribution record date of January 6, 2011.

On January 7, 2011, the Company completed its acquisition of the interests held by RMMU by acquiring all 10,000,001 shares issued and outstanding in SAMI for 80,000,000 shares of the Company. Additionally, the Company agreed to issue an additional 75,000,000 shares upon completion of a feasibility study on the Project. The recapitalization agreement defined the feasibility study as "a comprehensive study of a mineral deposit in which all geological, engineering, legal, operating, economic, social, environmental and other relevant factors

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are considered to a level of detail typical for a feasibility study of this nature.” These shares were issued in 2012.

The Company raised gross proceeds of CDN\$25 million through a private placement transaction in conjunction with the King-king acquisition. This private placement consisted of 83,333,334 subscription receipts in the capital of the Company at a price of CDN\$0.30 per subscription receipt. On January 7, 2011, the Company announced that the release conditions relating to the subscription receipt private placement had been satisfied and therefore the Company issued those 83,333,334 common shares. CGA, an insider of the Company, participated in this financing for CDN\$14.9 million, being the equivalent amount of the funding facility it provided to RMMI pursuant to the King-king transaction, which was then repaid in full on closing of the acquisition of King-king. The Company issued an additional 3 million shares at CDN\$0.30 to parties including an insider, funded by loans from the Company.

The Company also acquired RMMI's 50% ownership and control of Strato International Holdings, Ltd. ("Strato") as part of the January 7, 2011, transaction.

On January 18, 2011, the Company also announced that the escrow release conditions had been satisfied with respect to the Offering, and 32,800,000 common shares of the Company were issued in connection therewith.

Further, as a result of the acquisition, the Company completed a name change to "St. Augustine Gold and Copper Limited" on January 18, 2011, and on January 21, 2011 commenced trading under symbol "SAU" on the TSX.

On January 27, 2011, the Company announced the start of a 12,000 meter drilling program to support its efforts to complete a PFS and a BFS. The drilling program completed 6,050 meters of drilling to support engineering studies related to open pit slope stability, mine hydrogeology and metallurgy (grinding, flotation and leach studies) in 2011.

On July 5, 2011, the Company announced that NADECOR confirmed the Company's investment of the \$30 million in project expenditures required under the Preferred Share Investment Phase and that the earn-in requirements for 30% were satisfied.

Additionally, on July 5, 2011, the Company announced that they had executed several key agreements for the King-king Project with NADECOR. The agreements require the Company to continue to provide technical services, administrative steps to finalization of the JV incorporation documentation, and agreement on the parameters of an interim funding arrangement through completion of the earn-in.

On August 10, 2011, the Company announced that it had agreed and executed the Interim Funding Agreement ("IFA") with NADECOR, which related to the Company's expenditures in the project. The IFA confirms that the investment in the project in excess of the \$30 million will be covered by the Preferred Share Investment Agreement and treated as earn in, which will eventually translate into the Company's equity in the JV. The IFA contemplates triggering conditions, which are potential performance failures on the part of NADECOR. Should a triggering condition occur, the Company receives a three-year option to purchase 60% of the saleable products from production of the Project at a 20% discount to market price.

On August 12, 2011, the Company announced drilling results with resulting assays that compare favorably with the gold and copper grades predicted by the block model from the Mineral Resource estimate disclosed in the NI 43-101 October 2010 Technical Report. These results are further supported by a third party site visit and audit report on the overall Project drilling and geology programs.

On August 15, 2011, the Company announced an updated block model for the Project based on updated information from ongoing engineering and mineral resource studies executed during 2011, which increased tonnage by 21.6%, and brought the total measured and indicated resource to 10.3 million troy ounces of gold and 5.4 billion pounds of copper.

On August 31, 2011, the Company reached a full and final settlement with Benguet for \$10,250,000. As part of the settlement, Benguet relinquished all rights, title and interest in the King-king MPSA, as well as the 1981 operating agreement between NADECOR and Benguet. Additionally, the Company acquired for the Project 2,025 hectares of adjacent and surrounding claims, known as the Sagittarius Alpha Realty claims.

In December of 2011, \$11,130,146 (net of issue costs of \$388,500) was raised through the issuance of 29,475,000 equity units ("Units"). Each Unit, issued at CDN\$0.40, was comprised of one common share in the

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capital of the Company and one-half of one Common Share purchase warrant (the "Warrants"). Each whole Warrant entitles the holder thereof to acquire one Common Share for one year at an exercise price of CDN\$0.75.

2012

In January 2012, the Company and NADECOR executed a subscription agreement which was amended and restated in September 2012 (collectively, "the Subscription Agreements"). The Subscription Agreements will result in the Company owning a percentage of the issued and outstanding equity of King-king Gold and Copper Mines, Inc., the Philippine joint venture company which will hold the MPSA.

In March 2012, the Company announced receipt of historical records obtained from Benguet Corp. of exploration programs demonstrating significant copper and gold drill intercepts in three exploration areas of the Project. The information included the following favorable items which support additional exploration at the Project site:

- A 312 meter core hole which intercepted 81 continuous meters averaging .44% total copper and .34 g/t gold;
- A 683 meter core hole which intercepted 311 continuous meters averaging .234% total copper and .352 g/t gold;
- A 409 meter core hole which intercepted 15 continuous meters averaging 4.16 g/t gold, and 12 continuous meters averaging 7.75 g/t gold; and
- Two additional core holes: one angle core intercepted 15 meters averaging 2.246 g/t gold and the other intercepted 46 meters averaging .073 g/t gold.

In May 2012, the Company announced completion and submittal of the DMPF by NADECOR. The DMPF is a regulatory requirement that includes 20 plans, certifications and other documents required to obtain approval from the Philippine government to develop King-king. This submittal began the process of permitting of the Project.

In June 2012, a Memorandum of Agreement between the Company and the Technical Educational and Skills Development Authority of the Philippines was executed. The agreement will facilitate the training and preparation of the local workforce for mine operations, and represents a commitment to benefitting the local community through future Project operations.

In October 2012, the Company announced the release of 75 million shares to RMMU in accordance with the Company's recapitalization agreements effected January 7, 2011.

On October 10, 2012, the Company announced the formation of a strategic partnership with Queensberry Mining and Development Corp. ("Queensberry") through a private placement of equity and option agreements to acquire secondary shares. The private placement, which closed October 16, 2012, consisted of the issuance of 25 million units ("Units") at a price of \$0.1883805 per Unit. Each Unit is comprised of one common share and 0.3 of one common share purchase warrant for a total of 7.5 million warrants; one whole warrant is exercisable at a price of \$0.2563 for one year. Additionally, Queensberry may acquire 4.65 million shares prior to November 20, 2012, (which was subsequently extended to July 15, 2013) at \$0.75 per share. Queensberry could acquire up to 37,150,000 shares under the agreement.

In addition, Queensberry's President and CEO, Manuel Paolo A. Villar, succeeded Andrew Russell as a Director of the Company. Additional details are set out in the material change report dated October 10, 2012, which describes the transaction with the Company and RMMU.

On November 7, 2012 the Board extended the expiry date of the 14,737,500 warrants that were exercisable at CDN\$0.75 from November 17, 2012 to July 15, 2013. Pursuant to Toronto Stock Exchange ("TSX") rules, the extension of the 3,437,500 warrants held by insiders is subject to disinterested shareholder approval at the next shareholder meeting. Additionally, the previously granted non-dilutive right held by Queensberry to acquire 4,650,000 shares at US\$0.75 per share was also extended to July 15, 2013, subject to certain conditions, including TSX regulatory approval. No other terms of the warrants or non-dilutive rights were changed.

Business description

General

Summary

The Company is a mineral exploration company focusing on the acquisition, development and exploration of mineral properties. The Company's sole property interest, as described further below, is located in the Philippines.

The Company has focused exclusively on exploration and development of the King-king property since the recapitalization during 2011. Neither the Company nor its subsidiaries have generated revenue or positive cash flow from operations. The Company has relied upon equity issuances to fund all activities.

Based on the current status of the Project, as more fully described in the King-king Technical Report, the Company cannot project mineral production or resultant financial returns.

Current work is directed toward the preliminary feasibility report, which is expected to be completed during the first quarter of 2013, and the bankable feasibility study to be completed thereafter. The Company's technical staff is managing permitting, engineering, and design activities for the Project.

Production

The Company is at the development stage of its sole property interest, but cannot yet predict when or if that property will reach the productive state.

Specialized skill and knowledge

The Company's business requires specialized skills and knowledge in the areas of geology, exploration planning, drilling, mining, processing, infrastructure and regulatory compliance. The Company has been able to engage and retain qualified professionals capable of providing all required services. The ability to retain qualified professionals with background and experience specific to the Company's projects and business plan cannot be assured.

Competitive conditions

The Company operates in a highly competitive industry. In an environment of generally rising metals prices and favorable equity market conditions the Company has encountered significantly increased competitive conditions. The Company may encounter challenges accessing qualified exploration and development personnel, drilling contractors and drill rigs, mineral properties and access to capital.

Cycles

Worldwide cycles of economic growth, interest rates, inflation rates and other economic factors can have a profound impact on the demand and realizable sale prices for precious and base metals over time. Relatively high metals prices can improve the probability that a mineral deposit could be developed into an economic producing property. In contrast, relatively low metals prices can reduce the probability that a mineral deposit could be developed into a producing property. The relative attractiveness of all mineral deposits is therefore highly dependent on metals prices and overall macroeconomic activity. Thus, mineral exploration activity is closely tied to the worldwide markets for precious and base metals.

The Company's ability to explore for precious and base metals or develop its property is dependent on access to external equity and debt financing. During times of economic growth and favorable equity market conditions the Company's access to capital is better than during times of poor economic growth and weak equity market conditions. Therefore, the Company's ability to explore for precious and base metals is highly sensitive to changing macroeconomic and equity market conditions.

Economic dependence and changes to contracts

The Company has the following significant contracts, which may be amended or renegotiated from time to time:

Memorandum of Understanding with NADECOR

Under the terms of the Memorandum of Understanding (“MOU”) for the development of the Project, the Company can earn up to an aggregate 60% interest in the Project by making the following payments and expending funds for project development, bankable feasibility expenses and other capital expenditures as follows:

**Summary of Expenditures Required by the Company
for Full Earn-in to the Project under the MOU**

Amount	Description	Earn-in %
\$ 400,000	Exclusivity payment to NADECOR (i)	0.57%
3,100,000	Initial payment to NADECOR (ii)	4.43%
30,000,000	Initial BFS funding (iii)	30.00%
5,000,000	Incremental BFS funding (iv)	5.00%
8,500,000	Incremental BFS funding (iv)	10.00%
4,000,000	Payment to NADECOR (v)	1.00%
32,000,000	CapEx funding (vi)	9.00%
\$ 83,000,000		60.00%

- i. Direct payment to NADECOR made in 2009;
- ii. \$3,000,000 was paid in 2010. The remaining \$100,000 was paid during the three months ended June 30, 2012;
- iii. Direct project expenditures made during 2011 by the Company pursuant to the Preferred Shares Investment Agreement. The full amount has been expended;
- iv. Direct project expenditures after the fulfillment of the \$30 million required to be expended under the PSIA; the full amount has been expended as was approved by NADECOR in August 2012;
- v. The timing of direct payments to NADECOR is contingent on events contemplated in the MOU. During the third quarter of 2011, \$981,000 was paid, and the balance is expected to be paid during 2013 or 2014; and
- vi. Total capital expenditures based on planned mine throughput. The minimum commitment is \$32,000,000, which was fulfilled at December 31, 2012, and is subject to adjustment depending on the planned throughput of the mine.

Benguet Debt

On September 1, 2011, the Company reached a full and final settlement with Benguet Corporation (“Benguet”) for \$10,250,000. The settlement amends the “Heads of Terms” Agreement signed in July 2010. Payment was made in September 2011, and all future payments originally agreed to are settled with this final payment. As part of the settlement, Benguet relinquished all rights, title and interest in the King-king MPSA, as well as a 1981 operating agreement between NADECOR and Benguet. Additionally, the Company acquired 2,025 hectares of adjacent and surrounding claims, known as the Sagittarius Alpha Realty claims.

Originally under the “Heads of Terms” agreement signed in July 2010, SAML and NADECOR were to share equally in payments totaling \$25 million to Benguet. A \$6 million payment was made in October 2010. As part of the second amendment to the MOU, SAML funded NADECOR’s 50% portion of the \$6 million cash payment.

Pursuant to the Heads of Terms, Strato acquired Benguet’s outstanding debts from Credit Agricole Corporate & Investment Bank Manila Offshore Bank (“Calyon”) and Marathon Master Fund Limited (“Marathon”). The debts acquired by Strato from Calyon and Marathon were re-purchased by Benguet at a discounted value of \$3,950,000. The Company then issued these credit notes to Benguet for

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\$2,000,000 and \$1,950,000, which were applied against payments owing under the Heads of Terms, and were cancelled with the settlement in September 2011.

Environmental protection requirements

The Company's operations may be subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas that would result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner that means standards are stricter, and enforcement, fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations.

There are no known environmental liabilities associated with the Company's sole property.

Employees

The Company presently has approximately 20 employees in North America and approximately 30 regular employees in the Philippines. Additionally, the Company employs temporary workers in the Philippines, on an as-needed basis.

Foreign operations

All of the Company's exploration activity is in the Philippines. All potential economic benefit from the Company's current activities will be derived from foreign operations if the Company's Philippine asset becomes productive.

Bankruptcy and similar procedures

No bankruptcy, receivership or similar proceedings has been instituted against the Company or any of its subsidiaries in its history.

Lending

The Company has engaged in limited lending, all of which has been to former officers and NADECOR. A \$3,000,000 payment made on behalf of NADECOR qualified as additional investment in the Project. Additionally, as described elsewhere in this AIF, 3 million common shares were exchanged for notes receivable during the recapitalization to individuals associated with the Company at that time. The Company made \$1,137,512 in advances to NADECOR during 2012. Approximately \$740,000 of the advance is in a joint venture entity bank account, to be used for future Project expenses, and the balance is repayable to the Company in cash or a form of joint venture ownership.

Reorganizations

The Company completed the recapitalization in January 2011, as described above in the section above "Three Year History".

Social or environmental policies

The Company has implemented a corporate social development management policy to guide community development activities in the project area. The Company maintains a staff of professionals retained to increase the quality of local communities' health and economic welfare, education, infrastructure, livelihood and to enhance local citizen and government support for development of the King-king Project. Increasing local support for the mine is important to continued development of the King-king Project. The core values and principles outlined in the policy are used to formulate the Company's community improvement plans and guide ongoing community development areas. The Company has conducted numerous environmental and social surveys in order to determine the impacts to and needs of the local communities. Based on the findings of these surveys, community projects are being undertaken to assist the communities, and mitigation is being developed to address potential future impacts associated with the Project development.

An EIS developed in accordance with the Philippine national requirements was submitted for comments to the Department of Environment and Natural Resources (“DENR”) in the first quarter of 2012. An “International Social and Environmental Impact Assessment” (I-SEIA) to be consistent with the International Finance Corporation’s (IFC) Performance Standards and the derivative Equator Principles is planned for completion in 2014. The Company utilized the services of a Filipino consulting firm to develop the application for the Declaration of Mine Project Feasibility (DMPF) – the major government approval required for the Project. The DMPF application was submitted to the DENR in May 2012.

In conjunction with these activities, the Company is actively engaging with the local communities in transparent communications regarding the sustainable development of the Project. The Company is also engaged in the free, prior and informed consent (FPIC) process to obtain the Certificate of Preconditions from the indigenous people as defined by the Philippine National Commission on Indigenous People (NCIP) and IFC.

Currently, the Company is working as the technical services provider to NADECOR as described in the technical services agreement.

Risk factors

The mining business is inherently risky in nature. Exploration activities are based on professional judgments and statistically-based tests and calculations and often yield few rewarding results. Mineral properties are often non-productive for reasons that cannot be anticipated in advance and operations may be subject to numerous risks. As a result, an investment in the Company’s common shares should be considered highly speculative and prospective investors should carefully consider all of the information disclosed in this AIF prior to making an investment. In addition to the other information presented in this AIF, the following risk factors should be given special consideration when evaluating an investment in the Company’s common shares.

No history of earnings

The Company has no history of earnings. The Company’s property is in the pre-development stage.

Exploration and development may not result in commercial production of the mineral deposit

Development of a mineral property is contingent upon obtaining satisfactory exploration results. Therefore, resource exploration and development is a highly speculative business, requiring substantial expenses, which even a combination of experience, knowledge and careful evaluation may not be able to adequately mitigate. Significant risks include, among other things, unprofitable efforts resulting not only from finding mineral deposits that, though present, are insufficient in quantity and quality to return a profit from production. There can be no assurance that, even if commercial quantities of ore are discovered, a mineral property will be brought into commercial production.

There is no assurance that the Company’s drilling and development activities will result in any discoveries of commercial bodies of ore. The long-term profitability of its operations will in part be directly related to the costs and success of its exploration and testing programs, which may be affected by a number of factors.

Substantial expenditures are required to establish reserves through drilling and to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis.

Uninsured or uninsurable risks

Exploration, development and production of mineral properties is subject to certain risks, and in particular, unexpected or unusual operating conditions including open pit slope failures, fires, flooding and earthquakes may occur. It is not always possible to insure fully against such risks and the Company may decide not to take out insurance against such risks as a result of high premiums or for other reasons. Should such liabilities arise, they could have a material adverse impact on the Company’s operations and could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the securities of the Company.

Operating hazards and risks

Mineral exploration and development involves risks which even a combination of experience, knowledge and careful examination may not be able to overcome. Operations in which the Company has a direct or indirect interest will be subject to hazards and risks normally incidental to exploration, developments and production of minerals, any of which could result in work stoppages, damage to or destruction of property, loss of life and environmental damage. The Company plans to carry commercial general liability insurance for such risks and makes efforts to ensure its contractors have adequate insurance coverage. The nature of these risks is such that liabilities might exceed insurance policy limits, the liabilities and hazards might not be insurable or the Company may elect not to insure itself against such liabilities due to high premium costs or other factors. Such liabilities may have materially adverse effect upon the Company's financial condition.

Environmental risks, regulations, permits and licenses and other regulatory requirements

Mining operations and exploration activities are subject to extensive laws and regulations. These relate to production, development, exploration, imports and exports, labor standards, waste disposal, taxes and royalties, mine decommissioning and rehabilitation, protection and remediation of the environment, mine safety, toxic substances, transportation safety and other matters.

Compliance with these laws and regulations may increase the cost of exploring, drilling, developing, constructing, operating and closing the mine and related facilities. Since legal requirements may change from time to time, are subject to interpretation and may be enforced to varying degrees, we are currently unable to predict the cost of compliance with these requirements and their effect on operations.

All phases of operations are subject to environmental legislation. Failure to comply with applicable laws regulations and permitting requirements may result in enforcement action. This may cause operations to cease or be deferred, and may include corrective actions requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering damage by the mining activities and may have fines and/or penalties imposed for violations of laws and regulations.

In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner that means standards are stricter, and enforcement, fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees.

Such operations and exploration activities are also subject to substantial regulation under applicable laws by governmental agencies that may require that the Company obtains permits from various governmental agencies. There can be no assurance, however, that all permits that the Company may require for its operations and exploration activities will be obtainable on reasonable terms or on a timely basis or that such laws and regulations will not have an adverse effect on any mining project which it might undertake.

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

Competition for new properties

The mining industry is intensely and increasingly competitive in all its phases, and the Company will compete with other companies that have greater financial and technical resources. Competition in the metals mining industry is primarily for mineral rich properties which can be developed and produced economically and businesses compete for the technical expertise to find, develop, and produce such properties, the skilled labor to operate the properties and the capital for the purpose of financing development of such properties. Such competition could adversely affect the Company's ability to acquire suitable producing properties or prospects for mineral exploration, recruit or retain qualified employees or acquire the capital necessary to fund its operations and develop its properties.

Dependence on management

The Company is largely dependent on the performance of its directors and officers. There is no assurance the Company will be able to maintain the services of its directors and officers or other qualified personnel required to operate its business. The loss of the services of these persons could have a material adverse effect on the Company and its prospects.

Resource estimates may be imprecise

The estimates of resources disclosed in this AIF, including the anticipated tonnages and grades that will be achieved or the indicated level of recovery that will be realized, are estimates and no assurances can be given as to their accuracy. Such estimates are largely based on interpretations of geological data obtained from drill holes and other sampling techniques and from metallurgical tests performed on drill hole samples. Actual mineralization or formations and metal recoveries may be different from those predicted. It may also take many years from the initial phase of drilling before production is possible, and during that time the economic feasibility of exploiting a deposit may change. Resource estimates are materially dependent on prevailing metal prices and the cost of recovering and processing minerals at the mine site. Market fluctuations in the price of metals or increases in the costs to recover metals from the project may render the mining of ore reserves uneconomical and materially adversely affect the Company's operations.

Prolonged declines in the market price of metals may render resource reserves containing relatively lower grades of mineralization uneconomic to exploit and could materially reduce the resource estimate. Should such a reduction occur, a material write down of the investment in the King-king investment or the discontinuation of exploration and/or development might be required. The resource estimate is based on accepted engineering and evaluation principles.

There are numerous uncertainties inherent in estimating quantities of mineral resources. The estimates in this AIF are based on various assumptions relating to commodity prices and exchange rates during the expected life of production, mineralization of the area to be mined, metal recoveries, the project cost of the mining and processing, and results of additional planned development work. Actual future production rates and amounts, revenues, taxes, operating expenses, environmental and regulatory compliance expenditures, development expenditures, and recovery rates may vary substantially from those assumed in the estimates. Any significant change in those assumptions, including changes that result from variances between projected and actual results, could result in material downward revision to current estimates, which may have a material adverse impact on the Company and its share price.

Mining projects are sensitive to the volatility of mineral and metal prices

The long term viability of the King-king Project depends largely on the world market prices of copper and gold. The market prices for these metals are volatile and are affected by factors beyond the Company's control. These factors include political and international economic trends, inflation, regional and global demand, currency exchange fluctuations, interest rates and global consumption patterns, speculative activities, increased production due to improved mining and production methods and economic events, including Asian economic performance.

The aggregate effect of these factors on metal prices is not possible to predict. Should prevailing metal prices remain depressed to the point that planned production costs exceed revenues, it may result in a deferral or curtailment of development and exploration activities. The Company would need to assess the impact of any sustained lower metal prices on the quantity of mineral resources that may be economically available. These factors could have an adverse impact on the Company's future cash flows, earnings, operations and financial condition, which may have an adverse impact on the share price.

The following table summarizes copper and gold prices for the past five years:

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Average annual market prices (US\$)		
Year	Copper (lb)	Gold (oz)
2008	3.11	880
2009	2.41	981
2010	3.45	1,233
2011	4.02	1,568
2012	3.63	1,681

Source: Monthly spot prices per London PM Fix – Kitco (Gold) and London Metal Exchange (Copper) and indexmundi.com.

Future financing

The Company's continued operation will be dependent upon its ability to procure additional financing, and upon commencement of production, to generate operating revenue and positive cash flows. There can be no assurance that any such revenues can be generated or that other financing can be obtained on acceptable terms to the Company, if at all. Failure to obtain additional financing on a timely basis may result in delay or indefinite postponement of further exploration and development or forfeiture of some rights in the Company's property. If additional financing is raised by the issuance of shares from equity, control of the Company may change and shareholders may suffer additional dilution. If adequate funds are not available, or are not available on acceptable terms, the Company may not be able to further explore and develop its properties, take advantage of other opportunities, or otherwise remain in business. Events in the equity market may impact the Company's ability to raise additional capital in the future.

Future acquisitions

As part of the Company's business strategy, it may seek to grow by acquiring companies, assets or establishing joint ventures that it believes will complement its current or future business. The Company may not effectively select acquisition candidates or negotiate or finance acquisitions or integrate the acquired businesses and their personnel or acquire assets for its business. The Company cannot guarantee that it can complete any acquisition it pursues on favorable terms, or that any acquisitions completed will ultimately benefit its business.

Volatility of share price

In recent years, the securities markets in the United States and Canada, and the TSX in particular, have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price that have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. It may be anticipated that any quoted market for the shares will be subject to market trends and conditions generally, notwithstanding any potential success of the Company in creating revenues, cash flows or earnings.

Dividends

The Company has not paid any dividends to date, and it does not intend to declare dividends in the foreseeable future. Therefore, investors will not receive any funds unless they sell their shares and investors may be unable to sell their common shares on favorable terms. The Company cannot give any assurance of a positive return on investment or that investors will not lose the entire amount of their investment in shares. Prospective investors seeking dividend income or liquidity should not purchase shares of the Company.

No assurance of consistently producing positive cash flows

The Company has not produced positive cash flow from operations to date, and there can be no assurance of its ability to operate its project profitably. While the Company may in the future generate additional working capital through the operation, development, sale or possible syndication of our interest in the King-king Project, there is no assurance that the Company will be capable of producing positive cash flow on a consistent basis or that any such funds will be available for development and exploration programs, which may have a material adverse impact on the Company and its share price.

Conflicts of interest

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

Reliability of historical information

The Company has relied, and the King-king Technical Report is based upon historical data compiled by previous parties involved with the King-king Property. To the extent that any of such historical data is inaccurate or incomplete, the Company's exploration plans may be adversely affected.

Currency exchange rates

The Company will be subject to fluctuations in the rates of currency exchange between the Philippine Peso and the United States dollar, and these fluctuations could materially affect the Company's financial position and results of operations as costs may be higher than anticipated. The costs of goods and services could increase due to changes in the value of the Philippine Peso or the United States dollar. Consequently, operation and development of the Company's properties might be more costly than the Company anticipates.

Current global economics conditions

Recent market events and conditions, including disruptions in the international credit markets and other financial systems and the deterioration of global economic conditions, could impede the Company's access to capital or increase its cost of capital. The failure to raise capital when needed or on reasonable terms would likely have a material adverse effect on the Company's business and its financial condition and results of operations.

Governmental response to current global economic conditions in developing countries is trending towards nationalism of natural resources. The Company's risk with respect to governmental nationalization of assets or significant changes in the tax regime is in the Philippines. Management currently has no reason to expect the Philippine government to take full or partial control of the Project; however, this is a risk beyond the Company's control. In addition, the Philippine Government is undergoing a review of the tax and royalty regime which is expected to be completed in 2013.

Foreign operations and joint venture risk

Because all of the Company's operations are in the Philippines, it is subject to political, operational and economic risks, such as the effects of local unrest due to small scale mining; corruption; demands for improper payments and physical security. Consequently, the Company's exploration, development and production activities in the Philippines may be substantially affected by factors beyond the Company's control, any of which could materially adversely affect the Company's financial condition or results of operations.

The Company's interest in the King-king Project is held through its future joint venture partner by way of a series of agreements. The Company is relying upon its future joint venture partner to fulfill its obligations under these agreements. The Company's first level of recourse is through arbitration in Singapore. One of the Company's other recourse options is to the Philippine courts, which may not operate in the same manner as those in Canada and the United States.

Governmental response to current global economic conditions in developing countries is trending towards nationalism of natural resources. The Company's risk with respect to governmental nationalization of assets or significant changes in the tax regime is in the Philippines. Management currently has no reason to expect the Philippine government to take full or partial control of the Project; however, this is a risk beyond the Company's control. In addition, the Philippine Government is undergoing a review of the tax and royalty regime which is expected to be completed in 2013.

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Service of process

A majority of the directors and officers of the Company reside outside of Canada and it would therefore be difficult to effect service of process (service of legal proceedings) on such directors and officers.

Single property

At this time, the Company has an interest in only one property, the King-king Property in the Philippines.

King-king property

Documents incorporated by reference and qualified persons

This AIF incorporates by reference the technical report entitled “King-king Copper-Gold Project” (the “King-king Technical Report”) dated October 12, 2010, and the press releases updating the drilling data and updating the total resource dated August 12, 2011, and August 15, 2011, respectively, which are available on the System for Electronic Document Analysis and Retrieval (“SEDAR”) at www.sedar.com. The authors of this report are Michael G. Hester of Independent Mining Consultants, Inc. (“IMC”); Donald F. Earnest of Resource Evaluation, Inc.; and John G. Aronson of AATA International, Inc. (“AATA”). All who contributed to the preparation of the Technical Report are independent Qualified Persons under National Instrument 43-101.

Other disclosures of a scientific or technical nature in this AIF with respect to the Project were prepared by, or under the supervision of James Moore, P.E., the Company’s Vice President, Technical; Mr. Moore is a “qualified person” for the purposes of National Instrument 43-101 of the Canadian Administrators (“NI 43-101”).

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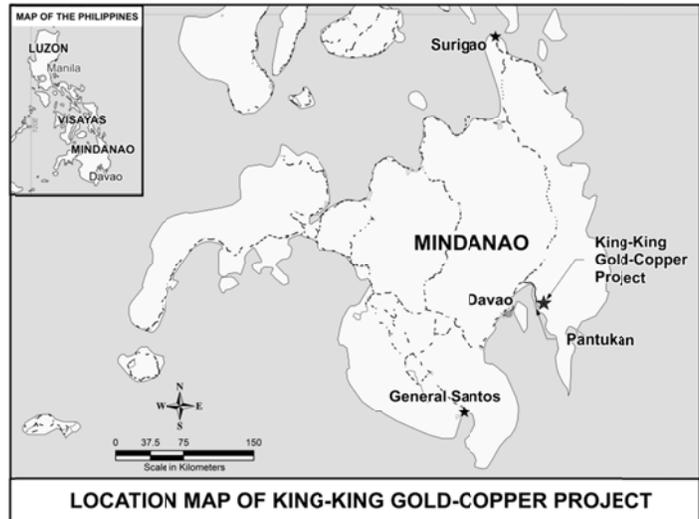
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Property description, location and mineral resource

The King-king property is centered at approximate geographical coordinates 7°11'31"N Latitude and 125°58'24"E Longitude on the Philippine Island of Mindanao. The Project site is located at Sitio Gumayan, Barangay King-king, Municipality of Pantukan, Province of Compostela Valley, in Mindanao.

The King-king property is one of the largest undeveloped copper-gold deposits in the world, with a measured and indicated copper-gold resource of 962.3 million tonnes at 0.254% copper and 0.334 grams per tonne gold (containing 5.4 billion pounds of copper and 10.3 million troy ounces of gold). On an equivalent gold basis this equates to 0.66 grams gold per tonne of ore containing 20.4 million troy ounces of equivalent gold. There is additionally an inferred resource of 188.8 million tonnes at 0.215% copper and 0.265 grams gold per tonne of ore. The equivalent troy ounces of gold in this resource are 3.6 million.



Equivalent g/t gold (Eq Au) and Equivalent % copper (Eq Cu) levels are used above to illustrate the combined effect of the copper and gold in this project, in one metal. The following calculations were applied to calculate the Eq Au or Eq Cu in the oxide ore and the sulfide ore:

$$\text{Eq Cu (oxide)} = \text{Total Copper} + 1.400 \times \text{Gold, Cutoff} = 0.30\% \text{ Eq Cu}$$

$$\text{Eq Cu (sulfide)} = \text{Total Copper} + 0.686 \times \text{Gold, Cutoff} = 0.15\% \text{ Eq Cu}$$

Alternatively, as Equivalent Gold:

$$\text{Eq Au (Oxide)} = \text{Gold} + 0.714 \times \text{Total Copper, Cutoff} = 0.22 \text{ g/t Eq Au}$$

$$\text{Eq Au (Sulfide)} = \text{Gold} + 1.458 \times \text{Total Copper, Cutoff} = 0.22 \text{ g/t Eq Au}$$

These equations were derived from the parameters listed in Table 1-2, below, that was developed for the updated August 2011 mineral resources for the Project.

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The King-king Copper/Gold deposit is currently envisioned to be mined using large scale open pit mining methods to produce ore to a flotation concentrator. Initial estimates of mining, process, and overhead costs were applied along with initial estimates of process and mining recovery to establish an estimate of mineral resources that have reasonable expectation of economic extraction. Table 1-1 summarizes the mineral resources at the King-king Copper/Gold Project as determined by IMC.

Table 1-1. King-king mineral resource						8/9/2011
Ore Type/Resource Class	Ore Ktonnes	Eq Cu (%)	Tot Cu (%)	Sol Cu (%)	Gold (g/t)	Eq Au (g/t)
Measured Mineral Resource						
Oxide Mill Ore	39,513	1.180	0.431	0.266	0.535	0.843
Sulfide Mill Ore	80,829	0.551	0.258	0.037	0.427	0.803
Total Measured Resource	120,342	0.758	0.315	0.112	0.462	0.816
Indicated Mineral Resource						
Oxide Mill Ore	122,350	0.868	0.334	0.203	0.382	0.620
Sulfide Mill Ore	719,560	0.439	0.230	0.029	0.305	0.640
Total Indicated Resource	841,910	0.501	0.245	0.054	0.316	0.637
Measured/Indicated Mineral Resource						
Oxide Mill Ore	161,863	0.944	0.358	0.218	0.419	0.675
Sulfide Mill Ore	800,389	0.450	0.233	0.030	0.317	0.657
Total Meas/Ind Resource	962,252	0.533	0.254	0.062	0.334	0.660
Inferred Mineral Resource						
Oxide Mill Ore	33,303	0.747	0.276	0.160	0.337	0.534
Sulfide Mill Ore	155,513	0.373	0.202	0.024	0.249	0.544
Total Inferred Resource	188,816	0.439	0.215	0.048	0.265	0.542
Notes:						
Eq Cu (oxide) = Total Copper + 1.400 x Gold, Cutoff = 0.30% Eq Cu						
Eq Cu (sulfide) = Total Copper + 0.686 x Gold, Cutoff = 0.15% Eq Cu						
Alternatively, as Equivalent gold:						
Eq Au (oxide) = Gold + .714 x Total Copper, Cutoff = 0.22 g/t Eq Au						
Eq Au (sulfide) = Gold + 1.458 x Total Copper, Cutoff = 0.22 g/t Eq Au						
Total Material in Cone Shell				1,736,371 Ktonnes		
Waste:Ore Ratio				0.80 (Inferred as Waste)		
Waste:Ore Ratio				0.51 (Inferred as Ore)		

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Table 1-2. Economic Parameters for King-king	Units	Oxide Mill	Sulfide Mill
Copper Price Per Pound	(US\$)	2.500	2.500
Gold Price Per Troy Ounce	(US\$)	1,100	1,100
Base Mining Cost Per Tonne Material	(US\$)	1.250	1.250
Mine Replacement Capital Per Tonne	(US\$)	0.100	0.100
Process Cost Per Ore Tonne	(US\$)	5.000	5.000
General and Administrative Cost Per Ore Tonne	(US\$)	0.270	0.270
Process Recovery of Copper (Average)	(%)	37.8%	77.2%
Process Recovery of Gold (Average)	(%)	75.0%	75.0%
Smelting/Refining Payable for Copper	(%)	96.4%	96.4%
Smelting/Refining Payable for Gold	(%)	95.0%	95.0%
SRF (or SXEW) Cost Per Pound Copper (i)	(US\$)	0.260	0.260
Gross Royalty (ii)	(%)	3.0%	3.0%
NSR Factor for Total Copper (iii)	(US\$)	17.455	35.649
NSR Factor for Gold	(US\$)	24.443	24.443
Gold Factor for Copper Equivalent	(none)	1.400	0.686
Total Copper Equivalent Cutoff Grades			
Breakeven (without lift)	(%Cu)	0.38	0.19
Internal	(%Cu)	0.30	0.15
Copper Factor for Gold Equivalent	(none)	0.714	1.458
Gold Equivalent Cutoff Grades			
Breakeven (without lift)	(g/t)	0.27	0.27
Internal	(g/t)	0.22	0.22

- i) SRF represents smelting, refining and freight; SXEW represents solvent extraction-electrowinning
- ii) The project will be required to pay a 2% Philippine excise tax and a minimum 1% royalty to the Indigenous People affected by the project
- iii) NSR represents net smelter return

Land area and mining claim description

The King-king tenement has a total land area of 1,548 hectares and is shown in the map above.

All mineral resources within the Republic of the Philippines are owned by the State and, unless otherwise closed, withdrawn or claimed, are open to exploration by way of mining claims, leases or agreements with the Philippine government. The King-king deposit is located within the boundaries of the King-king MPSA, which was approved by the government on May 27, 1992 for an initial term of 25 years and covers approximately 1,656 hectares. The MPSA was amended on December 11, 2002 to bring it in line with Republic Act No. 7942, otherwise known as "The Philippine Mining Act of 1995." The MPSA is in favor of NADECOR as Claim Owner-Leaseholder and Benguet as Operator. It grants to NADECOR (owners) and Benguet the exclusive right to explore, develop, mine and operate minerals within the tenement area, including surface access to exercise such rights. As discussed elsewhere in this AIF, Benguet relinquished all rights, title and interest in the King-king MPSA, as well as a 1981 operating agreement between NADECOR and Benguet Production from Benguet. The MPSA is subject to a government share (royalty) comprised of an excise tax, which are payable in addition to other prescribed taxes and fees.

The King-king MPSA is a conversion of mining leases covering 184 mining claims that are owned by NADECOR.

There are no other private entities or corporations, other than NADECOR, with a claim of possession over the said tenement area. MPSA 009-92-XI awarded to NADECOR on May 27, 1992, defines the ownership of the

surface rights covering the lands within the 1,656 hectares rests with the government of the Republic of the Philippines. NADECOR and the government have sole control over this land and its development into a mineral producing mine and mill. The Company and NADECOR have an agreement to develop the property together.

Environmental liabilities

There are no known environmental liabilities associated with this property.

Environmental and permitting

Based on the baseline information collected to date, there are no environmental issues that would prevent the permitting of the proposed operations. The baseline studies supporting the EIS and SEIA have been completed. Monitoring of selected parameters continues to be performed.

All large-scale mine developments in the Philippines are required to secure an Environmental Compliance Certificate (ECC). The ECC is required before numerous other authorizations are granted. The ECC is issued after completion of the EIA process. SAGC is engaged in the EIA process for the Project with the Draft EIS report submitted to DENR in February 2012. An updated EIS document is in progress and is planned to be submitted to the DENR on May 2013. When the ECC has been issued, the project may continue planning and permitting with other government agencies and local government units, after which the project may commence construction, development, and operation.

Geology

The King-king deposit is a porphyry copper-gold deposit hosted primarily by porphyritic hornblende diorites, submarine volcanic rocks, and volcanoclastic sediments. The intrusive rocks are believed to be Miocene in age, while the volcanic wall rocks are Cretaceous to early Tertiary. Copper and gold mineralization occurs at or near the apex of the composite diorite intrusive complex within the intrusive rocks and extends well into the surrounding wall rocks.

The majority of the sulfide copper mineralization in the King-king deposit consists of chalcopyrite and bornite, with lesser amounts of chalcocite, digenite, and covellite. Rapid regional uplift and erosion likely caused the nearly complete removal of a classical leached cap and eroded or prevented the development of typically thick oxide and supergene enriched zones such as those found in other major porphyry deposits. Copper mineralization in the oxide zone is observed in silicates and phosphates. Copper silicates are the most abundant oxide mineral group present, with copper silicates minerals containing MgO and FeO being the most prevalent of this group in the oxide zone. Gold is relatively abundant in the oxide zone, in free form formerly in association with the original copper and iron sulfides before they oxidized. Gold also occurs in the sulfide zone of the deposit in free form in close association with bornite and as exsolution intergrowths in other sulfides, particularly pyrite and chalcopyrite. Native gold is occasionally observed on fractures and in quartz veinlets.

In general terms, the King-king gold-copper deposit is consistent in type and form with other bulk-tonnage copper-gold porphyry deposits of the Philippines and elsewhere in the world. The deposit is low in pyrite, averaging less than one percent by volume FeS₂. This is reflected by the relative absence of a pyrite halo that is commonly developed around many porphyry copper deposits. For process development purposes, two types of mineralization are considered: sulfide and oxide (which includes mixed oxide-sulfide material).

Exploration

Exploration of the King-king deposit has spanned several decades and represents the efforts of numerous companies and individuals. A significant portion of past work focused on drilling to explore, define and confirm the economic potential of the property. The interpretation of the exploration work performed to date indicates that the King-king deposit is a significant copper-gold porphyry system with the potential to become an economically profitable project. The drilling performed through 1998 (Echo Bay period) has also been used to develop an NI 43-101 compliant mineral resource for the deposit as referenced to in the Technical Report.

The exploration data provided by previous owners was validated by SAGC and its contractors. They then used the data to assist with other analyses.

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SAGC and its contractors have drilled 14 holes in the King-king deposit area. Six holes were for geotechnical purposes. Four holes were for hydrogeology purposes. Three holes were for mine and metallurgy purposes and another hole solely for metallurgy purposes.

Three companies completed exploration-level drilling campaigns on the King-king property - Mitsubishi Metal Mining Corp. (Mitsubishi), Benguet Corporation (Benguet), and Echo Bay Mines Ltd. (Echo Bay). The database provided to Independent Mining Consultants (IMC) represents 276 drill holes totalling 89,922 meters of diamond core and reverse circulation (RC) holes. In addition to this historic drilling, SAGC commissioned 14 holes in 2011: three holes (SAG-01 through SAG-03) designed to further evaluate local areas of the deposit for enhancements to mineral resource estimation (and for metallurgical testing), six holes (SAGT-01 through SAGT-06) to gather geotechnical data for pit slope design, one hole to provide samples for further metallurgical testing (SAM-01), and four holes to provide hydrogeologic data for open pit dewatering well design. The total depth of the 14 holes is 5,980 meters.

Estimates of mineralized tonnage and grade for the King-king deposit have historically been based upon assays derived from drilled intercepts. Approximately 33,660 samples were collected over the course of the project and processed by four separate analytical laboratories that include Benguet's in-house laboratories at Dizon and Balatoc, McPhar Laboratory in Manila and Inchcape Laboratories in Manila. The sample preparation was completed by the companies previously working on the project.

Sample preparation and analysis procedures for the Benguet and Echo Bay drilling campaigns were acceptable. Similar procedures for the Mitsubishi drilling program of 1969-1972 were not available for review, nor are the sample security procedures (chain of custody) known for this program. The chain of custody procedures employed by Echo Bay is believed to have been adequate.

Dividends and distributions

To date, the Company has not paid any dividends on its outstanding common shares. The future payment of dividends will be dependent upon the financial requirements of the Company to fund further growth, the financial condition of the Company and other factors which the board of directors of the Company may consider in the circumstances. It is not contemplated that any dividends will be paid in the immediate or foreseeable future.

Description of capital structure

The authorized capital of the Company consists of an unlimited number of common shares without par value. 429,008,334 common shares are issued and outstanding through the date of this document.

The holders of the Company's common shares are entitled to vote at all meetings of shareholders of the Company, to receive dividends if, as and when declared by the directors and, subject to the rights of holders of any shares ranking in priority to or on a parity with the common shares, to participate ratably in any distribution of property or assets upon the liquidation, winding-up or other dissolution of the Company. The Company's common shares will carry no pre-emptive rights, conversion or exchange rights, or redemption, retraction, repurchase, sinking fund or purchase fund provisions. There will be no provisions requiring a holder of common shares to contribute additional capital and no restrictions on the issuance of additional securities by the Company. There will be no restrictions on the repurchase or redemption of the common shares by the Company except to the extent that any such repurchase or redemption would render the Company insolvent.

Market for securities

Trading price and volume

Following is a summary of the trading prices, in CDN\$, and average daily volume on the TSX since January 2012.

Month	Month end close	High	Low	Average close	Average daily volume
January-2012	\$ 0.28	\$ 0.35	\$ 0.27	\$ 0.29	216,367
February-2012	0.37	0.44	0.27	0.39	417,485
March-2012	0.28	0.40	0.26	0.31	183,464
April-2012	0.20	0.28	0.19	0.24	587,650
May-2012	0.18	0.22	0.17	0.19	225,182
June-2012	0.12	0.18	0.11	0.14	485,176
July-2012	0.12	0.14	0.09	0.12	255,686
August-2012	0.12	0.15	0.10	0.12	765,382
September-2012	0.34	0.49	0.12	0.24	613,379
October-2012	0.43	0.46	0.28	0.38	257,905
November-2012	0.34	0.43	0.28	0.33	186,345
December-2012	0.30	0.35	0.28	0.30	90,179
January-2013	0.27	0.31	0.21	0.28	106,759
February-2013	0.26	0.35	0.25	0.29	196,842
March-2013	0.26	0.29	0.25	0.26	35,062

Prior sales of equity securities

The following table summarizes each class of securities of the Company outstanding but not listed or quoted on a marketplace as at the date of this AIF and that were issued in the past year, the price at which such securities were issued, the number of securities issued and the date such securities were issued.

Date	Number of securities	Type of security	Issue price (Cdn\$)
January 2012	1,000,000	Common share options	\$ 1.54
January 2012	3,600,000	Common share options	0.28
April 2012	25,000	Common share options	0.27
May 2012	1,000,000	Common share options	0.20
September 2012	100,000	Common share options	0.34
October 2012	7,723,000	Common share options	0.40
October 2012	111,500	Common share options	0.42
October 2012	75,000,000	Common shares	(a)
October 2012	25,000,000	Common shares	0.12
October 2012	7,500,000	Warrants	0.07
January 2013	3,750,000	Common shares (warra	0.26

(a) As part of the recapitalization described elsewhere in this document, RMMU was issued 75,000,000 shares in escrow; the shares were valued at \$3,425,408 on the date of the recapitalization.

Escrowed securities and securities subject to contractual restriction on transfer

As part of the recapitalization completed in 2011, the Company released a total of 155 million shares to RMMU, the final tranche of which were released in October 2012. No shares remained in escrow as at December 31, 2012.

Directors and officers

Name, occupation and security holding of directors and officers

The following table set out the name, province or state and country of residence, position held and principal occupations for at least the past five years, and percentage ownership holdings beneficially owned or controlled or directed, directly or indirectly of each director or officer of the Company. The directors are elected for terms of up to three years on a rotating basis at each annual meeting and hold office until the next annual meeting at which his term expires, unless his office is vacated earlier due to death, removal, resignation, or ceasing to be duly qualified in accordance with the *Business Corporations Act* (BVI).

Name and Municipality of Residence	Positions Held With the Company	Principal Occupation During Past 5 Years	Percentage of Common Shares held
Robert L. Russell ⁽¹⁾⁽⁷⁾ Spokane, Washington, United States	Chairman of the Board of Directors	Chairman of the board of directors since January 2011, President and CEO of Josephine Mining Corp since March 2011; President and Managing Director of Russell Associates E & T LLC since January 2008; President, Chairman and CEO of General Moly, Inc. from October 2004 until November 2007.	nil
Terry J. Krepiakovich ⁽²⁾⁽³⁾⁽⁴⁾⁽⁶⁾ Vancouver, Canada	Director	Chief Financial Officer of SouthGobi Resources Ltd., a mining company, from June 2006 to July 2011, then a Senior Advisor to the Southgobi finance teams in Hong Kong and Mongolia. Member of the Board of Directors and audit committee chair of Alexco Resource Corp., since July 2009.	nil

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Max V. Anhoury ⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾ Tucson, Arizona, United States	Director	Global sales and marketing at Lovation, Inc since February 2009. President of Topline Performance, Inc. since January 2002.	nil
Manuel Paolo A. Villar ⁽¹⁾⁽⁷⁾ Mandaluyong City, Philippines	Director	Mr. Villar has been the Director, President and Chief Executive Officer of Vista Land and Lifescapes, Inc. as well as a Director of Starmall, Inc., two large Philippine corporations. He was previously Head of Corporate Planning for Crown Asia and a consultant for McKinsey & Co.	5.43%
Thomas L. McKeirnan ⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾ Spokane, Washington, United States	Director	Executive Vice President, General Counsel and Secretary of Red Lion Hotels Corporation since February 2013. Mr. McKeirnan previously held the position of Senior Vice President, General Counsel from March 2005 until February 2013, and held other General Counsel positions at Red Lion Hotels Corporation between July 2003 and March 2005.	nil
Andrew J. Russell ⁽¹⁾ Spokane, Washington, United States	President and Chief Executive Officer	President and CEO of St. Augustine Gold & Copper since 2010, President and CEO of Russell Mining and Minerals Inc. since January 2009; Vice President of Development of General Moly, Inc. from October 2007 until August 2008.	34.45%
Tom Henderson Spokane, Washington, United States	Chief Operating Officer	COO since February 2011. Vice President and General Manager for Coeur Alaska from December 2006 to January 2011; Mine Manager Quadra Mining Company, Robinson Mine April 2004 – November 2006.	.0003%
Robert Orr Vancouver, Canada	Chief Financial Officer	Transaction Partner at Pricewaterhouse-Coopers LLP from 2005 to 2011. Since 2010, he has also served as President and Director of a medical technology company, of which he was also a founder.	.0009%
Louis Lazo Denver, Colorado, United States	Director of Human Resources	Vice President of Human Resources for the Company since July 2011; Principal of Delphi Management Solutions, a Human Resources Consulting company from 1998 to 2011.	nil
D. Richard Skeith Calgary, Alberta, Canada	Corporate Secretary	Partner at Norton Rose Canada LLP, (formerly known as Macleod Dixon LLP), Barristers and Solicitors.	nil

Notes: (1) Andrew J. Russell is the president of RMC, which holds the beneficial ownership to 146,500,000 common shares of the Company. Robert L. Russell is on the board of directors and is a shareholder of RMC. During 2012, RMC sold 15,000,000 common shares to Queensberry and entered into an option to sell and voting agreement of an additional 45,000,000 common shares with Queensberry. Additionally, Andrew Russell holds 20,000 shares personally.

(2) Member of the audit committee

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- (3) Member of the compensation committee
- (4) Member of the corporate governance committee
- (5) Term expires in 2013
- (6) Term expires in 2014
- (7) Term expires in 2015

As of the date of this AIF, the directors and officers above collectively beneficially owned, or controlled or directed, directly or indirectly, 190,970,500 common shares representing 44.93% of the issued and outstanding common shares.

The information as to principal occupation and shares beneficially owned or controlled or directed, directly or indirectly not being within the knowledge of the Company, has been furnished by the officers and directors.

Audit committee

Pursuant to the provisions of National Instrument 52-110 Audit Committees ("NI 52-110"), reporting issuers are required to provide disclosure with respect to its audit committee, including the text of the audit committee's charter, composition of the committee, and the fees paid to the external auditor.

Relevant education and experience

The following table discloses the relevant education and experience of each Audit Committee member that is relevant to the performance of his responsibilities as an audit committee member:

Terry J. Krepiakevich Independent Financially Literate	Mr. Krepiakevich is a member of the Board of Directors of several publicly-listed companies including Alexco Resource Corp., Western Lithium USA Corp, Concordia Resource Corp., and NovaCopper Inc. From June 2006 to July 2011, Mr. Krepiakevich was the Chief Financial Officer of SouthGobi Resources Ltd., a publicly-listed mining company focused on exploring and developing coal deposits in Mongolia's South Gobi Region. After the transition, Mr. Krepiakevich was a Senior Advisor to the South Gobi teams in Hong Kong and Mongolia. Previously, Mr. Krepiakevich was Chief Financial Officer for Extreme CCTV Inc., a publicly traded company on the TSX involved in manufacturing high tech surveillance equipment, and Vice-President Finance and Chief Financial Officer of Maynards Industries Ltd., a private firm specializing in retailing, auctioneering, liquidating, and mergers and acquisition services. Prior to his position with Maynards, Mr. Krepiakevich was a senior officer in a number of private and public issuers. He is a Canadian qualified Chartered Accountant and was employed with the international accounting firm Peat Marwick Thorne (KPMG), where he worked with a number of companies in mining and related industries.
Max V. Anhoury Independent Financially Literate	Mr. Anhoury brings over 25 years of operational, sales and marketing experience. Currently, at Lovation, Inc. he is responsible for global sales and marketing and a member of the Senior Executive Team. His responsibilities include setting strategic direction as well as managing the day to day operations of a worldwide team. Mr. Anhoury holds a bachelor of science in Mathematical Science from Oregon State University.
Thomas L. McKeirnan Independent Financially Literate	Mr. McKeirnan is the Executive Vice President, General Counsel and Secretary of Red Lion Hotels Corporation since February 2013. Mr. McKeirnan previously held the position of Senior Vice President, General Counsel from March 2005 until February 2013, and held other General Counsel positions at Red Lion Hotels Corporation between July 2003 and March 2005. He is a named executive officer of that company, is involved in all strategic decision-

	making, advises Red Lion's Board of Directors and oversees all legal, transactional, securities and corporate governance matters for the company. Mr. McKeirnan holds a Juris Doctor from the University of Washington, and a Masters of Business Administration from Gonzaga University. He is also a licensed attorney, and a member of the Washington Bar Association.
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Audit committee charter

The Company has adopted a Charter of the Audit Committee of the Board of Directors, which is attached as Schedule "A" to this AIF.

Audit committee oversight

During the most recently completed financial year, the Company's Board of Directors has not failed to adopt a recommendation of the Audit Committee to nominate or compensate an external auditor.

Reliance on certain exemptions

At no time since the commencement of the Company's most recently completed financial year has the Company relied on any of the exemptions in sections 2.4, 3.2, 3.3(2) 3.4, 3.5 or 3.6 of National Instrument 52-110 – Audit Committees ("NI 51-102"), or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110. No non-audit services were approved pursuant to a de minimis exemption to the pre-approval requirement.

Pre-approval policies and procedures

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as described under the Audit Committee Charter set out in Schedule "A" to this AIF.

External auditor service fees

In the following table, "audit fees" are fees billed by the Company's external auditor for services provided in auditing the Company's annual financial statements for the subject year. "Audit-related fees" are fees not included in audit fees that are billed by the auditor for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements. "Tax fees" are fees billed by the auditor for professional services rendered for tax compliance, tax advice and tax planning. "All other fees" are fees billed by the auditor for products and services not included in the foregoing categories.

The fees paid by the Company to its auditor during the Company's fiscal years ended December 31, 2012 and December 31, 2011, by category, are as follows:

Year ended	Audit fees	Audit related fees	Tax fees	All other fees
December 31, 2012	\$ 92,840	\$ 67,086	\$ -	\$ -
December 31, 2011	163,725	62,401	-	-

Cease trade orders, bankruptcies, penalties or sanctions

As at the date of this AIF and within the ten years before the date of this AIF, no director, officer or promoter of the Company is or has been a director, officer or promoter of any person or company, that while that person was acting in that capacity:

- a) was the subject of a cease trade order or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or

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- b) 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.

Penalties or sanctions

As at the date of this AIF, other than as disclosed below, no director, officer or promoter of the Company or a security holder anticipated to hold sufficient securities of the Company to affect materially the control of the Company has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or has been subject to any other penalties or sanctions imposed by a court or regulatory body, including a self-regulatory body, that would likely be considered important to a reasonable security holder making an investment decisions relating to the Company's common shares.

Personal bankruptcies

No proposed director, officer or promoter of the Company, or a security holder anticipated to hold sufficient securities of the Company to affect materially the control of the Company, or a personal holding company of such persons, has, within the past ten years, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or been 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 individual.

D. Richard Skeith was a director of Sienna Gold Inc., formerly Vortex Integrated Industrial Corp. On February 25, 2003 trading in the company shares was suspended by the BC Securities Commission for failure to file required financial statements. The order was rescinded on March 14, 2003. On June 20, 2003 trading in the company shares was suspended by the Alberta Securities Commission for failure to file required financial statements. Vortex was delisted by the TSX-V on June 20, 2003. Sienna subsequently relisted on the TSX-V, and is currently in good standing. Mr. Skeith was the corporate secretary of Canaf Group Inc. and was subject to a management cease trade order on March 5, 2008, when that company was late with its financial filings. These were subsequently filed and the cease trade order was revoked on June 20, 2008. He was the corporate secretary of MegaWest Energy Corp. when it was subject to a cease trade order from September 7, 2010 until October 22, 2010 for failure to file financial information on a timely basis.

Conflicts of Interest

Conflicts of interest may arise as a result of the directors and officers of the Company holding positions as directors or officers of other companies. Some of the directors and officers have been and will continue to be engaged in the identification and evaluation of assets and businesses, with a view to potential acquisition of interests in businesses and companies on their own behalf and on behalf of other companies, and situations may arise where the directors and officers will be in direct competition with the Company. Conflicts, if any, will be subject to the procedures and remedies under the British Columbia Business Corporations Act or other applicable corporate legislation.

Messrs. Robert and Andrew Russell are also either directors, officers or shareholders of RMC

Promoters

Andrew J. Russell may be considered to be the promoter of the Company because he has taken the initiative in reorganizing the business of the Company. As president of RMC, Mr. Russell exercises control and direction over 140 million common shares of the Company, representing 33% of the issued and outstanding shares of the Company. Except as disclosed in this AIF, and the documents incorporated by reference, Mr. Russell has not and will not receive from or provide to the Company anything of value, including money, property, contracts or rights of any kind directly or indirectly.

No other person will be or has been since the recapitalization a promoter of the Company.

Legal proceedings and regulatory actions

The Company is not currently a party to any legal proceedings. Management of the Company is currently not aware of any legal proceedings contemplated against the Company. The Company was not party to any legal proceedings during the twelve months previous to the date of this AIF.

The Company is not currently party to any regulatory actions, nor was the Company party to any regulatory actions during the twelve months previous to the date of this AIF.

Interest of management and others in material transactions

RMC, a company of which Andrew Russell (the President and CEO) is also the president and a director, received 155,000,000 common shares pursuant to the recapitalization of the Company. Another 6,500,000 shares were purchased in a subsequent offering. RMC subsequently entered into an agreement for another party to acquire 60,000,000 shares of the Company. An initial payment on the option was made. If the other party does not exercise their option for the remaining amount, they will receive the number of shares equal to the value of the initial payment or 15,000,000 shares. A voting agreement for the shares was also entered into with the third party. A second option agreement with the same party was put into place for an additional 10,000,000 shares of the Company upon meeting certain conditions. After the execution of these agreements, RMC owns 146,500,000 shares, and, upon full exercise of the aforementioned options, would own 91,500,000 shares. Robert L. Russell is also a director and shareholder of RMC.

Transfer agent and registrar

Computershare Trust Company of Canada, through its principal office in Toronto, Ontario, is the transfer agent and registrar for the Common Shares.

Material contracts

The Company has not entered into any material contracts, outside the ordinary course of business, within the past twelve months preceding the date of this AIF that are still in effect, except for those listed above related to RMC, RMMU, NADECOR and Benguet.

Names and interests of experts

1. The authors of the King-king Copper-Gold Project technical report dated October 2010 are Michael G. Hester of Independent Mining Consultants, Inc.; Donald F. Earnest of Resource Evaluation, Inc.; and John G. Aronson, of AATA International, Inc. To the Company's knowledge, none of these individuals own any securities, direct or indirect, of the Company.
2. Ernst and Young LLP ("EY") is the auditor who prepared the auditor's report for the Company's annual financial statements for the year ended December 31, 2012. EY is independent with respect to the Company within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of British Columbia.

Additional information

Additional information relating to the Company may be found on SEDAR at www.sedar.com and at the Company's website at www.sagcmining.com.

Additional information, including directors' and officers' compensation and indebtedness, principal ownership of securities and securities authorized for issuance under equity compensation plan is contained in the Company's information circular dated May 29, 2012.

Additional financial information is provided in the Company's financial statements and MD&A for the year ended December 31, 2012.

Schedule A – audit committee charter

Schedule A begins on the following page.



AUDIT COMMITTEE CHARTER

(As of December 12, 2012)

1 Purpose

- 1.1 The Audit Committee (the “Committee”) is appointed by the Board of Directors (the “Board”) of St. Augustine Gold & Copper Limited (the “Company”) to assist the Board in fulfilling its financial management oversight responsibilities. The Committee’s primary duties and responsibilities are to:
 - 1.1.1 Monitor the integrity of the Company’s financial reporting process and system of internal controls regarding financial reporting and accounting compliance;
 - 1.1.2 Identify and monitor the management of the principal risks that could impact the financial reporting of the Company;
 - 1.1.3 Monitor the independence and performance of the Company’s external auditor; and
 - 1.1.4 Provide an avenue of communication among the external auditor, management and the Board.

2 Authority

- 2.1 The Committee has the authority to:
 - 2.1.1 Engage independent counsel and other advisors as it determines necessary to carry out its duties;
 - 2.1.2 Set and pay the compensation for any advisors employed by the Committee; and
 - 2.1.3 Communicate directly with the internal and external auditors.

3 Composition

- 3.1 Committee members shall meet the requirements of the applicable securities regulatory rules and regulations. The Committee shall be comprised of at least three (3) directors, as determined by the Board, each of whom shall be an “independent” director within the meaning of National Instrument 52-110 (“NI 52-110”) promulgated by the Canadian Securities Administrators and shall be free from any relationship that would interfere with the exercise of the director’s independent judgment, provided that, the exemption in Section 3.9 of 52-110 is available for a period of up to one (1) year commencing on the date of the receipt of the prospectus qualifying a distribution of securities that is the initial public offering of the Company. All members of the Committee shall be “financially literate” within the meaning of NI 52-110 and at least one member of the Committee shall have accounting or related financial management expertise.

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- 3.2 The members of the Committee shall be appointed by the Board and shall serve until their successors are appointed. The Board shall have the power at any time to change the membership of the Committee and to fill vacancies in it, subject to the Committee continuing to satisfy the composition requirements mentioned above. The Board shall designate one (1) member of the committee as its Chair. If a Chair of the Committee is not designated or present at a meeting, the members of the Committee may designate a Chair for the meeting by majority vote of the Committee membership.

4 Meetings

- 4.1 Except as expressly provided in this Charter or the Articles of the Company, the Committee shall fix its own rules of procedure.
- 4.2 The Committee shall meet at least four times annually, or more frequently as circumstances dictate. The Committee Chair shall prepare and/or approve an agenda in advance of each meeting. The Committee should meet privately in executive session at least annually with management, the external auditor, and as a Committee to discuss any matter that the Committee or each of these groups believes should be discussed. In addition, the Committee should communicate with management quarterly as part of their review of the Company's interim financial statements and management's discussion and analysis.
- 4.3 At all meetings of the Committee, the presence of a majority of the members will constitute a quorum for the transaction of the business and the vote of a majority of the members present shall be the act of the Committee.
- 4.4 The Chair, any member of the Audit Committee, the external auditors, the Chairman of the Board, or the Chief Executive Officer or the Chief Financial Officer may call a meeting of the Audit Committee by notifying the Company's Corporate Secretary who will notify the members of the Audit Committee. The Chair shall chair all Audit Committee meetings that he or she attends, and in the absence of the chair, the members of the Audit Committee present may appoint a chair from their number for a meeting.
- 4.5 Members of the Committee may participate in a meeting of the Committee by conference telephone or similar communications equipment by means of which all people participating in the meeting can hear each other and participation in such meeting will constitute presence in person at such a meeting.
- 4.6 Any action required or permitted to be taken at any meeting of the committee may be taken without a meeting if all of its members consent in writing to the action and such writing is filed with the records of proceedings of the Committee.
- 4.7 The Committee shall have unrestricted access to the Company's management and employees and the books and records of the Company.
- 4.8 Directors not on the Committee may attend meetings at their discretion. At the invitation of the Chair of the Committee, members of management and outside consultants may attend Committee meetings.

5 Responsibilities

5.1 Review Procedures

- 5.1.1 The Committee shall have the functions and responsibilities set out below as well as any other functions that are specifically delegated to the Committee by the Board and that the Board is authorized to delegate by applicable laws and regulations. In addition to these functions and responsibilities, the Committee shall perform the duties required of an audit committee by any exchange upon which securities of the Company are traded, or any governmental or regulatory body exercising authority over the Company, as are in effect from time to time (collectively, the “Applicable Requirements”).
- 5.1.2 Review and update, if applicable or necessary, this Audit Committee Charter annually and submit any amended Audit Committee Charter to the Board for approval.
- 5.1.3 Review the Company’s annual audited financial statements, related management’s discussion and analysis (“MD&A”) and related documents prior to filing or distribution. This review should include discussion with management and the external auditor of significant issues regarding accounting principles, practices, and significant management estimates and judgments.
- 5.1.4 Review with financial management the Company’s quarterly financial results and related documents prior to the release of earnings and/or the Company’s quarterly financial statements, the auditor’s review report thereon, related MD&A and related documents prior to filing or distribution. As part of this review, the Committee should discuss any significant changes to the Company’s accounting principles.
- 5.1.5 Review all filings with government agencies in Canada and assess the compliance of the Company in relation to governmental and stock exchange regulations as they apply to the Company respecting processes and controls.
- 5.1.6 Review all annual and interim earnings press releases before the Company publicly discloses the information.
- 5.1.7 Review the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Company.
- 5.1.8 Review policies and procedures with respect to directors’ and officers’ expense accounts and management perquisites and benefits, including their use of corporate assets and expenditures related to executive travel and entertainment.
- 5.1.9 Discuss with management, the auditors and internal legal counsel, as requested, any litigation claim or other contingency that could have a material effect on the financial statements.
- 5.1.10 Ensure that adequate procedures are in place for the review of the Company’s public disclosure of financial information extracted or derived from the Company’s financial statements, as well as review any financial information and earnings guidance provided to analysts and rating agencies, and periodically assess the adequacy of those procedures.

5.2 External Auditor

- 5.2.1 The external auditor is ultimately accountable to the Committee and the board, as representative of the shareholders. The Committee shall review the independence and

performance of the auditor and annually recommend to the board the appointment of the external auditor or approve any discharge of the external auditor when circumstances warrant.

- 5.2.2 Approve the fees and other significant compensation to be paid to the external auditor.
- 5.2.3 At least annually, the Audit Committee shall review the qualifications and performance of the lead partner(s) of the auditors and determine whether it is appropriate to adopt or continue a policy of rotating lead partners of the external auditors.
- 5.2.4 Obtain annually, a formal written statement from the external auditor setting forth all relationships between the external auditor and the Company.
- 5.2.5 On an annual basis, the Committee should review and discuss with the external auditor all significant relationships the auditor has with the Company that could impair the auditor's independence.
- 5.2.6 Take, or recommend that the Board take, appropriate action to oversee the independence of the external auditor, including the resolution of disagreements between management and the external auditor regarding financial reporting.
- 5.2.7 Review the external auditor's audit plan, discuss and approve audit scope, staffing, locations, reliance upon management and general audit approach.
- 5.2.8 Prior to releasing the year-end financial report, the Committee will discuss the results of the audit with the external auditor. The auditor will review with the Committee any matters required to be communicated to the Audit Committee in accordance with the standards established by the Canadian Institute of Chartered Accountants.
- 5.2.9 At each meeting, where desired, consult with the external auditor, without the presence of management, about the quality of the Company's accounting principles, internal controls and the completeness and accuracy of the Company's financial statements.
- 5.2.10 Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and, if applicable, former external auditor of the Company.
- 5.2.11 Review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services, provided by the Company's external auditor. The authority to pre-approve non-audit services may be delegated by the Committee to one or more independent members of the Committee, provided that such pre-approval must be presented to the Committee's first scheduled meeting following such pre-approval. Pre-approval of non-audit services is satisfied if:
 - 5.2.11.1 Review and pre-approve all non-audit services to be performed by the Company's external auditor in accordance with any applicable regulatory requirements, including but not limited to NI 52-110, the Exchange Act and the requirements of any stock exchange upon which the Company's shares are listed. The Audit Committee may delegate pre-approval authority for non-audit services to one or more independent members of the Audit Committee provided that any such pre-approval decisions must be presented to the full Audit Committee at its next meeting thereafter. The Audit Committee may also satisfy this pre-approval requirement if it first adopts specific policies and procedures respecting same in accordance with NI 52-110 such that the pre-approval policies and procedures are

detailed as to the particular service, the Audit Committee is informed of each such non-audit service, and the procedures do not include delegation of the Audit Committee's responsibilities to management.

5.2.11.2 The Company or a subsidiary did not recognize the services as non-audit services at the time of the engagement; and

5.2.11.3 The services are promptly brought to the attention of the Committee and approved, prior to completion of the audit, by the Committee or by one or more of its members to whom authority to grant such approvals has been delegated by the Committee.

5.3 Financial Reporting Processes

5.3.1 The Audit Committee shall require management to implement and maintain appropriate systems of internal controls in accordance with Applicable Requirements, including internal controls over financial reporting and disclosure and to review, evaluate and approve these procedures. At least annually, the Audit Committee shall consider and review with management and the auditors:

5.3.1.1 The effectiveness of, or weakness or deficiencies in: the design or operation of the Company's internal controls (including, computerized information system controls and security); the overall control environment for managing business risks; and accounting, financial and disclosure controls (including, without limitation, controls over financial reporting), non-financial controls, and legal and regulatory controls and the impact of any identified weaknesses in internal controls on management's conclusions;

5.3.1.2 Any significant changes in internal controls over financial reporting that are disclosed, or considered for disclosure, including those in the Company's periodic regulatory filings;

5.3.1.3 Any material issues raised by any inquiry or investigation by the Company's regulators;

5.3.1.4 The Company's fraud prevention and detection program, including deficiencies in internal controls that may impact the integrity of financial information, or may expose the Company to other significant internal or external fraud losses and the extent of those losses and any disciplinary action in respect of fraud taken against management or other employees who have a significant role in financial reporting; and

5.3.1.5 Any related significant issues and recommendations of the auditors together with management's responses thereto, including the timetable for implementation of recommendations to correct weaknesses in internal controls over financial reporting and disclosure controls.

5.3.2 The Committee should discuss significant financial risk exposures and the steps management has taken to monitor, control, and report such exposures. The review will include a consideration of any significant findings prepared by the external auditor together with management's responses.

5.3.3 Review the effectiveness of the overall process for identifying the principal risks affecting financial reporting and provide the committee's views to the Board.

5.3.4 Review analyses prepared by management and/or the external auditor setting forth significant financial reporting issues and judgments made in connection with the

preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the financial statements.

- 5.3.5 Consider and approve, if appropriate, changes to the Company's auditing and accounting principles and practices as suggested by the external auditor and management.
- 5.3.6 Review significant judgments made by management in the preparation of the financial statements and the view of the external auditor as to appropriateness of such judgments.
- 5.3.7 Following completion of the annual audit, review separately with management and the external auditor any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work to access to required information.
- 5.3.8 Review any significant disagreement among management and the external auditor in connection with the preparation of the financial statements.
- 5.3.9 Review with the external auditor and management the extent to which changes and improvements in financial or accounting practices have been implemented.
- 5.3.10 Review any complaints or concerns about any questionable accounting, internal accounting controls or auditing matters.
- 5.3.11 Review the financial disclosures certification process.
- 5.3.12 Establish procedure 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 or any material violation of securities laws or other laws, rules or regulations applicable to the Company and the operation of its business. Any such complaints or concerns that are received shall be reviewed by the Audit Committee and, if the Audit Committee determines that the matter requires further investigation, it will direct the Chair of the Audit Committee to engage outside advisors, as necessary or appropriate, to investigate the matter and will work with management and the general counsel to reach a satisfactory conclusion.

5.4 Other Committee Responsibilities

- 5.4.1 Annually assess the effectiveness of the Committee against this Audit Committee Charter and report the results of the assessment to the Board.
- 5.4.2 The Audit Committee shall review and discuss with management the appointment of key financial executive and recommend qualified candidates to the Board, as appropriate.
- 5.4.3 As required under Securities Rules, prepare and disclose a summary of the Audit Committee Charter in applicable continuous disclosure documents.
- 5.4.4 Perform any other activities consistent with this Audit Committee Charter, the Company's articles, and governing law, as the Committee or the Board deems necessary or appropriate.
- 5.4.5 Maintain minutes of meetings and report to the Board on significant matters arising at Committee meetings at the next scheduled meeting of the Board.

5.5 Other Duties

- 5.5.1 Periodically conduct a self-assessment of Committee performance.
- 5.5.2 Review financial and accounting personnel succession planning within the Company.

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- 5.5.3 Annually review a summary of director and officers' related party transactions and potential conflicts of interest.

6 No Rights Created

- 6.1 This Charter is a statement of broad policies and is intended as a component of the flexible governance framework within which the Audit Committee functions. While it should be interpreted in the context of all applicable laws, regulations and listing requirements, as well as the context of the Company's Articles and By-laws, it is not intended to establish any legally binding obligations.

7 Charter Review

- 7.1 The Committee shall review and update this Charter annually and present it to the Board for approval.

Amended and approved by the St. Augustine Board of Directors on December 12, 2012