



ANNUAL INFORMATION FORM
FOR THE YEAR ENDED DECEMBER 31, 2010
DATED AS OF SEPTEMBER 1, 2011

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3. PRELIMINARY NOTES

3.1 Date of Information

In this Annual Information Form (this “AIF”), unless the content otherwise requires, references to “our”, “us”, “we”, “its”, “the Company”, or “St. Augustine” means St. Augustine Gold and Copper Ltd. and its subsidiaries. All of the information contained in this AIF is at December 31, 2010, the last day of the Company’s most recently completed fiscal year, unless otherwise indicated.

3.2 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, 2010, management’s discussion and analysis for the year ended December 31, 2010, the interim financial statements and MD&A for the three month and six month periods ended March 31, 2011 and June 30, 2011 and the information circular dated November 19, 2010.

3.3 Cautionary Statement Regarding Forward-Looking Information

Certain statements in this AIF are forward-looking statements or information (collectively “forward-looking statements”). The Company is hereby providing cautionary statements identifying important factors that could cause the actual results to differ materially from those projected in the forward-looking statements. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as “may”, “is expected to”, “anticipates”, “estimates”, “intends”, “plans”, “projection”, “could”, “vision”, “goals”, “objective” and “outlook”) are not historical facts and may be forward-looking and may involve estimates, assumptions and uncertainties which could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements. 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.

Specific forward looking statements include:

- the Company’s preliminary economic assessment will be completed in 2011;
- a feasibility study will be complete by the second quarter of 2012.

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 include, but are not limited to: limited operating history; exploration, development and operating risks; regulatory risks; substantial capital requirements and liquidity; financing risks and dilution to shareholders; competition; reliance on management and dependence on key personnel; fluctuating mineral prices and marketability of minerals; title to properties; local resident concerns; no mineral reserves or mineral resources; environmental risks; governmental regulations and processing licenses and permits; management inexperience in developing mines; conflicts of interest of management; uninsurable risks; exposure to potential litigation; dividends; and other factors beyond the control of the Company.

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. See "Risk Factors".

3.4 Currency

References to "\$" are United States dollars. References to "CDN\$" are to Canadian dollars. Certain financial information relating to the Company originated in Canadian dollars were converted into United States dollars based on prevailing and average exchange rates for certain fiscal periods.

3.5 Glossary of Terms

The following is a glossary of certain technical terms used in this AIF:

"Adit"	Means a type of entrance to an underground mining shaft which is horizontal or nearly horizontal.
"Alteration"	Means 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"	Means 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"	<p>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:</p> <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 capital cost estimate to the extent necessary to provide a capital cost estimate necessary to define it within +/- 15% of the final effort.• Defined operating cost estimate based on accuracy of +/-15% forecast of short and long term operating expenses
"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 (Cu_5FeS_4).

“Breccia”	Means a coarse grained clastic rock, composed of angular broken rock fragments held together by a mineral cement or in a fine-grained matrix.
“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 (CuFeS_2).
“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 (Cu_2S).
“Chert”	Means a hard, dense, dull to semivitreous, microcrystalline or cryptocrystalline sedimentary rock, consisting dominantly of interlocking crystals of quartz less than about 30mm in diameter; it may contain amorphous silica (opal). It sometimes contains impurities such as calcite, iron oxide, and the remains of siliceous and other organisms. It has a tough, splintery to conchoidal fracture, and may be white or variously colored. Chert occurs principally as nodular or concretionary nodules in limestone and dolomites, and less commonly as layered deposits (bedded chert); it may be an original organic or inorganic precipitate or a replacement product. The term "flint" is essentially synonymous, although it has been used for the dark variety of chert.
“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 [$\text{Cu}_2\text{H}_2\text{Si}_2\text{O}_5(\text{OH})_4$]
“Claim”	Means the area that confers mineral exploration/exploitation rights to the registered (mineral/mining) holder under the laws of the governing jurisdiction.
“Clastic”	Means a sedimentary rock composed of fragments from pre-existing rock.
“Composite”	Means a conceptual whole made up of complicated and related parts; consisting of separate interconnected parts.
“Covellite”	It is a secondary sulfide mineral. It is a blue, usually tarnished to purple or black, sulfide mineral containing copper (CuS).
“Cuprite”	It is an oxide copper mineral. It is a red to dark red oxide mineral containing copper (Cu_2O).
“Development”	Means the underground work carried out for the purpose of opening up a mineral deposit and includes shaft sinking, crosscutting, drifting and raising.
“Diamond Drilling”	Means drilling with a hollow bit with a diamond cutting rim to produce a cylindrical core that is used for geological study and assays as used in mine exploration.
“Disseminated”	Means the distribution of mineralization usually as small grains randomly distributed throughout the rock mass.

“Exploration”	Means prospecting, sampling, mapping, diamond drilling and other work involved in searching for ore.
“Fault”	Means a fracture in a rock across which there has been displacement.
“Feldspar”	Means 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.
“Hornfelsic”	Means a mnemonic adjective derived from (fe) for feldspar, (l) for lenad or feldspathoid, and (s) for silica, and applied to light colored rocks containing an abundance of one or all of these constituents.
“Gabbro”	Means 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.
“Galena”	Means a lead sulphide mineral.
“Geochemistry”	Means 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”	Means 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”	Means 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 and more fully described in Section 6.3. This report is available at www.sagcmining.com .

“Mafic”	Means pertaining to or composed dominantly of the ferromagnesian rock forming silicates; said of some igneous rocks and their constituent minerals.
“Malachite”	It is a carbonate copper mineral. It is a light to dark green carbonate mineral containing copper $[\text{Cu}_2\text{CO}_3(\text{OH})_2]$.
“Mineralization”	Means a general term, commonly used to describe minerals of potential value occurring in rocks.
“Mill”	Means a plant where ore is ground fine and undergoes physical or chemical treatment to extract the valuable metals.
“Olivine”	Means a mineral group including fayalite, Fe_2SiO_4 ; forsterite, Mg_2SiO_4 ; liebenbergite, $(\text{Ni},\text{Mg})_2\text{SiO}_4$; and tephroite, Mn_2SiO_4 ; 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”	Means an exposure of bedrock at the earth’s surface.
“Peridotite”	Means a general term for a 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.
“Recapitalization”	Means 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.
“RMMI”	Means Russell Mining and Minerals, Inc., a British Columbia company with offices in Spokane, Washington. RMMI is a significant shareholder of the Company.
“Serpentinite”	Means a 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”	Means a 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”	Means a vertical passageway to an underground mine for moving personnel, equipment, supplies and material including ore and waste rock.
“Sphalerite”	Means a zinc sulphide mineral.
“Spinel”	Means an isometric mineral, $MgAl_2O_4$; 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”	Means the Toronto Stock Exchange.
“Vein”	Means a tabular mineral deposit formed in or adjacent to faults or fractures by the deposition of minerals from hydrothermal fluids.

4. CORPORATE STRUCTURE

4.1 Name, Address and Incorporation

St. Augustine Gold and Copper Limited (“SAGCL” or “the Company”) was incorporated as Ratel Gold Limited in the British Virgin Islands incorporated 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 Toronto Stock Exchange (“TSX”). On January 7, 2011 SAGCL acquired St. Augustine Mining, Inc. (“SAMI”), which was incorporated on March 31, 2010, under the laws of British Columbia, Canada. The Company has a wholly owned subsidiary, St. Augustine Mining Ltd. (“SAML”) which is incorporated under the laws of the Cayman Islands.

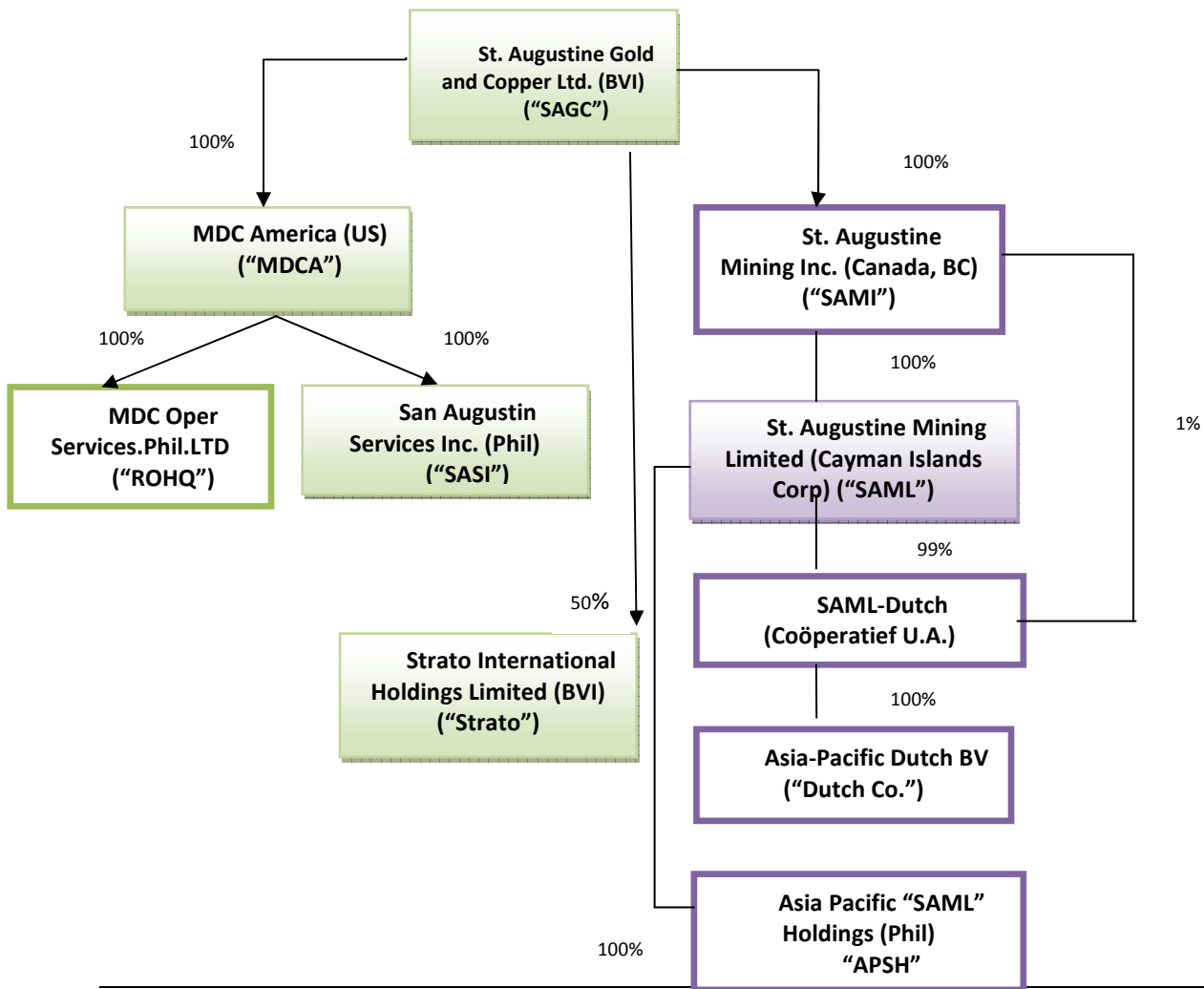
MDC America, Inc. was incorporated under the laws of Washington as a wholly owned subsidiary of the Company to provide technical and administrative services to the group in the United States.

Upon completion of the acquisition of SAMI by the Company on January 7, 2011, the Company changed its name to St. Augustine Gold & Copper Limited. The Company had disposed of all of its operating subsidiaries in anticipation of the acquisition of SAMI. SAMI’s subsidiary SAML is the main operating entity of the Company. SAMI was deemed the surviving operating company for accounting purposes as part of a reverse acquisition, as the Company provided substantial financial assets but no continuing operating activities to the combined companies.

The Company’s address is as follows:

400 S. Jefferson, Suite 202
Spokane, Washington, USA 99204
Phone: 509-343-3193
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4.2 Inter-corporate Relationships



5. GENERAL DEVELOPMENT OF THE BUSINESS

5.1 Three Year History

St. Augustine Gold & Copper Ltd. - History

Prior to the acquisition of SAMI, the Company held interests in several African mineral properties. These were transferred into Ratel Group, Limited, a now unrelated company. As part of the Recapitalization, the Company acquired RMMI's 50% ownership and control of Strato International Holdings, Ltd. ("Strato") and 100% of SAMI which provided the opportunity to acquire 60% of the King-king Project in the Philippines.

RMMI, a company incorporated under the laws of British Columbia, Canada, had entered into an agreement with Nationwide Development Corporation ("NADECOR") a Philippines incorporated entity, under a Letter of Understanding dated November 10, 2009, and a Memorandum of Understanding ("MOU") executed on April 27, 2010, whereby the Company can acquire 50% of the Project by making the expenditures outlined below.

Recapitalization

As outlined in the Company's Filing Statement dated November 19, 2010, the Company entered into an acquisition agreement whereby the Company and SAMI entered into a Letter of Intent ("LOI"), pursuant to which the Company acquired all of the issued and outstanding shares of SAMI through a share exchange. The shareholders of the Company approved the transaction in December 2010 and the effective date of share exchange and the change of control was January 7, 2011. Upon completion of the acquisition of SAMI by the Company in January 2011, it changed its name to St. Augustine Gold & Copper Ltd. The Company had disposed of all of its operating subsidiaries in anticipation of the completion of the merger with SAMI. SAMI's subsidiary SAML is the main operating entity of the combined companies and SAMI was deemed the surviving operating company for accounting purposes as part of a reverse acquisition. The Company provided substantial financial assets, but no continuing operating activities to the combined companies.

Share Consideration

The Company acquired 10,000,001 shares issued and outstanding in SAMI for 80,000,000 shares of the Company and agreed to issue an additional 75,000,000 shares upon the completion of a BFS on the Project, or any subsequent change of control.

Financing

In conjunction with the Recapitalization, the Company completed two private placements for net proceeds of approximately \$64,000,000 ("the Private Placements") consisting of 116,133,334 common shares. The Company paid a commission, calculated as 5% of the \$25 million in proceeds raised in conjunction with one of the Private Placements.

St. Augustine Mining, Inc. - History

Since incorporation in 2010, the sole activities of SAMI have related to: (i) the negotiation of agreements to earn in to the King-king Property and (ii) seeking a public company vehicle and financing to finance earn in of the King-king Property.

5.2 Significant Acquisitions

Other than the Recapitalization described above, the Company has not had any acquisitions.

6. BUSINESS DESCRIPTION

6.1 General

Summary

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

The Company has focused exclusively on exploration and development of the King-king property since inception. Neither the Company nor its subsidiaries have generated revenue or cash flow from operations. The Company has relied upon external equity 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 preparation of a preliminary feasibility study to be completed in 2012. The Company's technical staff is directing permitting, engineering, and design activities for the Project, and is also coordinating on-site efforts in support of the current drilling program.

Production

The Company is at the development stage of its sole property 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 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 precious metals prices and favorable equity market conditions the Company has encountered significantly increased competitive conditions. The Company may encounter challenges accessing qualified exploration 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 metals 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 metals and base metals.

The Company's ability to explore for precious metals or develop its property is dependent on access to external equity and debt financing and therefore the Company's business is highly sensitive to macroeconomic changes over time. 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 metals and base metals is highly sensitive to changing 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 between SAML and NADECOR, for the development of the Project, SAML can earn up to a 60% interest in the Project by making the following payments:

			Cumulative
<u>Amount</u>	<u>Description & estimated date of payment</u>	<u>Earn-in %</u>	<u>Earn-in %</u>
\$ 400,000	Exclusivity payment	0.57%	0.57%
3,100,000	Initial NADECOR payment	4.43%	5.00%
30,000,000	Initial BFS funding payment	30.00%	35.00%
5,000,000	BFS funding payment	5.00%	40.00%
8,500,000	BFS funding payment	10.00%	50.00%
4,000,000	NADECOR payment	1.00%	51.00%
<u>32,000,000</u>	CAPEX funding **	<u>9.00%</u>	60.00%
<u>\$ 83,000,000</u>		<u>60.00%</u>	

** Completion of the BFS will earn SAML 45% earn-in of the total project. SAML has made an additional commitment to spend a minimum of \$32 million or a calculated amount based on planned tonnage throughput, as determined in the planned feasibility study, in development capital. The calculated premium expenditure will be 0.457 X planned tonnage (estimated at 100,000 tonnes per day) X 1,000 or 5% of capital cost, whichever is less. These expenditures earn SAML the additional 9% needed for a 60% total earn-in. Any over allocated variance between the amount spent toward BFS and the amount committed pays NADECOR first and the balance will be credited toward the Company's development capital commitment at 50%.

As of December 31, 2010, the \$400,000 exclusivity payment, \$3,100,000 initial NADECOR payment and approximately \$16.5 million of additional BFS expenditures have been paid by SAML, Strato or a related party.

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 will be made in September 2011, and all future payments originally agreed to are settled with this final payment. As part of the settlement, the Company acquires 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 1,938 hectares of adjacent and surrounding claims, known as the Sagittarius Alpha Realty claims, and exclusive option to acquire the Benguet equity in Pantukan Mineral Corporation. A “Heads of Terms” agreement (“Heads of Terms”) was signed on July 22, 2010, between Benguet and SAML in which Benguet agreed to perform certain actions to transfer or assign its interest in the Project.

Originally under the agreement, 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. As part of the fourth amendment to the MOU, signed in July 2011, the Company will fund NADECOR’s 50% portion of the \$10,250,000 cash payment. All payments made on behalf of NADECOR by the Company are applied to the Company’s earn-in to the joint venture.

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. In conjunction with interim funding and under the terms of the Heads of Terms, the Company issued credit notes to Benguet for \$2,000,000 and \$1,950,000, which were applied against payments owing under the Heads of Terms, and are 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 25 employees in the United States and approximately 160 permanent and 120 temporary workers in the Philippines.

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 not engaged in lending to unrelated parties since inception. A \$3,000,000 payment made on behalf of its partner's share of debt qualified as additional investment in the Project.

Reorganizations

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

Social or Environmental Policies

The Company has adopted and implemented a corporate social development management policy in order to increase the quality of local communities' health and economic welfare, and to enhance local citizen and government support for development of the Project. Local support for the mine is important to continued development of the Project. The policy outlines core values and principles used to formulate the Company's community improvement plans. The Company plans include conducting numerous environmental and social surveys in order to identify local impacts and needs.

The Company is also currently developing an Environmental Impact Statement (EIS) in accordance with the Philippine national requirements and 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.

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 committed to free, prior and informed consent of indigenous people as defined by the IFC.

Currently, St. Augustine is working as the Technical Contractor to NADECOR as provided by a technical services agreement.

6.2 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

Resource exploration and development is a highly speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but also from finding mineral deposits that, though present, are insufficient in quantity and quality to return a profit from production. The marketability of minerals the Company acquires or discovers may be affected by numerous factors that are beyond its control and that cannot be accurately predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, the import and export of minerals and environmental protection, the combination of which factor may result in the Company not receiving an adequate return of investment capital.

All of the claims in which the Company has acquired or has a right to acquire an interest are in the pre-development stage only and are without a known commercially-mineable ore body. Development of the subject mineral property would follow only if favorable drilling and testing results are obtained, which would add additional ounces to the known resource, and metallurgical testing providing assurance as to production methods.

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 geological operating conditions including rock bursts, cave-ins, 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

The Company's operations will 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.

The Company's operations, including development activities and commencement of production on its properties, require permits from various federal, provincial or territorial and local governmental authorities, and such operations are and will be governed by laws, and regulations governing prospecting, development, mining, production, exports, taxes, labor standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters.

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.

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

or criminal fine or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

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

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 precious 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.

Fluctuating Mineral Prices

The mining industry is heavily dependent upon the market price of metals or minerals being mined. There is no assurance that, even if commercial quantities of mineral resources are discovered, a profitable market will exist at the time of sale. Factors beyond the Company's control may affect the marketability of metals or minerals discovered, if any. Metal prices have fluctuated widely, particularly in recent years, and the Company will be affected by numerous factors beyond its control. The effect of these factors on the Company's operations cannot be predicted. If mineral prices decline significantly, it could affect the Company's decision to proceed with further exploration of its properties.

Future Financing

The Company's continued operation will be dependent upon its ability to generate operating revenues and to procure additional financing. 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 some or all of the Company's properties. If additional financing is raised by the issuance of shares from treasury, 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.

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, in part, upon historical data compiled by previous parties involved with the 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 Economic 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. Failure to raise capital when needed or on reasonable terms may have a material adverse effect on the Company's business, financial condition and results of operations.

Foreign Operations

Because all of the Company's operations are in the Philippines, it is subject to 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 outside of the United States 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.

Service of Process

A majority of the directors and all of the officers of the Company reside outside of Canada and it will 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.

6.3 King-king Property

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.

Property Description and Location

The King-king property is centered at approximate geographical coordinates 7°11'31"N Latitude and 125°58'40"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 resources 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 two metals in this project, gold and copper. The following calculations were applied to calculate the Eq Au or Eq Cu in the oxide ore and the sulfide ore:



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 + 0.714 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

These equations were derived from the parameters listed in the table below that was developed for the updated August 2011 mineral resources for the Project.

Parameter	Units	Oxide Mill	Sulfide Mill
Copper Price Per Pound	(US\$)	2.500	2.500
Gold Price Per Troy Ounce	(US\$)	1100	1100
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
G&A 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	(US\$)	0.260	0.260
Gross Royalty	(%)	3.0%	3.0%
NSR Factor for Total Copper	(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

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 (Mineral Production Sharing Agreement No. 009-92-XI), 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. Production from the MPSA is subject to a government share (royalty) comprised of an excise tax, which is 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. Benguet would obtain a 50 percent earn-in through funding of 100 percent of the development and construction of the mine under an Operating Agreement dated August 21, 1981 and amended December 11, 2002.

Subsequently, Echo Bay Mines Inc. (EBMI), TVI Pacific (TVI) and King-king Mines, Inc. (KMI) entered into option agreements executed on October 25, 1995 with Benguet whereby Benguet granted KMI the option to purchase within 24 months or up to October 25, 1997, Benguet's interest in the agreement, and the NADECOR royalty, the government share, and the right of Benguet to buy back a 20 percent (20%) interest in KMI.

After drilling the property, EBMI and TVI opted not to exercise the option that expired on October 25, 1997. The property then reverted to original ownership.

On August 29, 2008 NADECOR terminated its Operating Agreement with Benguet Corporation under the terms of the agreement due to the failure to execute on work plans for six consecutive years. On May 26, 2008 and again on December 10, 2009, NADECOR filed a motion with the Secretary of the DENR to remove Benguet from the MPSA as Operator for their continued failure to implement the exploration and work program. The DENR in a November 23, 2009 order declared NADECOR the sole operator on the MPSA for the term of a renewed two year exploration period. The order was primarily based on a detailed report completed September 30, 2009 by the Region 11 Mines and Geoscience Bureau (MGB" which reviewed in detail the work accomplished on the King-king tenement area. The November order was substantiated in January 2009 when the Secretary of the DENR issued a finding sustaining the Order after a Request for Reconsideration was submitted by Benguet rebutting the November Order. On April 29, 2010, the Office of the President issued a Final and Executory Order Sustaining the November Order.

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.

Permits Required

The MPSA document and the approved work plans (exploration and environmental) allow work to be carried out that is necessary to obtain an approved DMPF (Declaration of Mine Project Feasibility) and a ECC (Environmental Compliance Certificate), which allow the future development of the mine. This work would include work proposed for the property, i.e. to drill, sample, transport, survey, baseline studies, etc.

In the Philippine constitution, minerals and mineral lands belong to the country. Private individuals can embark on exploration, development and utilization of the mineral resources under four modes of

mineral agreements with the government: Mineral Production Sharing Agreement (MPSA), Co-Production, Joint Venture and Financial or Technical Assistance Agreement (FTAA). The first three modes of agreement are available only to Filipino citizens or corporations where at least 60 per cent of the capital is owned by Filipinos. The last mode is available to foreign owned corporations.

The features of this method are as follows:

- The contractor has the exclusive right to conduct exploration, development and operation in the contract area.
- The MPSA has a term of 25 years, renewable for another 25 years.
- The contractor is required to carry out activities according to an approved work program (NADECOR and the Company have an approved work plan under execution) and commit expenditure for the environment, the community and the development of geo-sciences.

The financial requirement includes the payment of occupation fees (PhP100/hectare) and excise tax at 2 per cent of gross revenue.

Prior to forming an MOU with RMMI, NADECOR was granted one of the major critical agreements, permits, licenses and certificates vital in its mining operations. This was the Mineral Production Sharing Agreement No. 009-92-XI, which was approved by the government on May 27, 1992 (MPSA) 095-97-V, and amended on December 11, 2002. NADECOR and the Company have entered into agreements to acquire and control adjacent claims surrounding the King-king claims for the purpose of managing the valueless rock from mining operations to protect the environment. They also have gained control of 4,415 hectares of unclaimed land in the lowlands west of King-king for development of a tailing management facility.

Many additional permits are required to bring the mine to production.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

Access

The Project area is approximately 35 aerial kilometers east-northeast of Davao City, and some 1,000 aerial km southeast of Manila. Locally, it is about 10 aerial km northeast of the Municipality of Pantukan, Province of Compostela Valley. Pantukan is about 92km by road from Davao City via the well paved Tagum City–Mati National Road. From Pantukan town proper, the Project can be reached through the 18km Buko-buko sa Anay-Lawaan dirt road which as of the date of this report can be negotiated in 35-45 minutes using motorcycles or approximately three hours via conventional four-wheel drive vehicles.

Climate

The climate is tropical (Type I-B) with no pronounced wet and dry seasons. Maximum rainfall usually comes between the months of June and December. Daytime temperatures range from 18 to 35 degrees Celsius and the daily average is about 27oC (81oF). Rainfall ranges from 2,000 to 3,200 millimeters per year within the mountains and 1,800 to 2,000 millimeters per year along the coastal plain. Normal precipitation is 2,100mm per year and the average daily relative humidity is 81%.

Typhoons are extremely rare but torrential rains and subsequent flash floods are not uncommon.

There are no climatic conditions that should cause the Project great operational difficulty. The greatest climatic issue will be managing storm waters that will result from excessive rainfall at intermittent times during the life of the Project. However, this is a common operating issue at many tropical mine sites and should be manageable with proper controls and planning.

Local Resources

The local unemployment rate is approximately 7% and underemployment is 22%. In 2009 the local Pantukan municipal government sent a letter to the Department of Environmental and Natural Resources requesting the Project be developed as swiftly as possible. The local community is favorable to the Project.

Primary employment in the region is on plantations growing bananas or coconuts. Secondary jobs exist for a limited number of workers in the several small scale mines in the mountains northeast of Pantukan City.

According to the National Statistics Office of the Philippines, the 2007 populations of communities near the Project were as follows:

	Population
Pantukan Municipality	69,656
Magnaga	7,743
Napnapan	9,983
King-king	21,444
Davao City	1,366,153

Infrastructure

Some of the basic infrastructure is in-place for exploration and development of the King-king deposit. A paved highway from Davao City runs 10 kilometers southwest of the Project. The Project mine area in the 250- to 950-meter elevation range can be reached via the previously mentioned 18km Buko-buko sa Anay-Lawaan dirt road, and is passable with minor improvement by large four-wheel drive vehicles such as drilling rigs and supply, fuel and water trucks. Planned low-land facilities, including the port facility and power plant location can be accessed via local area roads.

Water for exploration has been taken from low pressure artesian wells, including two wells developed from exploration diamond drill holes located on the southern side of the deposit or from nearby small surface drainage that runs through the southern and northern ends of the Project area. Potential sources for water for mining and processing include wells planned to be situated in the alluvium deposits located southwest of the mineral area, or the King-king River.

Power availability is currently too limited in Mindanao to assume that grid-supplied power will be available for operation of King-king. Construction of a power plant is envisioned for the Project.

Anticipated concentrate volumes and the potential requirements for coal import necessitate the construction of a dedicated port facility. The only port facility in the Pantukan area consists of a concrete barge landing ramp, which should be available to handle barges from the existing deep water port facilities at Davao and Tagum for transport of inbound materials for construction and early mine operation.

Currently there is a drill core storage facility in Pantukan (approximately 1,000 square meters). Expansion of this facility onto nearby grounds or complete relocation to another area is possible. Several buildings from Echo Bay's tenure in 1997 remain at the Project site.

Physiography

The coastal plain extends a length of 6 kilometers from Davao Gulf to the base of the mountains where the Project is located. The majority of the population lives along the coastal plain with significantly lower population densities in the mountains.

The topography in the immediate Project area is steep and rugged with elevations ranging from 260-950 meters above mean sea level (AMSL) and averaging 800 meters AMSL. The porphyry copper-gold mineralization outcrops between 400 m and 700 m elevations. The terrain gradually transitions through moderately rugged to rolling moving westward toward the coastline. The dominant drainage pattern in the area is dendritic. The property itself is drained by the Casagumayan and Lumanggang creeks, tributaries of the King-king River which enters the Davao Gulf at Pantukan.

The Project area is covered generally by sparse tropical rainforest mostly left over from past commercial logging operations. Old growth trees are mostly gone, and large areas of the previously timbered slopes have been cleared, cultivated and planted with corn and other crops by local mountain tribes and lowland settlers. In the foothills toward Davao Gulf, what used to be forest-covered slopes are now dominated by cogon grass. Vegetables and fruit-bearing trees are grown in some places but these are limited and concentrated in localized flat or rolling terrain.

History

The Project history can be briefly summarized as follows:

1966-1968	Discovery of the King-king mineralization anomaly;
1969-1972	Mitsubishi Mining Corporation drilled 54 surface diamond drill holes;
1981	NADECOR entered into an operating agreement with Benguet Corporation (Benguet);
1981-1991	Litigation regarding ownership did not allow any activity within the Project. In 1991 all legal issues were resolved in favor of NADECOR ownership of mineral claims;
1991-1994	Benguet drilled 69 diamond core holes and 25 reverse circulation (RC) holes in addition to completing extensive surface and underground exploration. An in-house feasibility study was completed;
1992	The Mineral Production Sharing Agreement (MPSA) was signed between NADECOR, Benguet and the Philippine Government;
1995-1997	Echo Bay Mines, Inc. drilled approximately 128 holes (52,718 meters). All Echo Bay data were acquired by Kinross Gold, which waived its option to proceed with the King-king Project;
2005	NADECOR and Benguet applied for a conversion of the MPSA into a Financial Technical Assistance Agreement (FTAA) covering the porphyry area of the Project;

- 2008 NADECOR terminated the Operating Agreement and applied to the government to have Benguet removed from the MPSA and became sole owner of the Project;
- 2009 NADECOR and RMMI reach an agreement to work together to develop the Project, with - RMMI undertaking extensive analysis to update the Project information and mine plan;
- 2010 Jan 15, the Department of Environmental and Natural Resources (DENR) order for NADECOR to undertake the work program and Benguet to hand over possession in order to allow for immediate resumption of operations.

From 1969 to 1972, Mitsubishi Mining Corporation undertook initial exploration of the deposit, completing 54 surface diamond drill holes for a total of 13,031 meters of drilling. These initial holes all were drilled within the confines of the present resource outline. The Mitsubishi drilling was only assayed for total copper and acid soluble copper. None of the core from this drilling is known to exist.

Benguet Corporation (Benguet) signed an Operating Agreement with Nationwide Development Corporation (NADECOR) on August 21, 1981 for the exploration and development of the King-king property. However, the validity of the Operating Agreement was contested by some members of NADECOR's board which resulted in a lengthy court litigation that ended in November 1991 with the final decision of the Philippine Supreme Court upholding Benguet's rights under the aforesaid Operating Agreement. Exploration work was conducted from August 1990 by NADECOR while awaiting the court's decision on the abovementioned litigation. As soon as the Supreme Court upheld the Operating Agreement, Benguet took over the exploration work from NADECOR. From 1991 until 1994, Benguet completed 69 diamond core holes (19,247m), 25 reverse circulation holes (4,926m), 326m of confirmatory adits and underground raises, 2,500 hectares of geological mapping, and the collection of 2,172 surface rock samples. The Benguet drilling was concentrated in the Lumanggang and Casagumayan areas in the central and west areas of the current known deposit. Benguet produced an in-house "pre-definitive" feasibility study in March 1994.

From 1995-1997 King-king Mines Inc. (KMI), an Echo Bay Mines, Inc. company, entered into an option agreement with Benguet and NADECOR to develop the Project. KMI drilling amounted to 128 core holes and 52,718m of drilling. Kilborn International, Inc. (Kilborn) was retained by KMI to complete a plus or minus 20 percent capital and operating cost estimate for the Project, the scope of which was based on several specific items and on Kilborn's interpretation of Echo Bay Mines' generic requirements for what was termed by Echo Bay to be a Level 1 Study. The scope included those activities necessary for evaluation of equipment, processes, environmental and regulatory considerations, and economic factors sufficient to confirm a technically viable and cost effective facility.

Several other consulting groups provided services for the Project. DCCD Engineering of Manila, under subcontract to Kilborn, provided capital cost estimates for port facilities, local labor rates, and local costs for services and consumables. Knight Piesold Ltd. (Knight Piesold), under contract with KMI, provided costs for the various tailings dam and waste rock storage alternatives, as well as closure costs. Fluor Daniel, under contract with KMI, completed the mine planning and mine cost estimate portions of the report.

In mid-1997, KMI's "Level I" study estimated a total mineral resource of 1,040 million tonnes containing 0.306% Cu and 0.41grams Au per tonne for the King-king deposit. This resource included a "mineable reserve" of 403 million tonnes @ 0.332% Cu and 0.488g/t Au. The authors emphasize that neither the KMI "Level 1" mineral resource estimate or the "mineable reserve" estimate is

compliant with current Canada NI 43-101 guidelines. These estimates are included in this Technical Report only because they are an important part of the Project history and management feels they are reliable. The property then reverted to original ownership.

In 1998, Benguet completed a revised mineral resource estimate that was based on all available exploration drilling data and on a 0.20%TCu cut-off grade. This estimate, which the authors of this report emphasize is not compliant with current NI 43-101 guidelines, totaled 749 million tonnes containing 0.387% Cu and 0.433g/t Au.

All Echo Bay data was subsequently acquired by Kinross Gold (Kinross) through its merger with Echo Bay in 2002. Kinross subsequently waived its option to proceed with the Project. Kinross provided all the available data in its archives to RMMI.

Early in 2010, NADECOR terminated its Operating Agreement with Benguet. NADECOR is the sole claim owner and operator of the Project. Subsequently, NADECOR and RMMI signed an agreement to co-develop the Project, with RMMI to undertake extensive analysis to update the Project information and mine plan. NADECOR has been ordered to complete an exploration and work program by the DENR as the operator through the exploration phase. NADECOR has submitted a work program to DENR and has also initiated arbitration proceedings against Benguet to confirm termination of the Operating Agreement. The work programs were approved in May 2010.

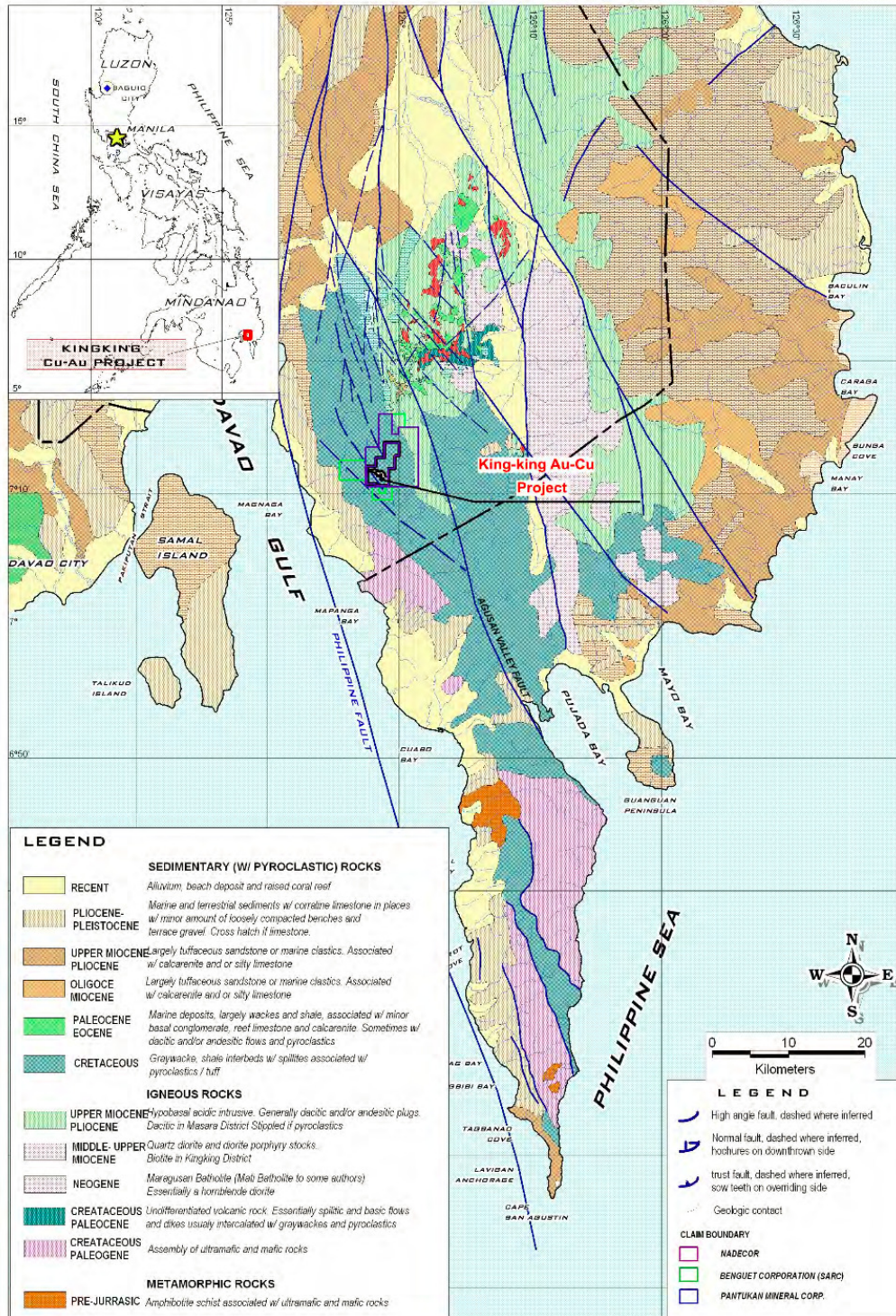
Geologic Setting

Regional Geology

The southeastern Mindanao peninsula (comprising the mountainous provinces of Davao Oriental, Compostela Valley and Davao del Norte) is bounded by two parallel subduction systems – the north-south trending East Mindanao trench, which is a segment of the Philippine Trench situated off the east coast of Mindanao, and the north-south trending Davao Trench situated between Samal Island and the east coast of Davao Gulf. Active tectonism is manifested in the frequent low to moderate-intensity earthquakes being felt in the area.

The King-king porphyry copper-gold deposit is located on the western flank of the eastern Mindanao Cordillera. It is the most southerly of the NNW-trending groups of porphyry copper and gold deposits discovered thus far that include the now-closed Hijo and Amacan Mines of North Davao Mining Corporation, the old Masara Mines of Apex Mining Company, the Kalamatan Mine of Sabena Mining Company, and the fabulous gold-rush areas of Diwalwal in Monkayo farther north. All of these are part of a 75-km long, NNW-trending mineralized belt that runs across southeastern Mindanao. The development of this belt can probably be attributed to tension relief faulting induced by the Philippine Fault (Philippine Rift Zone). There are other mines and mineral prospects that lie outside the belt but which are still within and evidently related to, the NNW-trending Mindanao segment of the Philippine Rift Zone. These include the Cabadbaran Gold Mine and the Placer Gold Mine of Manila Mining in Agusan del Norte, the Coe Gold Mine of Banahaw Mining in Agusan del Sur, the Siena Gold Mine of Suricon, and, the Asiga porphyry copper prospect, all in Surigao del Norte in northeastern Mindanao. The King-king district itself is bounded by two major splays of the Philippines Fault. About 20 km to the east is the main Agusan Valley fault and its branches that controlled the courses of the Manat, Agusan and Bitanagan rivers. The fault was probably responsible in the formation of Maragusan Valley, a broad plain believed to be a sediment-filled graben perched high on top of the Diwata Range at 650 m to 850 m ASL. Several kilometers to the west is a thrust fault running N-S and parallel to Davao Gulf with King-king situated on the fault's upper plate. The following figure shows the general regional geology.

GEOLOGY MAP OF SOUTHEASTERN MINDANAO



Local Geologic Setting

The main King-king deposit is a low-pyrite porphyry copper system with locally significant associated gold. It is the largest of several prospects associated with mineralized intrusive bodies situated along a NE-trending belt measuring some 6km long and 3km wide. These intrusives were emplaced in a folded sequence of Cretaceous-Paleocene volcanic sedimentary rocks, apparently along pre-existing NW-trending anticlinal axes. The intrusions probably occurred during the middle- to late-Miocene. The axial portions of the anticlines have since been largely eroded, exposing the cupolas of the underlying intrusives.

The main King-king deposit, as defined by a 0.20% total copper cut-off, is elongated along a N70°W trend and measures some 1,800 m long and from 250 m to 550 m wide, as shown in the following figure (King-king Prospect Area Map). This figure shows the relative location of various areas of the deposit that include Tiogdan, Casagumayan, Lumanggang, Bacada, and Bibutaan. The deposit has an apparent steep NE dip especially in its central sections. On longitudinal section, it appears as an irregularly-shaped body with an undulating bottom. In most sections, though, the bottom of the mineralization has yet to be fully defined.

The deposit may be subdivided into two more or less equal segments: 1) the eastern segment underlying Lumanggang, where copper mineralization is in general extremely erratic and where the better gold mineralization occurs in pockets usually associated with localized zones of strong silicification and quartz stock works; and, 2) the western segment within the Casagumayan and Tiogdan areas which generally carries higher copper and gold values and is more uniformly mineralized. These two segments could either be parts of one and the same body, or of two or more adjoining masses related to separate, although probably genetically-related, intrusives.

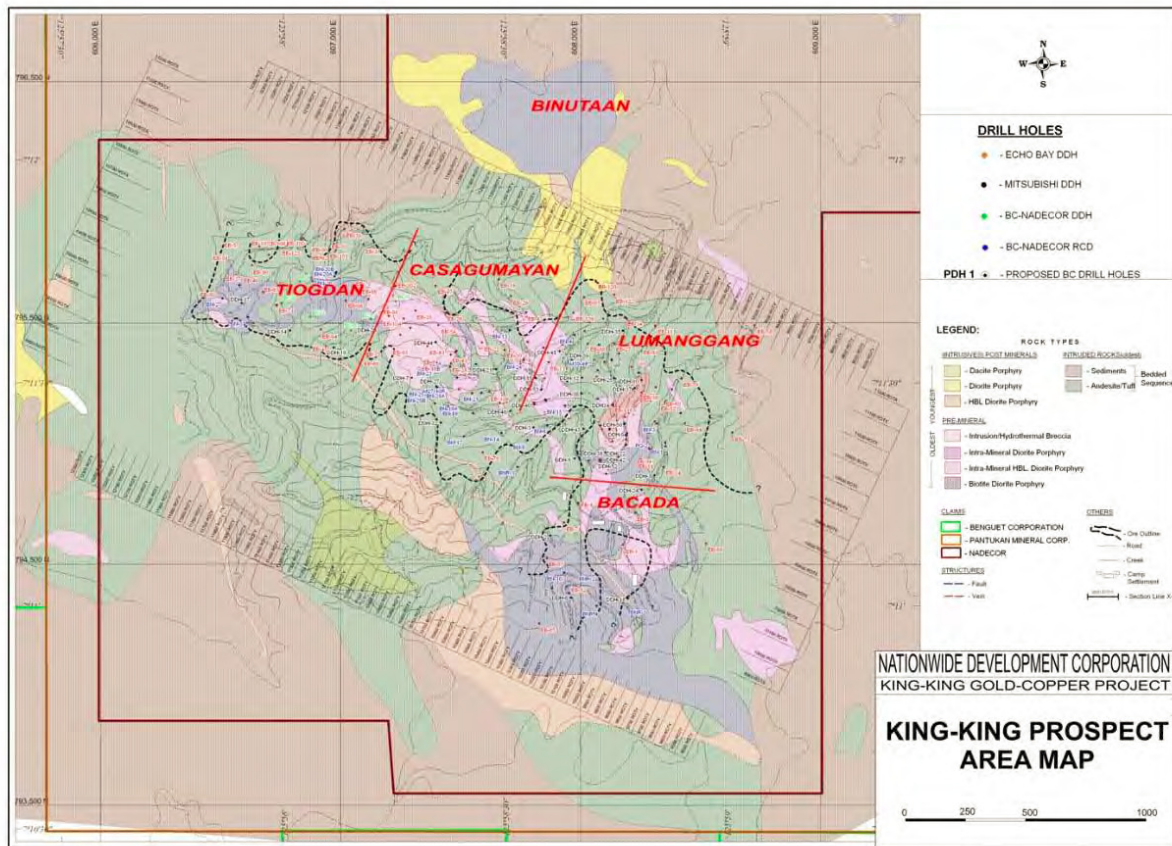
The deposit is hosted to a large extent by the diorite intrusive complex to which it is genetically related, and partly by the intruded volcanics and sediments. The diorite complex consists of the biotite diorite porphyry and the accompanying hornblende diorite and diorite porphyry which are late magmatic differentiates of the biotite diorite porphyry. The biotite diorite porphyry is the most important intrusive host and appears to be the major intrusive body underlying the King-king district. Local brecciation accompanied the diorite intrusions into the predominantly volcanic wallrocks resulting in the development of breccia along the contacts. The overall shape of the diorite complex is elongate, trending northwesterly and measuring 1,800 m in the longer axis and some 400 m across on average.

The intruded volcanics are composed of pyroclastics (tuff, lithic tuff) and andesite flows with intercalated sediments (mostly wackes) which are typically found located further away from the deposit. Geologic mapping indicates that the sediment pyroclastics sequence has a general northwest trend with southwest dips. However, local reversals of dip are common, forming minor anticlines and synclines along roadcuts and gullies south of the main King-king deposit. Within the ore zone, the sediments have not been identified on surface or in the drill cores, although their identity may be obscured by hydrothermal alteration. Hornfelsic rocks encountered in the ore zone are thought to originally have been sediments but these hornfels may represent volcanic rocks that have been intensely metamorphosed.

The intrusion of dioritic rocks continued even after the porphyry copper deposit was emplaced, as evidenced by the presence of post-mineral hornblende diorite porphyry, diorite porphyry and dacite porphyry. These occur as peripheral stocks bounding the Lumanggang and Bacada areas, and as northwest-trending lenticular bodies or dikes flanking the porphyry mineralization. One hornblende

diorite porphyry dike measures 5m to 15m wide and is traceable for more than 1,000m along and within the south flank of the deposit. Elongate hornblende diorite stocks bounding the southern and western portions of Bacada also trend northwest.

Figure 2 – Commonly Referenced Deposit Areas



Intrusive Rock Types

Biotite Diorite Porphyry (BDP)

This is the main intrusive at King-king and the most important host to copper-gold mineralization. Copper mineralization within the biotite diorite porphyry (BDP) consists predominantly of bornite with subordinate chalcopyrite occurring usually as fracture fillings. Bornite appears to increase towards the western half of the orebody from Casagumayan to the Tiogdan area. A number of drillholes intersected BDP dikes below thick volcanic cover indicating that the base portion of the deposit is largely underlain by this intrusive.

The BDP is generally brownish, medium- to coarse-grained and is characterized by the presence of primary “book” biotite that accounts for about 10% of the rock’s volume. Type localities are found in Bacada, Casagumayan Creek and in Tiogdan. It is crumbly in the near-surface when not silicified or when lacking well-developed quartz veinlets. Along or near the contact with the volcanic wallrock, the diorite commonly exhibits strong breccia textures with pebble-size to occasional cobble-size

angular xenolithic fragments tightly welded in the rock matrix. These represent fragments of the intruded rocks that were stopped by the magma during intrusion.

The copper and gold grades in the BDP average 0.37% and 1.17 g/t respectively.

Intra-mineral Hornblende Diorite Porphyry (IHDP)

The intra-mineral hornblende diorite porphyry (IHDP) occurs as stocks situated in the central part of the Lumanggang and Casagumayan areas of the deposit. It is brownish-gray, medium- to coarse-grained porphyritic with large subhedral plagioclase (andesine) and hornblende phenocrysts occurring in an interlocking feldspathic matrix. In thin section the hornblende phenocrysts are estimated to comprise 10% to 20% of the rock volume. Locally it contains primary biotite comprising some 1% to 3% by volume. Within the main King-king body, copper and gold grades in the IHDP average 0.37% and 0.44 g/t, respectively.

Intra-mineral Diorite Porphyry (IMDP)

The intra-mineral diorite porphyry (IMDP) is lighter in color, has a relatively finer matrix and more dispersed plagioclase (andesine) and hornblende phenocrysts compared with the IHDP, whose hornblende is more tightly packed. It contains 3% to 5% hornblende which in some cases has been totally altered to secondary biotite, leaving a plagioclase-dominated texture.

The IMDP locally exhibits a smooth line contact with the IHDP, but in most cases the contacts are gradational. In some instances IHDP clasts occur in the IMDP, making it very difficult to distinguish between the two intrusives. In cases where the contact between the two is not clear, the texture and hornblende content become the basis for identification.

Among the mineralized intrusives, the IMDP is the least well mineralized with respect to copper and gold, with grades in the ore zone averaging 0.37% Cu and 0.38 g/t Au respectively.

Intra-Mineral Dacite Porphyry (IDAP)

As intersected in a few drill holes, this unit appears to be a minor intra-mineral intrusive occurring as a series of dikes with well-defined contacts cutting the BDP. It is generally massive, coarse-grained, and porphyritic with large euhedral to subhedral plagioclase (andesine) phenocrysts as much as 0.5 cm in size and hornblende set in a fine feldspathic matrix.

Mineralization in the IDAP is mainly fracture filling with almost equal amounts of bornite and chalcopyrite. Classified as an intra-mineral intrusive, its copper might have been remobilized from earlier mineralized rocks during its intrusion. Its alteration is basically propylitic, similar to that of the post-mineral dacite porphyry mapped outside of the copper mineralization zone where chlorite, epidote and calcite are the predominant alteration minerals. Where bornite is the predominant mineral, copper grades are generally over 0.2% with occasional values exceeding 1% Cu near contacts with the intruded biotite diorite porphyry.

Intrusion/Hydrothermal Breccia

Drillholes in Lumanggang intersected hydrothermal breccia pipes that appear to be intra- to late-mineralization in age. As mapped on surface and logged in drill core, the largest hydrothermal breccia appears in plan to be generally elliptical in shape, measuring roughly 40m to 60m in diameter, with the longer axis oriented in a N60°E direction. The fragments are pebble-size to cobble-size, angular,

and dominated by volcanics which occasionally carry copper oxides and IHDP fragments. The fragments commonly exhibit effects of rotation with rounded edges rimmed by rock flour. However, tightly welded pebble-size to cobble-size angular to sub-angular fragments have also been observed. Copper grades range from 0.04% to 0.68% Cu, averaging 0.27% Cu. Gold varies from trace amounts to 0.6 g/t, averaging 0.21 g/t.

Post-Mineral Intrusives

Diorite Porphyry (DP)

This unit, which occurs west of the ore zone in Lumanggang and extends towards Binutaan, is a northwest-trending stock measuring 60m to 120m wide and about 900m long. Its texture is coarser than the mineralized IMDP. Displaying only weak propylitic alteration, it is essentially barren of sulfide mineralization. It is generally greenish due to chlorite infused in the matrix and locally contains specks of epidote.

Hornblende Diorite Porphyry (HDP)

This greenish-gray unit is megascopically similar to the IHDP except for the essentially propylitic alteration it exhibits and the absence of porphyry copper mineralization. It intruded the western flank of the mineralized diorite and also occurs as lenses or dikes within the general mineralized zone. Its intrusion appears to have been influenced by a pre-existing northwest-trending fracture system, as evidenced by the dike's presence both inside and away from the main King-king mineralized body, as well as by the predominantly northwest elongation of its major axis as mapped east and south of Bacada. It commonly contains specks or disseminations of epidote. In all cases, the copper grade drops drastically to below 0.1% Cu inside of this dike.

The HDP is also distinguished from the DP by the presence of $\geq 10\%$ hornblende phenocrysts which are minimal (1-2%) in the DP, and by the presence of relatively euhedral plagioclase laths.

Dacite Porphyry (DAP)

This rock is characterized by large (up to 0.5cm) subhedral plagioclase and hornblende phenocrysts set in a fine- to medium-grained feldspathic matrix. Petrography shows medium-sized to large sub-angular to sub-rounded plagioclase and medium-sized to large phenocrystal sub-angular to sub-rounded primary quartz that comprise up to 10% of the rock's volume. The rock is propylitized, characterized by matrix epidote and chlorite and calcite in microveinlets.

Host Rock Types

Tuff and Andesite

The pre-mineralization volcanic rocks are dominated by a sequence of pyroclastics and andesite flows. The tuff is massive to bedded, fine-grained to aphanitic and is gray to dark-gray where relatively unaltered. Locally it is lithic (as suggested by the presence of relict lithic fragments), and scoriaceous as indicated by the presence of crumbly open spaces observed in some drill core. The andesite flows are either aphanitic or porphyritic, with the latter texture having noticeable medium-sized plagioclase phenocrysts. No intrusive contact has been observed between the tuff and andesite.

The volcanics exhibit a general northwest strike with moderate to steep southwest dips, although locally the beds dip north due to folding. Within the main King-king deposit in Casagumayan the northwest strikes and southwest dips are reflected by the tuff layers logged in some drillholes. Colors

in the tuff vary from greenish to brownish-gray depending on the dominant alteration mineral. Petrography showed that it consists of fine to large intermingled quartz, and feldspar shards (up to 25% by volume).

Sulfide mineralization within the volcanic rocks is usually confined to the contact zone with the intrusive complex. Copper and gold grades range from 0.06% to 0.84% total Cu (averaging 0.22% total Cu), and; from trace to 0.87 g/t Au, averaging 0.18 g/t Au.

Sedimentary Rocks

The sedimentary rock units generally overlie the volcanic rocks around the main King-king deposit and the surrounding prospect areas. Intercalation of the sedimentary units and the pyroclastics was observed, but in most cases distinctions between individual thin beds are difficult to identify megascopically. The sediments are generally thinly bedded and show rhythmic bedding characteristics. Individual rock units locally contain greenish to reddish volcanic fragments generally measuring 1mm in diameter, as observed in the graywacke exposed at Diat, Panganason, Mabaros and south of the main King-king deposit.

The sedimentary rocks trend generally northwest and dip southwest, although dip reversals to the northeast are common due to localized steep folding, particularly to the south of the main King-king deposit. Near the Buko-buko checkpoint and along the Maplag - Buko-Buko road, near-vertical dips are present apparently as a result of regional faulting and folding.

Some of the clastic rocks identified microscopically consist of arkosic graywacke, feldspathic wacke, lithic wacke, tuffaceous siltstone, and shale. The plagioclase component of these rocks ranges from 12% to 35%. Other common accessory minerals are quartz and hornblende. Pyroxene and biotite are rare. The rock fragments that comprise 10% to 15% of the lithic wacke are andesitic. Exposures of a reddish-maroon mudstone/shale along two portions of the Maplag - Buko-buko road and in the Lahi area are thought to be correlative.

Structures

The major faults in the main King-king deposit and immediate vicinities are generally northwest-trending and dip steeply to the northeast. The Soysoy Fault (which is thought to define the south flank of the main deposit) apparently influenced the course of Soysoy Creek. It is traceable for 1.5 km along its strike length, extending northwest beyond the King-king river. Several other faults (particularly those traced across Casagumayan and Tiogdan) have been observed inside the deposit which show localized silicification and associated quartz veinlets along the walls. North-northwest-trending faults comprise the other major set of structures mapped at King-king. These faults are commonly observed in the northern part of Tiogdan and outside of the known mineralization.

The dominance of the northwest structural component is reflected by the preferred orientation of the post-mineral hornblende diorite porphyry (HDP) dikes, the epithermal quartz stock work zone in the Casagumayan and Tiogdan “bardown” areas and the elongation of the entire main deposit. The same trend is also expressed by the HDP stocks situated peripheral to the main King-king deposit. While it is apparent that these northwest-trending structures played an active part during the emplacement of the mineralized diorite complex and the post-mineral intrusives, the north-northwest faults appear to some extent to have also influenced the emplacement of the HDP as indicated by the dikes near Tiogdan.

On a district-wide scale, the northwest structural fabric is also evident from the orientation of the faults and veins and orientations of the longer axes of post-mineral diorite stocks in Binutaan and Diat and the shape and orientation of the biotite diorite and hornblende diorite porphyries in Diat.

Folding in the area is evident outside of the main King-king deposit. The fold axes generally trend northwest with localized deviations to the east and west. The folds observed in the Lahi, Barricade, Buko-buko sa Anay and Maplag areas are generally small but believed to be due to northwest-trending regional folding. Recumbent folds which appear to have been developed as a result of regional stresses are noted along portions of the Maplag - Buko-buko road.

Exploration

Exploration of the King-king deposit by numerous companies and individuals has spanned several decades and has employed a wide variety of techniques that include:

- Surface mapping and sampling;
- Drilling (primarily diamond core);
- Underground drift and raise sampling;
- Geochemistry (soil, stream, and down-hole);
- Development of cross sections, long sections, and plan maps;
- Physical and computer-generated three-dimensional modeling.

A significant portion of past work focused on drilling to explore, define and confirm the economic potential of the property. The vast majority of all existing exploration data (except for drill hole and various other data recently generated by the Company) is historic data generated and compiled by previous property owners and audited by the Company and its contractors. Current drilling is focused on collection of core samples for further definition of the mineral resources (including confirmation of gold assays generated by earlier drilling by Benguet), better definition of certain lithologic contacts, metallurgical testing, pit wall stability analysis for final pit slope angle definition, and hydrology-pore pressure and other hydrogeological studies.

Mineralization and Alteration

General

Gold and copper mineralization in the King-king deposit is hosted primarily by an elongate, dike-like N60°W-striking diorite intrusive complex consisting predominantly of plagioclase-rich hornblende diorite and biotite diorite porphyries, and later magmatic differentiates. Among the intrusives, the most favorable host rock appears to be the biotite diorite porphyry, followed by intra-mineral hornblende diorite porphyry and intra-mineral diorite porphyry. In the intruded volcano-sedimentary rocks, tuff appears to be the most favorable host, especially near or along contacts with the intrusives. Mineralization at King-king occurs as fracture fillings and to a lesser extent as disseminations in the diorite porphyries and adjacent wallrocks. Better gold and copper grades appear to occur where there was intimate mixing of different rock types, such as along contact zones or where several intra-mineral dikes or intrusives cut the earlier lithologies.

The majority of the mineralization in the King-king deposit is hypogene (sulfide). Rapid regional uplift and erosion may be the cause of the general lack of a both leached cap over the deposit and well developed oxide and supergene zones that are typically found in other porphyry deposits. For process

development purposes, two types of mineralization are considered: sulfide and oxide (which includes mixed oxide-sulfide material).

Oxide Zone

In general, the depth of oxidation is greatest under ridge tops (reaching 150 m in thickness), and thins progressively to the valley bottoms where oxidation may only extend to a depth of a few meters due to active erosion. The transition between oxidized and sulfide material is usually quite abrupt and mixed zones are seldom more than a few tens of meters thick. The Lumanggang area contains the greatest thickness of surface oxidation.

In the oxide and mixed oxide-sulfide (mixed) zones, partially oxidized chalcopyrite and bornite are occasionally found along with tenorite, malachite, chrysocolla, cuprite and other copper oxide minerals, together with the iron oxides, hematite, jarosite and goethite. On account of their bright colors and usual association with the more visible, ridge-forming, highly silicified outcrops and quartz stock works, past impressions of the relative abundance of malachite and chrysocolla in the deposit may have been exaggerated because these silicified outcrops are generally found only in limited areas within the oxidized cap of the deposit.

Gold is relatively abundant in the oxide zone, as evidenced by widespread gold panning and small-scale mining activities on the oxidized slopes of Casagumayan and Tiogdan. Some of the gold particles examined in the possession of the small-scale miners were found to be attached to quartz and/or blebs of magnetite. According to old-timers who pioneered gold panning at King-king, coarser gold particles were more abundant in the original soil horizon that existed over the deposit. Gold particles panned along the creeks typically range up to 2 mm in diameters.

Mixed Zone

The mixed zone consists of the oxide minerals described in the previous section, partially oxidized chalcopyrite and bornite, and limited supergene mineralization. Chalcopyrite and bornite are partially to completely replaced by secondary chalcocite and covellite, with covellite almost always rimming bornite.).

Sulfide Zone

Hypogene copper mineralization consists predominantly of chalcopyrite with overall lesser amounts of bornite and primary chalcocite, the latter occurring as fracture fillings in the areas of the deposit that are distinctly more bornite-rich. Bornite-rich areas include the biotite diorite porphyry, where bornite partially replaces chalcopyrite and occurs in amounts roughly equal to or greater than chalcopyrite.

Lesser sulfide minerals include molybdenite, which commonly occurs as fracture coatings and in quartz veins. There appears to be a higher grade molybdenite-bearing shell along the fringes the copper-gold mineralization. Digenite, covellite, tetrahedrite, galena, and sphalerite have been observed in trace amounts in petrographic studies.

Gold occurs in the sulfide zone of the deposit in free form in close association with bornite and as exsolution intergrowths in other sulfides, particularly chalcopyrite. Native gold is occasionally observed on fractures and in quartz veinlets.

The King-king deposit is characteristically pyrite-poor (<1% by volume for the entire deposit). This is reflected by the relative absence of a pyrite halo that is commonly developed around most porphyry

copper deposits. The low pyrite content of the deposit to some extent may have contributed to the deposit's lack of a classic leach cap and supergene enrichment zone, as there was probably not enough pyrite present to generate sufficient acid to form these zones.

Drilling

Three companies completed drilling campaigns on the King-king property prior to the Company's acquiring the rights to the deposit - Mitsubishi Metal Mining Corp. (Mitsubishi), Benguet Corporation (Benguet), and Echo Bay Mines Ltd. (Echo Bay). The initial drillhole database developed by the Company consisted of 276 holes drilled by these companies, which represented 89,922 meters of drilling. Below is a summary of the historical drilling campaigns.

Drilling History by Campaign

Campaign Description	No. of Holes	Meters	No. of Intervals
Mitsubishi Core Holes	54	13,031	4,352
Benguet Core Holes	69	19,247	6,412
Benguet RC Holes	25	4,926	4,456
Echo Bay Core Holes	128	52,718	18,440
TOTAL DRILLING	276	89,922	33,660

The following table shows details of the drilling by hole series and drill hole type – diamond core holes (DDH), and reverse circulation holes (RCH).

54	DDH Holes	Mitsubishi	1972	DDH 1-54
23	DDH Holes	Benguet	1991-1994	BC 1-23
38	DDH Holes	Benguet	1991-1994	BN 1-31(A&B)
3	DDH Holes	Benguet	1991-1994	NH 1-3
5	DDH Holes	Benguet	1991-1994	PQ 1-5
10	RCH Holes	Benguet	1991-1994	BNR 1-9
13	RCH Holes	Benguet	1991-1994	M-Series Holes
2	RCH Holes	Benguet	1991-1994	PQ-Series Holes
128	DDH Holes	Echo Bay	1996-1997	EB 1-126

The core holes were nominally sampled on 3m down-hole intervals, though a portion of the early Echo Bay holes were sampled on 2m intervals. The Benguet RC holes were sampled on 1m intervals. Of the 33,600 intervals, 33,466 were assayed for total copper, 33,323 for soluble copper, and 29,192 for gold. Samples from the Mitsubishi drilling were not assayed for gold. Soluble copper assays were done for almost every interval for which total copper was done.

Most of the Echo Bay holes and a significant number of the Benguet core holes are angle holes oriented southwest to intersect structures striking northwest and having a northeast dip. However, locally the actual orientation of mineralization in the King-king porphyry system is complex and the relationship between true mineral thickness and sample intercept thickness is unknown.

As briefly described previously, three companies completed drilling campaigns on the King-king property – Mitsubishi, Benguet, and Echo Bay. All sampling data used for this resource update are derived from only diamond drill core or RC drill hole cuttings generated by these three companies - no surface grab samples or samples from underground workings were included. In general the sample intervals in the core holes were nominally 3m in length, though a portion of the early Echo Bay holes were sampled on 2m intervals. The Benguet RC holes were sampled on 1m intervals. There was generally no attempt to break sample intervals at geologic contacts or to separate out perceived high grade zones by any of the three companies. Core was split longitudinally by Benguet and Echo Bay on site with the resulting half-core sent to off-site sample preparation laboratories. RC samples generated by both of these companies were bagged and sent to off-site labs as well. Other than sample length, the sampling methods and approach used by Mitsubishi are unknown.

The core from 23 holes was closely examined during the course of collecting 100 core samples for check assay analysis from core currently stored at the facility near Pantukan City, Compostela Valley. The core from the Benguet and Echo Bay drilling campaigns was found to be in generally good condition, especially considering that the core has been transported between different storage facilities a number of times over the past 20 years. Drilling run blocks were found to be in place in most of the boxes examined and/or sampled, with sample breaks in most cases noted in black marker on the wooden box dividers. With a few exceptions, the core was found to be in correct order in the boxes, with the continuity between the remaining half pieces generally good. It was noted during the collection of the core check samples that the solid core pieces of many of the rock types intersected have a general tendency to shatter when struck with a hammer, with some lithologies worse than others. Future core drilling programs should incorporate diamond saws for splitting the core for analysis in lieu of using conventional hydraulic knife-blade-type core splitters.

Though core recoveries were measured and recorded for Benguet and Echo Bay drilling, these data were not included in the digital database. Other than possible effects of sample recovery on grade, no other factors are known that could materially impact the accuracy and reliability of the sample results.

Mitsubishi Metal Mining Corp

From 1969 to 1972, Mitsubishi drilled 54 core holes totaling 13,031 meters. Core was split (splitting method unknown) on three meter intervals and subsequently assayed. Sample preparation and analytical procedures used are unknown. Assay results for total copper and acid soluble copper for the Mitsubishi holes are present in the drillhole database. Gold reportedly was not assayed. To the knowledge of REI and IMC there are no drill logs, drill core, or assay certificates available from the Mitsubishi drilling that could be used to document any of the assay results.

Benguet Corporation

From 1992 to 1994, Benguet drilled 69 core holes totaling 19,247 meters, and 25 reverse circulation drill holes totaling 4,926 meters. Core samples were split and assayed on three meter intervals and reverse circulation holes were sampled and assayed on one meter intervals. Most of the core was HQ (63.5mm) and NQ (47.60mm) diameter. Four holes were PQ diameter (85mm).

After splitting at the site using a conventional knife-blade core splitter, the core was placed in sample bags and sent to the sample preparation laboratory in Davao City, where pulps were prepared for shipment to separate analytical facilities. Assaying was done by two Benguet in-house labs at Dizon and Balatoc and by McPhar Labs in Manila. In 1997 an initial check assay program by Echo Bay of

460 pulps obtained from Benguet indicated that the quality of the Benguet copper assaying was within industry standards, but a systematic bias in the Benguet gold assays was noted, particularly in grades near the average for the deposit. Because of this bias, approximately 10,000 splits of pulps from all of the core holes were subsequently obtained by Echo Bay from Benguet in 1997. Of these, 22 of the more critical holes were re-assayed by Inchcape Testing in Manila to further evaluate assay quality. Results of this work show that total copper assaying error was within acceptable industry standards of error, acid soluble copper assays were biased low and the gold assays were biased high compared to the 1997 re-assays. Check assay samples were taken for the current study in June 2010 from the remaining half of split core from seven Benguet drill holes currently stored at the core shed near Pantukan. Results for these check samples (which were prepared and analyzed by Independent Assay Laboratories Ltd. (IALL) in Wangara, Western Australia) confirm that the original Benguet results for total copper and acid soluble copper are within industry standards of error compared to the recent re-assay work by IALL, while the original Benguet gold assays were biased high compared to the re-assaying.

Echo Bay Mines Ltd. (King-king Mines Inc)

On November 2, 1995, Echo Bay (through its Philippine company, King-king Mines Inc.) collared its first hole on the deposit. The current database contains the results of 128 Echo Bay core holes totaling 52,718 meters. Most of the core was split on three meter intervals, with a few of the early holes in suspected high grade gold areas split on two meter intervals. All of the holes with road access were collared PQ (85mm-diameter) core size to obtain as large a sample of the oxide zone as possible. Drill holes were reduced to HQ (63.50mm- diameter) size upon reaching sulfide material or at the limit of the ability of the drill to penetrate with PQ tools. A few holes were further reduced to NQ (47.60mm-diameter/ core size in order to case off bad ground. Nineteen of the holes were mobilized and supported by helicopter and were drilled using HQ size core barrels. Core was transported as soon as possible to a centrally located logging area on site for inventory and geotechnical logging and then forwarded to a facility in Davao City for geologic logging. Core was divided in half with a conventional knife-blade core splitter in Davao City and a 150-gram sample pulp subsequently prepared for shipping to the Inchcape Testing Lab in Manila. The pulps were assayed for gold, total copper, acid soluble copper and molybdenum. Check assay samples were taken for this study in June 2010 from the other half of split Echo Bay core from 16 holes currently stored at the core shed near Pantukan City. Results of this sampling confirm the Echo Bay results of 1997 for total copper and gold are within acceptable industry standards of error. However, Echo Bay acid soluble coppers were found to be biased high compared to the recent re-assay work, perhaps due to Inchcape's use of a more aggressive acid soluble copper analytical method.

Sample Preparation, Analysis, Security and Data Verification

Estimates of mineralized tonnage and grade at King-king Gold-Copper have historically been based upon assays derived from drilled intercepts. Approximately 33,660 samples were taken over the course of the Project and processed by four separate analytical laboratories - Benguet's in-house labs at Dizon and Balatoc, McPhar Labs in Manila and Inchcape Labs in Manila. The preparation of these samples was not completed by the Company or any of its contractors.

Mitsubishi Drilling Programs

Sample preparation and analysis procedures for the Mitsubishi drilling program of 1969-1972 were not available for review. The sample chain of custody and security procedures used by Mitsubishi are unknown.

Benguet Drilling Programs

For the Benguet drilling programs core samples were collected on 3m intervals and split at the site, placed in sample bags, and sent to the company's sample preparation laboratory in Davao City. There the samples were dried and crushed to a nominal 1/8 inch size, then split to produce samples weighing about 500 grams that was then pulverized to 150 mesh. These pulps were then divided into two 250- to 300-gram samples, one for analysis and one for reserve. The pulps were then shipped to Benguet's in-house analytical labs at either Balatoc or Dizon for analysis. Total copper analysis was done on 0.5-gram samples, using three acid digestion (perchloric, nitric, and hydrochloric acids) prior to analysis by atomic absorption (AAS).

Soluble copper analysis was done on 1.0-gram samples. Digestion was with 5% sulfuric acid at room temperature for two hours, with solution stirring every 15 minutes. As with total copper, final analysis was done by AAS.

Based on the documentation provided to IMC, it appears that the Benguet laboratories also performed gold analysis by solution methods rather than by fire assay. The gold analyses were done on 10.0-gram samples. Nitric acid was first added under low heat to decompose sulfides. Potassium chlorate was then added, followed by hydrochloric acid, which formed aqua regia and dissolved the gold. Additional HCL was added to dissolve salts that may have formed, and MIBK (methyl isobutyl ketone) was added to collect the gold. Final gold analysis was by AAS.

The specific sample chain of custody and security procedures employed by Benguet are not known, although it is likely that the samples were continually under Benguet company control, given that the samples were prepared as well as analyzed in company laboratories.

Echo Bay Drilling Programs

Echo Bay transported core as soon as possible to a centrally located logging area on site for inventory and geotechnical logging. The geotechnical logging was carried out by trained technicians following procedures recommended by Knight-Piesold. Core was then transported daily to the Davao office warehouse for detailed geologic logging. The entire core was photographed prior to splitting and the photographs were transferred to a CD-ROM format for ease of storage and access.

Core splitting was done by trained technicians using conventional hydraulic knife-blade splitters. One half of the core was placed in permanent storage in a secure, enclosed warehouse. The remaining half core from each sampled interval was transported daily to a sample preparation facility located in Davao City that was independently operated by Inchcape Testing. The entire sample was crushed to minus one-tenth inch using a jaw crusher. A sample weighing approximately one kilogram was then split from the crushed material using a riffle splitter. This entire split was pulverized using a large capacity disk pulverizer. The pulps were reduced in size to a nominal 90 percent passing through a minus 200 mesh screen. A pulp split weighing approximately 150 grams from each sample was then shipped to the Inchcape Testing laboratory in Manila by air freight. The remainder of the pulp and the coarse reject were returned to the King-king project site for secure storage in an enclosed warehouse.

Gold assaying was done by fire assay with an atomic absorption finish on fifty-gram charges. Total copper and molybdenum were assayed after total digestion by atomic absorption (AA) techniques. A weak acid digestion at room temperature followed by AA analysis was used for acid soluble copper determinations.

Assay Quality Control/Quality Assurance

The Quality Assurance/Quality Control (QA/QC) program used by King-king Mines Inc (KMI) was jointly designed by Ken Lovstrom, a consulting geochemist and KMI staff and was fully implemented in the second quarter of 1996. To provide the highest degree of assurance for assay data, KMI used three reputable independent assay laboratories. The primary lab was Inchcape Testing Services located in Manila. The secondary check laboratory was Cone Geochemical located in Denver, Colorado. Chemex Labs Ltd. of Vancouver was used for limited check assaying and for round robin assaying of control samples. Echo Bay's chain of custody and security procedures were not documented in writing, but it is highly likely that rigid procedures were followed, based on IMC's first-hand experience with other Echo Bay projects that were overseen by Ken Lovstrom.

Data Verification

IMC performed the following data verifications on the King-king sampling database:

- A significant portion of the assays in the database were compared with assay certificates and geologic logs;
- For the 1997 Feasibility Study, Echo Bay re-assayed a significant number of Benguet samples for copper and gold. IMC did comparisons of the Echo Bay and Benguet assays for these sample intervals;
- Donald Earnest of REI pulled 100 samples from Benguet and Echo Bay existing core to be assayed for copper and gold for comparison with original assays.

Mineral Resource Estimates

The mineral resource was developed based on historic drilling that was completed by three companies from 1972 – 1997 (Mitsubishi Corporation, Benguet Corporation and Echo Bay Mining). The assay information was on electronic files. These files were checked and corrected by hand comparison to assay certificates and printed scanned paper logs, and an electronic data base for assembly of a block model was produced. Due to a bias in the Benguet gold assays which was discussed in a previous section, these assays were not used for the IMC resource estimate, but were replaced with the Echo Bay re-assays where available.

An important aspect of IMC's mandate was to verify the validity of drill and assay data. As part of this project, 100 core samples for independent check assay analysis were recovered from the core drilled by Benguet and Echo Bay that is currently stored at the core shed located in Pantukan City, Compostela Valley. The results of those assays confirm the presence of gold and copper. IMC and REI hold the opinion that these recent check assays provide sufficient confidence that the data generated and compiled by Benguet and Echo Bay are valid for the estimation of measured and indicated mineral resources.

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. The following table summarizes the mineral resources at the Project as updated in August 2011.

Independent Mining Consultants, Inc. (IMC) of Tucson, AZ, the consultant for the feasibility mine design, updated the resource block model for this mineral resource update. The main features of this

update are the incorporation of better topography into the estimate than was previously available and the conversion of the model and drillhole database from the old Benguet local coordinate system to WSG84 coordinates. Most of the increased mineral resource is due to higher prevailing metal prices.

IMC reports mineral resources within a floating cone shell for open pit mines to comply with the “reasonable prospects for economic extraction” clause of NI 43-101 regulations and also Australia’s AusIMM - JORC code. Table 1 shows the economic parameters used for this update. Only measured and indicated resource blocks were allowed to contribute to the floating cone shell used for the mineral resource tabulation, with inferred blocks treated as waste. The economic parameters developed for Table 1 are based on bulk open pit mining of the ore followed by crushing, grinding, and flotation to produce copper concentrates.

Table 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 + 0.714 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)		

Measured and indicated mineral resource amounts to 962.3 million tonnes at 0.533% copper equivalent, 0.254% total copper, 0.062% soluble copper, and 0.334 g/t gold. Inferred mineral resource is an additional 188.8 million tonnes at 0.439% copper equivalent, 0.215% total copper, 0.048% soluble copper, and 0.265 g/t gold. The measured and indicated mineral resource consists of 5.4 billion pounds of contained copper and 10.3 million troy ounces of contained gold. The last column of the table also shows that with metal grades defined in terms of equivalent gold, instead of equivalent copper, the equivalent gold grade of the measured and indicated mineral resource is 0.660 g/t gold equivalent.

There is no guaranty that any of the mineral resource will be converted to mineral reserve. There is also no guaranty that inferred mineral resource will be upgraded to measured or indicated mineral resource or mineral reserves.

Mining Operations

The mining operation will be open pit, bulk, mining conducted with mining shovels in the 40 cubic meter class or larger and trucks in the 200 metric tonne class or larger. The ore production rate is expected to be 125,000 metric tonnes per day (45.6 million tonnes per year) or higher.

IMC has also developed a preliminary mining production schedule (i.e. production forecast) for the Project. Seven mining phases were designed to do the scheduling. The phases include haulage roads and adequate working room for large mining equipment. The final pit design was based on economic parameters used for the mineral resource estimation, including commodity prices of \$2.00 per pound copper and \$755 per ounce gold. Only measured and indicated mineral resource was allowed to contribute to the design.

The following table shows the mine production schedule. The top of the table shows total ore from the mine by year. Oxides and sulfides are also tabulated separately. Each block in the model was assigned a Net Smelter Return (NSR) value based on estimated metal prices, process recoveries and smelter terms. The NSR is shown in Table 1 for ore in each year and for each type of ore, oxide or sulfide ore. Since the King-king project is a polymetallic deposit, the treatment of both copper and gold concentrates is a significant component of the project operating costs.

Preproduction stripping requirements have been increased to 20 million tonnes. This allows Year 1 total mine production to be maintained at 50 million tonnes. Year 2 is scheduled at 76.5 million tonnes, and Years 3 through 12 are scheduled at 105 million tonnes per year.

This schedule results in 782.2 million ore tonnes at 0.273% total copper, 0.370 g/t gold and 0.595% copper equivalent. This is measured and indicated resource only, inferred resource is considered waste. Total material is 1.48 billion tonnes.

Table 2: Proposed Mine and Plant Production Schedule - 45,625 KTPY Ore - Co-mingled Oxides and Sulfides																							8/4/2011
		Units	PP	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	TOTAL
NSR Cutoff Grade		(\$/t)	6.50	6.50	6.75	9.50	9.50	8.75	8.50	8.50	8.00	7.50	7.50	6.25	5.50	5.75	5.27	5.27	5.27	5.27	5.27	5.27	
Total Ore:																							
Ore Ktonnes		(kt)	3,972	18,840	45,625	45,625	45,625	45,625	45,625	45,625	45,625	45,625	45,625	45,625	45,625	45,625	45,625	45,625	24,738				686,300
NSR		(\$/t)	9.334	17.185	16.013	17.787	16.902	16.148	14.581	15.090	13.809	14.005	12.877	11.973	10.904	10.366	9.567	11.268	11.748				13.67
Total Copper		(%)	0.421	0.744	0.451	0.326	0.291	0.282	0.303	0.292	0.304	0.279	0.248	0.211	0.192	0.212	0.228	0.215	0.208				0.285
Soluble Copper		(%)	0.218	0.441	0.211	0.112	0.065	0.049	0.043	0.042	0.034	0.032	0.034	0.028	0.033	0.032	0.030	0.027	0.029				0.066
Gold		(g/t)	0.159	0.405	0.475	0.646	0.577	0.523	0.378	0.428	0.315	0.369	0.362	0.368	0.347	0.276	0.195	0.316	0.362				0.396
Recovered Copper		(%)	0.186	0.290	0.224	0.194	0.201	0.206	0.230	0.221	0.238	0.218	0.190	0.162	0.142	0.160	0.176	0.166	0.158				0.196
Recovered Gold		(g/t)	0.119	0.304	0.357	0.485	0.433	0.392	0.283	0.321	0.236	0.277	0.272	0.276	0.260	0.207	0.146	0.237	0.271				0.297
Oxide Ore:																							
Ore Ktonnes		(kt)	3,766	16,873	27,042	21,042	10,309	7,780	3,484	1,275	2,267	206	80	255	422	813							95,614
NSR		(\$/t)	9.13	17.06	15.07	18.36	14.99	17.27	16.50	16.14	14.26	13.91	13.74	13.93	8.15	8.04							16.03
Total Copper		(%)	0.423	0.773	0.475	0.322	0.253	0.269	0.372	0.441	0.216	0.175	0.403	0.117	0.255	0.240							0.436
Soluble Copper		(%)	0.228	0.487	0.329	0.190	0.140	0.097	0.108	0.119	0.106	0.050	0.198	0.039	0.073	0.067							0.262
Gold		(g/t)	0.161	0.424	0.578	0.828	0.669	0.714	0.509	0.387	0.640	0.604	0.425	0.689	0.160	0.169							0.602
Recovered Copper		(%)	0.179	0.277	0.150	0.124	0.105	0.147	0.222	0.269	0.098	0.105	0.184	0.066	0.153	0.145							0.165
Recovered Gold		(g/t)	0.121	0.318	0.434	0.621	0.502	0.536	0.382	0.290	0.480	0.453	0.319	0.517	0.120	0.127							0.451
Sulfide Ore:																							
Ore Ktonnes		(kt)	206	1,967	18,583	24,583	35,316	37,845	42,142	44,350	43,358	45,419	45,545	45,371	45,203	44,812	45,625	45,625	24,738				590,688
NSR		(\$/t)	13.09	18.26	17.39	17.30	17.46	15.92	14.42	15.06	13.79	14.01	12.88	11.96	10.93	10.41	9.57	11.27	11.75				13.28
Total Copper		(%)	0.379	0.491	0.417	0.330	0.302	0.284	0.298	0.288	0.308	0.279	0.247	0.212	0.192	0.212	0.228	0.215	0.208				0.261
Soluble Copper		(%)	0.024	0.041	0.039	0.045	0.043	0.039	0.037	0.040	0.030	0.032	0.033	0.028	0.032	0.031	0.030	0.027	0.029				0.034
Gold		(g/t)	0.116	0.243	0.326	0.491	0.551	0.484	0.367	0.429	0.298	0.368	0.362	0.366	0.348	0.278	0.195	0.316	0.362				0.362
Recovered Copper		(%)	0.311	0.396	0.332	0.253	0.229	0.217	0.230	0.219	0.245	0.218	0.190	0.162	0.142	0.160	0.176	0.166	0.158				0.201
Recovered Gold		(g/t)	0.087	0.182	0.245	0.368	0.413	0.363	0.275	0.322	0.223	0.276	0.272	0.274	0.261	0.208	0.146	0.237	0.271				0.272
Low Grade Stockpile:																							
Ore Ktonnes		(kt)	768	1,488	2,548	6,259	18,864	17,373	16,602	11,871	10,249	2,873	5,789	1,185									95,869
NSR		(\$/t)	6.247	6.240	6.364	7.851	7.656	7.351	7.257	7.315	7.099	6.842	6.813	6.119									7.281
Total Copper		(%)	0.306	0.349	0.339	0.210	0.213	0.160	0.165	0.170	0.176	0.131	0.130	0.115									0.183
Soluble Copper		(%)	0.183	0.240	0.231	0.080	0.091	0.040	0.028	0.024	0.022	0.016	0.017	0.018									0.054
Gold		(g/t)	0.123	0.134	0.141	0.218	0.219	0.211	0.172	0.161	0.133	0.191	0.193	0.180									0.186
Recovered Copper		(%)	0.117	0.111	0.111	0.117	0.111	0.106	0.122	0.129	0.136	0.101	0.100	0.086									0.116
Recovered Gold		(g/t)	0.092	0.101	0.106	0.163	0.164	0.158	0.129	0.121	0.100	0.143	0.145	0.135									0.139
Total Material, Waste, W:O																							
Total Material		(kt)	20,000	50,000	76,472	105,000	105,000	105,000	105,000	105,000	105,000	105,000	105,000	105,000	105,000	103,102	77,823	63,718	42,998				1,484,113
Waste (Low Grade as Ore)		(kt)	15,260	29,672	28,299	53,116	40,511	42,002	42,773	47,504	49,126	56,502	53,586	58,190	59,375	57,477	32,198	18,093	18,260				701,944
Waste:Ore Ratio (LG as Ore)		(none)	3.22	1.46	0.59	1.02	0.63	0.67	0.69	0.83	0.88	1.17	1.04	1.24	1.30	1.26	0.71	0.40	0.74				0.90
Proposed Plant Schedule:																							
Ore Ktonnes		(kt)		22,812	45,625	45,625	45,625	45,625	45,625	45,625	45,625	45,625	45,625	45,625	45,625	45,625	45,625	45,625	45,625	29,357			782,169
NSR		(\$/t)		15.82	16.01	17.79	16.90	16.15	14.58	15.09	13.81	14.01	12.88	11.97	10.90	10.37	9.57	11.27	9.55	7.31	7.48		12.88
Total Copper		(%)		0.688	0.451	0.326	0.291	0.282	0.303	0.292	0.304	0.279	0.248	0.211	0.192	0.212	0.228	0.215	0.183	0.165	0.233		0.273
Soluble Copper		(%)		0.402	0.211	0.112	0.065	0.049	0.043	0.042	0.034	0.032	0.034	0.028	0.033	0.032	0.030	0.027	0.025	0.032	0.111		0.064
Gold		(g/t)		0.362	0.475	0.646	0.577	0.523	0.378	0.428	0.315	0.369	0.362	0.368	0.347	0.276	0.195	0.316	0.270	0.185	0.205		0.370
Recovered Copper		(%)		0.272	0.224	0.194	0.201	0.206	0.230	0.221	0.238	0.218	0.190	0.162	0.142	0.160	0.176	0.166	0.140	0.117	0.112		0.186
Recovered Gold		(g/t)		0.272	0.357	0.485	0.433	0.392	0.283	0.321	0.236	0.277	0.272	0.276	0.260	0.207	0.146	0.237	0.202	0.139	0.154		0.278
Copper Recovery		(%)		39.5%	49.7%	59.5%	69.1%	73.0%	75.9%	75.7%	78.3%	78.1%	76.6%	76.8%	74.0%	75.5%	77.2%	77.2%	76.4%	71.2%	48.3%		68.3%
Gold Recovery		(%)		75.0%	75.2%	75.1%	75.0%	75.0%	74.9%	75.0%	74.9%	75.1%	75.1%	75.0%	74.9%	75.0%	74.9%	75.0%	74.9%	75.0%	74.9%		75.0%

Exploration and Development

Exploration of the King-king deposit has spanned a few decades, and represents the efforts of numerous companies and individuals. A wide variety of techniques have been employed, including:

- Surface mapping and sampling
- Drilling (primarily diamond core)
- Underground drift and raise sampling
- Geochemistry (soil, stream, and down-hole)
- Development of cross sections, long sections, and plan maps
- Physical and computer-generated three-dimensional modeling.

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 done to date is that the King-king deposit is a significant copper-gold porphyry system with the potential to become an economic project. The drilling done to date has also been used to develop an NI 43-101 compliant mineral resource for the deposit.

All of the exploration data collection, including the drilling data, is historic data compiled by previous property owners. The Company and its contractors were not involved in the compilation of this data. The only work conducted by the Company and its contractors is the interpretation of the mapping and drilling data to develop the current mineral resource.

Future drilling will focus on geotechnical diamond drilling to obtain core samples for pit wall stability analysis, final slope angle definition and hydrology-pore pressure studies, and hydrogeological studies. Additional diamond drilling will collect samples for metallurgy testing, in-fill certain areas of the deposit for confirmation of gold assays generated by the earlier Benguet drilling, and to better define certain lithologic contacts.

Conclusions

The August 2011 update measured and indicated mineral resource for the King-king deposit has 962.3 million ore tonnes at 0.25% total copper and 0.33 g/t gold. The August 2011 update to the resource increased the resource 21.6% in tonnage (962.3 vs. 791.5 million tonnes). The resource contains 5.4 billion pounds of copper and 10.3 million troy ounces of gold. On an equivalent gold basis the measured and indicated resource has 20.4 million troy ounces of equivalent gold grading an equivalent 0.66 g/t gold. The updated estimate of inferred mineral resource amounts to 188.8 million tonnes at 0.215% copper and 0.265 g/t gold.

The results of the resource estimate indicate that the Project has the potential to become an economic producer of copper-gold and gold concentrates for shipment to a copper smelter/refiner and a gold refinery if planned feasibility studies confirm projected mine and mill designs are practical and economical.

There is potential to add resource tonnage to the King-king deposit as there are significant quantities of inferred resource, particularly at depth, to the north and west of the presently defined open pit, where drilling has not found the limits of the mineralization. The additions could be in the range of 100's of millions of tons.

Based on the known information provided to date, AATA sees no environmental issues that would prevent the permitting of the proposed operations. After review of the laws of the Philippines and the planned Project, this Project should apply generally under the MINING ACT OF 1995, however, several other laws and regulations may apply. Although AATA currently does not see any permitting issues that would prevent the operation of the proposed King-king Gold-Copper Mine, AATA cannot predict all the concerns or issues the permitting agencies may have with the proposed Project during the permitting process, nor can AATA control how long the agencies will take to issue the necessary permits. At this time, quantification of all the environmental impacts of the proposed facilities and operations is not possible. A better understanding of these will be developed during the permitting process.

Recommendations

Many recommendations from the King-king Technical Report push the Project forward towards the prefeasibility stage were executed upon. The progress on these is listed below:

- Re-assaying of the Benguet drill hole pulps to improve the confidence of mineral resource and mineral reserve estimate is in progress and is expected to complete in Q3 2011.
- Drilling programs to determine feasibility level pit wall angles (slope stability) and provide new sample for metallurgical tests have been initiated and most have been completed. Completion of the remaining drill holes is expected by the end of Q3 2011.
- Additional recommended drilling for confidence and adding tonnes to the resource are planned for 2012.
- Recommended acid rock characterization studies were planned and executed. Static type tests were completed and kinetic type tests are in the initial execution phase.
- A new topographic survey of the mine, probably and alternate valueless rock management areas plant, and tailings storage areas was recommended and has been executed upon with the new imagery and topographic maps distributed to all the consultants engaged on the Project.

Process testing on old and new core was recommended to address the following items:

- Optimum primary grinding size for various ore zones and lithology types – 85% complete
- Geo-statistical analysis of grinding and flotation – 40% complete;
- Copper oxide mineral response to flotation with recently developed and commercialized oxide flotation reagents and flow sheets – complete;
- A thorough study of regrind product size – 90% complete;
- Optimized cleaner flotation reagent schemes and flow sheet for ore variations - complete;
- Evaluate centrifugal gravity and flash flotation recovery of gold from the primary grinding circuit and from tailing streams in flotation – 30% complete;
- Evaluate concentrate processing by hydrometallurgical methods to recover gold and copper at site – in the planning stage with completion expected Q1 2012;
- Rheology studies on tailing for settler design and tailing dam design – 30% complete;
- Settling and filtration studies on concentrates for dewatering purposes – 10% complete.
- All the drilling performed has utilized highly accurate Ori-Shot down hole survey method.
- An independent audit, by a contracted third party, of the drilling program was performed in March 2011. A positive site visit and audit report on the overall King-king drilling and geology programs was received. was given to us. Results were good.
- The recommended geotechnical testing on the new core was planned and is in the execution phase with a report expected on the mechanical testing at the end of Q3 2011

- Some hydrogeological testing of the finished core holes was required and this work is completed on 3 holes and in progress on another 6. Completion is expected in early Q4 2011.
- The recommended Quality Assurance/Quality Control program was established for the new drilling and as aforementioned above it was audited in March 2011 and received a positive report.

The original budget for additional drilling, analysis of the drill results and above mentioned studies of \$3.4 million USD has been expanded upon with the addition of several social and environmental programs and additional feasibility studies. The current budget is approximately \$30 million USD for the bankable feasibility study and social and environmental studies and documentation to prepare a Philippine environmental impact statement and an international Social and Environmental Impact Assessment.

7. 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 futures.

8. DESCRIPTION OF CAPITAL STRUCTURE

The authorized capital of the Company consists of an unlimited number of common shares without par value. 295,783,334 common shares are issued and outstanding.

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.

9. MARKET FOR SECURITIES

9.1 Trading Price and Volume

Following is a summary of the trading prices and average daily volume on the TSX Exchange since January 2011.

Month	High	Low	Close	Volume
January	2.05	1.33	1.35	397,900
February	1.48	1.18	1.46	222,300
March	1.40	0.85	0.97	184,200
April	1.04	0.74	1.00	94,900
May	1.02	0.66	0.69	243,100
June	0.80	0.54	0.64	234,700
July	0.75	0.60	0.65	270,900
August	0.71	0.60	0.70	345,323

9.2 Prior Sales

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.

Number of securities	Type of Security
1,850,000	Stock Options (a)
15,616,667	Stock Options (b)

- (a) The stock options that existed prior to the Recapitalization were valued based upon the relative value of the allocation of fair value in the reverse acquisition under IFRS 3 – Business Combinations. Of the 8,500,000 options that existed at that time, 6,650,000 options were exercised subsequent to January 7, 2011. The options have an exercise price of \$0.25 and expire on June 30, 2012.
- (b) Employee stock options issued after the Recapitalization. These options generally vest one third on the date of issuance, and the other two thirds at each of the next two years anniversary dates. These options have a weighted average exercise price of \$1.42 and a five-year term.

10. ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

Upon the Recapitalization the Company issued 80 million common shares to RMMI. An additional 75 million common shares are due to RMMI upon completion of a BFS on the Project, or any subsequent change of control.

11. DIRECTORS AND OFFICERS

11.1 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 biannual meeting, 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 ⁽⁶⁾ Spokane, Washington	Chairman of the Board of Directors	Chairman of the board of directors since January 2011, President and Managing Director of Russell Associates E & T LLC since January 2008; President, Chairman and CEO of General Moly, Inc. from October 2007 until November 2007; and President Chairman and CEO of Idaho General Mines, Inc. from January 2000 until October 2006.	nil
Andrew J. Russell ⁽⁶⁾ Spokane, Washington	Director, 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.	27.04% ⁽¹⁾
Tom Henderson Spokane, Washington	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.	.02%
Michael J. Carrick ⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾ Western Australia, Australia	Director	President and CEO of CGA since January 2004.	3.4%
Max V. Anhoury ⁽²⁾⁽³⁾⁽⁷⁾ Tucson, Arizona	Director	Global sales and marketing at Iovation, Inc since February 2009. President of Topline Performance, Inc. since January 2002.	nil
D. Richard Skeith Calgary, Alberta, Canada	Corporate Secretary	Partner at Macleod Dixon LLP, Barristers and Solicitors	nil
R. Llee Chapman Elko, Nevada	Interim Chief Financial Officer	Independent consultant, 2010 to present; Regional Vice President, Newmont Mining Corp. 2007 to 2010; independent consultant, 2005 to 2006.	nil
Thomas L. McKeirnan ⁽²⁾⁽³⁾⁽⁷⁾	Director	Senior Vice President, General Counsel and Secretary of Red Lion Hotels Corporation since February 2005.	nil

Note: (1) Andrew J. Russell is the president of RMMI, which holds 80,000,000 common shares of the Company. Robert L. Russell is also on the board of directors, and a shareholder of RMMI.
(2) Member of the audit committee
(3) Member of the compensation committee
(4) Michael J. Carrick is president of CGA, which holds shares of the Company.
(5) Term expires in 2011.
(6) Term expires in 2012
(7) Term expires in 2013

As of the date of this AIF, the directors and officers above collectively beneficially owned, or controlled or directed, directly or indirectly, 90,082,550 common shares representing 30.46% of the issued and outstanding common shares. Each director's term of office will expire at the next annual meeting of the shareholders unless re-elected at such meeting.

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.

11.2 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. Accordingly, the Company provides the following disclosure with respect to its Audit Committee.

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:

Michael J. Carrick, Chairman Independent Financially Literate	Mr. Carrick was appointed a Director of the Company in January 2010. He also serves as CEO and a Director of CGA Mining Limited, a mineral resource issuer listed on the TSX and ASX which operates the Masbate gold mine in the Philippines. Mr. Carrick was previously Executive Chairman of AGR Limited, the entity which owned and developed the Boroo Gold Project in Mongolia, and Chief Executive Officer of Resolute Limited, which developed a number of gold mines in Australia and Africa. Prior to joining Resolute, Mr. Carrick, a Chartered Accountant, was a senior partner of Arthur Andersen. Mr. Carrick holds a Bachelor of Accounting Degree and a Bachelor of Commerce Degree and is a member of the Institute of Chartered Accountants, Australia.
Max V. Anhoury Independent Financially Literate	Mr. Anhoury brings over 20 years of operational, sales and marketing experience. Currently, at Iovation, 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 has been Senior Vice President, General Counsel and Secretary of Red Lion Hotels Corporation since February 2005, and held other General Counsel positions at Red Lion since 2003. 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.

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, 2010 and December 31, 2009, by category, are as follows:

Year Ended	Audit Fees	Audit Related Fees	Tax Fees	All Other Fees
December 31, 2010	\$174,938	\$ -	\$ -	\$42,349
December 31, 2009	\$ -	\$ -	\$24,014	\$62,916

11.3 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

- 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.

Rick 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 CTO 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.

11.4 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 and Llee Chapman are also either directors, officers or shareholders of RMMI.

12. PROMOTERS

Andrew J. Russell may be considered to be the promoter of the Company because he has taken the initiative in founding and organizing the business of the Company. As president of RMMI, Mr. Russell exercises control and direction over 80 million common shares of the Company, representing 27% of the issued and outstanding shares of the Company. Except as disclosed in this AIF, 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.

13. LEGAL PROCEEDINGS AND REGULATORY ACTIONS

The Company is not currently a party to any legal proceedings, nor is the Company currently contemplating 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.

14. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

RMMI, a company of which Andrew Russell (the President and CEO) is also the president and a director, received 80,000,000 common shares issued pursuant to the Recapitalization. Robert L. Russell and Llee Chapman are also directors and/or shareholders of RMMI.

15. 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.

16. 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 RMMI, NADECOR and Benguet.

17. NAME 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. MNP is the auditor who prepared the auditor's report for the Company's annual financial statements for the year ended December 31, 2010. MNP 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.

18. 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 November 25, 2010.

Additional financial information is provided in the Company's financial statements and MD&A for the year ended December 31, 2010.