St. Augustine Gold and Copper Limited

Management's Discussion and Analysis

Year ended December 31, 2011

Dated as of March 20, 2012

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The following discussion and analysis should be read in conjunction with the Technical Report dated October 12, 2010, entitled "King-king Copper-Gold Project, Mindanao, Philippines" (the "Technical Report"), Annual Information Form dated March 20, 2012, the audited consolidated financial statements of St. Augustine Gold and Copper Limited (the "Company") for the year ended December 31, 2011 and the period from March 31, 2010 (inception) to December 31, 2010, and all of the notes, risk factors and information contained therein. These are all available at www.sedar.com.

I. Introduction

This Management's Discussion and Analysis ("MD&A") is dated March 20, 2012, and is in respect of the year ended December 31, 2011. All dollar amounts referenced, unless otherwise indicated, are expressed in United States dollars. References to "CDN$" mean Canadian dollars.

The following section contains forward-looking statements that involve risks and uncertainties. The Company's actual results may differ materially from those discussed in forward-looking statements as a result of various factors, including those described under "Forward-Looking Information".

II. Forward-Looking Information

Certain statements contained in this MD&A constitute forward-looking statements within the meaning of applicable securities laws including, among others, statements made or implied relating to the Company's objectives, strategies to achieve those objectives, management's beliefs, plans, estimates and intentions, and similar statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts. Forward-looking statements generally can be identified by words such as "objective", "may", "will", "expect", "likely", "intend", "estimate", "anticipate", "believe", "should", "plans" or similar expressions suggesting future outcomes or events. Such forward-looking statements are not guarantees of future performance and reflect management's current beliefs based on information currently available. Such statements involve estimates and assumptions that are subject to a number of known and unknown risks, uncertainties and other factors inherent in the business of the Company and the risk factors discussed in the Company's Annual Information Form dated March 20, 2012, and other materials filed with the securities regulatory authorities from time to time which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. Those risks and uncertainties include, but are not limited to: the mining industry (including operational risks; risks in exploration, and development; the uncertainties involved in the discovery and delineation of mineral deposits, resources or reserves; and the uncertainty of mineral resource and mineral reserve estimates); the risk of gold, copper and other commodity price and foreign exchange rate fluctuations; the ability of the Company to fund the capital and operating expenses necessary to achieve the business objective of the Company; the uncertainty associated with commercial negotiations and negotiating with foreign governments; the risks associated with international business activities; risks related to the Company's operations in the Philippines; environmental risk; the dependence on key directors and officers; and the ability to access capital markets.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made and readers are advised to consider such forward-looking statements in light of the risks set forth above. Except as required by law, the Company assumes no obligation to update or revise any forward-looking statements to reflect new information or the occurrence of future events or circumstances.

III. Overview

Background

St. Augustine Gold & Copper Limited ("SAGC" or "the Company") was incorporated as Ratel Gold Limited ("Ratel") in the British Virgin Islands on January 27, 2010. Upon completion of the acquisition of St. Augustine Mining Inc. ("SAMI") by Ratel in January 2011, Ratel changed its name to St. Augustine Gold & Copper Ltd. Ratel had disposed of all of its operating subsidiaries in anticipation of the completion of the merger with SAMI. SAMI was deemed the surviving operating company for accounting purposes.

The Company is engaged in the business of mineral property exploration; currently, it's only activity is for the benefit of the King-king copper-gold property ("King-king" or the "Project") in the Philippines. The Company is in the process earning up to a 60% interest in the Project from Nationwide Development Corporation ("NADECOR").

The Company's operating subsidiaries were formed for the sole purpose of developing the Project, one of the largest undeveloped copper-gold projects in the world. The Company's objective is to bring the Project into commercial production in a timely and cost effective fashion. Management believes that due to past and expected strength in the markets for gold and copper that the Project represents an opportunity to generate a superior return on investment for the Company's shareholders.

Financial Condition

The Company had positive working capital at December 31, 2011 of $20,700,000 (all amounts are approximate).

Cash proceeds of approximately $72,000,000 attributable to common share issuances and the recapitalization during 2011 were expended on loan repayments of $11,700,000, Project investments of $32,000,000, Project acquisition costs of $10,250,000, reimbursements for funds advanced to the Company of $2,000,000, and fixed asset acquisitions of $1,000,000.

Management strategically limits cash outflow to those items which contribute to the primary objectives of completing a pre-feasibility study ("PFS") and a BFS. Available capital is largely expected to be utilized during the first half of 2012 on the completion of a PFS, after which additional funds will need to be raised by the Company to complete a BFS. The completion of a BFS is critical to the Company's earn-in with NADECOR and the cost effective fundraising of large amounts of debt and equity capital required to construct the Project.

The Company will complete a pre-feasibility study during the second quarter of 2012, which will facilitate the fundraising needed to complete a BFS. A BFS is critical to the Company's ability to further raise the large amount of capital required for engineering, procurement, and construction at the Project site.

Qualified Persons

Disclosure of a scientific or technical nature in this MD&A with respect to the Project was prepared by, or under the supervision of either: James Moore, P.E., the Company's Vice President, Technical; or Mr. David Harvey, the Company's Manager of Geology and Lands. Mr. Moore and Mr. Harvey are "qualified persons" for the purposes of National Instrument 43-101 of the Canadian Administrators ("NI 43-101").

Project

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.

LOCATION MAP OF KING-KING GOLD-COPPER PROJECT

The King-king property is one of the largest undeveloped copper-gold deposits in the world, with a measured and indicated equivalent copper-gold resource of 962.3 million tonnes at 0.254% copper and 0.334 gram 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 .265 grams gold per tonne of ore. The equivalent troy ounces of gold in this resource are 3.6 million.

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

Eq Au (Oxide) = Gold + 0.714 x Total Copper

Eq Au (Sulfide) = Gold + 1.458 x Total Copper

These equations were derived from the parameters listed in the table below that was developed by Independent Mining Consultants ("IMC") during the update of the King-king mineral resource in August 2011.

Economic Parameters for King-king

Parameter	Units	Oxide Mill	Sulfide Mill
Copper Price Per Pound	(US$)	2.500	2.500
Gold Price Per Troy Ounce	(US$)	1,100	1,100
Base Mining Cost Per Tonne Material	(US$)	1.250	1.250
Mine Replacement Capital Per Tonne	(US$)	0.100	0.100
Process Cost per Ore Tonne	(US$)	5.000	5.000
General and Administrative Cost Per Ore Tonne	(US$)	0.270	0.270
Process Recovery of Copper (Average)	(%)	37.8%	77.2%
Process Recovery of Gold (Average)	(%)	75.0%	75.0%
Smelting/Refining Payable for Copper	(%)	96.4%	96.4%
Smelting/Refining Payable for Gold	(%)	95.0%	95.0%
SRF (or SXEW) Cost per Pound Copper	(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)	1.4	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 Grands			
Breakeven (without lift)	(g/t)	0.27	0.27
Internal	(g/t)	0.22	0.22

Source: Parameters described in the Company's press release filed August 16, 2011, at www.sedar.com (contents were reviewed by qualified persons; Mr. Michael G. Hester, FAusIMM of Independent Mining Consultants, Donald F. Earnest, P.G., of Resource Evaluation, Inc. and Mr. James J. Moore, P.E., St. Augustine Gold and Copper Limited).

History and Current Developments of the King-king property

The King-king tenement comprises 184 mining claims that are owned by NADECOR under Mineral Production Sharing Agreement #009-92-XI (the "MPSA"), which was approved by the Government of the Philippines on May 27, 1992, and amended December 11, 2002. The MPSA grants NADECOR the exclusive right to explore, develop and exploit minerals within the area comprising the King-king deposit. The King-king mineral anomaly was originally discovered in 1966.

In April 2010, NADECOR, Russell Mining and Minerals, Inc. ("RMMI"), the Company, Conrado T. Calalang, and Jose G. Ricafort entered into a Memorandum of Understanding ("MOU"), which was subsequently amended, to develop the King-king property. The MOU addresses the formation of a joint venture to develop the King-king property.

The MOU gives the Company the exclusive option to earn-in up to an aggregate 60% equity interest in the Project through either direct or indirect equity interests in the joint venture corporation and/or the companies in the joint venture structure. The earn-in by the Company is based on funding and preparing a bankable feasibility study with respect to the development of the King-king property, a disproportional contribution to fund any development capital expenditure and direct payments to NADECOR. The commitment to fund the completion of a bankable feasibility study for the King-king property is envisaged to be in the amount of $43,500,000. Direct payments to

NADECOR and capital expenditures ("CapEx") will bring the Company's expenditures to a minimum aggregate amount of $83,000,000 in order to earn-in the full 60% interest. Details of the earn-in schedule are discussed under the section "Contractual Obligations" in this MD&A.

Subsequent to December 31, 2011, the Company and NADECOR executed an agreement (the "Subscription Agreement") made effective January 19, 2012, which will result in the issuance of joint venture equity to the Company. The Subscription Agreement will cause the Company to own 30% of the issued and outstanding equity of King-king Gold & Copper Mines, Inc., the joint venture which will hold the Mineral Production Sharing Agreement relevant to the King-king Project. The agreement settles the $30 million dollar PSIA investment commitment discussed elsewhere.

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

Pursuant to the Heads of Terms agreement dated July 22, 2010, Benguet agreed to perform certain actions to transfer or assign its interest in the Project to either NADECOR or a joint venture consisting of NADECOR and the Company. Benguet has now signed, and lodged into escrow, all necessary releases to previous actions and any interests in the MPSA and Operating Agreement. Benguet settled in full in September of 2011 as described under the section entitled Contractual Obligations.

Market Trends

Copper prices increased significantly between late 2003 and mid-2008, and after a steep decline in late 2008 and early 2009, have been steadily increasing since that time.

Although the gold price has dropped from time to time, over the past five years the average annual price has steadily increased. This upward trend accelerated in 2009 during the period of global economic uncertainty that began in mid-2008.

Average annual prices as well as the average price through the date of this document, for copper and gold are summarized in the table below:

Average annual market price (US$)

Year	Copper (lb)	Gold (oz)
2007	3.28	704
2008	3.11	880
2009	2.41	981
2010	3.45	1,233
2011	4.02	1,568

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

IV. Current Highlights

On January 18, 2011, the Company completed a name change to "St. Augustine Gold and Copper Limited", and on January 21, 2011, commenced trading under symbol "SAU" on the Toronto Stock Exchange ("TSX").

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

On February 8, 2011, the Company announced the appointment of Mr. Tom Henderson to the position of Chief Operating Officer.

During 2011, the Company announced specific Project milestones and identified the key contractors for the PFS:

- M3 Engineering and Technology (Tucson, Arizona)
- AMEC Engineering (Brisbane, Australia and Denver, Colorado)
- Independent Mining Consultants (Tucson, Arizona)
- AATA International Inc. (Denver, Colorado)

On April 25, 2011, the Company announced that a village of unauthorized and unregulated miners located near the Project site was impacted by a large-scale landslide. The landslide was caused by heavy rains. Several fatalities were reported. Employees of the Company assisted in the rescue and recovery efforts at the landslide site.

On July 5, 2011, the Company announced that NADECOR confirmed the Company's investment of $30,000,000 in project expenditures required under the Preferred Share Investment Phase of the MOU and that the earn-in requirements for 30% were satisfied. Accordingly, the Company has accrued rights to preferred shares of NADECOR which is intended to be put into escrow pending fulfillment of certain administrative steps. These preferred shares will translate into an interest in the Project through the Company's co-ownership of the joint venture.

Additionally, on July 5, 2011, the Company announced that several key agreements directly related to the Project were executed with NADECOR. The Company will continue to provide technical services to the Project. The agreements also cover finalization of the JV incorporation documentation, and agreement on the parameters of an interim funding arrangement through the completion of the earn-in.

On August 10, 2011, the Company announced that it had agreed and executed the Interim Funding Agreement ("IFA") with NADECOR, which related to the Company's expenditures in the Project. The IFA assures that investment in the project in excess of the $30,000,000 will be treated as earn-in, which will eventually translate into the Company's equity in the JV. The IFA contemplates triggering conditions, which are potential performance failures on the part of NADECOR. Should a triggering condition occur, the Company receives a three-year option to purchase 60% of the saleable products from production of the Project at a 20% discount to market prices.

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

On August 15, 2011, the Company announced an updated block model for the Project based on updated information from ongoing engineering and mineral resource studies executed during 2011, which increased tonnage by 21.6%, equating to 20.4 million equivalent ounces of contained gold.

On August 31, 2011, the Company reached a full and final settlement with Benguet for $10,250,000. Payment was made in September 2011, and all future payments originally agreed to were settled with this final payment.

As part of the settlement, Benguet relinquished all rights, title and interest in the King-king MPSA, as well as a 1981 operating agreement between NADECOR and Benguet. Additionally, the Company acquired for the Project 2,025 hectares of adjacent and surrounding claims, known as the Sagittarius Alpha Realty claims, and exclusive option to acquire Benguet's equity in Pantukan Mineral Corporation.

On October 11, 2011, the Company announced that Mr. Terry Krepiakevich had accepted the position of Director and Chairman of the Audit Committee (position formerly held by Michael Carrick). On the same date, the Company announced its contract with Mr. Jack Miller to act as an executive Project Development Consultant.

In December of 2011, $11,130,146 (net of issue costs of $388,500) was raised through the issuance of 29,475,000 equity units ("Units"). Each Unit, issued at CDN$0.40, was comprised of one common share in the capital of the Company and one-half of one Common Share purchase warrant (the "Warrants"). Each whole Warrant entitles the holder thereof to acquire one Common Share for one year at an exercise price of CDN$0.75.

Specific Project milestones were updated by the Company on a February 10, 2012, press release. The milestones and estimated completion dates on that press release were as follows:

- Environmental Impact Study – submittal to the Philippines Department of Environment and Natural Resources – February 2012
- Declaration of Mining Project Feasibility – submittal to the Department of Natural Resources as statutorily required – May 2012
- Pre-Feasibility Study Report – second quarter of 2012
- Bankable Feasibility Study Report – 2012

The PFS report will outline the current mine plan, mine statistics and costs with +/-25% accuracy in compliance with Canadian National Instrument 43-101 standards. This document will also include the cash flow model and the economic results of the Project.

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

- A 237 meter core hole which intercepted 81 continuous meters averaging .44% total copper and .34 g/t gold.
- Gold bearing veins contained within fracture fills and stockworks classified as low sulfidation epithermal-style of gold mineralization.
- Two additional core holes: one angle core intercepted 15 meters averaging 2.246 g/t gold and the other intercepted 46 meters averaging .073 g/t gold.

The records were obtained from Benguet Corp., which relinquished its rights to the Project in accordance with the settlement discussed at the Contractual Obligations section of this MD&A.

V. Summary of Annual Results

A summary of selected annual financial information is as follows:

	Year ended December 31, 2011	March 31, 2010 (inception) to December 31, 2010
Interest income	946,255	152,162
Total operating expenses	8,170,261	1,941,553
Comprehensive loss	7,179,346	1,789,391
Net loss per share – basic and diluted	0.02	0.18
Total assets	92,497,092	26,598,994
Total long term liabilities	-	8,467,389
Cash dividends	-	-

VI. Summary of Quarterly Results

A summary of selected financial information is as follows:

	Three months ended			
	December 31, 2011	September 30, 2011	June 30, 2011	March 31, 2011
Interest income	311,876	252,892	193,708	187,779
Total operating expenses	1,955,635	630,327	2,134,413	3,449,886
Comprehensive loss	1,591,997	384,537	1,940,705	3,262,107
Net loss per share – basic and diluted	0.01	0.00	0.01	0.01
Total assets	92,497,092	98,324,509	108,350,670	105,923,978
Total long term liabilities	-	-	8,988,305	8,723,960
Cash dividends	-	-	-	-

The Company's recapitalization involving Ratel was considered a reverse acquisition within the meaning ascribed by International Financial Reporting Standards ("IFRS"); accordingly, periods before January 1, 2011 are not presented due to their limited comparative value.

VII. Results of Operations

The following financial data has been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee and are expressed in U.S. dollars unless otherwise noted.

The Company's operations and business are not driven by seasonal trends, but by efforts to achieve project milestones such as the achievement of various technical, environmental, socio-economic and legal objectives, including obtaining the necessary permits, completion of a pre-feasibility study, a BFS and preparation of engineering designs, as well as receipt of financings to fund these objectives along with future mine construction.

Year ended December 31, 2011

Comprehensive Loss and Operating Expenses

The Company reported a net loss of $7,179,346 or $0.02 per share. The primary components of operating expenses for the period were stock compensation expense, stock listing and transfer fees, and general and administrative expense.

The increase in net loss from 2010 to 2011 is attributable primarily to increased stock-based compensation, and secondarily to an increase in exploration, technical work and Project economics analysis. In 2010, warrants issued for finder's fees was the primary component of expense; in 2011, the Company increased the previously mentioned activities in addition to executing a recapitalization which resulted in a publicly traded equity as well as the hire of several new employees.

Investment in mining property

The Company's investment in the King-king property increased by approximately $45,900,000 from December 31, 2010 to December 31, 2011. The primary components of capitalized costs during the year ended December 31, 2011, (amounts are approximate) were acquisition costs and related fees, including the Benguet settlement, ($14,430,000), general and administrative expenses ($12,300,000), expenses incurred and paid or payable to NADECOR ($4,100,000) geology expenses ($4,000,000), and engineering expense ($4,000,000). The primary components of capitalized costs during the period from March 31, 2010 (inception) to December 31, 2010 were project acquisitions costs, including the Benguet settlement, ($6,500,000), and general and administrative expenses ($4,600,000).

The consolidation of Strato International Holdings Limited ("Strato"), upon the recapitalization in January 2011, contributed approximately $6,000,000 to the investment in mining properties. This amount was expended in 2010. Strato was formed to acquire Benguet's debts to unrelated third parties during 2010 in order to facilitate Benguet's relinquishment of its rights to the Project. Strato is a joint venture owned 50% by the Company and 50% by NADECOR. The aforementioned $6,000,000 was expended on the acquisition and settlement of the debts acquired from Benguet's former creditors.

VIII. Capital Resources and Liquidity

At December 31, 2011, the Company had cash and cash equivalents of $24,656,885 compared to $583,602 on December 31, 2010. Working capital at December 31, 2011, was $20,657,729 as compared to a working capital deficit of $15,412,414 as of December 31, 2010.

During the period from March 31, 2010 (inception) to December 31, 2011, the Company completed three private placements of 145,608,334 common shares for net proceeds of approximately $65,000,000 and acquired approximately $7,000,000 during the recapitalization, for combined proceeds of approximately $72,000,000. The proceeds of these financings are currently being used to fund PFS and BFS activities for the Project and for working capital and general corporate purposes. A BFS determines if the Project is economically viable to operate and bring the product to market based on:

- Reasonable forecast market conditions – Current and forecast supply/demand and metal price. This must also consider smelting capacity.
- Defined initial capital and sustaining capital estimate within +/-15% accuracy.
- Defined operating cost estimate based an accuracy of +/-15%.

The Company manages liquidity risk through maintaining sufficient cash or credit terms with its suppliers to meet the operating requirements of the business and investing excess funds in highly liquid short-term cash deposits. Maintaining surplus working capital in highly liquid short-term deposits allows the Company to meet its primary objectives by being able to fund new development and acquisition opportunities at short notice.

Cash used by operating activities increased from $119,000 in 2010 to approximately $1,672,000 in 2011. The increase is attributable to an increase in travel, exploration, technical work and Project economics analysis. In 2010, management consulting services were compensated in equity.

Cash flows used by investing activities increased from $12,860,000 in 2010 to $34,089,000 in 2011. The increase is attributable primarily to the increase in the investment in mining property, which accumulates the majority of expenses attributable to value-added expenses incurred for the benefit of the Project. This large increase in cash used by investing activities and the related cash provided by financing activities was facilitated by funds raised through equity placements.

The Company has no long-term debt, no lines of credit and had 325,258,334 common shares issued and outstanding at December 31, 2011. 75,000,000 shares are contingently issuable to RMMI, based on upon completion of a BFS or a change in control.

Financing is needed to complete a BFS, develop the mine site, and fund operations. While the Company has been successful in raising funds from related parties and other private parties in the past, there can be no objective reliance on continuing support from private and related parties, which has been essential for the Company's development. As part of the recapitalization and additional subsequent share issuances in January 2011, the Company raised approximately $72,000,000 dollars. The Company has spending plans in place which will fully utilize these resources.

IX. Contractual Obligations

Long Term Debt – Benguet

As stated elsewhere, the Company and NADECOR negotiated with Benguet to relinquish Benguet's rights to the Project through the Heads of Terms agreement. In exchange for surrendering its rights to the Project, the Company and NADECOR were to share equally in the following payments to Benguet:

Summary of Benguet Debt

Due date		Amount Due to Benguet
October 17, 2010	$	8,000,000
October 17, 2012		5,000,000
October 17, 2015		4,000,000
October 17, 2016		4,000,000
October 17, 2017		4,000,000
Total payments due	**$**	25,000,000

During 2010, Strato acquired certain outstanding debt due from Benguet in order to negotiate the Company's acquisition of Benguet's interest in the Project. The debts acquired by Strato were sold to Benguet at a discounted value of $3,950,000. Upon execution of the Heads of Terms Agreement, the Company was effectively a creditor of Benguet in the amount of $3,950,000 and debtor in the undiscounted amount of $25,000,000. Because the Company was effectively a net debtor to Strato, the Heads of Terms Agreement prearranged settlement of the amount Benguet owed the Company by way of two credit notes of $2,000,000 and $1,950,000 to be applied against the amount the Company owed Benguet.

In conjunction with funding made available during the recapitalization and under the terms of the Heads of Terms Agreement, the Company forgave the $2,000,000 credit note to Benguet and also made cash payment of $6,000,000 to settle the first $8,000,000 payment due to Benguet on October 17, 2010. The second credit note of $1,950,000 was applied against the full settlement described below.

The Company fully settled the payments due to Benguet in September 2011, pursuant to the terms of the First Amendment to the Heads of Terms Agreement executed between the Company and Benguet. The agreement settled the full amount due to Benguet with a payment of $10,250,000 and issuance of the $1,950,000 credit note. This settlement qualified as an earn-in expenditure for the Company pursuant to the Fourth Amendment to the MOU executed between the Company and NADECOR.

Summary of Benguet Debt Settlement

Date	Cash Paid to Benguet	Credit Notes Issued to Benguet
October 17, 2010	6,000,000	2,000,000
September 12, 2011	10,250,000	1,950,000
Total payments made	16,250,000	3,950,000

NADECOR Memorandum of Understanding

Under the terms of the MOU between the Company and NADECOR, the Company can earn up to an aggregate 60% interest in the Project by making the following payments totaling a minimum of $83,000,000:

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

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

i. Direct payment to NADECOR made in 2009.

ii. $3,000,000 was paid in 2010, pursuant to the first Amendment to the MOU. The remaining $100,000 is expected to be paid during 2012.

iii. Direct project expenditures made during 2011 by the Company pursuant to the PSIA.

iv. Direct project expenditures after the fulfillment of the $30,000,000 required to be expended after the PSIA, expected to be completed by 2012.

v. Direct payments to NADECOR, the timing is contingent on events contemplated in the MOU. $981,000 was paid during the third quarter pursuant to the third amendment to the MOU, and the balance is expected to be made in 2012.

vi. This amount is due within 90 days of the Company and NADECOR's formal joint commitment to fund development of the Project following completion of a BFS, which is expected to occur in 2012. The $32,000,000 commitment is a minimum amount and is subject to adjustment depending on the final planned throughput of the mine.

Completion of a BFS is a MOU milestone which, with related expenditures, will contribute to 45% of the Company's potential 60% earn-in. The Company has made an additional commitment to spend a minimum of $32,000,000 in CapEx. The actual CapEx expenditure will be calculated using the following formula: 0.457 X Planned Tonnage (to be determined) X 1,000; or 5% of capital cost, whichever is less. The CapEx expenditures contribute to 9% of the total potential 60% earn-in.

As of December 31, 2011, the Company had expended an aggregate of approximately $4,400,000 in direct payments to NADECOR and an aggregate of approximately $60,000,000 in BFS and CapEx expenditures, such that the Company's earn-in related expenditures totaled $64,400,000. Some of these expenditures remain subject to NADECOR's audit.

Security & Community Relations and Joint Venture Committee Commitment

On June 28, 2011, the Company executed the Community Relations and Security Agreement with NADECOR. Under the agreement, NADECOR agreed to provide specific community relations services in the Philippines and to provide for security at the Project site for $200,000 per month. The term of the agreement is through the earlier of completion of the Company's CapEx commitment pursuant to the MOU, the date of incorporation of the joint venture mining company, or termination through performance defaults.

On June 28, 2011, the Company executed the Joint Venture Coordinating Committee Agreement with NADECOR. The agreement acts to compensate NADECOR's Joint Venture Committee Members $50,000 per month for their services in the planning and establishment on the joint venture contemplated in the MOU. The term of the agreement is the earlier of the completion of the Committee Charter objectives or the date on which the company's CapEx expenditure commitment pursuant to the MOU is satisfied.

X. Transactions with Related Parties

Finders Agreement

On March 31, 2010, SAMI signed an agreement with Russell Mining and Minerals, Inc. ("RMMI") to assist with the acquisition of the Project. RMMI is the parent of the Company's largest shareholder. This agreement was subsequently cancelled in conjunction with the acquisition by Ratel.

At December 31, 2011, the Company had amounts payable to RMMI totaling $34,937 for expenses RMMI had paid on the Company's behalf. These amounts are due on demand, unsecured and non-interest bearing. At December 31, 2010, the Company had amounts payable to RMMI totaling $3,503,846 for expenses RMMI had paid on the Company's behalf. These amounts were due on demand, unsecured and non-interest bearing, and were repaid in January of 2011.

The above transactions were conducted in the normal course of operations and measured at the agreed upon exchange amounts, which is the amount of consideration established and agreed to by the related parties.

Legal Services

The Company engages a law firm which is considered a related party. Services rendered during the year ended December 31, 2011 totaled $197,846 (2010 – $138,885) and $16,346 was outstanding at December 31, 2011.

Officers and Directors

The aggregate value of transactions with officers and directors during the year ended December 31, 2011, totaled $8,291,029 (2010 - $262,000). The transactions included salaries, benefits and other compensation, as well as share based compensation.

Rental Agreements

The Company currently operates under a month-to-month rental agreement for office space shared with RMMI. Subsequent to December 31, 2011, a similar lease agreement with RMMI and the Company was executed. The lease commitment is for a three year term and monthly payments of $16,000.

XI. Off Balance Sheet Arrangements

As of December 31, 2011, the Company had no material off balance sheet arrangements.

XII. Financial Instruments and Other Instruments

The Company holds various forms of financial instruments. The nature of these instruments and the Company's operations expose the Company to interest rate, commodity price and industry credit risks. The Company manages its exposure to these risks by operating in a manner that minimizes its exposure to the extent practical. At December 31, 2011, there was no material difference in the carrying values and fair values of the Company's financial instruments.

The Company is required to classify fair value measurements using a hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy is as follows:

Level 1 – quoted prices in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3 – inputs for the asset or liability that are not based on observable market data.

Cash and cash equivalents are measured using Level 1 inputs.

The Company's liability for outstanding warrants is the only financial instrument measured using Level 2 inputs.

The financial risk arising from the Company's operations are interest rate risk, credit risk, liquidity risk, foreign exchange risk, and commodity price risk. These risks arise from the normal course of operations and all transactions undertaken are to support the Company's ability to continue as a going concern. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

The Company generally does not engage in any other transactions in financials instruments, including derivative financial instruments for any other trade or speculative purposes.

XIII. Other MD&A Requirements

Outstanding Share Data

At the date of this document, the Company's outstanding equity securities are described as follows:

Outstanding share and instruments convertible into shares data at the date of this MD&A

Securities	Outstanding
Voting equity securities issued and outstanding	325,258,334 common shares
Securities convertible or exercisable into voting equity securities	
Stock options	21,558,333 stock options
Warrants	14,737,500 warrants

Internal Controls over Financial Reporting and Disclosure Controls and Procedures

Multilateral Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings, requires an evaluation of the effectiveness of the Company's disclosure controls and procedures ("DC&P") and its internal control over financial reporting ("ICFR"). The Chief Executive Officer and the Chief Financial Officer have overseen the process of designing and implementing DC&P and ICFR. Their conclusions with respect to ICFR and DC&P are discussed below.

Internal Controls over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal controls over financial reporting. Any system of internal controls over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

An effective ICFR design provides reasonable assurance that the Company's financial information is reliable and that its financial statements have been prepared, for the purpose of publishing financial information, in accordance with applicable reporting requirements.

During the year ended December 31, 2011, management had substantially completed its implementation and testing of its internal control procedures. Management believes its system of internal controls over financial reporting was effective as at December 31, 2011.

Disclosure Controls and Procedures

An effective DC&P system provides reasonable assurance that any information required to be disclosed by the Company under securities legislation is recorded, processed, summarized and reported within the applicable time periods and to ensure that required information is gathered and communicated to the Company's management so that decisions can be made about timely disclosure of that information. Management believes its disclosure procedures in place as at December 31, 2011, were effective.

Risks and Uncertainties

In addition to the risk factors listed below, please see the risk factors listed in the Company's annual information form for the year ended December 31, 2011 (available at www.sedar.com).

Adverse fluctuations in currency exchange rates

The Company will be subject to fluctuations in the rates of currency exchange between the Canadian dollar, United States dollar and the Philippine peso, 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 Canadian dollar, the United States dollar, or the Filipino peso. Consequently, operation and development of the Company's properties might be more costly than the Company anticipates.

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. In addition 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.

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 interests 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.

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.

Dependence on Directors and Officers

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.

Dividends

The Company has never paid a dividend on its common shares. It is not anticipated that the Company will pay any dividends on its common shares in the foreseeable future.

Environmental Risks, Regulations, Permits and Licenses and Other Regulatory 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.

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.

Exploration and Development

Resource exploration and development is a highly speculative business activity, 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 may acquire or discover 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 such factors may result in the Company not receiving an adequate return of investment capital.

The King-king property is an advanced stage exploration property and is without a known commercially-mineable ore body.

There is no assurance that the Company's mineral exploration 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 development 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.

The Company is required to obtain required permits from various government departments to carry out its work programs. There is no guarantee all required permits will be granted on terms satisfactory to the Company, or at all. If such permits are not received, the Company may not be able to carry out or complete its business objectives.

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 the control of the Company. 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 and development of its property.

Foreign Operations and Joint Venture Risk

All of the Company's operations are in the Philippines, and 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 and Canada may be substantially affected by factors beyond the Company's control, any of which could materially adversely affect the Company's financial condition or results of operations.

The Company's interest in the King-king Project is held through its joint venture partner by way of a series of agreements. The Company is relying upon its joint venture partner to fulfill its obligations under these agreements. If it should fail to do so, one of the Company's recourses is to the Philippine courts, which may not operate in the same manner as those in Canada and the United States.

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 competed will ultimately benefit its business.

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.

No History of Earnings

The Company has no history of earnings. Additional external financing will be required to develop the King-king property further. There can be no assurances that any of the Company's properties will ever contain an economic ore body.

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 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 a materially adverse effect upon the Company's financial condition.

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.

Title Risks

Although the Company has exercised due diligence with respect to determining title to the properties in which it has a material interest, there is no guarantee that title to such properties will not be challenged or impugned. The Company's mineral property interest may be subject to prior unregistered agreements or transfers and title may be affected by undetected defects. Until competing interests, if any, in the mineral lands have been determined, the Company can give no assurance as to the validity of title to those lands or the size of such mineral lands.

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.

Volatility of Share Price

In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market 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.

XIV. Critical Accounting Policies and Estimates

The Company's significant accounting policies, including critical accounting policies and estimates, are presented in Note 3 to the annual consolidated financial statements. An analysis of the Company's critical accounting policies and estimates follows.

Statement of compliance

The Company's Financial Statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board effective for the Company's reporting year ended December 31, 2011.

Statement of compliance analysis

Management has implemented internal controls over financial reporting and disclosure controls and procedures which management believes operate effectively. In addition to performing a rigorous period end review of the close and financial reporting process, management analyzes its financial statements and related disclosures in relation to IFRS guidance effective for the reporting period. As at December 31, 2011, management determined that the financial statements, notes to the financial statements, and this MD&A are in compliance with IFRS and applicable regulations.

Investment in mining property

The Company's directed purpose is to develop the Project under an agreement with NADECOR and will ultimately receive up to an aggregate 60% interest in a joint venture based upon certain required expenditures. Those expenditures which are directly allowed under the MOU are included in the investment in mining property account. Amounts not allowed to earn-in, following NADECOR's audit, are either reported in the investment in mining property under IFRS 6 – Exploration for and Evaluation of Mineral Resources, or expensed, depending on the character of the expenditure. Under the terms of the MOU, accrued amounts earn-in upon cash settlement and NADECOR's audit.

Direct costs related to the acquisition, development and exploration of the Project are capitalized until the viability of the property is determined. Once economic viability is established, qualifying expenditures will be capitalized in accordance with relevant standards until production commences. Management periodically reviews the recoverability of the capitalized value of the Project, taking into consideration the results of exploration activities, estimated mineral market prices, reports of experts and other relevant information. If the Project is to be abandoned or is determined to be impaired, the investment will be impaired to fair value.

Analysis of Investment in mining property

Management has performed a rigorous review of its contractual commitments and rights and IFRS 6, -Exploration for and Evaluation of Mineral Resources. The Company's expenditures included in the Company's investment in mining property are those which have directly benefited the Project and which management has determined, based on an impairment analysis, to be recoverable; and expenses which qualify for shares in its joint venture partner's capital accounts under its contractual arrangements.

The impact of the Company's treatment of capitalized expenses in respect of the Company's financial statements has been to increase the Company's assets and decrease net loss, as compared to a policy which expensed a higher proportion of Project expenditures.

Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Analysis of impairment of non-financial assets

The Company's non-financial assets include investment in mining property (discussed above) and property and equipment. Management's policy is to analyze its investment in mining property and property & equipment for impairment quarterly and as circumstances and events warrant. Management has recognized no impairment losses against these assets since significant activity began in 2011, which it believes is appropriate.

Significant accounting estimates and judgments

The preparation of consolidated financial statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenue and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions.

The most significant estimates relate to the share-based payments; fair value of derivative warrant liability; deferred taxes; determination of cash generating units; impairment assessment of investment in mining property; and depreciation and impairment of property and equipment.

The most significant judgments relate to recoverability of capitalized amounts, accounting for long-term investments, and the determination of the economic viability of a project.

Analysis of accounting estimates and judgments

Management has performed a rigorous review of its inputs in share-based payment valuations. The most significant inputs affecting recognition of stock option expense include estimated volatility and forfeiture rate. Volatility was estimated using a comparison of peer companies' volatility and forfeiture rate was estimated at 6% based on historical experience.

The useful lives of assets are generally determined by a categorical assignment of fixed asset purchases. In general, management uses a 3, 5, or 10 year depreciation life for vehicles and equipment purchased. Its judgments in analyzing fixed assets for impairment include whether events and circumstances are significant enough to warrant an impairment analysis and its selection of financial data used in calculating the effects of external variables.

Management's judgment as to the recoverability of capitalized amounts is closely tied to management's impairment analysis. A significant difference arises in determining the economic viability of a project, in which case management relies on internal and contracted experts. As of the date of this MD&A, the economic viability of the Company's only mineral asset has not been determined by way of a BFS.

XV. Outlook

Management's objectives include the following items, each to be completed as efficiently as possible given timing, regulatory and financial conditions:

- Complete a PFS in the second quarter of 2012. This will facilitate fundraising and completion of a BFS. A BFS will be completed using expected metal prices, which are currently favorable but may change due to factors out of management's control;
- Complete a BFS for the Project during 2012. This document is critical for the Company's ability to complete capital development of the Project and to complete the Company's earn-in to Project rights; and
- Strategically deploy capital, which includes limiting or deferring expenditures where necessary, in order to meet primary objectives and balance the cost-benefit of extended exploration programs and social development efforts, among other concerns.

Management has adopted an aggressive schedule to complete a pre-feasibility and a BFS in 2012 in order to complete earn-in and bring the Project into production in a timely and efficient manner. Management has implemented practices to employ a competent and skilled team is in place at the corporate and foreign offices and sites; the team's accomplishments to date include the following:

- Causing Benguet to relinquish its rights to the Project, and acquire Benguet's historical exploration data.
- Establishment of positive local support for the Project
- Significant work related to the PFS
- Execution of a subscription agreement subsequent to December 31, 2011, which will result in the Company's equity interest in the Project's joint venture of 30%.