



**CORO**  
MINING CORP.

**Annual Information Form**

**March 31, 2010**

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## ABBREVIATIONS

The abbreviations set forth below have the following meanings in this AIF, or in documents incorporated by reference in this AIF.

“Ag” means silver;

“Au” means gold;

“Cu” means copper;

“CuCN” means cyanide soluble copper;

“CuS”, and “CuSol” all mean acid soluble copper;

“CuT” mean total copper content;

“diamond drilling” means rotary drilling using diamond bits, used to produce a solid core of rock;

“deposit” means a mineralized body which has been physically delineated by sufficient drilling, trenching, and/or underground work, and found to contain a sufficient average grade of metal or metals to warrant further exploration and/or development expenditures; such a deposit does not qualify as a commercially mineable ore body or as containing mineral reserves, until final legal, technical and economic factors have been resolved;

“development” means the preparation of a deposit for mining;

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

“g/t” means grams per tonne;

“hectare” or “ha” means an area contained by a square of 100 metres;

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

“inferred mineral resource” means that part of a mineral resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes;

“IOCG” means iron oxide copper gold;

“IP” means induced polarization;

“klb” means pounds x 1000;

“km” means one kilometre;

“koz” means ounces x 1000;

“ktons” means ounces x 1000;

“lb” means one pound;

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

“m” means one metre;

“mm” means one millimetre;

“mineral deposit” means an identified in-situ mineral occurrence from which valuable or useful minerals may be recovered. Mineral deposit estimates are not precise calculations, being dependent on the interpretation of limited information on the location, shape and continuity of the occurrence of mineralization and on the available sampling results;

“mineralization” means the concentration of metals and their chemical compounds within a body of rock;

“mineral reserve” means the economically mineable part of a measured or indicated mineral resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting that economic extraction can be justified. A mineral reserve includes diluting materials and allowances for losses that may occur when the material is mined. Mineral reserves are sub-divided in order of increasing confidence into probable mineral reserves and proven mineral reserves;

“mineral resource” means a concentration or occurrence of diamonds, natural solid inorganic material, or fossilized organic material including base and precious metals, coal, diamonds or industrial minerals in or on the earth’s crust in such form and quantity and of such grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a mineral resource are known, estimated or interpreted from specific geological evidence and knowledge;

“Mo” means molybdenum;

“Mt” means millions of tonnes;

“NI 43-101” means National Instrument 43-101, Standards of Disclosure for Mineral Projects, of the Canadian Securities Administrators;

“ore” means a metal or mineral or a combination of these of sufficient value as to quality and quantity to enable it to be mined at a profit;

“ounces” or “oz” means one troy ounce;

“ppm” means parts per million;

“pre-feasibility study” means a comprehensive study of the viability of a mineral project that has advanced to a stage where the mining method, in the case of underground mining, or the pit configuration, in the case of an open pit, has been established, and which, if an effective method of mineral processing has been determined, includes a financial analysis based on reasonable assumptions of technical, engineering, operating, economic factors and the evaluation of other relevant factors which are sufficient for a Qualified Person, acting reasonably, to determine if all or part of the mineral resource may be classified as a mineral reserve;

“probable mineral reserve” means the economically mineable part of an indicated and, in some circumstances, a measured mineral resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified;

“proven mineral reserve” means that economically mineable part of a measured mineral resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified;

“Qualified Person” means, under NI 43-101, an individual: (a) who is an engineer or geoscientist with at least five years experience in mineral exploration, mine development or operation or mineral project assessment, or any combination of these; (b) with experience relevant to the subject matter of the mineral project and the technical report; and (c) is a member in good standing of a professional association that, among other things, is self-regulatory, has been given authority by statute, admits members based on their qualifications and experience, requires compliance with professional standards of competence and ethics and has disciplinary powers to suspend or expel a member;

“RC” means reverse circulation percussion drilling in which the drill hole is advanced by the hammer action of the drill bit and where the circulation of compressed air used to bring the samples to the surface is reversed to the normal to reduce sample contamination;

“strike” means the direction or trend of a geologic structure;

“TCu” means total copper content; and

“tonne” or “t” means 1,000 kilograms.

## **PRELIMINARY NOTES**

### **Incorporation by Reference and Date of Information**

The following documents of Coro Mining Corp. (the “Company”), which have been filed with the regulatory authorities in each of the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Nova Scotia, Prince Edward Island, New Brunswick, Newfoundland and Labrador (the “Jurisdictions”) are specifically incorporated by reference and form a part of this annual information form (the “AIF”):

- (a) Audited Consolidated Financial Statements for the year ended December 31, 2009 and the auditor’s report thereon;
- (b) Management Discussion and Analysis for the year ended December 31, 2009;
- (c) Mineral Resource Model Update for the San Jorge Copper-Gold Deposit, Mendoza, Argentina dated February 2008 (the “San Jorge Technical Report”);
- (d) Preliminary Feasibility Study for the San Jorge Copper Leach Only Project, Las Heras, Mendoza Province, Argentina dated May 2008 (the “Leach Only Report”); and
- (e) San Jorge Copper Concentrator Project – Preliminary Assessment Technical Report dated June 2008 (the “Concentrator Project Report”).

All documentation incorporated by reference in and forming a part of this AIF can be found on the System for Electronic Document Analysis and Retrieval (“SEDAR”) website at [www.sedar.com](http://www.sedar.com) under the Company’s profile.

All information in this AIF is as of December 31, 2009 unless otherwise indicated.

### **Currency**

All sums of money which are referred to herein are expressed in lawful money of the United States of America, unless otherwise specified. References to Canadian dollars are referred to as “CDN\$”.

### **Forward Looking Statements**

Certain statements contained in this AIF of the Company or any document filed with the Canadian regulatory authorities, or in any other written or oral communication by or on behalf of the Company that do not directly and exclusively relate to historical facts, may constitute forward-looking statements which reflect management’s expectations regarding the Company’s future growth, results of operations, performance and business prospects and opportunities. Forward-looking statements include, but are not

limited to, statements with respect to commercial mining operations, anticipated mineral recoveries, projected quantities of future mineral production, interpretation of drill results, anticipated production rates and mine life, operating efficiencies, capital budgets, costs and expenditures and conversion of mineral resources to proven and probable mineral reserves, analyses, and other information that are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management. All statements other than statements of historical fact may be forward-looking statements. Statements concerning proven and probable mineral reserves and mineral resource estimates may also be deemed to constitute forward-looking statements to the extent that they involve estimates of the mineralization that will be encountered if the property is developed, and in the case of mineral resources or proven and probable mineral reserves, such statements reflect the conclusion based on certain assumptions that the mineral deposit can be economically exploited. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as “seek”, “anticipate”, “plan”, “continue”, “estimate”, “expect”, “may”, “will”, “project”, “predict”, “potential”, “targeting”, “intend”, “could”, “might”, “should”, “believe”, and similar expressions) are not statements of historical fact and may be “forward-looking statements”.

Investors are cautioned that all forward-looking statements involve risks and uncertainties, including, without limitation, changes in market and competition, technological and competitive developments, cooperation and performance of strategic partners, and potential downturns in economic conditions generally. The Company believes that the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements include in, or incorporated by reference into, this short form of prospectus should not be unduly relied upon.

Forward-looking statements are based on management’s estimates, beliefs and opinions on the date the statements are made. Except as required by law, the Company assumes no obligation to update forward-looking statements if circumstances of management’s estimates, beliefs or opinions should change. Actual results may differ materially from those expressed or implied by such forward-looking statements. Factors that could cause actual results to differ materially include, but are not limited to, the risk factors incorporated by reference herein. See “Risk Factors”.

Additional information on these and other potential factors that could affect the Company’s financial results are detailed in documents filed from time to time with the securities commissions of the Jurisdictions.

This AIF uses the terms “measured”, “indicated” and “inferred” mineral resources. Inferred mineral resources have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Estimates of inferred mineral resources may not form the basis of feasibility or other economic studies. Readers are cautioned not to assume that all or any part of an inferred mineral resource exists, or is economically or legally mineable.

All mineral resources have been estimated in accordance with the definition standards on mineral resources and mineral reserves of the Canadian Institute of Mining, Metallurgy and Petroleum referred to



in National Instrument 43-101 (“NI 43-101”). U.S. reporting requirements for disclosure of mineral properties are governed by the United States Securities and Exchange Commission (the “SEC”) Industry Guide 7. Canadian and Guide 7 standards are substantially different. This AIF uses the terms “measured,” “indicated” and “inferred” resources. We advise investors that while those terms are recognized and required by Canadian regulations, the SEC does not recognize them. Inferred mineral resources are considered too speculative geologically to have economic considerations applied to them that enable them to be categorized as mineral reserves.

## **CORPORATE STRUCTURE OF THE COMPANY**

### **Name, Address and Incorporation**

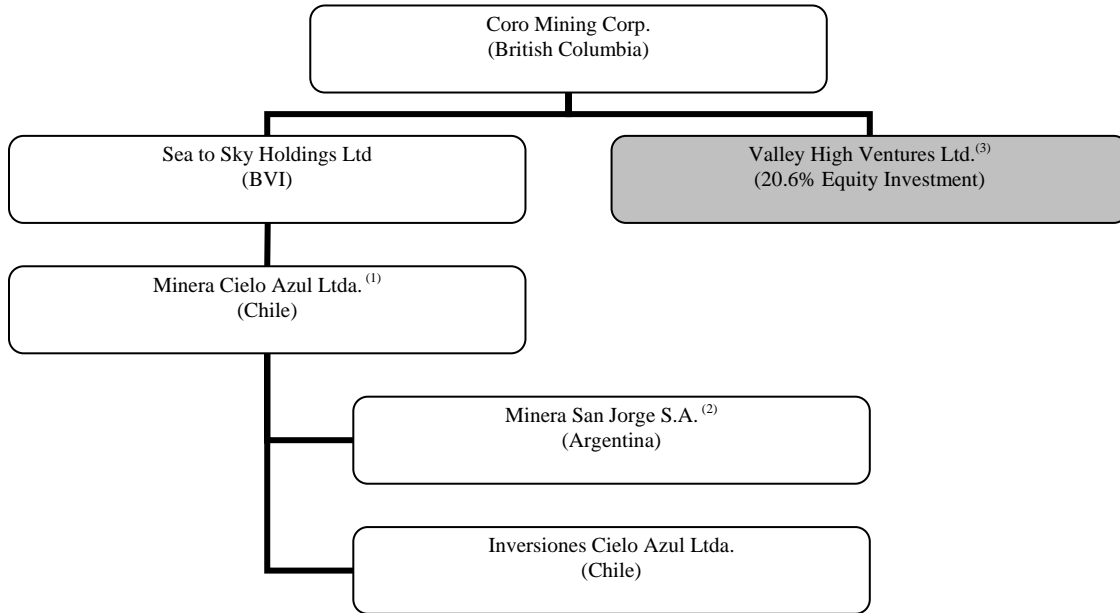
The Company was incorporated under the *Business Corporations Act* (British Columbia) on September 22, 2004 under the name of “Coro Mining Corp.”. The Company’s registered and records office is located at Suite 2610- 1066 West Hastings Street, Vancouver, British Columbia, V6E 3X1 and its head office is located at Suite 1280 - 625 Howe Street, Vancouver, British Columbia, V6C 2T6.

By Notice of Articles dated effective April 6, 2005, the Company increased its authorized share capital to an unlimited number of common shares without par value. As of December 31, 2009, 90,566,409 common shares are issued and outstanding. The Company’s common shares carry no rights of redemption, retraction, conversion or exchange.

The Company became a reporting issuer in the Jurisdictions on June 13, 2007. The Company’s common shares were listed for trading on the Toronto Stock Exchange (the “Exchange”) on July 10, 2007.

### **Intercorporate Relationships**

References in this AIF to the business of the Company include the business conducted by its wholly-owned subsidiaries. The Company has the following direct or indirect subsidiaries, all of which are 100% beneficially owned by the Company. The following corporate chart also indicates the property holdings of each of the Company’s subsidiaries as at March 26, 2010.



- (1) Minera Cielo Azul Ltda (“MCAL”) holds the Cerro Chacay property (the “Chacay Property”), Llancahue Prospect, the Talca Belt properties (the “Talca Belt Properties”) and other Chile exploration properties
- (2) Minera San Jorge S.A. (“MSJ”) owns the San Jorge property (the “San Jorge Property”).
- (3) As at December 31, 2009, the Company also owns 20.6% (9,140,353) of the issued and outstanding shares of Valley High Ventures Ltd. (“Valley High”), which acquired all of the issued and outstanding shares of Coro Minera de Mexico SA de CV (“CoroMex”) from the Company on September 26, 2008. Please see “*General Description of the Business – Three Year History – 2009*”. Valley High is a public company whose common shares are listed for trading on the TSX Venture Exchange.

## GENERAL DEVELOPMENT OF THE BUSINESS

### Three Year History

#### 2007

In 2007, the Company completed a NI 43-101 compliant resource estimate for the Company’s San Jorge Property located in Mendoza, Argentina, which was subsequently updated in February 2008. Based on the results of the resource estimate, the Company commissioned Ausenco Canada Inc. (“Ausenco”) to complete an independent pre-feasibility study for a leach-only operation to produce 25,000 tonnes of cathode copper per year. Subsequent to the commissioning of the pre-feasibility study, the Mendoza Government passed legislation in June 2007 banning the use of toxic chemicals, including sulphuric acid in any mining activity in Mendoza. Sulphuric acid is the principal agent generally used in a leach process,

which would have been the intended method used at the San Jorge Property. The Company has commenced an action challenging the constitutionality of the legislation in an attempt to have the legislation amended. This matter is currently proceeding.

Following the introduction of this legislation in Mendoza, the Company initiated a review of alternative methods that do not require the use of sulphuric acid. The legislation does not in principle preclude conventional flotation treatment.

On July 10, 2007, the Company closed its initial public offering of 6,000,000 common shares at a price of CDN\$2.25 per common share for gross proceeds of CDN\$13.5 million (the "Offering"). The Company's common shares were listed for trading on the Exchange under the symbol "COP". The Company used the net proceeds received pursuant to the Offering for exploration, engineering studies and pre-feasibility studies on the Barreal Seco Property and the San Jorge Property, option payments, general and administration expenses and general working capital.

The Company, through MCAL, entered into an agreement to acquire 100% of the Andrea Property in south-central Chile. The Andrea Property is comprised of two exploitation claims totalling 670 hectares.

The Company acquired, by staking, a number of claim positions in south-central Chile in the general area of the Andrea Property. These claims and the Andrea Property are subject to the terms of an agreement dated September 19, 2005 and amended January 31, 2007 with Phelps Dodge Exploration Corporation ("Phelps Dodge") (now Freeport-McMoRan Exploration Corp. ("FMEC")) pursuant to which Phelps Dodge granted the Company access to its database of proprietary, geologic, geochemistry, maps, data reports and other files on various properties (the "Phelps Dodge Data Use Agreement"). In consideration for the information provided pursuant to the Phelps Dodge Data Use Agreement, the Company issued 200,000 common shares to Phelps Dodge. Phelps Dodge was granted a back-in right to acquire an undivided 70% interest in and to any interest which the Company may acquire within the areas covered by the Phelps Dodge Data Use Agreement and which have a minimum of two million tonnes of contained copper, of which a minimum of one million tonnes must be in the measured mineral resource of indicated mineral resource categories. The back-in right for any additional properties expired on September 19, 2009 but continues to apply to properties held by the Company at that date which meet the above criteria in the future. If Phelps Dodge exercises its back-in right, Phelps Dodge and the Company agreed to enter into a joint venture agreement for the development of the particular property.

The Company completed a short drill program on the Gloria Property located in Region III of Chile (of which three claims are optioned and one claim is owned by MCAL) in the fourth quarter of 2007. Following disappointing results from this drilling program, the Company decided to discontinue making payments under the options agreements. The Company continues to hold the wholly-owned claim.

## 2008

### *San Jorge Property*

On January 16, 2008, the Company reported an update resource estimate for the San Jorge Property. This estimate incorporates the results of the 2007 drilling program, which comprised a total of 27 diamond drill holes for 4,177 metres and aimed at expanding and further defining the resource base. The resources estimate was completed by NCL Ingeniería y Construcción S.A., Santiago, Chile (“NCL”).

On April 3, 2008, the Company announced the highlights from the NI 43-101 compliant Leach Only Report completed by Ausenco. The Leach Only Report is based on the outcomes of an engineering study completed by Ausenco to pre-feasibility study standards. The Leach Only Report includes the resources, open pit mine plan, operating and capital costs and financial analysis for the Leach Only Project, which contemplates the production of approximately 25,000 metric tonnes (or 55,000,000 lbs) per year of copper cathode for a period of 10 years.

On April 22, 2008, the Company announced the conclusions from the NI 43-101 compliant Concentrator Project Report completed by GRD Minproc. The Concentrator Project Report is based on the outcomes of an engineering study completed by GRD Minproc to preliminary economic assessment study standards. The Concentrator Project Report includes the resources, open pit mine plan, operating and capital costs and financial analysis for the San Jorge copper concentrator project on the San Jorge Property which contemplates the production of an average of 39,500 metric tonnes (approximately 90,000,000 lbs) per year of copper and 39,000 oz per year of gold contained in concentrate for a period of 16 years.

On June 18, 2008, the Company announced it had reached an agreement with Global (now, Lumina Copper Corp. (“Lumina”)) to amend the terms of the San Jorge Agreement (as defined below) for the acquisition from Global of the San Jorge Property. Please see “Mineral Properties-Argentina Property-San Jorge Property”.

On October 20, 2008, the Company announced that an environmental impact study (“EIS”) for its San Jorge Property had been formally accepted to enter the evaluation process by the Secretary of the Environment of the Mendoza Government.

### *Cerro Negro Mine*

In February 2008, the Company, through MCAL, entered into an option agreement (the “Option Agreement”) to acquire 100% ownership of the Cerro Negro copper mine (the “Cerro Negro Mine”). The Cerro Negro Mine comprised a combined open pit and underground operation producing copper cathodes via heap leach and copper-silver concentrates via flotation as well as the toll treatment of third party oxide ores. As required by the Option Agreement, the Company paid its first payment of \$1,000,000 on March 24, 2008 and made a second payment of \$1,000,000 in July 2008.

In August 2008, the Company agreed to financing terms with Dundee Global Resources Limited Partnership (“Dundee”) whereby Dundee agreed to undertake two private placements totalling an

aggregate of \$15 million and provide the Company with \$25 million in debt, and the Company agreed to use these funds to acquire the Cerro Negro Mine. The first private placement of \$3 million closed in August 2008. Under the terms of the option agreement, on or before September 18, 2008, the Company was to exercise the option to acquire 100% of the Cerro Negro Mine by paying a balance of \$38 million.

In October 2008, based on a significant negative change in the stock market conditions along with a weak copper price, the Company decided not to acquire the Cerro Negro Mine and terminated the Option Agreement. The balance of the financing with Dundee was also terminated.

#### *Barreal Seco Property*

On July 31, 2008, the Company announced the results of a new resource estimate for the Barreal Seco Property (which was part of its Flores project, located on the border of Regions II and III in Chile) completed by NCL. This estimate incorporated the results of the 2007 drilling program, which comprised a total of 43 reverse circulation drill holes for 8,510 metres and aimed at expanding and further defining the pit resource base.

#### *Talca Belt Properties*

On August 11, 2008, the Company announced that it had entered into an Area Wide Option Agreement (the "AWO") with FMEC (formerly, Phelps Dodge) for the exploration, and if warranted, the further development of the Talca Belt Properties, located in central Chile. The Talca Belt Properties include 14 prospect areas, are 100% owned by MCAL, and were staked in 2007 on the basis of their potential to contain significant porphyry copper style mineralization. The Talca Belt Properties were previously subject to the Phelps Dodge Data Use Agreement and the 70% back-in right in favour of FMEC, which the Area Wide Option Agreement replaced.

The Phelps Dodge Data Use Agreement continued in effect for certain other areas in Chile until September 19, 2009. Pursuant to the AWO, FMEC completed first pass reconnaissance on the Talca Properties and then returned all but two of the claims to MCAL. The Company has retained some of the core claims returned by FMEC and dropped the remainder of the claims.

#### *Disposal of CoroMex*

On September 29, 2008, the Company completed the sale of CoroMex to Valley High. The Company entered into a letter of intent dated March 19, 2008 with Valley High pursuant to which it agreed to transfer to Valley High all of its interest in CoroMex in exchange for shares in the capital of Valley High. Completion of the transaction was subject to the parties entering into a definitive agreement, which was entered into in June 2008. Pursuant to the definitive agreement, the Company received 8,140,353 common shares of Valley High at a deemed price of CDN\$0.25 per common share. In addition, the Company completed a private placement of 1,000,000 common shares of Valley High at a price of CDN\$0.25 per common share.

## 2009

In January and February 2009, the Company completed a two-tranche non-brokered private placement of 40,908,636 units for gross proceeds of CDN\$4,499,950. On January 26, 2009, the Company closed the first tranche with Benton Resources Corp. ("Benton") of 27,272,727 units of the Company at a price of CDN\$0.11 per unit for gross proceeds of CDN\$3,000,000. On February 6, 2009, the Company closed the second tranche of 13,635,909 units of the Company at a price of CDN\$0.11 per unit for gross proceeds of CDN\$1,500,000. Each unit is comprised of one common share and one transferable share purchase warrant (a "Warrant"). Each Warrant entitles the holder to purchase one common share of the Company for a period of two years from the date of issuance of the Warrant at a price of CDN\$0.18 in the first year, and a price of CDN\$0.20 in the second year. The Company may accelerate the expiry date of the Warrants on 10 business days notice provided that: (i) the closing price of the common shares of the Company on the Exchange is equal to or greater than \$CDN 0.50 for ten consecutive trading days, (ii) the Company receives the ratification approval from the Mendoza Government to its EIS, and (iii) the Company completes a concurrent financing on specified terms. On October 9, 2009, the Company announced that Benton transferred 5,000,000 Warrants to a third party and that the Warrants were exercised at the Exercise Price for gross proceeds of CDN\$900,000. The Company also announced on December 16, 2009, that Benton exercised 5,600,000 Warrants at the Exercise Price for gross proceeds of CDN\$1,008,000.

### *San Jorge Property*

Also in January 2009, the Company reached an agreement with Lumina, the successor to Global Copper Corporation ("Global"), to amend the option payment schedule for the San Jorge Property. Under the terms of the San Jorge Agreement (as defined below), as amended in June 2008, the Company agreed to make option payments to Global to purchase the San Jorge Property in the amount of \$16.0 million less the aggregated deemed share price of 1,000,000 common shares of the Company previously issued to Global.

Under the amended terms, the Company agreed to pay the following option payments on the San Jorge Property:

- (a) \$0.5 million in May 2009;
- (b) \$2.0 million in May 2010;
- (c) \$4.0 million in May 2011;
- (d) \$5.0 million in May 2012; and
- (e) \$5.0 million in May 2013, less the aggregate deemed value of the 1,000,000 common shares previously issued to Lumina.

The Company also agreed to pay Lumina a net smelter return production royalty of 1.5% on all products other than copper produced at the San Jorge Property.

In September 10, 2009, the National Technological University (“UTN”) of Mendoza, on behalf of the Mendoza Government, completed its evaluation of the (EIS). The UTN report (“the Report”) is an important milestone in the EIS approval process as it provides the Mendoza government and people of Mendoza with an impartial and independent evaluation of the San Jorge Property. The Report stated that the EIS had satisfactorily complied with all national and provincial environmental regulations, and concluded that the San Jorge Property, if developed in full compliance with these regulations, would have a highly positive economic impact on the Province of Mendoza in general and the district of Uspallata in particular. The Report also made a number of observations and recommendations with respect to the Company’s future development of the San Jorge Property.

#### *Barreal Seco Property*

On February 9, 2009, as a result of poor stock market conditions and the Company’s inability to amend the underlying payment obligations for the Barreal Seco Property, the Company elected to terminate its option over the Barreal Seco Property. The Company also terminated its option over the Salvadora Property, located 19 km southwest of the Barreal Seco Property. The Company elected to retain its lease on the Celeste Property and is currently negotiating with the owner of the Celeste Property to acquire ownership of the property.

#### *Talca Belt Properties*

In April 2009, the Company drilled 7 holes at the Andrea property, (the “Andrea Property”), which is located in the Talca region but was not subject to the AWO. The holes were designed to test a variety of targets and while vein and stockwork style mineralization was intersected in some of the holes, copper and gold values were uniformly low. The Company did not envisage that a deposit meeting its criteria was likely to be present at the Andrea Property, and decided to terminate its option in May 2009.

In July 2009, FMEC elected to terminate the AWO, which includes the Phelps Dodge Data Use Agreement and returned to MCAL all the claims comprising the Talca Belt Properties. The Company has retained some of the core claims returned by FMEC to MCAL and has dropped the remainder of the claims.

#### *Llancahue Prospect*

As required under the terms of the AWO, in May 2009 FMEC, completed a 7 hole, 1,300m reverse circulation drill program at the Llancahue Property, located 38km south west of the city of Talca in central Chile. One of these holes, LLA-07 intersected a significant zone of good grade copper mineralization; 100m at 1.375% CuT + 0.015% Mo+ 3.8g/t Ag from 10m to 110m.

On July 9, 2009 the Company announced that FMEC elected not to continue with its exploration of the Llancahue Property.

The Company firmly believes that additional drilling at the Llancahue Property is justified to determine the ultimate potential of the property. The Company has completed additional surface exploration, including extending the existing soil and ground magnetic anomalies.

On November 19, 2009, the Company announced results from a 6 hole 1,059m RC drilling program to follow up on the previous drilling. The drill program was highlighted by one hole which intersected 36 metres at 2.43% copper + 0.102% molybdenum + 5.8 g/t silver.

#### *Cerro Chacay Property*

In November 2009, the Company announced it had initiated a 1,000m RC program in its porphyry copper property. Drill results from the the program are outlined under “Mineral Properties – Chile Properties – Cerro Chacay Property”.

#### **Subsequent to December 31, 2009**

Please see “Mineral Properties - Argentina Property - Recent Developments on the San Jorge Property” below.

Please see “Mineral Properties - Chile Properties - Recent Developments on the Chacay Property” below.

#### **Significant Acquisitions/Dispositions**

Please see “*General Development of the Business – 2008 – Disposal of CoroMex*”.

## **DESCRIPTION OF BUSINESS**

### **Profile**

The Company is an exploration/development stage mining company engaged in the acquisition and exploration of mineral properties located in Latin America with the objective of identifying mineralized deposits. The Company was incorporated under the *Business Corporations Act* (British Columbia) on September 22, 2004 and is listed on the Exchange under the symbol “COP”. As of March 26, 2010, the Company had 91,386,863 shares issued and outstanding and a market capitalization of CDN\$45.7 million.

The Company has its registered corporate office in Vancouver, Canada. In Argentina, the Company is currently seeking approval for its EIS permit of its medium-sized San Jorge Property. The Company has the right to acquire a 100% interest in the San Jorge Property through an option agreement. Please see “Mineral Properties-Argentina Property- San Jorge Property”. In Chile, the Company is currently exploring the Llancahue Property, the Chacay Property, and other less significant properties which are 100% owned by the Company. Please see “Mineral Properties – Chile Properties”



## **Strategy**

The Company was founded with the goal of building a mining company focused on medium-sized base and precious metals deposits in Latin America. It intends to achieve this goal through the exploration for, and acquisition of projects that can be developed and placed into production.

The Company's strategy is to become a mid-tier producer and intends to do this by identifying, securing and developing resources that are located in areas with established infrastructure. The Company's business model focuses on advancing multiple smaller individual assets that are at different stages of development which should result in projects that are easier to finance, construct and generate positive cash flow in a shorter period of time. For higher risk and/or earlier staged projects the Company will seek a joint venture partner or enter into a strategic relationship. To minimize any political and execution risks associated with its strategy, the Company intends to focus its strategy in countries with political stable jurisdictions and on projects with low capital costs.

## **Competitive Conditions**

The Company's business of the acquisition, exploration and development of mineral properties is intensely competitive. The Company may be at a competitive disadvantage in acquiring additional mining properties because it must compete with other individuals and companies, many of which have greater financial resources, operational experience and technical capabilities than the Company. The Company may also encounter increasing competition from other mining companies in efforts to hire experienced mining professionals. Competition for exploration resources at all levels is currently very intense, particularly affecting the availability of manpower, drill rigs and helicopters. Increased competition could adversely affect the Company's ability to attract necessary capital funding or acquire suitable producing properties or prospects for mineral exploration in the future.

## **Environmental Considerations**

The Company's operations are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions of spills, releases or emissions of various substances related to mining industry operations, which could result in environmental pollution. A breach of such legislation may result in imposition of fines and penalties. In addition, certain types of operations require submissions to and approval of environmental impact assessments. Environmental legislation is evolving, which means stricter standards and enforcement, fines and penalties for non-compliance are becoming more stringent. Environmental assessment of proposed projects carries 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 intends to fully comply with all environmental regulations.

## **Employees**

As at December 31, 2009, the Company had a total of 11 full and part-time employees/consultants and also utilized the services of several professionals on a part-time contract or consulting basis. The Company seeks to employ individuals and utilize the services of consultants who have international mining experience.

## **Foreign Operations**

The Company's material properties are currently located in Argentina and Chile and, as such, a substantial portion of the Company's business is exposed to various degrees of political, economic and other risks and uncertainties. The Company's operations and investments may be affected by local political and economic developments, including expropriation, nationalization, invalidation of government orders, permits or agreements pertaining to property rights, political unrest, labour disputes, limitations on repatriation of earnings, limitations on mineral exports, limitations on foreign ownership, inability to obtain or delays in obtaining necessary mining permits, opposition to mining from local, environmental or other non-governmental organizations, government participation, royalties, duties, rates of exchange, high rates of inflation, price controls, exchange controls, currency fluctuations, taxation and changes in laws, regulations or policies as well as by laws and policies of Canada affecting foreign trade, investment and taxation.

## **Risk Factors**

The Company will face a number of challenges in the development of its properties. The following is a description of the principal risk factors affecting the Company:

### **Operational Risks**

The Company's operations are subject to all of the risks normally incident to the exploration for and the development and operation of mineral properties. The Company has implemented comprehensive safety and environmental measures designed to comply with or exceed government regulations and ensure safe, reliable and efficient operations in all phases of its operations. The Company maintains liability and property insurance, where reasonably available, in such amounts it considers prudent. The Company may become subject to liability for hazards against which it cannot insure or which it may elect not to insure against because of high premium costs or other reasons. All of the Company's properties are still in the exploration or advanced exploration stage. Mineral exploration and exploitation involves a high degree of risk, which even a combination of experience, knowledge and careful evaluation may not be able to avoid. Few properties that are explored are ultimately developed into producing mines. Unusual or unexpected formations, formation pressures, fires, power outages, labour disruptions, flooding, explosions, tailings impoundment failures, cave-ins, landslides and the inability to obtain adequate

machinery, equipment or labour are some of the risks involved in mineral exploration and exploitation activities.

The Company has relied on and may continue to rely on consultants and others for mineral exploration and exploitation expertise. The Company believes that those consultants are competent and that they have carried out their work in accordance with internationally recognized industry standards. However, if the work conducted by those consultants is ultimately found to be incorrect or inadequate in any material respect, then the Company may experience delays or increased costs in developing its properties.

Substantial expenditures are required to establish mineral reserves and resources through drilling, to develop metallurgical processes to extract the metal from the material processed and, in the case of new properties, to develop the mining and processing facilities and infrastructure at any site chosen for mining. There can be no assurance that commercial quantities of ore will be discovered. There is also no assurance that even if commercial quantities of ore are discovered, that the properties will be brought into commercial production or that the funds required to exploit mineral reserves and resources discovered by the Company will be obtained on a timely basis or at all. The commercial viability of a mineral deposit once discovered is also dependent on a number of factors, some of which are the particular attributes of the deposit, such as size, grade and proximity to infrastructure, as well as metal prices. Most of the above factors are beyond the control of the Company. There can be no assurance that the Company's mineral exploration activities will be successful. In the event that such commercial viability is never attained, the Company may seek to transfer its property interests or otherwise realize value or may even be required to abandon its business and fail as a "going concern".

### **Estimates of Mineral Resources**

The mineral resource estimates contained in this AIF are estimates only and no assurance can be given that any particular level of recovery of minerals will in fact be realized or that an identified resource will ever qualify as a commercially mineable (or viable) deposit which can be legally or commercially exploited. In addition, the grade of mineralization ultimately mined may differ from that indicated by drilling results and such differences could be material. The estimates of mineral resources described in this AIF should not be interpreted as assurances of mine life or of the profitability of future operations.

### **Additional Funding and Dilution**

If the Company's exploration programs are successful, then additional funds will be required in order to complete the development of its properties. The only sources of future funds presently available to the Company are the sale of additional equity capital or the entering into of joint venture arrangements or other strategic alliances. In addition, the status of Argentina and Chile, where the Company operates, as developing countries, may make it more difficult for the Company to obtain any financing for its projects. Issuances of additional securities will result in a dilution of the equity interests of any person who may become a holder of the Company's securities. There is no assurance that the Company will be successful in raising sufficient funds to meet its obligation or to complete all of the currently proposed exploration programs. If the Company does not raise the necessary capital to meet its obligations under current contractual obligations, then the Company may have to forfeit its interest in the properties or prospects

earned or assumed under such contracts. In addition, if the Company does not raise the funds to complete the currently proposed exploration programs, then the viability of the Company could be jeopardized.

### **Foreign Political Risk**

The Company's material properties are currently located in Argentina and Chile and, as such, a substantial portion of the Company's business is exposed to various degrees of political and economic risk and uncertainties. The Company's operations and investments may be affected by local political and economic developments, including expropriation, nationalization, invalidation of government orders, permits or agreements pertaining to property rights, political unrest, labour disputes, limitations on repatriation of earnings, limitations on mineral exports, limitations on foreign ownership, inability to obtain or delays in obtaining necessary mining permits, opposition to mining from local, environmental or other non-governmental organizations, government participation, royalties, duties, rates of exchange, high rates of inflation, price controls, exchange controls, currency fluctuations, taxation and changes in laws, regulations or policies as well as by-laws and policies of Canada affecting foreign trade, investment and taxation.

In addition to the risks noted above, on June 20, 2007, legislation was passed in Mendoza, which became effective on July 1, 2007, prohibiting the use of certain toxic chemicals, including sulphuric acid, in any mining activity in Mendoza. If this legislation is not modified or repealed, then it will effectively prohibit the development of mining projects which use such toxic chemicals, and could have a material adverse effect on the Company, its assets and its prospects. The Company believes that the legislation is unconstitutional and has filed an action against the Mendoza Government in an attempt to protect its rights to process the oxide resources at the San Jorge Property with sulphuric acid. The claims pursued with the action are related to discrimination, unreasonable prohibition and excess in the legislation to control an industrial activity. The Mendoza Government has responded and defended the legislation. The next step could be to open the action to trial which could take anywhere from seven months to a year to conclude. At this time the Company does not deem this action to be appropriate. The Company believes that the law will not prohibit a flotation only project, which does not incorporate the use of toxic chemicals in the processing of copper concentrates.

### **Permits**

The operations of the Company will require licenses and permits from various governmental authorities to carry out exploration and development at its projects. Obtaining permits can be a complex, and time-consuming process. There can be no assurance that the Company will be able to obtain the necessary licenses and permits on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining permits and complying with these permits and applicable laws and regulations could stop or materially delay or restrict the Company from continuing or proceeding with existing or future operations or projects. Any failure to comply with permits and applicable laws and regulations, even if inadvertent, could result in the interruption or closure of operations or material fines, penalties or other liabilities. In addition, the requirements applicable to sustain existing permits and licenses may change or become more stringent over time and there is no assurance that the Company will have the resources or expertise to meet its obligations under such licenses and permits.

### **Government Regulation**

The mineral exploration activities of the Company are subject to various laws governing prospecting, development, production, taxes, labour standards, occupational health, mine safety, waste disposal, toxic substances and other matters. Mining and exploration activities are also subject to various laws and regulations relating to the protection of the environment, historical and archaeological sites and endangered and protected species of plants and animals. Although the exploration activities of the Company are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development. Amendments to current laws and regulations governing the operations and activities of the Company or more stringent implementation thereof could have a substantial adverse impact on the Company.

### **Property Interests**

The Company has the right to earn a 100% interest in certain of its properties. To earn its 100% interest in each property, the Company is required to make certain cash option payments and/or share issuances. If the Company fails to make the agreed cash option payments, then the Company may lose its right to such properties and forfeit any funds expended to such time.

### **Acquisition of Additional Mineral Properties**

If the Company loses or abandons its interest in one or more of its properties, then there is no assurance that it will be able to acquire other mineral properties of merit, whether by way of option or otherwise, should the Company wish to acquire any additional properties.

### **Environmental Regulations**

The Company's activities are subject to foreign environmental laws and regulations, which may materially adversely affect its future operations. These laws and regulations control the exploration and development of mineral properties and their effects on the environment, including air and water quality, mine reclamation, waste handling and disposal, the protection of different species of plant and animal life, and the preservation of lands. These laws and regulations will require the Company to acquire permits and other authorizations for certain activities. There can be no assurance that the Company will be able to acquire such necessary permits or authorizations on a timely basis, if at all.

### **Unknown Environmental Risks for Past Activities**

Exploration and mining operations involve a potential risk of releases to soil, surface water and groundwater of metals, chemicals, fuels, liquids having acidic properties and other contaminants. In recent years, regulatory requirements and improved technology have significantly reduced those risks. However, those risks have not been eliminated, and the risk of environmental contamination from present and past exploration or mining activities exists for mining companies. The Company may be liable for environmental contamination and natural resource damages relating to the properties that it currently owns or operates or at which environmental contamination occurred while or before it owned or operated

the properties. However, no assurance can be given that potential liabilities for such contamination or damages caused by past activities at these properties do not exist.

### **Key Management**

The success of the Company will be largely dependent upon the performance of its key officers, consultants and employees. Locating mineral deposits depends on a number of factors, not the least of which is the technical skill of the exploration personnel involved. The success of the Company is largely dependent on the performance of its key individuals. Failure to retain key individuals or to attract or retain additional key individuals with necessary skills could have a materially adverse impact upon the Company's success.

### **Conflicts of Interest**

Certain directors and officers of the Company are or may become associated with other natural resource companies which may give rise to conflicts of interest. In accordance with the *Business Corporations Act* (British Columbia), directors who have a material interest in any person who is a party to a material contract or a proposed material contract with the Company are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the contract. In addition, the directors and the officers are required to act honestly and in good faith with a view to the best interests of the Company. Certain of the directors and officers of the Company have either other full-time employment or other business or time restrictions placed on them and, accordingly, the Company will not be the only business enterprise of these directors and officers.

### **Title to Properties**

Acquisition of rights to the mineral properties is a very detailed and time-consuming process. Title to, and the area of, mineral properties may be disputed. Although the Company has investigated the title to all of the properties for which it holds concessions or other mineral leases or licenses or in respect of which it has a right to earn an interest, the Company cannot give an assurance that title to such properties will not be challenged or impugned. The Company can never be completely certain that it or its option partners will have valid title to its mineral properties. Mineral properties sometimes contain claims or transfer histories that examiners cannot verify, and transfers under foreign law are often complex. The Company does not carry title insurance on its properties. A successful claim that the Company or its option partner does not have title to a property could cause the Company to lose its rights to that property, perhaps without compensation for its prior expenditures relating to the property.

### **Repatriation of Earnings**

There is no assurance that any countries other than Canada in which the Company carries on business or may carry on business in the future will not impose restrictions on the repatriation of earnings to foreign entities.

## **Infrastructure**

Development and exploration activities depend on adequate infrastructure, including reliable roads and water and power sources. In particular, the Company's activities in Regions II and III of Chile will depend on adequate water supply. The Company's inability to secure adequate water and power resources, as well as other events outside of its control, such as unusual weather, sabotage, government or other interference in the maintenance or provision of such infrastructure, could adversely affect the Company's operations and financial condition.

## **Influence of Third Party Stakeholders**

The Company's interest in its properties and the exploration equipment and roads or other means of access which the Company intends to utilize in carrying out its work programs or general business mandates, may be subject to interests or claims by third party individuals, groups or companies. In the event that such third parties assert any claims, the Company's work programs may be delayed even if such claims are not meritorious. Such delays may result in significant financial loss and loss of opportunity for the Company.

## **Uninsurable Risks**

In the course of exploration, development and production of mineral properties, certain risks, and in particular, unexpected or unusual geological operating conditions, including rock bursts, cave-ins, fires, flooding, earthquakes and other environmental occurrences may occur. It is not always possible to fully insure against such risks and the Company may decide not take out insurance against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the securities of the Company.

## **Commodity Prices**

The profitability of the Company's operations will be dependent upon the market price of mineral commodities. Mineral prices fluctuate widely and are affected by numerous factors beyond the control of the Company. The level of interest rates, the rate of inflation, world supply of mineral commodities, consumption patterns, forward sales by producers, production, industrial demand, speculative activities and stability of exchange rates can all cause significant fluctuations in prices. Such external economic factors are in turn influenced by changes in international investment patterns, monetary systems and political developments. The prices of mineral commodities have fluctuated widely in recent years. Current and future price declines could cause commercial production to be impracticable. The Company's revenues and earnings also could be affected by the prices of other commodities such as fuel and other consumable items, although to a lesser extent than by the price of copper or gold. The prices of these commodities are affected by numerous factors beyond the Company's control.

## **Competition**

The mining industry is intensely competitive in all of its phases, and the Company competes with many companies possessing greater financial resources and technical facilities than itself with respect to the

discovery and acquisition of interests in mineral properties, the recruitment and retention of qualified employees and other persons to carry out its mineral exploration activities. Competition in the mining industry could adversely affect the Company's prospects for mineral exploration in the future.

### **Expected Continued Operating Losses**

The Company has no history of operating earnings. The likelihood of success of the Company must be considered in light of the problems, expenses, difficulties, complications and delays frequently encountered in connection with the establishment of any business. The Company has experienced losses from operation for each of the years ended December 31, 2009, 2008 and 2007. The Company expects to incur losses, and will likely incur increased losses, for the foreseeable future.

### **No History of Dividends**

The Company has never paid a dividend on its common shares and does not expect to do so in the foreseeable future. Any future determination to pay dividends will be at the discretion of the Company's board of directors and will depend upon the capital requirements of the Company, results of operations and such other factors as the Company's board of directors considers relevant. Accordingly, it is likely that investors will not receive any return on their investment in the common shares other than possible capital gains.

### **Foreign Currency Risk**

A substantial portion of the Company's expenses are now, and are expected to continue to be incurred in foreign currencies. The Company's business will be subject to risks typical of an international business including, but not limited to, differing tax structures, regulations and restrictions and general foreign exchange rate volatility. Fluctuations in the exchange rate between the Canadian dollar and such other currencies may have a material effect on the Company's business, financial condition and results of operations and could result in downward price pressure for our products in or losses from currency exchange rate fluctuations. The Company does not actively hedge against foreign currency fluctuations.

### **Mineral Properties**

The Company owns, or has the right to acquire an interest in, mineral properties in Argentina and Chile. The Company's properties in each of these areas are described below. To satisfy the reporting requirements of National Instrument 51-102F2 with respect to the Company's material mineral projects, the Company has opted, as allowed by this instrument, to reproduce the summary from the San Jorge Technical Report on the material San Jorge Property, which is the Company's only material property.

#### ***Argentina Property***

In Argentina, the Company has an option to acquire a 100% interest in the San Jorge Property.

#### ***San Jorge Property***



Acquisition of the San Jorge Property

Pursuant to an agreement dated August 9, 2006, as supplemented by a side letter dated August 9, 2006 and amended by amendments made as of October 18, 2006, June 12, 2008 and January 20, 2009 (the "San Jorge Agreement") among the Company, MCAL, Lumina (previously, Global) and Minera Global Copper Chile S.A. ("Minera Global", an indirect wholly-owned subsidiary of Lumina), the Company, through MCAL, acquired from Minera Global all of the issued and outstanding shares (the "MSJ Shares") in the capital of MSJ.

The Company purchased the MSJ Shares for an aggregate purchase price of \$1 million, payable in cash, and the issuance of an aggregate of 1,000,000 common shares of the Company to Minera Global, as follows:

- (a) \$37,500 paid prior to the execution of the original San Jorge Agreement;
- (b) on or before August 9, 2006, paid \$262,500 and issued 333,333 common shares at a deemed price of \$0.75 per common share;
- (c) on or before February 9, 2007, paid \$300,000 and issued 333,333 common shares at a deemed price of \$0.75 per common share; and
- (d) on or before February 8, 2008, paid \$400,000 and issued 333,334 common shares at the market price.

Further to the amendments dated June 12, 2008 and January 20, 2009, the Company has the following payment obligations to Lumina:

- (a) on or before May 10, 2009, \$500,000; paid
- (b) on or before May 10, 2010, \$2,000,000;
- (c) on or before May 10, 2011, \$4,000,000;
- (d) on or before May 10, 2012, \$5,000,000; and
- (e) on or before May 10, 2013, \$5,000,000, less the aggregate deemed share price of the 1,000,000 common shares of the Company previously issued to Lumina.

The Company has made the \$500,000 payment to Lumina noted in paragraph (a) above.

In addition, if, after May 10, 2011, the Company completes a bankable feasibility study on either the heap leachable copper resources or the sulphide copper resources, or a combination of both, on the San Jorge Property, the Company will pay to Minera Global the balance of any amounts owing under the San Jorge Agreement within six months from the date of the completion of the bankable feasibility study.

Upon commencement of commercial production, the Company has agreed to pay Lumina:

- (a) an amount equal to \$0.025 per pound of copper contained in the mineable, proven and probable heap leachable reserves, as may be: (i) delineated in a bankable feasibility study for the sulphide copper resources; or (ii) delineated in a bankable feasibility study for the heap leachable copper resources; or (iii) as may be contained in a stockpile of leachable mineral-bearing material formed in connection with any exploitation of a resource in connection with the San Jorge Property; and
- (b) an amount equal to \$0.02 per pound of copper contained in the mineable, proven and probable sulphide reserves.

For greater certainty all payment obligations under the San Jorge Agreement including the deemed value of the Company's common shares issued to Lumina will be deducted from the purchase price payable to Lumina at commencement of commercial production.

Further, if the Company commences commercial production from the mineable, proven and probable sulphide copper reserves, the Company will pay to Lumina the following annual royalty (the "Royalty") on all copper in excess of that derived from the total minable, proven and probably heap leachable reserves and minable, proven and probably sulphide reserves:

- (a) \$0.02 per pound of copper contained in ore placed on leach pads, in excess of the total pounds of copper contained in the minable, proven and probably heap leachable reserves; and
- (b) \$0.015 per pound of copper contained in ore processed by a mill, in excess of the total pounds of copper contained in the minable, proven and probably sulphide reserves.

The Company also agreed to pay Lumina a net smelter return production royalty of 1.5% on all products other than copper, produced at the San Jorge Property.

If Lumina assigns all of its interest in the San Jorge Agreement to a third party, then the Company will have a right of first refusal to acquire the Royalty prior to the sale or assignment of the Royalty to a third party.

The Company has the right to require Lumina and Minera Global to enter into a voting trust agreement in respect of the common shares owned by Lumina or Minera Global, pursuant to which Lumina and Minera Global will agree to vote their common shares as may be directed by the Company, but no such agreement has been entered into as of the date of this AIF.

Effective September 7, 2006, Lumina entered into an Indemnity Agreement (the "Indemnity Agreement") with the former owner of the San Jorge Property in exchange for a payment of ARS\$1,550,000. The real property on which the San Jorge Property is located was transferred to MSJ on December 31, 2006 and the transfer will be formally registered once MSJ receives approval of the Frontier Security Zone Commission of Argentina. In connection with San Jorge Agreement, Lumina assigned the Indemnity Agreement to the Company in exchange for a payment of \$1,096,000.

If the Company does not complete the payments contemplated by the San Jorge Agreement or for any other reason and the MSJ Shares are returned to Minera Global, then the Company will assign the Indemnity Agreement to Minera Global for no consideration.

The Company and MCAL have no obligation to satisfy the consideration contemplated by the San Jorge Agreement and if the Company and MCAL conclude that they do not wish to develop or further develop the San Jorge Property, then the Company and MCAL will provide written notice to Lumina and Minera Global that they do not wish to develop or further develop the San Jorge Property and MCAL will transfer or cause to be transferred the MSJ Shares to Minera Global as soon as reasonably practicable thereafter.

### Summary

The following information in this section is summarized or extracted from the San Jorge Technical Report, which was prepared by NCL in accordance with the requirements of NI 43-101. Portions of the following information are based on assumptions, qualifications and procedures which are set out only in the full San Jorge Technical Report, which is incorporated by reference into this AIF. For a complete description of the assumptions, qualifications and procedures associated with the following information, reference should be made to the full text of the San Jorge Technical Report which is available for review on the SEDAR website at [www.sedar.com](http://www.sedar.com).

MCAL, a 100% owned subsidiary of the Company, commissioned NCL to provide the San Jorge Technical Report. Rodrigo Mello, P.Geol. (Consulting Geologist, NCL Brasil Ltda) served as the Qualified Person responsible for the preparation of the San Jorge Technical Report.

The scope of work entailed a review of pertinent geological and resource data in sufficient detail to prepare the San Jorge Technical Report. The San Jorge Property was previously reviewed by AMEC Americas Ltd (“AMEC”) in 2003 for Lumina and, in 2006 and 2007, for the Company.

The San Jorge Property is located in west-central Argentina approximately 110 km north-west of the provincial city of Mendoza and 250 km north-east of Santiago, Chile. The San Jorge Property comprises two separate areas consisting of a combined 10 mining concessions and 68 mining estacas that are owned by Lumina and which are optioned to the Company. These concessions and estacas cover a total of 10,572 hectares.

Copper mineralization was first recognized on the San Jorge Property in the early 1960s. From the 1960s to 1998 the San Jorge Property has been explored by five companies, namely Minera Aguilar S.A., Exploraciones Falconbridge Argentina S.A., Recursos Americanos Argentinos S.A., Grupo Minero Aconcagua S.A. (“GMA”), and the Company. Between 1964 and 2007, a total of 30,021 m in 183 drill holes have been drilled on the San Jorge Property, including 21,650 m of diamond drilling in 123 drill holes, and 8,371 m of reverse circulation drilling in 60 drill holes. The list of drilling may not be inclusive

of all holes actually drilled on the San Jorge Property due to poor documentation of work during the 1960s and 1970s.

NCL considers that the limits of the deposit are well defined, except at depth, where it may be extended. In the primary ore, NCL has identified a zone where the grades seem to be higher than the average of the deposit in which case, the total metal contained within the mineable resources may be higher than the estimated. Further investigation needs to confirm this.

Mineralization at the San Jorge Property is hosted by carboniferous sediments and permo-triassic porphyritic intrusives that range in composition from granitic to dacitic. The associated alteration system comprises potassic, phyllic, argillic and weak propylitic assemblages, and does not exhibit “classic” concentric zoned distribution around a central intrusive body. Rather, the distribution of the alteration zones is elongate and is influenced by the principal fault systems which strike north and northeast.

Both low and high-grade hypogene copper mineralization is dominated by chalcopyrite. Superimposed on the hypogene mineralization is a supergene-enriched zone, which comprises chalcocite, digenite and covellite, an oxide zone dominated by malachite and chrysocolla, and a poorly developed leached cap. The higher grade hypogene, supergene-enriched, and to a lesser extent the oxide copper mineralization show a strong spatial association with the principal fault systems and their intersection zones.

Historic mineral resource estimates were completed by Gary Simmerman (“Simmerman”) and Cobre Mantua S.A. (“Cobre Mantua”) on behalf of GMA. According to AMEC, the reliability of the estimates has not been established because neither estimate discusses a quality assurance/quality control (“QAQC”) program, or details pertaining to the specific gravity measurements. Therefore, neither estimate is NI 43-101 compliant and both are reported as historical estimates only and cannot be relied upon.

In 1997, Fluor Daniel Wright Ltd. (“FDW”) carried out a pre-feasibility study on the San Jorge Property that was based on the historical resource estimate completed by Simmerman. The base case evaluated in the study was an initial heap leach operation (Phase I) for the leached, oxide and enriched ores, followed by a sulphide milling operation (Phase II) for the primary and enriched sulphides, where the primary material is mined at depth.

In 2007, AMEC completed a mineral resources technical report which identified NI 43-101 compliant measured plus indicated resources of 115 Mt at 0.50% CuT in oxides, enriched and primary material at a 0.30% CuT cut-off contained within an economic envelope defined by the software Whittle 4X, using a copper price of 1.3 \$/lb.

For this report, NCL developed a new geological model and mineral resource estimate using data available by October 23, 2007. Geological interpretation was prepared by the Company personnel and reviewed by NCL geologists who also built solid models for different oxidation domains. The geological models were used to prepare a mineral resource estimate for copper and gold. The results of this optimization are listed in Table 1-1 as the mineral resource estimate for San Jorge Property using a cut-off of 0.3% CuT, unconstrained, and Table 1-2, contained within an economic envelope defined by the software Whittle 4X, using a copper price of 1.5 \$/lb.

**Table 1-1: Mineral Resources for all Domains – Cut-off 0.30% CuT**

| Domain   | Category                | Tonnage | CuT  | CuT Metal | CuSol | CuCN | Au    | Au Metal |
|----------|-------------------------|---------|------|-----------|-------|------|-------|----------|
|          |                         | (Ktons) | (%)  | (klb)     | (%)   | (%)  | (g/t) | (koz)    |
| Oxide    | Measured                | 19,425  | 0.59 | 250,803   | 77%   | 7%   | 0.23  | 147      |
|          | Indicated               | 12,852  | 0.46 | 129,223   | 74%   | 8%   | 0.20  | 81       |
|          | Measured +<br>Indicated | 32,276  | 0.53 | 380,026   | 76%   | 7%   | 0.22  | 228      |
|          | Inferred                | 1,054   | 0.39 | 9,083     | 59%   | 13%  | 0.12  | 4        |
| Enriched | Measured                | 24,315  | 0.67 | 356,763   | 20%   | 40%  | 0.21  | 167      |
|          | Indicated               | 1,648   | 0.47 | 17,076    | 18%   | 35%  | 0.20  | 11       |
|          | Measured +<br>Indicated | 25,963  | 0.55 | 373,839   | 20%   | 40%  | 0.21  | 177      |
|          | Inferred                | 395     | 0.52 | 4,524     | 19%   | 25%  | 0.07  | 1        |
| Primary  | Measured                | 36,043  | 0.49 | 391,629   | 4%    | 5%   | 0.23  | 272      |
|          | Indicated               | 100,162 | 0.41 | 905,486   | 3%    | 5%   | 0.18  | 580      |
|          | Measured +<br>Indicated | 136,205 | 0.43 | 1,297,114 |       |      |       |          |
|          | Inferred                | 71,524  | 0.37 | 578,575   | 3%    | 6%   | 0.14  | 332      |
| Total    | Measured                | 79,782  | 0.57 | 999,194   | 28%   | 15%  | 0.22  | 586      |
|          | Indicated               | 114,662 | 0.42 | 1,051,785 | 12%   | 8%   | 0.18  | 672      |
|          | Measured +<br>Indicated |         |      |           |       |      |       |          |
|          | Inferred                | 72,974  | 0.37 | 592,182   | 4%    | 8%   | 0.14  | 337      |

Resources reported as follows: copper cut-off grade for all domains 0.3%. The gold estimates are the average grade for each resource category, since the shorter variographic ranges do not permit the same level of precision as for the copper estimates.

**Table 1-2 Mineral Resources contained within Whittle envelope – Cut-off 0.30% CuT**

| Domain   | Category                | Tonnage | CuT  | CuT Metal | CuSol | CuCN | Au    | Au Metal |
|----------|-------------------------|---------|------|-----------|-------|------|-------|----------|
|          |                         | (Ktons) | (%)  | (klb)     | (%)   | (%)  | (g/t) | (koz)    |
| Oxide    | Measured                | 19,395  | 0.59 | 250,481   | 77%   | 7%   | 0.23  | 147      |
|          | Indicated               | 12,538  | 0.46 | 126,337   | 74%   | 8%   | 0.20  | 80       |
|          | Measured +<br>Indicated |         |      |           |       |      |       |          |
|          | Inferred                | 445     | 0.39 | 3,834     | 57%   | 14%  | 0.16  | 2        |
| Enriched | Measured                | 24,315  | 0.67 | 356,763   | 20%   | 40%  | 0.21  | 167      |
|          | Indicated               | 1,648   | 0.47 | 17,076    | 18%   | 35%  | 0.20  | 11       |
|          | Measured +<br>Indicated |         |      |           |       |      |       |          |
|          | Inferred                | 395     | 0.52 | 4,524     | 19%   | 25%  | 0.07  | 1        |
| Primary  | Measured                | 35,808  | 0.49 | 389,789   | 4%    | 5%   | 0.24  | 271      |
|          | Indicated               | 90,013  | 0.41 | 820,658   | 3%    | 5%   | 0.19  | 536      |
|          | Measured +<br>Indicated |         |      |           |       |      |       |          |
|          | Inferred                | 10,720  | 0.38 | 90,698    | 3%    | 5%   | 0.16  | 56       |
| Total    | Measured                | 79,518  | 0.57 | 997,033   | 28%   | 15%  | 0.22  | 584      |

| Domain | Category                | Tonnage | CuT  | CuT Metal | CuSol | CuCN | Au    | Au Metal |
|--------|-------------------------|---------|------|-----------|-------|------|-------|----------|
|        |                         | (Ktons) | (%)  | (klb)     | (%)   | (%)  | (g/t) | (koz)    |
|        | Indicated               | 104,200 | 0.42 | 964,072   | 13%   | 8%   | 0.19  | 626      |
|        | Measured +<br>Indicated |         |      |           |       |      |       |          |
|        | Inferred                | 11,560  | 0.39 | 99,056    | 6%    | 11%  | 0.15  | 60       |

*Resources reported as follows: Copper cut-off grade for all domains 0.3% and contained within the economic envelope defined by the software Whittle, using industry average costs and copper price of 1.5 \$/lb copper.*

NCL concludes the following:

- The level of understanding of the geology, alteration and mineralization at the San Jorge Property is reasonable, however, the relationship between structure, mineralization and alteration could be improved. Gold mineralization appears to have a different control than copper and needs to be evaluated differently.
- Mineralization is well defined and open at depth in the zone of primary mineralization.
- Better control of the mineralization may allow the separation of higher grade zones, consequently decreasing the dilution of grades. A higher grade zone may exist in the primary mineralization zone.
- The Simmerman and Cobre Mantua historic mineral resource estimates were well documented and prepared in a professional manner, but the reliability of the resource was not confirmed as it does not refer to a quality control-quality assurance program, or details, of the specific gravity measurements.
- The AMEC 2007 resource estimate was prepared to NI 43-101 standards.
- The actual drill hole database is clean and does not present problems for validation. However, a significant amount of intervals from the older drilling were not assayed for CuS and CuCN, which generates problems during grade estimation.
- NCL's estimation relies on CuT assay results to classify resources into categories. Validations of the grade quality estimation are acceptable and the different categories reflect the confidence that NCL has in the grade continuity at the deposit.
- The lack of documentation relating to the older reverse circulation and the diamond drilling sampling methods could adversely impact future efforts to classify the resource.

NCL recommends that the nearby IP targets to be evaluated, in order to increase the resources and the attractiveness of the San Jorge Property.

The drilling program should be extended, checking if no lateral extension is possible to be detected. Infill drilling, for conversion of the inferred to indicated, should also be addressed. In this effort, the

investigation of a “core” of high grade in the primary zone, should be carried out, confirming or denying the hypothesis that this core may produce a significant tonnage of higher grade material.

To facilitate future studies, the Company should organize the drilling and other project information in folders separated by hole and subject, with all relevant information.

Considering the positive results of the resource evaluation, NCL recommends to proceed to a next phase of the study, preparing a mining plan and to produce either a scoping study or a pre-feasibility study, in order to bring this deposit to production.

#### Other Developments on the San Jorge Property

As previously noted in the “*General Development of the Business*” section of this AIF, Ausenco completed the NI 43-101 compliant Leach Only Report for the leach only project at the San Jorge Property and GRD Minproc completed the NI 43-101 compliant Concentrator Project Report for the concentrator project at the San Jorge Property.

For full discussion of the results for the Leach Only Report, reference should be made to the Company’s material change report dated April 3, 2008 and for the Concentrator Project Report, reference should be made to the Company’s material change report dated April 22, 2008. Both reports can be viewed in full under the Company’s profile on the SEDAR website [www.sedar.com](http://www.sedar.com)

The highlights of both reports are out lined in the table below:

| <b>San Jorge Technical Reports Summary</b>                 |                 | <b>Concentrator Project</b> | <b>Leach Only Project</b> |
|--|-----------------|-----------------------------|---------------------------|
| Base case (10%):<br>(\$1.65/lb copper and \$600/oz gold)   | Pre-tax NPV     | \$291 million               | \$159 million             |
|  | Pre-tax IRR     | 31%                         | 28%                       |
|  | After-tax NPV   | \$82 million                | \$77 million              |
|  | After-tax IRR   | 18%                         | 20%                       |
| Upside case (10%):<br>(\$2.00/lb copper and \$600/oz gold) | After-tax NPV   | \$220 million               | \$139 million             |
|  | After-tax IRR   | 29%                         | 28%                       |
| Average cash operating costs:<br>(years 1 to 5) (\$/lb)    | Before credits  | \$0.91                      | \$0.90                    |
|  | Credits         | \$0.22                      | \$0.35                    |
|  | After credits   | \$0.69                      | \$0.55                    |
| Total production:  | Copper (tonnes) | 632,000                     | 223,363                   |
|  | Gold (ounces)   | 629,000                     | n/a                       |
| Average production:<br>(years 1 to 5)                      | Copper (tonnes) | 51,000                      | 24,000                    |
|  | Gold (ounces)   | 42,000                      | n/a                       |
| Mine life:   | Years           | 16                          | 10                        |
| Initial capital costs:                                     | \$ million      | \$277                       | \$162                     |
| Prepared by:   |                 | GRD Minproc                 | Ausenco                   |
| Report type:   |                 | Preliminary Economic        | Preliminary Feasibility   |

| <b>San Jorge Technical Reports Summary</b> | <b>Concentrator<br/>Project</b> | <b>Leach Only<br/>Project</b> |
|--|---------------------------------|-------------------------------|
|  | Assessment                      | Standard                      |
| Date:                                      | April 22, 2008                  | April 3, 2008                 |

### **Recent Developments on the San Jorge Property**

In September 2009, the Company received the conclusions from the UTN of its review of the San Jorge Property which was then followed by a sectoral review (the "Review"). The Review was coordinated and supervised by the Secretary of the Environment and included more than 10 opinions from provincial bodies which endorsed the project. The Review included presentations from the Natural Resources Department, Environmental and Urban Development Department, Irrigation Department, Provincial Environmental Council, Scientific and Technological Center, Municipality of Las Heras, and Hydrology Department amongst others.

With the positive results and conclusions from the Review, a formal public hearing is the next step in the permitting process and represents the final step in the public consultation process. Our Argentinean team has met extensively with numerous interested parties with direct and indirect interests in the project during the last twelve months and we welcome the opportunity to formalize the process. The public hearing represents a further opportunity for the Company and the Government to address the concerns of interested parties prior to the Environment Impact Declaration being submitted to the Secretary of the Environment for approval.

Subject to this approval, the Environmental Impact Declaration is then expected to be presented to the House of Deputies and the Senate for ratification later in 2010.

### **Chile Properties**

In Chile, the Company currently owns 100% interest in the Llancahue Property, the Cerro Chacay Property, and other Chile exploration properties.

#### *The Llancahue Property*

The Llancahue Property is located 38 km south-west of the city of Talca in central Chile. The Llancahue Property was staked in 2008 and is 100% owned by the Company. During 2009 two small drill programs were carried out.

In May 2009, FMEC under the AWO, completed a 7 hole, 1,300m RC drill program at the Llancahue Property. One of these holes, LLA-07 intersected a significant zone of good grade copper mineralization; 100m at 1.375% CuT + 0.015% Mo+ 3.8g/t Ag from 10m to 110m.

On July 9, 2009 the Company announced that FMEC elected not to continue with its exploration of the Llancahue property.



The Company firmly believes that additional drilling at the Llancahue Property is justified to determine the ultimate potential of the property. The Company completed additional surface exploration, including extending the existing soil and ground magnetic anomalies.

On November 19, 2009 the Company announced results from a 6 hole 1,059m RC drilling program to follow up on the previous drilling carried out earlier in May. The drill program was highlighted by one hole which intersected 36 metres at 2.43% copper + 0.102% molybdenum + 5.8 g/t silver. The Company intends to carry out additional drilling at Llancahue during 2010.

#### *Cerro Chacay Property*

The Cerro Chacay Property is located in Region III in Northern Chile, 50 km east of the town of Vallenar and 12 km south-east of the Relincho copper project owned by Teck Cominco Ltd. (“Teck”). The Company controls the Cerro Chacay Property through MCAL’s ownership of 10 exploration concessions totalling 2,900 ha, 1,600 ha of which are in the process of being converted to exploitation concessions. The Cerro Chacay Property is subject to a 2% net profits interest on any production, to a maximum of \$2,000,000, payable to First Quantum Minerals Ltd. (“FQM”).

In March, 2005, MCAL drilled a total of 7 RC holes. Three of these holes intersected porphyry copper style mineralization but were only assayed for total copper. The significant intersections were as follows:

| Hole        | From | To              | Metre | %CuT |
|-------------|------|-----------------|-------|------|
| CHCRC02     | 14   | 42              | 28    | 0.51 |
| CHCRC05     | 190  | 198 end of hole | 8     | 0.56 |
| CHCRC06     | 82   | 160             | 78    | 0.44 |
| - including | 102  | 126             | 24    | 0.73 |

During 2007, the Company recovered and re-assayed 77 of the mineralized samples for CuSol and CuCN copper. This re-assaying indicates that the mineralization encountered in holes CHCRC05 and 06 is comprised of mixed copper oxide and chalcocite, exhibiting high total solubilities, rather than mixed oxides and primary sulphides as previously inferred. Mineralization in CHCRC02 was copper oxide. The high grade section in CHCRC06 was re-assayed in its entirety and found to average 24m @ 0.76% CuT, 0.34% CuSol, and 0.27% CuCN, for a total solubility of 79.5%.

The Chacay Property hosts a porphyry copper prospect of probable Paleogene age that has previously been drill tested by several companies. The drillhole locations and summary geological information are available for some of the previous drilling but it has not been possible to obtain the corresponding assay information. A zoned porphyry alteration suite of external propylitic alteration surrounding a phyllically altered core is developed over a distance of 3,500m, oriented west north-west. The most intense alteration occupies an area of 1,000m x 1,000m centered on Cerro Chacay. This hill has an elevation difference of

300m over the surrounding valleys and hosts a leached cap, which drilling has shown to vary from 50m to 200m in thickness. Underlying the leached cap, a partially oxidized, flat lying, chalcocite enrichment blanket has been intersected in drilling, that is currently interpreted to be between 20 and greater than 100m thick.

### Recent Developments on the Chacay Properties

In January 5, 2010, the Company released results from a start 4 hole 1,024m RC drilling program. Three of the four widely spaced holes, CHCRC08-10, intersected the secondary enrichment blanket as anticipated with the following grades;

| Hole      | From | To  | m  | %CuT | %CuS | %CuCN | Solubility |
|-----------|------|-----|----|------|------|-------|------------|
| CHCRC09   | 236  | 324 | 88 | 0.47 | 0.09 | 0.35  | 95%        |
| including | 246  | 290 | 44 | 0.57 | 0.10 | 0.43  | 98%        |
| CHCRC08   | 160  | 208 | 48 | 0.20 | 0.06 | 0.12  | 93%        |
| CHCRC10   | 138  | 194 | 56 | 0.15 | 0.05 | 0.09  | 91%        |

The intersection in CHCRC09 is comparable to previously drilled hole CHCRC06 (please refer to news release 09-11 dated November 25, 2009) which can be viewed in full under the Company's profile on the SEDAR website [www.sedar.com](http://www.sedar.com)), which intersected 78m at 0.44%CuT. CHCRC09 intersected disseminated chalcocite, while holes CHCRC08 and CHCRC10 intersected chalcocite developed as a thin coating on disseminated pyrite. The fourth hole, CHCRC11, which was drilled to test a prominent silicified rib near the south-east edge of the alteration zone, passed through a silicified and strongly pyritic zone with no secondary copper development. All holes were all drilled at -60 degrees inclination, so the intersect thicknesses do not represent true thicknesses.

The Company subsequently undertook a follow up short drill campaign in February 2010. In March 24, 2010, the Company released these results including intercepting 122 metres of 0.77% copper. The following table highlights the results:

| Hole      | TD m | From | To  | m   | %CuT | %CuSol | %CuCN | Solubility | g/t Au |
|-----------|------|------|-----|-----|------|--------|-------|------------|--------|
| CHCRC13   | 234  | 112  | 234 | 122 | 0.77 | 0.14   | 0.56  | 91%        | 0.05   |
| including |      | 114  | 172 | 58  | 0.99 | 0.17   | 0.77  | 95%        | 0.05   |

|         |     |                        |     |                 |      |      |      |     |      |
|---------|-----|------------------------|-----|-----------------|------|------|------|-----|------|
| CHCRC14 | 174 | 68                     | 82  | 14              | 0.53 | 0.19 | 0.28 | 88% | 0.05 |
|         |     | 82                     | 174 | Results awaited |      |      |      |     |      |
| CHCRC15 | 204 | 120                    | 160 | 40              | 0.65 | 0.18 | 0.44 | 94% | 0.03 |
|         |     | 160                    | 204 | Results awaited |      |      |      |     |      |
| CHCRC16 | 186 | Results awaited        |     |                 |      |      |      |     |      |
| CHCRC12 | 206 | No significant results |     |                 |      |      |      |     |      |

## Other Chile Exploration

### *Pocillas Property*

The Pocillas Property hosts a low sulphidation epithermal gold prospect, discovered by Cyprus Amax Minerals (“Cyprus”) in the early 1990’s. Cyprus subjected the Pocillas Property to surface sampling, reconnaissance mapping and hand trenching. Mineralization is associated with a series of mainly north-east oriented structures hosted in rhyolite volcanics, which at their highest elevations were previously exploited for pyrophyllite in a number of small open pits. Cyprus sampling of the pyrophyllite workings returned low levels of Au, but first pass hand trenching at lower elevations along strike returned peak values of 13m at 2.95g/t Au, including 2m at 12.8g/tAu, 21m at 0.62g/t Au, and 33m at 0.50g/t Au. These results were sampled and assayed to the standards of the day, but have not been confirmed by the Company, and so should not be relied upon.

The Company is currently negotiating with the surface owners at the Pocillas Property to gain access for a short drill program to be conducted later in 2010.

### *Celeste Property*

The Celeste Property is located 28 km to the south-west of the Barreal Seco Property and approximately 10 km south-west of the Salvadora Property and comprises a 2,876 ha claim block, contiguous with and along strike to the north-east from the Empresa Nacional de Minería owned Cerro Negro IOCG deposit.

Pursuant to an agreement (the “Lease Agreement”) between MCAL and Atna Resources Limited (“Atna”) dated April 11, 2006, MCAL is leasing the Celeste Property from Atna with the following payment schedule: (a) \$10,000 on signing of the Lease Agreement (paid); (b) \$10,000 in April 2007 (paid); \$25,000 in April 2008 (paid); and (c) \$50,000 per year thereafter for a term

of 20 years, or \$100,000 per year if the Celeste Property enters production. A 2.5% net smelter royalty is payable to Atna on production from the Celeste Property, of which 2% is payable to Teck. The Company is currently negotiating with Atna to acquire ownership of the Celeste Property.

#### *Gloria Property*

The Gloria Property is located in Region III in Northern Chile, 28 km south-east of the town of Copiapó, capital of Region III of Chile, 15 km east of the Candelaria Cu-Au mine, operated by Phelps Dodge, and 6 km east of the Punta del Cobre district, which is host to several medium scale underground copper mines.

The Company completed a drilling program of six RC holes (674 metres) during the fourth quarter of 2007. As a result of disappointing results from this drilling program, the Company determined to discontinue making payments under the option agreements for the Pasaje Freire, Delicia and Petisa properties. The Company will continue to hold the wholly-owned claim and the Company has no plans for any work on the Gloria Property during 2010.

### **CONSOLIDATED FINANCIAL INFORMATION**

The Company's Audited Consolidated Financial Statements for the year ended December 31, 2009 are incorporated herein by reference. These Audited Consolidated Financial Statements have been filed with regulatory authorities through SEDAR and are available for review on the SEDAR website at [www.sedar.com](http://www.sedar.com).

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

The Company's Management's Discussion and Analysis for the year ended December 31, 2009 is incorporated herein by reference. The Management's Discussion and Analysis has been filed with regulatory authorities through SEDAR and is available for review under the Company's profile on the SEDAR website at [www.sedar.com](http://www.sedar.com).

### **DIVIDENDS**

The Company has no fixed dividend policy and the Company has not declared any dividends on its common shares since its incorporation. The Company anticipates that all available funds will be used to undertake exploration and development programs on its mineral properties as well as for the acquisition of additional mineral properties. The payment of dividends in the future will depend, among other things, upon the Company's earnings, capital requirements and operating and financial condition. Generally, dividends can only be paid if a company has retained earnings. There can be no assurance that the Company will generate sufficient earnings to allow it to pay dividends.

## DESCRIPTION OF CAPITAL STRUCTURE

The Company is authorized to issue an unlimited number of common shares without par value of which, as of December 31, 2009, 90,566,409 common shares were issued and outstanding. The common shares do not carry any pre-emptive, subscription, redemption, retraction, conversion or exchange rights, nor do they contain any sinking or purchase fund provisions.

The holders of the common shares are entitled to: (i) notice of and to attend any meetings of shareholders and shall have one vote per share at any meeting of shareholders of the Company; (ii) dividends, if as and when declared by the Company's board of the directors; and (iii) upon liquidation, dissolution or winding up of the Company, on a pro rata basis, the net assets of the Company after payment of debts and other liabilities.

## MARKET FOR SECURITIES

### Market

The common shares of the Company are listed and posted for trading on the Exchange under the symbol "COP". The shares commenced trading on the Exchange on July 10, 2007.

### Trading Price and Volume

The Company's common shares traded on the Exchange during the year ended December 31, 2009. The table shown below presents the high and low sale prices for the common shares and trading volume, on a monthly basis, on the Exchange for 2009.

| <b>Month</b> | <b>High<br/>\$</b> | <b>Low<br/>\$</b> | <b>Volume</b> |
|--------------|--------------------|-------------------|---------------|
| January      | 0.22               | 0.13              | 302,677       |
| February     | 0.16               | 0.11              | 4,535,691     |
| March        | 0.18               | 0.12              | 413,823       |
| April        | 0.29               | 0.13              | 743,918       |
| May          | 0.35               | 0.18              | 2,991,015     |
| June         | 0.28               | 0.18              | 2,130,014     |
| July         | 0.25               | 0.16              | 1,873,845     |
| August       | 0.30               | 0.21              | 1,145,378     |
| September    | 0.32               | 0.23              | 3,089,893     |
| October      | 0.38               | 0.25              | 2,294,177     |
| November     | 0.34               | 0.21              | 1,830,202     |
| December     | 0.60               | 0.32              | 3,358,662     |

**ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL  
RESTRICTION ON TRANSFER**

As at December 31, 2009, the Company had no escrowed securities and securities subject to contractual restriction on transfer.

**DIRECTORS AND OFFICERS**

**Name, Occupation and Security Holdings**

The name, province or state and country of residence, position and offices with the Company and principal occupation within the five preceding years for each of the directors and executive officers of the Company are set out in the following table:

| <b>Name, Municipality of Residence and Position with the Company</b>  | <b>Principal Occupation or Employment for the Last Five Years</b>   | <b>Director Since</b>             |
|---|---|-----------------------------------|
| Alan J. Stephens<br>West Sussex, United Kingdom<br><i>President, Chief Executive Officer and Director</i>           | President and Chief Executive Officer of the Company since January 2005; Director and Chairman of Valley High since March 19, 2008 and independent director of Weatherly International PLC since July 1, 2008.                          | Director since January 5, 2005.   |
| Michael D. Philpot<br>British Columbia, Canada<br><i>Executive Vice-President, Corporate Secretary and Director</i> | Executive Vice-President and Corporate Secretary of the Company since February 2005; Corporate Secretary of Valley High since March 19, 2008; and currently an independent director of El Niño Ventures Inc. and Orocan Resources Corp. | Director since February 15, 2005. |
| Robert A. Watts <sup>(1)(4)</sup><br>British Columbia, Canada<br><i>Director and Chairman</i>                       | Director of the Company, President, Wattslane Management Ltd. (a financial consultant to mining industry).  | Director since April 1, 2005.     |

| <b>Name, Municipality of Residence and Position with the Company</b>                                 | <b>Principal Occupation or Employment for the Last Five Years</b>   | <b>Director Since</b>                   |
|--|---|---|
| <p>R. Stuart Angus<sup>(1)(2)(3)</sup><br/>British Columbia, Canada<br/><i>Director</i></p>          | <p>Managing Director, Mergers and Acquisitions, Endeavour Financial Corporation from November 1, 2003 to December 2005. Independent consultant to the mining industry from January 2006, to present.</p>  | <p>Director since April 1, 2005.</p>    |
| <p>Alvin W. Jackson<sup>(1)(2)(3)</sup><br/>British Columbia, Canada<br/><i>Director</i></p>         | <p>Consulting Geologist (self-employed from September 1992 to January 2007); Chief Executive Officer and Chairman of Brazilian Gold Corporation. (a base mineral and uranium mining exploration company) since October 2005 and Director since May 2005; Chairman and Director of Western Standard Metals Ltd. since November 2003; President and Director of EuroZinc Mining Corp. from April 1999 to July 2005.</p> | <p>Director since August 31, 2005.</p>  |
| <p>Gordon Fretwell<sup>(2)(4)</sup><br/>British Columbia, Canada<br/><i>Independent Director</i></p> | <p>Self-employed Solicitor of Gordon Fretwell Law Corporation from 1991 to present.</p>   | <p>Director since June 10, 2009.</p>    |
| <p>Roderick J. Webster<sup>(3)(4)</sup><br/>London, United Kingdom<br/><i>Director</i></p>           | <p>Chief Executive Officer of Weatherly International PLC (an integrated base metals producer) since July 2005; Chief Executive Officer of subsidiaries of FQM from April 2000 to June 2005.</p>  | <p>Director since October 18, 2006.</p> |
| <p>Damian J. Towns<br/>British Columbia, Canada<br/><i>Chief Financial Officer</i></p>               | <p>Chief Financial Officer of the Company; Controller of FQM from July 2002 to August 2006; Chief Financial Officer of Valley High since March 19, 2008; Director of El Nino Ventures Inc. since April 1, 2008 and Chief Financial Officer of Canalaska Uranium Ltd. from January to October 2009.</p>  | <p>N/A.</p>                             |

| Name, Municipality of Residence and Position with the Company         | Principal Occupation or Employment for the Last Five Years   | Director Since |
|---|--|----------------|
| Angelo Peri<br>Santiago, Chile<br><i>Vice President, Exploration</i>  | Vice President, Exploration of the Company; Exploration Manager Chile-Argentina for the Company from September 2006 to August 2007; Business Manager of Compania Vale do Rio Doce in Chile from September 2005 to August 2006; Exploration Manager for Phelps Dodge (Chile/Peru) from September 1999 to August 2005. | N/A.           |
| Marcelo Cortes<br>Providencia, Chile<br><i>VP Project Development</i> | VP Project Development since February 2010. Project Engineer for Los Bronces, Minera Disputada de las Condes; Hydraulic Discipline Lead for Minera Michilla S.A.; Construction Lead for EPC Contract of the El Tesoro Mine and also Project Lead for El Tesoro exploration project                                   | N/A            |

- (1) Member of the Company's audit committee.
- (2) Member of the Company's compensation committee.
- (3) Member of the Company's corporate governance and nominating committee.
- (4) Member of the Company's environmental & health & safety committee.

Each of the Company's directors is elected by the Company's shareholders at an annual general meeting to serve until the next annual general meeting of shareholders or until a successor is elected or appointed.

Based on information provided by such persons, as of the date of this AIF, the directors and executive officers of the Company and its subsidiaries as a group beneficially owned, or controlled or directed, directly or indirectly, or exercised control or direction over 4,854,067 common shares of the Company, representing 5.4% of the issued and outstanding common shares and options to acquire 4,395,400 common shares.

#### **Cease Trade Orders, Bankruptcies, Penalties or Sanctions**

Except as described below, no director or executive officer of the Company is, as at the date of this AIF, or was, within ten years before the date of this AIF, a director, chief executive officer or chief financial officer of any company (including the Company), that: (a) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under the securities legislation, for a period of more than 30 consecutive days; or (b) was subject to an order that was issued after the director



or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Alvin Jackson, a director of the Company, was a director of Andean American Mining Corp. (“Andean”) from March 13, 2007 to September 17, 2007. Andean was issued a cease trade order by the British Columbia Securities Commission (the “BCSC”) on August 3, 2007 for failure to file a fully compliant NI 43-101 technical report. The cease trade order was in effect when Mr. Jackson resigned from the board of directors of Andean.

R. Stuart Angus, a director of the Company, is a director of Wildcat Silver Corporation (“Wildcat”). Wildcat requested and received notice from the BCSC of the issuance of management cease trade order (the “MCTO”) on October 30, 2007 in connection with the late filing of its annual audited consolidated financial statements for the fiscal year ending June 30, 2007. Wildcat’s failure to make the filing within the required time frame was due to the need to clarify potential foreign tax obligations relating to an acquisition it made. The required filing was made on January 7, 2008 and the MCTO was revoked on January 8, 2008.

No director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company: (a) is, as at the date of the AIF, or has been within the 10 years before the date of this AIF, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement; or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, or (b) has, within the 10 years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder. In October, 2006 Pine Valley Mining Corporation, formerly a TSX listed company, filed for creditor protection under the Companies’ Creditors Arrangement Act during the year the following the resignation of Gordon Fretwell as a director of that company.

No director, or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, has been subject to: (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

### **Conflicts of Interest**

To the best of the Company’s knowledge, except as otherwise noted in this AIF, there are no existing or potential conflicts of interest among the Company or a subsidiary of the Company, its directors, officers, or other members of management of the Company or of a subsidiary of the Company except that certain

of the directors, officers and other members of management serve as directors, officers and members of management of other public companies and therefore it is possible that a conflict may arise between their duties as a director, officer or member of management of such other companies and their duties as a director, officer or member of management of the Company or a subsidiary of the Company.

The directors and officers of the Company are aware of the existence of laws governing accountability of directors and officers for corporate opportunity and requiring disclosure by directors of conflicts of interest and the Company will rely upon such laws in respect of any directors' or officers' conflicts of interest or in respect of any breaches of duty to any of its directors and officers. All such conflicts must be disclosed by such directors or officers in accordance with the *Business Corporations Act* (British Columbia).

## **LEGAL PROCEEDINGS AND REGULATORY ACTIONS**

### **Legal Proceedings**

The Company has filed an action in Mendoza to have provincial legislation, which prohibits the use of toxic substances including sulphuric acid in any metalliferous mining in Mendoza, declared unconstitutional, in an attempt to protect its rights to process the oxide resources at the San Jorge Property with sulphuric acid. The claims pursued with the action are related to discrimination, unreasonable prohibition and excess in the legislation to control an industrial activity. The Mendoza Government has responded and defended the legislation. This matter is currently proceeding.

Other than the above, the Company or its subsidiaries is not a party, nor are any of the Company's properties subject to any pending legal proceedings the outcome of which would have a material adverse effect on the Company. Other than the above, management has no knowledge of any material legal proceedings in which the Company may be a party which are contemplated by governmental authorities or otherwise.

### **Regulatory Actions**

There are no: (a) penalties or sanctions imposed against the Company by a court relating to securities legislation or by a securities regulatory authority during the Company's most recently completed financial year and up to the date of this AIF; (b) other penalties or sanctions imposed by a court or regulatory body against the Company that would likely be considered important to a reasonable investor in making an investment decision; or (c) settlement agreements the Company entered into with a court relating to securities legislation or with a securities regulatory authority during the Company's most recently completed financial year and up to the date of this AIF.

## **INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

To the knowledge of the Company, none of the directors, executive officers or shareholders that beneficially own, control or direct, directly or indirectly, more than 10% of the Company's shares, nor any associate or affiliate of the foregoing, has had no material interest, direct or indirect, in any

transactions in which the Company has participated within the three most recently completed financial years or in the current financial year prior to the date of this AIF, which has materially affected or is reasonably expected to materially affect the Company.

### **TRANSFER AGENTS AND REGISTRARS**

The Company's registrar and transfer agent for its common shares is Computershare Investor Services Inc. ("Computershare") located at its principal offices in Vancouver, British Columbia, Canada and Toronto, Ontario, Canada.

### **MATERIAL CONTRACTS**

Other than contracts entered into in the ordinary course of business, the following is a list of those material contracts of the Company entered into within the most recently completed financial year or previous to the most recently completed financial year, that are still in effect:

1. The San Jorge Agreement and related amendments referred to under "Mineral Properties-Arentina Property-San Jorge Property".

All of the material contracts set out above have been filed with regulatory authorities and are available for review on SEDAR at [www.sedar.com](http://www.sedar.com).

### **INTERESTS OF EXPERTS**

#### **Names and Interests of Experts**

PricewaterhouseCoopers LLP, Chartered Accountants, ("PricewaterhouseCoopers") are the Company's auditors. The Audited Consolidated Financial Statements of the Company as at December 31, 2009 and 2008 and for the years ended have been audited by PricewaterhouseCoopers as stated in their report. PricewaterhouseCoopers is independent in accordance with the Rules of Professional Conduct of British Columbia, Canada.

NCL prepared the San Jorge Technical Report on the San Jorge Property entitled "Mineral Resource Model Update for San Jorge Copper-Gold Deposit" which contains their recommendations for the exploration of the San Jorge Property.

Ausenco prepared the Leach Only Report.

GRD Minproc prepared the Concentrator Project Report.

## INFORMATION ON AUDIT COMMITTEE

The Company is required to have an audit committee comprised of not less than three directors, a majority of whom are not officers or employees of the Company or of an affiliate of the Company. The Company's current audit committee consists of Robert A. Watts, R. Stuart Angus and Alvin W. Jackson.

### **Audit Committee Charter**

The text of the audit committee's charter is attached as Schedule "A" to this AIF.

### **Composition of the Audit Committee and Independence**

Multilateral Instrument 52-110 Audit Committees ("MI 52-110") provides that a member of an audit committee is "independent" if the member has no direct or indirect material relationship with the Company, which could, in the view of the Company's board of directors, reasonably interfere with the exercise of the member's independent judgment.

All of the members of the audit committee of the Company are independent, as that term is defined.

### **Relevant Education and Experience**

MI 52-110 provides that an individual is "financially literate" if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

All of the members of the Company's audit committee are financially literate as that term is defined.

Based on their business and educational experiences, each audit committee member has a reasonable understanding of the accounting principles used by the Company; an ability to assess the general application of such principles in connection with the accounting for estimates, accruals and reserves; experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of issues that can reasonably be expected to be raised by the Company's financial statements, or experience actively supervising one or more individuals engaged in such activities; an understanding of internal controls and procedures for financial reporting.

#### *Robert A. Watts, member of the Audit Committee*

Mr. Watts served as the Chief Financial Officer of First Point Minerals Corp. from July 1996 to July 2003. He is a chartered accountant and brings more than 45 years experience in the mining industry and financial management. Mr. Watts has served as a director of several mining companies and has been the chairman of several of their audit committees

#### *R. Stuart Angus, member of the Audit Committee*

Since December 31, 2005 Mr. Angus has been an independent consultant to the mining industry. From

2003 to December 31, 2005, Mr. Angus was Managing Director – Mergers and Acquisitions with Endeavour Financial Ltd., which provides financial advisory services to the mining and minerals industries. Prior to joining Endeavour Financial in 2003, Mr. Angus was a senior partner in the law firm, Fasken Martineau DuMoulin LLP, and head of its Global Mining Group. For over 25 years, he practiced as a lawyer focused on significant international exploration, development and mining ventures, and all aspects of their structuring and finance. Mr. Angus remains as a director of several public companies.

*Alvin W. Jackson, member of the Audit Committee*

Mr. Jackson has over 30 years of experience as an exploration geologist and mining Executive. He sits on the board of various other publicly traded exploration companies where he serves as a member of the audit committee.

### **Audit Committee Oversight**

Since the commencement of the Company's most recently completed financial year, the audit committee of the Company has not made any recommendations to nominate or compensate an external auditor which were not adopted by the board of directors of the Company.

### **Reliance on Certain Exemptions**

Since the commencement of the Company's most recently completed financial year, the Company has not relied on the exemptions in section 2.4 (*De Minimis Non-audit Services*), section 3.2 (*Initial Public Offerings*), section 3.4 (*Events Outside Control of Member*) or section 3.5 (*Death, Disability or Resignation of Audit Committee Member*) of MI 52-110, or an exemption from MI 52-110, in whole or in part, granted under Part 8 (*Exemptions*).

Since the commencement of the Company's most recently completed financial year, the Company has not relied on the exemption in subsection 3.3(2) (*Controlled Companies*) or section 3.6 (*Temporary Exemption for Limited and Exceptional Circumstances*) or the exemption in section 3.8 (*Acquisition of Financial Literacy*) of MI 52-110.

### **Pre-Approval Policies and Procedures**

The audit committee has adopted specific policies and procedures for the engagement of non-audit services. As part of these policies and procedures the chair of the audit committee is required to be notified, or pre-approval is required to be sought, for any non-audit service that exceeds a pre-determined amount per assignment. The Company's auditors are required to prepare quarterly statements for the audit committee outlining the details of any non-audit assignments undertaken during the quarter and the fees charged for such assignments.

## Audit Fees

The following table sets forth the fees paid by the Company and its subsidiaries to PricewaterhouseCoopers, the current auditors, for services rendered during the financial years ended December 31, 2009 and 2008.

|   | <u>2009</u>     | <u>2008</u>     |
|---|-----------------|-----------------|
| Audit fees <sup>(1)</sup> .....         | \$51,250        | \$47,500        |
| Audit-related fees <sup>(2)</sup> ..... | \$ -            | \$24,000        |
| Tax fees <sup>(3)</sup> .....           | \$ 3,500        | \$12,465        |
| All other fees .....                    | <u>\$ -</u>     | <u>\$ -</u>     |
| <b>Total</b> .....                      | <u>\$54,750</u> | <u>\$83,965</u> |

Notes:

- (1) The aggregate audit fees billed by the Company's auditor (or accrued).
- (2) The aggregate fees billed (or accrued) for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements which are not included under the heading "Audit Fees", including for quarterly reviews, and services in connection with a public offering of securities.
- (3) The aggregate fees billed (or accrued) for professional services rendered for tax compliance, tax advice and tax planning.

## ADDITIONAL INFORMATION

Additional information concerning the Company may be found on SEDAR at [www.sedar.com](http://www.sedar.com). Additional financial information is provided in the Company's financial statements and management's discussion and analysis for its most recently completed financial year ended December 31, 2009, which are available for review on SEDAR at [www.sedar.com](http://www.sedar.com). Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans is contained in the Company's information circular for the Company's 2008 annual general meeting.

## **SCHEDULE “A”**

### **AUDIT COMMITTEE AND MANDATE**

#### **A. PURPOSE**

The overall purpose of the Audit Committee (the “Committee”) is to:

1. provide independent review and oversight of the Company’s financial reporting process, the system of internal controls and management of financial risks and the audit process, including the selection, oversight and compensation of the Company’s external auditors, subject to the Board of directors (the “Board”) as a whole filling a vacancy in the office of auditor;
2. assist the Board in fulfilling its responsibilities in reviewing the Company's process for monitoring compliance with laws and regulations and its own code of business conduct;
3. maintain effective working relationships with the Board, management, and the external auditors and monitor the independence of those auditors; and
4. review the Company’s financial strategies, its financing plans and its use of the equity and debt markets.

#### **B. COMPOSITION, PROCEDURES AND ORGANIZATION**

1. The Committee shall consist of at least three members of the Board, all of whom shall be “independent” and “financially literate” as those terms are defined in Multilateral Instrument 52-110 “Audit Committees”. In this regard, no member shall:
  - (a) other than in his or her capacity as a member of the Committee, Board or any other committee of the Board, accept directly or indirectly any consulting, advisory or other compensatory fee from the Company. The indirect acceptance of a consulting, advisory or other compensatory fee shall include acceptance of the fee by a spouse, minor child or stepchild, or child or stepchild sharing a home with the committee member, or by an entity in which such member is a partner, member or principal or occupies a similar position and which provides accounting, consulting, legal, investment banking, financial or other advisory services or any similar services to the Company;
  - (b) have been employed by the Company or any of its affiliates in the current or past two years; or
  - (c) be an affiliate of the Company or any of its subsidiaries.
2. To perform his or her role effectively, each Committee member will obtain an understanding of the responsibilities of Committee membership as well as the Company’s business, operations and risks.
3. The Board, at its organizational meeting held in conjunction with each annual general meeting of the shareholders, shall appoint the members of the Committee for the ensuing year. The Board may at any time remove or replace any member of the Committee and may fill any vacancy in the Committee.

4. Unless the Board shall have appointed a Chair of the Committee, the members of the Committee shall elect a Chairman from among their number.
5. The secretary of the Committee shall be designated from time to time from one of the members of the Committee or, failing that, shall be the Company's corporate secretary, unless otherwise determined by the Committee.
6. The Committee shall have access to such officers and employees of the Company, its external auditors and legal counsel and to such information respecting the Company and may engage separate independent counsel and advisors at the expense of the Company, all as it considers to be necessary or advisable in order to perform its duties and responsibilities.

#### **C. MEETINGS**

1. At the request of the Chief Executive Officer ("CEO") or any member of the Committee, the Chairman will convene a meeting of the Committee and provide an agenda for such meeting.
2. Any two directors may request the Chairman to call a meeting of the Committee and may attend at such meeting or inform the Committee of a specific matter of concern to such directors, and may participate in such meeting to the extent permitted by the Chairman of the Committee.
3. The quorum for meetings shall be a majority of the members of the Committee, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak and hear each other.
4. Meetings shall be held not less than four times a year and to coincide with the reporting of quarterly financial statements. Special meetings shall be convened as required. External auditors may convene a meeting if they consider that it is necessary.
5. The Committee may invite such other persons (e.g. the CEO and/or the Chief Financial Officer ("CFO")) to its meetings, as it deems appropriate.
6. The external auditors may be present at each Committee meeting at the request of the Chairman, and be expected to comment on the financial statements in accordance with best practices. The external auditor is entitled to be present and participate at audit committee meetings whose subject is the year end financial statements and management's discussion & analysis.
7. The proceedings of all meetings will be recorded in minutes.

#### **D. DUTIES AND RESPONSIBILITIES**

The duties and responsibilities of the Committee shall be as follows:

1. Recommend to the Board:
  - (a) the external auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the issuer; and
  - (b) the compensation of the external auditor.
2. Determine whether internal control recommendations made by external auditors have been implemented by management.



3. Identify areas of greatest financial risk and determine whether management is managing these effectively.
4. Review the Company's strategic and financing plans to assist the Board's understanding of the underlying financial risks and the financing alternatives.
5. Review management's plans to access the equity and debt markets and to provide the Board with advice and commentary.
6. Review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on the financial statements.
7. Review any legal matters which could significantly impact the financial statements as reported on by the Company's outside counsel and meet with outside counsel whenever deemed appropriate.
8. Review the annual and quarterly financial statements, including management's discussion and analysis and annual and interim earnings press releases before the Company publicly discloses this information, and determine whether they are complete and consistent with the information known to committee members; determine that the auditors are satisfied that the financial statements have been prepared in accordance with generally accepted accounting principles, and, if appropriate, recommend to the Board that the annual and quarterly financial statements and management's discussion and analysis be included in the Company's securities filings.
9. Review and approve the financial sections of the annual report to shareholders, the annual information form, prospectuses and all other regulatory filings and public reports requiring approval by the Board, and report to the Board with respect to its review.
10. Pay particular attention to complex and/or unusual transactions such as those involving derivative instruments and consider the adequacy of disclosure thereof.
11. Focus on judgmental areas, for example those involving valuation of assets and liabilities and other commitments and contingencies.
12. Review audit issues related to the Company's material associated and affiliated companies that may have a significant impact on the Company's equity investment.
13. Meet with management and the external auditors to review the annual financial statements and the results of the audit.
14. Assess the fairness of the interim financial statements and disclosures, and obtain explanations from management on whether:
  - (a) actual financial results for the interim period varied significantly from budgeted or projected results;
  - (b) generally accepted accounting principles have been consistently applied;
  - (c) there are any actual or proposed changes in accounting or financial reporting practices; and
  - (d) there are any significant or unusual events or transactions which require disclosure and, if so, consider the adequacy of that disclosure.

15. Review the external auditors' proposed audit scope and approach and ensure no unjustifiable restriction or limitations have been placed on the scope.
16. Review the performance of the external auditors and approve in advance provision of services other than auditing.
17. Consider the independence of the external auditors, including reviewing the range of services provided in the context of all consulting services bought by the Company. The Committee will obtain from the external auditors, on an annual basis, a formal written statement delineating all relationships between the external auditors and the Company,
18. Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Company.
19. Meet separately with the external auditors to discuss any matters that the committee or auditors believe should be discussed privately, including the results of the external auditors' review of the adequacy and effectiveness of the Company's accounting and financial controls.
20. Endeavour to cause the receipt and discussion on a timely basis of any significant findings and recommendations made by the external auditors.
21. Obtain regular updates from management and the Company's legal counsel regarding compliance matters, as well as certificates from the CFO as to required statutory payments and bank covenant compliance and from senior operating personnel as to permit compliance.
22. Ensure that the Board is aware of matters which may significantly impact the financial condition or affairs of the business.
23. If necessary, institute special investigations and, if appropriate, hire special counsel or experts to assist.
24. Create specific procedures for the receipt, retention and treatment of complaints regarding the Company's accounting, internal accounting controls and auditing matters. These procedures will include, among other things, provisions for the confidential treatment of complaints and anonymity for employees desiring to make submissions. Refer to the Company's Whistle Blower Policy attached to this Mandate as Appendix A.
25. Perform other functions as requested by the Board.